

Evaluation of Essential Success Factors for Projects Involving Public-Private Partnerships in Kaduna Metropolis

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Abstract

This study aims to assess and analyse the crucial factors contributing to the success of public-private partnership (PPP) initiatives in Kaduna. It seeks to identify key elements determining the success or failure of PPP projects in the Kaduna metropolitan area. The implementation of PPP procurement is anticipated to facilitate infrastructure development and government debt reduction. This method has been applied to both successful and unsuccessful infrastructure projects in Nigeria for over a decade. Out of 40 distributed questionnaires, 26 responses were received from participants involved in PPP projects in both the public and private sectors. PPP procurement techniques are gaining popularity in Nigeria, and in Kaduna, the focus on five Critical Success Factors (CSFs) during the implementation phase could lead to the completion of more development projects. Stakeholders can enhance the likelihood of PPP project success by utilising these CSFs as a foundation for further research, applicable across all PPP infrastructure sectors in the Kaduna Metropolis.

Keywords: *Evaluation, Essentials, Success Factors, Projects, Public-Private Partnership*

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Background to the Study

The success of any public-private partnership (PPP) project within a nation is significantly influenced by the maturity of that nation in critical success factors (CSFs). Metrics and criteria for assessing the maturity of stakeholder organisations with respect to CSFs for PPP project implementation are still challenging to establish (Babatunde, 2015). A CSF, as defined by Olaniyan (2013), is a crucial area requiring enabling conditions for a management entity to achieve its goals. For successful functioning, several essential success characteristics must exist within an organisation (Dada, 2012). PPPs are governance structures involving long-term contractual agreements, shared risks, and mutually beneficial returns through collaboration between the public and private sectors for the delivery of public infrastructure and services (Omotaye, 2020).

While PPPs are widely used in countries like the UK, Australia, China, India, and South Africa, their application in Nigeria has raised concerns about the government's ability to manage them effectively. To play a significant role, PPPs require effective and transparent operating procedures (Babatunde, 2015). Extensive research has focused on outlining and assessing the relative significance of key success factors for PPP initiatives. However, there is a lack of detailed investigation into how underlying CSFs affect the performance of PPP projects, especially in impoverished nations (Muhammad, 2017). Thus, this study aims to identify and evaluate the underlying elements influencing the outcome of PPP projects in Kaduna.

Literature Review on Public-Private Partnerships

What are PPPs?

Public-Private Partnership (PPP) is a cooperative effort between the public and private sectors that utilises the expertise of each partner to meet specific public needs through the appropriate allocation of resources, risks, and rewards (CCPPP, 2005). Various forms of PPPs include Joint Venture (JV), Private Finance Initiative (PFI), Build, Operate, and Transfer (BOT), Operation Maintenance (OM), Design, Build, and Operate (DBO), Design-Build-Finance-Operate (DBFO), Build-Transfer-Operate (BTO), and Lease-Develop-Operate (LDO) (HM Treasury, 2000).

Types of PPPs

To ensure long-term value for money, adherence to environmental and public health standards, and protection of the public interest, PPPs come in various shapes and sizes. These include Joint Venture (JV), Private Finance Initiative (PFI), Build, Operate, and Transfer (BOT), Operation Maintenance (OM), Design, Build, and Operate (DBO), Design-Build-Finance-Operate (DBFO), Build-Transfer-Operate (BTO), and Lease-Develop-Operate (LDO).

Advantages of PPP

Public Sector

- i. Improved delivery of public services.
- ii. Better value for money.

- iii. Exploitation of private sector capabilities and innovation.
- iv. Higher return on assets.

Efficient Allocation of Responsibility and Risk.

Private Sector

- i. Growth through new business opportunities.
- ii. Long-term revenue stability.
- iii. Improved contribution and value to society.

Why Public-Private Partnership (PPP)

Governments are drawn to PPPs due to their potential for value for money, early project delivery, utilisation of private sector managerial practices, and access to improved services (Webb and Pulle, 2003; Jagafa, 2008).

Application of PPP in Nigeria

In Nigeria, Joint Venture (JV) and Build-Operate-Transfer (BOT) strategies are commonly used for various infrastructure projects, including electricity generation, university housing development, highways, and tourism (Ibrahim et al., 2006).

Risk Associated With PPP

PPPs involve a high level of risk due to the protracted concession period and the involvement of multiple partners. Risk categories include retained risk, transferred risk, and shared risk (Ibrahim et al., 2006).

Critical Success Factors (CSF)

CSFs are essential variables whose adequate outcomes ensure an organisation's successful competitive performance. They are crucial in developing a workable and successful PPP procurement process. Literature provides several lists of CSFs for PPP projects, covering aspects such as entrepreneurship, leadership, good governance, political support, economic viability, reliable concessionaire consortiums, sound financial packages, and appropriate risk allocation through reliable contractual arrangements (Babatunde, 2015; Ismail, 2013; Li et al., 2005).

Materials and Methods

Given the nature of the study's problem, a quantitative research approach was employed. This approach involves collecting and interpreting numerical data, with a focus on precise measurements and statistical analysis. Questionnaires were used to collect information, divided into two sections: one on the respondents' background and experience, and the other on CSFs for PPP initiatives. A five-point rating scale was used to analyse the survey response data.

Results and Discussion

Table 1 presents the level of agreement for various CSFs for the PPP project in Kaduna Metropolis. The top-ranked factors include good governance, political support, appropriate

risk allocation and risk sharing, strong and good private consortium, and government involvement by providing a guarantee.

Table 1: Level of agreement for the following CSF for the PPP project in Kaduna metropolis

Critical success factors for the PPP project	N	Mean score	Std. Deviation	Rank
Good governance	24	4.7917	0.41485	1
Political support	24	4.5417	0.58823	2
Appropriate risk allocation and risk sharing	24	4.5000	0.58977	4
strong and good private consortium	24	4.5000	0.51075	3
Government involvement by providing a guarantee	24	4.4583	0.65801	5
Shared authority between the public and private sectors	24	4.4167	0.71728	7
Project technical feasibility	24	4.4167	0.65386	6
competitive procurement process	24	4.3750	0.57578	8
Transparency in the procurement process	24	4.2917	0.69025	9
Social support	24	4.2500	0.60792	10
well-organised and committed public agency	24	4.1667	1.04950	11
Technical innovation and technology transfer	24	4.1667	0.91683	12
Thorough and realistic assessment of the cost and benefits	24	4.0417	0.80645	13
favourable legal framework	24	4.0000	1.10335	14
Commitment and responsibility of the public and private sectors	24	4.0000	0.65938	15
Availability of a suitable and adequate financial market	24	3.9583	0.85867	16
Multi-benefit objectives	24	3.9167	1.21285	17
Stable macroeconomic conditions	24	3.7500	0.94409	18
Sound economic policy	24	3.7083	1.04170	19
Project economic viability	24	3.6667	1.09014	20
A clear project brief and client requirements	24	3.5833	0.77553	21
favourable investment environment	24	3.5833	1.01795	22
Effective management control	24	3.5147	0.83297	23
Consultation with end-users	24	3.5000	0.93250	24
Good partners' relationships	24	3.4995	0.68524	25
appropriate project identification.	24	3.4982	0.84295	26

According to Table 1, good governance, which has a mean value of 4.79 and a standard deviation of 0.42, is a key success element for PPPs. Political support follows, with a mean score of 4.54 and a standard deviation of 0.59. Appropriate risk allocation and risk sharing, with a mean of 4.50 and a standard deviation of 0.59, are the third-ranked categories. Appropriate project identification, with a mean of 3.50 and a standard deviation of 0.84, is the factor with the lowest ranking.

Table 2: Showing the Critical Success Factors for PPP

Critical success factors for the PPP project	N	Mean score	Std. Deviation	Rank
Government involvement by providing a guarantee	24	4.7857	0.42582	1
competitive procurement process	24	4.6429	0.63332	2
Appropriate risk allocation and risk sharing	24	4.5000	0.51887	3
Good governance	24	4.5000	0.75955	4
Shared authority between the public and private sectors	24	4.4286	0.64621	5
strong and good private consortium	24	4.4286	0.75593	6
Project technical feasibility	24	4.4286	0.75593	7
Political support	24	4.4286	0.75593	8
Transparency in the procurement process	24	4.3571	0.49725	9
well-organised and committed public agency	24	4.2857	0.72627	10
Social support	24	4.2143	0.80178	11
Technical innovation and technology transfer	24	4.2143	0.80178	12
Thorough and realistic assessment of the cost and benefits	24	4.1429	0.86444	13
Technical innovation and technology transfer	24	4.1429	0.66299	14
good partners' relationship.	24	4.0714	0.61573	15
Appropriate project identification	24	4.0714	1.32806	16
Consultation with end-users	24	4.0000	0.67937	17
Effective management control	24	3.7857	0.80178	19
favourable investment environment	24	3.7857	1.31140	22
A clear project brief and client requirements	24	3.7857	0.97496	20
Project economic viability	24	3.7857	1.18831	21
Sound economic policy	24	3.7857	0.69929	18
Stable macroeconomic conditions	24	3.7143	0.91387	23
Multi-benefit objectives	24	3.7143	0.91387	24
Availability of a suitable and adequate financial market	24	3.71 43	0.65483	25
favourable legal framework	24	3.71 43	0.91586	26

With a mean of 4.78 and a standard deviation of 0.42, government engagement via offering a guarantee was placed at the top of Table 3 above. The lower the value of the standard deviation compared to a set with a high standard deviation, the more closely the respondents' viewpoints align. Competitive procurement procedures came in second with a mean of 4.64 and a standard deviation of 0.63 after coming in first. Appropriate risk allocation and risk sharing, with a mean of 4.50 and a standard deviation of 0.51, are the third-ranked factors. favourable legal framework the findings in tables 1 and 2 provide a ranking of the critical success elements for the Kaduna PPP project. general consensus across all respondents, where the top three elements in Table 2 are considered to be critical success factors. This represents the "level of agreement of the following CSF for PPP projects in Kaduna metropolis: strong governance, political backing, appropriate risk distribution, and risk sharing. Also. government engagement through the provision of a guarantee, a competitive procurement procedure, and adequate risk distribution and sharing are all important

components of CSF for PPP projects in Kaduna City. A suitable legislative framework and appropriate project identification received the lowest rankings from two independent tables, as found to be rated last, at position 26, with a mean of 3.71 and a standard deviation of 0.91. The mean score of the competitive procurement procedure is 4.3789, which is roughly equal to the grand mean.

Conclusion and Recommendation

For a project including a public-private partnership, there are numerous important success elements. The success of PPP's implementation in industrialized countries is examined in this study, and the relative importance of the factors mentioned in the literature is evaluated. In order to rank the relative importance of the 26 important success elements in the Kaduna PPP context, mean score values and the standard deviation of survey respondent answer data were employed. The general consensus between the two parties concluded that the most critical success factors for public-private partnership projects in Kaduna State are good governance, political support, appropriate risk allocation and risk sharing, a competitive procurement process, and government involvement by providing a guarantee. Future studies can examine how corruption can impact PPP projects' success.

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