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**ABSTRACT**

This study sought to examine the effect of regulatory frameworks on the performance of Public Private Partnership Road Projects in Kenya. The study used both exploratory and descriptive research designs to study the problem. The population of the study was One Hundred and eleven organizations involved in the road sector PPPs either as regulators, project implementers, financiers or as interest groups involved in PPP Project process. The study was a census of the entire population since the population was not homogenous in character. A self-administered, semi-structured questionnaire was used to collect the data. The questionnaire was pre-tested to ensure its validity and reliability. Data was analyzed using an appropriate model developed as a function of both the dependent and the independent variables, to measure their relationship. Data was analyzed and descriptive statistics presented, from which inferences were made as well as the conclusion and recommendation. The collected data was analyzed using descriptive and inferential statistics. The study established that from the regression model the Regulatory framework had a significant and positive influence on the Performance of public private partnerships in road projects in Kenya. Further, the government policy had a moderating influence on the relationship between regulatory framework and performance of public private partnerships in road projects in Kenya. The study recommended that the regulatory framework require amendments to give contracting authorities more flexible public private partnerships procurement frameworks that encourage innovation and less overly prescriptive regulations.

**Keywords:** Regulatory Framework, public private partnerships in road projects

**Statement of the Problem**

Earlier attempts by the Government to initiate PPPs in the road sector in Kenya failed due to lack of proper project frameworks on the concessionaire of Mtwapa and Nyali Bridge, proposed Nairobi Urban Toll Road Project and the concessionaire of the Kenya Railways Corporations (GoK; PPP Policy, 2011). The current Road Tolling Policy, which was approved by the Cabinet, targets users of Mombasa to Nairobi, Nairobi to Mau Summit (Nakuru), Thika Superhighway, the Likoni-Nyali Bridge and the Southern bypass (PPPU, 2016). Motorists driving from Mombasa to Nakuru, a distance of 641 kilometres are expected to pay approximately KSh. 3,200 (USD. 31). There has been uproar from members of the public, who were concerned that the charges will raise the cost of transport through double taxation. Street tolling raises profound human rights, value and decency issues. It has been effectively contended in numerous locales that presenting tolls on real streets without giving suitable sans toll choices adds up to a rupture of nationals' entitlement to free development while charging tolls on specific streets and leaving others free adds up to separation of subjects construct simply in light of where they live. The extra tax collection adds up to an additional weight on nationals who have assimilated other real increments in demands in the past as the administration hopes to subsidize its multi-trillion shilling yearly spending plans (Akinpelu, 2017). The success of PPP road projects in Kenya is threatened by a number of issues such as road enforcement of the toll management legal framework in the National Transport and Safety Authority Regulations (2012); public financial management framework on accounting standards for PPPs (OECD, 2012; GoK, 2016, Delmon, 2015), land rights and acquisition , lack of road alternatives in the regulation (PPP Act, 2013) , ways of project cost/tariff recovery, user payment modalities, county/devolved Government role in the implementation of the PPPs projects and stakeholder engagement at whole project life cycle.

For the 2nd time, lack of proper PPP frameworks could slow if not fail the performance of the PPP road projects due to the fact that they are new activities and begin at the development stage where the significant dangers are delays in fruition and the beginning of venture money streams; cost overwhelms with an expansion in the capital expected to finish development; and the bankruptcy or absence of experience of contractual workers or key providers. Development expenses may surpass gauges for some, reasons, including mistaken building and outline, heightening in material and work costs, and postponements in venture start-up. Cost overwhelms regularly are taken care of through a settled cost and settled term contract, with motivations for fruition and for meeting pre-determined venture objectives. Different difficulties incorporate arrangement for extra value mixtures by the support or standby understandings for extra obligation financing, stakeholder resistance and reluctance to accept the services offered by the PPP road projects (Estache et all ,2007).

PPP Projects can “fail” at different places in the project life-cycle, and for different reasons, Akinpelu, (2017). This study aimed to address how regulatory Frameworks can help Road Projects deliver better to achieve real efficiency gains to enable the partnership grow and succeed. A study carried out by PwC (2014) on capital projects and infrastructure in East, Southern and West Africa indicated that the most prominent risk faced in the development of infrastructure in East Africa is completion on time and within budget. In addition, other significant challenges include the impact of political risk and government interference on project completion and the inhibiting regulatory and policy framework. This therefore leads to the following questions: how can current infrastructure output, reliability, costs and revenues be optimized?

**Objectives of the Study**

The purpose of the study was to examine the effect of regulatory frameworks on the performance of Public Private Partnerships Road Projects in Kenya.

**Research Hypotheses:**

**$H_{01}$**: There is a significant relationship between regulatory framework and performance of Public Private Partnerships Road Projects in Kenya;

**$H_a2$**: Government Policy does moderates relationship between regulatory framework and performance of Public- Private Partnerships Road Projects in Kenya.

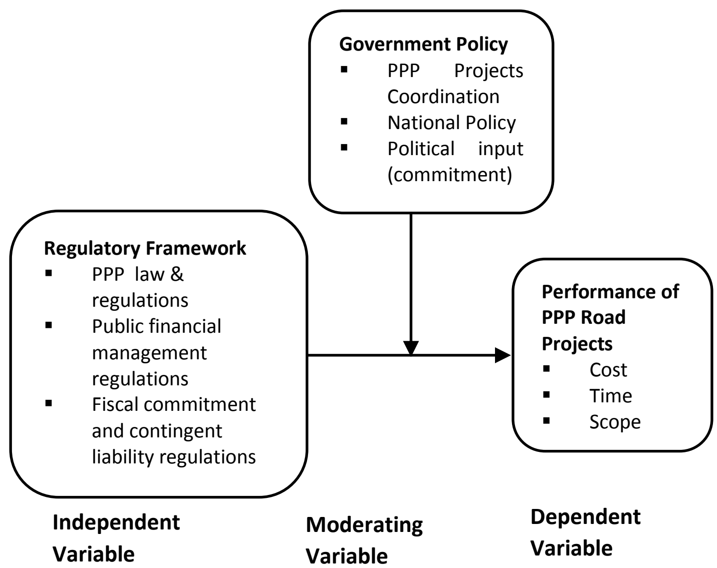
## LITERATURE REVIEW

### Theoretical Framework

Regulatory and Governance Theory guiding the study was System Approach or Model. This is additionally called framework investigation of association and it was created in the '50s to take out the lacks of the traditional model by requiring that any association ought to be seen as a framework and its activities performed. The framework hypothesis is however a brought together entire having various bury subordinate parts or sub framework and it has identifiable limits that recognize it from its encompassing condition in which it is installed and with which it collaborates. The framework hypothesis clarifies how open organization exercises are facilitated inside a framework and sub framework that interface (Oyedele, 2015).

The approach sees regulatory framework (formal association, casual association, parts, and people) and analyzes the bury linkages among different parts. Framework hypothesis additionally investigations the dynamic association between a managerial framework and its outer condition. It is vital to reaffirm open organization to be the help of positive result of these collaborations and where conceivable, confine any unintended negative outcome. Thonhill, C. and Dijk, G. V. (2010) the execution of open laws requires that the center components of framework hypothesis which are: inputs, procedures, yield and criticism are tackled in a way that advances usefulness as the exercises of the sub framework influence the whole government: social framework are open framework as they are in steady cooperation with their condition; limits of social association are not effortlessly identifiable. It must be comprehended from their exercises and capacities, in actuality, circumstances.

**Conceptual Framework**




## RESEARCH METHODOLOGY

According to the study objectives and as illustrated under conceptual framework, the study adopted both descriptive and explanatory research design.

## RESULTS AND DISCUSSIONS

### Regulatory Framework

The study sought to determine the extent to which regulatory framework affect performance of Public Private Partnerships Road Projects in Kenya. The response was rated on a scale of 1-5 on which: 1= to a very low extent, 2= to a low extent , 3= to a moderate extent, 4= to a great extent and 5= to a very great extent. The responses were as shown in the regulatory framework affect performance of road projects to very great extent while 51.6% of the respondents indicated that national policy affect performance of road projects to great extent. 25.6% of the respondents indicated that regulatory framework affect performance of road projects to a moderate extent. In addition, 12.6% and 6% of the respondents indicated that that regulatory framework affect performance of road projects to a low extent and to no extent at all respectively. The responses were perhaps determined by the goals that organizations focused on achieving in their efforts to ensure that they are aware of and take steps to comply with relevant laws, polices, and regulations.

The study findings were in agreement with literature review by Harris (2014) who states that legal framework plays an important role on the performance of PPs projects. Subsequently, a mix of the main highlights of both of the accomplices creates a higher esteem PPP-Specific Institutions, Legal Framework, and Capacity Institutional quality and limit, a satisfactory legitimate structure, the administer of law, and the presence of an administrative system are demonstrated drivers for PPPs (WBI, 2012). They make the business open doors for private part speculators, as they decide the quality and speed of the exchange procedure of PPPs; set costs – at last settling on cost recuperation and budgetary return; and give lawful sureness on the authoritative plans and authorization of the run of law. The PPP conveyance process, from in advance financial appraisal to exchange execution, requests an abnormal state of open area limit. Limit is fundamental so general society interests are protected while organizing the PPP and also when execution is being observed. An institutional set-up with clear parts and obligations over the different pastoral and between clerical coordination boards and executing organizations is required to enhance performance of PPPs projects (EIU, 2010).

**Table 1: Extent of Influence of Regulatory Framework on Performance of PPPs**

| Scale | Frequency | Percentage |
|---|---|---|
| To a very Low Extent | 13 | 6.0% |
| To a Low Extent | 27 | 12.6% |
| To a moderate Extent | 55 | 25.6% |
| To a great Extent | 111 | 51.6% |
| To a very great Extent | 9 | 4.2% |
| **Total** | **215** | **100.0** |

The study sought to establish the extent of influence of regulatory framework on performance of road done through public-private partnerships. The table below showed that the descriptive statistics describing the data in details. A majority of the respondents in the study agreed with the statement that a clear policy framework helps both the public and the private sectors to understand the core rationale for PPPs as shown by a mean score of 4.42. The PPP laws enacted provide a clear, transparent, fair and competitive process for PPPs as shown by a mean score of 4.38. A majority of the respondents also agreed and widely held the opinion that sufficient lawful system, run of law, and an administrative structure are demonstrated drivers for PPPs as shown by a mean score of 4.24. The level of agreement was also extended to other statements, as a majority of the respondents was in concurrence that there was a clear institutional framework for development and approval of PPP projects as shown by a mean score of 3.76. The combination of the leading features of both the public and private partners produces a higher value as shown by a mean score of 3.74.This implies that legal framework affect performance of public private partnership road projects in Kenya.

The study findings conformed with the findings by PPIAF(2010) which established that having a reasonable arrangement system helps both people in general and the private parts to comprehend the center justification for PPPs and how the general population area will approach getting them going. PPPs are hard to convey in a temperamental arrangement condition. The report also indicates that while evaluating a PPP showcase, the private division hopes to see a PPP approach that sets out the basis for utilizing PPPs, for example, the rules that people in general part will use to survey PPP extends reliably. The assurance of who affirms what and when all through the procedure of venture choice, planning, and acquirement; the way toward settling debate to enhance the performance of the projects (Evans & Bowman, 2005)

**Table 2: Descriptive Analysis on Regulatory Framework and Performance**

| | N | Mean | Std. Deviation |
|---|---|---|---|
| A combination of the leading features of both the public and private partners produces a higher value | 215 | 3.74 | 1.348 |
| Adequate legal framework, rule of law, and a regulatory framework are proven drivers for PPPs | 215 | 4.24 | .607 |
| A clear policy framework helps both the public and the private sectors to understand the core rationale for PPPs | 215 | 4.42 | .574 |
| PPP Law provides a clear, transparent, fair and competitive process for PPPs | 215 | 4.38 | .557 |
| There is a clear institutional framework for development and approval of PPP projects | 215 | 3.76 | 1.277 |

The variable Legal and Regulatory Framework contained data file contained several rows for representing aspect of the same variable. Using SPSS the data was summarized into a single line by averaging the aggregate sum of the values of the aspects that represented Legal and Regulatory Framework. The findings from the study also show that the responses from participants of the study were skewed to the left. The responses being negatively skewed implies that most of the respondents either strongly agreed, agreed or agreed with the questions they were asked about how Legal and Regulatory Framework on performance of road done through public-private partnerships. Drawing a normality graph to show symmetry revealed that the bulk of the data was concentrated to the right of the graph and the left tail will be longer as shown by Figure 4.4 below. The findings obtained are in line with those of Harris, (2014), who supposed that robust legal and regulatory frameworks make the business open doors for private segment speculators, as they decide the quality and speed of the exchange procedure of PPPs; set costs – at last choosing cost recuperation and monetary return; and give lawful sureness on the legally binding plans and implementation of the run of law. In addition, the results concur with Evans and Bowman, (2005), findings that determined the necessity of a proper legal framework which served to provide a legal capacity for public bodies to enter into PPP contracts while creating a more certain and investor friendly environment through addressing legal gaps, removing conflicts and overlaps in la which avoid need for piecemeal amendments.

**Government Policy**

Government policy is a variable that impacts the relationship between the independent and dependent variable and they can alter the results of the research. The study therefore sought to determine the effect that the Government policy has on the performance of PPP road projects. A majority of the respondents indicated that PPP road projects have been delayed by political factors due to infighting and interests by political leaders and in some cases ending in courts of law. Some also indicated that government policies, practices and procedures in the PPP road projects promote positive engagement of the client in projects administration. The study further sought to determine how private finance initiative affects performance of PPP road projects. A majority of the respondents indicated that the private sector offers a complete service and has the potential for increased integration within the project value chain. Other respondents indicated that private finance initiative provide realistic, challenging but achievable availability and performance standards for the PPP road projects. Some respondents argued that private finance initiative reduces the net cost of financing the PPP road projects by evolving institutional structures to reduce the cost of financial functions by pooling resources, managing risk and transferring resources through time and space.

The study also sought to determine the extent to which Government policy affect performance of PPP road projects. The response was rated on a scale of 1-5 on which: 1= to a very low extent, 2= to a low extent, 3= to a moderate extent, 4= to a great extent and 5= to a very great extent. The responses are as shown in the table below: The findings of the study show that 32.1% of the respondents indicated that Government policy affect performance of road projects to very great extent while 56.7% of the respondents indicated that Government policy affect performance of PPP road projects to great extent. 11.2% of the respondents indicated that Government policy affect performance of PPP road projects to a moderate extent. In addition, none of the respondents indicated that Government policy affects performance of PPP road projects to a low extent and to no extent at all respectively. The study findings can be inferred that government policy affect performance of PPP road projects.

The study findings are in agreement with literature review by Bovaird (2014) asserts that the government needs to form and develop an appropriate policy regarding partnerships. In this case, the government can harmonize the PPP policy with other policies, which can make larger contributions to good governance of the PPPs projects. Haque (2014) points out that it is necessary to identify an overall development vision in a country and determine how PPPs fit in the vision. Strategic vision regarding PPPs may be particularly useful in transitional countries, as it specifies the policy direction, the government expectations and the PPP governance strategy that the government intends to employ. The PPP governance strategy may include guidelines and regulations regarding formal governance contracts. Additionally, the government may develop its vision of relational governance in PPPs, for example, how parties should resolve disputes to enhance performance of the PPPs projects.

**Table 3: Descriptive Analysis on Government Policy and Performance of PPPs**

| Scale | Frequency | Percentage |
|---|---|---|

| | | |
|---|---|---|
| To a very Low Extent | 0 | 0.0% |
| To a Low Extent | 0 | 0.0% |
| To a moderate Extent | 24 | 11.2% |
| To a great Extent | 122 | 56.7% |
| To a very great Extent | 69 | 32.1% |
| **Total** | **215** | **100.0** |

**Performance of PPP Road Projects**

The study sought to establish the extent of agreement by the respondents on statements about performance of PPP road projects. Table below shows the descriptive statistics describing the data in details. The results from the study indicate that a majority of the respondents indicated that they strongly agreed with the statement that PPP road projects in Kenya enhances innovation in roads construction thus allowing for improvement in the public facilities as shown by a mean score of 4.73, that PPP road projects in Kenya have enhanced service delivery as shown by a mean score of 4.61 and that PPP road projects in Kenya have allowed road projects in Kenya to run within budget and schedule as shown by a mean score of 4.56. In addition, a majority of the respondents indicated that they agreed with the statement that PPP road projects in Kenya offers superior quality as it is able to tap private sectors technical, management and financial resources as shown by a mean score of 4.34, that road projects helps in developing local economy through reduced costs and operation efficiencies as shown by a mean score of 4.24 and that PPP road projects in Kenya offers quality thereby reducing accidents rates and enhancing transportation as shown by a mean score of 4.19. Further, it was established that a majority of respondents indicated that they agreed with the statements that recent PPP road projects in Kenya are a true reflection of value for money as shown by a mean score of 4.24, that road projects in Kenya have also enhanced infrastructure development as shown by a mean score of 3.76. Moreover, a good number of the participants in the study were also in agreement with the statements that PPP road projects offers ways to achieve certain public agency objectives with greater cost and within scheduled certainty by incorporating the private sector's knowledge, expertise and capital as shown by a mean score of 3.76.

**Table 4: Descriptive Analysis of Performance of PPPs Road Projects**

| | N | Mean | Std. Deviation |
|---|---|---|---|
| Road Projects' in Kenya have enhanced service delivery | 215 | 4.41 | .588 |
| Road Projects' are a true reflection of value for money | 215 | 4.34 | .581 |
| Road Projects' in Kenya have enhanced infrastructure development | 215 | 3.76 | 1.277 |
| Road Projects in Kenya have allowed road projects in Kenya to run within budget and schedule | 215 | 4.21 | .625 |
| Road Projects in Kenya enhances innovation in roads construction thus allowing for improvement in the public facilities | 215 | 4.41 | .588 |
| Road Projects in Kenya offers superior quality as it is able to tap private sectors technical, management and financial resources | 215 | 4.34 | .581 |
| Road Projects offers ways to achieve certain public agency objectives with greater cost and within scheduled certainty by incorporating the private sector's knowledge, expertise and capital | 215 | 3.76 | 1.277 |

| | | | |
|---|---|---|---|
| Road Projects helps in developing local economy through reduced costs and operation efficiencies | 215 | 4.21 | .625 |
| Road Projects in Kenya offers quality thereby reducing accidents rates and enhancing transportation | 215 | 4.41 | .588 |

The variable performance data file contained several rows for representing aspect of the same variable. Using SPSS, the data was summarized into a single line by averaging the aggregate sum of the values of the aspects that represented organizational effectiveness. The findings from the study also show that the responses from participants of the study were skewed to the left. The responses being negatively skewed implies that most of the respondents strongly agreed, agreed or were neutral with the questions they were asked about how performance has been influenced by various aspects of PPPs.

The study sought to establish from the respondents the difference in the performance of PPP road projects in the traditional form and the use of the PPPs for the last one year. The purpose of the study was to come out with the best performance model to be adopted to enhance performance of PPP road projects in Kenya. The indicators used to measure performance of PPP road projects were on a continuous scale in terms of completion of projects within budget (cost) that is reduction of cost overruns; completion of the PPP road projects within time that is reduction of time overruns and completion of the projects within scope that is the percentage of the specified tasks completed in the last one year (2016).

On the traditional form, the performance measures were analyzed with the mode as the measures of central tendency. The results were presented in Table 5. The first indicator for the dependent variable required to know the performance of PPP road projects in terms of reduction of cost overruns, 35% of the respondents indicated less than 1%% 25% posited 1%-10%, 15% stated 11%-30%, 15% indicated 31%-40%, 15% indicated over 40% The mode was found to be 1 which imply that on average the reduction of cost overruns in PPP road projects in the traditional form was less than 1%. The next indicator required the respondents to state level of performance of road projects in terms of reduction of time overruns. The study results show that 45% of the respondents indicated less than 1%, 25% had 1%- 10%, 10% stated 11% - 30%, 0% indicated 31%-40% and 20% indicated over 40%. The mode was found to be 1 which imply that on average performance of PPP road projects in the traditional form in terms of reduction of time overruns was less than 1%.

When the respondents were asked what the level of performance of road projects in terms of percentage of tasks completed, 55% of the respondents stated less than 1%, 15% of the respondents stated between 1%-10%, 20% stated 11%-30%, 0% indicated 31%-40% , 0% posited over 40%. The mode was found to be 1 which imply that on average the level of performance of road projects in the traditional form in terms of completion of specified tasks was less than 1%. This implies that performance of the PPP road projects in Kenya was poor in the traditional form in terms of scope, cost and time. This is attributed to the poor implementation PPPs framework to enhance performance of PPPs in road projects (WB, 2015). The study findings are in agreement with the findings by Marenjak et al., (2008) who established that traditional form of procurement of Road Construction projects specification of asset requirements are defined by the Client who mainly lack expert knowledge to express the needs, and usually covers separated project functions – design, construction and operation. With lack of this synergy, project outcomes often do not reach expected performance in terms of reduction of cost and time overruns.

**Table 5: Performance Road Projects (Traditional Form)**

| | <1% | 1%- 10% | 11%-30% | 31%-40% | Above 40% | Modal Class |
|---|---|---|---|---|---|---|
| Reduction of cost overruns | 35% | 25% | 15% | 15% | 10% | 1 |
| Percentage of tasks completed | 45% | 25% | 10% | 0% | 20% | 1 |
| Reduction of time overruns | 55% | 15% | 20% | 10% | 10% | 1 |

On the PPPs model form, the performance measures were analyzed with the mode as the measures of central tendency. The results were presented in Table 6. The first indicator for the dependent variable required to know the performance of PPP road projects in terms of reduction of cost overruns, 5% of the respondents indicated less than 1%, 5% posited 1%-10%, 10% stated 11%-30% , 35% indicated 31%-40% , 45% indicated over 40% The mode was found to be 5 which imply that on average the reduction of cost overruns in road projects in the PPPs model form was over 40%. The next indicator required the respondents to state level of performance of road projects in terms of reduction of time overruns. The study results show that 5% of the respondents indicated less than 1%, 5% had 1%- 10%, 20% stated 11% - 30%, 20% indicated 31%-40% and 50% indicated over 40%. The mode was found to be 5, which imply that on average performance of road projects in the PPPs model form in terms of reduction of time overruns was over 40%.

The study sought to establish from the respondents on the level of performance of PPP road projects in terms of percentage of specified tasks completed, 1% of the respondents stated less than 1%, 2% of the respondents stated between 1%-10%, 15% stated 11%-30%, 27% indicated 31%-40%, 55% posited over 40%. The mode was found to be 5 which imply that on average the level of performance of road projects in the PPPs model form in terms of completion of specified tasks was above 40%. This implies that performance of the road projects in Kenya was better in the PPPs model form in terms of scope, cost and time. The study findings are in agreement with the findings by Marenjak et al.,(2008) stated that PPP model form has led to new practice in defining output specification for facilities that are focused on user requirements and enables great flexibility for all participants involved, but also enables clients to penalize under-performance of the contractors. One of the most critical parts of PPP Contracts are technical specifications of road requirements known as the Output specification requirements which presents client needs. Output specification is the contractor satisfies roads specific requirements defined by the client during operational period of constructed road. Output specifications define what have to be achieved, not how it has to be achieved. Output Specifications are not being too ambitious but take proper account of what the clients are prepared. The World Bank (2014) developed a five level platform on PPP projects performance namely; advocacy, capacity building, sector fundamentals, enabling environment and project development finance. Studies undertaken in 45 countries revealed that critical factors constraining growth as well as helping build a robust PPP environment are governance and regulatory failure, inadequate sector structures, long term finance and corruption. According to World Bank (2013), on average 45%, of PPP Projects achieve their objectives. The OECD (2010) developed PPP Governance principles (best practices) that comprised of political leadership, regulatory frameworks, institutional capacities, project management (including finance, affordability and risk) and stakeholder involvement to enhance performance of PPPs in terms of reduction of cost overruns, completion of project within scope and time.

**Table 6: Performance Road Projects (PPPs Model Form)**

| | <1% | 1%- 10% | 11%-30% | 31%-40% | Above 40% | Modal Class |
|---|---|---|---|---|---|---|
| Reduction of cost overruns | 5% | 5% | 10% | 35% | 45% | 5 |
| Percentage of tasks completed | 5% | 5% | 20% | 20% | 50% | 5 |
| Reduction of time overruns | 1% | 2% | 15% | 27% | 55% | 5 |

**Regression Analysis**

The study carried out a regression analysis between regulatory framework and performance of public private partnerships in road projects in Kenya. The findings were presented in Table 7. This Model Summary Table presents an $R^2$ result of .208 or 20.80%, meaning that the independent variable, regulatory framework alone can explain up to 20.80% of the total variability in the dependent variable, performance of public private partnerships in road projects in Kenya. The remaining 79.20% of the variation in the dependent variable is unexplained by this one predictor model but by other factors not included in the model. According to PPIAF, 2010), there is need in setting up an unmistakable strategy structure helps both people in general and the private parts to comprehend the center method of reasoning for PPPs and how the general population segment will approach getting them going. PPPs are hard to convey in a temperamental approach condition. The rules that people in general division will use to survey PPP extends reliably; the assurance of who supports what and when all through the procedure of task choice, arrangement, and obtainment; the way toward settling question. The legitimate and administrative parts of PPPs and inquiries spin around "their perfomance ought to be organized (Evans and Bowman, 2005). In Kenya, there is presence of favorable administrative structure in the utility divisions to encourage PPPs in vitality, ICT and Transport parts. Kenya's lawful framework depends on Common Law which is favorable for PPP improvement. Kenya has a New Constitution (2010) that give popularity based and administration foundations strength. Endeavors are being made to guarantee PPP condition is upgraded. Legal is experiencing auxiliary changes to enhance business atmosphere. The Government of Kenya, as a first step, issued PPP Regulations (GOK, National Treasury, 2015).

**Table 7: Model Summary of Regulatory Framework and Performance**

| Model | R | $R^2$ | Adjusted $R^2$ | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .456[a] | .208 | .198 | 1.325 |

*a. Predictors: (Constant), Regulatory Framework*

**ANOVA for Regulatory Framework and Performance**

Analysis of Variance, ANOVA is a statistical procedure used to test the degree to which two or more groups vary or differ in an experiment. ANOVA tests splits the aggregate variability found inside a data set into two parts: systematic factors and random factors (Jaccard *et al.,* 2006). Analysts use the analysis of the variance test to determine the result that independent variables have on the dependent variable amid a regression study (Keith, 2006). An ANOVA test was performed on the variable, Regulatory framework and the results obtained are presented in Table 4.18. From the ANOVA Table 8, the model is statistically significant as the p-value is less than .05. The values of $F(1, 213) = 61.7976$, $P < 0.05$, shows that regulatory framework statistically and significant predicts the performance of public private partnerships in road projects (i.e., the regression model is a good fit of the data) and that regulatory framework significantly influence the performance of public private partnerships in road projects in Kenya. This means that alternative hypothesis that regulatory framework has a statistically significant influence on performance of public private partnerships in road projects is accepted.

**Table 8: ANOVA for Regulatory Framework and Performance**

| Model | | Sum of Squares | d.f | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 325.908 | 1 | 325.908 | 61.7976 | .000 |
| | Residual | 1123.321 | 213 | 5.2738 | | |
| | Total | 1449.229 | 214 | | | |

To complement the ANOVA findings on regulatory framework and performance of public private partnerships in road projects in Kenya presented in Table 9, Person's correlation coefficients were also generated. The results of the person's correlation are presented in Table 9. These results show that regulatory framework contributes a statistically significant value (p-value = .000) of .211 to the regression model. The value of regulatory framework is statistically significant (t=3.058, p< .05). From the coefficient Table 4.32, regulatory framework and performance of public private partnerships in road projects in Kenya contributes a statistically significant value (p-value = .000) of .211. Using the summary a linear regression model of the form, $Y = \beta_0 + \beta X_1 + \varepsilon_i$ can be fitted as follows:

Y = 1.239 + 0.211 + 0.443**...................*Equation 1***

The model shows that regulatory framework positively affects the performance of public private partnerships in road projects, that is an increase in mean index of regulatory framework increases the performance of public private partnerships in road projects in Kenya by a positive unit mean index value of 0. 211. The study sought to establish the influence of regulatory framework as a function of performance of public private partnerships in road projects in Kenya. Numerous studies have posited that well implemented regulatory framework lead to improvement of the performance of public private partnerships projects.

**Table 9: Coefficients of Regulatory Framework and Performance**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | **B** | **Std. Error** | **Beta** | **T** | **Sig.** |
| 1 | (Constant) | 1.239 | .443 | | 4.980 | .000 |
| | Regulatory Framework and Performance | .211 | .069 | .187 | 3.058 | .000 |

*a. Dependent Variable: performance of public private partnerships in road projects*

The study findings indicate that projects that have internalized regulatory framework within their operations experience improvement in their performance outcomes. The multiple regression analysis results indicated that regulatory framework had a positive statistically significant predicts the performance of public private partnerships in road projects; p < 0.05 (P=0.000) i.e. an increase in mean index of regulatory framework increases the performance of public private partnerships in road projects by a positive unit mean index value of .211 percent.

Hence, regulatory framework significantly influences the performance of public private partnerships in road projects. Therefore, alternative hypothesis regulatory framework does significantly increases influence performance of public private partnerships in road projects is accepted. Therefore, project regulatory framework is important factors enhance performance of PPPs in the road projects in Kenya. It is clear that by setting up a reasonable strategy structure helps both people in general and the private divisions to comprehend the center method of reasoning for PPPs and how the general population area will approach getting them going. As indicated by Evans and Bowman (2005) administrative structure in PPPs venture improvement require new PPP Law to give a legitimate ability to open bodies to go into PPP contracts; Create more sureness and financial specialist certainty; Address lawful holes, expel clashes and covers in law; keep away from requirement for piecemeal alterations; Specify techniques of choice and contracting more appropriate for PPP system. Likewise, the new law will guarantee financial specialist determination in a straightforward, reasonable and aggressive way; Overcoming procedural, lawful obstructions and troubles that would have been looked by government to actualize PPP Procurement and Introduction of subsidizing into Kenyan administrative system for acquirement (GOK, National Treasury, 2015).

**Hypotheses Testing**

The conclusion was based on the basis of p-value where if the alternative hypothesis of the p-value was rejected then the overall model was insignificant and if alternative hypothesis was not rejected the overall model was significant. In other words if the p-value was less than 0.05 then the researcher concluded that the overall model was significant and has good predictors of the dependent variable and that the results were not based on chance. If the p-value was greater than 0.05 then the model was not significant and could not be used to explain the variations in the dependent variable. This indicated that there was a significant correlation (relationship) between the independent variable and dependent variable.

*$H_{a1}$: There is significant relationship between regulatory framework and performance of public private partnerships in road projects in Kenya*

Since the P-value was 0.000, which was less than 0.05, the hypothesis was accepted and it was concluded that there is a significant correlation between regulatory framework and performance of public private partnerships in road projects in Kenya.

**CONCLUSION**

The study concluded that the PPP regulatory framework is overly prescriptive particularly with respect to process to be followed in bidding, negotiating and appointing a preferred bidder. The study noted that the PPP Act (2013), Section 45 of the Act emphasizes on a Competitive Dialogue procedure that may not always the best way to obtain the optimum commercial deal for the Government. The Competitive Dialogue process also prohibits any negotiation until a Preferred Bidder is appointed that may only weaken the competitive tension and does not strengthen it. In addition, the study concluded that the regulatory framework should allow for a two bidders head-to-head through a Best and Final Offer “BAFO” process that produces a better result. By having a Bid Stage (that allows one-to-one discussions with Bidders through the Bid Stage, the Contracting Authority “CA” has the opportunity to influence the design and service solution being proposed by Bidders. The study concluded that the PPP Act prohibits any change in price from commercial close and financial close and that may present problems in dealing with indexation in price due to protracted time scales between bid and financial close. The PPP Act (2013) constrains the contracting authorities through convoluted approval process involving PPP

Committee Approval, Attorney General's Office approval and Cabinet approval. This approval process requires streamlining though currently proposed but not far enough.

**RECOMMENDATIONS**

The study recommends that the regulatory framework, PPP Act (2013) require amendments to give contracting authorities more flexible PPP procurement frameworks that encourage innovation and less overly prescriptive regulations.

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