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## Assessing the roles of public private partnership in Ethiopian urban local governance

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### Abstract

Urban Local Governance and Decentralized local governance has introduced in Ethiopia in 1995 with adoption of the federal constitution. The concept governance calls for the engagement of the private sector and organized civil society to take part in the city affairs. In doing so it calls for strong Public Private Partnership for the betterment of the city governance by establishing and framing laws and policies. Both the civil society and the private sector are expected to contribute their roles in the city affairs. However, though there are legal and policy framework for horizontal governance and cooperation much has remain in the City Administration of Mekelle due to lack of commitment, awareness and capacity from all sides involved. This study is conducted in Mekelle city one of the largest city in Ethiopia to assess the roles of PPP in city governance and the relationship with the local government. Applying Mixed Research Methodology, that is using both qualitative and quantitative data, the researcher tries to triangulate the finding from both data. As a result, it is found that though the mechanism for public and private partnership has existing with legal framework, lack of awareness to what is their duties, rights and functions from the government officials, the organized civil society and the private sector is the main problem for engagement. That is the Trade Unions, Women association and Chambers of Commerce does not exactly locate their place in the governance of the city.

**Keywords:** decentralized governance, urban governance, public private partnership

### 1. Introduction

There is no one and accepted definition of the concept Public Private Partnership since the concept is new and subject to different interpretation. Most of the definitions of PPP are rooted either in western academic circles or in the international donors in which the later focus on the practice of PPP in developing world. Accordingly, (UNDP, 2015) <sup>[10]</sup> stated that concept of public-private-partnership (PPP) has been defined differently in different contexts, and there is no broad international consensus on what constitutes a public-private partnership (PPP). It refers to a collaborative arrangement between government or the public sector, and a private entity for better provision of public infrastructure and services. The classical definition of public-private partnership (PPP) describes it as a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies. In the context of the United Nations, PPP is defined as a voluntary and collaborative relationship between various parties, both state and non-state, in which all participants agree to work together to achieve a common purpose or specific task, and share risks and responsibilities, resources, and benefits with the concept and character aiming at financing, designing, implementing and operating public sector facilities and services. Their key characteristics includes

- (a) Long-term (sometimes up to 30 years) service provisions;
- (b) The transfer of risk to the private sector; and
- (c) Different forms of long-term contracts drawn up between legal entities and public authorities

According to A. Asubonteng (2011) <sup>[2]</sup> PPP can be defined as an arrangement between a public body and a private party or parties (including community beneficiaries) for the purpose of designing, financing, building and operating an infrastructure facility that would normally be provided by the public sector. In other words, PPP is a contractual agreement between a governmental organization and a private party whereby the latter performs whole

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or certain parts of the government organization's service delivery, infrastructure provision or administrative function, and assumes the associated risks. In return, the private party receives a fee which may take the form of user charges or direct payments from the government in accordance with the pre-defined performance criteria.

In the western world, in both the literature and practice, PPP is considered as a mechanism and tool that enable the participation of the private sector in supply of public goods such as infrastructure. However, in the developing world, particularly in Africa, PPP is conceived as a mechanism of enabling for both the private sector and the civil society to take part in the public affairs of their local community. That is the private sector and the civil society involve in the planning, decision and implementation of issues related to the local community by sharing their resources. PPPs include all forms of interactions between the public sector and the private sector, from consultations or policy dialogue and collaboration, to private provision of assets and services. There reasons why PPP is not up to its expected result is that there is no strong private sector in Africa that can able to provide public service in terms of contract. And in the other side, government is weak that cannot able to contract out its services and PPP in nature requires 'different types of skills and new enabling institutions and they lead to changes in the status of public sector jobs. To work well they require well-functioning institutions, transparent, efficient procedures and accountable and competent public and private sectors, i.e. 'good governance' (UN, 2008) <sup>[12]</sup>.

## 2. Statement of the Problem

Concerning the governance context in Ethiopia, authoritarian forms of government dominated most of the country's history. A process of building democratic governance in the country, which is noteworthy, started only after the fall of the military government in 1991. Since 1991 the government has taken important measures to promote good governance and the FDRE Constitution adopted in 1995 establishes a multi-party parliamentary system of government and recognizes most of the human rights elaborated under international law. Despite the important progresses made in the area, the process of building good governance is at its early stage, which has been facing serious and complex challenges. Major challenges are lack of adequate awareness the engagement of civil society in governance, the limited democratic culture and experience in the country, limited participation of citizens in governance, lack of adequate and appropriate laws and policies in some areas, capacity limitations of law enforcement and governance organs of the government, etc (Desalegn, Akalewold and Endeshaw, 2008) <sup>[11]</sup>.

In spite of a growing interest in the use of the PPP model around the world, its adoption in Ethiopia remains limited. Previous efforts at public divestiture and privatization were not adequate in addressing the unmet demand for infrastructure and public services. the gap between public service delivery and public service demand in Ethiopia highlights the urgent need for PPP arrangements especially in sectors such as education and health-- especially in improving the quality of social services(UNDP, 2015) <sup>[10]</sup>.

A. Asubonteng (2011) <sup>[2]</sup>, although PPPs have been rapidly growing in several countries in Europe, Asia, Latin America and parts of Africa, its implementation in Ethiopia has so far been limited. The situation is worse as divestiture and privatization seem to have hijacked most of the private sector

interventions created by the government through the market-based approach articulated in the Plan for Accelerated and Sustainable Development to End Poverty (PASDEP), the Growth Transformation Plan (GTP) and other development plans. Public Private Partnership arrangement can be developed and promoted in Ethiopia by putting in place a partnership framework that will facilitate the pooling of local innovation, efficiency, risk management, cutting edge technology and application of guiding principles from the private sector. The partnership also needs to be complemented by public sector authority, asset ownership, budget support, public education powers, capacity development support and application of relevant PPP guiding principles among other things, to achieve positive synergies. Tegegne and Kassahun (2010) stated that the role of civil societies in influencing government policy is very marginal. In addition organized citizen voice has excluded from in the process of local government planning and budgeting. Capacity limitation is affecting both the local government administration and the local actors not to engage in the governance process. Several organized groups and private sectors at the grass root level have little or no information regarding the unfolding policy process, content of policy, where to engage, and the right and roles associated with regard to empowerment.

This is true in Mekelle City Administration that is the local government is controlling all the political spaces. The engagement of civil society is very limited in scope and diversity that is only the youth and women associations are invited for attending the local council meetings. The Trade Unions, the Chamber of Commerce and other religious association are marginalized from their local affairs. Most of the service is provided by the local government and the private sector has a very limited role in service provision let alone to engage in consultation like the model of governance in place.

## 3. Methodology

In mixed method, both probable and purposive sampling strategies are applied either concurrently or sequentially to collect data. According to Charles Teddlie and Fen Yu (2007) mixed method sampling strategy is defined as "strategies involve the selection of units or cases for a research study using both probability sampling (to increase external validity) and purposive sampling strategies (to increase transferability)". It uses both strategy of sampling to increase the validity and reliability of the study. Moreover, the advantage of using Parallel mixed method research design is "*to bring together the differing strengths and non-overlapping weaknesses of quantitative methods (large sample size, trends, generalization) with those of qualitative methods (small sample, details, in depth)*". So, efforts are made to offset the weakness one sampling strategy with the other.

In this study, the target population is the Mekelle City Administration as whole for both the interview and the questionnaires'. For the interview the target population is high ranking officials, administrators, and stakeholders in the city administration. For the questionnaires' the target population are the employee at the city and the councilors of the city. As a result both probability and purposive sampling is applied for the questionnaires' and interview respectively.

The method of analysis is that for the qualitative data generated from interview and documents, they are categorized based on their objectives to find out similarity

and differences. The qualitative data is also sorted out using computer based tool known as SPSS to find out the perceptions towards the engagement of the Public Private Partnership. So, this will be described using percentages, tables and graphs.

#### 4. Data discussion

In Ethiopia, there is a legal framework to work with the private sector and the civil societies in governance related issues. Based on the city proclamation of Mekelle city it calls for the engagement of the private sector in service delivery and consultation. From the interview, it is revealed that the local city government is willing to work with both the civil society and the private sector. There are some private owned organizations that work with the local government in solid waste disposal and other service. Comparatively, most of the private sectors are engaged in service delivery than in consultation work in the local government. The city councilors stated that the local government opens its door for stakeholders to take part in the city affairs and among the total participants in the questionnaires, 58% of them rate the government initiative for stakeholders to take part as Medium and 33% as high. The government is more or less working to bring the stakeholders in general to the governance issue and initiated them to work with.

The attitude of the elected city councilors towards the stakeholders are considered as vital for governance of the city. In this regard, during the interview it is found that most of the councilors are ready to work with any stakeholders in the affairs of the city. Based on this assumption the councilors asked to rate their attitude towards the stakeholders from very high to very low and it is found that more than 35% rated medium meaning working with the stakeholders doesn't affect the government commitment in high or low terms. 34% of them stated their attitude as high that is working with stakeholder will benefit the government in a positive way. In this regard, the government has not only the legal framework to work with the stakeholders but also the willingness and the commitment. From this it is understood that the government has initiated the stakeholders to take part in positive attitude.

However, from the stakeholder's point of view, the initiative and the attitude from the local government to engage local stakeholders are very limited. In an interview with the heads of different local independent organizations, it is discussed that they are invited on ceremonial and minor issues and there is no real commitment from the government to engage with both the civil society and the private sector. Even they claim there is genuine participation of civil society in that most of the civil societies organizations engaged in with local government are party affiliated once.

Regarding the general roles of stakeholders, there are different views from both the government and the stakeholders. Based on the interview the government officials considered the local civil society and the private sectors as 'immature' and 'ineffective' respectively. However, the different stakeholders stated that it is lack of trust from the government that marginalized them from engaging in the governance. From the closed ended questionnaires distributed to the members of the city council, 42% of them think that the role of stakeholders in the city affairs is medium not high not low. And 34% find it low and very low that the role of the stakeholders in the city affairs is insignificant.

For instance, as stakeholders, local Non-Governmental Organizations (NGO) are engaged in some activities in the city. From the documents, it is known that their role is limited to activities of gender related issues in the cities or youth dialogue initiatives. When the city councilors are requested to rate the role of the NGOs in the overall city affairs, around 40% rated the role of NGOs as medium that is not high not low. The rest of the councilors rated the role of NGOs from very low to very high. From the statistical inference, it is assumed that the role of the NGOs in the city affairs are rated as low. That is even they exist in numbers, their role in solving the city problems and forwarding solutions are meager.

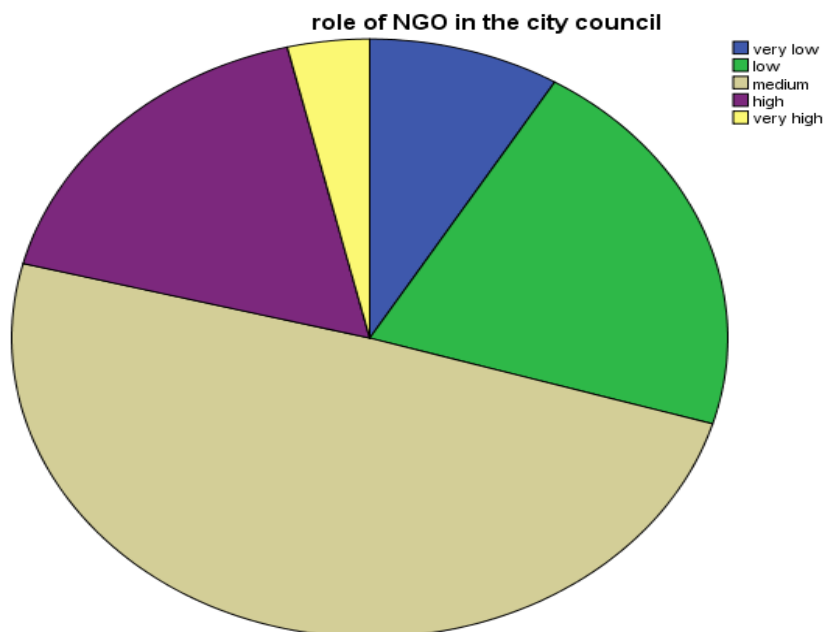
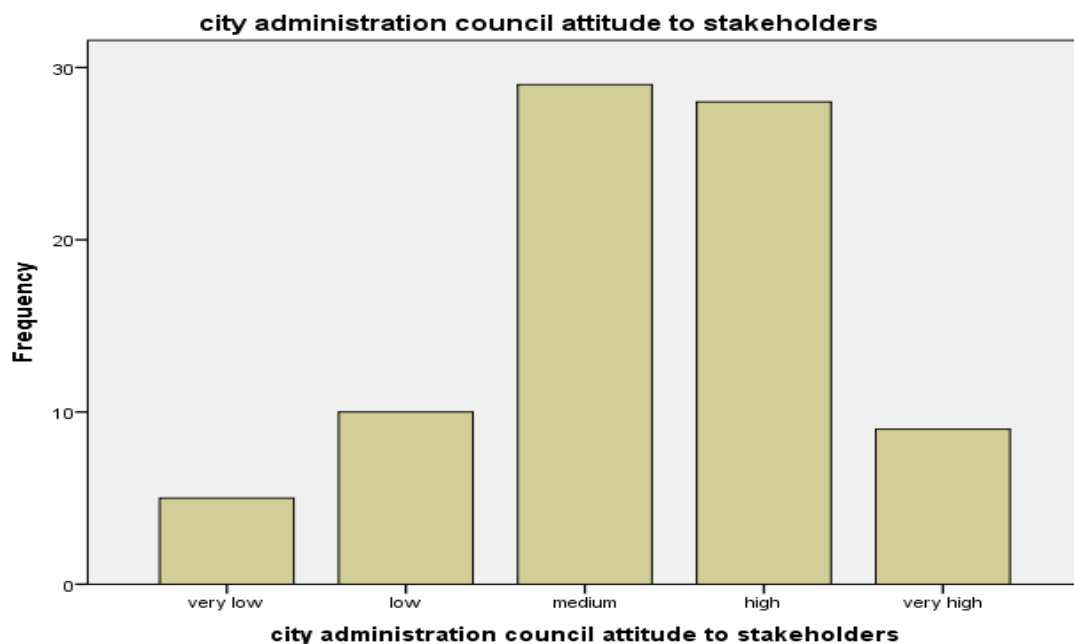
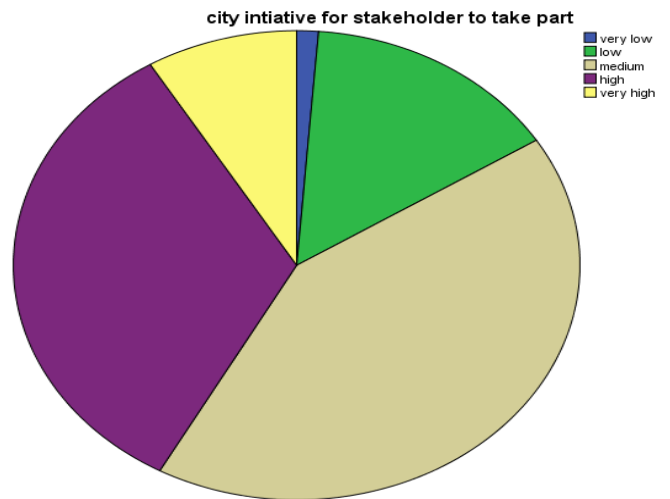
Regarding the role of the private sectors in the city affairs, 38% of them are rated as Medium and 38% as low. That is the private sector has insignificant contribution in the city affairs. From the interview with the government officials, the private sector in the city is weak financially and lacks the interest and motivation to engage with the local city government. Some of the private sectors that still engage in with the government stated that the room given to the private sector is very limited. Most or almost all the private sector working with the government is working on solid waste disposal and the other works and service provisions are completely under the local government control.

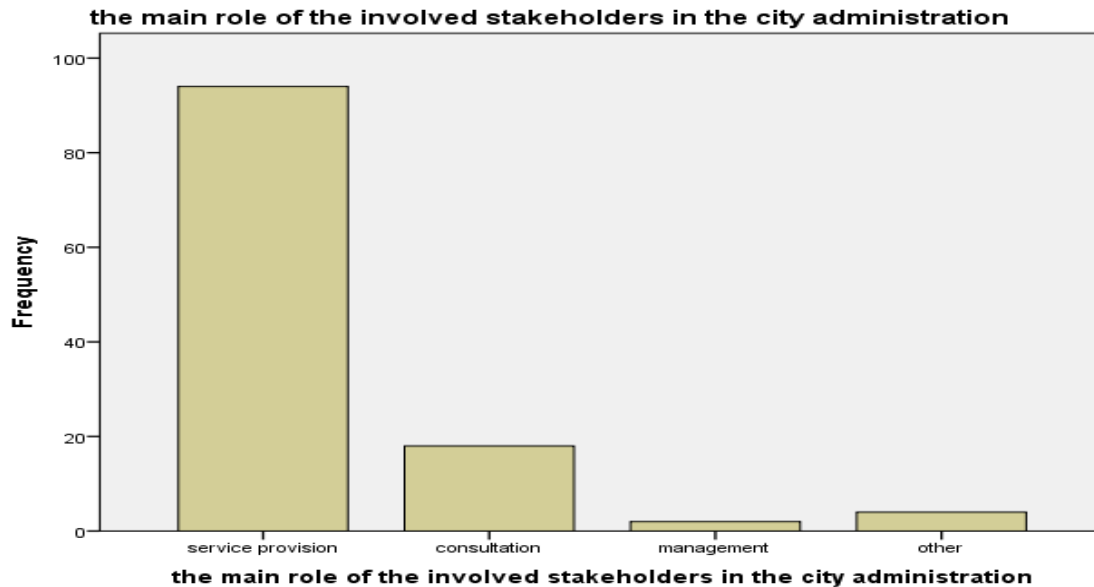
Most of the roles of the stakeholders engaged in the city is limited to service provision specifically solid waste disposal, cobblestone and urban farming and dairy products. The respondents indicated that 74% of the privately owned associations are engaged in service provision. Accordingly next to service provision is consultation (14%) service specifically in building construction

#### 5. Findings

From the study it is clear that PPP is at an early stage in Ethiopian urban centers due to different reasons. First, the government commitment to engage with both the private sector and independent civil societies is very low. The government is not interested to work with an independent civil society rather it creates its own party affiliated associations that go in line with its agenda. This creates obsolete civil society organizations that cannot really represent the interest of the citizen. Second, from the civil society side, such as Teacher association and Trade Unions, there is lack of motivation and mobilization in identifying what is exactly the legal and policy frameworks state about their roles and rights. Most of the civil societies don't want formal engagement with the local government. For instance, year in year out, there is a complaint about tax increment from the small merchants and service providers around the city, however the city Trade Chamber do not try formally to engage with the local government and try to negotiate rather individual complaints is the norm. Third, the civil society organizations do not engage in community development issues such as building drainages. Their financial and material contribution is very meager and as a result they are up to the local community heart and mind. Finally, most of the civil society organizations lack basic capacity issues such as trained human resource and leadership. Such weakness contributes for their poor engagement in the governance affairs of the city. Most of the civil society attends in the government called meetings and conferences rather than calling the government to set their own agenda that represent the sector of the community they assume they represent.

Regarding the private sector in the city, it is safe to say that their role in the governance of the city is in its early stage too. There is lack of trust from the government side on the private sector ability to deliver basic service; however, much is of the reasons for little engagement of the private sector is due to the weakness of the sector. Theoretically, PPP calls for a private sector that is capable of risk transferring and sharing with and from the government. But practically, what is in the city is risk avoiding private sectors that are financially weak and structurally fragile. In such conditions let alone to share and transfer risk, they existence basically at the hand of the government. Again theoretically PPP calls for 30 or more years of engagement with the government in providing service and consultation however, practically in Mekelle city, most of the private sectors that engage in service provision have short plan and their target is simple profit making. Such instances are common among the privately owned solid waste disposal associations in the city that doesn't hold a base for governance.





## 6. Conclusion

PPP is at an early stage in Ethiopia urban centers. There is lack of skill, awareness and capacity from all the sides that engage in the governance matter in the city. Another reason that hampered real cooperation among the local government, the civil society and the private sector is lack of trust within them. Such factors contribute for the overall poor governance of the city in social, economic and political dimensions. There are legal and policy frameworks that calls for cooperation in the city affairs for all interested parties; however lack of awareness on the policy frameworks, commitment from all sides and lack of skill and leadership negatively affect the horizontal governance relation in the city administration.

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