

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF THE BUILT ENVIRONMENT

DEPARTMENT OF QUANTITY SURVEYING

An analysis of the effectiveness of Private Finance Initiatives in delivering Zimbabwean
government construction projects

By

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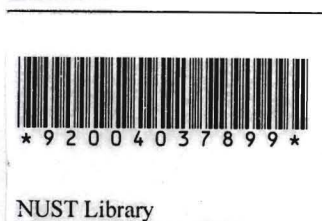
FORTUNE CHIHEYA

P0111568R

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Abstract

Zimbabwe adopted the Private Finance Initiative (PFI) procurement method to fund the public sector infrastructure projects in 1998. The full benefits of this procurement method are however not being fully realised as some projects are reported to have missed their deadlines and on some projects costs have been unilaterally increased without reason. The study is aimed at analysing the effectiveness of the private finance initiative procurement method in delivering Zimbabwean government construction projects. Literature revealed that there are three types of PFIs which are financially free standing projects, joint ventures and classic PFI. PFI arrangements identified were Build Operate, Transfer (BOT) and its variants, Design, Build, Finance, Operate (DBFO), Build, Lease and Transfer (BLT), Build, Transfer and Operate (BTO), Rehabilitate, Operate and Transfer (ROT) and Lease, Develop and Operate (LDO). Literature review also revealed that PFIs have been successfully implemented in countries like UK, Japan, Australia and Malaysia. A case study in UK and another in Zimbabwe were used to determine the adequacy of this procurement method in delivering government construction projects. The study focused on Harare, Gweru and Bulawayo where most PFI projects have been and are still being carried out. A questionnaire survey was carried out in government departments, financial institutions, construction consultants and contractors. Interviews were conducted with people who have actually participated in PFI projects and a case study of a recently completed PFI project was carried out. It has been noted that USAID funded projects, financially freestanding PFI and Joint venture are the three most common types of PFIs being used in Zimbabwe carried out under a BOT arrangement. The most frequent benefits of PFIs are: increase in the rate of infrastructure growth and promotion of economic growth. On the other hand, political and social obstacles; lack of policy framework and non - conclusive financial market have been identified as the most frequent challenges of PFIs. From this study, it can be deduced that despite the challenges faced, PFIs remain the only effective and viable option in the delivery of government projects. The country should however raise its competitiveness as an investment destination by revising its policies towards foreign private investments.