

Public-Private Partnerships (PPPs) as Collective Action for Improved Urban Environment Governance in Ethiopia

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Abstract

Rapid rates of urbanization and unplanned expansion of cities have resulted in dramatic environmental deterioration, severely affecting the growing numbers of urban poor and acute shortage of basic urban service delivery. These problems have been exacerbated by squatter settlement and migration among other things. Empirical literatures provides compelling evidence that various attempts has been made by the government to solve urban environmental governance problems and to provide better services in urban areas including clean water supply, sanitation, drainage facilities, green parks and deforestation. However, the situation is likely to remain unchanged in the future despite the government efforts to improve the infrastructure and service delivery as well as urban environment governance. Although significant effort have been made to improve and cope up with the increasing demand from the public on various services from urban areas, due to complexity of the services as a result of rapid and unplanned urbanization; massive squatter settlement, and increasing number of urban dwellers, has become very challenging for the government alone to deliver the services for its dwellers. Moreover, in most urban areas in developing countries like Ethiopia, the problem is more complicated due to typical characteristics of public sector: inefficiency and lack of effectiveness and due to inadequate and unsustainable nature of service; and overall poor performance.

It is thus important to fill the gap by partnerships with private sectors seems plausible options to efficiently and effectively improve urban service delivery for its dwellers. Empirical literature showed that to date, government efforts directed at solving serious urban environmental problems in developing countries have not mobilized the private sector, non-governmental organizations and community initiatives at the planning and management levels. Because of this, the project on urban governance did not bring significant change in protecting natural environment and improving urban services to dwellers. Though the Public-Private partnerships(PPPs) in urban environment governance has been practiced in other parts of the world, the empirical review on Ethiopia urban environment showed that there is huge gap in mobilizing collective action in form of PPPs to overcome the natural resource degradation and enhance urban environment governance in the country. Hence, coordinating and mobilizing the private sector to address the increasing demand for urban environment governance by urban dwellers is important for sustainable development activities of the countries. This is because, institutional structure like PPPs can fill the gap that cannot be filled by the public sector and improve urban environment governance services to its dwellers.

This article reviewed PPPs initiatives in other countries which involve mutual cooperation of the private and public institutions to deliver reliable, affordable, profitable, eco-efficient urban infrastructure services, and indicated possibility for adapting to developing countries like Ethiopia. The article reveals that the arrangement is preferable because it is a pool of two sectors: the dynamism, access to finance, knowledge of technologies, managerial efficiency, and entrepreneurship of the private sector with the social responsibility, environmental awareness, local knowledge, and job creation concerns of the public. It is business solutions to urban environment governance. Thus, findings show that Ethiopia also can adapt the model to improve the urban environment services. Therefore, a significant lesson can be drawn for Ethiopian urban environment taking into account the experiences, successes and challenges faced by other countries in the process of adopting the PPPs model as collective action to enhance urban environment governance issues in the country.

Keywords: Urban Environment Governance, Public-Private Partnerships (PPPs), Collective Action

1. Introduction

1.1 Background of the study

Theoretical and empirical literature associates urbanization with economies of agglomeration and cities are considered essential instrument to development of the economy of the country. Cheema (1993) reported that cities are centers of production, employment and innovation. In a number of countries, urban centers contain only one-third of the total population that generate up to 60% of the national output. In developing countries, cities contribute significantly to economic growth. The economic importance of cities is rapidly increasing and the future economic growth of cities would depend on the ability of urban centers to perform crucial service and production functions. If well managed, cities offer important opportunities for economic and social development particularly by providing innovation and employment (Cohen, 2005).

Despite economic benefits, rapid urbanization and unplanned expansion of cities have resulted in several negative consequences, particularly in developing countries. As a result, these day cities are facing socio-economic and environmental challenges. Urban areas depend on environmental services for their survival. Urban dwellers draw from the surrounding areas for the water they drink, the air they breathe, the energy they use, and the food they eat. Yet, these urban dwellers pose a threat to these very common goods, particularly through pollution, greenhouse gas emissions, deforestation, and depletion of water resources. Rapid urbanization in developing countries has resulted in dramatic environmental deterioration, severely affecting the growing numbers of urban poor and acute shortage of basic urban service delivery (www.citiesalliance.org). Moreover, the problem of squatter settlement further jeopardizes the cities' capacity to deliver basic services to its urban dwellers.

For a long, urbanization brought concerns and challenges have been taking the attention of politician and policy makers, particularly in developing countries like Ethiopia. Hence, the challenge for policy makers does not only halt the expansion of urban centers, but also intervene using multi-strategies, the multi-dimensional challenges, particularly urban environmental issues like waste management, sewerage, clean and safety water services, etc, faced by the cities, which traditionally have been the exclusive responsibility of public authorities. On the other hand, Ngowi (2006) argues that public sector provision of these services however has proved to be inadequate and unsustainable due to *inter-alia*, the nature of the public sector. Until very, recently the sector has been typically characterized by inefficiency and lack of effectiveness, leading to poor performance. This in turn can be attributed to many closely inter-linked and self-reinforcing characteristics of the sector like political interference; unclear objectives; limited operational autonomy; inadequate managerial skills *vis a vis* technical, human, conceptual and design skills; inadequate accountability and transparency; heavy and cumbersome bureaucracy; poor workers' morale; inappropriate economic settings; inadequate capital and lack of appreciation of the free inter-play of the market forces of supply and demand. To overcome these challenges and provide such basic services especially in poor neighborhoods call for strategies like PPPs. Thus, the researcher will try to review the lessons of other countries in overcoming the challenges and the role of the practical experiences that can be taken to address the problems in a sustainable way for Ethiopian urban centers.

The main objective of this article is to examine the experiences of other countries on Public-Private Partnerships (PPPs) as collective action for urban environment management in Ethiopia. The specific objectives of the article are to:

- i. create a record of experiences and methodologies used to examine PPPs options for overcoming urban environmental challenges and promoting partnerships among government, private, communities, NGOs and others
- ii. provide information on how PPPs can contribute to solve problems connected to urban environment governance and improve the service delivery of urban areas and
- iii. explore challenges and successes of other countries in adopting PPPs on urban service delivery in Ethiopian towns.

2. Theoretical Framework for Public-Private partnerships

2.1 The Concepts of Public Private Partnerships (PPPs)

The theoretical review on Public Private Partnerships (PPPs) as a subject of discussion has been viewed by different angles by various scholars on the area. Thus, it is possible to refer that different definitions indicate that there is no precise agreed definition on the topic. However, there are common features across the different approaches as well as distinctive features (Khanom, 2009). In the last two decades various countries of the world have shown a growing interest in Public Private Partnerships. A PPP is a partnership between the public and private sector for the purpose of delivering a service traditionally provided by the public sector (Meidutė, 2008). It is primarily a contractual approach to the delivery of infrastructures, goods and services traditionally provided by the public sector or by private operators subject to tight 'command-and-control' regulation, such as public utilities. However, as rightly emphasized by New Institutional economists, PPP is a very special contractual practice that seeks to introduce market-type relationships in a context in which non-market forces play a major role (Ménard, 2012). On the other hand, Federico (1999) argues that PPPs has been the most prominent mode of collective action for urban and other resource services delivery. However, in developing countries the idea is very recent and largely limited to large metropolitan cities.

PPPs include a range of possible relationships between both sectors, which are established in order to answer, in a cooperative way, the need for improvement and development of Infrastructure and services to deal with the urban and environmental management issues (James, 1998; Raptin, 1998; World bank, 1997) cited in Federico, (1999). But under PPPs, accountability for delivery of the public service is retained by the public sector whereas under a privatization, it moves across to the private sector (the public sector might retain some regulatory price control). Under PPPs, there is no transfer of ownership and the public sector remains accountable for monitoring

the nature of the service delivery which is indicated by the contract (UNECE, 2008).

2.2 What is the Theoretical Justification of PPPs as Collective Action?

Building and maximizing the welfare of its citizens by providing basic and dynamic services expected by the people now a days is crucial factors for government of developing countries and its policy makers toward the matter. However, it has proved very difficult many governments to meet the growing demand for infrastructure facilities and basic services. The inability of the public sector to provide infrastructure and deliver services affects promotion and expansion of businesses in communities. As a result, governments in several countries have been increasingly engaging the private sector, communities and others stakeholders in the provision of infrastructure facilities, investments in operation and maintenance of facilities as well as the delivery of basic services through PPP arrangements (Kwame, 2011). PPPs have long been considered as the form of provision that is capable of maximizing the gains deriving from private production, while preserving the collective goals of the public realm (Cappellaro and Longo, 2011). Stewart and Gray (2006) reported the main arguments in favor of PPPs: they enable wider participation in social decision making; they expand the reach of government; they make decision making more cost efficient. This can be carried out: First, PPPs allow non-government members to assume active role in decision making and management and enables citizens and businesses to become partners and beneficiaries in the provision of public goods and services (Stewart and Gray, 2006). The second argument in favor of PPPs is the opportunity to expand the natural boundary, scope, and flexibility of the state (Treasury, 2000). In the words of Kara and Quarless (2002) PPPs “should serve as mechanisms for the delivery of the . . . agreed commitments by mobilizing the capacity for producing action on the ground”.

Major benefits for the government are the speed, efficiency and effectiveness associated with private business practices to public service delivery in order to ensure value for money. The involvement of the private sector in public service delivery also forces the procurement process to be transparent and competitive. As a result, the long-term costs of the service delivery can be assessed more realistically under a PPP framework which in turn promotes efficient use of resources. Furthermore, Fiszbein (2000) has identified that the common denominator of a partnership is the ‘pooling of resources (financial, human, technical and intangibles such as information and political support) from public and private sources to achieve a commonly agreed social goal’. However, experiences of some countries which adopted the model indicated that it has various shortcomings which fail to deliver the needed benefit to the people. Therefore, countries like Ethiopia require taking into consideration these shortcomings while adopting the model for urban environment governance. In connection to this, Plummer (2002) described that the industrialized and advanced countries that have already a certain level of status in infrastructure and the levels of services offered by government. This was a context in which the state services were already a “going concern”, with near universal coverage. The states in these countries have a strong institutional capacity and the private sector was mature and large. However, comparatively the status of urban environment or social service in urban areas in developing countries are backward and lagging behind and a lot is expected from the government to invest in social services to alleviate the challenges.

The other challenges of PPP arrangement for to developing countries is political instability and fluctuation in policy. In Africa, it is common to see frequent policy shift by government. Fiszbein (2000) and Plummer (2002) states that ‘the circumstances under which a partnership is created tend to be idiosyncratic (and hard to predict) . . . partnerships . . . are largely episodic outcomes from temporary alliances rather than more enduring arrangements’. It is also argued having clear regulation and contract management, and hence improved service performance standards are likely to be problematic, for technical and capacity reasons alone and, as we argue below, the political context of privatization in the typical African situation makes effective regulation in favor of the poor even more unlikely (Batley, 1996). Though there are practical problems of PPPs approach as alternative modalities of collective action for urban environmental deterioration and inefficient urban service delivery, still it is possible to overcome the challenges and use the PPPs to address the rapid and complicated urban environment governance that endangered the natural resource and health situations of the both the current and future generations in Ethiopia in particular and in developing countries in general.

2.3 Public Private Partnership Approaches

PPPs covers wide areas of cooperation and arrangement between governments and privates sectors, local communities and others stakeholders on the matter of dealing such as urban environment service delivery. PPP is widely used for different purposes. However, there are divisions among researchers about the uses of PPP in practice. Some researchers focus on PPP as an inter-organizational arrangement between different institutions in which PPP is used as a governance or management tool; some concentrate on PPP as a development strategy; whereas some think it is a discursive term or a ‘language game’ (Teisman and Klijin 2002) cited in (Khanom, (2009). ESCAP (2011) listed out the conventional criteria of classifying the approaches which include (i) ownership of capital assets; (ii) responsibility for investment; (iii) assumption of risks; (iv) duration of contract, etc. Taking these standards in to account, PPP models can be classified into five broad categories: (i) supply and management contracts, (ii) turnkey contracts, (iii) affermage/Lease, (iv) concessions, (v) private finance

initiative and private ownership. Furthermore, World Bank (1997) identified various options of PPPs that allocate responsibilities and risk of operation between public and private sectors and other concerned stakeholders in the game to play properly the role while delivering the services. The report incorporates the following as main used models: (i) build-operate-transfer, (ii) build-own-operate-transfer (iii) build-own-operate (iv) build-transfer-operate (v) lease-develop-operate rehabilitate-operate-transfer (vi) design-build-finance-operate, management contract, service contract, asset sale, etc.

2.4 Public-Private Partnerships, Collective Action and Urban Environment Governance

Urban residents share access to a number of local tangible and intangible resources in which they have a common stake. These resources range from local streets and parks to public spaces to a variety of shared neighborhood amenities. These collectively shared urban resources called “urban commons” are subject to the same rivalry and free-rider problems. Many collectively shared, open-access urban resources are prone to overuse or misuse if improperly managed or regulated (Sheila, 2011). As Ostrom (1990) argued, collective action is the collective intentional behavior to provide and manage public goods or common resources through collaboration of two or more organizations/individuals.

Most of the urban problems arise mainly due to poor management, poor planning and absence of coherent urban policies. This fact further complicated by urbanization, squatter settlements etc. Urban governance, in order to address the above listed acute and multi-faceted problems requires and to carry out environmental sustainable deployment activities, of course the wish of every nation in the globe, requires strong-well thought out and planned fundamental urban governance practices which is participatory and partnerships among all sectors of the communities. Therefore, the idea of PPPs as an alternative option of collective action for urban environmental governance is essential from these perspectives. PPPs can be used as a collective action instrument to intervene and improve the problems of urban environment currently demanding urgent attention in most developing countries like Ethiopia.

2.5 International Experiences on Public Private Partnerships (PPPs)

International experiences and challenges of PPPs model for improved urban environment showed significant success story that can be adopted for urban center environmental governance in Ethiopia. Thus, Ethiopian adopted the model taken a lesson from others. Experiences of countries like Nepal-PPP in Public Toilet Management reveal that the countries had benefited a lot from the project by improving household level rural sanitation of farmers. Moreover, the project achieved increase in revenue collected from the services which helped the private sector partner to invest up 50% of the return to improve infrastructure to enable the expansion of services throughout the country. However, experience of the project showed serious capacity challenges such as: (i) government’s ability to identify service sectors suitable for small scale service providers; (ii) Permissive policies and institutional arrangements to support inclusive service delivery;(iii) establishing adequate oversight and feedback mechanisms;(iv)modifying procedures in procurement regulations to suit PPP;(v) Monitoring performance compliance of service providers through flexible and continuous contract revisions.

Similarly, in Lesotho in 1980s, Lesotho faced serious water and sanitation problems, with a high incidence of related disease. The water supply challenge had been addressed in rural areas, but work on sanitation had barely begun. Increasing population density led to high demands for latrines, and professionals working in the already developed water sector identified the need for reform. After a series of technical studies by international organizations, in the early 1980s, the government initiated a two-part national sanitation improvement programme covering the urban and rural sectors. The private sector, in the form of small contractors who build latrines, has been involved in the programme since the very beginning. Trained by the rural sanitation improvement teams, contractors make a living building unsubsidized latrines for households—a benchmark of sustainability towards which many sanitation programmes strive (ECA, 2005).

Among the list of the project outcomes are (i) tens of thousands of new ventilated improvement pit latrines have been built in rural and a similar number of pit latrines have been upgraded, (ii) sanitation coverage has risen from 15% to more than 50% in rural areas in 20 years and the rural sanitation programme remains active within the Ministry of Health. (iii) Long engagement in sanitation development, and being on track to achieve the MDG for sanitation, as it has already achieved the one for water. However, the project has faced technical and financial problems in emptying latrine pits. Lesotho is one of the few countries that have put sound principles for sanitation into practice at a national scale with a programme dating back 20 years. Sanitation is a permanent and budgeted part of the government’s work independent of external support agencies. Households employ private sector latrine builders, while the Government concentrates on promoting and training. The Lesotho programme has been successful in addressing sanitation holistically at the national level both in rural and urban areas. Rural sanitation coverage has increased significantly and should easily exceed the sanitation MDG. The sanitation coverage has increased from 10% to 50% in 20 years, which has led to a significant reduction of sanitation-related diseases. The main problems, however, are targeting the poorest people and solving the problem of emptying filled latrine pits (*ibid*, 2005).

Namibia also used PPPs as instrument to facilitate urban service delivery. The country began in 2000 when the government requested support from UNDP. The overall goal was to support local authorities with technical advisory and support services to identify, select and implement pro-poor PPP initiatives which record the following results and achievements : (i) guiding principles and policy guidelines for public private partnership projects were developed, (ii) validated and adapted by all stakeholders for implementation; (iii) the traditional PPP concept was redefined and contextualized to local conditions to allow for participation of other actors, besides the private sector; (iv) the concept was also adapted to the needs of the poor, considering service levels affordability, procurement and contracting arrangements; (v) sensitization and creation of awareness through video documentaries and case studies for over 1,000 officials from 30 local government authorities to better understand issues; (vi) pilot initiatives implemented in solid waste management, community tourism, parks and recreational facilities (Kwame, 2011).

The project also faced challenges (a) some gaps were identified in the existing legislation during the implementation of PPPs (b) not all revenue generating services normally performed by a local authority are clearly spelled out in the regulations; (c) some groups are excluded from entering into joint venture agreements; (d) Prior approval of the Minister for a local authority to enter into joint ventures might cause delays due to bureaucracy; (e) Poor understanding of institutional responsibilities and roles of the local authorities by the private sector; and communities created lengthy negotiations and high transaction cost, (f) absence of functional community structures to allow for consultation and participation (g) limited access to investment funding: commercial banks have been slow to develop products and services to finance bankable PPPs due to perceived risks in smaller local authorities (h) lack of credit worthiness in some local authorities due to absence of improved revenue collection systems to recover costs of investment. However, it possible to learn the following lessons from the project : (i) reason for the success of pilot PPPs was based on ownership by local administrator, funding availability, and consultative process with key stakeholders. (ii) implementation of PPPs relies heavily on the enhancement of capacity at all levels. (iii) For inclusive partnership building at both national and local levels, dialogue with strategic partners and local actors (iv) PPP initiatives need to be driven by national and local country demand to enhance true ownership, (v) lack of understanding of each other's needs and interests among partners can be eliminated through active stakeholder engagements, open dialogues and discussion of roles and risks (*ibid*, 2011). To learn a lesson from the challenges faced by these countries laying strong regulatory framework, revisiting urban plan and policies, procedures as well as systematic monitoring and evaluation mechanism in place from federal to towns level. Moreover, there should be mechanism through which urban dwellers can engage, fully participate in monitoring the activities of the service delivery closely so that obstacles that can challenge the partnerships can immediately be handled.

3. Empirical Analysis of Urban Environment Governance of Ethiopia

In this part of the article the researcher reviewed, about Ethiopian urbanization and its complication, urban environment situations, and PPPs as initiative and potentials for Ethiopia urban environment governance.

3.1 The Trend of Urbanization and Urban Service Delivery in Ethiopia

In comparison to other Sub-Saharan African (SSA) countries, Ethiopia's urbanization rate is low only 16% of the population is urbanized (CSA, 2004). This is far less than the average for all SSA, at approximately 30 percent (WDR, 2009) cited in (Emily and Mekamu, 2003). However, like other developing countries, Ethiopian cities and towns are characterized by slums, a dearth of municipal services, pollution, waste disposal problems, squatter settlement, lack of clean and safety water sewerage problems, etc which is significantly endangering the life of millions residing in them. Mogue (2007) states that uncontrolled/unplanned growth of city and town populations, lack of infrastructure, congested traffic, housing shortages and environmental degradation have become the major issues faced by cities and towns. Though urbanization is not yet a major problem in Ethiopia, the rate of population growth in urban areas is much higher than in rural areas, mainly due to in-migration (Tadesse, 2008).

The problems related to Ethiopian urban environment deterioration seems to have been complicated by massive rural to urban migration, particularly by the low income people which further expanded the squatter settlement and added complications to the existing urban environment damages in most cities of Ethiopia including the capital cities Addis Ababa. Slum and informal settlements brought a great deal of challenge to the city, which is considered to be the core problem that affects the livelihood and the state of the urban environment. The city's march to modernity has suffered a setback due to complications that arose from these slum and informal (squatter and other illegal) settlements. The tragedy of seriously environmental damage challenging Addis Ababa is more prevalent and complicated in other regional cities and towns in the country (Dubbale, *et al*, 2010). A study by UNDP (2004), in five Ethiopian secondary cities indicated that due to urbanization, almost all the secondary cities and the capital city, Addis Ababa, are increasingly plagued by various environmental problems. These include water and air pollution, settlement of low-income groups in highly polluted peripheries and

pockets within settled urban areas without the fear of eviction, and widespread removal of vegetation to support urban ecosystems. These factors have put additional ecological pressure on surrounding areas.

3.2 Public Private Partnerships (PPPs) and Urban Environment Governance in Ethiopia

Ethiopia is currently striving in various direction to meet the Growth and Transformation Programme (GTP) and then to put the country in the middle income category in the world. One of the dimensions of GTP is carrying out sustainable development particularly on the environment areas. In connection to these, the role that urbanization plays for the achieving of the target of the GTP is also other emphasized direction of the country. Hence, improving the life and welfare of urban dwellers should be parallely considered together with environment damage in the urban centers. In connection to these, Kwame (2011) reported that though Ethiopia has huge potential for PPPs to meet the rising demand of urban dwellers environment governance services, it has not as such provided significant emphasis for it.

Empirical works on the PPPs, particularly on urban environment governance indicated that there is experience on the solid waste management in Bahar Dar city with the support of GTZ project. There are also initiatives currently towards PPPs in other sectors such as condominium housing, construction of side road pavements, dry waste management and recycling services, agro and food processing, irrigation for small-scale farming, management of Addis Ababa City Government Exhibition Centre, textile and garment processing, prepaid metering and unified metering (*ibid*, 2011).The following table summarizes existing and potential PPPs in Ethiopia.

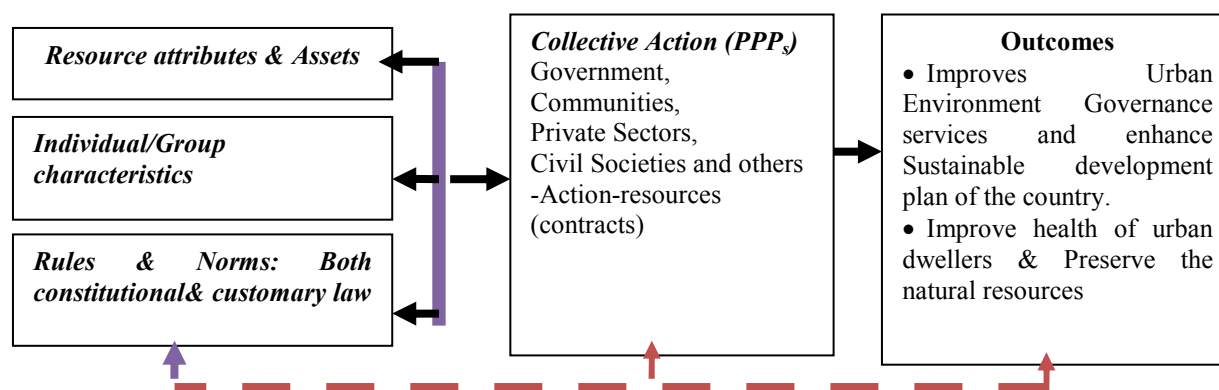
Table: Data on Existing and Potential for PPPs in Ethiopia

<i>Institutions participated in Partnerships</i>	<i>Existing PPP / Potential PPP Project</i>	<i>Types of services</i>
UNDP/UNCDF	Waste management (but not well structured)	Road construction, waste management and recycling
Micro and Small Enterprises Development Agency	Condominium housing, pavement of side roads, textile, garment and food (fruit) processing via service contract	Bamboo processing and bamboo paneling of houses, production and supply of concrete poles via youth and energy project
Ministry of Urban Development and Construction	Housing delivery service contract	Housing delivery via service contract and equity financing
Ministry of Water and Energy	Irrigation project community- public-private(management contract)	Scale up small-scale irrigation project
Construction Contractors Association of Ethiopia	Road and housing–service contracts	Roads, parks, gardens, and municipal waste services

Source: Kwame (2011) the potential for Public-Private-Partnerships (PPPs) in Ethiopia

Based on the empirical review of international and local experiences of the PPPs model, it is possible to suggest an analytical framework to map the actors of the model as an instrument for urban environment governance service delivery in Ethiopia. The model framework tries to show linkages between resource attributes, collective action players and possible output of the partnerships.

Figure: Analytical Frame work –PPP as Collective Action for Urban Environment Governance



Source: Adopted from Ostrom, et al, 1994

4. Conclusions and Implication for Ethiopia

Fast urbanization in many developing countries is associated with growing environmental inequalities across the urban dwellers. The urban environment governance such as clean water supply, sanitation, drainage facilities, green parks and deforestation in most developing countries is not only inadequate but also of very poor quality causing numerous health hazards. Drinking water and sanitation are the important components of the demand for urban environment by the people. For a long period of time, attempts have been made by the government to solve various environmental problems and provide better services in urban areas. However, the situation is likely to remain unchanged in the future despite efforts to improve the infrastructure and service delivery. It is possible to conclude that government efforts directed at solving serious urban environmental problems in developing countries like Ethiopia have not mobilized the private sector, non-governmental organizations and community initiatives at the planning and management levels. As a result of this, the project on urban governance did not bring significant change in protecting natural environment and improving the life standard of the residents. There is a serious gap in mobilizing collective action in form of PPPs to overcome the natural resource degradation and enhance urban environment governance in a country like Ethiopia. Mobilizations of all stakeholders are essential to address the increasing demand for urban environment governance by urban dwellers and as well as assist the sustainable development activities of the countries. This is because, institutional structure like PPPs can fill the gap that cannot be filled by the government and hence deliver effective services demanded by the people. In addition, they can preserve the environments degradation problems challenging towns in the country.

PPPs model is a cooperative venture between the public and private sectors that enhance the production and delivery of urban environment services efficiently and effectively to the dwellers. It has several options or mode of partnerships between both sectors. It is built on the expertise of each partner that best meets clearly defined public needs through the appropriate allocation of resources, risks and rewards. The PPP initiatives as collective action involve mutual cooperation of both sectors to deliver reliable, affordable, profitable, eco-efficient urban infrastructure services. Furthermore, the arrangement is preferable as it is a pool of two sectors: the dynamism, access to finance, knowledge of technologies, managerial efficiency, and entrepreneurship of the private sector with the social responsibility, environmental awareness, local knowledge, and job creation concerns of the public. All in all, it brings business solutions to urban environment governance in order to enhance sustainable development of the country.

Hence, Ethiopia by taking into account practices, experiences and challenges of other countries can address the problems of natural resource degradation, lack of safe and clean water, poor drainage facilities, urban pollution, deforestation other related dilemmas currently faced by the urban centers through PPP form of institutional structure as collective action.

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