# EFFECTIVENESS OF PUBLIC PRIVATE PARTNERSHIPS (PPPs) IN FINANCING INFRASTRUCTURE DEVELOPMENT IN TANZANIA: A CASE OF ARUSHA INTERNATIONAL CONFERENCE CENTER (AICC).

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# A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER IN BUSINESS ADMINISTRATION

# DEPARTMENT OF ACCOUNTING AND FINANCE

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**2023**

# CERTIFICATION

The undersigned certifies that he has read and hereby recommends for acceptance by the Open University of Tanzania, a dissertation entitled; “Effectiveness of Public Private Partnerships (PPP) in Financing Infrastructure Development in Tanzania: A Case of Arusha International Conference Center (AICC).” in partial fulfillment of the requirements for the degree of Master of Business Administration of the Open University of Tanzania.

**.................................................**

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**............................................**

**Signature**

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**Date**

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# DEDICATION

This dissertation is dedicated to my bloodily Brothers & Sisters for their encouragement and their true role models in all aspects. Also, this work is dedicated entirely to my family for their patience during the study.

# ABSTRACT

This study investigates the effectiveness of public private partnerships (PPP) in financing infrastructure development in Arusha International Conference Center (AICC). Specific objectives were to examine the mode of public-private partnership practiced in financing Infrastructure development, to determine the cost-effectiveness of public-private partnerships in financing infrastructure development and to investigate the challenges facing the use of public-private partnerships in financing infrastructure development. The cross sectional research design was employed. The study involved 64 respondents selected using simple random sampling techniques. The data were collected using questionnaires, survey and interview methods. Descriptive statistics and correlation analysis were used in analyzing data. The study found that Joint Venture, Build- Operate -Transfer (BOT) and Build -Lease-Transfer (BLT) were major modes of public-private partnership practiced in financing infrastructure development in AICC. Moreover, the study found that there was a cost-ineffectiveness of Public-Private Partnerships in Financing Infrastructure Development in AICC since the project was not completed with targeted budget and project not completion within time frame. Furthermore, the study found that, lack of PPP skills and knowledge to some stakeholders, weak contracting and tendering were the key challenges facing the use of public-private partnerships in financing infrastructure development at the AICC. Therefore, the study Recommends that appropriate regulations and favorable PPP policies among other factors are vital to the effectiveness of Public-Private Partnerships in Financing Infrastructure Development in AICC.

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# LIST OF ABBREVIATIONS

AFDB African Development Bank

AICD Africa Infrastructure Country Diagnostic

BRT Bus Rapid Transit

CoC Cost of Capital

CPTDC China Petroleum Technology and Development Corporation

DSE Dar es Salaam Stock Exchange

FONDAD Forum on Debt and Development

GDP Gross Domestic Product

IMF International Monetary Fund

LGA Local Government Authority

MBA Master of Business Administration

NHC National Housing Corporation

OECD Organization of Economic Co-operation and Development

OUT The Open University of Tanzania

PPPs Public-Private Partnerships

TIC Tanzania Investment Centre

TVM Time Value of Money

UNCDF United Nations Capital Development Funds

UNESCAP United Nations and Social Commission for Asia and Pacific

# CHAPTER ONE

# INTRODUCTION

This chapter serves as an introductory part of the study. It provides the background information, statement of the problem, the purpose of the study, specific objectives, and their respective research questions, significance of the study, limitation and delimitation of the study.

# Background to the Study

Globally, governments have been faced with the challenge of providing adequate infrastructure in terms of quantity and quality. This situation is rather prevailing in developing economies and emerging markets that are particularly constrained with financing these infrastructure from traditional government finances using the annual budgets. Consequently, Public-Private Partnership (PPP) evolved and became a preferred mode for delivering public infrastructure projects to achieve value for money (Gunnigan & Rajput, 2010).

Private-Public Partnerships (PPP) is defined as a long term agreement between the public and the private sectors where resources are shared for the purpose of developing a public facility (Mouraviev&Kakabadse, 2016). Risks and rewards are shared by the two entities where they are clearly spelt out in a contract. Bhasin and Sadhu (2010) observe that PPP is an institutionalized relationship where public and private entities engage each other for the purpose of making profit and contributing to social responsibility. They jointly participate in defining objectives, methods and framework of collaboration in implementation of the proposed development project.

The categorization of PPP models depending on the level of involvement of public leverage, contracting out, franchising, joint ventures, and strategic partnering (Obosi, 2015). The role of each partner differs, either by assuming a substantial stake in the project or through a joint venture. Consequently, PPP occurs at different phases either as financing, constricting or maintenance stage.

In Africa, infrastructure development in most countries has benefited from significant Public-Private Partnership (PPP) investments (Oyedele, 2012). According to Volden (2018), these infrastructural development projects have increased efficiency in time-frames of project delivery, but the cost implications remain a key aspect in evaluating their effectiveness.

The Government of Tanzania also recognizes the role of Public-Private Partnership (PPP) in bringing about socio-economic development through investments and established the PPP policy and legal framework to guide delivery of public goods in support of PPPs (URT, 2012). These include the PPP Policy (2009), Act (2010), Regulations (2011), and later on the revised PPP Act (2014) and Regulations (2015). The framework is geared towards provision of contracting authorities with a procedural framework and analytical tools to appraise value for money and provide important instruments for attracting investments (Bengesi *et al.,* 2016).

Indeed, Public-Private Partnerships (PPPs) have been identified as viable means to effectively address constraints of financing, managing and maintaining public goods and services. Additionally, PPPs can enable the Government to fulfill its responsibilities in efficient delivery of socio-economic goods and services by ensuring efficiency, effectiveness, accountability, quality and outreach of services. It is noteworthy that in the case of services, PPPs have been implemented successfully in education, health and water sectors for many years (URT, 2010).

Arusha International Conference Centre (AICC) was established under the Public Corporation Act No. 17 of 1969 by the Presidential order through Government notice number 115, published on 25th August 1978. The provision of conference services is the core business. The Centre provides health services through its medium-sized 32 bed hospital in the Arusha City Council. Likewise, in accordance with an AICC Investment Prospectus 2014/2020, the center implemented the several infrastructure development includes upgrading the existing conference center’s facilities, construction of Mount Kilimanjaro International Convention Centre (in Arusha) and in similar centers, modernization of the AICC hospital, Re-development of the existing plots/properties and existing plot/land re-investment (AICC annual report, 2020).

Furthermore, the center has already, put in place a dynamic and progressive framework for collaborating with various partners as investors in its various activities ranging from conference tourism, health care services to property development based on its extensive network of plots that are located within the Central Business District of Arusha (AICC annual report, 2020). According to the Centre’s Investments Prospectus 2014/2020, the AICC Board of Directors has approved four possible modes of financing its investment opportunities through third party participation; these are Joint Venture (JV), Lease, Build-Operate and Transfer (BOT) and Loan mode (AICC annual report, 2020). Nearly all modes of investment in AICC involve PPPs arrangements except the loan mode. Therefore, this study was motivated to investigate effectiveness of public private partnerships (PPP) in financing infrastructure development in Tanzania using Arusha International Conference Center (AICC) as relevant case

# 1.2 Statement of the Research Problem

Public-Private Partnerships (PPPs) have been identified as viable means to effectively address constraints of financing, management and maintenance of public infrastructure services in Tanzania (Ngowi, 2016). However, private sector participation in PPPs, particularly in projects related to infrastructure development, still remains low despite the government’s efforts in creating a conducive operative environment.

For instance the AICC Annual Report, (2016/17) indicates the financial performance of the Centre has been improved over seven years with its revenues increasing from TZS 8.17 billion in 2010/11 to TZS 14.44 billion in 2016/17. Analysis of the report shows that almost all the annual revenue for the year under review is spent on issues such as daily operation, administration, marketing and other expenses. It shows that out of TZS 14.44 billion collected, TZS 13.4 billion were spent, remaining with the surplus of TZS 790,498,476 only; the amount that cannot sufficiently be used to finance the maintenance of its facilities as well as the new projects it intends to establish. However, no studies have been conducted to investigate the effectiveness of public private partnerships (PPP) in financing infrastructure development in Tanzania. Several studies related to public private partnerships (PPP) in Tanzania focused on challenges and factors affecting implementation of PPP in education sector, transport and health sector (Chijoriga, & Komba, 2014; Andrew, 2015; Bengesi *et al.,* 2016; Kanti *et al.,* 2020). Therefore, this study intended to address knowledge gap by investigate effectiveness of public private partnerships (PPP) in financing infrastructure development in Arusha International Conference Center (AICC)

# 1.3 Research Objectives

# 1.3.1 General research objectives

The general objectives of this study were to investigate the effectiveness of public private partnerships (PPP) in financing infrastructure development in Tanzania.

# Specific objectives

1.3.2.1 To examine the mode of public-private partnership practiced in financing Infrastructure development

1.3.2.2.To determine the cost-effectiveness of public-private partnerships in financing infrastructure development

1.3.2.3To investigate the challenges facing the use public-private partnerships in financing infrastructure development

# 1.4 Research Questions

These are statements in questions formed based on the main and specific objectives; this study was guided by the following questions.

# 1.4.1 General research question

The main question of this study is what is the effectiveness of public private partnerships (PPP) in financing infrastructure development in Arusha International Conference Center (AICC)?

# Specific research question

This study answered the following three research questions

* + - 1. What are the modes of public-private partnership practiced in financing Infrastructure development?
      2. What is the cost-effectiveness of public-private partnerships in financing infrastructure development?
      3. What are the challenges facing the use of public-private partnerships in financing infrastructure development?

# Significance of the Study

Tanzania being a developing country is faced with a major constraint to the provision of public infrastructure through PPPs. The research will be the help to policy makers, law– makers and any other body involved with financing of infrastructural development to tackle the challenges associated with PPPs arrangements.

Thus it is anticipated that lessons drawn from the research will help immensely in the search for the best ways PPPs can be useful to finance infrastructure projects. Another contribution of this research will be the help for other researchers, professionals, academicians and the public at large for further studies in this area.

Also, this study is the requirement for partial fulfillment for the award of the Master of Business Administration (MBA) of the Open University of Tanzania (OUT).

# 1.6 Scope of the Study

This study was conducted in Tanzania. It covered the Arusha International Conference Center (AICC) where PPP projects related to infrastructure development have been implemented. The study was confined to the following constructs; the mode of public-private partnership practiced in financing infrastructure development, cost-effectiveness of public-private partnerships in financing infrastructure development and the challenges facing the use of public-private partnerships in financing infrastructure development at the AICC.

# 1.7 Limitation of the Study

The foremost limitation faced during collection of data was fear of some respondents for providing important information concerning implementation of PPPs in AICC. To overcome this limitation, respondents were assured that the information provided would be used for academic purposes and the data collected would be confidential..

# 1.8 Delimitation of the Study

The study was delimited to three key aspects including the mode of public-private partnership practiced in financing infrastructure development, cost-effectiveness of public-private partnerships in financing infrastructure development and the challenges facing the use of public-private partnerships in financing infrastructure development at the AICC.

# 1.9 Organization of the Study

This dissertation is divided into five (5) chapters. Chapter One contains the general introduction and background to the research. The problem has been stated and the need for the research justified. The research objectives and the research questions have also been formulated. The literature review is dealt with in chapters two. Chapter three deals with research methodology and design. Chapter four is dealt with findings and discussions and finally chapter five is dealt with conclusion and recommendation.

# CHAPTER TWO

# LITERATURE REVIEW

# 2.1 Overview

This chapter covered the conceptual definitions, theoretical literature review, and empirical studies from relevant studies concerning the effectiveness of public private partnerships (PPP) in financing infrastructure development. This chapter further indicated the research gap and conceptual framework.

## Conceptual Definitions

## 2.2.1 Public Private Partnerships (PPP)

There are different definitions of PPP indicating the various categories ranging from private enterprise, a joint venture to private investment. Zen and Regan (2014) state PPP as a special arrangement vehicle where both public and private get into a long-term plan to share risks and investment for a particular project. According to Chadderton and Norton (2019) PPPs are described by the functions transferred to the private party. For example, a Design-Build-Finance-Operate-Maintain (DBFOM) contract would allocate all those functions to the private party. Other PPP types such as Build-OperateTransfer (BOT) focus instead on the legal ownership and control of the assets (Kim *et al,* 2019).

## 2.3 Infrastructure Development

Infrastructure is the set of fundamental facilities and systems that support the sustainable functionality of households and firms. Serving a country, city, or other area, including the services and facilities necessary for its economy to function (Thacker, et al. 2019). Infrastructure is the basic physical systems of a business or nation; from transportation, communication, water and sewage, to electric systems are all examples of infrastructure. These systems tend to be high-cost investments; however, they are vital to a country’s economic development and prosperity. Infrastructure development is the construction of basic foundational services in order to stimulate economic growth and quality of life (Bhattacharya et al., 2012)

## 2.3.1 Theoretical Literature Review

## 2.3.2 Principal Agency Theory

Principal-Agent Theory (PAT) was postulated by Jensen and Meckling (1976). The theory described relations involving two groups commonly referred to as principal and agent. In this relation, the principal has the stake in determining project success and or failure. The agent is the implementer but relies on the decisions of the principal. The key assumptions of the principal-agent theory are: first, that both the principal and agent have different opinions regarding the project in question. Secondly, the principal is better placed to take advantage of the agent’s position and hence has an upper hand. Thirdly, the agent may act in a manner to exploit the contracts or projects for personal gains, but only at the expense of the main.

In relation to this study of public-private partnerships, the government as a public entity retains the principal role while the private acts as the agent partner. Therefore, this theory was used to explain how the relationship between the players in PPP projects related to infrastructural development.

## 2.3.3 Transaction Costs Theory

Transaction cost theory developed by Williamson (1979), transaction costs play the crucial role for the existence of hierarchies. Transaction costs result from the search of appropriated partners, from cost of negotiation and completion of a contract as well as from costs of controlling and enforcement of the contract, which is the center stage of transaction costs theory. The decision if an economic transaction is made in the market or in a hierarchy depends on the amount of total costs (transaction cost + production costs) (Muhlenkamp, 2006). Many tasks of the public administration require specific capital. Thus the transaction costs theory is applicable to PPPs. At the beginning of the process there is an award procedure in order to find the best potential seller. Afterwards we can find extensive, but also inevitably incomplete contracts to be negotiated, monitored and enforced. However, if the public administration chooses hierarchy as an alternative, that means it takes charge of the task itself, these costs don’t arise. But on the other hand there possibly emerge higher production costs due to legal regulations or policy objectives that restrict the radius of operation more than in the private sector (Muhlenkamp, 2006).

Finally the total cost of co-operation with a private firm and a pure public solution (there are also intermediate forms) are compared. The more specific the needed capital is, the bigger is the holdup risk and the expensive are the legal regulations and their monitoring and enforcement.

When applying the transaction costs theory to PPP, one has to consider two peculiarities: The public administration wants to achieve other objectives than a private enterprise – instead of realization of profits, public interests; and the selection of the partner is liable to stricter regulations than in the private sector- award procedure. In theoretical models the objective of public interest is interpreted as welfare maximization, the sum of producer surplus and consumer surplus. This implies, firstly, a conflict of interests between public administration and private partners. However, economic literature identifies this goal conflict as the driving force of operational efficiency at least in PPP undertakings. Secondly, the aim of welfare maximization potentially weakens the negotiation position of the public administration compared to the private partner. Bos (2001) showed that efficient contracts are possible for the cases of unilateral and mutual specific investments, if the buyer behaves welfare maximizing and non-varying quality.

This theory was relevant to this study for explaining the cost effectiveness of PPP in financing infrastructure development by comparing the costs of infrastructure funded by PPP versus the total cost of infrastructural projects implemented.

## 2.4 Empirical Literature Review

## 2.4.1 Mode of public-private partnership practiced in financing Infrastructure development

Maddock (2013) describes various models ranging from traditional operation and maintenance, Design/Build Operate Transfer, and those designed, financed, operated, and maintained and later handed over back after an agreed time. The nature of PPP used is based on the regulatory as well as institutional guidelines in place. In their nature, PPPs require careful analysis and evaluation before expanding their use in providing road infrastructure. This view is supported by Shah (2013), demonstrating that the nature of PPP used influenced the delivery of (construction, operation, and maintenance) in India’s Mumbai Metro. Klijn (2015) contends that the varying forms of financing PPP models could affect the contracts and also project under question, and may not necessarily lead to private financing in the long run.

Rashed and Ekhwan (2011) provided differences in PPP forms, such as concessions, BOT type agreements and joint ventures since they necessitate financing from private partners. Joint ventures allow both public and private to co-own or co-finance, and thus sharing of responsibility is a strategic move for risk-sharing and shared returns on investment. Finance Based PPPs include Build-Operate-Transfer (BOT), Build-Transfer-Operate (BTO), and Build-Own-Operate (BOO) arrangements. The service-based approach of PPP on the other hand depends on the skills and experience contributed by the private sector in form of innovation and management of the public sector infrastructure to provide the additional services needed in the public sector efficiently and effectively (Gaffey, 2010). According to Whettenhall (2011), a common feature for road projects is the DBFOMT model which gives the private partner power to design, conceptualize and deliver the asset and still maintain it. Other PPP arrangements may allow the ownership to be into the hands of the private sector. with a realization that the project achieved better efficiency and operational maintenance.

Studies in developed economies like the USA and Canada show different PPP forms have been used to generate different infrastructure projects. According to a study by Lamman *et al.* (2013), Canada has achieved much with integrating PPP in the road sector, and this growth has been attributed to its flexibility in modeling various PPP forms such as DBFOMT and BOOT.

In his recent study, Gebra (2018) observes that procedures that guide road projects have made PPP flourish in Ethiopia. However, while different PPP forms have been employed, the approaches still face challenges in terms of financing. Similar cases are also identified in South Africa and Tanzania, where the road sector is rapidly growing as part of continental economic development.

In Tanzania, for example, Mgalla (2015) established that the Tanzania PPP framework has not overly enhanced the delivery of road projects despite the large allocation of resources towards roads. This, therefore, means that the nature of PPP applied is likely to influence how road projects are implemented, but this has not been locally researched.

## 2.4.2 Cost-effectiveness of public-private partnerships in financing infrastructure development.

Maddock (2013) states that cost-effectiveness is a key parameter in PPP and a fundamental factor in establishing the type of PPP model adopted in road projects. Although the literature provides mixed results on the cost-effectiveness of PPP, value for money remains a critical factor in the demand for ventures within the road sector. This is important to safeguard socio-economic gains in the long-term; which should translate into micro and macro-economic benefits including GDP, supply and demand, manufacturing of goods and services, job opportunities and production at local level. In any project, differences in cost overruns for PPP road projects can influence the road sector growth and investment, as well as timeframe and quality. For example, if a PPP project is perceived costly, then this may trickle down to the common citizen and affect taxation indicators, affect competition and stakeholders.

In the context of cost, PPP could result in the government spending more than actually cost saving, and this implies such PPPs impact on the local economic growth and meets the needs of end-users. Given that road projects take a longer time to be implemented, then delivery time and nature of PPP contracts could affect cost. Key among cost is the risk sharing measures between the public and private partner. According to Rohimat (2018), risk management is important to ensure projects offer value and hence help the government benefit from a wider infrastructure development.

## 2.4.3 Challenges facing the use public-private partnerships in financing infrastructure development

According to Moskalyk (2011) both the public and private sectors are adopting partnerships for the delivery of housing infrastructure and urban development worldwide. Developed countries such as the UK, Canada, the USA, Australia and some other developing countries such as India, Nigeria, South Africa and Malaysia have employed PPP projects in delivering affordable houses (Abdullahi and Aziz 2011; Liu, Chan et al., 2014). These countries have experienced challenges, some of which are unique and some are similar. These were inadequate tender documents, inefficient management change, poor contractors, political intervention, ineffective PPP policy and strategy, weakened institutional culture, policy pressure, difficulties to low income groups, economic problems' ' and Housing Finance constraints.

In Kenya, various studies have explored public-private partnerships, but have not overly analyzed the proportion of successful projects in the context of models used, relevance, and compared to the challenges of non-successful projects. For example, Onditi (2014) looked at the issues that hinder successful PPP within the railway sector and established that institutional challenges, insufficient staff capacities, complex institutional oversight, and regulatory capacity were the most common challenges.

Study conducted by Sengupta (2006) highlighted a number of constraints to PPP housing projects in Kolkata that include; poor access to finance by low income families, outdated legislation, high levels of municipal taxes, stamp duties and sanction fees.

In Tanzania Kavishe and An (2016) examine challenges for implementing public private partnership in housing projects in Dar es Salaam City, Tanzania. The study found that the partnership opportunity in the housing sector has been unsuccessful and is being abused because of the lack of partnership skills as well as inadequate policies among other factors. Despite the failures experienced, PPP is still considered a viable arrangement if PPP principles and customized framework models are adopted.

## 2.5 Research Gap

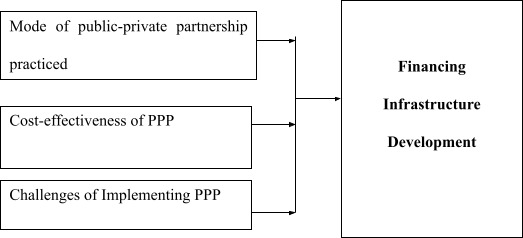
Despite a number of previous studies that have researched on the role of public-private partnership on various infrastructure development such as water, road project health and municipal management no study has been published concerning the effectiveness of public private partnerships (PPP) in financing infrastructure development particularly in the Arusha region. Hence, this study aims to fill the gap in the literature by investigating the effectiveness of public private partnerships (PPP) in financing infrastructure development in Arusha International Conference Center (AICC) at Tanzania context

## 2.6 Conceptual Framework

This study develops a conceptual framework that shows the relationship between the independent variables and the dependent variable. The independent variables aligned to the study include; the mode of public-private partnership practiced in financing infrastructure development, cost-effectiveness of public-private partnerships in financing infrastructure development and the challenges facing the use of public-private partnerships in financing infrastructure development at the AICC. The dependent variable was financing infrastructure development as shown in Figure 2.1

Figure 2.1 Conceptual framework for the study variables

# Independent Variables Dependent Variable



**Source**: Author’s construction, 2022

## 2.7 Chapter Summary

The chapter in depth has provided conceptual definitions, theoretical review, empirical review which is concerned with the effectiveness of public private partnerships (PPP) in financing infrastructure development. Also the chapter has provided the related variables of the study including the mode of public-private partnership practiced in financing infrastructure development, cost-effectiveness of public-private partnerships in financing infrastructure development and the challenges facing the use of public-private partnerships in financing infrastructure development at the AICC. Lastly the existence of empirical literature reviews, knowledge gap and conceptual frameworks and its variables was shown.

# CHAPTER THREE

# RESEARCH METHODOLOGY

# Overview

This chapter presents procedures, and methodological aspects that are employed for data collection from the field on the study about effectiveness of public private partnerships (PPP) in financing infrastructure development in Arusha International Conference Center (AICC). The chapter presents research strategies, the area of study, target population; sample size and sampling techniques, and instruments for data collection. Lastly the chapter details data analysis procedures and issues of ethical consideration.

## 3.2 Research Philosophy and Design

## 3.2.1 Research philosophy

Based on the description by Eduardo (2012) a research philosophy is a shared world or a set of assumptions on understanding reality or about how things work. The research philosophy of the study is built upon the positivism paradigm in order to generate knowledge in which facts are predicted and explained on the basis of their relationship. The positivist paradigm was assumed to help the researcher to be independent in the sense of not being affected by the research subject and to give a room to a researcher to quantitatively describe the facts and information obtained from the respondents.

Following the philosophy, this research employed a descriptive quantitative methodology, which is based on collection and analysis of statistical data, and hence

it tends to obtain a limited amount of information based on the number of respondents.

## 3.2.2 Research Design

Parahoo (2010) depicts a research design as “a plan that explains the place and the way of collecting and examining data. The designs are classified into experimental , case study , longitudinal and cross-section design/ non experimental design..This study opts for the cross section research method it deals with social phenomena.

This research adopted the descriptive research method because of its flexibility in the methods of data collection and analysis; cross sectional design was also applied since it allows collection of the data at a single point of the time (Senga, 2011). This research design is appropriate to the study since it cuts across all research questions

## 3.3 Target population

Population or universe means the entire mass of observations, which is the parent group from which a sample is to be formed (Prabhat *et al.,* 2015). The study population for this study was 64 staff of the Arusha International Conventions Centre (AICC). These staff includes 10 Centre’s Managing Director Office, 5 staff under Directorate of Finance and Administration, 30 staff under the Directorate of Estates and Projects, 7 under Directorate of Conference and Marketing, and 12 Staff under Procurement Management Unit. These staff selected since were the key actors in implementation of infrastructure project financing under PPPs in Arusha International Conventions Cent

## 3.4 Study Area

This study was conducted in Arusha International Convention Centre (AICC). The area was selected due to the fact that the center implemented several infrastructure developments which were financed under PPPs mode. These infrastructure project includes upgrading the existing conference center’s facilities, construction of Mount Kilimanjaro International Convention Centre (in Arusha) and in similar centers, modernization of the AICC hospital, Re-development of the existing plots/properties and existing plot/land re-investment (AICC annual report, 2020). Thus, the area was information rich related to the effectiveness of public private partnerships (PPP) in financing infrastructure development.

## 3.5 Sampling Design and Procedure

## 3.5.1 Sampling procedure

A sampling procedure refers to the process of selecting a number of individuals or objects from a population such that the selected group contains elements that are representative of the characteristics found in the entire group (Kothari, 2009). This study used two sampling procedures, namely purposive sampling technique and simple random sampling techniques.

In this study purposive sampling technique was used to select five (5) directors from Finance and Administration, Conference and Marketing, Estates and Projects and Hospital Services in Arusha International Convention Centre (AICC). The respondents were selected because of the managerial positions and that they would provide relevant information on the effectiveness of public private partnerships (PPP) in financing infrastructure development. Simple random sampling techniques is one in which each element of the population has an equal and independent chance of being included in the sample i.e. a sample selected by randomization method is known as simple random sample and this technique is simple randomizing (Prabhat*et al.,* 2015). In this study simple random sampling techniques were used to select 64 staff based on their willingness to participate in the study.

## 3.5.2 Sample of the study

According to Prabhat *et al.,* (2015) sampling, it is the process of selecting a sample from the population. Therefore, for the purpose of getting a good representative sample this study incorporated an entire population of 64 respondents. The selection of the entire population is based on Mugenda and Mugenda (2010) who recommend a sample size of 100% for a population of fewer than 100 respondents.

Table 3.1: Respondent Sample Compositions

|  |  |
| --- | --- |
| **Categories** | **Number of Respondents** |
| Staff from Centre’s Managing Director Office | 10 |
| Staff under Directorate of Finance and Administration | 5 |
| Staff under the Directorate of Estates and Projects | 30 |
| Staff under Directorate of Conference and Marketing | 7 |
| Staff under Procurement Management Unit | 12 |
| **Total** | **64** |

## 3.6 Data Collection Method

A method of data collection refers to the procedure which the researcher uses to obtain research data from the research participants (Kothari, 2009). The choice of the techniques used in this study was dictated by the tasks and key questions for which data and answers are gathered by a particular instrument. This study employed both qualitative and quantitative data collection techniques. In this study the following data collection techniques were used to collect both primary and secondary data.

## 3.6.1 Method for Primary data collection

Primary sources availed qualitative and quantitative information collected in raw form after direct contact with the ground. Primary data was collected through questionnaires and interviews (Kothari, 2009). The type of primary data collected include the mode of public-private partnership practiced in financing infrastructure development, cost-effectiveness of public-private partnerships in financing infrastructure development and the challenges facing the use of public-private partnerships in financing infrastructure development at the AICC.

## 3.6.1.1 Questionnaire Survey

A questionnaire is a systematic compilation of questions that are submitted to a sampling of population from which information is desired (Prabhat *et al.,* 2015). This is the one of the methods of data collection in which some questions are printed or typed in a definite order on a form or set of forms. The researcher used both close and open-ended questions. The researcher decided to use this method to collect primary data to allow respondents to be free in giving their views and also it gives

adequate time to the respondents that led to getting clear answers since they have time to respond to consult some records for more clarification.

## 3.6.1.2 Interview

This method was used to collect qualitative data from five (5) key informants (directors from Finance and Administration, Conference and Marketing, Estates and Projects and Hospital Services in Arusha International Convention Centre (AICC). Therefore, Interview guides were used to collect qualitative facts from key informant since were stakeholders, primarily first hand experts involved directly in the public-private partnerships in financing infrastructure development at the AICC

## 3.6.2 Method for secondary data collection

All the information that was retrieved from already existing literature or sources for the purpose of this study was treated as secondary data. Thus, the secondary data was collected using documentary review methods. The documents reviewed were existing reports, reports, journals, and data from relevant academic sources based on the effectiveness of public private partnerships (PPP) in financing infrastructure development (Kothari, 2009).

## Data Processing, Analysis and Presentation

## Data processing

Kothari (2009) defines data analysis as a process that implies editing, coding, classifying and tabulation of collected data. In this study data have been examined to detect errors and omissions and unreliable information was corrected and edited to ensure that the data are accurate. Field data editing was done daily by passing through every questionnaire to write better and legible responses, coding was followed after data editing where numerals were assigned to items of the questionnaire so that responses can be put into the computer. Data was consistently uniformly entered using IBM SPSS version 20. Computer software and well arranged to facilitate analysis.

## 3.7.2 Data analysis

Data analysis refers to the computation of certain measures along with searching for patterns of relationship that exist among data groups (Kothari, 2009). Also Rwegoshora (2006) provides a clear definition for the data analysis as an ordering of data into constituent parts in order to obtain answers to research questions. Statistical Package for Social Science (SPSS) version 20 for windows is a comprehensive and flexible statistical analysis and data management system.

Data was analyzed using a quantitative method. Quantitative data was analyzed using the Statistical Package for Social Sciences (SPSS) software and involved preparation of the variables so as to suit the research questions and the method of analysis used and reported data from responses. All three specific objectives (mode of public-private partnership practiced in financing infrastructure development, cost-effectiveness of public-private partnerships in financing infrastructure development and the challenges facing the use public-private partnerships in financing infrastructure development at the AICC) were analyzed using descriptive statistic method that involves estimation of percents, frequency, mean and standard deviation.

Moreover, the Pearson correlation coefficient (r) was used to test the strength of the relationship between the mode of public-private partnership practiced and financing infrastructure development, cost-effectiveness of public-private partnerships and financing infrastructure development. Therefore, the value of r between 0.5 and less than 1 implies a strong relationship between the variables. If the value r is greater than 0.3 and less than 0.5 then there is a weak relationship.

## 3.7.3 Data presentation

The analyzed data was presented in the form of tables. Reporting system which used to present discussion of the findings, summary, recommendation and conclusions.

## 3.8 Validity and Reliability

## 3.8.1 Validity of data

According to Jackson (2010) validity is the degree to which a test measures what it purports to measure. The content validity of the instrument was ascertained by discussing the relationship with the university supervisors. Their corrections were incorporated.

## 3.8.2 Reliability of data

Reliability is a measure of the degree to which a research instrument yields consistent results after repeated trials (Mugenda 2008). The researcher used the cronbach alpha to measure reliability of the research instrument. According to Mugenda (2008) reliability ranges between a value of 0.65 and 0.99 meant that the instrument was reliable for use in the study. As indicated in the Table 3.2 below

Table 3.2: Reliability Test

**Variables Number of items Cronbach Alpha value**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Mode of public-private partnership  practiced  Cost-effectiveness of PPP | 3  3 | |  | | 0.882  0.706 | |
| Challenges of Implementing PPP | 5 | |  | | 0.728 | |
| **Average** |  | |  | | **0.772** | |
| The cronbach alpha coefficient of this | | reliability | | test was | | found out to be 0.772 | |

Therefore, according to Mugenda (2008) meant that the instrument was reliable for use in the study.

## 3.9 Ethical Consideration

To ensure ethical issues permission was first sought from relevant authorities and a letter granted to allow the researcher to carry out the research. Furthermore, the researcher explained the purpose of the study to the respondents and assured them of confidentiality of their responses and identities. Saunders, Khan (2011), defines research ethics as the appropriateness of the researcher’s behavior in relation to the rights of those who become the subject of the research project, or who are affected by it

## 3.10 Chapter Summary

This chapter deals with the methodology of this study, which was employed in obtaining and dealing with the collection of data. The instruments, which were used to obtain data in this study, include questionnaires and interview guides that also explain how the data was analyzed and presented. The next chapter deals with presentation of research findings and discussion.

# CHAPTER FOUR

# DATA PRESENTATION, ANALYSIS AND DISCUSSION

# 4.1 Overview

This chapter concerns the presentation of research findings and discussion. Most data are presented in forms of frequencies, percentages and in figures. The finding starts by analyzing the characteristics of respondents then followed by the discussions of findings that were obtained according to research objectives

# 4.2 Characteristics of Respondents

This section presents characteristics of interviewed respondents from the study area. This information includes sex, age, education level and working experiences presented and described below.

**4.2.1 Gender of respondents**

The study sought to establish the gender of the respondents and as shown in Table

4.1. The female respondents were less with 39.1% compared to male respondents who had a percentage of 60.9%. Based on the findings; it implies that more male participated in this study than female respondents.

Table 4.1: Distribution of respondents by sex

|  |  |  |
| --- | --- | --- |
| **Sex** | **Frequency** | **Percent** |
| Male | 39 | 60.9 |
| Female | 25 | 39.1 |
| **Total** | **64** | **100.0** |

# 4.2.2 Age of respondents

The study found that the majority (76.5%) of the respondents was aged 25-34 years, followed by 35-44 years old (18.8%) and only 4.7% were aged between 45-54. This indicates the majority of the respondents fall between 25-44 years who can be categorized as young people. This presents an opportunity for the organizations because of the energetic workforce that can positively impact on the organization’s operations. Detailed explanation is shown in Table 4.2.

Table 4.1: Distribution of respondents by sex

# 4.3 Distribution of respondents by age

|  |  |  |
| --- | --- | --- |
| **Age category ( Years)** | **Frequency** | **Percent** |
| 25-34 | 49 | 76.5 |
| 35-44 | 12 | 18.8 |
| 45-54 | 3 | 4.7 |
| **Total** | **64** | **100.0** |

# 4.4 Education level of respondents

The study was also aimed at finding out that the majority (64.1%) of the respondents had bachelor degrees, 20.3% had Master’s degree and 15.6% had diploma qualification (Table 4.3). This indicated that, in AICC, the majority of the respondents had undergraduate and postgraduate qualifications. This implies that respondents are knowledgeable to discharge their roles and are capable of providing information related to effectiveness of public private partnerships (PPP) in financing infrastructure development in Arusha International Conference Center (AICC).

Table 4.3: Distribution of respondents by Level of Education

|  |  |  |
| --- | --- | --- |
| **Level of education** | **Frequency** | **Percent** |
| Diploma | 10 | 15.6 |
| Bachelor degree | 41 | 64.1 |
| Master degree | 13 | 20.3 |
| **Total** | **64** | **100.0** |

**4.4.1 Years of experience**

The respondents were required to indicate the period of time they have been working in the AICC in their current position. The finding is shown on Table 4.4. Results indicated that the majority (82.8%) of the respondents had been working in their current position for between 1-10 years and 17.2% working between 11-20 years The findings imply that most respondents had worked between 1 to 10 years and above indicated that they were able to articulate the issues in this study.

Table 4.4: Distribution of respondents by years of experience

|  |  |  |
| --- | --- | --- |
| **Years of experience (years)** | **Frequency** | **Percent** |
| 1-10 | 53 | 82.8 |
| 11-20 | 11 | 17.2 |
| **Total** | **64** | **100.0** |

* + 1. **Mode of Public-Private Partnership Practiced in Financing Infrastructure Development**

The study sought to identify modes/nature of public-private partnership practiced in financing Infrastructure development implemented by AICC.The mean and standard deviation (S.D.) were calculated, to establish the respondents, assessment of the extent to which modes/nature of public-private partnership practiced. The study used a likert scale of 1-5 where 5= strongly agree t, 4=Agree, 3= Neutral, 2= Disagree and 1= strongly disagree. The findings were presented in Table 4.2 using mean score and standard deviation.

Table 4.2: Mode of public-private partnership (n=64)

|  |  |  |
| --- | --- | --- |
| **Responses** | **Mean** | **SD** |
| Joint Venture | 3.61 | 1.261 |
| Build- Operate -Transfer (BOT) | 4.09 | 0.884 |
| Build -Lease-Transfer (BLT) | 4.18 | 0.656 |

# Joint Venture

Findings in Table 4.2 shows that respondents agreed that the AICC practiced joint venture as public-private partnership in financing infrastructure development (Mean score= 3.61 and Standard deviation= 1.261). This implies that, an existing utility, shares in the utility are divested to the private sector. In the case of a project financed project, the project company will be established with a joint share ownership structure with limited scope (usually focused on delivering the project with limited ability to diversify).

Also during interview with first Key informant add the following about Joint venture model:

*“In the Joint Venture model the level of share ownership differed depending on whether the government is seeking to get the project off balance sheet and whether the government wishes to retain management control of the utility”.*

# Build- Operate -Transfer (BOT)

Findings in Table 4.2 shows that respondents agreed that the AICC practiced Build- Operate -Transfer (BOT) as a public-private partnership in financing infrastructure development (Mean score= 4.09 and Standard deviation= 0.884). Under this model, the Government contracts with the private partner to design and build a facility in accordance with the requirements set by the government. After completing the facility, the ownership of the facility remains with the public sector while the private partner operates the facility according to public performance requirements. The operator is also responsible for replacing the assets whose life has expired (URT, 2009).

# Build -Lease-Transfer (BLT)

Findings in Table 4.2 shows that respondents agreed that the AICC practiced Build

-Lease-Transfer (BLT) as public-private partnership mode in financing infrastructure development (Mean score= 4.18 and Standard deviation= 0.656). This implies that, after building the asset, the concessionaire rents or leases it from the Government and eventually transfers it back to the Government.

These findings are in agreement with Rashed *et al.,* (2011) state that, different PPP schemes come with their own set of gains and limitations, and specific factors must be considered to ensure its sustainability. Because different PPP models differ from each other, they possess different sets of strengths and weaknesses. Some of these models are more appropriate for certain situations and contexts. Therefore, exact details of a PPP model depend on the particular project and the context in which it takes place.

# Relationship between modes of public-private partnership practiced and financing infrastructure development

The study then sought to find out whether there is any significant relationship between modes of public-private partnership practiced and financing infrastructure development. The Pearson correlation coefficient (r) was employed to establish the relationship between modes of public-private partnership practiced and financing infrastructure development. Findings presented in Table 4.3 Results show that there is a strongly significant relationship between modes of public-private partnership practiced and financing infrastructure development (r= 0.80. p-value < 0.05). This implies that any positive change in Joint Venture, Build- Operate -Transfer (BOT) and Build -Lease-Transfer (BLT) led to increased effectiveness of Public Private Partnerships (PPP) in financing infrastructure development in Arusha International Conference Center (AICC).

Table 4.3: Correlation Analysis Matrix

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **Modes of PPP** | **Financing infrastructure**  **Development** |
|  | Pearson Correlation | 1 | 0.803\* |
| Modes of PPP | Sig. (2-tailed) |  | 0.019 |
| PPP | N | 64 | 64 |
| Financing | Pearson |  |  |
| Infrastructure Development | Correlation |  |  |
|  | n | 64 | 64 |

\*Correlation is significance at the 0.05 level of significance (2- tailed)

# Cost-effectiveness of Public-Private Partnerships in Financing Infrastructure Development

The second objective of the study sought to investigate the cost-effectiveness of public-private partnerships in financing infrastructure development. In order to address the objective, the study used value for money attributes including cost and time overruns and risk associated in financing infrastructure development. The study used a Likert scale of 1-5 where 5= strongly agree, 4=Agree, 3= Neutral, 2= Disagree and 1= strongly disagree. The findings were presented in Table 4.3 using mean score and standard drviation.

Table 4.4: Cost effectiveness (n=64)

|  |  |  |
| --- | --- | --- |
| **Responses** | **Mean** | **SD** |
| Project completion within budget | 2.14 | 0.138 |
| Project completion in time frame | 2.31 | 0.514 |
| Risk associated in financing infrastructure development | 4.06 | 0.331 |

# Project completion within budget

Results in Table 4.4 shows that respondents were not satisfactory on project completion with budget (Mean score= 2.14 and standard deviation= 0.138). The findings imply that the public-private partnerships in financing infrastructure development were not effective in utilizing financial resources in AICC. The findings in line with those of Behera (2014) found out that cost overruns in India’s road projects represented a major challenge in achieving PPP efficiency and effectiveness.

# Project completion in time frame

Results in Table 4.4 shows that respondents did not agree on project completion in time frame (Mean score= 2.31 and standard deviation= 0.514). The findings imply that the public-private partnerships project in financing infrastructure development was not completed within the time frame. The findings supported by the view of Rohman *et al.,* (2015) who state that PPP for developing countries showing the weak institutional capacity as a major hamper that contributed to infrastructure projects to delay in completion.

# Risk associated in financing infrastructure development

Results in Table 4.4 shows that respondents agreed that there is risk associated in financing infrastructure development (Mean score= 4.31 and standard deviation= 0.514). Moreover, during the interview with second Key Informant state that:

“*The common risk associated in financing infrastructure development includes stakeholder risks, Inflation risk, and utility relocation risk”*

The finding implies that sharing of risks and responsibilities for any given PPP project attempts to attain the goal of asset maximization (Pentes, 2011) which is the optimal distribution of risks and value between the public and the private sector for a specific project. Therefore, through a Value for Money analysis, a public entity can assess whether the PPP choice will ultimately offer a cost-effective endeavor or not.

# 4.2.4 Relationship between cost-effectiveness of public-private partnership practiced and financing infrastructure development

The study then sought to find out whether there is any significant relationship between cost-effectiveness of public-private partnership practiced and financing infrastructure development. The Pearson correlation coefficient (r) was employed to establish the relationship between cost-effectiveness of public-private partnership practiced and financing infrastructure development. Findings presented in Table 4.5 Results show that there is a strongly significant relationship between cost-effectiveness of public-private partnership practiced and financing infrastructure development (r=0.622, p-value < 0.05). This implies that any positive change in budget, time and risk management led to increased effectiveness of Public Private Partnerships (PPP) in financing infrastructure development in Arusha International Conference Center (AICC).

Table 4.5: Correlation Analysis Matrix for cost effectiveness

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Cost effectiveness | Financing infrastructure development |
| Cost effectiveness | Persona Correlation | 1 | 0.622\* |
|  | sig. (2 – tailed) |  | 0.001 |
|  | N | 64 | 64 |
|  | Person | 0.622\* | 1 |
| Financing | Correlation |  |  |
| Infrastructure | Sig. (2-tailed) | 0.001 |  |
| Development | N | 64 | 64 |

\*Correlation is significance at the 0.05 level of significance (2- tailed

# Challenges Facing the Use of Public-Private Partnerships in Financing Infrastructure Development

The study found various challenges facing the use public-private partnerships in financing infrastructure development at the AICC as shown in Table 4.6. The challenges are arranged based on the mean values determined using the mean scores.

Table 4.6 Challenges facing the use public-private partnerships in financing infrastructure development at the AICC (n=64)

**Challenges Mean SD Rank**

|  |  |  |
| --- | --- | --- |
| PPP skills and knowledge | 4.11 | 0.34 1st |
| Contracting and tendering process | 3.77 | 0.69 2nd |
| Legal framework | 3.56 | 0.92 3rd |
| Quality control | 3.50 | 0.81 4th |
| Corruption | 3.41 | 0.732 5th |

# PPP skills and knowledge

The results in Table 4.6 show that respondents agreed that lack of PPP skills and knowledge to some stakeholders was a major challenge facing the use of public-private partnerships in financing infrastructure development at the AICC and ranked as first with a mean score of 4.11. This clearly indicates the cause for its slow progress and failures. This was also considered a big challenge in a study by Moskalyk (2011) who found PPP skills and knowledge was major challenges in Public-private Partnerships in Housing and Urban Development

# Contracting and tendering process

The results in Table 4.6 show that respondents agreed that weak contracting and tendering process was a challenge facing the use of public-private partnerships in financing infrastructure development at the AICC and ranked as second with a mean score of 3.77. Similar findings have been reported by Zheng (2019) who pointed out that PPP contracts and renegotiation not only influence efficiency but also cost of road projects. This means flexibility is ideal for PPP contracts to reduce the risks associated with delays in contract evaluations, which often lead to cost and time overruns. It therefore concludes that delays in contract signing challenge the effective planning and coordination of PPP road projects.

# Legal frameworks

The results in Table 4.6 show that respondents agreed that weak legal framework was a challenge facing the use of public-private partnerships in financing infrastructure development at the AICC and ranked as third with a mean score of 3.56. It was further reported during an interview with third key informant add that:

*“Majority of the AICC contracts had major legal issues such as lack of an exit clause, contradictory provisions in an agreement, biases in favor of their private partners, double standards and uncertain practice in the transfer of right of occupancy and non-adherence to the rules and regulations among partners”.*

This was similar to a study by Abdul-Aziz and Kassim (2011) who found lack of strong and clear agreement was the most dominant failure factor In Malaysia.

# Quality control

The results in Table 4.6 show that respondents agreed that poor quality control was a challenge facing the use of public-private partnerships in financing infrastructure development at the AICC and ranked as fourth with a mean score of 3.50. This indicates gaps underlying the proper coordination and planning for PPP processes, which are inherent in PPP Units charged with overseeing contract management and evaluation.

# Corruption

The results in Table 4.6 show that respondents agreed that corruption was a challenge facing the use of public-private partnerships in financing infrastructure development at the AICC and ranked as fifth with a mean score of 3.41. This implies that there is weakness in competitive bidding and transparency and best partner selection. The similar findings were mentioned by Moskalyk (2011) who ranked corruption as among the five common challenges facing governments in PPP projects.

# CHAPTER FIVE

# SUMMARY, CONCLUSIONS AND RECOMMENDATION

# Overview

This chapter presents the summary of the findings, conclusion, recommendations, and area for further studies. The chapter begins with a summary which provides the major findings of the study followed by conclusion, recommendations and area for further studies.

# Summary of the Findings

This section presents the summary of the findings related to each specific objective

# Mode of Public-Private Partnership Practiced in Financing Infrastructure Development

Findings revealed that, shows that respondents agreed that the AICC practiced joint venture as public-private partnership in financing infrastructure development (Mean score= 3.61 and Standard deviation= 1.261). Also, respondents agreed that the AICC practiced Build- Operate -Transfer (BOT) as a public-private partnership in financing infrastructure development (Mean score= 4.09 and Standard deviation= 0.884). Moreover, respondents agreed that the AICC practiced Build -Lease-Transfer (BLT) as public-private partnership mode in financing infrastructure development (Mean score= 4.18 and Standard deviation= 0.656).Additionally, The findings from correlation analysis indicated that, there is strongly significance relationship between modes of public-private partnership practiced and financing infrastructure development (r= 0.80. p-value < 0.05).

# Cost-effectiveness of Public-Private Partnerships in Financing Infrastructure Development

Findings related to this objective revealed that respondents were not satisfactory on project completion with budget (Mean score= 2.14 and standard deviation= 0.138). Also respondents were not agree on project completion in time frame (Mean score=

2.31 and standard deviation= 0.514) and respondents were agree that, there is risk associated in financing infrastructure development (Mean score= 4.31 and standard deviation= 0.514).Furthermore, findings from correlation analysis found that, there is strongly significance relationship between cost-effectiveness of public-private partnership practiced and financing infrastructure development (r=0.622, p-value < 0.05)

# Challenges Facing the Use Public-Private Partnerships in Financing Infrastructure Development

The Findings revealed that, show that respondents agreed that lack of PPP skills and knowledge to some stakeholders was major challenges facing the use public-private partnerships in financing infrastructure development at the AICC and ranked as first with a mean score of 4.11.Weak contracting and tendering process was second challenge facing the use public-private partnerships in financing infrastructure as second with a mean score of 3.77. Weak legal framework was the third challenge facing the use of public-private partnerships in financing infrastructure development at the AICC with a mean score of 3.56.poor quality control was the fourth challenge facing the use of public-private partnerships in financing infrastructure development at the AICC with a mean score of 3.50. Corruption was the fifth challenge facing the

use of public-private partnerships in financing infrastructure development at the AICC with a mean score of 3.41.

# Conclusion

Based on the above key findings the study concludes as follows:-

The study concluded that the joint venture, Build- Operate -Transfer (BOT) and Build -Lease-Transfer (BLT) were major modes of public-private partnership practiced in financing infrastructure development in AICC. The study also found there is a strongly significant relationship between modes of public-private partnership practiced and financing infrastructure development. The study found that, there was cost-ineffectiveness of Public-Private Partnerships in Financing Infrastructure Development in AICC since project not completion with targeted budget and project not completed within time frame. On the other hand there is risk associated with financing infrastructure development.

The study found that, lack of PPP skills and knowledge to some stakeholders , weak contracting and tendering, weak legal framework, poor quality control and corruption were major challenges facing the use of public-private partnerships in financing infrastructure development at the AICC.

# Recommendations

Based on the research findings the following recommendations are made.

* + 1. The government should utilize the potential success of PPP mode while exploring Joint Venture arrangements since it has greater long-term future opportunities for operational efficiency and quality standards in financing infrastructure development.
    2. Since the study found there was cost-ineffectiveness of Public-Private Partnerships in Financing Infrastructure Development in AICC. It was recommended that the government should enhance regular monitoring of PPP project costs to ensure all value of money indicators are considered and directly address underlying socio-economic issues.
    3. To overcome challenges facing the use of public-private partnerships in financing infrastructure development at the AICC. The study recommends that staff who are involved in the PPP projects must be of required expertise and be updated with current professional development as deemed fit for the better PPP project delivery. On the other hand appropriate regulations and favorable PPP policies among other factors are vital to the effectiveness of Public-Private Partnerships in Financing Infrastructure Development in AICC.

# Area for Further Research

More research needed on the following areas:-

* + 1. Since the study was limited in Arusha region, the same study should be conducted in other regions in Tanzania to generalize findings.
    2. Another study should be carried out to find out the impact of Financing Infrastructure Development through Public Private Partnerships in service delivery in Arusha region.

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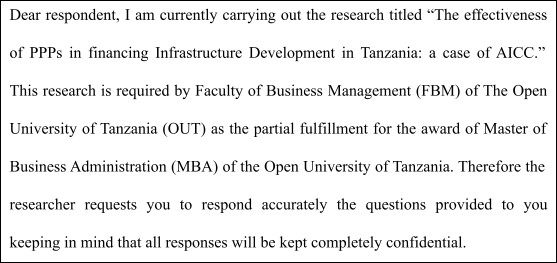
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# APPENDICES

# APPENDIX 1: QUESTIONNAIRE FOR RESPONDENTS

**Introductions**

|  |  |  |
| --- | --- | --- |
| **Questionnaire Number** | **Date** | **Name of the school** |
|  |  |  |

# SECTION A: GENERAL INFORMATION OF HEAD OF SCHOOL

1. Sex of respondent

|  |  |
| --- | --- |
| **Sex** | **Mark ( Ѵ)** |
| Male |  |
| Female |  |

1. Age of respondent

|  |  |
| --- | --- |
| **Age category** | **Mark ( Ѵ)** |
| 18-24 |  |
| 25-34 |  |
| 35-44 |  |
| 45-54 |  |
| 55-64 |  |
| 65 and above |  |

1. Academic qualification of respondent

|  |  |
| --- | --- |
| **Level of education** | **Mark ( Ѵ)** |
| Certificates |  |
| Diploma |  |
| First degree |  |
| Masters |  |

1. How long have you been an employee of this school?

|  |  |
| --- | --- |
| **Working experience (Years)** | **Mark ( Ѵ)** |
| 1-10 |  |
| 11-20 |  |
| 21-27 |  |

# SECTION B: Mode of Public-Private Partnership Practiced in Financing Infrastructure Development

B1: Please use the point scale below to indicate your level of agreement by ticking each one of the given statement related to mode of public-private partnership practiced in financing infrastructure development

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1 | 2 | 3 | 4 | 5 |
| Strongly disagree | Disagree | Neutral | Agree | Strongly agree |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Statement** | 1 | 2 | 3 | 4 | 5 |
| AICC use Joint Venture (JV) in financing infrastructure development |  |  |  |  |  |
| AICC use Build- Operate -Transfer (BOT) in financing  infrastructure development |  |  |  |  |  |
| AICC Build -Lease-Transfer (BLT) in financing infrastructure development |  |  |  |  |  |

# Part C: Cost-effectiveness of Public-Private Partnerships in Financing Infrastructure Development

C1: Please use the point scale below to indicate your level of agreement by ticking each one of the given statements related to cost-effectiveness of public-private partnerships in financing infrastructure development.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1 | 2 | 3 | 4 | 5 |
| Strongly disagree | Disagree | Neutral | Agree | Strongly agree |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Statements** | 1 | 2 | 3 | 4 | 5 |
| Through PPP financing infrastructure development the project completed within targeted budget in AICC |  |  |  |  |  |
| Through PPP financing infrastructure development the Project completed within time frame in AICC |  |  |  |  |  |
| There is risk associated in financing infrastructure development through PPP financing infrastructure development the Project in AICC |  |  |  |  |  |

# Part D: Challenges Facing the Use Public-Private Partnerships in Financing Infrastructure Development

D1: Please use the point scale below to rank your level of agreement by ticking each one of the given statement related to challenges facing the use public-private partnerships in financing infrastructure development

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1 | 2 | 3 | 4 | | | 5 | | | |
| Strongly disagree | Disagree | Neutral | Agree | | | Strongly agree | | | |
| **Challenges** | | | | 1 | 2 | | 3 | 4 | 5 | |
| PPP skills and knowledge | | | |  |  | |  |  |  | |
| Contracting and tendering process | | | |  |  | |  |  |  | |
| Legal framework | | | |  |  | |  |  |  | |
| Quality control | | | |  |  | |  |  |  | |
| Corruption | | | |  |  | |  |  |  | |

# PART E: Financing Infrastructure Development

E1: Please use the point scale below to indicate your level of agreement by ticking each one of the given statements on the financing infrastructure development

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 1 | 2 | 3 | 4 | 5 |  |
| Strong disagree | Dis agre e | Ne utr al | Agr e e | St ro ngl y  agr ee |  |
| **Statement** | 1 | 2 | 3 | 4 |
| Public-Private Partnerships modes used in Financing  Infrastructure Development is effective at AICC |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Public-Private Partnerships ensure cost effective in Financing Infrastructure Development at AICC |  |  |  |  |  |

# Thank you For Your Time

# Introductions

|  |  |
| --- | --- |
| **Department** |  |
| **Position of respondents** |  |
| **Date of Interview** |  |

**Questions**

* 1. To what extent is PPPs used in financing infrastructures at AICC;
     1. Does the AICC financing its infrastructure using PPP over traditional procurement? (YES…, NO…)
     2. How many infrastructure projects have been / are being financed using PPPs arrangements? Please tick only one answer.
        + Less than five projects ( )
        + Less than ten projects ( )
        + More than ten projects ( )
     3. From your experience, are there enough Qualified Investors in the PPP market for successful project implementation and management? (YES…, NO…) Why?
  2. In PPP contractual arrangements, literature reviews indicate that the following variables may in one way or another affect the effectiveness of the PPPs in financing of infrastructures in delivery, implementation and management; (i) poor quality deliver of projects (ii) poor risks transferability

(iii) unclear PPP policy and legal framework (iv)cost of capital consideration

(v) poor choice PPP mode of financing (vi) no value for money in procurement (vii) lack of competent staff (viii) the time value of money

Consideration. In your view, which of the above posses(s) serious challenge(s) in your organization?

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………

* 1. The AICC Investment Prospectus shows the financing mode types for the projects to persuade the private partnering, are you aware of these modes of financing used in the AICC? (YES…, NO…) tick in the brackets

1. Joint venture mode ( )
2. Lease mode ( )
3. Build, Operate & Transfer (BOT) mode ( )
4. Loans mode ( )
   1. In question number 3 above, if all modes used to finance projects in your Center, which one of them used mostly and which one used not mostly?
5. Used mostly

………………………………………………………………

1. Least used

………………………………………………………………...

* 1. In Tanzania, there is the legal legislation known as Public-Private Partnerships Act of 2010 (Cap 103) and its Regulations of 2015 which allow private sector participation in public infrastructure delivery. Does it and its regulations (PPP) provide the familiar environments to private investments?

1. Excellent ( )
2. High ( )
3. Moderate ( )
4. Low ( )
5. The lowest ( )
   1. In addition to question number 5 above, does your Organization encounter any political interference in the overall procurement processes of obtaining private partners to finance infrastructure projects in the Center?

Yes ( )

No ( )

If the answer is ‘yes’ can you mention any? (Optional)

* 1. The cost of capital is the rate of return required to persuade the Private Investors to make a given investment.

In your view, do Private Investors consider the cost of capital as a technique to evaluate their investment decisions using PPPs.

1. High ( )
2. Moderate ( )
3. Low ( )
4. I don’t know ( )
   1. The delivery of quality projects seems to be the major hurdle in channeling available finance into infrastructure. Overcoming this requires substantial expertise (professionalism and experience). What is the situation in your Organization? Please tick the appropriate bracket in support of the measurable parameter.
5. Highest professionals and experienced ( )
6. High professionals and experienced ( )
7. Moderate professionals and experienced ( )
8. Low professionals and experienced ( )
9. Least professionals and experienced ( )
   1. Briefly discuss and comment about the expertise of the staff at AICC

…………………………………………………………………………

…………………………………………………………………………

* 1. What are the major challenges facing your organization in implementing PPP in financing infrastructure projects?

.........................................................................................................................

.........................................................................................................................

* 1. What do you suggest to improve the effectiveness of PPP mode in financing infrastructure at AICC?

…………………………………………………………………………

…………………………………………………………………………