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# Project Finance Syndication: An Evaluation of the Challenges Faced by Parastatals in Accessing Project Finance in Developing Countries, a Case of Zambia

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## Abstract

The presence of good infrastructure and social amenities not only provides opportunities for employment and a physical beautiful environment but most importantly attracts direct foreign investments which may open a lot of doors for developing countries. It is for this reason that African countries particularly parastatals in Zambia have felt the need to participate actively to build and provide good roads, state of art hospitals, housing, telecommunications infrastructure, schools and shopping malls. However, these parastatals face a myriad of challenges in accessing project finance. Therefore, this study evaluated the challenges faced by parastatals in procuring project finance. Qualitative approach was used in collecting, collating, analyzing and integrating data. The population comprised parastatal?s, financial regulators and utility companies and ministry of finance. The sample of Thirty (30) was drawn from boards of directors, officials in charge of finance, investments and regulations using purposive sampling. The samples were drawn using purposive sampling. Data was collected using questionnaires. The study found that challenges in procuring project finance by parastatals can be attributed to poor company statement of financial position, high debt equity ratio, challenges of the treasury in terms of lacking adequate space under the Loans and Guarantees regulations resulting into a capping on the debt ceiling of the treasury, delays in obtaining Sovereign Guarantees to support the borrowing on the international financial market, delays in obtaining consents from Attorney Generals, abandoned projects due to failure to acquire financing, and the government's inability to convince multilateral development agencies to support and/or extend financial facilities for key and bankable infrastructure projects.

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***Index terms***— Financial syndication, Project finance, debt, sovereign guarantee.

# 1 I. Introduction

roject finance serves as a financing mechanism specifically designed to support projects with substantial capital requirements. Its distinctive advantages encompass enhanced access to capital, heightened flexibility, a more economical cost of capital, diminished risk exposure, improved decisionmaking processes, heightened operational efficiency, and potential tax benefits. The involvement of multiple investors in project financecontributes to risk mitigation, alleviating the financial burden on the project sponsor.

By actively engaging all stakeholders in the project and its progression, project finance fosters improved decision-making and operational efficiency. Furthermore, it often brings tax advantages to investors, as project-related costs are typically eligible for tax deductions.

However, despite the potential of parastatals to propel economic growth, they encounter impediments in accessing project finance. These challenges stem from factors such as limited access to capital markets, a dearth of financing alternatives, elevated investment risk, and a restricted understanding of the intricacies of project finance.

This research aims to scrutinize the hurdles confronting parastatals in securing project finance in Zambia and propose viable solutions to facilitate their access to funding. The study will delineate the current project finance landscape in Zambia, evaluating both opportunities and risks inherent in the investment climate. Ultimately, the research endeavors to furnish the Zambian government with recommendations aimed at refining the project finance environment, thereby streamlining access to funding for parastatals in the country.

# 2 P

Abstract-The presence of good infrastructure and social amenities not only provides opportunities for employment and a physical beautiful environment but most importantly attracts direct foreign investments which may open a lot of doors for developing countries. It is for this reason that African countries particularly parastatals in Zambia have felt the need to participate actively to build and provide good roads, state of art hospitals, housing, telecommunications infrastructure, schools and shopping malls. However, these parastatals face a myriad of challenges in accessing project finance. Therefore, this study evaluated the challenges faced by parastatals in procuring project finance. Qualitative approach was used in collecting, collating, analyzing and integrating data. The population comprised parastatal's, financial regulators and utility companies and ministry of finance. The sample of Thirty (30) was drawn from boards of directors, officials in charge of finance, investments and regulations using purposive sampling. The samples were drawn using purposive sampling. Data was collected using questionnaires. The study found that challenges in procuring project finance by parastatals can be attributed to poor company statement of financial position, high debt equity ratio, challenges of the treasury in terms of lacking adequate space under the Loans and Guarantees regulations resulting into a capping on the debt ceiling of the treasury, delays in obtaining Sovereign Guarantees to support the borrowing on the international financial market, delays in obtaining consents from Attorney Generals, abandoned projects due to failure to acquire financing, and the government's inability to convince multilateral development agencies to support and/or extend financial facilities for key and bankable infrastructure projects. The study has identified various challenges faced by parastatals in Zambia in accessing project finance, such as poor company statement of financial position, high debt equity ratio, lack of space under the Loans and Guarantees regulations leading to a debt ceiling cap, delays in obtaining Sovereign Guarantees, delays in obtaining consents from Attorney Generals, abandoned projects due to lack of financing and the government's inability to secure financing from multilateral development agencies. Arising from these inadequacies, the study recommends the development of specialized financial institutions that can provide project finance and a creation of a streamlined process for parastatals to access project finance. This should include developing a clear set of criteria and requirements for project funding that is easy to understand and implement.

# 3 II. Literature Review

The critical need for infrastructural investment in Africa is underscored by staggering statistics, with estimates reaching US$93 billion annually. However, the current investment levels on the continent are only half of this requirement, creating a substantial infrastructure gap ??Dentons, 2013). A more recent report by the African Finance Corporation and Boston Consulting Group indicates an even higher annual infrastructure gap for Sub-Saharan Africa, reaching US$100 billion (African Finance Corporation & Boston Consulting Group, 2017). Alarming figures reveal that up to two-thirds of the continent's population lacks access to power, and only a third of the land is accessible by road (African Finance Corporation & Boston Consulting Group, 2017). This stark reality, coupled with an annual cost of 2.1% of Sub-Saharan Africa's GDP attributed to the infrastructural gap, positions the region as the world's least developed in terms of infrastructure performance (African Finance Corporation & Boston Consulting Group, 2017; World Bank, 2017).

While the World Bank's 'Africa Pulse' notes improvements in telecommunication and water/ sanitation sectors, there are persistent disparities in access to safe water between rural and urban areas ??World Bank, 2017). Public investment in infrastructure, as a percentage of GDP, has declined from around 5.8% in 2014 ??World Bank, 2017). Several studies highlight the general challenges of accessing project finance in developing countries, citing limited access to capital markets, lack of transparency, political risk, and insufficient knowledge of the project finance process as major hurdles (Olomola, 2018; Okorie & Onu, 2017; Sharma & Pandey, 2020; Bhatt & Sharma, 2019).

Zooming in on Zambia, studies point out challenges such as limited access to capital markets, financing options, and a lack of understanding of the project finance process ??Lungu, 2015). Addressing the inadequacy of infrastructure is crucial for economic growth, and private capital emerges as a potential solution (Bhattacharya et al., 2012; ??elm, 2009) The shift away from multilateral development banks is attributed to the emergence of private capital markets and increased availability of development finance from other sources. The reduced prominence of multilateral development banks is due to their conserveative lending and slower response compared to other sources. The growing reliance on private finance and a decrease in the share provided by multilateral development banks highlight the changing landscape of infrastructure financing.

# 4 III. Methods a) Ethics Statement

Prior to commencing the study, the researchers diligently obtained informed consent from all participants. Each respondent was requested to provide a signed consent form, signifying their willingness to partake in the research. Before the interviews were conducted, interviewees received comprehensive information that the study exclusively served academic purposes. Furthermore, the research team meticulously safeguarded the anonymity and confidentiality of all records. To uphold privacy, respondents were not required to disclose their names; instead, a unique respondent code was assigned to each questionnaire. Importantly, the study adhered to ethical standards by obtaining approval from the University of Zambia's School of Humanities and Social Sciences Research Ethics Clearance Committee (HSSREC) before its commencement.

# 5 b) Study Design

This research used the qualitative approach in collecting, collating, analyzing and integrating data. By using the qualitative methods, the research gained in understanding and validating the data collected and research findings, while eliminating some limitation intrinsic to using this approach. In parallel, secondary data sources, including scholarly journals, government policy documents, and online resources, were harnessed to augment and contextualize the study's findings. The study was conducted in Zambia. The Country is an ideal study location for this research as it is an emerging market and is classified as a lowermiddle income country by the World Bank. This makes it an ideal location to study the challenges faced by parastatals in accessing project finance in developing countries. In this study, the population comprised parastatal's, financial regulators and utility companies and ministry of finance. The sample of Thirty (30) was drawn from boards of directors, officials in charge of finance, investments and regulations using purposive sampling.

# 6 IV. Results

# 7 a) Infrastructure Profile of Selected Parastatals i. Zambia Electricity Supply Corporation (ZESCO)

Zambia Electricity Supply Corporation (ZESCO) is the main power generation and distribution utility in Zambia. The majority of the power distributed by ZESCO is generated at hydro power stations, with the most notable being Kariba, Victoria Falls, and Kafue Gorge. Kariba is notable for being the site of one of the largest man-made lakes in Africa, while Victoria Falls is located to the south of the country. The Kafue Gorge power station is the largest in Zambia and provides a large portion of the country's energy needs. In addition to hydroelectricity, ZESCO also operates numerous solar, wind, and thermal power plants. These plants provide an additional source of renewable energy to Zambia, helping to reduce the country's reliance on fossil fuels.

# 8 ? Eurobond Financed Projects

The Government of the Republic of Zambia was able to successfully issue a USD750 million Eurobond, and allocated USD69 million of that to ZESCO for the purpose of rehabilitating and expanding the national power grid. This financing gave ZESCO the resources to construct new substations, expand and modernize existing ones, as well as replace any outdated transmission equipment. This enabled ZESCO to improve the infrastructure of the power grid, providing a more reliable and efficient system. Furthermore, this investment helped to create jobs and boost the local economy, as well as improve the quality of life for citizens by providing a reliable energy source.

# 9 ii. National Road Fund Agency

The National Road Fund Agency is responsible for managing the financing of the road sector. It administers the country's road fund and allocates resources for the construction, rehabilitation, and maintenance of roads. The funds given by the National Road Fund are based on the work plan submitted by the Road Development Agency. The road sector was one of the primary recipients of funds from the Government of the Republic of Zambia's issuance of Infrastructural Eurobonds. This allowed for an increase in investment into the road sector, providing resources for the construction, rehabilitation, and maintenance of roads. This, in turn, helped to improve the quality of the roads, providing safer and more efficient transportation for citizens. Additionally, this investment helped to create jobs and stimulate the local economy.

# 10 iii. Lusaka Water and Sewerage Company

The Lusaka Water and Sewerage Company provides water and sanitation services to Lusaka Province. It is the country's biggest water utility. the construction of new water supply systems in the province, the installation of modern water meters, the expansion of pumping stations and water reservoirs, the installation of new sewerage systems, and the rehabilitation of existing drinking water and sanitation systems. The company also operates a laboratory for water quality testing, as well as a customer service center to provide information and support for customers. In addition, the company has implemented a number of initiatives to improve water efficiency, such as the installation of rainwater harvesting systems and the promotion of water conservation measures among the population. The Lusaka Water and Sewerage Company is committed to providing safe and reliable water and sanitation services to the people of Lusaka Province.

# 11 ? Kafue Bulk Water Supply Project

This project, worth USD150 million, has a scope of works which includes a 150,000m3/day intake structure, a 50,000m3/day water treatment plant complete with a high lift station as well as a booster station in Chilanga, which lies 20km south of Lusaka.

# 12 ? Lusaka Sanitation Program

This project has earmarked the construction of 520km of sewer lines in 26 previously unreached locations. In addition, treatment facilities are slated to be constructed in seven high density neighborhoods. The project also includes the rehabilitation of existing sewerage systems, the installation of pumping stations and water reservoirs, the installation of modern water meters, the upgrading of wastewater treatment plants, and the construction of new water supply systems. In order to further improve the quality of water and sanitation services, the project also plans to implement a number of initiatives such as the promotion of water conservation measures and the installation of rainwater harvesting systems. Furthermore, the project has ensured that the people of Lusaka

# 13 ? Commercial Projects

In its quest to continue growing the investments portfolio, the PSPF carefully identifies commercially viable infrastructure projects. Once the projects have been scrutinized, the fund management obtains Board approval before resources can be allocated to such projects in order to actualize the funds' objectives.

The Public Service Pension Fund (PSPF) is committed to enhancing the financial health and sustainability of the fund. To this end, PSPF has actively sought to diversify its investment portfolio with a focus on increasing the Commercial Property and Real Estate portfolio. Additionally, PSPF has strived to achieve a strong and consistent financial and investment performance, while providing appropriate returns on the members' contributions. All these initiatives are aimed at providing the PSPF members with a secure and stable retirement income. However, due to the need to maintain a balance between the funds needed to be reinvested by PSPF's Investments arm and those needed to pay pension benefits, other sources of financing have been necessary to fund infrastructure projects. This has led to PSPF taking a semi-business approach of raising capital on the open market.

The Public Service Pension Fund (PSPF) has had to resort to capital markets in order to finance infrastructure projects. This has necessitated the implementation of a semi-business approach to raise capital. However, the conditions of the open market for borrowing can be stringent, as demonstrated by the fund's past attempts to develop properties. Furthermore, local banks may impose high lending rates, making viable projects expensive to finance in a developing country.

The Public Service Pension Fund has had to look abroad for project finances due to the unfavorable local lending rates. However, this presents its own challenges such as requiring a sovereign guarantee issued by a Minister of Finance, taking up expensive insurance, and having to adhere to arbitration jurisdictions dictated by the financier. In addition, a country's negative rating by rating agencies can have a detrimental effect on the borrowing entity. Moreover, the schedule of Conditions Precedent can be daunting to fulfil, potentially discouraging the borrowing entity.

Furthermore, the foreign financiers will typically assess the risk of the project by looking at the country's sovereign debt, which can be a challenge for the PSPF. They will also evaluate the bankability of the project by analyzing its positive NPV/IRR and other financial metrics. In addition to the sovereign guarantee, the financers usually require the borrowing entity to take out insurance from their own insurance houses. This can be costly depending on the amount of money being borrowed. Once a financing agreement is in place, the financers will also dictate the arbitration jurisdictions, which can be a challenge for the PSPF. All of these factors must be taken into account when the PSPF is seeking project finance from outside Zambia.

# 14 v. Food Reserve Agency

The function of the Food Reserve Agency is to ensure the nation's food security by stockpiling food reserves and providing a market for small farmers in far flung areas who might not otherwise have the capacity to market their crops to large scale millers and other food processors in the value chain. This failure is caused by their individual inability to meet certain minimum quotas. The Food Reserve Agency aggregates the yield purchased from farmers and keeps this in storage for most of the year, before being sold on to millers and other manufacturers up the food value chain. In addition to acting as an aggregate supplier to the food industry, the Food Reserve Agency keeps stores of food in various parts of the country as emergency stock in the event of drought or other reasons for crop failure. In this event, the stored cereal crops are made available where need arises.

The main infrastructural projects carried out by the Food Reserve Agency revolve around building adequate storage facilities throughout the country. In order to successfully carry out its mandate, the Food Reserve Agency seeks to increase its storage capacity in all ten provinces of the country.

# 15 b) Challenges Faced by Parastatals in Procuring Project

Finance In a quest to establish challenges faced by parastatals in procuring project finance by ZESCO, the study found that despite Zambia's huge potential to harness its major water resources and develop hydro power generating stations, progress has been slow due to the poor company statement of financial position, high debt equity ratio, challenges of the treasury in terms of lacking adequate space under the Loans and Guarantees regulations resulting into a capping on the debt ceiling of the treasury, delays in obtaining Sovereign Guarantees to support the borrowing on the international financial market, delays in obtaining consents from Attorney Generals, abandoned projects due to failure to acquire financing, and the

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government's inability to convince multilateral development agencies to support and/or extend financial facilities for key and bankable infrastructure projects.

In the same vain, NRFA revealed that the Agency faced various challenges. These included the need for a guaranteed source of project financing, as well as the need for upskilling in project formulation and implementation. To achieve this, an Act of parliament was passed which authorized the Agency to construct road tolling facilities as an alternative model for raising finances. However, even with this new strategy, the Agency still faced difficulties in persuading financial institutions to provide funding, as it was evident that the funds would have no real impact unless a deliberate funding mechanism was set in place to jumpstart the process. This challenge with regards to secure sources of financing is largely due to the fact that a lot of the project financing comes from government and is not always guaranteed or disbursed on time due to budgetary constraints.

In revealing the challenges faced by Lusaka Water and Sewerage Company in procuring project finance, the study found that the water utility company in Lusaka is facing a major challenge of erratic release of project funding, especially when the funding comes from government budgetary allocation. It also takes a long time to secure project financing, resulting in the restructuring and rescheduling of priority projects, and continual revision of the master plan. With the population of Lusaka continuing to grow, the water utility company is in need of expanding its water treatment and supplying facilities but is hindered by the difficulty of accessing affordable financing. To ensure that the water utility company can fulfill its mandate, it is essential that adequate funding is provided, and the government can play a key role in this by providing sovereign guarantees and other forms of support to help the company acquire the financing it needs.

In postulating its challenges, the Food Reserve Agency (FRA), expressed a need for more appropriate levels of funding from the government. They would prefer the government to obtain infrastructure financing on their behalf, as they lack the financial capacity to put up adequate grain storage facilities to prevent food wastage. The Agency has a very weak balance sheet, making it difficult to seek infrastructure funding without the support of the treasury. Even though the Agency exports some of its excess crop, such as nongenetically modified maize, to the sub-region where it can command a good selling price, all the gains are lost due to overdraft facilities, leaving the Agency financially strained. This means that for the FRA to develop its storage capacity, it must rely on the treasury for funding, although this can be very erratic and unreliable. Therefore, the government must take measures to ensure that adequate and reliable funding is provided to the FRA in order to allow it to develop the necessary storage capacity and prevent food wastage.

Adding to the lamentations, the Public Service Pensions Fund bemoaned a high cost of borrowing on the local financial markets, stringent conditions precedent by multilateral financing institutions and inadequate technical capacity to manage large scale projects. It was recommended that the government ensures economic stability through appropriate economic policies and effective adherence to monetary policy. The spiraling sovereign debt by the Zambian Government has also presented its own problems to the Public Service pensions fund in that the financier of its flagship infrastructure project which is being cofinanced by the Industrial and Commercial Bank of China has faced challenges when drawdowns are triggered. The author of this dissertation who happens to the Manager responsible for projects has had this firsthand experience. This has resulted in delayed payments of more than 5 months thereby forcing the project completion time to be extended at great cost to the developer.

The Development Bank of Zambia summarized the challenges faced parastatals and private entities in procuring project finance included; limited financing and a need for improved skills in project finance proposal formulation. Under limited financing, it was discovered that despite the well-intended purpose for setting this local development financing institution, the Treasury did not have adequate financial resources to channel to this financial institution for on-lending to the local market parastatals included. Furthermore, even in instances where this local financial institution borrowed on the international market with the same intention of onlending onto the domestic market, the volatility of the local currency rendered such initiatives ineffective as the borrowers more often than not would still be required to purchase forex currency to service the loan as well as subsequent redemption of the principal debt thereby rendering the whole initiative unattractive and expensive.

To add to the complication, the Development Bank of Zambia makes financing available to private entities. This entails a high level of competition for financing if parastatal bodies are to acquire it on commercial terms. The above scenario further entails that the likelihood of default at repayment is high as sometimes the failure to repay the debt is triggered by the further devaluation of the local functional currency the Zambian kwacha. Furthermore, the Bank revealed that in recent times, it experienced severe cash flow problems mainly due to its failure to recover debt despite it having deployed adequate mechanisms to recover loans. This has arisen from the fact that the principal lenders have also faced challenges to recover funds which the institution itself borrowed. This has resulted into the bank finding itself into a debt trap thus leaving it with no choice but to also raise the interest

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rates whenever an opportunity arises to lend money to parastatals as well as private bodies thereby further making it impossible for parastatals to access affordable project finances.

V. Discussion a) Theme 1. Infrastructure Profile of Selected Parastatals i. Zambia Electricity Supply Corporation (ZESCO) ZESCO, as Zambia's primary power generation and distribution utility, relies heavily on hydroelectric power stations, including notable ones like Kariba, Victoria Falls, and Kafue Gorge. The Kafue Gorge power station, the largest in Zambia, plays a pivotal role in meeting the country's energy needs. Complementing hydroelectricity, ZESCO operates solar, wind, and thermal power plants, contributing to Zambia's renewable energy goals.

The government's issuance of a USD750 million Eurobond, with USD69 million allocated to ZESCO, fueled infrastructure improvements. This financial injection facilitated the construction of new substations, modernization of existing ones, and the replacement of outdated transmission equipment. The resulting enhanced power grid not only bolstered reliability and efficiency but also spurred economic growth by creating jobs and improving the quality of life for citizens.

# 20 ii. National Road Fund Agency

Tasked with managing road sector financing, the National Road Fund Agency allocates resources based on the Road Development Agency's work plan. Infrastructural Eurobonds further boosted investments in the road sector, leading to significant improvements in road quality. This influx of funds facilitated the construction, rehabilitation, and maintenance of roads, ultimately ensuring safer and more efficient transportation for citizens. Additionally, the investment stimulated job creation and contributed to the local economy.

iii. Lusaka Water and Sewerage Company As Zambia's largest water utility, the Lusaka Water and Sewerage Company undertakes various projects to provide water and sanitation services to Lusaka Province. Notable infrastructural projects, like the Kafue Bulk Water Supply Project and the Lusaka Sanitation Program, involve constructing water treatment plants, sewer lines, and wastewater treatment facilities. These initiatives aim to enhance water quality, expand access to safe water, and improve sanitation services. The company's commitment extends to water efficiency measures, such as rainwater harvesting systems and water conservation initiatives, ensuring reliable services for Lusaka Province residents.

# 21 iv. Public Service Pensions Fund (PSPF)

Established under the Public Service Pensions (PSP) Act, PSPF actively manages an investment portfolio to secure stable retirement income for its members. Identifying commercially viable infrastructure projects, PSPF diversifies its portfolio, with a focus on commercial property and real estate. While seeking to grow its investments, PSPF has resorted to raising capital through a semi-business approach in the open market. The fund balances the need for reinvestment with pension benefits, necessitating strategic financial decisions.

# 22 v. Food Reserve Agency

The Food Reserve Agency plays a crucial role in ensuring national food security by stockpiling reserves and providing a market for small farmers. The agency's primary infrastructural focus lies in building adequate storage facilities throughout Zambia. By increasing storage capacity in all ten provinces, the Food Reserve Agency efficiently aggregates and stores crops, acting as a reliable supplier to the food industry. The stored reserves also serve as emergency stock in times of crop failure, contributing to the nation's resilience against factors like drought.

Each of these companies showcases Zambia's commitment to addressing critical infrastructure needs, spanning power generation, road development, water and sanitation services, pension fund investments, and food security. These initiatives not only enhance the quality of life for citizens but also contribute to economic growth and sustainability.

# 23 b) Theme 2. Challenges Faced by Parastatals in Procuring Project Finance

In an exploration of the impediments faced by parastatals, particularly ZESCO, in securing project finance, the investigation unearthed a myriad of challenges. Despite Zambia's abundant water resources and potential for hydro power projects, ZESCO has been hindered by factors such as a weakened financial position, a high debt equity ratio, limitations within the Loans and Guarantees regulations, resulting in a capped debt ceiling for the treasury. Delays in obtaining Sovereign Guarantees, consents from Attorney Generals, abandoned projects due to funding shortfalls, and struggles to persuade multilateral development agencies for crucial infrastructure projects have compounded the hurdles.

Similarly, a study by Mwelwa (2018) reiterated the challenges faced by parastatals in Zambia, mirroring the issues of financial instability, high debt equity ratios, and obstacles in obtaining guarantees and consents. NRFA faced its own set of challenges, emphasizing the necessity for a reliable source of project financing and the imperative need for enhanced capabilities in project formulation and execution. Despite legislative authorizations for constructing road tolling facilities, challenges persisted in convincing financial institutions due to the absence of a deliberate funding mechanism.

Kapungwe (2020) echoed the persistent challenges faced by parastatals, stressing the recurring need for assured project financing and advancements in project formulation and implementation. Lusaka Water and Sewerage Company confronted difficulties, notably the erratic release of project funding, prolonged procurement periods, and the challenge of accessing affordable financing for essential expansions. The Food Reserve Agency sought more government funding to address storage capacity needs and prevent food wastage, emphasizing their reliance on the treasury due to financial limitations.

Public Service Pensions Fund highlighted the high cost of borrowing locally, stringent conditions from multilateral financing institutions, and insufficient technical capacity for managing large-scale projects. Economic stability through appropriate policies and adherence to monetary policies was recommended, particularly in light of the Zambian government's escalating sovereign debt, causing delays and financial strain. The Development Bank of Zambia shed light on challenges shared by both parastatals and private entities, including limited financing and competition for commercial terms.

Currency volatility and cash flow problems further complicated matters, leading to increased interest rates and rendering project finances for parastatals less accessible andaffordable.

# 24 VI. Conclusion

This study evaluated the challenges confronted by Zambian parastatals when seeking project finance. These hurdles eminent from a compromised company financial position, elevated debt equity ratios, limitations under the Loans and Guarantees regulations leading to a capped debt ceiling, delays in securing Sovereign Guarantees, consents from Attorney Generals, as well as instances of project abandonment due to insufficient financing.

These shared challenges underscore the crucial need for a guaranteed source of project financing, enhanced skills in project formulation and execution, and the imperative for the government to secure infrastructure financing on their behalf. To ensure the sustained and reliable funding required by these parastatals, it is incumbent upon the government totake proactive measures in providing essential support, including sovereign guarantees and other forms of assistance, to facilitate the acquisition of the necessary financing.

# 25 VII. Recommendations

The research has identified inherent challenges in procuring project finance in Zambia. Arising from these inadequacies, the following are the recommendations to make it easier for parastatals to procure project finance; 1. Create a streamlined process for parastatals to access project finance. This should include developing a clear set of criteria and requirements for project funding that is easy to understand and implement. 2. Establish a credit enhancement programme to help parastatals access project finance. This could involve government guarantees or other forms of credit enhancement.

# 26 Encourage the development of local capital markets

and the growth of specialised financial institutions that can provide project finance. 4. Provide technical assistance to parastatals to help them develop sound business plans and project proposals that are attractive to investors. 5. Establish a centralised fund to provide grants or low-interest loans to parastatals for investment in projects. 6. Facilitate the development of public-private partnerships to provide more efficientand effective access to project finance.

## 27 Authors Contribution

Francis Nyirenda played a pivotal role in the inception and conceptualization of the research study, lending his expertise to shape the study's overarching framework and research objectives. Furthermore, he made substantial contributions throughout the research process, actively participating in data collection, meticulously analyzing the gathered data, and making significant contributions to the drafting and refinement of the article.

Hanson Chishimba, on the other hand, brought valuable expertise to the project by taking the lead in the development of data collection instruments, demonstrating a keen eye for methodological rigor. In addition to this instrumental role, he played a central part in the meticulous analysis of the acquired data, employing advanced analytical techniques to derive meaningful insights. Moreover, his skillful structuring of the article, coupled with his dedication to the clarity and coherence of the narrative, significantly contributed to the overall quality and readability of the research output. Together, the collaborative efforts of Francis Nyirenda and Hanson Chishimba synergized to produce a wellroundedand rigorously conducted study.

## 28 Disclosure of Interest

The authors declare that there are no conflicts of interest pertaining to the research, authorship, or publication of this article. We affirm that the research conducted and the findings presented in this manuscript are devoid of any financial, personal, or professional relationships or affiliations that could potentially bias or [1] [2]

Pensions (PSP) Act Number 35 of 1996. The PSPF has a current membership base of 146,000 (one hundred and forty-six thousand) of which 93,300 are active and contributing members while the remainder are retired and on monthly pension payroll. The Fund presently has an investment portfolio of around K2.3 (Two billion and three hundred million kwacha). This amount is equivalent to about US$191,000,000.00 (One hundred and ninety-one million United States of America dollars using the current average exchange rate. This investment portfolio is expected to continue growing into the foreseeable future.
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iv. Public Service Pensions FundPublic Service Pensions Fund (PSPF) is a body corporate that was established under the Public Service

Figure 1: Project Finance Syndication: An Evaluation of the Challenges Faced by Parastatals in Accessing Project Finance in Developing Countries, a Case of Zambia

[1] 

[2] Global Journal of Management and Business Research ( C ) XXIV Issue I Version IYear 2024

## .1 Data Availability Statement

The data supporting the findings of this study is publicly available and can be accessed at the University of Zambia library. Additionally, datasets pertaining to the institutions that were investigated in this research are also accessible through the respective institutions' data repositories or archives. Researchers interested in accessing and utilizing this data for further analysis or validation are encouraged to refer to the University of Zambia library's data repository or contact the relevant institutions directly.


## .2 Declaration of Funding

The authors wish to declare that no external funding, grants, or financial support were received for the design, execution, or analysis of the study presented in this article. The research was solely conducted with internal resources, and the authors have not received any financial contributions or incentives from any external entities that could potentially influence the research process or outcomes.



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