

## Abandonment of Construction Projects in Nigeria: Causes and Effects

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### Abstract

*This paper determined the causes and effects of abandonment of projects in Nigeria. Structured questionnaires were distributed to Quantity Surveyors, Civil Engineers, Architects, Builders, and Contractors that have practiced in the South Western Nigeria (Ondo, Osun, Ogun, Ekiti, Oyo, and Lagos States) for at least ten years. The sixty-two well completed questionnaire formed the basis of the study and were analyzed by the Relative Importance Index (R.I.I.). The result from the study showed the causes of project abandonment as inadequate project planning; inadequate fund, inflation, bankruptcy of Contractor, variation of project scope, political factor, death of client, incompetent project manager, wrong estimate, inadequate cost control, faulty design and delayed payment. Effects of project abandonment from the study are disappointment of the populace/users, low living standard, wastage of resources, reduction in employment opportunities, decrease in tempo of construction activities, decrease in revenue accruing to government, difficulty in attracting foreign loans. To drastically reduce these negative effects; clients should undertake adequate project planning, possess enough fund for the project, engage contractor that have strong financial stand for their project. Architects should once and for all at inception produce detailed design dictated by the cost plan prepared by the Quantity Surveyor who does the cost control from inception to completion of project. Client should form the habit of making payment to contractors promptly as at when due. The Government should also make strong efforts to reduce inflation and when there's change of administration, previously commenced project should not be abandoned*

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**Keywords:** project abandonment, project planning, project financing, political factor, cost plan, standard of living.

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### INTRODUCTION

Longman Dictionary (2005) defines abandon as “to stop doing something because there are too many problems and it is impossible to continue. Planning is foremost thing to be done if projects are to be completely executed (Akindoyeni, 1989). Corroborating, Corrobmiting, Ogunsemi (1991) the successful completion of a project depends on adequate planning which also includes financial planning. The sight of abandoned projects scattered across the length and breadth of Nigeria is alarming. Table 1 is an inventory of abandoned project in Ondo State of Nigeria.

### BACKGROUND TO THE PROBLEM

Abandoned projects including building, Civil Engineering and heavy engineering development project like: houses, churches, schools, roads, bridges, dams, tunnels, air port, sea port etc. litter the whole Nigeria. Osemenan (1987) reported that Nigeria has become the “world’s junk-yard of abandoned projects worth billions of naira and it is greatly unthinkable that Nigeria blessed with so great potentials in the construction industry can experience such magnitude of project abandonment. According to another report by Kotangora (1993) there are about 4000 uncompleted or abandoned project belonging to the Federal Government of Nigeria with an estimated

cost of above ₦ 300 billion which will take 30 years to complete at the present execution capacity of government, also according to him this issue of abandonment been left without adequate attention for too long which is now having a multiplier effect on the construction industry in particular and the national economy as a whole.

The construction industry plays a very dominant role in the economy of any nation. A healthy economy usually experience an increase in construction activities, but in a depressed economy, the incidence of project abandonment tends to be more prevalent. According to Akinolu (1980) delays and cost overruns have “knock on” the effect on the construction industry and indeed in the whole economy. This applies to Nigeria where construction investments account for over 50% of the gross fixed capital formation. Akindoyeni (1989) qualitatively reasoned that some of the causes of project abandonment in Nigeria are: deaths of client, inability of client to attract fund and lack of good planning. This study is set up to quantitatively determine other causes of project abandonment and their effects on the construction industry economy. This will help to proffer solutions that will drastically reduce abandonment of projects in Nigeria.

Table 1: Inventory of abandoned project in Ondo State of Nigeria

Project Title	Location of Site	Contract Sum	Year of commencement	Year of completion	Duration of contract
	Ondo Road Akure	500m	986	-	12 months
	Oba Ile Road	10m	001	-	-
	Alagbaka Akure	15m	003	-	-
	Akungba Akoko	11.5m	008	-	-
	Alagbaka Akure	738m	008	-	10 months
	ke Aro Akure	11.5m	008	-	6 months
	kungba Akoko	4m	999	-	24 months
H	Iju - Itaogbolu	#3m	2004	-	-
I	Iyere Owo	#11.5m	2008	-	6 months
J	Owo	#17m	2007	-	18 months
K	Okitipupa	#800m	2007	-	-
L	Ode - Ekitan Ilaje	#10m	2008	-	-
M	Ode - Ekitan Ilaje	#8m	2008	-	-
N	Ode Aye	#11.5	2008	-	6 months

Source: ADESINA Rebecca (2010) Note: Information gathered from Ondo State ministry of works: December 2009

**OBJECTIVES**

- To determine the causes of construction project abandonment
- To assess the effects of construction project abandonment in Nigeria.

**METHODOLOGY**

General causes and effects of project abandonment were elicited from Quantity Surveyors, Civil Engineers, Architects, Builders, Contractors, etc. in Nigeria. The general causes and effects of project abandonment were listed in well structured questionnaire and administered to Quantity Surveyors, Civil Engineers, Architects, Builders that have practiced for at least ten years in the South Western Nigeria (Ondo, Osun, Ekiti, Oyo, Ogun and Lagos States) . The respondent rated each factor on scale 1 – 4. The sixty two well completed questionnaire retrieved formed the data in which the study is based. The data were analyzed by the Relative Importance Index (R.I.I.) based on the work of Lim and Alum (1995).

$R.I.I. = (4n_4 + 3n_3 + 2n_2 + n_1)/4N$   
 Where  $n_4$  = most important;  $n_3$  = important;

$N_2$  = not important;  $n_1$  =most not important and  $N$  = number of respondents.

**RESULTS**

Table 2: Causes of Construction Project Abandonment

S/N	CAUSES	1	2	3	4	R.I.I.
1	Inadequate planning	0	0	3	59	0.988
2	Inadequate finance	0	0	3	59	0.988
3	Inflation	0	0	4	58	0.984
4	Bankruptcy of Contractor	0	0	5	57	0.979
5	Variation of project scope	0	1	5	56	0.972
6	Political factor	0	3	4	55	0.959
7	Death of Client	2	5	2	53	0.927
8	Delaying in payment	0	1	5	56	0.972
9	Incompetent project manager	1	5	6	50	0.923
10	Wrong estimate	2	5	5	50	0.915
11	Faulty design	2	5	5	50	0.915
12	Inadequate const control	2	5	5	50	0.915
13	Change of priority	4	5	5	48	0.891
14	Improper documentation	5	5	2	50	0.891
15	Unqualified/inexperience Consultants	5	6	9	42	0.855
16	Administrative/legal action	10	5	7	40	0.810
17	Dispute	15	8	7	30	0.694
18	Natural disaster	20	1	1	22	0.637

Table 3: Effect of Construction Project Abandonment

S/N	CAUSES	1	2	3	4	R.I.I.
1	Disappointment of the populace	0	0	3	59	0.988
2	Lowering of living standard	0	0	3	59	0.988
3	Wastage/under utilization of resources	0	0	4	58	0.984
4	Reduction employment opportunities	0	0	5	57	0.979
5	Decrease in the tempo of economic activities	0	1	4	57	0.976
6	Decrease in revenue accruing to government	0	4	4	54	0.952
7	Difficulties in attracting foreign loans	0	5	3	54	0.948

**FINDINGS**

Findings from the analyzed result showed: causes of construction project abandonment as: inadequate planning, inadequate fund/financing inflation, bankruptcy of contractor, and variation of project scope, political factor, death of client, incompetent project manager, wrong estimate, inadequate cost control, faulty design, and delayed in payment. Effects of construction project abandonment as: Disappointment of the populace/proposed users, lowering of living standard, wastage of resources,

reduction in employment opportunities, decrease in tempo of economic activities, decrease in revenue accruing to government, difficulties in attracting foreign loans.

### DISCUSSIONS

Inadequate planning has been identified as one of the causes of project abandonment; this is in agreement with Essenwa (2004) and Adedeji (1998) and Opara (1986) who were of the opinion that adequate project planning precedes construction work if it is not to be abandoned along the way. Another cause of abandonment of project is inadequate funding/finance. This is in consonance with the affirmation of Odenyinka and Yusuf (1997) that owner's cash flow problem is a major factor responsible for abandonment of project.

Bankruptcy of the contractor, variation of project scope, incompetent project manager which are other causes of project abandonment are in agreement with the opinion of Aluko (2008). Political reason as another factor of abandonment of project is in agreement with Omoniyi (1996) and Onikute (1988) who opined that changes in government/administration have often meant changes in policies. At these times, project commenced by previous political administrative are often abandoned to give way for their newly concerned idea. Wrong estimate and inadequate cost control that are also causes of project abandonment is in agreement with Ayodele (1998) who affirmed that processes of building designs not accompanied by cost planning process will produce economically outrageous designs which may not be practically financed on ground. Most of the discovered effects of abandonment of project: disappointment of the populace, low standard of living, wastage of resources, reduction in employment opportunities, decrease in tempo of economic activities, decrease in revenue accruing to government, difficulties in attracting foreign loans; are in agreement with Aluko (2008) who in a qualitative research listed the effects as: unemployment, reduction in government revenue, reduction in economic activities, lowering standard of living, wastage of equipment in site and increase in final cost of project.

### RECOMMENDATION

To drastically reduce the effects of project abandonment clients should undertake an adequate planning for the project at inception and make should enough fund available based on reliable estimate made by the Quantity Surveyor at the inception. The client should engage services of competent construction professionals; the Architect should at once and at inception produce economic design as dictated by cost plan prepared by the Quantity Surveyor who also controls cost from inception and

throughout the duration of the contract. The client should not necessarily vary project scope.

Prompt payment to the contractor as dictated by Quantity Surveyors valuation and Architect's certificate. The government should also put in all efforts to reduce inflation and when there is change in political government, previously started job should not be abandoned for their new idea. Government should also make sure competent contractor that have strong financial stand are employed to execute contract works.

### CONCLUSION

- Abandonment of projects are caused by inadequate planning, inadequate finance, inflation, delayed payment and political factor, incompetent project manager, wrong estimate, faculty, design and inadequate cost control.
- Effects of abandonment of projects are disappointment of the populace/users, low living standard unemployment, wastage of resources, decrease in tempo of economic activities and decrease in revenue to government.

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