

Risk Management Strategies for Sustainable Private-Public Partnerships in Higher Education Development

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Abstract

Current trends show that most Higher Education Institutions use some form of partnership to sustain their development projects and programs. Public-Private Partnerships were mostly used in infrastructural development, student loan facility and provision of goods and services. The partnerships bring in an element of cost sharing, win-win solutions, joint ventures and guaranteed development. While the Public-Private Partnerships can be viewed as a tool for sustainable development, caution should be taken as there is a possibility that some unscrupulous partners may short change the Higher Education Institutions (HEIs). It is the purpose of this study to explore how HEIs were able to manage the risks involved in Public-Private Partnerships (PPPs). The objectives of the study were to find out what challenges HEI's had in managing PPP's and what strategies they used in order to overcome the perceived threats to sustainable development. The study utilized in-depth interviews with key informants who were either project managers or project coordinators from fourteen universities in Zimbabwe. The findings of the study indicated that sustainable development using PPP's was dependent on good governance and constant monitoring of the project. Most importantly the nature of PPPs relationship was such that HEI's would transfer risks to the private organizations and allow them to recoup the costs in time as in the Build Operate and Transfer (BOT) partnerships. Also, in cases of service outsourcing, HEIs required to regulate the parameters of costing and quality so that students or the institution were not taken advantage of. Some HEIs had partnerships with private financiers who provided students with loans for tuition/boarding fees. While the loans agreement was between individual students and the financing organization, HEIs had the moral obligation to ensure that the transactional terms were mutually beneficial to both parties. A coherent PPP policy to guide and safeguard HEIs, legal framework for recourse and transparency in partner responsibility matrix were given as critical conditions and strategies for risk management. Participants agreed that there were explicit and inherent risks in any partnership. Therefore, HEI's would manage their risks by essentially creating a shared vision and by having a clear understanding of the risks and benefits from the partnership. The study recommended that HEIs should seek to fully understand their partners, work within a legal framework and be quick to communicate challenges. These strategies were viewed as enablers for HEIs to attain sustainable development through PPPs.

Key words: Public-Private Partnerships, Higher Education Institutions,

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1. Introduction

Zimbabwe has a population of 16 million. It has a literacy rate of 91% in 2014 which was the highest in Africa and quite competitive globally. At the moment, the country has nine state

universities and six operational private universities. There is great pressure for Higher Education Institutions (HEI) in Zimbabwe to increase access to university education for school leavers and others people who would like to upgrade their educational skills and statuses. In order to provide increased access to university education, HEIs were expected to expand existing facilities and to construct new ones. Such infrastructural developments are by no means cheap particularly in a cash strapped economy such as currently existing in Zimbabwe. It is therefore pertinent that in order to bring sustainable development, leaders of HEIs have to use their self-governing autonomy to ‘think with no reference to the box’ in order to find resources for essential infrastructure. Infrastructure is now widely defined “as the basic physical and organizational structures needed for the operation of a society or enterprise, or the services and facilities necessary for an economy to function” (AFRICAN DEV BANK 2016) The use of Public-Private Partnerships (PPPS) was found to be one strategy that would brings sustainable growth in HEIs. PPPs are a contractual relationship between a public entity and a private organisation for the purposes of delivering a project or service that would normally be the responsibility of the former. PPPs would provide the scarce funding as well as the needed technical expertise. Governments and their departments have been using this strategy to improve service delivery and come up with the required infrastructure. While investors were said to readily available, the lack of clear operational frameworks negatively affected the PPPs contracts thereby impeding sustainable development. In addition the operational field was inundated with substantial risks which threatened the viability of PPPs in HEIs. It was therefore the purpose of this study to establish risk management strategies in handling PPPS in order to bring sustainable development in University education.

The objectives of the study were:

1. To analyse the current status of PPPs in universities in Zimbabwe
2. To identify factors that would make University education in Zimbabwe sustainable
3. To establish at least five strategies used by universities to ensure viability of PPPs

The study would provide insights into how universities can increase access to HE by utilising the PPPs strategy.

The use of PPPs is relatively a new phenomenon where policy frameworks were not readily understood and so were the benefits. In some cases institutions were betrayed by unscrupulous partners who fleece them of their funds without providing commensurate service (Chituvu 2016). It is therefore important to look at strategies that would make the utilisation of PPPs a risk free and profitable venture to universities.

In Zimbabwe, there is a massive deficit and continuous deterioration in existing public infrastructure due to growing population demands (Chituza 2016). This scenario has prompted the state to search for alternative funding. In this regard, PPPS were viewed as a tenable alternative for funding infrastructural projects. As a new strategy of funding national projects by strengthening the role of the private sector and at the same time reducing the role of public sector in the provision of

goods and services, Zimbabwe adopted the PPPs policy in 2014. Despite the presence of PPPs policy Zimbabwe could not measure their impact due to a decade of unstable economic climate, the lack of a proficient legal framework and lack of PPPs institutionalisation. In 2008, Zimbabwe had the advent of an Inclusive Government which affirmed the use of PPPs in its Short Term Economic Recovery Programme (STERP). According to the STERP document, the PPP strategy was adopted as a means to procure and deliver public infrastructure and services (section 434-440). According to the Zimbabwe PPP policy (2013), there was the realisation that PPPs enhance service delivery by harnessing private sector finance, managerial, professional and technical expertise. In implementing PPPs as a new way of providing public services, the government was faced with problems of perceived loss of control and concerns over higher cost of private finance. These issues still dog perceptions on the implementation of PPPs in universities. In fact the perceived and real risks include the following:

1. Loss of political and management control
2. Lack of financial resources within the public sector
3. Lack of established PPP clear legal framework for stability and applicability
4. Finance Services sector not mature enough to enter into PPPs with universities
5. Private sector in Zimbabwe not conversant with PPPs projects implementation
6. Lack of a PPPs regulatory framework to support project implementation
7. Limitations in monitoring projects outputs (benchmarking and market assessment)
8. Process risks such as ambiguous transaction approvals
9. Complex enforcement of contractual obligations.
10. Changing nature of risk during project cycle

The PPPs revised policy sought to address issues of poor service delivery especially in infrastructural development. The new arrangement was that the client such as the university would only release funds to the service provider when delivery of goods or services has been rendered satisfactory. Thus there is space for monitoring and assessing the quality of product of service provided through PPPs. The Zimbabwe PPP policy (2013), gives the types of PPPs and their scope. These were:

- a. BOOT - Build Own Operate and Transfer
- b. BOT - Build –Operate and Transfer
- c. BOO - Build -Own and Operate
- d. DBFO - Design Build Finance and Operate
- e. Joint Ventures

In the BOOT PPPs, The private sector partner would finance the construction, own the facility, operate it and then transfer it to the state university at an agreed date. The arrangement allows the private partner to recover the cost and profit while the university enjoys the service and eventual ownership of the infrastructure. The BOT PPPs operate in the same way as BOOT except that in this case Ownership remains in the project's name until transfer to the university is made. In the

BOO PPPs, that is Build Own and Operate, the private sector partner funds the project owns it and operates it. The university only benefits from the services from the project. The DBFO is when the private partner Design the project, Build it, Finance it and Operate it. The project's ownership remains with the partnership. In Joint Venture PPPs, The public partner and private partner jointly fund and operate the project and share the proceeds equitably.

Universities in Zimbabwe and indeed in the Southern Africa Region enrol more students than the available hostel accommodation space. Therefore, there was tremendous pressure on universities to engage in PPPs in order to provide the much needed residential space. In the interim, universities are forced to seek private partners to provide student accommodation. Such an arrangement has its own problems as some land lords may be unscrupulous in the deal. In order to avoid situations where students are short changed by house owners, universities enter into contract with service providers or oversee the housing contracts in order to protect the name of the institution and the students interest. PPPs were not limited to construction only but also to other services. Universities have a number of areas where PPPs can play an important role. These were:

- i. Accommodation
- ii. Catering
- iii. Student Finance
- iv. Health
- v. Instructional facilities

In order to find out the challenges faced by universities in utilising PPPs as strategy for sustainable development, a study was undertaken within the state universities.

2. Method

The study employed a qualitative approach in order to get in-depth insights into management of risks in implementation of PPPs in universities. A critical analysis of universities' documents, websites and newspapers was carried out in order to identify the type of PPPs and risk management strategies used in state universities in Zimbabwe in the implementation of PPPs. In-depth telephone interviews were carried out on a purposive sample made up of ten Public Relations Officers of State Universities in an effort to establish the risk factors in PPPs projects and strategies used to manage the risks for sustainable development. The participants of the study were ten Zimbabwe State Universities' Public Relations Officers. Each participant was contacted by telephone to answer the questions from the interview guide verbally. The interviewer then compiled the individual responses for analysis.

3. Findings

All universities were found to be having challenges in the provision of infrastructure for purposes of carrying their mandates of higher education. The State Universities however had different priorities in terms of the required infrastructure. Some state universities (56%) required PPPs support in construction of student hostels. Table 1 below, shows the type of PPPs in each university:

Table: Types of PPPs in State Universities in Zimbabwe

No.	University	Construction Hostels/ labs etc	Student loans	Catering	Health	Hostel accom
1.	Bindura University	√	√	√	-	√
2.	Chinhoyi University	-	√	√	-	√
3.	Great Zimbabwe Uni	√	√	-	-	√
4.	Harare Institute of Tech	√	√	√	-	√
5.	Lupane State University	-	-	√	-	-
6.	National University ST	-	√	√	-	-
7.	Midlands State University	√	√	√	-	√
8.	University of Zimbabwe	√	-	-	-	-
9.	Zimbabwe Open University	-	√	-	-	-

Eight of the State universities do not have adequate on campus student accommodation. The students who do not get institutional accommodation find lodgings from residents of the town in which their university is located. At least two universities inspect and approve lodgings for all their students. These universities also negotiate the rentals in line with students' affordability. Where universities do not involve themselves in approving students' off campus accommodation, their students may be short changed by homeowners whose charges were exorbitant, the accommodation substandard and in some cases students were overcrowded thereby negating the conditions essential for university study.

In terms of financing studies, all universities have outsourced for student loans for those students who did not afford the fees. Financing partner took all the risks of financing the student taking the loan and the university had no obligation.

In seven of the nine universities Catering Services were outsourced through contracts that would have passed through tender procedures. In this arrangement the private partner would provide the food as per agreed specifications and price.

The risks identified by university management in engaging PPPs for infrastructural development were mainly lack of experience in dealing with Private Sector in a relationship where the university did not have total control. The other problem relates to unsolicited offers which were difficult to manage. The State Procurement Board did not condone the practice of unsolicited offers for service. However the safety net was in the fact that the State had authority to adjudicate tenders that exceed US\$10000.

In managing student loans, the universities had no problems as the total risk was transferred to the service provider.

Catering was outsourced through internal tender procedures and the universities had a control in negotiating the prize of food and in determining the menu. However universities bore the risk of being unable to assure the quality of food provided to its students. This situation gave both the

university and students lots of anxieties even though it was indeed less problematic for the institutions.

The real issue was that PPPs were still relatively new to the education sector in Zimbabwe. The major problem sighted by most Public Relations Officers was lack of expertise in monitoring what you did not have control over. The ultimate control was in the hands of the state boards and the service providers.

Suggested Strategies for sustainable development in utilising PPPs in universities

- i. Participants agreed that universities needed capacity building workshops in the management of PPPs particularly in dealing with private sector Organisations
- ii. Strict use of state guidelines in implementing PPPs
- iii. Use of committees appointed to monitor and review PPPs
- iv. The presence of a legislative framework with clear legal instruments for implementing PPPS

4. Conclusion

The emerging insights generated by this study offer a lot of scope for sustainable development in universities in Zimbabwe. While higher education is a public good which should naturally be funded by the fiscus, the private sector could play a role since it was endowed with finance resources and technical skills required for such ventures. Risks in managing and implementing PPPs were, the perceived loss of control in project implementation and the lack of experience in managing projects. In this regard some universities cited the lack of a clear legal framework to guide proper implementation of PPPs. While Zimbabwe had developed and revised the PPPs policy (2004; 2013), a legal framework with guidelines was essential to manage these contractual ventures, particularly that they were usually long term and therefore were susceptible to the vagaries of the political and economic climate. With the Build Operate and Transfer PPPs, universities were not keen in losing control of their autonomous space. This perceived loss of control, was viewed as an impediment to the quick adoption of PPPs in universities. Other participants were even more afraid of litigation should the project fail to deliver hence the quest for a legal framework. Participants emphasized the need to have a legal framework and guidelines for PPPs implementation. In addition it was the view of this study that capacity building was essential in order to strengthen universities with skills to effectively manage PPPs for the sustainable development of the institutions.

5. Recommendations

From the insights, generated by this study, it is acknowledged that PPPs are a critical strategy for sustainable Development of universities. Therefore in order to properly manage PPPs in universities, the study recommends that:

- i. Universities staff be given capacity building workshops to empower them with the requisite skills to manage PPPs implementation in their respective institutions

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- ii. Legal frameworks and guidelines for PPPs implementation be made so as to strengthen the contractual obligations of the parties involved
- iii. Universities collaborate within country and within Region to strengthen knowledge and experiences in PPPs for sustainable development

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