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THE DRIVERS AND ENABLING ENVIRONMENTS FOR PUBLIC-PRIVATE PARTNERSHIP IN ETHIOPIA

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ABSTRACT

Public-Private Partnership (PPP) is linking formally public and private sectors for effective service delivery. This study was conducted in Ethiopia with the major aim of assessing the drivers and enabling environments for public-private partnerships. The study employed qualitative method and a total of 8(eight) officials were interviewed using an in-depth interview tool. Data were analyzed using thematic data analysis technique. The result of the study indicated that the status of public-private partnership in Ethiopia is found at its lowest level due to the absence of enabling environments like lack of specific public-private partnership frameworks, lack of technical units, and unsafe financial systems to list the few. So, the federal government should promulgate these frameworks and train experts to improve the status of public-private partnership in the country. The finding has its own implication for public-private partnership practice at different levels, and on further studies.

Keywords: Public Sector, Private Sector, Public-Private Partnership, Enabling Environment, Ethiopia

1 Introduction

Though public-private partnership (PPP) has been used firstly in France to finance public infrastructure since the 17th century, ‘the concluding half of the 1990s was a time in which the plan for partnership of the public sector with private sectors for the purpose of overcoming public service challenges was increased (Khanom, 2009). Quium, (2011) in

his book public-private partnership in infrastructure clarified that, ‘governments in most developing countries face the challenge to meet the growing demand for new and better infrastructure services’. 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 captured most of the private sector interventions (Asubonteng, 2011). The current government of Ethiopia has a goal to expand PPP in the country and continuously discusses and raises PPP as a key to the development of the Country because private sector is critical driver for resource mobilization. Despite the government's interest and goal to develop PPP, the progress and status of PPP is very slow. The rationale for this study is to examine the drivers and enabling environment in Ethiopia towards promoting PPP.

2. Objectives and Methods

The objective of the study is to identify the drivers for the success of public-private partnership and to examine the enabling environment towards promoting public-private partnership in Ethiopia. This study employed cross-sectional research design based on descriptive survey to obtain information from the group of participants at a single point in time without any attempt to follow-up over time. Qualitative data type and primary and secondary data sources were used. The researcher gave due emphasis to the reviews of systematic policy documents and the works of other researchers to test the

reliability and validity of the result. (Refer **Table 1**)

2.1 Sampling and Data Analysis Technique

In relation to data collection instruments, the researcher prepared semi structured interview questions. This Interview was designed to gather more specific and truthful data from the interviewees. This method was preferred because of its flexibility and ability to provide new ideas on the issue under study. Once Data were collected using key informant interview, it was analyzed using qualitative analysis specifically thematic analysis. The researcher sorted out, reflected, enhanced and presented in a revised shape to the reader. This facilitated the internal validity of the study, helped to clarify the findings, and gave a complete picture of the quantitative results.

3. Results and Discussion

In this section, the results and discussions of drivers and enabling environments of the public-private partnership in Ethiopia are presented.

3.1 Drivers for the Success of Public-Private Partnership in Ethiopia

The findings from the key informant interview show that, designing a clear cut policy, institutional and legal frameworks, recruiting a competent technical experts, strong relationship and commitment among the partners and strict follow up of the PPP model are the drivers for the successful of this PPP project. The senior expert and institutional support project for PPP coordinator confirmed that 'designing specific legal, institutional, and policy frameworks and strict follow up are significant to a sustainable PPP projects. At the beginning, a legal framework that enables the private sector to involve in soft and hard infrastructure is important'. Successful PPP requires variety of experts in both the government and private sectors to regulate and direct the implementation of PPP projects and PPP units to manage the PPP processes. The absence of legal frameworks is creating disagreement among the public sectors. In addition, commitment from the government and the private sector and strict follow up of PPP project implementation is the major deriver that helps PPP projects achieves its ultimate objective. Asubonteng

(2011) supported the above interview result and argued that permissive policy and legal frameworks, and enabling business climate are the major drivers for the successful of PPP in the country. He supported his argument by reviewing the experience of other countries and concludes that government needs clear cut policy framework and enabling business environment including legal and regulatory frameworks that help to promote projects under PPP. Hence, the existence of specific PPP policy, legal and institutional frameworks and strict follow up of its implementation is major driver for the successful of PPP projects. The legal framework has major contribution to minimize the likelihood of corruption, increase transparency, and encourage private sector participation in investment. To achieve this, applicable laws and regulations, major sector institutions and government entities related to the sector, tax and financial support policies and measures, the existence and applicability of legally mandated service quality standards, relevant labor laws and regulations are among the major prerequisites. It requires institutional frameworks that support sector enhancement and PPP independence, relevant levels of

government bodies that control the private partners using defined policy and regulatory parameters, public expertise having knowledge of PPP project analysis which helps the government not to lose its benefit from the project and for the people to get the right service. So, lawyers, technicians, and other qualified staff are very important. The commitment of partners to lead the project to its maximum achievement is another driver for the successful of projects under PPP spectrum. Specifically, partners should develop mutual trust if the project's objective is to be succeeded.

3.2 Analysis of the Enabling Environment for Public-Private Partnership in Ethiopia

The findings from the key informant interview and document review show that the suitability of the development policy to PPP, the existence and implementation of PPP framework, the commitment of the government to PPP development, the existence of strong private sector that has the willingness and ability to make partnership, the reliability of financial sectors, adequate infrastructure, and investment and trade opportunities are the enabling environments for PPP to play a great role in the overall

development of the country. From this, commitment of the government, investment and trade opportunities, and suitability of the policy to PPP are existed but there is no PPP frame work, the infrastructure is inadequate, and the financial sector is not reliable.

3.2.1 The Suitability of the Current Development Policy for Public-Private Partnership in Ethiopia

The results of the interview show that the development policy includes PPP as one strategy and the government is also welcoming private sectors to make partnership with the public sector. In addition to this, the findings from the document review of the Growth and Transformation plan (I and II) shows that one precondition to promote growth and development in the country is the private and public partnership as explained bellow. As the interview with senior expert and institutional support project for PPP coordinator, the country has this PPP as an option for infrastructural expansion in the growth and transformation plan (GTP II) which is considered as the major new element. In addition to this, the Ministry of Communication and Information Technology E- government directorate stated that currently government gives attention to

cooperate with the private sector and considers them as an engine to the infrastructural expansion and economic development. The private sector is expected to participate in the overall development of the country. According to document review of the Growth and Transformation Plan (GTP I), efforts shall be done to enable the private sector to be the engine of growth and the primary source of investment. The government is encouraging “active partnership between the public and private sectors” including the global one. According to this GTP document, one precondition to promote growth and development in Ethiopia is the “private and public partnership”. This document warned “to provide better access to services (water, power, irrigation, roads, and telecommunication) through more efficient utilization of existing infrastructure and building new capacity and promote PPPs in infrastructure development for industrial development and speeding up implementation of industrial zones” (MoFED, 2010). The Growth and Transformation Plan (II) also revealed that the private sector is an engine to achieve comprehensive and sustainable development as well as to the overall domestic production, investment, foreign trade and technology

transformation. Therefore, the Growth and Transformation Plan (II) is giving due attention to the role of private sector. Since the private sector’s role in infrastructure is high, the government will encourage them to play in some chosen sectors. From the expectations of the private sectors role, the main one is promoting quality FDI to receive not only fund but also knowledge and technology transfer. Although majority of the infrastructure will continue to be provided by the government for the next five years, the Growth and Transformation Plan (II) revealed that, some infrastructures will be provided through PPP in some chosen areas (National Plan Commission, 2016). The results of the interview and the two plans are harmonized. As it is stated in the development plan for the next five year, the role of private sectors in reducing infrastructural gap is high. The government is working to integrate the knowledge and fund of the private sector to public infrastructure. The Ethiopian government is well aware of the benefit of involving the global and domestic private sectors in the form of partnership in the process of development of the country. This initiation is one step forward for PPP development in the country because it shows the interest of the

government on partnership, however, issues like which areas of investment are favorable for partnership, the major infrastructures that will continue to be provided by the government and the precondition to be fulfilled for PPP intervention are not clear. The government has to make deep study to identify the specific areas for PPP project intervention and the prerequisites for its success.

3.2.2 Analysis of the Frameworks for Public-Private Partnership in Ethiopia

From the interview of senior expert and institutional support project for PPP coordinator, it can be learnt that PPP framework speeds the establishment of PPP projects and transactions because this framework shows the interest and will of the government. With the absence of these PPP frameworks committed numbers of private investors on PPP projects become very few. The PPP transactions and projects can be sustainable if there are clear and strong PPP policies, laws and institutions constituting a solid PPP framework. This PPP framework basically includes policy framework, legal framework, and institutional frameworks and PPP units.

3.2.2.1 Analysis of the Policy Framework for Public-Private Partnership in Ethiopia

The result of the interview shows that the country has no specific PPP policy framework but the reviewed document shows that the country has different legal and policy documents that stipulate the importance of PPP in the Ethiopian development process. According to the interview of senior expert and institutional support project for PPP coordinator under Ministry of Finance and Economic Development, Ministry of Communication and Information Technology E-Government directorate and E-Service application development expert, Addis Ababa Chamber of Commerce and Sectoral Association Deputy Secretary General, and Addis Ababa Trade Bureau head and law expert, 'currently Ethiopia has no specific PPP policy framework'. The Ministry of Communication and Information Technology MCIT E-Government directorate stated that the country requires 'high level PPP policy framework for formulating a new law on PPP and this law serves as a facilitating section that roughly and clearly allows government bodies to enter in to PPP'. The senior expert and

institutional support project for PPP coordinator also added that ‘the federal government is currently developing new PPP policy framework to access resources from the private sector to solve its infrastructure and quality service delivery’. The focus of the federal government is establishing new PPP policy framework then mobilizing resources from the multinational companies, international businesses, international capital markets and domestic private sector.

As the document review of the Federal Democratic Republic of Ethiopia’s policy and national development, partnership is one of the main strategies of development. The country has different legal and policy documents that stipulate the importance of PPP in the Ethiopian development process. The plan for accelerated and sustained development to end poverty (PASDEP), from 2005-2010, is one plan that includes “private and public partnership” as one factor for its achievement. The document also added that a more active partnership between the public and private sectors was promoted to provide better services and build new capacity (MoFED, 2006). Both the growth and transformation plan (I and II) considered PPP as one means of funding to finance it. The

growth and transformation plan I (2010/11 to 2014/15) stated that, private sectors and other nongovernmental organization can serve as input to the achievement of the plan. The public, the private sectors including NGOs are vital rudiments of the country’s overall capacity to finance this plan GTP, (MoFED, 2010).

The growth and transformation plan II (2015/16 to 2019/20) stated that although majority of the infrastructure will continue to be provided by the government for the next five years, some infrastructures will be provided through PPP in some chosen areas (National Plan Commission, 2016). Results of the above interview and document review show that having specific PPP framework is one precondition for PPP projects to achieve its intended goals. In both the plans reviewed above, the specific areas where PPP can work are not clarified. For example, as it is stated in the Growth and Transformation Plan (II), PPP will intervene in some chosen areas. Here, the phrase “chosen areas” is vague. It is not clearly identified which sub sectors are to be chosen for PPP intervention. According to the development policy for rural development and the industrial development strategies of the country, PPP is one factor for

its achievement but issues like which specific sub sector and area of investment is for PPP, to what extent PPP can intervene, and the responsible body that manages PPP transactions in each policy and strategies remains unclear. The government is currently working to establish specific policy framework in order to mobilize financial and technical resources from the global and domestic private sectors. This motivates private sectors to invest in PPP projects, but there are no enough technical units that manage PPP projects on the side of the government. This may reduce the likelihood of success of PPP projects.

3.2.2.2 Analysis of the Legal Framework for Public-Private Partnership in Ethiopia

The result of the interview and document review confirm that though the country's procurement and property administration proclamation (2009) define PPP, it does not fulfill the pre requisites for PPP as indicated below. According to the interview of senior expert and institutional support project for PPP coordinator under Ministry of Finance and Economic Development, Ministry of Communication and information technology E-government directorate, Addis Ababa Chamber of commerce and Sectoral

Association Deputy Secretary General, head of Addis Ababa city trade bureau, 'currently Ethiopia has no any specific PPP legal framework that governs, mobilizes and implements PPP'. Specifically, the senior expert and institutional support project for PPP coordinator revealed that there is a mention in the procurement and property administration proclamation (2009) but even the procurement proclamation does say nothing about promoting competition for PPP projects, about value for money and transparency. As the document review, PPP can be introduced using new and specific legal framework or using the existing public procurement law. The Ethiopian government is administering PPPs by adapting the existing legal frameworks in the country. In relation to this legal framework, the Ethiopian Federal Government Procurement and Property Administration Proclamation No. 649/2009 is the basic one. According to this Proclamation, "Public private partnership means investment through private sector participation by a contractual arrangement between a public body and a private sector enterprise..... (FDRE, 2009).

Article 2.3 of the 2011 Procurement and Property Administration Proclamation

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manual also indicates types of PPP like, “Build Own Operate (BOO) for which a private Contractor builds, owns and operates..... Build Operate Transfer (BOT) for which a private Contractor builds and operates a new facility and then transfers ownership to the Government.... (MoFED, 2011).

A study conducted by Castalia Strategic Advisors (2008) on Ethiopian Nile Irrigation and Drainage Project argued that though the current government of Ethiopia is in a good mood to enlarge private venture in the country’s economy and increase its commitment in making the private sector as a core partner for the overall development of the country, the existing rules on PPPs provide inadequate direction. These rules provide no guidance on the PPP options that can be used for developing different infrastructure projects and transactions. Without the legal basis for a PPP transaction and projects, the trustworthiness of these projects to investors could be negatively affected as the government’s laws or regulations are the basic principles needed to implement these PPP transactions. Generally, the results of the interview, the document review as well as previous studies revealed

that the country lacks specific legal framework for PPP projects. The government in its GTP (I and II) documents clarified about the importance of PPP to achieve its GTP targets without promulgating specific PPP legal framework that supports the GTP targets. PPP projects may be launched by the existing/ad hoc PPP framework but may face a lot of difficulties. Some of the potential difficulties are political and administrative delays, conflict among partners and ministries and these causes delay or even cancel of PPP projects. Before launching PPP projects, formulating specific legal framework for PPP is necessary precondition for the successfulness of the intended objectives of PPP projects.

3.2.2.3 Analysis of the Institutional Framework and Technical Unit for Public-Private Partnership

The findings of the interview confirm that the country has no specific institutional framework and separate public agency that runs PPP projects. The document review also shows that though the country has an institutional framework, it vaguely states the government bodies responsible for PPP related issues. The senior expert and

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institutional support project for PPP coordinator, Ministry of communication and information technology E-government directorate, head of Addis Ababa trade bureau, and Addis Ababa Chamber of Commerce and Sectoral Association Deputy Secretary General, officials all agree that ‘the country lacks an independent and empowered public agency to run PPP issues’. Specifically, the expert and institutional support project for PPP coordinator clarified that the country has no technical unit that evaluates the right private sector who have adequate capacity that accomplish projects, protects the government not to be exploited by the private sector, achieves value for money, and manages forthcoming PPP transactions. Specific documents reviewed for this question were: Ethiopian Federal Government Procurement and Property Administration Proclamation (No. 649/2009), and Investment Proclamation (No. 769/2012). But the review of legal texts regarding government bodies responsible for PPP related issues is not clear. To see specifically, Article 34 of Procurement and Property Administration Proclamation (No. 649/2009) empowers the MOFED to issue rules and directives of PPP formation and implementation (FDRE, 2009). Whereas

Investment Proclamation (No 769/2012) of article 9 empowers the Privatization and Public Enterprises Supervising Agency now changed to Ministry to receive investment proposals submitted by any private investor intending to invest jointly with the government submit same to the Ministry of Industry for decision and upon approval, designate a public enterprise to invest as partner in the joint investment(FDRE, 2012). In relation to this framework the main challenge is the absence of specific technical units and limitation in capacity. This study synthesized that though the Ethiopian Federal Government Procurement and Property Administration Proclamation (No. 649/2009) and Investment Proclamation (No. 769/2012) stated responsible bodies for directing laws and approving proposals, the legal texts are not harmonized to identify the right institution that regulates and directs PPP, the technical units are not staffed with an expertise that have the skills to take PPPs throughout the project life cycle and provide program support, develop a handbook for government bodies, explain the use of the law and guidelines, and provide a practical, technical overview of how to use the law and guidelines to implement PPPs rather they are doing as additional duty.

Technical assistant agency is very important to direct and manage PPP projects under review. Enforcement PPP policies and projects is managed by PPP unites. There is no PPP dedicated public agency at the Prime Minister's office with a mandate to regulate, manage, and supervise the implementation of PPP in Ethiopia. Some of the PPP intervention in some parts of the country is based on contract. The partnership is based on contractual links with sector agencies. Therefore, the country lacks one wing of PPP that directs and/or manages PPP projects. With the absence of this wing (the technical units), the performances of PPP transactions are uncertain. This kind of partnership system can be unpredictable, lacks sustainability of PPP projects, and mistrust among the existing and potential partners.

3.2.3 Commitment of the Federal Government to Public-Private Partnership

The findings from the interview on the enabling environment show that the government has the willingness to work in partnership with the private investor. In addition to this, the findings from the document review of the Growth and transformation plan (I and II) demonstrate

that the government is interested to collaborate with private sectors in improving the country's infrastructure. Senior expert and institutional support project for PPP coordinator under Ministry of Finance and Economic Development of Ethiopia stated that, the commitment of the government can be seen in terms of its interest to solve its financial gap. The government has huge budget inadequacy to expand infrastructure in the country which expects to fill using PPP. This is because the infrastructural expansion using PPP could not affect the government budget and loan as it is covered by global and domestic private sectors. PPP provides additional means of investing for public infrastructure. The Growth and Transformation Plan (I) document clearly supports the above interview result and revealed that the government is in a continuous efforts to enable the private sector to be the actor of growth and the primary source of investment. The document set the interest of the government to press on 'active partnership between the public and private sectors' including the global one (MoFED, 2010). The GTP (II) also explained that the government will give concentration to the role of private sector and will make transformation to support the existing and

new private investors to participate in some chosen sectors of the country's infrastructure (National Plan Commission, 2016). This shows the commitment of the government to encourage PPP. As to the study conducted by the Korea Development institute (2014), the government of Ethiopia is currently in the right track for the infrastructural expansion in the country. But the problems that encountered to achieve this objective are budget constraints and lack of proficiency. As a means of solving this problem the government is on the way to use the benefit of PPP and apply it to reduce the challenges of infrastructural development. With the existing ad hoc approach of the PPP project intervention strategy working in the country, some public sectors are employing PPP to share risks with the private sector.

Hence, though PPP in Ethiopia was started and included in the procurement and property administration proclamation very recently as compared to other PPP experienced countries like UK, USA, and South Africa, the commitment and interest of the government to use PPP as a means of infrastructural expansion, reducing budget constraint and lack of proficiency in the country is increasing. The government needs to make

partnership with both the global and domestic private sectors for hard and soft infrastructure development in the country. This highlights PPP projects are weighted by the government for quality service delivery and infrastructural development. But the theoretical underpinning of PPP and the practical stand in the country is not comparable. The visible numbers of PPP projects are very few. Therefore, having an interest to do is nothing than paper value if it is not practiced on the ground.

3.2.4 The Existence Strong Private Sector

PPP development cannot be achieved with the absence of the private sector, which is the main wing for PPP development. The results of the interview show that, the number domestic private sectors and their knowledge of PPP are insignificant whereas the interest of FDI is increasing. According to the interview with the senior expert and institutional support project for PPP coordinator, private sectors can be seen in to two categories, namely domestic and global private sectors. The government expects FDI as one and better alternative means of developing PPP. The interest of those investors and the Ethiopia government is very high. MNCs of China, America and

South Africa are among the few that need to invest in Ethiopia using PPP. Those companies currently studying projects suitable to PPP in the country are investing and will invest in the near future. They really show their interest to PPP investment. The number of foreign direct investment (FDI) is also increasing which can drive PPP development by transferring new technology, products, skills and financing to the country. Domestic private sectors are of course weak in capacity and knowhow of PPP. For example, Corbetti geothermal and the railway can be seen as PPP projects which are done by foreign private sectors in partnership with the Ethiopia government According to the interview with the senior expert and institutional support project for PPP coordinator, PPP as a new idea to Ethiopia is not well known by the private sectors and even by the government officials. This contributes to the low status of PPP in the country. With this weakness, some private sectors are involving and need to involve in investment in partnership with the government. Though the private sector in Ethiopia has remained small because of challenges delaying its growth, their eagerness to use PPPs is increasing. PPP needs a strong and active involvement of

private investors to venture in the public infrastructure expansion. This can be achieved if the existing business climate is worthwhile. Hence, the increment of the private sectors in number and share has its own contribution to the expansion of PPP projects in the country as private sector is one wing of the partnership. Promulgating suitable frameworks and regulations that strengthen innovative partnership arrangements between the public and the private sectors through Public Private Partnership investments is one requirement to increase interested private sectors for PPP. This is because private sectors need legal ground for every partnership. Invitation of the government to both the domestic and foreign private sectors to make partnership with the public sector in hard and soft infrastructure expansion and economic development shows the government's interest to create strong private sectors in the country. The global private sectors including FDI are stronger in knowhow and interest for PPP than the domestic one due to the challenges of knowhow, and capacity for the domestic private sector.

3.2.5 Financial Sector Reliability for Public-Private Partnership

Access to finance is very significant to increase private sector investment in one country as finance is one wing of investment but from the interview it has been learnt that, the financial sector of the country is not reliable to help PPP projects in Ethiopia. The financial system is not reliable as there is no capital and security market. In addition to this, the document review shows that the blocked nature of the country's banking sector to foreign participation contributes to the unreliability of the financial sector. According to the interview with the senior expert and institutional support project for PPP coordinator, 'the financial system of the country is not reliable to encourage PPP'. 'The absence of specific legal framework for PPP makes the financial system unreliable and weak. Ministry of communication and information technology E-Government directorate also supported this idea and said that 'the financial system is not sound as there is no capital and security market'. This capital and security market is very important mainly for PPP as its duration period reaches up to 30 years. FDI needs these financial systems as an alternative when they need to

exit. But the absence of these financial systems restricts PPP schemes.

A study conducted by Africa Development Bank Group (2014) on the roadmap to the PPP framework in Ethiopia stated that the Ethiopian financial sector consists largely of banks (3 public and 15 private), insurance companies (one public and 13 private), and micro finance institutions (31). Let alone the small number of financial institutions, they are very shallow with limited variety of services. The huge majority of small entrepreneurs lack the collateral necessary to acquire a bank loan and private enterprises are usually crowded out of competition. Furthermore, the banking sector remains blocked to foreign participation and capital markets are non-existence. Ethiopia does not have a securities market, and this can be a serious limitation in the long term for PPP because investors want to have a way out opportunity that can be facilitated by a capital market. From the enabling environments for PPP projects, a strong financial system with varieties of services is one. But the closed policy of financial institutions to foreign participation, the non- existence of securities and capital markets hinders both foreign and domestic private sectors to engage in PPP,

and has a potential impact on the opportunity of any private sector which needs to exit the business at any time in need. Therefore, introducing capital and security markets, and opening the door of financial institutions to foreign participation can enhance FDI and domestic investor's confidence investing on PPP projects in the country.

3.2.6 Adequate Infrastructure

PPP can minimize financial gaps for infrastructure by mobilizing the private sectors fund and reduce its underperformance by improving the performance of infrastructure investments. The findings for this show that the country has no adequate infrastructure that enables PPP projects play role on the country's development. But, the result of the interview and the document analysis contradicts each other. Unlike the findings from the interview which confirm the infrastructural gap as opportunity for PPP project sponsors to invest on it, Morella (2010) in his report Ethiopia's infrastructure: a continental perspective proved this gap as a big problem for PPP. The senior expert and institutional support project for PPP coordinator, MCIT e-government directorate, and Addis Ababa city administration

principal revealed that 'the country's infrastructure is found at its lowest stage and currently the government's focus is to expand hard infrastructures like rail ways, roads which need huge fund. But the senior expert and institutional support project for PPP coordinator argued that the absence of this infrastructure is considered as an opportunity for PPP investors to invest on it and this is not a big challenge' for PPP projects. As to Morella (2010), relative to the size of its economy, Ethiopia's total spending requisite for infrastructure expansions and development is among the highest in Sub-Saharan Africa which counts 42% its GDP one of the largest infrastructure spending burdens. He forecasted that the country required \$5.2 billion per year to fulfill its infrastructure for the next 10 consecutive years. This dollar is beyond the annual budget of the government. Therefore, PPP is one means of solving this problem if not reducing it. But this study did not agree with the above experts view "the absence of adequate infrastructure as an opportunity as it is a prerequisite for PPP". According to the study of the Africa Development Bank Group (2014), the infrastructural gap of any country is one big challenge for development. Countries like Ethiopia need more resources

to reduce their infrastructural gap and enhance sustained economic growth and alleviate poverty but the government alone cannot cover those resources for bridging the infrastructural deficit. Therefore PPP is one better option to reduce these gaps. Unlike the results of the key informant interview which considered the country's infrastructure gap as an opportunity for investors to invest that infrastructure gap, the study conducted by Africa Development Bank Group (2014) oppose that poor infrastructure discourages foreign investment, limits domestic investment and challenges PPPs to be expanded. As the interview result and the documents reviewed above can be synthesized, the absence of adequate infrastructure can be seen in two ways for PPP sponsors. It has its own opportunities and challenges for PPP investors. The main opportunity is they get the chance to expand the infrastructure by the PPP sponsors and attain profit for that matter. But the main challenge is its absence may hinder efficient and effective PPP as infrastructure is one precondition for PPP. Therefore, roads, telecommunication, water, and other facilities have to be improved as PPP projects need these facilities.

3.2.7 Investment and Trade Opportunities

The findings for this enabling environment from the interview and document review confirm that investment and trade opportunities are in better position in the country with little bit challenges. According to the interview with the senior expert and institutional support project for PPP coordinator, the government is working to fill the infrastructural gap and improve service delivery in terms of cost, time and quality but budget deficit constrains achieving this vision. To solve this inconsistency, the government is improving investment opportunities for foreign direct investors and domestic private sector to invest in partnership with the government as well as alone. When PPP is focused on major infrastructures, its cost is expected to be covered by the private sectors which could not affect the budget of the government. The large population in the country and its appetite to different commodities shows the existence of trade opportunities in the country. The infrastructural gap, the commitment of the government to fill the gap, the budget constraint to fill the gap shows investment to PPP transactions is at its

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good level which is an opportunity for new and existing investors to access it. There is also an improvement in investment opportunities from time to time and the bureaucracy to start a business is improved. But in comparison to other countries, investment opportunity is still now at its infant stage as the country is behind 165 countries in ease of doing business and below half percent in investment protection index. Corruption, inflation, inefficient government bureaucracy, and lack of access to financing also negatively affect the investment trend of PPP. This shows the government has a lot of home work.

4. Conclusion

Enhancing private participation in the provision of public goods and increasing efficiency and effectiveness service standards is one major driving force behind the undertaking of PPP projects. The study illustrated public private partnership in Ethiopia by concentrating suitability of the existing environment of Ethiopia for public-private partnership, and the drivers for its success. The commitment of the government to use PPP as one means of providing public goods, the acceptance of PPP by the policy and plan of the country as one means of

achieving its targets, the geographic advantage and protection of private property are among the enabling environments existed and are the prospects that facilitate PPP to get involved in the country, but lack of specifically promulgated PPP framework, the overburdened and poorly staffed PPP technical units, and the unsoundness of the financial sectors are among the contributing factors for the low status of PPP in the country.

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LIST OF TABLES:

Table 1 List of individuals for interview

Office of the key informants	Sample Size	Position	No
Ministry of Comm. and Info. Technology	2	Directorate	1
		Expert	1
AA city administration	1	Principal	1
AACCSA	1	Director	1
AA trade bureau	2	Head	1
		Law expert	1
AAECMDE	1	Manager	1
PPP expert	1	PPP Expert	1
Total	8		8

Source: the researcher's own design 2015