

Public-Private Partnership and Local Governance in the Post-Socialist Ethiopia

WassihunGebreegiziaberWoldesenbet Tilahun Tadesse Worku BekaluWachisoGichamo
Lecturer at Wolkte University

Abstract

Though local governance was introduced by the Ethiopian government in the post 1991, much of the study so far focused on exploring its performance. However, public private partnership (PPP) as an integral part and important way of advancing the objectives of local governance is little studies. This study, applying the basic principles of local governance, assessed public private partnership in the context of local governance structure. The core issue is that PPP is a reflex of local governance functions. Unfortunately, local governance has been in infant stages in that the local governments are the mere political and economic agents of the federal or regional governments. Therefore, PPP has been very fractured and failed to bring strong partnership among various stakeholders. The local environment has been suffering from political insecurity, maladministration, corruption, and insufficient public participation. This made the partnership very limited. The alternative way is reconstituting the existing local governance in a way that builds the political and economic muscle of the local governance structure, with the community as the main decision makers. That is the panacea to bring effective PPP.

Keywords: Partnership, public private partnership, local governance, government

DOI: 10.7176/JCSD/58-02

Publication date: April 30th 2020

Introduction

Local governance structure is an accepted structure of addressing local circumstances in different states. The structure and nature of governance at the local level greatly influences development projects at the local level (John, 1997). Particularly, decision making processes, project assessments, security maintenance, and the provision of suitable administrative frameworks at the local level shape the development practices at the local level to a certain extent (Coxall et al., 2003). In this regard, democratizing local governance practices helps to build productive and sustainable development project at the local level.

Public-private partnership is one of the development approaches that combine the active participation of private and public actors on a firm ground (Osborne, 2000). Studies examined how public private partnership (PPP) could be successfully practiced with the establishment of a transparent system and the formation of responsible organs (Bovaird, 2004). Nevertheless, little is studied on how PPP functions in the bounds of local governance structure. Ownership, project prioritization, mobilization of local resources, and sustainability of projects at the local level is primarily controlled by local governments.

In Ethiopia, PPP is given explicit proclamation in 2018. However, the 1995 constitution of Ethiopia, agricultural, industrial, and service provision proclamations emphasize on the role of partnership between private and public bodies. Though a number of studies identified the failure of local governance structure, a specific examination of PPP in the context of local governance is not well addressed. Therefore, the basic rationale of this study is to explore the practice of PPP in terms of the existing local governance structures. Accordingly, two points are emphasized in this study: assessing the practice and identifying the challenges of PPP in the local contexts in Ethiopia since 1991. Since Ethiopia has been experiencing local governance structure in the post 1991 era, the studies is bonded in this period.

Theoretical Framework of the Study: Basic Principles of Local Governance

This study draws on the basic working principles of local governance. Stigler (1957), Oats (1969), Frey and Eichenberger (1995, 1996, 1999) and Xionget al. (2018) provided a justification that local governance activities are nowadays being implemented using PPP as the most efficient and effective tool. This is a very cross-cutting and complex phenomenon which has to be properly sketched to understand the principles and driving values of PPP in the local context. Local governance integrates the diverse concepts of decentralizing decision making structures at the local level, shared fiscal jurisdictions by the government and non-government actors, citizen's preferences for service provisions, structures for partnerships with non-state actors, etc. Accordingly, the function of the PPP is governed by the nature of local governance structures (Sondang, 2017). Thus, the capacity, functioning structure, and level of engagement with the community influence the development of partnership projects at the local level.

PPP, an arrangement of collaborative processes of achieving socio-economic objectives with the partnering agents taking peculiar and common patterns, is shaped by the local governance structures and principles. At the tip of the iceberg in this regard is that the democratic elements of local governance, such as responsibility,

responsiveness, participation, and accountability guide and drive the process of PPP. A process that is based on such principles maintains regularity, certainty, and sustainability of PPP programs. As a result, the local governance structure could have the feature of culture-sensitive, appraisal of local ecologies, consent-based, and all agreed up procedures that minimize the risks and weaknesses of PPP.

The form of PPP which is related to the expansion of the domain of decision making power, ownership, and responsibility requires an organizational structure to be facilitated by local government units (Brinkerhoff and Brinkerhoff, 2011). This organizational structure constructed by a consensual process of all partners should critically incorporate various community interests, cultural ecologies, social systems so that the partnership programs could be carried out in a sustainable manner (Sondang, 2017).

The sustainability of PPP is the core issue that has to be addressed through a responsible local governance process. Local governance processes which are society-centered have to guarantee the backgrounds upon which the diverse partnering actors act with less risk (Chowdhury and Chowdhury, 2016). This, specifically, involves security, mobilization of local resources, systematic investigation of local opportunities, and development traditions that have to be socially negotiated and transformed (Martin, 2018). Therefore, the local governors should be democratically regulated to maintain an evolving structure of collective action governed by the values of communication, responsibility, and accountability.

Local governance is inherently evolving one gradually accommodating changing circumstances in the spheres of politics, social arrangement, political situations, community ecologies. This phenomenon requires an organizational platform that is supported and gradually shaped by the involvement of all the responsible partners and is open for all partners (Brinkerhoff and Brinkerhoff, 2011).

Public Private Partnership, Local Governance and Insecurity

There are plenty of testimonies that explain not only how the government's attempts of decentralization have been unproductive but also joint development projects were against the interest of the society. The result was that an incapable and infant local government failed to embody private agents in local economic development projects. In Somali regional state, the local government, despite long efforts and attempts, was not swinging in the region with all the necessary legal, institutional, regulatory, and resource potentials (Garcia and Rajkumar, 2008). This is ascribed strongly to the very fact that the region is divided among polarized political insurgents, military forces, and settled civil servants.

Though public-private partnership was stimulated in 1989 at an embryonic level in Somali regional state, initiatives for the PPP programs to intervene in various local economic activities failed at the planning stage or were dissolved gradually.

An example of the first is the former South-Eastern Rangeland Project (SERP) that was jointly funded by the African Development Bank and the Government of Ethiopia. Between 1989 and 1996 it implemented numerous activities and construction works improving animal health, rangeland resources, and the general infrastructure within the region... After phasing out SERP's workforce and assets including vehicles, heavy machinery and buildings were transferred to the region's Bureau of Agriculture former staff and government bureaucrats have appropriated most property (Hagmann, 2005: 451).

Weak decentralization of resources with its alluded political turmoil, insecurity, and corruption has been a major setback of effective PPP (Yilmaz and Venugopal, 2008). Thus, structures, synergies, and priorities of PPP curtailed the sustainability of development projects at the local level.

Sometimes, partnership projects are officially launched with the objective of flourishing the livelihood of the local community in terms of improved health access, water provision, and agro-pastoral production. However, they become a melting pot of conflict among various members of the local community. This is related to the structure of decentralization which is incapable of allocating balanced resource mobilization, and economic utilities for the local residents.

The Gode state farm and associated irrigation schemes are another case in point. The Calub and Hilala gas fields located in Shilabo district of Korahe zone represent another development opportunity. After the Derg's downfall, the government and 460 private investors established the Calub Gas S.C., with a 95% and 5% stake respectively, to develop the Somali region's gas fields. However, there was very little development advancement owing to. In 1999 Calub Gas S.C. signed a memorandum of understanding for prospective exploitation with the American oil company Sicor. The joint venture, Gasoil Ethiopia Project (GEP), optimistically foresaw the start of production in September 2002 Consequently, numerous private shareholders refused to join this new company as they had lost confidence in the partnership with the government (Hagman, 2005).

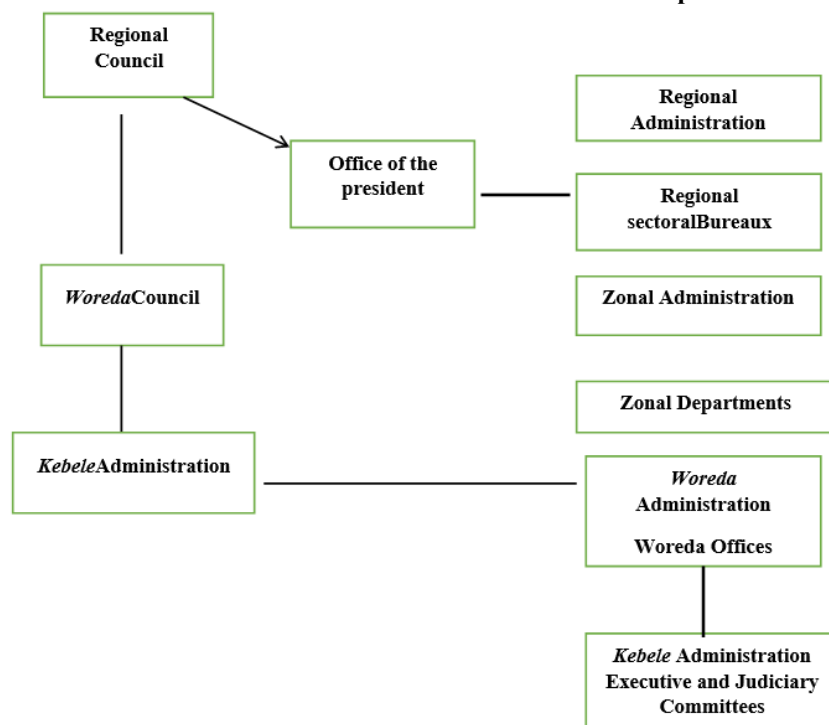
Public Private Partnership as a Rehabilitation and Reconstruction Modality

Immediately after the transition in 1991, the Ethiopian government began to launch an economic recovery and reconstruction project as part of the state rebuilding activity. Immediately after the war, the country began to

experience a series of development episodes that involve philanthropy, mobilization, organization of displaced individuals, and reorganization of veterans. If anything, a systematic procedure of conjoining among private actors was at an infant stage. This was because of some basic factors. First, after the downfall of the government, the winning forces focused on expanding infrastructures through concessions, loans and capital provisions(Hagman, 2005). Second, at that particular time, as a result of long years of the command economy, the private sectors did not have the capacity to engage in various development projects(Shank, 1996). They were rather waiting for new provisions, governmental supports, and bureaucratic improvements to build their capacity (Hagman, 2005). Third, the decentralized structure, though commanded policy and legal grounds, was not established across the country. It was, rather, hanging the federal level owing to capacity problems, resource constraints, and lack of institutional and organizational structures (ibid).

The constitution provided the ground for the establishment of a decentralized structure. As part of the new constitutional document, a new form of a decentralized system of decision making was launched. This has opened the way for the beginning of public private joint development projects that are to be determined based on the local socio-economic and ecological contexts. The decentralization program has the following structure:

Table 1. Local Government Structure in Ethiopia



Source: Adapted from Tegegne (2000).

Ethiopian Social Rehabilitation Fund (ESRF) established its pilot projects in three areas: Addis Ababa, Tigray and Hossaina (Tegegne, 2000). Some level of PPP was observed during that time; micro-projects were authored by various multi-sectoral agencies, including but not limited to community associations, international agencies, and youth associations. To the minimum, the development planning process at that time departed from the preceding regime in that the local government units were established to undertake their own decision-making activity and exercise power. However, the development initiatives were more of state-led, top-down approaches, with the highest say made by the governmental organizations at the top of the hierarchy (Kassahun, Bongwa and Dijk, 2011). The autonomy expressed in terms of resource, decision-making capacity, institutional and organizational frameworks of the lower units of administrative organs was inadequate. Therefore, most of the development projects, particularly urban infrastructures, and rural projects were initiated by the higher public officials. Hierarchies not decentralized local governance frameworks played the role in initiating, executing, monitoring, and evaluating public projects (Hagman, 2005).

Regional capacity problems which were expressed in terms of financial, professional, and administrative deficiencies began to be the central concerns of the government. Against this problem, the government exerted an effort to build the capacity of the regional governmental agencies so as to stimulate development programs at the local level. Nevertheless, the process of capacity development, both as a means and end of the development program, has been dominated by the federal government officials in terms of redeployment of professionals, shifting of centers of human resource development, and homogenization of professional treatments (Kassahun,

Bongwa and Dijk, 2011). Particularly, training centers, project development internship programs were delivered across various centers (Hagman, 2005). This effort was, nevertheless, very weak as it failed to target private actors both as participants and builders of regional capacity. As a result, local governance development programs, which were experiencing a super-imposed influence from the higher government officials, limited the space for the growth of partnership platforms.

The government in response to the infant role of domestic and international NGOs showed an explicit interest to maneuver NGOs' energy (Kassahun, Bongwa and Dijk, 2011). In spite of that the Community-based organizations (CBOs), NGOs do not have a strong organizational and structural geometry to coordinately work out development necessities. Of course, looking at the case of SNNPR, SEPDA has taken a better step in coordinating the activities of 19 development associations. This is an important step. CBOs have been making a measurable intervention in some community development programs. Foremost in this regard were water, road, clinic, and education (Hagman, 2005). However, since these development agents were not well integrated with government and other private sectors, they were constrained by capacity gaps, an inadequate number of experts, lack of clear objectives and plans, non-involvement of non-intellectual and non-elite individuals, and lack of management guidelines (Hagman, 2005). This created one vivid picture: local development agents are not included in the regional development planning process and structure. A growing partnership gap is clear in this regard.

Though decentralization appears to be the main official rhetoric of the government, the practice was far away from the stated objectives, indicative of centralization tendency at the ground. The grounds of clientelistic political structure are markedly characterized by a centralized defacto structure. As a result, the local governments were positioned in an unsymmetrical political structure with the central government; from which all the resources and power flow based accomplishment of fidelity to preserve the interest of the central government (Chanie, 2007). This powerfully impoverished the local and regional governments of their capability, power, and potential to architect productive and dynamic socio-political environment, and thus to materialized a strong economic closure with various private organizations. The result is that the community, private enterprises, civic organizations and other stakeholders of local economic development are excluded from the development process in the country. Development activities are largely politically-drawn clientelistic agreements.

It is a kind of conspiracy that secludes major development actors so long as decentralization and federal state structure are concerned, at least officially (Chanie, 2007). Therefore, the power of local governments in developing the potential of partnership is predefined in a manner quite contrary to the legal and institutional structures. As a result, the informal political practices at the local level stand out aloud and present the greatest challenge to the autonomy of regional government units.

Decentralization Scheme after 2002

In 2002, the government provided concerted attention for decentralization structure to develop the financial, institutional, budgetary, and human resource capacity of various *Woreda* and *kebele*-level government units. Nevertheless, studies show that the principles of decentralization, particularly in creating an enabling environment for PPP, were not respected. District and sub-district level government units became very mere agents of upper-level government units, and their accountability followed an upward structure (Taye and Tegegne, 2007). Besides, the local governors have a number of capacity problems that contains them from taking an initiative to work in coordination with various private partners (Snyder et al., 2014).

Industrial Parks as major Areas of Focus for Public Private Partnership

After the end of GTP I and the launching of GTP II, the Ethiopian government began to prepare initiatives to beat the major challenges faced during the implementation of GTP I. Accordingly, specific emphasis began to be given for the acceleration of industrial development through an integrated approach. Overarching industrial body (Industrial Parks Development Corporation was established in 2014) was, to stand at the forefront of partnership, established to facilitate and supervise the process of industrial park development programs under the guidance of industrial park proclamation that was launched in 2015. The proclamation opened the space for both public and private enterprises to engage jointly in such programs. It is pivotal to quote a note released by *the quarterly magazine of the Embassy of Ethiopia in Brussels*.

... industrial parks can be developed by any profit-making public, public-private or private enterprise. This includes the Industrial Parks Development Corporation (IPDC), which is in charge of managing the development of large, medium and light industrial parks and the ministries of industry and agriculture, which are responsible for the integrated agro-industrial parks development. The investment is open to national, domestic and foreign investors. The industrial parks developers are entitled to develop their own industrial parks, either independently or through public-private partnership with IPDC. With regard to large, medium and light industrial parks, IPDC is mandated as a facilitator of land bank and main infrastructure provider for private industrial park developers so as to realize the national industrialization agenda of the country in the coming years (Embassy of Ethiopia, 2016).

A strategic plan developed by the Addis Ababa city mayor specified for environmentally-sensitive and community-based consultative processes that help to mobilize the energies of various partners and to rebuild and make Addis Ababa a resilient city (The World Bank, 2015). Nevertheless, empirical reports show a different picture in that urban local government became dominant and non-accommodative over urban regeneration projects. Particularly, investment programs, land assessment procedures, construction activities, and master plan developments were corrupted, conflict-ridden, discriminatory, and exclusive of potential private partners (Martineli and Pirozzi, 2015). Several cases of conflict with the *Oromiya* region residents, eviction of the surrounding peasants, corrupted and unsustainable investment agreements were some of the noticeable results (Tura, 2017). This entails how the undemocratic, unaccountable, non-transparent, and corrupted nature of urban local governance process prevented potential partnership.

Ethio-China Development Partnerships: Unsymmetrical PPP

China, as a powerful economic actor in the African soil, is expanding its scope and scale of influence in Ethiopia. A number of development projects have been undertaken by the Chinese public and private companies. Thus, a lesson of great importance could be taken from this partnership. There are twin characteristics of Chinese development motives. The first one is that China is trying to cope with the challenge coming from the European and Indian investors. On the other hand, China is intending to systematically crack the resource potentials of Ethiopia (Chakrabarty, 2016). Henceforth, the partnership between China and Ethiopia tends to have exploitative, unsymmetrical, and unbalanced features.

With Ethiopia's economy growing, China has increasingly become a strong partner in various economic development activities. In comparison to European investors, Chinese activity involves a comprehensive partnership with Ethiopia in expanding infrastructure services (Shinn, 2014). Many scholars, however, are skeptical of the benefit of the partnership between Ethiopian and Chinese private and public companies. China-Ethiopia partnership is explained through financing, project grants. However, since Chinese intervention in various development activities in Ethiopia is based on diplomatic advantages, its partnership is mostly in favor of Chinese companies (Adem, 2012). The joint economic activities are not in genuine partnership modes, but rather in asymmetrical structure of extraction.

Rather than having a partnership through prioritizing, planning, financing, implementing, evaluating and establishing of development projects, the Ethio-China development partners are limited to finance and grant signing (Tegegn, 2007). Besides, the development project partnership was skewed towards the Chinese actors, in terms of assigning of professionals, funding of projects, risk-taking. The cumulative impact of such programs was that the partnership was fragmented, distorted, incoherent and biased. Instead of ensuring that the development project was equitable, beneficial, the partnership brought a number of anti-developmental characters, dispossession, displacement, and disaggregation. The partnership programs have incomprehensive development characters, basically commercial (Cabestan and Jayaram, 2012). Thus, the socio-economic and environmental nature of such projects was too much limited. So far, some scholars appreciate the relative benefit of Chinese joint development and economic project grants.

A Constrained Local Economic Development Program: Limited Role of PPP

The federal constitution proclaimed in 1995 emphasizes on respect of power between the regional and federal government (FDRE Constitution, Article 53). In 2009, Local Economic Development program was introduced to facilitate local level development project. For this purpose, institutional and organizational structures were established (Kassahun, Bongwa and Dijk, 2011). Nevertheless, the program was limited to be governed by federal organizations. This has prevented the expansion of network and partnership with appropriate development stakeholders at the local level, particularly the community.

Later on, in 2012, local economic development program was mixed with the entrepreneurship program. MOFED took the responsibility of establishing and controlling steering and technical committees (United Nations Development Program, 2012). That made the development of partnership among private and public organizations for both entrepreneurship and local economic development programs limited. The basic reason is that the local governance structures are not serving as an enabling environment. First, local economic development and entrepreneurship have been undertaken as a project, with an inadequate level of focus (United Nations Development Program, 2009). Second, local governments are under the supervision of the federal government organs (Meskerem, 2007). Three, the local governments have capacity problems related to resource and organizational structure.

GTP I and GTP II policies are closely aligned with local economic development programs. In this structure, public-private partnership provides a guiding role. Nevertheless, the level of emphasis given for the establishment of a partnership framework as a potential pathway of realizing GTP objectives was limited (UNDP-DELCP, 2010). Developing micro and large scale enterprises, urban projects, and marketing processes were controlled by the federal governments, with a limited role from local governments and private partners (Tegegne and Meheret,

2010). Local governance structure in Ethiopia is very limited. It does not provide an enabling platform for the private sectors to make initiatives. The available initiatives focus on multi-stakeholder dialogue forums jointly governed by private and public organizations. However, the partnership is limited to discussions which are not advanced into sharing of decision making power. Besides, forums are not structural and thus irregular.

It is argued that PPP plays a strong role in Local economic development. Nonetheless, PPP at the local level, both in municipal and rural districts, tend to have exclusive, old-fashioned, and traditional character. Though the private sectors have a stake and responsibility, the public sectors neglect and systematically exclude potential private partners from various partnership horizons (World Bank Group, 2016). For example, steering committee establishment, facilitating development meetings, researching various local economic needs, and other pivotal partnership issues are conducted with little collaboration of private partners (United Nations Development Program, 2014).

Cognizant of the country's mounting enemies that are poverty and declining development, the Ethiopian government has understood that development should be undertaken by an integrated involvement of various agents. In this regard, a public-private partnership program was launched that involved the following major actors: Public organizations that are Agricultural Transformation Industry (ATI) and Industrial Park Development Corporation, UN's International Fund for Agricultural Development, World Bank's International Development Assistance, and China (United Nations Development program, 2018). All of such organizations established various agencies to support agricultural transformation, stimulate the growth of the industrial sector, to enhance the development of human resources across the country. Their relationship is expressed in terms of signing and exchange of financial grants, the joint researching, and investigation of development routes. The industrial park proclamation recognized the importance of joint projects by public-private enterprises.

However, the partnership, apart from working out financial requirements, facilitating market transactions, and supervision of development programs in line with GTP II of Ethiopia, is limited (United Nations Development Program, 2018). It is not comprehensive and deep enough to comprise the joint engagement of various partners in a comprehensive manner. However, the industrial park distribution and ownership are under the complete control of the public organizations. Thus, the distribution of industrial park projects is uneven across various regional centers.

Table 2. A description of industrial park distribution across various regions and local governments

No	Name of parks	Site & Location from Addis Ababa	Kms from Addis Ababa	Proximity to the port (Djibouti)	delimited land (hectare)	Phase I (hectare)	Eligible industries (only major ones)	completion period of Phase I
1	Addis Industry village	Addis Ababa	Addis Ababa	863	8.7	8.7	Apparel	operational
2	Bole lemi I	Addis Ababa	Addis Ababa	863	156	156	Apparel	operational
3	Bole lemi II	Addis Ababa	Addis Ababa	863	186	186	Textile & Apparel	2017
4	Kilinto	Addis Ababa	Addis Ababa	863	337	337	Food processing, pharmaceutical, furniture, house appliance, electronic & electrical	2017
5	Hawassa	South	275	998	300	100	Textile & Apparel	2016
6	Dire Dawa	East	473	380	1500	150	Textile and Apparel, vehicles assembly and Food processing	2016
7	Kombolcha	North-East	380	480	700	50	Textile & Apparel, Food processing,	2016
8	Mekelle	North	760	750	1000	50	Textile & Apparel, Food processing,	2016
9	Adama	South-East	74	678	2000	100	Textile & Apparel, vehicles assembly and Food processing	2016
10	Bahir Dar	North-West	578	985	1000	50	Textile & Apparel, Food processing,	2016/2017
11	Jimma	South-West	346	1098	500	50	Textile & Apparel, Food processing,	2016/2017

Source: Embassy of Ethiopia, 2016

A study that assessed the challenges and prospects of industrial parks in *Dukem* district, Ethiopia, found some institutional, governance, and organizational gaps. The process of initiation and establishment of industrial parks there suffered from a de-contextualized government dominated program of action. The community though has its own interest, and private partners, in spite of their will and potential collaboration, were not properly integrated by the responsible local governors to contribute their effort in the industrial park development, which as a result brought insignificant community impact, societal benefits, and sustainable local development programs (Zhang et al., 2018). The system of development partnership was shared solely between the local governors, as passive order recipients from above, and the Chinese companies.

Urban Local Government Development Program: Renewd Promises of PPP, 2008-2018

In 2008, the Ethiopian government organizations, in collaboration with the World Bank, launched a program of decentralization and public-private partnership to regenerate and renew various urban centers (Abeba and

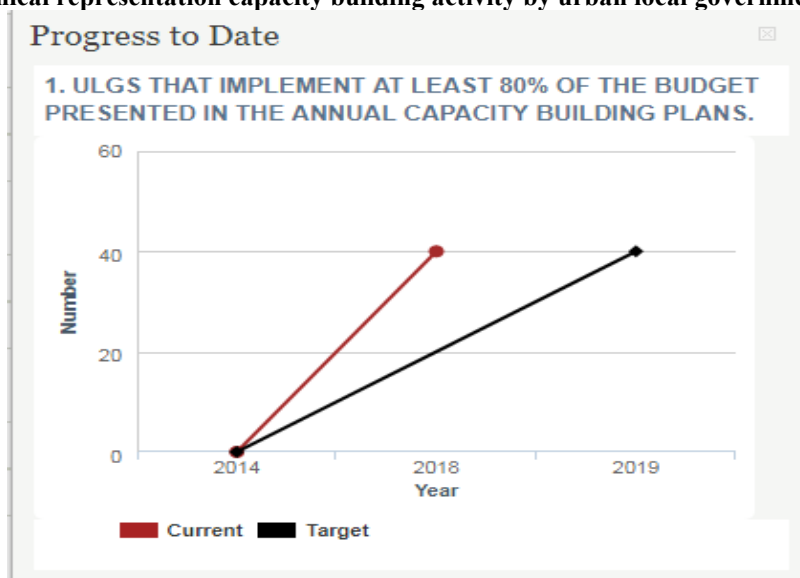
Dinkneh, 2010). The program comprised major areas of focus on the performance of urban development programs by addressing participation, transparency, accountability, investment report, financial management, environmental management, procurement, and social safeguarding concerns requirements (ibid). These were the major principles to be achieved by the urban local government development programs. For this purpose, the Ethiopian Ministry of Urban Development and Housing, World Bank (as funder), and different governmental municipal organizations in different regional states began to work out a process of urban regeneration. Nevertheless, the basic problem is that the private organizations do not own such programs with full responsibility though they participate in urban planning, procurement, green area regeneration, and entrepreneurship activities under the request, guidance and supervision of the government bodies (Huque, 2008). This is not complementary with the basic principles of PPP in that the public and private organizations have unsymmetrical relationship (Edjeta and Kavalsky, 2018). Besides, the local governments do not have autonomy and capacity to incorporate the participation of private organizations (Abebaw and Dinkneh, 2010). Besides, activity of the local governments created burden over private partners and failed to create an open space for the gradual engagement of various partners.

The second phase of Ethiopian Urban Local Government Development program introduced various tasks to promote decentralization and public-private partnership programs in various regions.

Overall, the Program is making steady progress in improving capacity and urban management functions in the participating ULGs and had satisfactory progress towards achieving the development objectives. The findings from the sample of cities and regions visited show that ULGs continue to show improvement in institutional performance and in developing and sustaining urban infrastructure and services. Most cities have demonstrated satisfactory performance in meeting the minimum conditions, particularly in capital investment planning, financial management and transparency and accountability (Abebaw and Dinkneh, 2014).

So far, the performance of the urban local government development program is good in terms of materializing the required objectives. The graph below provides evidence of the success of urban local governments in implementing the targeted annual capacity building programs.

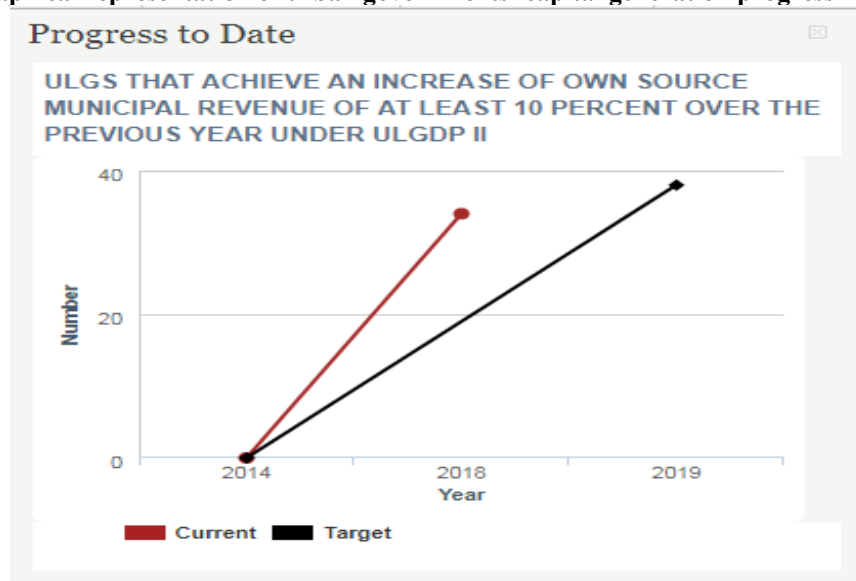
Figure 1. A graphical representation capacity building activity by urban local governments



Source: World Bank (2019)

In addition to this, the urban local governments have also been making a modest advance in terms of augmenting their own source to engage in local development activities. This enabled them to make an expanded initiative in local economic development activities and to enhance the engagement of private partners. The following graph provides evidence. However, the problem is that the private sector is not given a transformative role.

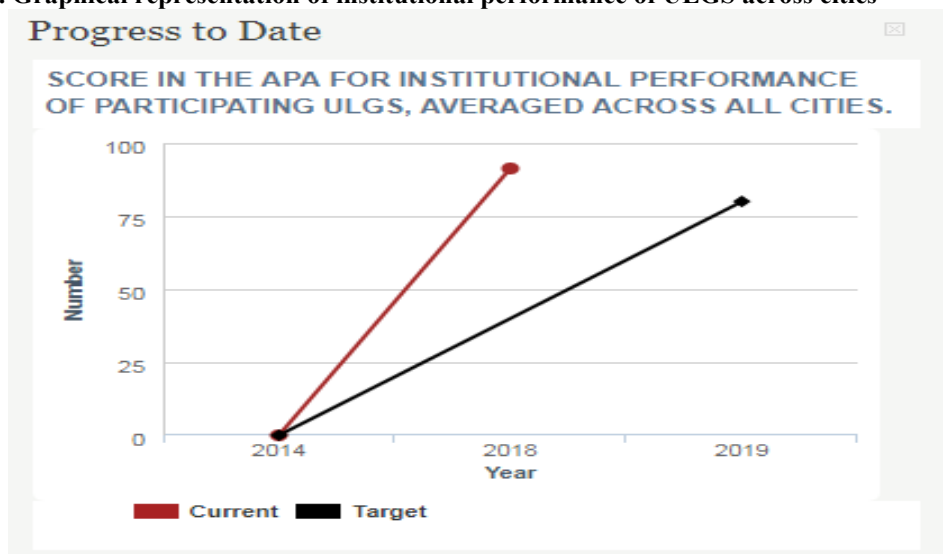
Figure 2. A graphical representation of urban governments’ capital generation progress



Source: World Bank (2019).

Apart from regional successes in enhancing urban development program initiatives, the following graph presents the Annual Performance Assessment of urban local governments across various cities. In spite of the modest development of the institutional structure of cities, the success with regard to strengthening the bond between private and public organizations appear to be low (Edjeta and Kavalsky, 2018). The institutional framework of local governments does not lay out the procedures and grounds for the sharing of responsibility and power with other stakeholders.

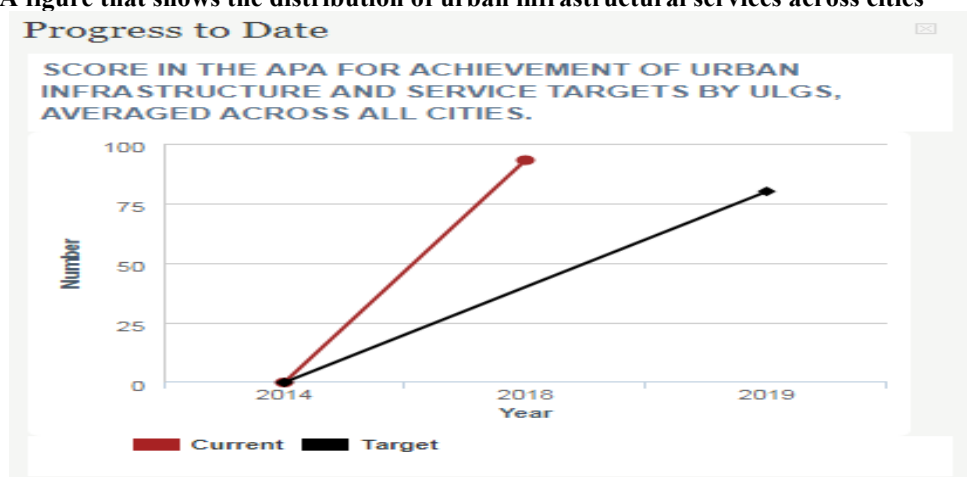
Figure 3. Graphical representation of institutional performance of ULGS across cities



Source: World Bank, 2019. APA stands for Annual Performance Assessment.

Another evidence of urban local governments’ performance of delivering local services is presented below. In this regard, the figure represents a developing trajectory in which the delivery of urban service requirements across cities has been increasing. However, assessment reports, on the other hand, show different evidence. Various service provisions are delivered in an unsustainable manner and without strong participation of private partners. The problems are, according to (The World Bank Group, 2019), related to corruption, partisanship, and favoritism. Projects assessment, prioritizations, selection, and contracting are made mostly based on the interests of politicians who look for more money (Edjeta and Kavalsky, 2018).

Figure 4. A figure that shows the distribution of urban infrastructural services across cities



Source: World Bank (2019). APA stands for Annual Performance Assessment.

Nevertheless, though the urban local government development program has been successful in terms of enabling the urban municipalities, and bringing the involvement of various sectors, the partnership between public and private actors is not swinging in full scale. Basically, initiatives, supervisions, and evaluations are taken as the sole responsibilities of the public sectors that control the execution and evaluation of urban development projects. The following request made by the Ethiopian Ministry of Urban Development Housing is noteworthy evidence. The table explains how the procedure and structure of partnership between public and private sectors is one way. First, the private sectors do not make initiatives, just respond to requests. This shows a lack of joint working framework based on which both partners work in an interactive manner. Second, the role of private partners in joint development projects is limited in scope. They intervene in those areas already enclosed by the local governments (The World Bank, 2019). Third, local governments themselves have a number of gaps that limits their scope of partnership with various private sectors. Among other things, they do not have full autonomy, resource capacity, established framework, and organizational and institutional platform to work closely with various stakeholders (Edjeta and Kavalsky, 2018).

Table 3 Description of the urban development execution and evaluation Requests

Request Made By Ethiopian Ministry of Urban Development and Housing	Flow of partnership	Date of Publication
Request For Expressions Of Interest For Consultancy Services For The Fifth (5th) Annual Performance Assessment Of 44 Cities And 9 Regions Participating In The urban local government development program For Allocations (2018/19)	Request for Expression of Interest	April 20, 2017
Technical Assistance For Capacity Building Of Additional 19 Cities In Oromia National Regional State To Qualify And Participate urban local government development program	Request for Expression of Interest	March 17, 2017
Technical Assistance For Capacity Building Of Additional 9 Cities In Amhara National Regional State (8 Cities) And Tigray National Regional State (1 City) To Qualify And Participate urban local government development program	Request for Expression of Interest	March 17, 2017
Technical Assistance For Capacity Building Of Additional 13 Cities In South Nations Nationalities Peoples Regional state-SNNPR (9 Cities) And Somali National Regional State (4 Cities) To Qualify And Participate urban local government development program	Request for Expression of Interest	March 17, 2017
Independent Mid-term Evaluation Of urban local government development program And Provide Report And Inputs Into The World Bank	Invitation for Bids	November 4, 2016
Request For Expressions Of Interest To Provide Consultancy Service In Urban Good Governance Institutionalization (deepening Decentralization) In Ethiopian Cities	Request for Expression of Interest	October 5, 2016
Request For Expressions Of Interest For urban local government development program 3rd Annual Performance Assessment Of 44 Cities And 9 Regions In Ethiopia	Request for Expression of Interest	June 19, 2015
Consultancy Service To Provide Capital Goods Financing	Request for Expression of Interest	February 25, 2015
Urban Good Governance Institutionalization second Urban Local Government Development Program	Request for Expression of Interest	October 28, 2014

Source: World Bank Group (2019).

Then, in March 2018, the government made an improvement over the previous Urban Local Government Development Program and introduced Ethiopia Urban Institutional and Infrastructure Development Program. The modifications of the program and its major envisaged objectives are quoted below from Abebaw and Tefera (2018).

The development objective of the Urban Institutional and Infrastructure Development Program Project for Ethiopia is to enhance the institutional performance of participating urban local governments to develop and sustain urban infrastructure, services, and local economic development. The proposed Urban Institutional and Infrastructure Development Program (UIIDP or Operation) will support the objectives of the WB's Ethiopia Country Partnership Framework (CPF) (2018–22). The CPF for Ethiopia, discussed by the Board on June 27, 2017, has three strategic focus areas: (a) promoting structural and economic transformation through increased productivity, (b) building resilience and inclusiveness, and (c) supporting institutional accountability and confronting corruption. The proposed UIIDP supports all three focus areas. The UIIDP's fundamental objectives and funding directly target the strengthening of urban governance and management systems, participatory strategic and spatial planning, improved transparency and accountability enhanced citizen engagement in decision-making of urban governments (including of women), public private dialogue, and directly financing urban infrastructure and services. By assisting to create well-functioning and productive urban centers, the UIIDP contributes to the WB's twin goals of ending extreme poverty and boosting shared prosperity. The proposed Operation will be financed through a hybrid of Investment Project Financing (IPF) and Program-for-Results (PforR) instruments. Most of the Operation is financed through the PforR instrument, which has proven to be the optimal and effective mechanism for providing conditional grants to regional states and ULGs, as demonstrated in the ULGDP II.

Clear in the program is the idea that the government has given a specific emphasis on infrastructure development in collaboration with various partners. In relation to this, the government has made a number of initiatives to support the local urban governments to implement urban development projects. In this regard, the countries second Growth and Transformation Plan (GTP) has incorporated some basic principles that center on

the importance of rebuilding the institutional and organizational efficiency of government bodies (Snyder et al., 2014). Kaizen-led bureaucracy, encouragement of private sectors was emphasized though particular strategies were not devised to create cooperation between the public and private sectors. Besides, particular attention has also been given to improving the democratic governance processes. Nevertheless, the targeted plans and the accomplished activities explain that the urban development programs, apart from proposing and requesting private sector participation, does not have a structured and organized framework to implement PPP. The following table from the Urban Institutional and Infrastructure Development Project procurement plan and assessment provides evidence.

Table 4. Urban Institutional and Infrastructure Development Project procurement plans and assessments, 2018-2019

No	Programs	Targeted stakeholders	Implementation status
1	Annual performance assessment for 61 cities	<i>Oromiya and Southern Nations, Nationalities Peoples Region</i>	Under implementation
	Annual Performance Assessment (1st and 2nd for UIIDP for 56 cities)	<i>Amhara, Tigray, Ethiopian Somali, Afar, BenishagulGumuz, Gambella, Harari, Dire Dawa)</i>	Under implementation
2	Implementation support for ULGDP-II and UIIDP Management information system that supports the program operation at the Federal, Regional and ULG Level.	Urban local governments	Under implementation
3	Conduct Citizen Satisfaction Level Survey in Sample Cities in accordance with Urban Categories	Urban local governments/ public organizations	Pending implementation
4	preparation of Densification standard for urban Ethiopia	Public organizations/ urban local governments	Pending implementation
5	Preparation of Regional Urban Development Spatial Plan for 9 Regional States	<i>Oromiya, Amhara, SNNP, Tigray, Gambella, Afar, Benishangul-Gumuz, Ethio-Somalia &Harar/ Of Ethiopia/ Public Organizations</i>	Under implementation
6	Preparation studies (prefeasibility or feasibility studies) for resilient-oriented investment projects that are likely to contribute to the sustainable urban development, and targeting cities with specific needs for further investments	Urban local governments. Public organization	Pending implementation
7	Tender assessment for baseline in 61 cities (especially new cities and cities that have not used consultancy) on asset management, asset inventories baseline and for revenue enhancement strategies, plans and implementation	Urban local governments/public organizations	Pending implementation
8	Tender assessment for baseline in 56 cities (especially new cities and cities that have not used consultancy) on asset management, asset inventories baseline and for revenue enhancement strategies, plans and implementation	Urban local governments/public organizations	Pending implementation
9	computerized comprehensive municipal revenue file management and data base formation	Urban local governments/public organizations	Under implementation
10	Strategic TA/Studies - Gender (ULGs gender audit, ULGs gender mainstreaming guideline)	Urban local governments, Youth and Women Offices, civic organizations, community based organizations/ both public and private organizations	Cancelled
11	Strategic TA/Studies - Urban Planning	Urban local government/ public organization	Cancelled

Source: Developed from the plan and report of Abebaw and Tefera (2018).

The table makes it clear that the program has missed some basic ingredients of PPP. First, the urban development project excluded major private actors from participating in planning programs, procuring resources, monitoring, and evaluation performances. On the other hand, though the government has initiated (as could be understood from the table in number 10 and 11) to incorporate some private actors, the plan was canceled from being implemented.

Figure 5. bi-annual meetings of public and private organizations on urban development plans **Figure 6. urban park and green area development projects**

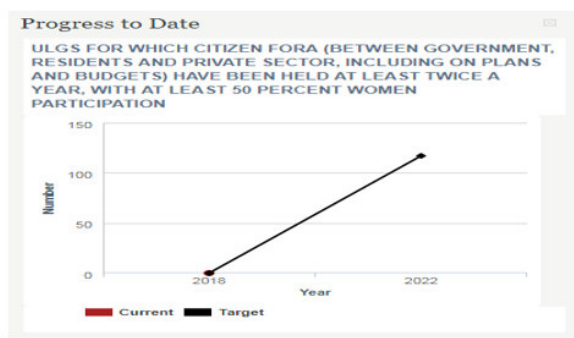


Figure 7. Urban drainage project progress

Figure 8. Urban cobble stone project progress



Source: Abebaw and Tefera(2018).

The graphs explain that the government has made some steps in introducing PPP as a mechanism of efficiently implementing urban development projects. For example, the introduction and implementation of a bi-annual forum in which all private and other sectors could consult discuss, and agree on various urban development programs. Besides, the graphs also show how urban development programs have helped expand infrastructure provision, employment creation, and green area development. Apart from the above graphs, the online reports also describe the increasing urban capital generation activities, job creation, provision of urban lands for investment and housing, development of micro and small enterprises, and emergency programs which altogether explain the level for progress towards PPP (Edjeta and Kavalsky, 2018).

Nevertheless, there still exists a long path in materializing PPP. First, private sectors rather than owning and taking responsibility for various local development programs are engaging based on the instruction and recommendation coming from the government (Abewaw and Tefera, 2018). Besides, the programs are simply governed under the existing decentralization program. The existing decentralization program does not provide adequate space for private actors to be part of the local and urban economic development programs (Edjeta and Kavalsky, 2018). The major problem is also related to the structure of governance which is still hierarchical, and the process of governance mobilizes citizens and private partners on a temporary basis (World Bank, 2014). Therefore, the sustainability of PPP as an integrated part of local governments is yet to accumulate strong institutional and organizational grounds.

In economic projects that target Growth and Competitiveness, Landscape and Livelihood, Economic Opportunity, Carbon Finance, Electrification Program, Fishery, Rural Productivity, Education, Health, and safety net the private sector is given attention (Abewaw and Tefera, 2018). The private sector is provided the scope to make an engagement based on the initiatives and project rationales set by the federal and regional governments. Thus, the private sector is seen as a separate actor. Organizational and structural elements, such as a mutual memorandum of agreement, cross-sectoral and stakeholder organizations, are not established to facilitate the partnership between private and public organization.

A new wave of Partnership Formation?

Since the coming into the power of prime minister Abiy Ahmed, several programs have been undertaken. Though it would be difficult to make an assessment at this stage, it is relevant to assess the new introduction whether they are complementing the basic principles of public-private partnership. The government introduced some basic initiatives to expand privatization in some areas. However, given the fact that the government has not yet made any change in terms of ideology i.e. developmental state, the measures being undertaken are not congruent with the basic elements of partnership formation.

There is an increasing global interest to invest in Ethiopia and engage in several development projects in the country. In this regard, the World Bank, United Nations Development program, and several other European and African companies are taking some steps to work with the Ethiopia government (Mohammed, 2019). Nevertheless, these initiatives are just an expansion of

Regarding local governance and PPP, Abiy's team has not made any change. Circumstances that set an obstacle to the development of PPP are escalating. Particularly, the emergence of different identity-related quests, growing insecurity, emergence of factions and small level conflicts are eroding the quality of local governance and the potential of PPP (World Bank, 2018). This is an open and further developing circumstance. Therefore, it is better to wind up the discussion here and resume the research in the future based on the changing contexts.

Conclusions

In this paper, a critical assessment of the way local governance structure influences the practice of PPP is made. In this regard, the performance of PPP in Ethiopia has been a reflex of the existing local governance structure. Since local governance structure is very weak in terms of maintaining security, providing participation framework, and making practical appraisal of existing local contexts, the partnership projects are the consumption tools of the governing regime. Besides, the government has been making a conspiracy relationship with the outside stakeholders to maintain the economic grounds of political power. This has created a skewed economic structure that is under the complete control of the government while the role of private partners has been dampened to very limited scope. This is equivalent to the sharing of sovereign power with the outside power which is anti-Westphalia. Therefore, a new wave of initiative for PPP has to be reconstituted with the restructuring of the local governance structures. Decision making power has to be undertaken with appropriate strategies, incorporating societal involvement.

References

- Abebaw, A. and D. Dinkneh. 2014. First Urban Local development: Implementation assessment report. <http://projects.worldbank.org/P133592/ethiopia-local-government-development-project-ii?lang=en>.
- Abebaw, A. and D. Dinkneh. 2018. Second Urban Local development: Implementation assessment report.
- Adem, S. 2012. China in Ethiopia: Diplomacy and Economics of Sino-optimism. *African Studies Review*. Vol. 55, No. 1 (pp. 143-160). <https://www.jstor.org/stable/41804135>.
- Bovaird, T. 2004. Public Private Partnerships: From Contested Concepts to Prevalent Practice. In: *International Review of Administrative Sciences*, Vol. 70 No. 2, 199–215.
- Brinkerhoff, D.W. and J.M. Brinkerhoff. 2011. Public-private partnerships: Perspectives on purposes, publicness, and good governance. *Public Administration and Development*. 31. 2 - 14. 10.1002/pad.584.
- Cabestan, J. and N. Jayaram, N. 2012. China and Ethiopia: Authoritarian affinities and economic cooperation. *China Perspectives*. No. 4 (92) (2012), pp. 53-62. <https://www.jstor.org/stable/24055505>.
- Chakrabarty, M. 2016. Ethiopia-China Economic Relations: A Classic Win-Win Situation? *World Review of Political Economy*, Vol. 7, No. 2. pp. 226-248. <http://www.jstor.org/stable/10.13169/worldreview.7.2.0226>.
- Chanie, P. 2007. Clientelism and Ethiopia's Post-1991 Decentralization. *The Journal of Modern African Studies*, Vol. 45, No. 3, pp. 355-384. <http://www.jstor.org/stable/4501295>.
- Chowdhury, I. and P. Chowdhury. 2016. Public-Private Partnerships and Governance. In: Banerjee S., Mukherjee V., Haldar S. (eds) *Understanding Development*. India Studies in Business and Economics. Springer, New Delhi.
- Coxall, B., Robins, L. and Leach, R. 2003. Local governance. In: *Contemporary British Politics*. Palgrave, London.
- David H. D.H. Shinn. 2014. Ethiopia and China: Two Former Empires Connect in the 20th Century. *International Journal of Ethiopian Studies*. Vol. 8, No. 1 & 2, pp. 149-164. <https://www.jstor.org/stable/26554822>.
- Edjeta, B. and B. Kavalsky. 2018. Urban local government project: Project performance assessment report. World Bank Group, Ethiopia.
- Embassy of Ethiopia. 2016. Quarterly Magazine of the, 2016. <https://ethiopianembassy.be/2017/12/05/industrial-parks-and-the-transformation-of-ethiopia-s-economy/>.
- Frey, B. and Reiner, E. 1995. "Competition among Jurisdictions: The Idea of FOCJ." In *Competition among Jurisdictions*, ed. LüderGerken, 209–29. London:

- Macmillan.
- Garcia, M. and A. S. Rajkumar, S. 2008. "Achieving Better Service Delivery Through Decentralization in Ethiopia," World Bank Working Paper (Africa Human Development Series), Washington, D.C.: World Bank, 131.
- Hagmann, T. 2005. Challenges of Decentralization in Ethiopia's Somali Region. Review of African Political Economy, Vol. 32, No. 104/105, Oiling the Wheels of Imperialism pp. 449-455. <http://www.jstor.org/stable/4007091>.
- Huque, R. 2008. Urban Local Government Development Project. Project Appraisal Document.
- John, P. 1997. Local governance, In Dunleavy, P., Gamble, A., Holiday, I. and Peele, G. (eds.) Developments in British Politics 5. Palgrave, London.
- Kassahun, S. Bongwa, A. Djik, M.P. 2011. Decentralization and Public Service delivery in Ethiopia. Shaaker Publishing, Maastricht.
- Martin, L. 2018. Public-private partnerships (p3s): What Local Government Managers Need to Know. A Policy Issue White Paper for ICMA, International City/County Management Association. [https://icma.org/sites/default/files/18-109%20Public Private%20Partnerships-P3s%20White%20Paper_web%20FINAL.pdf](https://icma.org/sites/default/files/18-109%20Public%20Private%20Partnerships-P3s%20White%20Paper_web%20FINAL.pdf).
- Martinelli, M. and N. Pirozzi. 2015. Promoting Stability and Development in Africa:: How to Foster Cooperation between Public and Private Sectors. <https://www.jstor.org/stable/resrep09861>.
- Meskerem, S. 2007. Status of Local Governance at Woreda/District Level in Ethiopia. 4th International Conference on Ethiopian studies, organized by Western Michigan University, USA.
- Mohammed, A. 2018. Abiy's One year: Ethiopia's best hope for stability. Aljazeera, Africa. Available at: <https://www.aljazeera.com/indepth/opinion/abiy-year-ethiopia-hope-stability-190331151858910.html>.
- Oates, W. 1969. "The Effects of Property Taxes and Local Public Spending on Property Values: An Empirical Study of Tax Capitalization and Tiebout Hypothesis." Journal of Political Economy 77: 957-71.
- Osborne, S.P. 2006. The new public governance? Vol. 8, No.3. DOI: 10.1080/14719030600853022.
- Shank, R. 1996. 'South-East Rangelands Development Project (SERP). Background Information', UNDP-Emergencies Unit for Ethiopia, Addis Ababa.
- Shinn, D.H. 2014. Ethiopia and China: Two Former Empires Connect in the 20th Century. Russian Academy of Sciences Institute for African Studies, 13th International Conference of Africanists.
- Snyder, K. and Eva., Cullen, B. Tucker, J. Alemayehu, Z. and D. Alan. 2014. Participation and performance: Decentralized planning and implementation in Ethiopia. Public Administration and Development. 34. 10.1002/pad.1680.
- Sondand, S.E. 2017. Public-private partnerships in Indonesia: a comprehensive legal framework of significance to action and analysis. Asia Pacific Journal of Public Administration. vol. 39, issue 1, 72-78. <http://hdl.handle.net/10.1080/0142159X.2017.1294395>.
- Stigler, G. 1957. "The Tenable Range of Functions of Local Government." In Federal Expenditure Policy for Economic Growth and Stability, ed. Joint Economic Committee, Subcommittee on Fiscal Policy, U.S. Congress, 213-19. Washington, DC: U.S. Government Printing Office.
- Taye, A. and G. Tegegne. 2007. Decentralization in Ethiopia. [http://lst-iiiep.iiiep-unesco.org/cgi-bin/wwwi32.exe/\[in=epidoc1.in\]/?t2000=026485/\(100\)](http://lst-iiiep.iiiep-unesco.org/cgi-bin/wwwi32.exe/[in=epidoc1.in]/?t2000=026485/(100)).
- Tegegne, G. 2000. Regional development planning in Ethiopia: Past experience, current initiatives, and future prospects. Vol. 16. No. 1.
- Tegegne, G. and A. Meheret. 2010. Micro and small enterprises as Vehicles for poverty reduction, employment creation and business development: The Ethiopian Experience, FSS, research report.
- Tegegne, G.. 2007. Impacts of Chinese Imports and Coping Strategies of Local Producers: The Case of Small-scale Foot Wear Enterprises in Ethiopia Author(s): Source: The Journal of Modern African Studies, Vol. 45, No. 4 (Dec.), pp. 647-679. <http://www.jstor.org/stable/4501950>.
- The World Bank. 2015. *Addis Ababa – Enhancing Urban Resilience: city strength resilient cities program (English)*. Washington, D.C. World Bank Group.
- Tura, H. 2017. Land Rights and Land Grabbing in Oromia, Ethiopia. Land Use Policy 70(3):247-255 DOI: 10.1016/j.landusepol.2017.10.024.
- UNDP-DELCP. 2010. Annual Review Report Developing Local Capacity for the Achievement of the MDGs (DELCP).
- United Nations Development Program. 2012, Local Economic Development Program, Second Generation Program.
- United Nations Development Program. 2009. "Enhancing the capacities of Regions and *Woredas* to promote poor economic growth and sustainable livelihoods, through investments, employment creation and targeted economic interventions.
- United Nations Development Program. 2014. Overview of Developments in the Ethiopian Economy. Country

- Economic Brief.Retrieved from:
<https://www.et.undp.org/content/dam/ethiopia/docs/Country%20Economic%20Brief%201%20final%20for%20web.pdf>.
- United Nations Development Program. 2018. Ethiopia's progress towards eradicating poverty: Implementation of the third United Nations Decade for the eradication of poverty. Addis Ababa, Ethiopia. Retrieved from:
<https://www.un.org/development/desa/dspd/wp-content/uploads/sites/22/2018/04/Ethiopia%E2%80%99s-Progress-Towards-Eradicating-Poverty.pdf>.
- Wei Xiong, W., Chen, B., Wang, H. and D, Zhu. 2018. Governing public-private partnerships: A systematic review of case study literature. Australian Journal of Public Administration.<https://doi.org/10.1111/1467-8500.12343>.
- World Bank Group. 2016. Ethiopia's Great Run: The growth acceleration and how to pace it.
- World Bank. 2014. *Ethiopia - Second Urban Local Government Development Program (ULGDP II): technical assessment (English)*. Washington, DC: World Bank Group.
<http://documents.worldbank.org/curated/en/799661468036328375/Ethiopia-Second-Urban-Local-Government-Development-Program-ULGDP-II-technical-assessment>.
- World Bank. 2018. Ethiopia Economic Update: Reform Imperatives for Ethiopia's Services Sector.<https://www.worldbank.org/en/country/ethiopia/publication/ethiopia-economic-update-reform-imperatives-for-ethiopias-services-sector>.
- Yilmaz, S. and V. Venugopal. 2008. Local Government Discretion and Accountability in Ethiopia, (International Studies Program Working Paper 08-38). Atlanta: Georgia State University.
<http://aysps.gsu.edu/isp/files/ispwp0838.pdf>.
- Zhang, X., Dejene, T., Ciyong, Z. Zhen, W., Jie, Z., Eneyew, A., D. Jaidev. 2018. Inclusive and Sustainable Industrial Development Working Paper Series.