

**FACTORS INFLUENCING IMPLEMENTATION OF
PUBLIC-PRIVATE PARTNERSHIP PROJECTS: A CASE
STUDY OF THE NAIROBI SOUTHERN BYPASS IN
NAIROBI COUNTY, KENYA**

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DECLARATION

This research project report is my original work and has not been presented for an award in any other university.

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DEDICATION

This project is dedicated to my son, Victor, a constant motivation for my work.

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ABBREVIATIONS AND ACRONYMS

CBD:	Central Business District
CRBC:	China Road and Bridge Corporation
GDP:	Gross Domestic Product
GoK:	Government of Kenya
ICRC:	Infrastructure Concession Regulatory Commission
INTP:	Integrated National Transport Policy
KeNHA:	Kenya National Highways Authority
LAPSSET:	Lamu Port, South Sudan, Ethiopia Transport Corridor
MDG:	Millennium Development Goal
NACOSTI:	National Commission for Science, Technology and Innovation
NEMA:	National Environment Management Authority
NGO:	Non-Governmental Organisation
NIIP:	National Integrated Infrastructure Plan
NLC:	National Land Commission
NSB:	Nairobi Southern Bypass
NSGRP:	National Strategy for Growth and Reduction of Poverty
PAP:	Persons Affected by Project
PFI:	Private Finance Initiative
PPP:	Public-Private Partnership
RDT:	Resource Dependent Theory
SDGs:	Sustainable Development Goals
UN:	United Nations

UNECE: United Nations Economic Commission for Europe

USA: United States of America

VAT: Value Added Tax

ABSTRACT

The study investigated factors influencing implementation of Public Private Partnership (PPP) Projects with focus on the Nairobi Southern Bypass (NSB) PPP Project in Nairobi County, Kenya. As PPPs keep on expanding in the Kenyan road sub-segment, suggestions for successful application will be important for public road authorities, county governments, contractors and managers. The study was guided by the following objectives, namely, to establish the influence of procurement process on implementation of the Nairobi Southern Bypass (NSB) PPP road project in Nairobi County, Kenya; to assess the influence of route corridor availability on implementation of NSB PPP road project in Nairobi County, Kenya; to examine the influence of politics on implementation of NSB PPP road project in Nairobi County, Kenya and to determine the influence of budgeting on implementation of NSB PPP road project in Nairobi County, Kenya. The study was conducted as a qualitative instrumental case study, with qualitative data collected from key informants. Snow ball sampling was used to identify 31 respondents comprising staff members working at PPP unit and Special Projects department within Kenya National Highways Authority (KeNHA) and China Road and Bridge Corporation (CRBC), the implementing Contractor. In order to evaluate and improve the reliability of the research instrument, a pilot test was conducted by interviewing 6 respondents who were part of the supervision consultancy staff. The selected respondents had some information on the intricacies of the NSB project from procurement to construction stage. Thematic and content analysis was used to sort and depict information in detail and to decipher and make determinations. The findings of the study showed that procurement process influenced the commencement time, cost and alternatives in terms of design options for the NSB project. The study also found out that while politics did not influence implementation of the project, budget considerations influenced implementation of the project as delays in disbursing funds either led to slowing down of works or additional costs in terms of accrued interest on delayed payments and contract prolongation costs. A significant impediment to the study was that respondents, particularly from the Contractor partner, were not ready to reveal full information, citing business confidentiality restrictions. In conclusion, the NSB PPP project was procured very fast and had a very fast turnaround time and could have been completed even faster had the route corridor been fully available and payments made promptly. The study recommends that implementing agencies should check thoroughly and consult with stakeholders on the extent/scope of projects to avoid interference by politicians. The study further recommends that prior to commencing construction work, the route corridor should be made fully available to the Contractor, free of encumbrances in order to facilitate completion of the project within time and cost. The study also recommends that for faster turnaround time, implementation of such projects should only be done once all finances are in place.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Public-Private Partnerships (PPPs) have become a common approach for infrastructure growth as long-term co-operation arrangements between a public authority and the private sector in the provision of public services. The concept of an urban reconstruction alliance has been the topic of major debates in every country since the mid-1980s. It has been advanced and developed by the European Commission and United Nations, particularly in countries whose open budgets cannot support substantial spending as a tool for urban development.

There is a developing acknowledgement that collaboration with the private sector in PPP undertakings can be advantageous. Fama and Jensen (1983) note that PPPs should delegate risks to the group to handle them at the lowest expense, and optimize risk transfer rather than maximize it to ensure the greatest benefit. The project risk allocation, according to Laffont and Martimort (2002), would enable the private sector to enhance its performance and management. Siemiatycki (2009) found that it could be possible for the private sector to raise extra income from third parties to reduce the cost of all required public sector subsidies.

Governments, particularly in developing countries, should take up such PPPs as their citizens, civil society organisations and media are increasingly pressurizing them to provide infrastructure services in the fields of transport, energy and communications. The United Nations (UN) Sustainable Development Goals (SDGs), where country growth and success are tracked, also put pressure on governments to deliver on infrastructural projects. Therefore, both policymakers in developed and developing world have begun to see PPPs as a means to stimulate critical infrastructures, which would not be built otherwise (U.S. Department of Transportation, 2015). The rise of PPPs is regarded as a viable and structural financing mechanism for the growth of infrastructure. Therefore, PPP is an effective growth promotion tool (Agere, 2015).

In the past decade, there has been a substantial growth in the role of the private sector in the financing and development of public infrastructure and utilities in developing countries (Li et al., 2005). Many PPP programs in the United States of America (USA) and developing economies, for example, are called good PPPs (Jefferies, 2012). There are several priorities for PPPs including enhancement of service efficiency through the incorporation of private-

sector expertise, skills and knowledge, growth of the local economy and infrastructure cost, cost reduction, production and operational efficiencies (Yuan, 2013).

In the USA, PPP projects were introduced mainly by the state to prevent restrictions on public sector borrowing, minimize spending on resources, increase spending rates and lower the cost of sustaining the government balance sheet (Li et al., 2005). Nevertheless, Li et al. (2005) argue that public budgets are much less powerful than was first assumed, and that PPP is being used in capital expenditure projects as a new risk-allocation technique. Li (2005) reveals that long bargaining period, a lot of management time spent on contract negotiations and high engagement factors were the main factors concerned with PPP procurement.

Public-private partnerships also called 3P, describe a government-funded or private venture with one or more private sector firms under a contractual agreement. PPP is an agreement between a private corporation and a government sector authority in which a public service or project is offered by the private company and substantial political, technical and operational risks are taken. Under PPP: the government maintains ultimate strategic ownership of the operation and secures new facilities, which turns into government properties at the conclusion of the deal, while the project and success burden is better managed or mitigated by a group that is better able to manage (Rania, 2008).

PPP projects, according to Nkeri (2014), are applicable to innovative public sector procurement methods that include financing and project delivery on time and within budget. It is up to the public sector to provide these public services in order to support the economy and promote economic development and improvements in the quality of life. It is a negotiated arrangement with a third company for the provision and distribution of goods and facilities typically rendered by the public sector. PPPs are designed to fund infrastructure and programs of the public sector and are distinguished by the transition of liability to the private sector (Laffont and Martimort, 2002).

According to the Public Procurement and Disposal Regulations, (2009), a PPP is a private partnership, where the private party undertakes to serve as a government contracting entity or to enter into a deal on behalf of the government. For carrying out a task, the private party receives either a reward from the public fund, payments or charges from subscribers or clients of the service provided by the private party or a combination of such reward and certain charges.

Use of PPPs will improve the skills of the private sector by joint ventures with major foreign firms as well as subcontracting incentives for local businesses in such fields as civil work, energy, facilities administration, health services and sanitation. The use of PPPs is a way to gradually open state-owned firms and governments to increased private sector involvement by structuring PPPs to ensure the transition of skills that lead to global champions who are willing to market their know-how by sending bids for joint ventures and projects (Patrick, 2012). The introduction of PPP pacifies the economy by making the nation more competitive in the facilitation of the infrastructure base and by providing a boost to enterprises and sectors engaged in infrastructure growth such as equipment, construction and support services.

This study was premised on two key theories namely, the agency theory and the resource dependency theory. Agency theory suggests that differences emerge because, in exercising a mission, the desires of the principal, for example, and an employee like a project manager are incompatible. This clarified the subtlety of actions and the interactions between the PPP actors in an international development initiative.

In comparison, the resource-dependency hypothesis provides an insight into the inter-organisation and how their development helps to minimize uncertainty (Hillman et al., 2009). Barney (1991) notes that the resource definition includes all the tools, capabilities, operational structures, corporate characteristics, information and expertise under the management of the company that improved its success and productivity strategies and their execution.

The participation of private sectors in construction projects in Malaysia has been achieved by offering lucrative opportunities that resulted in rapid growth of buildings projects in Malaysia's development plan (Ismail, 2012; Endut et al., 2006). Malaysia's PPP growth began with the Economic Planning Unit, Malaysia Incorporated Program in 1981 and was followed by the Economic Planning Unit privatisation program in 2006. More recently, with the announcement of further infrastructure project initiatives to be undertaken under the PPP program, the Malaysian Government continued its initiative to encourage private sector participation (Economic Planning Unit, 2010).

Only in the second half of 1990s did PPPs begin in Africa. PPPs have been primarily used to develop the physical economic structure such as utilities, water, highways and power to date. In addition, social facilities such as education, healthcare, and other services (agricultural extension and waste recovery) were re-strengthened by PPPs. The public sector, particularly

in Africa, has historically provided such services. Most need significant expenditure in resources and have a long period of gestation. In fact, their costs appear to be inflexible due to social conditions (ADB1, 2002).

The infrastructure deficit, for example, has long been monitored in Nigeria and the nation needs over US\$ 19 billion to produce the infrastructure it needs. Unfortunately, allocations for this shortfall are still not available for use (Oyewobi et al., 2012; Olaniyan, 2013). Nigerian government is currently working to address this infrastructural deficit by creating a 30-year National Integrated Infrastructure Plan (NIIP) which will positively triple the present conditions (Rainbow, 2013), and implement the 2005 Act on the Infrastructure Concession Regulatory Commission, which will allow for private sector participation (Nigeria PPP Review, 2012).

If real concerted attempts are made to work together, the government of Tanzania and the society will both benefit from PPP. Mkapa (2000) says that PPP seeks innovative ideas and the establishment of a regulatory framework with specific connections with the private sector. The National Strategy for Growth and Reduction of Poverty (NSGRP) and the Millennium Development Goals (MDGs), for instance, have positioned society at the core of the agenda and are committed to deepening cooperation between the public and private sectors in road-based network development.

The Ministry of Public Works in Uganda looks forward to implementing development programs funded by PPP (Ong'olo, 2012). The implementation of PPPs has seen benefits such as the advancement of economic growth, local market creation, cost savings, construction and organizational productivity and the enhancement of the quality of services. Through leveraging experience, skills and resources from the private sector, government decision-makers, analysts and business experts have attracted considerable attention.

The Government of Kenya (GoK) has implemented a PPP strategy to strengthen the PPP environment and to provide a framework for the adoption of PPP laws. Most recently, the PPP Bill 2012 was approved by Parliament in December 2012, received Presidential Assent on 14th January 2013, and was published as the Public Private Partnership Act, No. 15 of 2013 in the Kenya gazette supplement No. 27 on 25th January 2013. The PPP Act came into effect on 8th February 2013. Furthermore, by way of regulations, the road sub sector was strongly deliberate in ensuring that PPP is an option. The Treasury PPP unit in Kenya reported that the country has to plug a \$40 billion financing deficit over the next eight years

in order to carry out its infrastructure programs (Kamau, 2012). While the GoK is substantially investing in infrastructure, a lot of incentives have been offered to private developers (Kamau, 2012). Kenya is a transport and logistics hub serving Somalia, Uganda, Democratic Republic of Congo, Rwanda, South Sudan, and Burundi. It is important to improve the transport network in order for Kenya and its neighbours to grow economically. The overall convergence of its economies would be boosted by improved connectivity within the East African region. Kenya is currently rising steadily on the transportation market.

The Eastern, Northern and Southern bypass roads are complete while the Western Bypass loan agreement has been signed and work expected to commence soon. These projects are currently being partly financed through credit from EXIM Bank, China. However, the amount of credit Kenya can agree to in order to finance transport projects is limited. In order to follow innovations in the transport sector, Kenya must also consider new financing ways. PPP is considered as an alternate solution.

The role of roads is dominant in most countries in transport infrastructure (World Bank, 2014). The Integrated National Transport Policy (INTP, 2009) estimates that the Kenya road transport accounts for more than 93 percent of all passenger and freight traffic, making it a key economic backbone. According to Africa Infrastructure Nation Outlook 2010 prepared by the World Bank in partnership with the African Development Bank and other development organisations, Kenya invests about US\$ 1.6 billion a year in infrastructure and anticipate a sustainable annual investment in the coming 10 years of US\$4 billion which is equivalent to 20% of its GDP. Ryan (2012) explains that Kenya's infrastructure program investments use PPPs, and the core infrastructure of the country is sustained and strengthened by this mix of public and private investments. Although the private side of infrastructure provision is reflected by gas companies, electric utilities, railroads and airports, these are also funded by the public sector. Indeed, public and government infrastructure is the most critical resource for the delivery of national infrastructure needs.

The Nairobi Southern Bypass (NSB) involved construction of 28.6-kilometre dual carriageway with 12-kilometre slip roads and 8.5-kilometre service roads. Eighty five percent of the KShs. 17.1 billion project was funded by China's EXIM bank with the Kenyan Government catering for remaining 15%. Motorists join the bypass from Nairobi-Mombasa Highway near Park Side towers and drive on the edge of Nairobi National Park, Lang'ata South Estate, Ngong Road, Dagoretti, Thogoto and Gitaru in Kiambu County where it then

joins Nairobi – Nakuru Highway. Kenya National Highways Authority (KeNHA) was responsible for overall supervision of that Project, constructed by China Road and Bridge Corporation (CRBC).

The main purpose of the initiative of the Southern Bypass was to allow for through-passage of vehicles north and southbound without the need to traverse the Nairobi Central Business District (CBD). There are no direct accesses except through any of the five interchanges. The goal of the road is to minimize congestion in Nairobi by offering an alternate route for vehicles to west Kenya and elsewhere along and beyond the northern transport corridor.

The 2015 report by Centre for Cooperation with the Private Sector Africa assessed the partnership landscape in Kenya. It notes that while the country is far from boasting an array of successful PPP projects across a wide range of sectors, it was nonetheless pleasing to see several high-quality initiatives laying the solid foundation for PPP potential in the future.

1.2 Statement of the Problem

Since 1996, Kenya's economic infrastructure sectors like energy, transport, road networks, water, sewerage and telecommunications have attracted private investors. Such developments have demonstrated GoK's dedication to PPPs and involvement of private operators, lenders and investors. Nevertheless, this investment in infrastructure has been taking place without a clear financial, legal and legislative system for PPP.

Vision 2030, the growth strategy for the nation spanning the period 2008 to 2030 is currently being implemented by the GoK. The goal of Vision 2030 is to make Kenya a newly developed middle-income economy, which provides all its people with high standards of living by 2030. Vision 2030 encourages a nation to assign priority to high-quality infrastructure construction programs and facilities. The government recognizes that private sector participation, hence PPP, would be essential to fund entirely the development agenda of the country and the infrastructure deficit. PPP agreements thus grant a nation the opportunity to facilitate enhanced private sector participation in the finance, growth and operation of infrastructure and services.

There have been numerous studies to evaluate implementation of PPP projects in the world (Farquhason et al., 2011; Rao and Shrivastava, 2011; Burger and Hawkesworth, 2011; Chinyere and Xu, 2012; Qiao et al., 2001; Jefferies et al., 2002) but few studies on implementation of PPP projects in Kenya. Factors impacting the execution of already

finished PPP projects in Kenya need to be examined to increase the success rate of potential PPP projects. This is particularly so because PPPs are to be used increasingly by the National and County governments. This study will therefore investigate factors influencing the implementation of NSB PPP project.

1.3 Purpose of the Study

The research was undertaken to identify factors influencing implementation of public-private partnership projects with a focus on the Nairobi Southern Bypass in Nairobi County, Kenya.

1.4 Objectives of the Study

The objectives of the study were;

- i. To establish how procurement process influences implementation of Nairobi Southern Bypass Public Private Partnership project in Nairobi County, Kenya.
- ii. To assess how route corridor availability influences implementation of Nairobi Southern Bypass Public Private Partnership project in Nairobi County, Kenya.
- iii. To examine how politics influences implementation of Nairobi Southern Bypass Public Private Partnership project in Nairobi County, Kenya.
- iv. To determine how budgeting influences implementation of Nairobi Southern Bypass Public Private Partnership project in Nairobi County, Kenya.

1.5 Research Questions

The study was to answer the following research questions;

- i. How does procurement process influence implementation of Nairobi Southern Bypass Public Private Partnership project in Nairobi County, Kenya?
- ii. What is the influence of route corridor availability on implementation of Nairobi Southern Bypass Public Private Partnership project in Nairobi County, Kenya?
- iii. How does politics influence implementation of Nairobi Southern Bypass Public Private Partnership project in Nairobi County, Kenya?
- iv. In what way does budgeting influence implementation of Nairobi Southern Bypass Public Private Partnership project in Nairobi County, Kenya?

1.6 Justification for the Study

PPPs are steadily growing in the Kenyan road sub-sector. Suggestions for their effective execution and insight of the challenges to guard against will be useful for road authorities, county governments, contractors and management teams. Participants in future PPP road projects are expected to use the research results to maximise the performance of future projects. It may also aid to streamline prudent use of resources to produce a more significant eventual effect.

This research also sought to expand the public management knowledge through breaking ground in the Kenyan road sub-sector for managing PPPs. It is expected that ideas collected by the research will help to raise the profile of PPPs and eventually, create interest for its uptake while potentially resulting in the forging of collaborative initiatives.

1.7 Delimitations of the Study

This research was restricted to Nairobi Southern Bypass. The study is also delimited to the influence of procurement process, route corridor availability, politics, budgeting and implementation of PPP projects. The researcher ensured the questions in the questionnaire were clear and simple so that they were clearly understood. Confidentiality was assured to the respondents by ensuring the questions were anonymous and authorization sought from the university, CRBC and KeNHA.

1.8 Limitations of the Study

The key tool for gathering data was interview guides. In the interviews, the researcher had no influence over the respondents with respect to the information they gave. Several respondents were unable to give full information citing business confidentiality. The research dealt with the issue by producing a university letter of introduction and assuring the respondents that the material would be used strictly for scholarly purposes.

In their replies, some respondents did not instantly grasp the questions by pointing to other projects not included in the study, which led the researcher to devote a great deal of time to such questions and have little time for other questions. Others were not aware of the technical intricacies during the implementation phase of the project after having actively participated during the procurement stage and vice versa.

1.9 Assumptions of the Study

It was assumed that all interviewed respondents were literate, and the choice of data collection tool was an interview guide. The study also assumed that the viewpoint of the respondents represented the actual situation on how PPP initiatives are carried out. The study also assumed that respondents were sincere in their answers and that the data provided the most appropriate picture of the factors influencing implementation of Public Private Partnership Projects particularly the Nairobi Southern Bypass in Nairobi County, Kenya.

1.10 Definition of Significant Terms Used in the Study

Budgeting– It is a tool of identifying and formalizing performance targets to guide future business goals. It is the method of establishing financial targets and a strategy to fulfil these targets for an organisation.

Implementation of a PPP Road Project - Refers to the building of a road by PPP initiative. The road construction entails the design and development of new roads, bypasses and missing links.

Politics – Refers to region or country governance practices including the decision-making and the execution and practice of management roles that are important for members' groups.

PPP Road Project - Refers to a funding model for a road where the public partner is represented by the government while the private partner undertakes design and construction of the road.

Procurement Process–It means the search, approval of terms and conditions and procurement of products, services or works by an external supplier, often through tenders or competition.

Project Implementation – It is a means of conducting effectively the tasks defined in a work plan to achieve results.

Route Corridor - Refers to the space where the road would be built or the space that has been designated for the purpose of constructing a road.

1.11 Organization of the Study

This research project report is arranged into five chapters. Chapter one deals with introduction of the study and discusses the project context, statement of the problem, research priorities and aims, research questions and significance of the study. Chapter two contains literature review of the various aspects that are important to the progress of PPP projects.

The research methodology is discussed in Chapter three. The research design, population of the study, sampling procedure, validity and reliability, data collection and data analysis techniques are described and explained. Chapter four provides the analysis and interpretation of the data collected while chapter five discusses the findings of the study, conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter discusses research on factors influencing implementation of PPP in general and those relating to the NSB Project in particular. This helps to determine what is already known about the implementation of PPP projects and how extensively the topic has been explored. The review also helps in identifying research gaps which the study intended to fill within the scope of its objectives. The chapter explores the related hypotheses on which the research is based and the conceptual context that reveals the connections between the variables of the study.

2.2 Implementation of PPP Projects

The PPP definition has drawn worldwide interest and received new popularity in developing countries. In nations with tight budgets, the pledge of productivity, flexibility and decreased costs for scarce public services definitely struck an optimistic chord (Spackman, 2008). Nell and Associates (2007) report that some countries have been more active than others in securing private collaborations for public infrastructure growth. Among these considerations are stable, high-quality legislation, strong governance, stable government structures and a large market size. Nell and Associates (2007) argue that in developing countries, substantial government spending restrictions and dysfunctional administration, to a certain degree, might lower PPP ventures and expenditure figures.

Caspary (2009) explored the connection between enhancing sustainable delivery and project success in 46 developing economies in major urban infrastructure projects. Research was undertaken to assess the rigor of different forms of government agencies in the execution of large-scale programs. It was achieved by an analysis of structural approaches and policies applied across a number of public financing agencies, the case studies sponsored by these agencies and the rigor with which main financing institutions administer their current policies. A trend analysis was performed and the findings revealed a strong link between project completion and infrastructure growth.

Chijoriga and Komba (2014) tried to detect the utility of PPPs in Tanzania in the infrastructure market. The census survey mapped seven infrastructure projects between 2009

and 2014 and showed that all but one of the contracts were informal. The study also showed that the informal arrangements did not follow the conventional operational standards of PPP finance and that informal PPPs were not successful in transparency, risk sharing, enhancing delivery time and quality of services delivered. They concluded that proper regulatory framework was critical in formalizing PPPs projects. Challenges to the adoption of PPPs have been described as lack of consistent guidance and sectoral regulations; lack of reliable; lack of qualified personnel to execute and handle PPPs; lack of articulated PPP policy; weak and underdeveloped private sector; long-term funding models and inadequate risk-sharing arrangement between private and public sector investors.

Kamau (2010) tried to relate the introduction of urban infrastructure projects to Kenya's economic growth through a detailed analysis in which questionnaires were issued on a census-basis to respondents. The findings of the regression analysis revealed that economic growth and introduction of infrastructure construction were linked positively. Musyoka (2012) using descriptive survey, revealed that governance structure and socio-economic environment factors such as a sound policy environment, favourable economic conditions and affordability affected the success of PPPs. The results showed that considerations such as guarantees from governments, type of agreements in contract and appropriate risk allocation influenced the efficiency of PPPs. PPPs also allowed public sector capital to be used to a larger degree by private entities as an intermediary and encouraged public sector to contemplate introducing development programs that were once unaffordable.

2.3 Procurement and Implementation of PPP Projects

Effective procurement has four serious attainment influences which include competitive procurement process; transparent procurement process; committed and well-organized public agency; and shared authority between private and public sectors. Transparent and competitive procurement processes were important in lowering transaction costs and shortening time to negotiate and implement the deal. The bidding process includes simple technical ideas and consumer specifications. Open competition on the market alone might, in most cases, have not attracted a major private partnership and gained benefit for public investment. When finding the best companion, the government should take a long-term approach (Corbett and Smith, 2006).

Transparency refers to the way project planning and implementation, recruitment and selection procedures can be implemented according to Ong'olo (2006). He argued that

bribery and other manifestations of misconduct in order to win government clearance for projects should be dismissed. In order to mitigate opportunism, contractual guidelines were often necessary to be transparent and unequivocal. PPPs are likely to be more troublesome relative to public procurement of standard products and services because their procurement was usually infrequent for a public purchaser and much larger, more complicated and specific to assets (Iossa et al., 2007). Initial reports made on PPP best practices documented specific governance problems of PPP procurement and the constructive reporting of contracting terms required high standards of accountability (NHS, 2003). A transparent procurement was permitted when throughout the process it was made open, fair and public thus reducing perceived market risks.

The Feedback Ventures workshop presentation described a transparent PPP bid as one that no possible bidder engaged in the design of bid requirements; the terms of the offer were not meant to support any single party; no artificial entry barriers disqualified any eligible applicant and straightforward selection requirements were stipulated in advance; no special conditions that favoured any pre-selected party; there is no government / potential contractor joint-venture arrangement that can contribute to project and business capture; no insider information leakage in favour of a single bidder; and, there is no management of renegotiations after the award or modification of the specification of the proposal.

The implementation success of PPP projects largely depended upon the choice of the most appropriate private concessionaire. To ensure that a qualified concessionaire was selected, Miller (2000) suggested that a procurement framework should be built on important elements such as fairness, fair representation of real business rivals and fairness that is open to technical change. To facilitate that competition and contestability, enough potential bidders were needed in the procurement process.

The U.S. Department of Transportation (2007) stated that having a huge number of qualified businesses and departments in the private sector was essential in ensuring a competitive procurement and selection process. Yvrande-Billon (2005) explained that an acceptable franchise operation specification was needed to facilitate the bid process, first as a competitive basis, and second as a criterion for the assessment of bids. It was thus critical that the franchisor optimize as soon as possible its tendering offer. When he does not, contract costs will escalate and candidates will not be interested in the deal, as a result of the project's high uncertainty.

According to Hodges and Dellacha (2007), private investors' strategic competition has become a favoured method, though private firms often challenge policymakers with new initiative plans usually known as "unsolicited proposals." These plans were also problematic because policymakers pursued project rights without adequate accountability or opposing input directly with the initial promoter. They suggested that countries will build effective mechanisms to channel unsolicited ideas into transparency and competitiveness structures in order to prevent these situations. The government thus had to develop a policy on private-sector unwanted proposals.

For the public sector team, a properly structured and devoted public service was essential to coordinate and execute programs. Karisa and Dantas (2006) said that the efficiency of public bodies was critical because PPP projects prospered in situations with minimal graft and effective laws in place. Hammami et al. (2006) used panel data analysis on PPP for development programs in various countries in order to empirically study the cross-country and cross-industry variables for PPP agreements between 1990 and 2003. They showed the value of administrative efficiency where less corruption is correlated with more PPP ventures and an efficient rule of law. Conditions related to weaker institutional systems were found to hinder the use of PPPs in infrastructure financing.

The United Nations Economic and Social Council (2002) identified the need for an authoritative, central government commitment as one of the core components of effective PPP programmes. The report stated that the creation of PPP units was the best manifestation of that commitment. This unit was responsible for providing relevant guidance, being a hub for information and experience for PPP, supporting PPP projects and serving as a contact point for prospective contractors in the region. It enhanced the public sector ability to gain the requisite skills to handle the PPP project complexities. Ong'olo (2006) reiterated that the most critical way to provide effective public administration was through a powerful central government-based PPP unit which could supervise the entire PPP process. Cuttaree and Mandri-Perrott (2010) also recommended establishing PPP service departments or specialized bodies. Since PPP projects required extensive management, checks, balances, and technological assistance from line committees and public bodies, a PPP unit could help address capacity constraints within Government and contribute to quality control.

Shared authority and accountability clearly defined is necessary for long-term partnerships to be sustained. Another significant factor of successful procurement was shared authority

between private and public sectors. During talks on the procurement process private and public sectors should respect each other. Nelson and Zadek (2000) further recommended transparency and openness around individual intention and goals, with a shared objective and purpose unanimously decided, which is a combination of expected participant gains and social benefits for effective PPPs. PPPs represented mutually productive collaborations with immense risks for the private as well as public sectors. It therefore became critical that the private and public sectors work together to gain a mutually lasting benefit by concentrating on the project and outcomes rather than maximizing their individual interests.

2.4 Route Corridor Availability and Implementation of PPP Projects

In India, the construction of Hyderabad road in Andhra Pradesh faced the problem of land acquisition as people protested this measure firmly because it aimed to rob them of their wellbeing and quality of life. Complete information concerning the required land was kept secret from the people during the land acquisition process. Many threats, such as regulatory and income risks, were also present. Skepticism, demand and pricing caused income risks (Balaraman and Malhotra, 2008).

In Kenya, there had been an increased controversy on the accuracy and correctness of list of names containing the Project Affected People (PAP) who were to be compensated in Lamu for acquisition of land for LAPSSET project. For instance, Lamu County government prepared a list with 62 names from Lands ministry while Provincial administration had over 100 names of would-be beneficiaries. The notice of public inquiry by National Lands Commission (NLC) was issued for 249 PAPs in December 2014; this was a clear indication of how much land that was to house the whole project had become of value.

The Boni community –the hunters and gatherers- who have lived in Mukowe – Bothai-Kiunga road in the villages of Kililana and Mashundwani since 1960 had not been given any legal standing over the place even though it was a constitutional provision and the LAPSSET was set to take 70% of the land that they had customarily held for years. The entire zone has over the past few years been a big focus for speculators targeting the project area of Lamu Port to purchase property irregularly, unlawfully and outside the regulation. If the ‘land rush’ witnessed in Lamu County over the previous three to four years was an indicator, it is expected that the land-rush would escalate after port development has begun and immigration from other counties would rise rapidly (Nunow, 2012). It was the government objective to boost the lives of more than 15 million residents in the country’s marginalized areas

especially where the Lamu corridor will be implemented. However, many problems have to be solved including land ownership and tenure before aggressive infrastructural proposals are initiated that encourage the penetration of foreign capital (Nunow, 2012).

There are two approaches to route corridor land acquisition in Kenya. First, is by purchasing land from ready sellers. The bought land became the buyer's possession. Secondly, planning firms enter into negotiations with private property owners where no property for purchase was available. Planning firms are required to plan, survey the land and clear roads in such areas under the proposed scheme (Kamau, 2012).

In Urban Planning Act No. 8, 2007, the government of Tanzania has permitted other players, including the private sector, to participate in land development or value addition through planning, surveying and service delivery. This move, it is expected, will narrow the widening gap between availability and demand of planned, surveyed and serviced land. In various parts of the world, PPP is used as a planning and service delivery strategy. In the world's cities of developed nations, the PPP-based planning, survey and service delivery continues to be implemented (Kwak, 2009).

By finalizing the operations process, the role of PPPs in the provision of planned, surveyed and serviced land in Tanzania has been analysed. The process involved description of planning areas in collaboration with relevant authorities, purchase of land, preparation and approval of urban design, land surveying and approval, connectivity enhancement and promotion of planned and serviced land (Mertens, 2005).

The proposed land supply schemes in Tanzania through the PPP agreement settles land use conflicts brought about by boundary disputes. After the abolition of traditional boundaries, new ones were adopted based on survey conducted. The existing land areas are maintained after the planning and survey exercise. This strategy eliminates disputes over the usage of land in the project areas and mitigates them for the future. It has contributed to the proposed land development scheme and to avoid further squatter development, in fast growing regions (Iqbal, 2004).

2.5 Politics and Implementation of PPP Projects

Zhang (2005) considered that the government's lack of political cooperation was a major divider in the execution of a PPP scheme. Duffield (2010) revealed that delicate policies could lead to the failure of a PPP initiative. Politics had close ties with public policy

formulation and implementation. The development of PPP was boosted by a positive government stance towards the private sector participating in the programme and inadequate political support was found to be a major risk to PPP projects (Akinotye, 2012).

A collaboration was only effective if the political leadership made a sincere commitment. The leadership will help PPPs and recognize that they will provide high quality public services. They will actively engage in fostering these alliances and be a pioneer in creating a positive ecosystem for private PPP investors. The government should shift some of its obligations to the private sector and recognize that its position has shifted to being an active partner. In fields such as health care and education, the government would continue to perform its conventional obligations and, if the PPP project collapsed, the government would continue offering those services. PPPs have provided unique advantages to the private sector by supporting the government in tackling critical governance and labour issues (Wang, 2013).

A PPP was a mechanism for carrying out sensitive ventures without causing political leadership significant conflict. Due to its versatility and performance, the private sector could tackle problems like regionalization and introduction of complicated policies, downsizing, political cooperation and cross border ties. The U.S. Department of Transportation (2010) indicates that even if otherwise fair, a lack of support in politics could be detrimental to a PPP initiative. It therefore must be emphasized that implementation of PPP projects required acting with extreme precautions and needed appropriate political support. According to Qiao et al. (2011) and Zhang et al. (2005), for successful adoption, it was important to provide political leadership who embrace the PPP initiative for successful project implementation. They also described government patronage as key to the progress of PPP initiatives. Political climate is also very important to the sustainability of PPP initiatives. Private sector would hesitate to invest in countries where the local authorities were well known for corruption, their poor credit quality, where risks like expropriation and nationalization scared the private sector and where contracts were not easily enforceable.

According to Flinders (2013) governments are also best positioned and have more resources to provide the developers with a friendly political climate by offering safeguards against threats such as certain force majeure risks, convertibility of foreign currency, changes in law, delay in approval of permits and licenses and corruption. The government should create regulatory authorities and establish an institutional system for PPP initiatives not impacted by the country's political changes. In order to give long-term investment security, these

organisations should be shielded from political interferences. A variety of questions and strategic issues were raised by PPPs. Those include the political legitimization of modern governance models, residual core, power and organisation of government, and the unintended implications of these changes. The politicians should be willing to answer these questions and explain to the public the benefits of PPP (Flinders, 2013).

PPP should be implemented to resolve social challenges, improve efficiency and adapt to political pressures. PPP projects need political will both at local and national level. Champions are needed to challenge the status quo, to fight vested interest, and to provide encouragement when problems are encountered (Asmal, 2012). Political support is needed for specific tasks including allocation and directing, funding, sustaining organizational change and promoting awareness and empowerment (Brown, 2015).

2.6 Budgeting and Implementation of PPP Projects

PPP is generally adopted by governments that have an infrastructure gap yet restricted by external and internal capital (Reside and Mendoza, 2010). If a country had fiscal constraints that were due to heavy debt levels and deficits, it was more likely to adopt PPP to speed up funding for public services (Sharma, 2012). Bank loan financing was held at lower levels prior to the crisis as banks redefined their exposure to risk and systemic perceptions of regulatory requirements such as Basel III and domestic regulations shifted. Private equity has essentially been used to help countries escape debt while promoting urban sector growth (Iqbal and Khan, 2004). Likewise, Kahf (2002) indicated that governments do not waste their money on infrastructure improvements as those activities can be left to the private sector while Bhattacharya et al., 2012 argued that government funds dedicated to initiatives such as roads was the key source of infrastructure funding.

Budget cuts over different plan cycles were described as partly responsible for insufficient road networks as a proportion of overall target spending (United Nations Economic Commission for Europe (UNECE), 2008). It was observed, by Hammami and Ruhashyankiko (2006), that there were fewer PPP schemes and capital spending in countries with substantial quantities of national wealth assigned to infrastructure financing. Unique concession trusts and assets were allocated to concessionaires after contract-specified construction steps were completed. Payments are held until the concessionaire fulfils negotiated road safety and operating efficiency requirements. That strategy provided a chance to achieve conformity, service and maintenance objectives. The bidding criterion for banks, private financiers and

government contain a mixture of technological and economic factors with the highest interest assigned to the plan.

Flyvbjerg et al. (2003) found that increases in rates were largely affected by the structure of financing. Other factors influencing construction time and expense have been established by Bertisen and Davis (2008). In their study, the major causes of delays were cited as poor work efficiency, changes to the specification and insufficient planning. Additional reasons identified for cost overruns were inflationary increase in material costs, incorrect estimates and project complexity. They were ranked according to their perceived importance. In addition, feasibility studies tended to estimate up to 14% lower than actual project costs. They argued that the bias in the estimated cost of capital was deliberate and driven by a lack of funding for the projects and the need for project sponsors to boost the economics of the project in an attempt to secure funding.

Inadequate expenditure allocations to fund infrastructure in many areas of the developing world has led to huge infrastructure funding deficit on the economy (Reside and Mendoza, 2010). In order to re-enhance infrastructure supplies throughout the developed world, a new source of equity and debt funding is needed. This should merge established mechanisms with novel methods, such as multilateral bank guarantees for the growth of developed countries in order to mitigate risk, cut sovereign borrowing costs, broaden tenure and improve business and project environments. In that menu, PPPs would become one of the innovative methods for overcoming the problem of inadequate infrastructure funding.

Owing to the financial crisis faced in 2007-2008 by some nations, most of the public private partners were concerned about infrastructure funding. Before the Asian economic crisis, substantial foreign-currency infrastructure funds were set up by international banks. International banking participation has been significant in a number of countries, as banks have taken part in the development of infrastructure in those countries with international developers. The long-term partnership between banks and developers has led to the stability of finance ventures. The numerous assurances given by governments have also served to reduce risk to lenders.

Certain countries like Indonesia failed to guarantee that sponsors would be protected, as local currencies were devalued. During the recession, it was known that a lot of projects that suffered were funded on poor principles and under pressure from the economic downturn. Increased risk perception led, in the face of the crisis, to a significant decrease in capital

flows in these countries for infrastructure projects. With foreign capital flows drying up, there was greater dependency on domestic markets and commercial banks in many countries for infrastructure funding. The infrastructure markets in countries with significant financial liquidity were able to survive the crisis as local commercial banks in other countries took a lead in the financing of infrastructure. The main reason for depending on the banking system was that other financial avenues in those markets had not developed significantly.

2.7 Theoretical Framework

This segment attempts to clarify hypotheses that illustrate public-private collaborations. Two theories guided this study namely, Agency Theory and Development Theory.

2.7.1 Agency Theory

Agency theory is a relationship, according to Jensen (2003), where one or more persons (directors) has hired someone else (agent) to take action on behalf of the directors in question. It involves delegation to an agent of certain decision-making authorities. It is fair to conclude that the agent does not always behave in the best interest of the principal on the grounds of asymmetric information and goal conflict (Caers et al., 2006) and that strategic behaviour may arise. Laffont and Tirole (2004) identified two types of strategic behaviour in government procurement projects, moral risk and adverse selection, in their book 'A Theory of Incentives in Procurement and Regulation'. The most applicable strategic behaviour in PPP was adverse selection which arose when private enterprises possessed better information than the government such as their technical resources and the real expense of the project allows them, although their negotiating ability to gain profits from their relationship with the government was weak.

Agency theory suggests that divergences exist where a client and a project manager have conflicting priorities in the operation of the project. It explains the subtleties which are central to the actions and interactions of PPP actors within the framework of an international development programme. Non-governmental organizations (NGOs), the government and private commercial service providers are part of this interpersonal dynamics. Private enterprises have demonstrated limited self-interest in maximizing profits, and their actions in the pursuit of their goals will harm public interest by increased cost of services, reduced maintenance activities and poor standards of operation (Sagalyn, 2007).

In an environment where principal agent problems exist, risk transfer does not always result in efficient implementation of Public Private Partnerships (De Palma et al., 2009). Therefore, the application of agency theory was used to derive a better illustration of the factors influencing implementation of PPP projects and how it could be achieved through the examination of the relationships between the local governments that may be called the principal and the private sector as the agent.

2.7.2 Resource Dependency Theory

The resource dependence theory implies that no organization or institution is capable of obtaining the requisite capital and ability to function without engaging the companies and individuals beyond its organizational limits (Pfeffer and Salancik, 1978). The Resource Dependency Theory (RDT) offers an insight into inter-agency interactions and how their growth has minimised confusion (Hillman, Withers, and Collins, 2009). Nevertheless, Hillman et al (2009) noted that these interactions only overcame some of the challenges in the business world by organisations. The RDT suggest that the main determinants of its success are the resources owned by an enterprise (Tokudo, 2005).

The definition of resources according to Barney (1991) covered all organizational skills, information and expertise managed by a business, business characteristics and all assets managed by a business that allowed it to develop and execute strategies for achievement of better efficiency and productivity. Tokudo (2005) argued that firms may have comparable resources to one another but a disparity in capacities lead to a difference in performance. He defined the capacity of a business as the ability to turn its own capital into finished products.

Nevertheless, the resources that an organization has plays a large part in implementing PPPs. This is because no matter how fine the plans are, they stayed in the planning process if there are no requisite resources to allow execution. In this report, both the government and the private sector had some latitude to decide on the nature of these collaborations, but at different levels.

2.8 Conceptual Framework

The conceptual framework represents a structure of concepts that were put together to show relationships between research variables (Orodho and Kombo, 2002). Independent variables for this study were the procurement process, the route corridor availability, politics and budgeting. They were perceived to directly influence the dependent variable, that is,

implementation of the PPP project. Government policies, international funding policies and partners' policies represented the moderating variable, in that, they were perceived to have an indirect contributory influence on the success of NSB PPP project though their influence was considered to be insignificant in the study.

The procurement process has essential components, including dedicated and well-organised public departments, a consistent procurement mechanism, a fair procurement process and sustainable procurement service. Procurement process was perceived in this study as important in reducing negotiation and transaction costs in implementing the PPP projects. Clear project implementation ideas and requirements should help in the bidding process. The government should take its time in seeking the right partner to effectively implement PPP projects. PPP projects require the existence of a stable regulatory framework in the constitution in order to implement projects easily and effectively within the law.

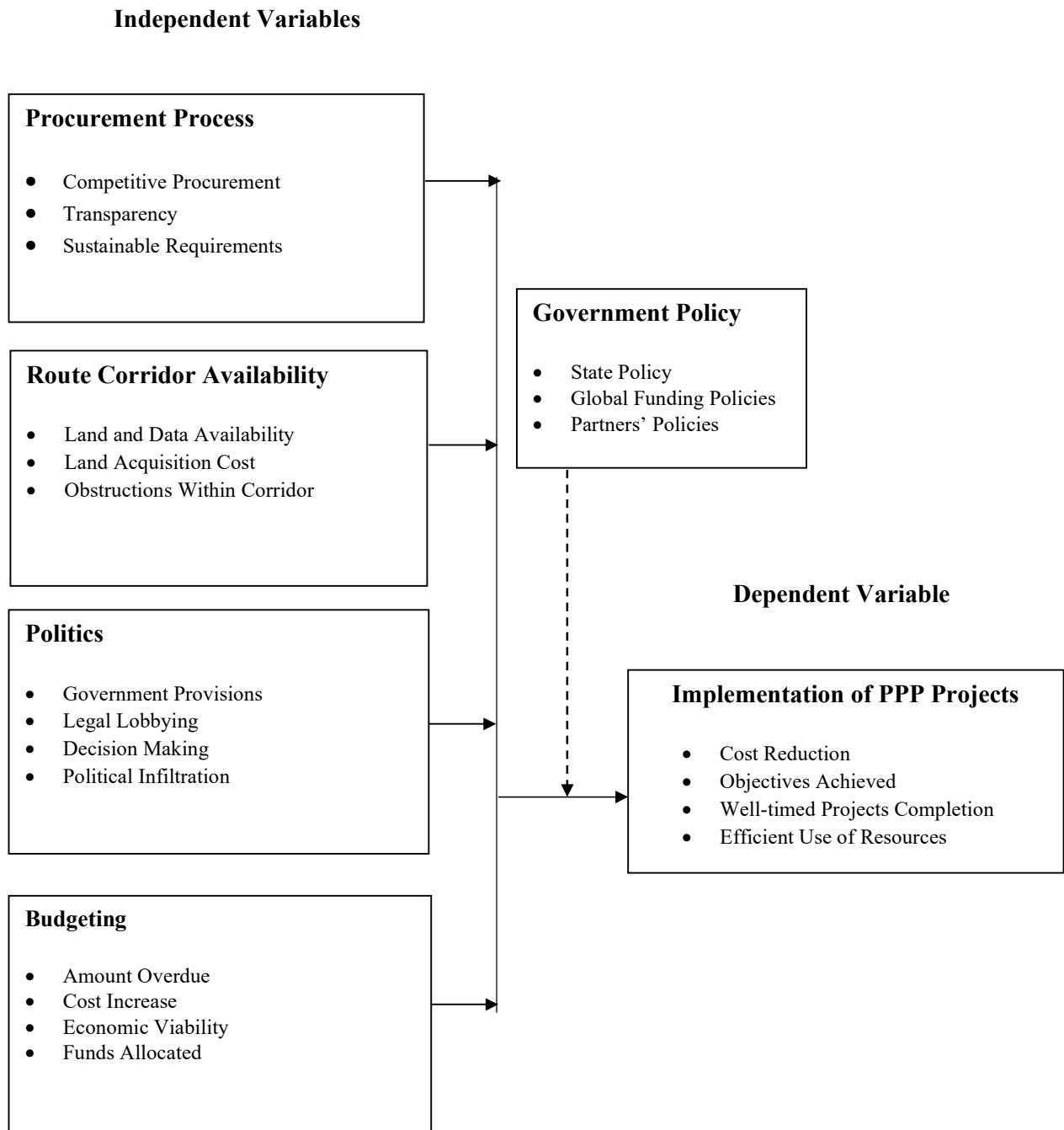
The route corridor availability was considered critical as that was the space on which the Bypass road was constructed. Data on route corridor land and its availability was important because it directly impacted on the implementation of the project. Where designs warranted additional land, compulsory acquisition of land was effected to avail land for the project. Any obstructions within the route corridor hindered project implementation until obstructions were removed.

Politics was considered important in determining political risks and administrative authority, which was significant in encouraging more investors to bid for future PPP projects. When government had budget restrictions as shown by debt burdens and heavy deficits, they were more inclined to lean towards PPP deals to speed up funding of their public services. Bank debt remained below pre-crisis levels, with the financial industry redefining its tolerance for risk and making structural changes in expectation of statutory regulation changes. Private investment has effectively helped countries escape debts to support public infrastructure growth.

The ultimate aim of any business enterprise is to make profit. It is therefore important that proper budgets are made based on the deliverables. Plans need to be made for distribution and disbursement of funds to ensure that the scheme is properly executed within the necessary timeline. Even before getting into a venture, consideration must be made on the economic viability of the said venture. In PPP, both the private partner and the government need to assess the project sustainability before signing the contract agreement. The value of money

changes daily and how those changes are treated in the PPP ventures, overdue amounts and cost increases.

Figure 1: Conceptual Framework Showing the Relationships Between Selected Variables and Implementation of NSB PPP Road Project



Source: Perceived by Researcher

2.9 Knowledge Gap

A series of reports on PPP ventures have been published. The literature review provides considerable analytical and theoretical proof for certain guiding forces in PPP programs. The research studies examined and the knowledge gaps perceived are summed up in Table 2.1.

Table 2.1: Knowledge Gap Matrix

Variable	Author (Year)	Focus of study	Research Methodology	Findings	Knowledge Gap
Procurement Process	Banerjee et al. (2006)	Effects of the regulatory climate on private sector investment in emerging economies' capital projects	Use of the fixed effects model	In the lure of private investment in development, the administrative climate played a major role.	The research did not concentrate on the effects of procurement process, route corridor, politics and budget on the implementation of PPPs.
	Ong'olo (2006)	Concerns related to procurement resulting from current PPP activities and applicable institutional, legal and policy changes that have guided the implementation of the Kenyan PPP system.	Desktop study methodology Interviews and consultations with key informants.	Efficient public administration ideally became possible through a committed government-based central PPP unit, which could supervise the entire PPP cycle.	The research did not concentrate on the effects of procurement process, route corridor, politics and budget on the implementation of PPPs.
	Caspary (2009)	Connection between increased efficiency and project success in 46 developed countries in execution of major urban infrastructure projects.	Between 2009 and 2014 there were seven infrastructure projects mapped by census survey.	The analysis found a strong link between the execution of projects and the growth of infrastructure.	The study area did not include Kenya

Variable	Author (Year)	Focus of study	Research Methodology	Findings	Knowledge Gap
	Chijoriga and Komba (2014)	Effectiveness of PPPs in the infrastructure sector in Tanzania	Desktop review	PPPs were unsuccessful because there were no clear sectoral rules and guidelines, no clear policies, no credible and bankable projects to attract private investors and an inactive and undeveloped private sector.	Study was not done in Kenya.
Route Corridor Availability	Buckout et al. (2010)	The effect of route availability and composition of PPP projects	Desktop review	To ensure successful execution of PPP road initiatives, the route corridor must be carefully considered.	The use of multiple regression analysis is different from the case study methodology used to conduct this research.
	Wee (2010)	Route corridor availability in projects implementation	Descriptive research was used.	Incentives and benefits should be given to the community for effective project completion on schedule and within the allocated budget.	The research concentrated on agricultural projects only which is different from the NSB project that is an infrastructure project.

Variable	Author (Year)	Focus of study	Research Methodology	Findings	Knowledge Gap
	Musyoka (2012)	Aspects that affect the development of PPPs in the Kenyan housing industry.	Descriptive research design with a disproportionate stratified sampling technique was used Questionnaires used to gather primary data.	The success of PPPs was attributed to availability of route corridor and socio-economic environmental variables such as a stable political structure, stability and favourable economic conditions	The research concentrated on housing projects and did not focus on NSB PPP project
Politics	Zhang (2005)	PPP projects and political infiltration	Questionnaire survey of international expert opinions.	Lack of political support from the government was a major obstacle for the execution of PPP projects.	Focus of the study was China and the study did not focus on the NSB project in Kenya.
	Duffield (2010)	Politics and PPP projects	Questionnaire and Interview Guide was used	Sensitive politics could be a cause for the failure of a PPP initiative.	The study was conducted on water projects that are not in Kenya
	Akinotye (2012)	PPP projects leadership	Questionnaire survey of international expert opinions	Poor political support put PPP/PFI projects at risk. A collaboration would thrive only if the political leadership had sincere commitments.	Only focused on faith-based world bank financed projects
	Flinders (2013)	Sub-Saharan Africa's economic and infrastructure growth	Desktop study with interviews and consultations with key informants.	Politicians should be able to answer queries and articulate the advantages of PPPs to the public sector.	The research never addressed the problem from the donor financing perspective

Variable	Author (Year)	Focus of study	Research Methodology	Findings	Knowledge Gap
Budgeting	Reside and Mendoza (2010)	Macroeconomic influences, technological performance, policy risks, organizational characteristics, opportunities in the planning, construction and contracting processes, financial capability of the government and proponents' ability to build and run Asian PPPs	Two-step probit regression procedure	Macroeconomic instability, low economic growth and tariff freezes over the contractual cycle may have a devastating effect on programs. Economic factors during the preparation and construction stages of the initiatives, such as high real economic inflation, have led to inferior outcomes, poor selection and moral hazard.	The study was only conducted in Asia. Kenya and more specifically Nairobi Southern Bypass was not included in the study.
	U.S. Department of Transportation (2007)	The structural aspects (including cultural, financial, administrative, procedural, legislative and organizational) that have been used to promote or discourage the development and effective adoption of PPPs	The research analysed and summarized the existing literature on the deployment and management in the United States and abroad of transport infrastructure PPPs.	The interest in PPPs was sparked by the disparity between the need to upgrade and expand the ageing transport networks in the US and the public funds available for meeting those needs.	The study was only done in the US; a developed economy. Secondly, the study did not focus on the influence of procurement process, politics, and budget on the implementation of PPPs

Variable	Author (Year)	Focus of study	Research Methodology	Findings	Knowledge Gap
	Cuttaree and Mandri-Perrott (2010)	Overview of European and Central Asian PPP initiatives and an assessment of the PPP industry.	Survey method and desktop research	While large-scale planning, monitoring and technological assistance for PPP projects is needed for the steering committees and public bodies, PPP units seek to resolve policy capability gaps and have led to the quality management of 3Ps.	The study was carried out in Europe and Central Asia thus creating a contextual gap as this study was conducted in Kenya and more specifically on the NSB.
	Pongsiri (2002)	Regulation and public private partnerships.	Desktop study methodology	A sound regulatory framework ensured partnerships operate efficiently and helped optimise available resources	The analysis concentrated on Asia and did not consider the procurement process, route corridor, politics, and budget.
	Sharma (2012)	Factors that determined PPP in infrastructure.	Random-Poisson, negative binomial, random-generalized least square and zero-inflated poisson methods were used.	More PPP projects were attracted by large and relatively higher income markets	The research did not focus on the influence of procurement process, route corridor, politics and budget on implementation of PPPs. The study was not conducted in Kenya.

Variable	Author (Year)	Focus of study	Research Methodology	Findings	Knowledge Gap
	Kwak (2002)	PPP features, benefits and challenges worldwide	Desktop review	Inadequate involvement by policy and/or government incapacity to execute PPP projects may contribute to project failure.	The study only focused on regulatory framework and governance structure thus creating a conceptual gap.
	Karisa and Dantas (2006)	Lessons from international experience and the potential for the development of highway projects by PPP initiatives.	Desktop review	There was considerable potential for attracting private sector investments, but the successful PPP relies heavily on planning measures in advance.	The research was carried out in New Zealand and not Kenya where the NSB is located. The study did not focus on procurement, route corridor, politics, and budget which was this study's main intention

Variable	Author (Year)	Focus of study	Research Methodology	Findings	Knowledge Gap
	Li et al. (2005)	Eighteen key success drivers for PPP/PFI building ventures in the United Kingdom	Questionnaire survey research	Available financial market, government guarantee, project implementability, favourable economic conditions and effective procurement were the most important influences in the success of PPP projects in the United Kingdom	The research focused on projects in the United Kingdom and not Kenya where the NSB is located. Route corridor and budgeting were also not among the variables considered in that study.

2.10 Summary of Literature Review

In developed countries, the concept of PPPs has drawn worldwide interest. In tight budget countries, the prospect of saving efficiencies and the reduced pressure on public resources with adoption of PPPs has hit an optimistic chord (Spackman, 2008). This chapter consists of a concise review of many aspects that play a major role in the development of PPP initiatives. Motivated by previous studies, the knowledge gaps therein and considering growth issues related to the need for road projects in developing countries, this research identified factors that affected the execution of the NSB PPP project.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section offers a short description of the research methods used for conducting this study. The chapter comprises the research design used to accomplish the research objectives. It also covers information on the population from which the researcher obtained data, the estimation of sample sizes, the sampling technique, the instruments and methods used for the collection of data, the reliability and quality of the testing techniques and the analytical methods and processes employed.

3.2 Research Design

The study was developed as a qualitative instrumental case study. The qualitative approach was selected because the design of research reflects the fundamental features of qualitative research as outlined in Creswell (2007). The researcher was the instrument for data collection and led the study. Qualitative research reflected the constructivist paradigm that assumed that reality was not ultimate, but was identified by consensus within a population (Mertens, 2005). This was a case study as it would hopefully serve as a tool to study questions relating to the implementation of PPP projects.

3.3 Target Population

The focus group for this research was CRBC workers who carried out the NSB project and KeNHA who are responsible for national road development, maintenance, management and reconstruction and was also the implementing authority of the NSB. The units of study in KeNHA were Special Projects Department and the PPP unit, which serves as the PPP committee's administrative and secretariat section, with the assessment and approval of PPP projects.

The study population as shown in Table 3.1 was drawn from staff members who had worked for a minimum of five years at PPP unit and/or Special Projects department within KeNHA and CRBC, the implementing Contractor. Those respondents were selected since they had ample information about PPP road projects.

Table 3.1: Target Population

Organisation	Target population
KeNHA	44
CRBC	27
Total	71

Source: (KeNHA Report, 2017)

3.4 Sample Size and Sampling Procedure

The sampling procedure used in the study is defined in this section. Kothari (2004) notes that a sample is a part of the actual target population. The representative of the target population should be a sufficient sample.

3.4.1 Sample Size Determination

A sample is a smaller community or sub-group derived from the available population (Mugenda and Mugenda, 1999). According to Mugenda and Mugenda (1999) the target population is well represented by a sample size ranging between 10 and 30 percent. This study utilized a sample of 35 KeNHA and CRBC respondents estimated at 50% of the target population. The sample size was decided on the basis of the study population and recommended sample proportion. The key factors which were taken into consideration in deciding on the sample size included size of the population, time and budgetary constraints.

3.4.2 Sampling Procedure

Purposive and snowball sampling methods were used to conduct the study. According to Kerlinger (1986), purposive sampling is a non-probability sampling method, characterized by a deliberate effort and by judgment in obtaining representative samples, which include sample areas or groups. Mugenda and Mugenda (2003) point out that purposive sampling allows the researcher to take advantage of cases that provide the requisite knowledge on the goals of the study. The desired respondents were identified in the snowball sampling process through purposeful sampling and used to identify other people who could have the requisite characteristics. This method was deemed appropriate because both KeNHA and CRBC personnel moved stations and other workers were not at their stations for days as they were involved in other jobs outside of their stations.

The survey structure for the analysis was composed of staff who represented KeNHA and CRBC for the last five years or more. Because most of these workers had served in various capacities in the preceding five years or more, well placed to provide information on service delivery in their companies over the years.

Table 3.2: Sample Size Determination

Category	Target population	Sample Size
KeNHA	44	22
CRBC	27	13
Total	71	35

3.5 Research Instruments

The data for this study was garnered through interviews and document analysis. The key interviewees consisted of top managers and engineers from both KeNHA and CRBC. The main informant interviews included, according to Kumar (1989), interviewing a select group of persons who were likely to provide required information, input and insights into a subject. The use of this approach was beneficial as main informants may have provided classified information which otherwise could not be disclosed in other settings. They spoke about activities and local circumstances that clarified the use of PPPs. Through that method, the researcher probed deeply on factors that influenced implementation of NSB PPP project.

3.5.1 Pilot Testing

Pilot studies are not usually used in qualitative research according to Holloway and Wheeler (2002) but inexperienced researchers may perform interviews to get accustomed to the method of data collection as a pre-exercise. The pilot test was designed to assess and improve the reliability, validity and correct errors on the early phasing-in process. The pilot study for this research was conducted on 6 respondents, from the supervision consultants' team, who were outside the chosen population for this study. The supervision consultant's staff had some idea on the intricacies surrounding the NSB PPP project, though not party to the construction contract.

3.5.2 Validity of the Research Instruments

The relevance of the results drawn from the study is referred to as its validity. This is how the interpretation of data demonstrates the studied phenomena (Mugenda and Mugenda, 2003). The extent to which the instruments met the objectives was taken as the validity in this research. The guide was checked by colleagues and the supervisor in order to determine the quality of the interview guide used. It aimed to identify any potential mistakes in the research instrument and to ensure the integrity of the material. Minor amendments were made to the original guide to ensure that the research questions were answered comprehensively. The interview guide was thus certified as appropriate for collecting required information for the study.

3.5.3 Reliability of the Research Instruments

Reliability is the capacity of a testing tool to deliver predictable results over time (Kothari, 2004). The study ascertained the reliability of the research tools using a pilot test. This helped in identifying unclear or ambiguous statements in the research interview guide and unnecessary questions which led to some modification in the interview guide. The pilot test calculated the duration needed to answer all the questions and whether each question would elicit a satisfactory answer. The study implemented a test of reliability through re-testing the questionnaire. This involved re-issuing the same questionnaire to the same respondents for a second time. The Researcher concluded that the responses were reliable when the second responses compared to the first showed similarity and insignificant variations.

3.6 Data Collection Procedure

The Researcher asked the University of Nairobi for permission to do the work by way of a letter of introduction and obtained a research permit from the National Commission for Science, Technology and Information (NACOSTI). A synopsis of the study requirements along with an email detailing the topics to be discussed during the interview were sent to the participating staff members before the scheduled interviews. In the absence of the staff members, the interview guide was sent by email to ensure that the study received the required sample to generalize the population.

A thorough examination of printed and online media information found necessary for this study, was used to draw comparisons with results of this study. The researcher examined and

interpreted data to collect interpretations, perception and empirical knowledge of the variables influencing PPP projects using this approach (Corbin and Strauss, 2008).

3.7 Data Analysis Techniques

The study explored thematic responses to NSB PPP projects' variables. The approach involved defining, evaluating and reporting themes within qualitative data. Braun and Clark (2006) observed that all qualitative methodologies have shared the basic principles of thematic analysis and that they are suitable for different perspectives and theoretical frameworks. The researcher has arranged and presented data in depth for this approach, has analysed them and drawn conclusions on factors affecting the execution of PPP projects. Once it was all organized, content analysis of data relating to research questions for the study was performed. Data was translated such that a general understanding of information was obtained and its ultimate meaning was expressed (Creswell, 2009). The data were then closely analysed in order to recognize repetitive terms, phrases and concepts as patterns (Fink, 2009). Patterns emerging were examined considering the study purpose, theoretical and conceptual framework, and research questions. The researcher then interpreted the data that was used to evaluate variables affecting the execution of the NSB PPP project or make its significance clear.

Data on the background of the respondents was analysed quantitatively by frequencies and percentages. The study of records was also used to enrich the field observations. The observations were displayed as figures and tables.

3.8 Operationalization of Variables

Table 3.3: Operationalization of Variables

Objectives	Variables	Measurement	Measurement Scale	Tools of Analysis
To establish how procurement process influences implementation of Nairobi Southern Bypass Public Private Partnership project in Nairobi County, Kenya.	Procurement Process	-Competitive Procurement. - Transparency. -Sustainable Requirements.	Nominal	Content, Thematic
To assess how route corridor availability influences implementation of Nairobi Southern Bypass Public Private Partnership project in Nairobi County, Kenya.	Route Corridor Availability	-Availability of Land and Data. -Cost of Acquiring Land. -Obstructions within the Route Corridor.	Nominal	Content, Thematic

Objectives	Variables	Measurement	Measurement Scale	Tools of Analysis
To examine how politics influences implementation of Nairobi Southern Bypass Public Private Partnership project in Nairobi County, Kenya.	Politics	-Government Provisions. -Legal Lobbying. -Decision Making. -Political Infiltration.	Nominal	Content, Thematic
To determine how budgeting influences implementation of Nairobi Southern Bypass Public Private Partnership project in Nairobi County, Kenya.	Budgeting	-Payment Amounts Overdue. -Cost Increases. -Economic Viability. -Funds Allocated	Nominal	Content, Thematic
Implementation of Public Private Partnership projects	Implementation of the Nairobi Southern Bypass Project	-Project Completion -Public Traffic Usage.	Nominal	Content, Thematic

3.9 Ethical Considerations

Mulwa (2006) described ethical issues as standards of behaviour and practical procedures that researchers were expected to follow. Conducting research demanded diligence and expertise in addition to integrity and honesty. This is required to respect the interests of respondents and to protect them. The researcher coordinated the data collection after permission was granted by CRBC and KeNHA. The researcher masked the identity of respondents to maintain anonymity, privacy and confidentiality. There was no requirement for the participants to include their real names or any other personal identifying information. Respondents were free to voluntarily consent or decline participation at any time without penalty. After describing the intent and function of the study to them, all respondents were handled equally. Participants were assured that the information obtained would only be used for research purposes.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND INTERPRETATION

4.1 Introduction

This chapter addresses the analysis and findings of the research. Primary data were gathered using an interview guide and a content analysis to determine factors influencing implementation of public-private-partnership projects, with focus on Nairobi Southern Bypass in Nairobi County, Kenya. An analysis of content was carried out on data obtained and findings presented in prose form. Quantitatively analysed information from the interviewees' background was presented in the form of frequencies and percentages. Respondents' profiles and variables that influence implementation of PPP projects were analysed.

4.2 Response Rate

The researcher had purposed to conduct 35 interviews, with respondents selected by purposive and snow ball sampling. At the end of the process, 31 interviews were conducted representing an 89% response rate. This interview return rate was considered satisfactory for analysis to make conclusions for the study as recommended by Mugenda and Mugenda, (2003) who observed that, a response rate of 50% is adequate, 60% is good and 70% very good for analysis and reporting from manual surveys. Table 4.1 shows the response rate for the study.

Table 4.1: Response Rate

Interviews	Sample Target	Obtained	Percentage
Interviews Conducted	35	31	89%

Those interviewed were drawn from both CRBC and KeNHA institutions.

4.3 Demographic Characteristics of the Respondents

The research provided demographic details on the position and management level, education, amount of years of experience and knowledge of when the NSB was expected to start and end, in addition to the actual commencement and end dates of the project. This was important

in identifying specific characteristics in each cluster of respondents. Data obtained showed the characteristics of respondents.

4.3.1 Positions Held in the Organisations

The study evaluated respondent's positions. The results are shown in Table 4.2.

Table 4.2: Distribution of Respondents by Position Held

Sector	KeNHA	CRBC	Total
Senior Management	3	2	5
Mid-Level Management	10	4	14
Supervisor	8	4	12
Total	21	10	31
Percentage	68	32	100

As shown in Table 4.2, 68% of the study respondents were from KeNHA (public sector) while 32% were representatives of the private sector (CRBC). The distribution of management levels among respondents is shown in Table 4.3.

Table 4.3: Level of Management Among Respondents

Level of Education	Senior Management	Mid-Level Management	Supervisor
KeNHA	3	10	8
CRBC	2	4	4
Total	5	14	12
Percentage	16	45	39

Majority of the respondents (45%), as shown in Table 4.3, were Mid-Level Managers and supervisors (39%), which was deemed appropriate because they were utilized more during implementation of projects.

4.3.2 Distribution of Respondents by Highest Level of Education

In this analysis, respondents were classified with the highest standard of schooling. The findings are presented in Table 4.4.

Table 4.4: Distribution of Respondents by Highest Level of Education

Level of Education	Frequency	Percentage
Graduate Degree	18	58
Post-Graduate Degree	13	42
Total	31	100

The analysis revealed that each person interviewed was trained at university level. Fifty-eight percent of the respondents had graduate degrees while 42% of the respondents were postgraduates. This suggested that most respondents were properly qualified to understand the complexities of PPPs.

4.3.3 Distribution of Respondents by Years of Experience in PPPs

In this analysis, the number of years of experience in PPPs was determined. The outcome is summarized in Table 4.5.

Table 4.5: Number of Years of Experience in PPPs

Years of Experience	Frequency	Percentage
3 – 5 years	5	16
5 – 7 years	9	29
7 – 10 years	15	49
Above 10 years	2	6
Total	31	100

Based on the results of this survey, 49% of respondents reported having between 7 and 10 years of experience, 29% indicated 5-7 years, 16% had 3-5 years and only 6% reported job

experience of 10 years and above. This indicated that the respondents were competent and professional in presenting the relevant information.

4.3.4 Planned and Actual Commencement and Completion Time of the NSB PPP Project

The research aimed at determining when the NSB was proposed to start and the actual starting date along with planned and actual completion dates. All respondents agreed that the NSB PPP project commenced ahead of schedule after the President of the Republic of Kenya launched it in June 2012, just prior to the General Elections. Contractually, the project should have been completed after 36 months but completion date was extended by 11 months as the land for part of the project was not made available on time. Delivery of the project was thus delayed by 11 months.

4.4 Influence of the Procurement Process on the Implementation of NSB PPP Project

Procurement process is one of the most crucial factors that can affect any project. Aspects of procurement process and corresponding influence on implementation of NSB PPP project were studied. Aspects of procurement and influence on implementation of NSB PPP project are presented herein below.

4.4.1 Influence of the Type of Procurement

All respondents in the study agreed that the procurement process of NSB PPP project was not open and transparent. This theme in responses was captured by the following quotation:

“... .. The Contractor for NSB was single sourced following a Government-to-Government agreement between the Kenyan and Chinese governments. Part of the conditions in the contract was that construction must be awarded to and undertaken by a Chinese firm... ..”

(Interview with CRBC Engineer)

That condition locked out competition and especially local firms from bidding for the job. All respondents from KeNHA felt that the cost of the project was higher due to limited alternatives in terms of bids. This theme in responses was captured by the following quotation:

“... .. because of single sourcing the Contractor, the process lacked variety of designs and bids. If we (KeNHA) had other bids I’m sure the cost would have been lower... but getting the Contractor on board was fast compared to normal procurement procedures”

(Interview with KeNHA Engineer)

When compared to normal Government procurement procedure, it was unanimously agreed by respondents that the procurement process to construct the NSB was prompt. Traditional tender process in Government would have taken at least 90 days before award of tender. However, 68% of respondents drawn mostly from KeNHA claimed that the accelerated procurement process came at a cost in terms of higher contract costs as compared to the open market alternative. Respondents agreed that the process was effective as a Contractor with vast construction experience was identified for the job.

4.4.2 Government Assurance of Effective Procurement

PPP being a new concept in road construction sector, GoK through KeNHA, the implementing authority carried out their due diligence on the Contractor prior to awarding the contract. The Contractor was evaluated based on previous work done and finances. Technical committees were constituted both at parent Ministry level (Ministry of Transport and Infrastructure) and Ministry of Finance to negotiate and agree on the scope of work and commercial contract, prior to implementation of the project.

An ad-hoc committee was formed at KeNHA and appointed by the Director General (KeNHA) to assess the project prior to implementation. Preliminary designs and studies were carried out to assess suitability and viability prior to implementation of the project. The GoK ordinarily considers a projects’ viability based on the return on investment, with a return of at least 13% considered suitable for implementation. CRBC also had their own teams that evaluated the project before commencement in terms of camp site locations, availability of resources/material, security and workability while considering costs. This theme in responses was captured by the following quotation:

“... .. there is a lot of work and cost involved prior to submitting our bid. We had to look around for borrow pit areas to get material, camp site and security since we had expatriate staff. It was also up to us to get all statutory requirements such as

Environmental Impact Assessment License from National Environment Management Authority (NEMA) which was quite involving... ..”

(Interview with CRBC Engineer)

Other Government bodies such as National Environment Management Authority (NEMA) were responsible for examining land use patterns where the NSB project was built and they assessed the impact of project on quality and quantity of natural resources.

4.4.3 Influence of Partner Selection

According to respondents from KeNHA, factors considered of partners before implementing a project include financial muscle, track record, capability and previous experience of the Contractor. Considering the magnitude of the project, a partner must have had the right financial backing and technical capability to deliver the project within required time and specifications. This view in responses was captured by the following quotation:

“... .. CRBC are like a parastatal firm, heavily backed by their Government. I have never heard of any project they were involved in where they stopped working due to lack of or delayed payments. I think whenever they have a project, they must have adequate cash reserves to shield them from delayed payments”

(Interview with KeNHA Engineer)

The partner must have previously handled a project of equivalent amount or greater and in similar context/setting. Being a new concept in road construction, previous experience in PPP was an added advantage for the partner-to-be as it meant that they understood the intricacies of the contract and project.

4.4.4 Influence of the Procurement Procedure

All respondents agreed that the project only commenced after payment of first instalment was done. Respondents, both from KeNHA and CRBC, agreed that several contract drafts were discussed and negotiations conducted prior to settling on suitable final contract agreeable to both parties before the project commenced. The scope of work, forming the basis of contract, was agreed upon prior to commencement, together with special conditions to be applied during the construction phase.

Respondents from CRBC stated that the PPP was hassle free for the Government as the Contractor bore all the design and construction risks. This theme in responses was captured by the following quotation:

“... .. unlike the conventional ‘FIDIC Red Book’ contract, the Contractor bore all the risk for design and construction. If we messed up, we mended at our own cost and there was no provision for claims due to errors. A lot of thought had to be put into the designs and construction processes”

(Interview with CRBC Manager)

At the end of the contract, GoK got a completed road without having to invest a lot of man-hours in design and the implementation stage.

4.4.5 Findings on the Influence of Procurement Process on the Implementation of NSB PPP Project

One clear advantage the NSB PPP project had was fast procurement of Contractor for the work due to single sourcing of the Contractor. That, however came at a cost as KeNHA generally felt that a variety of options was not made available to the Government which led to a higher contract cost. It emerged that the Government through its implementing agency KeNHA had committees which sat and evaluated such projects for cost efficiency and negotiated with Contractor on technical aspects and scope of work to be carried out. The Contractor or partner suitability was assessed based on financial muscle and previous experience doing similar or larger works. It helped that CRBC had previously worked elsewhere on PPP projects and understood the intricacies of such contracts. The procurement process, being a PPP project, allowed the Government to sit back and wait for finished product, that is, completed road ready for use. The Contractor bore all the design and implementation risks with the employer receiving final complete product at the tail end of the contract.

4.5 Influence of the Route Corridor on the NSB PPP Project

Being the space where the road was built, availability of route corridor was a determinant of the construction process and project success or failure. The corridor, other than the physical space which required clear demarcation, had obstructions, services, or belonged to private individuals. This section addresses the effect of the route corridor on the NSB PPP project.

4.5.1 Influence of the Route Corridor Availability

Respondents agreed that unavailability of route corridor led to increased costs to the employer but not necessarily the Contractor. A clause from the Particular Conditions of Contract for the NSB reads in part "...before handing over the site or portions of the site to the Contractor, KeNHA shall be responsible for and complete dismantling, transferring and relocating of houses and facilities which are within the route corridor and affect construction." Responsibility for making the route corridor available to the Contractor was the sole responsibility of KeNHA.

There were delays in acquiring route corridor which led to contractual claims and overall delay in completion of the project. Eighty percent of respondents indicated that the Government did not immediately have money to compensate persons affected by the project at that time. Without compensation, some affected persons did not make way for construction activities to be carried out. This theme in responses was captured by the following quotation:

"... .. the Government did not have sufficient funds in its budget to compensate persons affected by project. Some of them rightfully, refused to move until they were paid their dues. We (KeNHA) sent sociologists to seek dialogue with them in an attempt to have them move out as payments were being processed... .."

(Interview with KeNHA Engineer)

Contractor's work plan and resources were affected whenever the route corridor was unavailable as they rescheduled or re-allocated resources and on occasion stopped working pending availability of route corridor.

4.5.2 Influence of the Route Corridor Land Including Leasehold

All respondents interviewed confirmed that there were legally set out procedures for compulsory acquisition of land. The process was however 'time consuming and in most cases finances to pay-off acquired land lacking'. Instances were given, by respondents from KeNHA, of situations when lease holders sought court injunctions that prevented any construction work from being carried out on affected parcels of land until full payments were made. Thirty two percent of respondents from CRBC indicated that while due process of land acquisition was being followed, the Contractor was forced to work in disjointed sections which they found to be inefficient and uneconomical. Examples were cited by respondents

from CRBC where designs had to be changed as land was either unavailable, too expensive or process of acquisition marred by red-tape. This theme in responses was captured by the following quotation:

“... .. one of the interchange arms on Ngong Road is of a smaller dimension than what was proposed because the owner of part of parcel of land that was acquired kept seeking legal redress for payments and encroachment. The Contractor was asked to fit the design within available smaller space to avoid further court processes that was time consuming”

(Interview with CRBC Engineer)

While acknowledging that challenge, respondents from KeNHA indicated that time was running out and a decision was made to scale down geometric standards but have a functional complete road where land was inadequate or immediately unavailable.

4.5.3 Effect of Cost of Acquiring the Route Corridor

Respondents indicated that acquisition of route corridor, where additional space was required, was the sole responsibility of the Employer (GoK) and that the Contractor did not play any part in that process. Due to lack of foresight the acquisition process begun after construction work had commenced, which inevitably interfered with the construction schedule. Cost of acquiring the additional route corridor was not included in the contract cost and was wholly borne by GoK. It was further revealed that delays in acquiring the route corridor affected the contractor’s work schedule which directly delayed project completion. This theme in responses was captured by the following quotation:

“... .. when we didn’t have possession of site for some sections, we were forced to rearrange our working sequence and revise the programme of works. For example, possession of site for the National Park section was given to us three months before the end of original contract duration and it was impossible to complete work within that section within the remaining time. An extension of contract, at the behest of KeNHA was inevitable”

(Interview with CRBC Engineer)

4.5.4 Obstructions Along the Route Corridor

All respondents agreed that obstructions were found along and within the route corridor. Despite notices which had been given to vacate the corridor, KeNHA always had to forcefully demolish or remove obstructions within the corridor on expiry of notice. It so happened that the notices expired before construction work begun but owners of structures and obstructions developed a ‘wait and see’ attitude on the assumption that construction work would not commence immediately. Such delays in removing obstructions led to overall project delays and claims. Respondents agreed that even forceful removal of obstructions had a cost element which had not been factored in the contract and the GoK had to meet those expenses separately. This theme in responses was captured by the following quotation:

“... .. Demolitions and clearing of the route corridor had to be done by KeNHA who owns the corridor. Unfortunately, KeNHA does not own construction equipment...any demolition done involved hiring of equipment from private firms or from the Ministry of Transport”

(Interview with KeNHA Engineer)

A respondent quoted the Roads Act 2007 in part ‘Where any infrastructure utility is located within a road reserve, the provider or operator of such infrastructure utility shall, upon written request by the responsible authority, relocate such infrastructure utility to a location or alignment approved by the authority at no cost to the authority.’ Citing Kenya Power and Lighting Company (KPLC) primarily, he explained that despite the Act coming into effect, KPLC always insisted on being paid heftily to relocate their services away from the route corridor. Other service providers, giving examples of fibre optics and water services, always relocated their lines at their own cost except KPLC who demanded for payments before relocating their lines. Even after payment was made or notice served for service lines to be relocated, the physical relocation works always delayed and if done, pace was slow citing inadequate funds.

Any obstruction on the route corridor was a recipe for delays in overall implementation of the project. All respondents suggested that obstructions be removed prior to commencement of construction. This theme in responses was captured by the following quotation:

“... .. relocation of services fell on the critical path of our work programme. Any delay in relocating services meant the entire project would delay”

(Interview with CRBC Engineer)

Two respondents from KeNHA indicated that there was an asset protection team within their organization that had been tasked with keeping the various route corridors clear of obstructions. The challenge, they explained, was limited funding to run the team.

4.5.5 Effect of the Accuracy of Route Corridor Data

Just over 50% of respondents indicated that route corridor records from KeNHA differed from those obtained from Lands Ministry which led to disputes especially at the time of clearing the route corridor prior to construction. Respondents from KeNHA, who were better placed to give information on this, stated that some records kept by KeNHA dated back 30 years and assumed that there were no encroachments within that corridor. This theme in responses was captured by the following quotation:

“... .. route corridor for the NSB was acquired over 30 years ago and belonged to the Ministry of Roads and Transport. How does one explain title deeds issued as late as the year 2010 and located on the same route corridor? Fraudsters!”

(Interview with KeNHA Engineer)

Respondents from KeNHA explained that there had been massive fraudulent allocation of land within the route corridor which left the road authority helpless. Other land owners, of parcels to be acquired, got court injunctions which prevented work from proceeding citing low quantum payments or demanding full compensation payment before any work commenced within the acquired land. All these actions delayed the entire project implementation cycle. This theme in responses was captured by the following quotation:

“... .. if one is dissatisfied by quantum awarded, there is an appeal process through the National Land Commission.... On Ngong Road for example, while an appeal was lodged, the land owner got a court injunction barring any work until appeal was heard and determined. Contractor could not work on section and there was a subsequent delay in overall project completion”

(Interview with KeNHA Engineer)

4.5.6 Findings on the Influence of Route Corridor on the Implementation of NSB PPP Project

The study showed that availability of route corridor in the NSB project affected the project execution by the contractor especially in areas where there were obstructions that required removal, services that required relocation and where land had to be compulsorily acquired. It was clear that while the Contractor lost valuable time, he did not suffer financially as a result of those obstructions as the GoK paid for the delays and costs of removal of obstructions. It was also found that data held by KeNHA on route corridor was outdated as some of the land on the route corridor had been fraudulently acquired. The fact that data on route corridor was not always accurate led to delays in construction and implementation of the project as disputes arose.

4.6 Influence of Politics on the Implementation of the NSB PPP Project

Politics does not only affect our daily lives but also the way the Government and by extension the public sector is run. By virtue of representing the masses, politicians are thought to have a say or influence on how the Government doles out services to its constituents. The researcher sought to establish the impact on execution of the NSB PPP project through different political aspects.

4.6.1 Influence of Government Provisions

Respondents agreed that the government allowed the Contractor duty/tax free importation of equipment and spare parts for use during the construction period. Respondents from CRBC stated that their equipment was exempted from duty/taxes which significantly contributed to the low costs/unit rates for work items and encouraged them to bring in advanced equipment for use during the construction phase. This theme in responses was captured by the following quotation:

“... .. the project did not have a Value Added Tax (VAT) component which made it at least 16% cheaper. We (CRBC) did not pay import taxes and duties on equipment for use in the project. That aspect reduced unit rates for items and a lot of equipment was brought in with the intention to finish the work as fast as possible... ..”

(Interview with CRBC Engineer)

Respondents all agreed that the contract provided for an exemption in paying cess fees to individual counties where the project road traversed, which also lowered costs of implementation. Respondents from CRBC however explained that while they were exempted from paying cess fees, county officials demanded for various roads to be constructed within the counties in lieu of cess fee payment. However, the cost of the additional work was neither in the contract nor in the plan.

4.6.2 Influence of Political Mobilization

Respondents indicated that while politicians did not influence implementation of the NSB project, politics played a big role in getting the project to commence. Respondents from KeNHA indicated that the NSB project was necessitated by the need to alleviate traffic problems in the Nairobi Central Business District (CBD) by offering an alternative route for through traffic. They added that while negotiations for the project were on-going, politicians began talking about the project and informing their constituents of the upcoming development. The sensitization of members of the public and subsequent orders from the parent Ministry forced KeNHA to launch the project ahead of schedule, before all finances were in place and corridor fully cleared. This theme in responses was captured by the following quotation:

“... ..there was pressure to launch the project before the General Elections in August 2017. Someone wanted to use the project as a campaign tool... ..”

(Interview with KeNHA Engineer)

Respondents drawn from KeNHA indicated that a directive was issued from ‘above’ requiring the project to commence before the general elections, which they attributed to politics and politicians.

4.6.3 Influence of Political Lobbying

According to the respondents, lobbying did influence the start period of the project and to some extent additional minor works, comprising of short access roads, in centres along the route where the main road traversed. Given the complexity of the contract work, legislators persuaded the Government to finance the construction of community-based infrastructure, which took advantage of the contractor who worked nearby. Any additional requests that

were accepted, was funded wholly by GoK and formed part of an addendum or extension to the main contract.

4.6.4 Influence of Political Activism

Sixty percent of respondents from both KeNHA and CRBC indicated that there were politicians who incited their constituents to bar work or movement of material in an attempt to benefit from the project by agitating for employment of constituents or construction of roads within their areas. An instance was given when the Contractor could not access or conduct operations within a quarry as the locals led by the area Member of Parliament barricaded roads leading to that quarry. They demanded that roads within the area be constructed. Without access to the quarry, the Contractor temporarily halted construction operations for a few days following that incident. This affected the project implementation. This theme in responses was captured by the following quotation:

“... .. the local MP knows very well that this (NSB) was a National Project but still incited his people to block roads to the quarry while pushing for roads in his area to be constructed. He (the MP) knew we (CRBC) had no authority to decide which roads were to be constructed and which were to be left out, we only work according to instructions from KeNHA. ... we understood that it was politics, the problem was it affected our work”

(Interview with CRBC Engineer)

Another example was given of an area Senator who incited locals to barricade the road and protest demanding for direct access to/from the main bypass road. Initial designs did not provide for direct access to/from the main road in order to increase the level of service and as a safety precaution. Access was only to be provided via any of the major interchanges. After that incident and its subsequent escalation to the House Committee, the Cabinet Secretary ordered that direct access to/from the main road be provided.

4.6.5 Influence of Politics on the Implementation of the NSB PPP Project

The study found out that while politics had little impact on project execution, help from the Government was required to complete the project. It was discovered that pressure from politicians may have accelerated the commencement date of the project based on the political mood at that time. It was also found out that the duty/tax free status accorded to the

Contractor aided in lowering the unit rates and overall cost of the contract. Once the project was running, there were interruptions to construction activities occasioned by politicians who marshalled their constituents to demand for additional work (roads and facilities) to be done within their constituencies outside the original scope. While that did not bear fruit all the time, in the interest of co-existence and benefit to local communities, KeNHA ceded to some of those demands and asked the Contractor to carry out additional work. It was also found that some change orders modifying designs were done at the expense of safety and prescribed design standards in order to appease the political elite.

4.7 Influence of Budgeting on the Implementation of the NSB PPP Project

Profit is part of the private sector's commitment to PPP projects. On the other hand, the public sector must prepare to provide funds during project execution. Availability of finances and its effects on the implementation of the NSB PPP project was analysed and effects summarized below.

4.7.1 Challenges in Attracting Financing

Respondents from CRBC explained that there were perennial delays in getting their payments. That sentiment was echoed by KeNHA respondents who attributed the delays to the capping of GoK debt ratio. Managers from KeNHA stated that while they were tasked with preparing budgets, often, the disbursed funds were always less than budgeted amount thereby forcing them to make-do with limited funds. This theme in responses was captured by the following quotation:

“... .. each department prepared a budget but when disbursements were made, there was always a shortfall. I can't remember when we last got what we had asked for in terms of money. We then relied on supplementary budgets...but even those took time and there were limitations... ..”

(Interview with KeNHA Manager)

Respondents from CRBC stated that they had to arrange for funding from their parent companies in China to cover budget shortfalls whenever there were delays in receiving payments. It also emerged from respondents that KeNHA was forced to commence the project before all preparations including availability of finances were completed.

4.7.2 Effect of Initiatives for Resource Allocation by the Management

The study found out that in addition to formation of a PPP unit within KeNHA, the National Government had also formed a PPP Unit. The PPU unit functions as an integral part of the PPP process, a central hub of best practice. They are also critical in defining problems, recommend potential strategies to the PPP committee and ensuring that proposals are compliant with criteria such as effectiveness, cost utilization and appropriate risk transfers.

4.7.3 Influence of Budgeting on Reporting and Monitoring

Most respondents agreed that budgetary follow-up to the NSB project was easy because payments were made only when the key milestones had been fulfilled. This theme in responses was captured by the following quotation:

“... .. the Contractor can only draw funds on completion of agreed milestones. It was up to the Contractor to prioritise his work and resources to achieve set milestones otherwise, he would have had a cash crunch. Monitoring and reporting during the implementation was easy because payments were made based on completed pre-determined milestones... ..”

(Interview with CRBC Engineer)

In between milestones, the Contractor was unable to draw funds, which theoretically made budgeting easy, considering that the start and finish times of the project were also fixed. Simplified reports could therefore be easily produced based on pre-determined milestones. All respondents stated that the Contractor’s programme of works was critical in budgeting. The work programme enabled KeNHA to plan ahead in terms of knowing when payments would be expected.

As regards work progress, KeNHA and CRBC respondents suggested that they had separate and independent teams visiting the site to track the progress of the contractor so that the project could be finalized within the required time span.

4.7.4 Influence of Financial Budget

Respondents all agreed that budgeting during the implementation period was based on the Contractor’s programme of works or construction schedule, bearing in mind that payments were made only after attaining pre-determined milestones. Respondents explained that even

with the programme of works submitted in advance, disbursement of funds to the Contractor always delayed. The study found out that the cause of delays was the Exchequer who did not disburse funds to the implementing authority on time and in the required amounts. This theme in responses was captured by the following quotation:

“... ..we gave our parent Ministry our budgets, but the amounts budgeted for and requested was always reduced by the Exchequer leaving the Authority with perennial shortages in funding. This affected most Contractors and was not only isolated to CRBC... ..That is why, for example in some on-going projects, you will see equipment idle and parked for extended durations because the Contractor had not been paid and therefore could not proceed with work... ..”

(Interview with KeNHA Engineer)

Eighty percent of respondents stated that KeNHA was always faced with budget cuts which directly affected implementation of not only the NSB but other projects too. Any delays in disbursing funds to the implementing authority automatically affected the Contractor and implementation of project.

4.7.5 Influence of Fiscal Year Financial Allocation

Respondents from KeNHA indicated that fiscal planning was made based on Contractor’s programme of works. The study found out that there was a credit period between the time the Contractor put a formal request for payment and when it was due for payment. That duration allowed KeNHA to look for alternative sources of funds when the budgeted amount was not available or insufficient. This theme in responses was captured by the following quotation:

“... ..in such a project, we relied on the Contractor’s programme of works to budget for disbursements. The Contract allowed for a credit period between the time when request for payment was made and when it was due, beyond which time, interest would be charged... ..”

(Interview with KeNHA Engineer)

Respondents from KeNHA indicated that it was difficult for full payments to be made within the credit period because the Exchequer did not disburse the full amounts budgeted. Disbursements from the Exchequer were always short of the Authority’s budget. To ensure there was sufficient allocation, budgeting for Contractor was internally done annually and

broken down to individual months and based on work items within the contracted period. This theme in responses was captured by the following quotation:

“... .. we had an annual budget based on the contract sum and work program for that duration which was further broken down to individual months of the year. Some months especially during the rainy season, the budget is slightly lower due to reduced activities and vice versa”

(Interview with CRBC Engineer)

4.7.6 Influence of Budgeting on the Implementation of the NSB PPP Project

The study identified budgetary considerations as a component that influenced implementation of the NSB project. Budget affected the efficiency and speed of delivery of the project with reference to Contractor's set schedule. The study established that budgetary considerations determined Contractor's adherence to project execution plan and timelines. Delays in disbursement of funds forced the Contractor to re-deploy resources from other key functions in the NSB project in order to support core tasks. Interest charged on delayed payments was found to be an additional cost above the contract sum and were borne by the GoK.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarises the findings and makes conclusion and recommendations for actions that should be taken to make improvements in the implementation of PPP projects. Suggestions are also made for further research in PPP projects.

5.2 Summary of Findings

The aims of the research were to establish how procurement process influenced implementation of NSB PPP project, to assess how route corridor availability influenced implementation of NSB PPP project, to examine how politics influenced implementation of NSB PPP project and to establish how budgeting influenced implementation of NSB PPP project.

The study showed that procurement procedures influenced project start-up and total expense. Competition is important and would have allowed for better rates and variety of designs but at the expense of time to commence and implement the project. Availability of route corridor without encumbrances was also discovered to be important in project implementation. For construction work to be planned and completed within the required duration, route corridor must be made available to the Contractor at the start of the construction phase. The study established that identification of services along the route corridor was not done in advance to facilitate relocation of those services. That omission alone gave the Contractor leeway to lodge contractual claims for delays and payments for idle equipment. Any delays in making the route corridor available automatically delayed delivery of the project.

The study found out that politics did not influence implementation of the project directly. However, politicians lobbied the government to consider doing additional work in their constituencies that was not in the original contract. The additional work requested was difficult to implement within a running contract as the scope of works in the contract had been well defined with a fixed budget. Any additional work required planning and budgeting before implementation. The study established that improper budgeting led to delays in

implementing the project. It was also found out that delays in disbursing funds led to subsequent delays in implementing the project.

5.2.1 Influence of Procurement Process on Implementation of the NSB PPP Project

The research explored the extent to which the procurement process affected the NSB PPP project execution. It was established that procurement procedures influenced the project's start-up and overall cost. It was found out that additional bids creating a competitive environment would have provided an opportunity for better rates and costs. However, a lot of time would have been spent on the assessment of the offers and the selection and negotiation of a winning contract, which would have delayed initiating the project.

5.2.2 Importance of Route Corridor Availability on the Implementation of NSB PPP Project

The study found out that availability and unimpeded route corridor was important in the implementation of the project. Route corridor should be made available to the contractor at the outset of the construction process if work is to be carried out as planned and completed within the stipulated duration. The study established that identification of services along the route corridor was not done in advance to facilitate their relocation before commencement of construction work. Delays in giving the contractor possession of site for the route corridor and in relocating services automatically delayed the implementation of the project and affected completion dates.

5.2.3 Impact of Politics on the Execution of the NSB PPP Project

The research aimed to explore the impact of politics on the NSB PPP initiative. The analysis found out that politics had little direct influence on the implementation of the project. However, government support and goodwill were required to complete the project successfully. A section of lawmakers persuaded the government to allow new work that was not included in the initial contract to be done in their constituencies. It was established that additional work requested by politicians was difficult to implement within the running contract as the scope of works had already been well defined with a fixed budget. Any additional work required planning and budgeting before implementation.

5.2.4 Effects of Budgeting on the Implementation of the NSB PPP Project

The study established that insufficient budgets led to delays in the project execution. There were delays in the disbursement of funds which, in turn, contributed to project delays. This was despite the fact that before the contractor commenced work, a work schedule was submitted to KeNHA estimating periods when certain set milestones would be completed. On achievement of those milestones, it was possible for the contractor to claim for payments.

5.3 Discussions of the Findings

The findings of the study are discussed in this section. The discussion is arranged according to the objectives of the study.

5.3.1 Influence of Procurement Process on the Implementation of the NSB PPP Project

The study showed that procurement is an important factor in the execution of a PPP project. The government's policies and agreements shaped the project's inception and execution. This is in line with Corbett and Smith (2006) who opined that the government should take its time in finding the right partner. The United Nations Economic and Social Council (2002) also concurred that an authoritative, central government commitment and support is one of the main ingredients of successful PPP programmes.

5.3.2 Importance of Route Corridor Availability on the Implementation of NSB PPP Project

The study found out that no government funding was available to compensate those affected by the project immediately. Without payment, some affected persons did not make way for construction activities to be carried out. There were also services and obstructions that required relocation or removal from the route corridor prior to construction work. Contractor's work plan and resources was consequently affected whenever the route corridor was unavailable as they rescheduled or re-allocated resources and on occasion stopped works pending availability of route corridor. According to Nunow (2012), there are many problems, the main one being land tenure and ownership, which must be resolved before starting such ambitious infrastructural plans that facilitate penetration of foreign capital.

5.3.3 Impact of Politics on the Execution of the NSB PPP Project

A discovery was made that not only did the government fully support the NSB Project, but it also allowed the contractor duty/tax free importation of equipment and spare parts for use during the construction period. This finding is supported by Duffield (2010) who revealed that sensitive politics may be a reason for PPP project success or failure. He acknowledged that politics had a strong link with public policy development and implementation. The PPP/PFI development may be encouraged by a supportive political approach towards the private sector participating in the projects.

5.3.4 Effects of Budgeting on the Implementation of the NSB PPP Project

The study showed that budgeting was based on the contractors' work plan or construction schedule over the project implementation phase, with the expectation that payments be made after pre-determined targets had been reached. It was clarified that even with the work schedule submitted well in advance by the contractor, the disbursements (financing) was always delayed. The finding was consistent with the view expressed by Kahf (2002) that government expenditure on projects could be limited because those activities could be shifted to the private sector. Bhattacharya, Romani and Stern (2012) also argued that government funding allocated to a project was the main source of infrastructure financing, such as road projects.

5.4 Conclusions

The NSB project was envisioned as a model for a successful PPP project. It embarked on a task which was important to the infrastructural development of Nairobi City with strong indicators of forward mobility in that various stakeholders in the value chain exhibited coordination towards the project's objectives. However, there were challenges in procurement, planning and execution which affected the project.

This study therefore concludes that procurement process affects the speed with which contract for a project can be agreed upon and work commences. Single sourcing of a contractor may get the works to commence quickly but at a higher cost due to lack of competition and limited design options.

With regard to the second objective, the analysis concludes that route corridor must be made available and free of encumbrances at the outset for a project to be completed within the required time and cost. It is better to remove all services and obstructions before project commencement in order to allow the contractor to optimally use all his resources towards project completion.

The third focus was the impact of politics on the implementation of the NSB project and it was established that government support was essential for progress of the project. Being a pre-planned project, politicians had no influence on aspects of the main contract and implementation process.

5.5 Recommendations

Based on the findings and conclusions, the following recommendations are made for successful implementation of PPP road projects.

1. Route corridor should be made available completely free of encumbrances such as services and obstructions, and protected to avoid encroachment before project implementation. This will ensure that contractual claims and delays resulting from this aspect are reduced to a bare minimum;
2. Implementing agencies should check thoroughly and consult with stakeholders on the extent/scope of projects in order to avoid interference by politicians who might claim their constituents' needs have not been met; and
3. Finances for the project should be made available to ensure timely disbursements to reduce incidents where the Contractor reduces rate of work or stops altogether leading to extended contract duration and interest on late payments. Only when funds are available should project execution take place.

5.6 Suggestions for Further Research

Similar studies on execution of PPP should be conducted on other projects. This would offer a broader outlook of the application of risks, disadvantages and expertise, since they are multi-stakeholder projects, and will be useful for formulating future strategy. Other studies should also be undertaken to analyse the regulations, legislation and bottleneck mechanisms that affect PPPs in the road sector. The studies should seek to analyse the nature and models of PPPs that may be applicable to the road construction sector. Finally, studies should be

conducted on contemporary PPP projects experience to establish a common framework to guide future PPP projects. The studies should provide solid risk control strategies that are attractive to the private sector. Such a move will likely expand the nature, scope and quality of PPP projects.

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APPENDICES

Appendix I: Introduction Letter

P.O BOX 34016-00100

Nairobi.

Dear Sir/Madam,

RE: REQUEST TO PARTICIPATE IN A RESEARCH STUDY

I am a student at the University of Nairobi undertaking a Master of Arts degree in Project Planning and Management. I am carrying out a research on **Factors Influencing Implementation of Public-Private Partnership Projects: A Case Study of Nairobi Southern Bypass in Nairobi County, Kenya** as part of the requirement in fulfilling my course degree. Given your unique position in the organization and experience you have, I have been referred to you as one of the respondents. Your role in this study will only involve participating in an interview. The questions to be asked will relate to your experience and opinions regarding the subject matter. It is important that you understand that there is no correct or wrong response. This research is aimed at allowing you to provide details about what you honestly think.

In this regard I am requesting you to dedicate some time to participate in this exercise. I will observe anonymity and I can assure you that the responses you give will not be disclosed to anyone.

Thank you.

Yours sincerely,

Victor Okech Ogara

The Researcher

Appendix II: Interview Guide

The aim of this interview was to identify the extent of the respondent's involvement in PPPs and the various factors that influenced implementation of PPPs. The study interviewed the following: Field Project Managers from the main contractor - CRBC, and KeNHA officials who dealt with the project from inception to implementation.

Section 1: Background Information

- a) What position do you hold in your organization?
- b) What is your highest level of education?
- c) What in-house practice guideline for PPP projects, does your organisation have which are to be implemented?
- d) How many years' experience do you have in PPPs?
- e) When was the NSB project planned to start and end and when did it actually start and end?
- f) Were there delays in delivery of the project and what were the causes?

Section 2: Procurement Process

- a) Was the procurement process, in NSB PPP project, done in an open and transparent manner?
- b) How effective was the procurement process in implementation of NSB PPP Project?
- c) How did the government ensure effective procurement of PPP projects?
- d) How competitive was the NSB PPP procurement process?
- e) Which committees did the government and partners put in place that were responsible for monitoring and evaluating the project before implementing NSB PPP project?
- f) What other considerations were made of partners before implementing NSB PPP project?
- g) What policies on PPPs that stipulate procurement guidelines were considered?
- h) How did procurement procedure influence implementation of NSB PPP project?

Section 3: Route Corridor Availability

- a) How did availability of the route corridor influence implementation of NSB PPP project?
- b) How did the route corridor land including leasehold titles influence implementation of NSB PPP project?
- c) How did the cost of acquiring route corridor influence implementation of NSB PPP project?
- d) How did obstructions along the route corridor influence NSB PPP project implementation?
- e) Was accurate data available on the route corridor and how did this affect the implementation of NSB PPP project?

Section 4: Politics

- a) How did government provisions influence NSB PPP project implementation?
- b) Did politicians influence the implementation of NSB PPP project?
- c) Please explain your answer
- d) Do you think political competition influenced the implementation of NSB PPP project?
- e) Please explain your answer
- f) Do you think lobbying by politicians on extension of NSB PPP influenced its implementation?
- g) Indicate other ways in which politics might have affected the implementation of NSB PPP project that is not mentioned above?

Section 5: Budgeting

- a) What challenges did you face in attracting finance to implement NSB PPP project?
- b) What did the management do to allocate resources for implementing NSB PPP project equitably?
- c) How were budgets used as a basis for effective revenue and costs control in implementing NSB PPP project?

- d) How did budgeting allow for systematic reporting and monitoring during implementation of NSB PPP project?
- e) How did financial budget influence NSB PPP project implementation?
- f) How did you ensure allocations made in the fiscal year were sufficient for implementation of NSB PPP project?

Thank you