



**ASSESSMENT OF STAKEHOLDERS PERCEPTION ON SUCCESS FACTORS OF
PUBLIC PRIVATE PARTNERSHIP (PPP) IN ETHIOPIA**

BY

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DECLARATION

I Behailu Aimero hereby declare that this MA thesis is my original work and has not been presented for a degree in any other university, and all sources of material used for this thesis have been duly acknowledged.

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THESIS APPROVAL

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This is to certify that the thesis entitled "*Assessment of Stakeholders Perception on Success Factors of Public Private Partnership in Ethiopia*" submitted in partial fulfillment of the requirements for the Masters of Arts Degree in Regional and Local Development Studies, the Graduate Program of the College of Development Studies which has been carried out by Behailu Aimero Id. No GSE/3488/10, complies with the regulations of the University and meets the accepted standards with respect to originality and quality

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LIST OF ACRONYMS

CSF: Critical Success Factor

RAI: Relative Agreement Index

PPP: Public Private Partnership

PPP DG: Public Private Partnership Directorate General

MoF: Ministry of Finance

VFM: Value for Money

ABSTRACT

Public Private Partnership (PPP) has become increasingly popular among governments as alternative procurement method and effective public sector financing. Though this approach is well known around the world, few studies revealed that its application in Ethiopia is limited. However, in recent time the Government of Ethiopia is giving due attention to PPP both as a means of financing and provision of public goods. This research examined the perception of stakeholders on 19 success factors of PPP which are extracted from internationally accepted and published literatures. Due to the current COVID-19 pandemic occurred in Ethiopia, an online questionnaire survey using Google Form was employed to assess the perception of stakeholders on these factors. The researcher tried to strengthen the quantitative data with qualitative data just to make use of the benefit of method triangulation. Institutions included in this study were selected through the list obtained from the Ministry of Finance PPP Directorate General (PPP DG) and respondents were selected using criteria that they should possess a hands-on experience in PPP related issues. Each respondents were requested to express their level of agreement on the success factors using Likert Scale. The data collected from the respondents were analyzed using IBM SPSS for Windows, Version 23.0. Different analysis techniques were employed like frequencies, Mean Score Ranking, Relative Agreement Index (RAI) and t-tests. The findings revealed that 18 success factors were perceived with high RAI and were statistically significant (t-test values positive; $p < 0.05$). The findings indicated that in Ethiopia, the success factors that ranked as most important factors for implementing PPP according to their relative importance are Favorable legal framework ($M=4.36$, $SD=.924$ and $RAI=0.87$ with High RAI Level), transparent procurement process ($M=4.33$, $SD=.787$, $RAI=0.87$ with High RAI Level), Commitment and responsibility of public and private sector ($M=4.31$; $SD=.781$ and $RAI=0.86$ with High RAI Level), Good governance ($M=4.31$; $SD=.882$ and $RAI=0.86$ with High RAI Level), Stable Macroeconomic Condition ($M=4.28$; $SD=.773$ and $RAI=0.86$ with High RAI Level), Sound Economic Policy ($M=4.28$; $SD=.876$ and $RAI=0.86$ with High RAI Level) and Project Technical Feasibility ($M=4.28$; $SD=.773$ and $RAI=0.86$ with High RAI Level) . An independent sample t-test was conducted to compare perception level of Public and Private Sector respondents on the success factors. The test revealed that public and private sector stakeholders who participated on this research have the same perception except the following factors; Favorable legal framework, Strong and Good Private Consortium, Well organized and committed public agency, Competitive procurement process and Public Satisfaction met. In conclusion the research findings were harmonized with findings of research conducted at international and in Ethiopia. The research also recommended for the Government of Ethiopia to enhance awareness on the concept, practice and model of PPP in Ethiopia, provide PPP related capacity building training on emerging success factors of PPP and experience sharing from established PPP at regional and international level.

Key Words: *Public Private Partnership, Perception, Success Factors*

CHAPTER ONE: INTRODUCTION

1.1. Background of the Research

Partnership is an approach which gained a lot of support across the globe including policy makers, officials and local communities (Osborne, 2005). A working definition for partnership which, incorporates a policy perspective has been provided by Stratton (1989) (as cited in Osborne, 2005), which states that, ‘partnership is a collaboration between business, government and or non-profit organization where by resources, skills and risks are shared in a project to benefit each partner as well as the community’ (Osborne, 2005, p. 11). The partnership can help to mobilize and share knowledge, expertise, technology and financial resources.

One of the means for strengthening such partnership is in the form of PPP. PPP projects enables to encourage the maximum use of local content and technology transfer. Generally, PPP could be understood as an arrangement that facilitates the best use of integrated public and private capacities to bring about value for money and excellence for a sector or a project area in point. However, there is no single, internationally accepted definition of PPP.

The World Bank, in its PPP reference guide defines PPP as a long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance (The World Bank Group, 2014, p 14). PPP can benefit both the public sector and the private sector. The line of reasoning seems to be that both the public sector and the private sector have specific qualities, and if those qualities are combined then the end result will be better for all (Vaillancourt Rosenau (1991) as cited in G. Hodge & Greve, 2005).

According to Urio (2010), it is important to integrate PPP in the development policy of developing countries. The author also elaborates that such integration of PPP in the development strategy is to build a society that improves the attainment of the four values, namely – efficiency, equity, sustainability and security (Urio, 2010).

UNDP (2015) in its development brief indicated that PPP arrangements can play a vital role in driving economic growth by providing well-planned, well-funded, and well-maintained infrastructure and public services. This is significant for trade facilitation and raising the living standards of the people. Many governments in developing countries have ventured into PPP arrangements as alternative vehicles for mobilizing resources to fund the much needed infrastructure and to deliver on quality public services (UNDP, 2015).

The Government of Ethiopia is pursuing an ambitious transformational change involving huge public investment to address infrastructural deficit and public services delivery gaps. While the government is committing significant budget resources to infrastructure needs and social services, the country faces a significant budget constraint and PPP have emerged as one of the ways to overcome these constraints. The Government of Ethiopia has given due attention for PPP by considering the private sector participation as one of the developmental strategy (National Planning Commission, 2016). However, PPP in Ethiopia is in its infancy mainly due to its recent introduction, newness of the concept, and emphasis on public sector performance in economic development.

Teshome (2014a) in his study noted that even though the potentials of PPP is understood by most policy makers and professionals around the globe, the extent of its application in the world in general and in developing countries in particular is quite slow. He also identified that PPP is one of the best potential mechanisms to mobilize resources (be it of public, private, or civil society)

in the form of collective action towards development and efficient public service delivery. (Teshome, 2014a).

The researcher has also made a preliminary assessment by conducting informal discussion with experts and practitioners both at public and private sector. Accordingly, it was found that there are prevalence of lack of common understanding or perception towards the concept and practice of PPP in Ethiopia. This was the reason for the researcher to undertake assessment of perception on success factors of PPP in Ethiopia.

1.2. Statement of the Problem

PPP is a cooperative arrangement between a government and a private institution that is created to finance, construct and manage infrastructure projects (Dykes & Jones, 2016). PPP is a means for governments to gain much-needed private sector investment and expertise for economic development (Dykes & Jones, 2016). Different mechanisms have been employed by Governments to mobilize financial resource to pay for projects required by the public. Nevertheless, lack of financial resource as a result of growing demand by the society to public goods exerted a challenge for Governments to fulfil the demand (Costantinos, 2014). Lack of professional expertise and inefficient management practices are some of the other limitations of the government for not delivering the expected public services to the society. PPP is one of a right models of partnership between the government and the private sector in order to meet the increasing demand of the public goods and to gain private management competency for efficient use of resources (Costantinos, 2014)

Ethiopia has a goal to expand PPP in the country and continuously discusses and raises PPP as a key to the development of the country because private sector is critical driver for resource mobilization. The Government of Ethiopia understands the need for mobilizing resources from

different sources other than the traditional government financing in order to meet the growing demand for public services. Particularly, involving the private sector in partnership with the government has been used to fill the gap in infrastructure financing. Despite the government's interest and goal to develop PPP, the progress and status of PPP is very slow.(UNDP, 2015). In addition, the few studies conducted in Ethiopia revealed that in spite of a growing interest in the use of the PPP model around the world, its adoption in Ethiopia remains limited and at its infant stage (Hafta, 2017a; Teshome, 2015). As of 2018 the Government of Ethiopia has enacted the first Public Private Partnership Proclamation number 1076/2018(FDRE-NEGARIT GAZETTE, 2018) and organized a Public Private Partnership Directorate General Office (PPP DG), at Ministry of Finance.

The researcher has conducted informal preliminary discussion with experts and practitioners from international development organization working on PPP and Ministry of Finance, PPP DG. Based on the information obtained the researcher understood that there are prevalence of lack of common understanding or perception towards the concept, model and practice of PPP among policy makers, experts and managers working at different capacities in various public private institutions in Ethiopia. This was further strengthened through qualitative information obtained from practitioners at contracting authorities and PPP DG indicated that the model of PPP is new to Ethiopia.

An article published on Ethiopian Business Review newspaper tried to show how the model of PPP in Ethiopia is a contested issue. On the newspaper different view was demonstrated regarding PPP by different experts and practitioners. Some said that PPP will help in reducing government's debt burden and PPP will be successful in Ethiopia. PPP also open opportunities for private sector. In contrary to this, according to the newspaper some argued that PPP is not the

best model recommended for project efficiency and suggesting that PPP might be difficult to implement for weak countries like Ethiopia (Ashenafi, 2019b). On an interview with the Ethiopian business review, Teshome, State Minister at MoF, thoroughly discussed on the importance of PPP in Ethiopia by suggesting that PPP is the best tool currently the country has at hand to bridge the infrastructure gap (Ashenafi, 2019a).

In addition to this, due to the fact that taking PPP as an option to ensure infrastructure provisions is new for Ethiopia (Ministry of Finance and Economic Cooperation, 2017), there are a limited research conducted on assessment of stakeholders perception on success factors of implementation of PPP. Thus, this research has tried to fill the knowledge gap by assessing the perception of stakeholders involved in PPP from the public and private sector on the success factors for the implementation of PPP in Ethiopia.

1.3. Objective of the Research

The general objective of the research was to assess the level of perception of stakeholders on the success factors on the implementation of PPP in Ethiopia.

Specific objectives:-

- Identify how stakeholders perceived to success factors of PPP
- Examine if there is a significance difference on the perception among stakeholders on success factors of PPP.
- Compare the level of perception on success factors of PPP between private and public sector stakeholders.

1.4. Research Questions

The research has tried to answer the following three research questions

1. What was the overall stakeholder's perception on success factors of PPP?
2. Is there any significance difference on the level of perception between public and private sectors on the success factors of PPP?
3. What are the success factors of PPP on which significant difference found between public and private stakeholders?

1.5. Research Hypothesis

1. Null Hypothesis (H_0): There is no significance difference on perception of success factors of PPP between public and private sector stakeholders
2. Alternative Hypothesis (H_A): There is a significance difference on success factors of PPP between public and private sector stakeholders.

1.6. Significance of the Research

Even though there is a wide usage of PPP in the world, few researches conducted in Ethiopia revealed that its application in Ethiopia is limited. Thus, the findings of this research can provide policy makers with first-hand empirical information on the gap of perception about PPP among different stakeholders. Practitioners who are playing regulatory and service delivery roles can use the findings of this research in the process of improving their PPP intervention, most particularly the finding can be used as an input for the capacity building and promotional strategic plan of the PPP DG at Ministry of Finance (MoF). Last but not least, the result of the research will provide a valuable information for future research on the subject matter.

1.7. Limitation of the Research

This research is not without its limitations. One of the major limitations was due to the impact of COVID-19 Pandemic, it was difficult to collect both qualitative and quantitative data as per the proposed plan. The researcher was forced to employ virtual mechanism including internet and telephone call only to reach respondents. However, the researcher exerted a lot of effort to collect data from the maximum number of respondents through repeated reminder and follow-up and tried to triangulate the data obtained from different sources.

1.8. Organization of the Research

The research organized in to five chapters. The first chapter holds the introductory part of the research which consists of research background, statement of the problem, objectives, significance, and limitation of the research. The second chapter deals with review of literature that is relevant to the research. The third chapter is about the research methodology, data type and sources, sampling technique and procedure, method of data collection, method of data analysis and ethical consideration. The fourth chapter deals with, research results and discussion and the final chapter (chapter five) state summary of findings and conclusion of the research and recommendation forwarded.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

This chapter presented review related literatures of PPP in general and success factors of PPP in particular. The chapter begun by stating some key operational definitions of PPP related concepts.

2.1. Operational Definition of Terms

Consortium. A group of companies wishing to act jointly as sponsors to a project.

Concession agreement/contract. An agreement or contract made between a host government and a project company or sponsor to permit the construction, development, and operation of a particular project, through which the government is delegating its monopoly or other unique rights.

Infrastructure gap. The difference between existing infrastructure and the infrastructure needed to promote economic development of a region.

Private sector. The economic entities which are not controlled by the state, i.e. a variety of entities such as private firms and companies, corporations, private banks, non-governmental organizations, etc.

Risk Allocation: The allocation of responsibility for dealing with the consequences of each risk to one of the parties to the contract, or agreeing to deal with the risk through a specified mechanism which may involve sharing the risk. **Traditional Procurement.** Procuring infrastructural projects through a tender that encompasses only the construction of the relevant facilities.

Value for Money (VfM). A concept associated with the economy, effectiveness and efficiency of a service, product or process, i.e. a comparison of the input costs against the value of the outputs and a qualitative and quantitative judgment of the manner in which the resources involved have been utilized and managed.

2.2. Theoretical Review

Traditionally governments mobilize resource from public in the form tax and levy to provide public service and operate public service delivery institutions and development projects (Teshome, 2015). However, the ever-increasing disparity between the capacity of the public sector to generate resources and the public demand for new infrastructure facilities and quality public services has forced governments to look for new funding methods and sources. PPP as a new funding method is an increasingly popular phenomenon and a global trend (Graeme Hodge & Greve, 2005).

Kim et al (2011) (as cited in Teshome, 2014) argues that involving PPP projects in the development process will led to bring positive impact on the national economy inflow of private capital, timely delivery of social services and the early realization of social benefits and better Value for Money (VfM).

A working definition for partnership which incorporates a policy perspective has been provided by Stratton (1989) (as cited in Osborne, 2005), which states that, partnership is a collaboration between business, government and or non-profit organization where by resources, skills and risks are shared in a project to benefit each partner and the community as well (Osborne, 2005). For Holland (1984) (as cited in Osborne, 2005), partnership is to work or act together and in a public policy can be defined as cooperation between people or organizations in the public or private sector for mutual benefit (Osborne, 2005).

Though forms of partnership may have changed significantly overtime, according to Wang (2009), the purpose of partnership has not changed that is public and private parties cooperate and share resources to achieve mutual benefit (Wang, 2009).

According to Osborne (2005), there are three assumptions for defining partnership. First, the potential for synergy of some form, so ‘the sum is greater than the parts’. Second, the partnership involves both development and delivery of a strategy or a set of projects or operations, although each actor may not be equally involved in all stages. Third, in public-private partnerships the public sectors are not pursuing purely commercial goals. So a criteria of partnership is the presence of social partnership (so excluding purely commercial transactions) (Osborne, 2005).

Osborne (2005) illustrates the main advantages of partnerships by grouping as: resource availability; effectiveness and efficiency; and legitimacy. Regarding the resource, the nature of the problems facing local economies are multifaceted requiring a combined response from a number of private and public key actors in order to be effective and efficient. The author argues that partnerships between key actors are therefore essential in order to tackle the various causes (in so far as these can be tackled locally) as well as the symptoms of the problems of the local economy (Osborne, 2005).

According to Webb (1991) (as cited in Osborne, 2005), depending upon the nature of the problem, partnership can greatly increase an individual organization’s effectiveness and efficiency, especially through improved coordination between (and within) organizations. (Osborne, 2005). Similarly, the author also noted that partnerships can also allow greater legitimacy for policy as they may involve participants from the local community directly rather than through the representative democracy of central and local government.

Despite the above potential advantage of partnership, McQuaid (1994) and Hastings (1996) (as cited in Osborne, 2005) illustrate the potential disadvantage of partnership which includes unclear goals, resource costs, unequal power, cliques usurping power, impacts upon other 'mainstream' services, differences in philosophy between partners and organizational problems (Osborne, 2005).

2.2.1. Defining Public Private Partnership

From many PPP literatures, it can be observed that there is no single internationally accepted definition for Public Private Partnership (Dantala, 2014; The World Bank, 2017; UNDP, 2015). As per the World Bank definition, Public Private Partnership is long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility and remuneration, is linked to performance. The reasons for establishing such partnerships vary but generally involve the financing, design, construction, operation and maintenance of public infrastructure and services (The World Bank, 2017).

For Urio PPP may be defined as the partnership between the public sector and the private sector for the purposes of designing, planning, financing, constructing and/or operating projects, which would have been traditionally regarded as being in the sphere of competence of the public sector (Urio, 2010).

Peteres (1998) (as cited in Akintoye, Beck, & Hardcastle, 2003), has identified five general defining features of partnerships. Firstly, a partnership involves two or more actors, at least one of which is public and another from the private business sector. Partnerships between non-profit organizations and local governments should also be counted as PPP. Secondly, in a PPP, each

participant is a principal, i.e. each of the participants is capable of bargaining on its own behalf, rather than having to refer back to other sources of authority. In some instances, the public sector has to set up a special agency capable of entering into partnership before collaboration becomes possible. A third defining feature of partnerships is that they establish an enduring and stable relationship among actors. Fourthly, in a PPP, each of the participants brings something to the partnership. Therefore, for the partnership to be a genuine relationship, each will have to transfer some resources (material or immaterial) to the partnership. The transfer of material resources (money or land, etc.). The transfer of other resources, such as authority and any other symbolic values, can constitute a less obvious form of partnership. Finally, a partnership implies that there is some shared responsibility for outcomes or activities. This differs from other relationships between the public and the private sectors in which the public sector retains control over policy decisions after receiving the advice of organizations in the private sector. In contrast, actual partnerships produce mutual shared responsibility which can make accountability for these decisions difficult to ascertain (Akintoye, Beck, & Hardcastle, 2003).

Marin (2009) (as cited in Ministry of Foreign Affairs of the Netherlands, 2013) strengthens how PPP concept is so much contested. The author illustrates this point as,

“There is no single definition of PPP. It covers a wide range of transactions where the private sector is assigned some responsibility, including investment. It ranges from management contracts with no investment obligations to concessions contracts with significant investment obligations in addition to operational and management obligations” (Martin in Ministry of Foreign Affairs of the Netherlands, 2013).

2.2.2. Potential Benefits of Public Private Partnership

Successful PPP arrangements draw advantages from the strengths of both the private and the public sector to provide a better and more cost-effective public service, and speed up the rate of its implementation or coverage. The growth in PPP as has been attributed to several reasons, including increased efficiency in project delivery and operation; reinforcing competition; access to advanced technology; and reducing government budgetary constraints by accessing private capital (Yescombe, 2017). Public Private Partnership can benefit both the public sector and the private sector. The line of reasoning seems to be that both the public sector and the private sector have specific qualities, and if those qualities are combined then the end result will be better for all (Vaillancourt Rosenau (1991) as cited in G. Hodge & Greve, 2005).

PPP proponents argue that a major benefit of PPP is transfer of risks to the private sector. Risks should be allocated to the party best able to manage the risk (Akintoye et al., 2003; Boardman, Siemiatycki, & Vining, 2016). According to Hussen (2013), major benefits for the government are the speed, efficiency and effectiveness associated with private business practices to public service delivery in order to ensure VfM. 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 (Hussen, 2013).

From a public policy perspective, the prime objective of a PPP is that it should result in an improvement in the quality and efficiency of a given service to the citizen. At the same time, it would have the benefit of attracting private resources into public services, thereby allowing public money to be diverted into other critical areas and alleviating long-term pressures on public finances (UNDESA, 2016).

According to Saussier & De Brux (2018), the first reason identified by the economic literature to justify PPP is a lack of in-house expertise. Outsourcing is then an alternative to the integration of a partner or the development of skills, two processes that can take a long time and generate costly irreversibility (Saussier & De Brux, 2018).

Roehrich, Lewis, & George (2014) argues that, Public-private partnerships can combine the strengths of private actors, such as innovation, technical knowledge and skills, managerial efficiency and entrepreneurial spirit, and the role of public actors, including social responsibility, social justice, public accountability and local knowledge, to create an enabling environment for delivering high quality infrastructure and services. Through these partnerships, public and private actors may realize benefits such as the creation of jobs, educational development, incentives for innovation and competition and infrastructure development (Roehrich, Lewis, & George, 2014).

2.2.3. Types of Public Private Partnership

According to Asian Development Bank (2008) (as cited in Ministry of Foreign Affairs of the Netherlands (2013), in its systematic literature review of Public-Private Partnerships in developing countries, distinguish the following types of PPPs. These are, Service contract, Management Contract, Afterimage and lease contracts, Concession, Build–operate–transfer (BOT) and similar arrangements (including BTO, BOO, DBO, DBFO) and Joint venture (Ministry of Foreign Affairs of the Netherlands, 2013).

Build-Operate-Transfer (BOT)

This is the most popular PPP arrangement. In these types of projects, the private sector entity finances the building of the infrastructure asset and is allowed to own and operate it for a number

of years, usually a long-term arrangement ranging between 25 and 30 years, before transferring control and ownership back to the public sector.

Build Own Operate (BOO)

This PPP arrangement is similar to a BOT in the sense that the private sector finances the construction of the infrastructure and is also allowed to operate the infrastructure. However, as per this arrangement the private sector is allowed to own the infrastructure for an indefinite period of time (Nwangwu, 2016).

Build Own Operate and Transfer (BOOT)

This is a model where the private sector company finances, constructs, owns and operates the infrastructure for a fixed term. The ownership company is allowed to make any decisions it sees fit during the ownership tenure, with minimal or no government interference (UNDP, 2015).

Afterimage or Lease contracts

The private partner is responsible for the service in its entirety and undertakes obligations relating to quality and service standards. Except for new and replacement investments, which remain the responsibility of the public authority, the operator provides the service at his expense and risk. The duration of the leasing contract is typically for 10 years and may be renewed for up to 20 years (Ministry of Foreign Affairs of the Netherlands, 2013).

Concession

Is a model where the private sector operates and maintains public assets and investments, but ownership remains with the government, the role of the government is then confined to

regulating price and quantity. Concessions are used where large investment is needed to expand coverage (Jutting (1999) as cited in UNDP, 2015).

Operations and Management Contracts

Under this arrangement, the public sector outsources the provision of services which were hitherto provided by it to the private sector. The payment for services is made directly to the private partner by the public partner, rather than revenue being collected directly from the end users, like in other PPP arrangements.

Design, Build, Finance, Operate, Manage (DBFOM)

Under a DBFO scheme, the private sector partner also shoulders the responsibility of managing the asset. Another variant of this is Design, Construct, Manage and Finance (DCMF).

2.2.4. Success Factors of Public Private Partnership

A key objective of most governments in implementing PPP is to achieve Value for Money in providing needed infrastructure. ‘Value for Money’ means achieving the optimal combination of benefits and costs, in delivering services users want. Many successful PPP programs require an assessment of whether a PPP is likely to offer better value for the public than conventional public procurement—often called ‘Value for Money analysis’ (The World Bank Group, 2014). Grimsey and Lewis (2007) (as cited in La, 2016) defines VM as the optimum combination among four elements: whole life cycle costs; risks; completion time; and, quality in order to meet the public requirement. For governments, one of the crucial requirements is to consider a PPP superior to traditional procurement (La, 2016).

For PPP to be delivered in a successful manner, it needs to get high level support from higher government officials or in other words there should be political will or commitment. From the

government side. (UNECE, 2012). The private sector will expect the government to be a competent partner in meeting its obligations in terms of policy and reform planning, project development and contract oversight. Moreover, the expectation will be that the government has the appropriate frameworks in place; in order to set targets and to monitor and evaluate the progress of the PPP project (UNECE, 2012).

According to Jamali (2004), in his insight on success and failure mechanisms of PPP in developing countries, has identified the following points as critical factors for successful implementation of PPP. These are;

Permanent government involvement and Political Support

The public sector should continue to set standards and monitor product safety, efficacy and quality and establish systems whereby citizens have adequate access to the products and services they need (Jamali, 2004). Steward also argue that strong political support is needed to increase developmental assistance, capacity building among others for the successful implementation of PPPs, particularly in developing countries (Steward, 2016).

A sound regulatory framework

Pongsiri (2002) (as cited in Jamali, 2004) emphasizes the establishment of a transparent and sound regulatory framework as a necessary precursor to private sector participation in a PPP. Regulation provides assurance to the private partner that the regulatory system includes protection from expropriation, arbitration of commercial disputes, respect for contract agreements, and legitimate recovery of costs and profit proportional to the risks undertaken. A sound regulatory framework can also increase benefits to the government by ensuring that

essential partnerships operate efficiently and optimizing the resources available to them in line with broader policy objectives (Jamali, 2004).

Fulfillment of key formation requirements

Jamali (2004) refers to Samii et al. (2002) when addressing key formation requirements of effective PPP. These requirements include “resource dependency, commitment symmetry, common goal symmetry, intensive communication, alignment of cooperation learning capability, and converging working cultures” (Jamali, 2004, p. 419). In addition, he also refers to an author called Kanter who emphasizes individual excellence, importance, interdependence, investment, information, integration, institutionalization, and integrity as the key ingredients of effective collaboration (Jamali, 2004).

Osei-Kyei & Chan (2015) in their review of studies on the Critical Success Factors (CSF) for PPP projects from 1990 to 2013 noted that several factors account for successful PPP projects however the top most five factors are; appropriate risk allocation and sharing, strong private consortium, political support, community/public support and transparent procurement (Osei-Kyei & Chan, 2015).

Li, Akintoye, Edwards, & Hardcastle (2005) categorized CSF in PPP projects in five major groups with sub-factors under each group. These are:

1. **Effective procurement:** This includes transparency in the procurement process, a competitive procurement process, good governance, well- organized and committed public agency, social support, shared authority between public and private sectors, and thorough and realistic assessment and cost benefits.

2. **Project implementation:** This include a favorable legal framework, project technical feasibility, appropriate risk allocation and risk sharing, commitment and responsibility of the public and private sectors, and a strong and effective private consortium.

3. **Government guarantee:** This comprises government involvement by providing a guarantee, multi-benefits objectives and political support.

4. **Favorable economic conditions:** This includes stable macroeconomic conditions and sound economic policy.

5. **Available financial market:** This includes availability of suitable and adequate financial market. (Li, Akintoye, Edwards, & Hardcastle, 2005).

Sanni (2016) using an exploratory factor analysis identified seven factors determining the success of public private partnership projects in Nigeria. These includes, projects feedback, leadership focus, risk allocation and economic policy, good governance and political support, short construction period, favorable socio-economic factors, and delivering publicly needed service (Sanni, 2016).

2.3. Empirical Review

2.3.1. Public Private Partnership in Ethiopia

According to Teshome (2014a) argument, PPP is one of the best potential mechanisms to mobilize resources (be it of public, private and civil society) in the form of collective action towards development and efficient public service delivery. The Government of Ethiopia understands the need for mobilizing resources from different sources other than the traditional government financing in order to meet the growing demand for public services. Particularly, involving the private sector in partnership with the government has been used by governments to

fill the gap in infrastructure financing. (PPP is used as one of the tools to improve infrastructure services and if appropriately utilized gives the opportunity to use the private sector investment potential as required (Ministry of Finance and Economic Cooperation, 2017). One of the country's major development plan, The Growth and Transformation Plan (GTP II) recognizes the role infrastructure plays as a catalyst for economic growth and development by including infrastructure development as strategic pillar. Though most of the infrastructure will still be expected to be provided by the government, given the stages of development of the economy and the private sector, selected infrastructure that can be delivered by PPP would be explored and the arrangement would be executed to promote private sector involvement in infrastructure delivery (National Planning Commission, 2016).

However, in spite of a growing interest in the use of the PPP model around the world, its adoption in Ethiopia is quite slow and limited (Teshome, 2014a; UNDP, 2015). Few researches were conducted on the area. One of the researches was conducted by Teshome (2014a) on identifying factors for Implementing PPP in the Development Process of Ethiopia. Using a questionnaire survey, he has identified stakeholders' perspectives about the factors attracting implementation of PPP by referring list of factors published in reputable scientific journals. According to the study findings, in Ethiopia, the three main attractive factors for implementing PPP are Prevalence of PPP specific legal framework, Prevalence of PPP dedicated public agency and Government support in providing guarantee (Teshome, 2014a).

Teshome (2014) has also conducted another study by taking South Korea as benchmark for devising Legal and Institutional Framework for Ethiopia. The study reached at a conclusion that The South Korean PPP experience can thus be considered best practice for the benefit of other developing countries. Institutionalizing PPP dedicated legal regime such as Act on PPP and its

enforcement decree with all supporting sector-based rules, regulations and directives, establishing and empowering PPP dedicated government agencies like MOSF and PIMAC with all supporting collaborative committees and PPP units are lessons that can be readily contextualized in other developing countries like Ethiopia (Teshome, 2014b).

This study contributed a lot for enactment of the first Public Private Partnership Proclamation No 1076/2018 in Ethiopia and establishment Public Private Partnership Directorate at Ministry of Finance and Economic Cooperation.

The CSF for effective implementation of PPP discussed above were also strengthened on the study by Getachew (2019). Getachew, in his study identified five CSF and compared them with other developing countries like Nigeria, Uganda, Ghana and Indonesia. The CSFs are; Presence of an enabling PPP policy, Well-organized and committed public agency, Stable political and social environment, Favorable legal frameworks and Good governance (Getachew, 2019).

Hafte (2017b) has also conducted study to identify the drivers and enabling environments for public-private partnership in Ethiopia. The findings of the study revealed that designing a clear cut policy, institutional and legal frameworks, recruiting a competent technical experts, strong relationship and commitment among the partners and strict follow up of the PPP model are the drivers for the successful of a PPP Project (Hafte, 2017b).

Different authors also studied the potential challenges for implementation of Public Private Partnership in Ethiopia. Asubonteng (2011) in his study on the potential of PPPs in Ethiopia, categorized PPP constraints in three levels; Policy and Legal Constraints, Institutional and Operational Constraints (Asubonteng, 2011). Under policy and legal constraint, Asubonteng identified inadequate expertise to develop and implement policy/ regulatory guidelines for

different PPP scenarios. Regarding institutional challenges, Asubonteng pointed out insufficient awareness of PPPs as a concept, as well as the fact that existing institutional frameworks are skewed towards privatization. At the operational level, the challenges in the formulation and implementation of PPPs are lack of access to land, lack of access to capital, and lack of adequate technical skills relating to the adaption to new technologies; management; strategic advisory; and contract negotiations. (Asubonteng, 2011).

2.4. Conceptual Framework of the Research

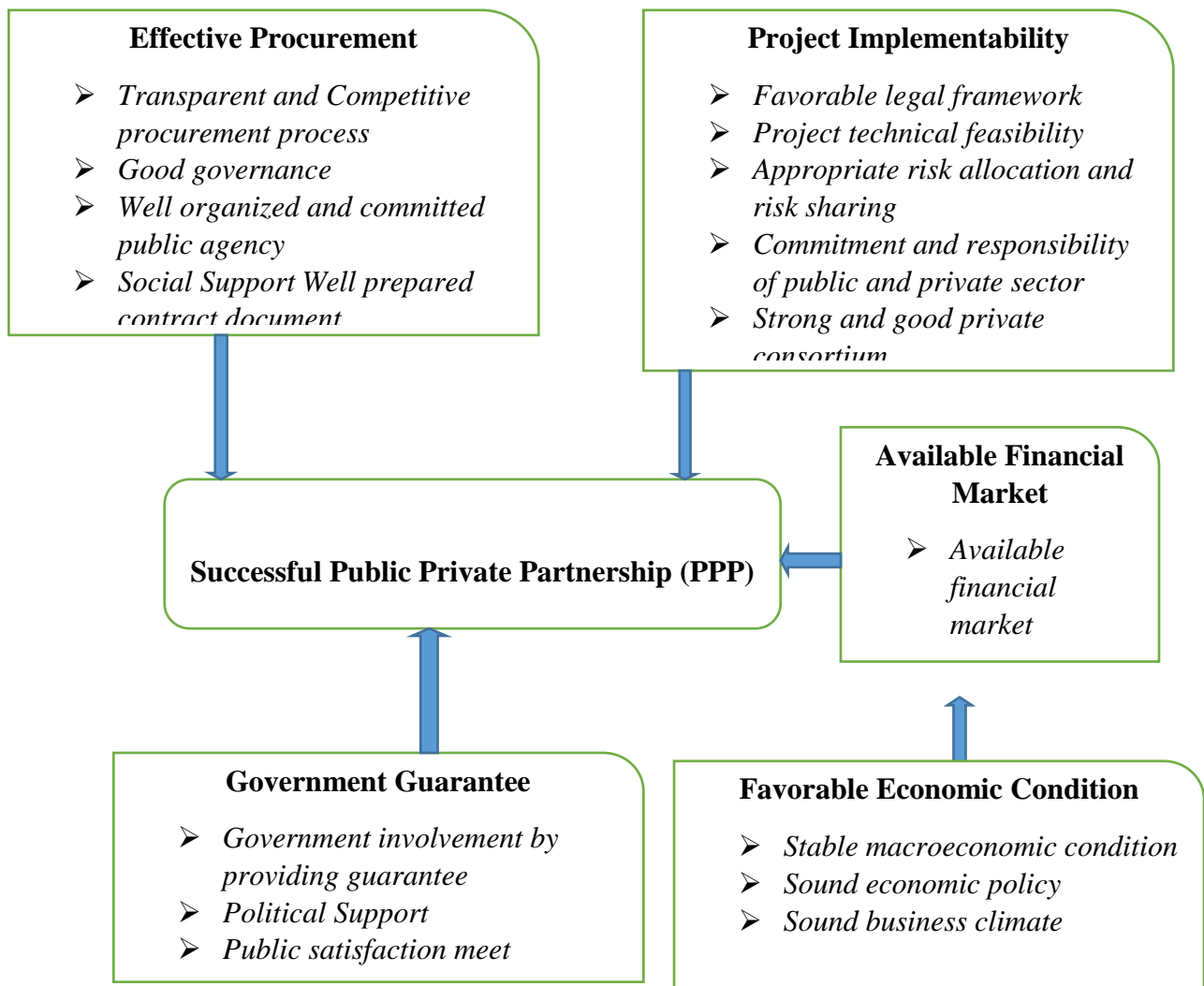


Figure 2. 1 Conceptual Framework of Success Factors for PPP, adopted from Nwangwu (2016).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design and Approach

Mixed methodology, an approach to inquiry that combines both qualitative and quantitative, is the research design employed in this study. The research employed convergent parallel mixed design. The core assumption of this form of inquiry is that the integration of qualitative and quantitative data yields additional insight beyond the information provided by either the quantitative or qualitative data alone (Creswell, 2014). Since measuring perception of respondents requires use of quantitative analysis the researcher opted to employ quantitative approach using a standardized questionnaire. According to Creswell (2014), Survey Design provides a plan for a quantitative or numeric description of trends, attitudes, or opinions of a population by studying a sample of that population (Creswell, 2014). To strengthen the findings of the quantitative results, qualitative approaches like key informant interview (KII), and relevant document review was employed.

3.2 Method of Data Collection

To collect data a questionnaire survey was used as the primary data collection instrument. To achieve the purpose of the research, the questionnaire survey developed by Li (2003) (obtained from Cheung, 2009) was adopted. The researcher has formally contacted the author through email and get prior permission. The reason to adopt this questionnaire type was that the value of Li's (2003) questionnaire has received recognition by both the industry and academics. This was evidenced by a number of papers that using Li's (2003) questionnaire have been published in the most recognized academic journals (Cheung, 2009; La, 2016). In order to minimize the risk of contact and to protect the safety of respondents and the researcher from COVID-19 Pandemic, the questionnaire was developed and distributed using Google Form, a web-based tool that can

automatically store participants' responses on-line and easily export them into different numeric formats accessible via different statistical software. The questionnaire included a cover letter explaining the necessary information relating to the survey; including the purpose of the research, and assurance regarding the confidentiality of the responses and anonymity of the respondents.

The survey questionnaire had two parts. Part one included general information about the respondents like sex, age, work experience, position, education level and the like. The second part measured the respondent's perceptions of the importance of the success factors of PPP through a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

On top of that KII was conducted with purposely selected resource persons from Contracting authorities, private partners, PPP experts and officials at Ministry of Finance, in view of obtaining a substantive justification on the prevalent perception level of PPP stakeholders on the success factors of PPP projects in Ethiopia. More over relevant documents, found from Ethiopian PPP DG and official web of MoF regarding PPP institutional and legal framework was reviewed and analyzed in line with the purpose of the study.

3.3 Sampling Technique and Procedure

Different prior researches and published papers on PPP recommended expert or purposive sampling According to Babatunde et al (2012) (as cited in Osei-Kyei, Chan, Javed, & Ameyaw, 2017), purposive sampling is the most suitable technique to adopt in PPP research studies (Osei-Kyei, Chan, Javed, & Ameyaw, 2017). Teshome (2014a) and Getachew (2019) has also used this sampling techniques to select respondents with hands on knowledge and experience on PPP related issues. Cheung (2009) and La (2016) indicated that the selection of sample respondents

depended upon certain criteria, like participants had to have adequate knowledge of the field of PPP; or practical experience of participating in PPP projects (Cheung, 2009; La, 2016). By taking these arguments in to consideration, the respondents for this research has been selected from the list of institution obtained from PPP DG of MoF including Contracting Authorities and Private Institutions currently trying to implement PPP in Ethiopia.

3.4 Method of Data Analysis

After the required quantitative data was collected, the data was edited, coded and entered and was analyzed using IBM Statistical Package for Social Science (SPSS) for Windows, Version 23.0. For the purpose of this research, multiple analytical techniques (both descriptive and inferential statistics) was applied. The descriptive statistics analysis includes frequencies, percentiles, and measures of central tendency to analyze demographic information about the respondents. Mean Score Ranking, Relative Agreement Index (RAI) and t-test was conducted.

3.5 Ethical Consideration

Ethical issues, which are important considerations in social research studies, were addressed during the data collection time. In the questionnaire a statement was included guaranteed certain rights for the respondents, agreements for their involvement in the research, and acknowledgements of the protection of their rights and anonymity in the research. A phone number and email address of the researcher was also made available at the beginning of the survey if there is any complaint raised during the research process.

3.6 Reliability and Validity

Reliability

To check the internal consistency of the questionnaire, a reliability test using Cronbach's alpha was conducted. According to Nunnally (1978) (as cited in La, 2016), Cronbach's alpha index of

higher than or at least equal 0.7 is needed to ensure the reliability of a research (La, 2016). The value for Cronbach's Alpha of the research questionnaire was 0.971, which suggests very good internal consistency reliability for the scale. All Inter-Item Correlation Matrix values are positive indicating that the items are measuring the same underlying characteristic. With regards to the Cronbach's Alpha values of each of item using if item deleted column revealed that all items have positive result.

Validity

To content validity of the questionnaire was checked by piloting the questionnaire. Since the research adopted a standardized questionnaire which gets global acceptance, no major issue was raised in relation to the validity of the questionnaire.

CHAPTER FOUR: RESULTS AND DISCUSSION

4.1. Demographic Characteristics of Respondents

Out of 106 online survey questionnaires distributed, 72 were responded accounting for 67.9 percent response rate.

Table 4. 1 Gender of Respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	64	88.9	88.9	88.9
	Female	8	11.1	11.1	100.0
	Total	72	100.0	100.0	

Source: Survey Result, 2020

From the total 72 respondents, 64 (88.9 percent) were Male, while the remaining 8 (11.1 percent) of respondent were Female. Table 4.2 shows respondents educational qualification. Out of 72 respondents, 50 (69.4 percent) achieved Master's Degree, 14 respondents (19.4 percent) holds BA Degree and 8 (11.1 percent) were with PhD Degree. This showed how well the respondents were with good educational preparation.

Table 4. 2 Academic Qualification of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Degree	14	19.4	19.4	19.4
	Masters	50	69.4	69.4	88.9
	PhD	8	11.1	11.1	100.0
	Total	72	100.0	100.0	

Source: Survey Result, 2020

Table 4. 3 Age of Respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<30	10	13.9	13.9	13.9
	31-40	50	69.4	69.4	83.3
	41-50	12	16.7	16.7	100.0
	Total	72	100.0	100.0	

Source: Survey Result, 2020

Table 4.3 shows age of respondents. From the total 72 respondents, 50 (69.4 percent) were aged between 31-40 years old. Only 10 and 12 respondents (13.9 percent and 16.7 percent) were aged less than 30 years and between 41-50 years respectively. Regarding respondents work experience (Table 4.4), it can be understood that out of the total 72 respondents, 46 (63.9 percent) of them have more than 10 years hand on working experience on PPP. 22 respondents (30.6 percent) have between 3-10 years of working experience. Only 4 (5.6 percent) have experience of 1-3 years.

Table 4.4 Respondents Work Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-3	4	5.6	5.6	5.6
	3-10	22	30.6	30.6	36.1
	Above 10	46	63.9	63.9	100.0
	Total	72	100.0	100.0	

Source: Survey Result, 2020

Table 4.5 summarizes category of respondents participated on the survey in sector wise. Accordingly, from the total 72 respondent, 38 (52.8 percent) were from Public Sector while the remaining 34 (47.2 percent) were from Private Sector.

Table 4. 5 Respondent Category

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Public Sector	38	52.8	52.8	52.8
	Private Sector	34	47.2	47.2	100.0
	Total	72	100.0	100.0	

Source; Survey Result, 2020

4.2. Respondents Perception to Factors Contributing to Success of PPP

Survey respondents were requested to express their level of agreement to the factors that contribute to the success of PPP. The next tables presents the overall response by the respondents to the success factors. Mean Score Ranking and RAI were presented subsequently. Stable macroeconomic condition was the first factor rated and accordingly, from the total 72 respondents 68 (94.4 percent) responded Strongly Agree and Agree. Favorable legal framework was rated above Agree by 64 (88.9 percent) of the respondents. Sound economic policy and sound business climate were rated Agree and above by 62 (86.1 percent) and 62 (86.1 percent) respectively.

Available financial market was perceived as above Agree as one of the success factors for PPP by 50 (69.4 percent) of respondents. From the total 72 respondents, 29 (80.6 percent) rated above Agree for the factor Strong and good private consortium. Good governance. 62 (86.1 percent) of respondents perceived above Agree to the following factors; Appropriate risk allocation and risk sharing, Political Support, Transparent procurement process, Well prepared contract document,

and Commitment and responsibility of public and private sector was perceived above Agree by respectively.

From the total 72 respondents, 60 (80.3 percent) rated above Agree for success factors like Well-organized and committed public agency and Value for money achieved. Social Support, Public satisfaction meet, Government involvement by providing guarantee and Project technical feasibility have got a perception of Agree and above by 52 (72.2 percent), 54 (75.0 percent), 56 (77.8 percent) and 66 (91.7 percent) respectively.

Table 4.6 Summary of Respondents Response to Success Factors under Effective Procurement sub category

Success Factors	SA	%	AG	%	NAND	%	DA	%	SDA	%
Good governance	36	50.0	26	36.1	8	11.1		0.0	2	2.8
Social Support	24	33.3	28	38.9	16	22.2	4	5.6		0.0
Well organized and committed public agency	32	44.4	28	38.9	8	11.1	4	5.6		0.0
Competitive procurement process	26	36.1	32	44.4	10	13.9	4	5.6		0.0
Transparent procurement process	36	50.0	26	36.1	8	11.1	2	2.8		0.0
Well prepared contract document	34	47.2	28	38.9	4	5.6	4	5.6	2	2.8

Source: Survey Result, 2020

Note: SA=Strongly Agree, A=Agree, NAND=Neither Agree nor Disagree, DA=Disagree,

SDA=Strongly Disagree

Respondents were requested to rate their level of agreement to success factors of PPP under sub category of effective procurement. As it can be shown from Table 4.7, for the success factor Good Governance, from the total 72 respondents, 36 (50 per cent) Strongly Agree that this factor perceived as success factor to PPP. Whereas 26 (36.1 per cent) Agree that Good Governance is a success factor to PPP. In contrary to this, only 2 (2.8 per cent) strongly disagree that this is a success factor to PPP.

From the total 72 respondents, 32 (44.4 per cent) Strongly Agree that Well organized and committed public agency is success factor to PPP. 28 (38.9 per cent) agree that this factor is success to PPP. Competitive procurement was the next success factor under this category rated by the respondents. Accordingly from the total 72 respondents, 26 (36.1 per cent) and 32 (44.4 per cent) Strongly Agree and Agree respectively. Transparent procurement process was perceived as Strongly Agree and Agree by 36 (50 per cent) and 26 (36.1 per cent) respectively. The last success factor under this sub category was well prepared contract document. As per respondents perception, 34 (47.2 per cent) Strongly Agree that this factor is a success to PPP. Only 2 (2.8 per cent) strongly disagree that this factor is success to PPP.

The following table (Table 4.7) shows the overall perception of respondents to success factors of PPP under sub category of government grantee. For the success factor Political Support, from the total 72 respondents, 20 (27.8 per cent) Strongly Agree that this factor perceived as success factor to PPP. Whereas 42 (58.3 per cent) Agree that political support is a success factor to PPP. In contrary to this, only 4 (5.6 per cent) disagree that this is a success factor to PPP. From the total 72 respondents, 24 (33.3 per cent) Strongly Agree that Government involvement by

providing guarantee is success factor to PPP. 32 (44.4 per cent) agree that this factor is success to PPP. Public satisfaction meet was the next success factor under this category rated by the respondents. Accordingly from the total 72 respondents, 28 (38.9 per cent) and 26 (36.1 per cent) Strongly Agree and Agree respectively that this is a success to PPP.

Table 4. 7 Summary of Respondents Response to Success Factors of PPP under Government Guarantee.

Success Factors	SA	%	AG	%	NAND	%	DA	%	SDA	%
Political Support	20	27.8	42	58.3	6	8.3	4	5.6		0.0
Government involvement by providing guarantee	24	33.3	32	44.4	10	13.9	6	8.3		0.0
Value for money achieved	38	52.8	22	30.6	6	8.3	4	5.6	2	2.8
Public satisfaction meet	28	38.9	26	36.1	14	19.4	4	5.6		0.0

Source: Survey Result, 2020

Note: SA=Strongly Agree, A=Agree, NAND=Neither Agree nor Disagree, DA=Disagree, SDA=Strongly Disagree

Table 4. 8 Summary of Respondents Response to Success Factors of PPP under Project Implementability Sub category

Success Factors	SA	%	AG	%	NAND	%	DA	%	SDA	%
Favorable legal framework	40	55.6	24	33.3	4	5.6	2	2.8	2	2.8
Strong and good private consortium	26	36.1	32	44.4	12	16.7		0.0	2	2.8
Appropriate risk allocation and risk sharing	28	38.9	34	47.2	6	8.3	4	5.6		0.0
Commitment and responsibility of public and private sector	34	47.2	28	38.9	8	11.1	2	2.8		0.0
Project technical feasibility	30	41.7	36	50.0	2	2.8	4	5.6		0.0

Source: Survey Result, 2020

Note: SA=Strongly Agree, A=Agree, NAND=Neither Agree nor Disagree, DA=Disagree, SDA=Strongly Disagree

The above table (Table 4.8) shows the overall response of respondents to success factors of PPP under project Implementability. Out of the total 72 respondents, 40 (55.6 per cent) Strongly Agree that favorable legal framework perceived as success factor to PPP. Whereas 24 (33.3 per cent) Agree that the factors is a success factor to PPP. In contrary to this, only 2 (2.8 per cent) strongly disagree that favorable legal framework is a success factor to PPP. From the total 72 respondents, 26 (36.1 per cent) Strongly Agree that strong and good private consortium is success factor to PPP. 32 (44.4 per cent) agree that this factor is success to PPP. Appropriate risk

allocation and risk sharing was the other success factor under this category rated by the respondents. Accordingly from the total 72 respondents, 28 (38.9 per cent) and 34 (47.2 per cent) Strongly Agree and Agree respectively. Commitment and responsibility of public and private sector was perceived as Strongly Agree and Agree by 34 (47.2 per cent) and 28 (38.9 per cent) respectively. The last success factor under this sub category was Project technical feasibility. As per respondent's perception, 30 (41.7 per cent) Strongly Agree that this factor is a success to PPP. Only 4 (5.6 per cent) disagree that this factor is success to PPP.

The next table (Table 4.9) summarizes respondents' overall perception to success factors under sub category of favorable economic condition. The first factor under this category on which respondents were requested to rate their level of perception was stable macroeconomic condition. Accordingly, from the total 72 respondents, 28 (38.9 per cent) Strongly Agree that this factor is the success factor to PPP. Whereas 40 (55.6 per cent) Agree that the factors is a success factor to PPP. In contrary to this, only 2 (2.8 per cent) strongly disagree that stable macroeconomic condition is a success factor to PPP.

Out of the total 72 respondents, 34 (47.2 per cent) Strongly Agree that sound economic policy is success factor to PPP. 28 (38.9 per cent) agree that this factor is success to PPP. The last success factor under this sub category was sound business climate. As per respondent's perception, 32 (44.4 per cent) Strongly Agree that this factor is a success to PPP. Only 2 (2.8 per cent) strongly disagree that this factor is success to PPP.

Table 4. 9 Summary of Respondents Response to Success Factors of PPP under Favorable Economic Condition sub category

Success Factors	SA	%	AG	%	NAND	%	DA	%	SDA	%
Stable macroeconomic condition	28	38.9	40	55.6	2	2.8		0.0	2	2.8
Sound economic policy	34	47.2	28	38.9	8	11.1		0.0	2	2.8
Sound business climate	32	44.4	30	41.7	8	11.1		0.0	2	2.8

Source: Survey Result, 2020

Note: SA=Strongly Agree, A=Agree, NAND=Neither Agree nor Disagree, DA=Disagree, SDA=Strongly Disagree

The final sub category of success factors for PPP is available financial market. As it can be seen from below table (Table 4.10), from the total 7 respondents, 26 (36.1 per cent) strongly agree that this factor is a success to PPP. 4 (5.6 per cent) and (22.8 per cent) of the total 72 respondents disagree and strongly disagree that the factor is a success to PPP.

Table 4. 10 Summary of Respondents Response to Success Factors of PPP under Available financial market sub category

Success Factors	SA	%	AG	%	NAND	%	DA	%	SDA	%
Available financial market	26	36.1	24	33.3	16	22.2	4	5.6	2	2.8

Source: Survey Result, 2020

Note: SA=Strongly Agree, A=Agree, NAND=Neither Agree nor Disagree, DA=Disagree, SDA=Strongly Disagree

To assess which factors are important for successful PPP implementation as perceived by respondents, an overall mean score and ranking based on RAI were employed. The RAI technique was adopted from Chileshe & Kikwasi (2014). RAI value has a range from 0 to 1 (0 not inclusive), the higher the agreement index, the more significant the factor is success to implement PPP. The lower bound value of 0.200 for the RAI is the minimum possible score that could be obtained assuming that all the respondents assigned the value of 1 for the particular success factor (Chileshe & Kikwasi, 2014). RAI was computed using the following formula using Microsoft Excel as a tool.

$$RAI = \frac{\sum W}{A * N} = (0.200 \leq RAI \leq 1.00) \text{ Where:}$$

W=the weighting given to each variable (success) by the respondents (ranging from 1 to 5)

A=the highest weight (i.e. 5 in this case), and

N=number of respondents placing identical weighting / rating for the success

Based on the above formula the ranges for RAI are shown on the following table

Table 4. 11 RAI Range

Average Score	RAI	RAI-Level
4.0 to 5.0	0.8 to 1.0	High (High)
3.0 to < 4,0	0.6 to < 0.8	Medium (M)
1.0 to < 3.0	0.20 to < 0.6	Low (L)

Source: Adopted from (Chileshe & Kikwasi, 2014).

The next table (Table 4.12) displays ranking of factors based on the RAI technique for success factors of PPP implementation. Accordingly, favorable legal framework ($M=4.36$; $SD=.924$ and $RAI=0.87$ with High RAI Level) and transparent procurement process ($M=4.33$; $SD=.787$,

RAI=0.87 with High RAI Level) were perceived as the first most important success factor for PPP.

The qualitative data obtained from KII also revealed that almost all interview perceived Favorable Legal Framework and Transparent Procurement Process as the most important factor for PPP to be successful. The international experience obtained from various literatures also shows that Favorable legal framework is the most important factors for PPP to be successful (Cheung, 2009; La, 2016).

Almost all interviewee indicated that in Ethiopia, there is a favorable legal framework by mentioning the recently enacted PPP Proclamation 1076/2018 and PPP Policy issued by MoF. Commitment and responsibility of public and private sector ($M=4.31$; $SD=.781$ and RAI=0.86 with High RAI Level), Good governance ($M=4.31$; $SD=.882$ and RAI=0.86 with High RAI Level), Stable Macroeconomic Condition ($M=4.28$; Std. dev=.773 and RAI=0.86 with High RAI Level), Sound Economic Policy ($M=4.28$; $SD=.876$ and RAI=0.86 with High RAI Level) and Project Technical Feasibility ($M=4.28$; $SD=.773$ and RAI=0.86 with High RAI Level) have got a perception as a second most important factor by the respondents.

Table 4. 12 Mean Score Ranking to Relative Agreement Index of Factors contributing to Success of PPP

List of Success Factor	<i>M</i>	<i>SD</i>	RAI*	Rank	RAI Level**
Favorable legal framework	4.36	.924	0.87	1	High (H)
Transparent procurement process	4.33	.787	0.87	1	High (H)
Good governance	4.31	.882	0.86	3	High (H)
Commitment and responsibility of public and private sector	4.31	.781	0.86	3	High (H)
Stable macroeconomic condition	4.28	.773	0.86	3	High (H)
Sound economic policy	4.28	.876	0.86	3	High (H)
Project technical feasibility	4.28	.773	0.86	3	High (H)
Sound business climate	4.25	.868	0.85	5	High (H)
Value for money achieved	4.25	1.017	0.85	5	High (H)
Well organized and committed public agency	4.22	.859	0.84	7	High (H)
Well prepared contract document	4.22	.982	0.84	7	High (H)
Appropriate risk allocation and risk sharing	4.19	.816	0.84	7	High (H)
Strong and good private consortium	4.11	.881	0.82	9	High (H)
Competitive procurement process	4.11	.848	0.82	9	High (H)
Political Support	4.08	.765	0.82	5	High (H)
Public satisfaction meet	4.08	.900	0.82	5	High (H)
Government involvement by providing guarantee	4.03	.903	0.81	6	High (H)
Social Support	4.00	.888	0.80	7	High (H)
Available financial market	3.94	1.033	0.79	8	Medium (M)

Source: Survey Result, 2020

Note: * Relative Agreement Index, **Relative Agreement Index Level

The qualitative data gathered through KII also indicated the above factors were perceived as the second most important success factors for PPP. Specifically, almost all interview agreed that the prevalence of Stable macroeconomic condition and Commitment and responsibility of public and private sector a vital role in making PPP successful. One of the interviewees mentioned that as PPP is a long-term contract, its implementation requires a commitment from both parties involved in PPP.

The following success factors; Sound business climate ($M=4.25$; $SD=.868$ and $RAI=0.85$ with High RAI Level) and Value for money achieved ($M=4.25$; $SD=1.017$ and $RAI=0.85$ with High RAI Level), were rated by the respondents as the third most important success factors for PPP. Well prepared contract document ($M=4.22$; $SD=.982$ and $RAI=0.84$ with High RAI Level) and Well organized and committed public agency ($M=4.22$; $SD=.859$ and $RAI=0.84$ with High RAI Level), Appropriate risk allocation and risk sharing ($M=4.19$; $SD=.816$ and $RAI=0.84$ with High RAI Level), have perceived as the seventh success factors for PPP. Strong and good private consortium ($M=4.11$; $SD=.881$ and $RAI=0.82$ with High RAI Level), Competitive procurement process ($M=4.11$; $SD=.848$ and $RAI=0.82$ with High RAI Level), Political Support ($M=4.08$; $SD=.765$ and $RAI=0.82$ with High RAI Level) and Public satisfaction meet ($M=4.08$; $SD=.900$ and $RAI=0.82$ with High RAI Level). Government involvement by providing guarantee ($M=4.03$; $SD=.903$ and $RAI=0.81$ with High RAI Level) and Social Support ($M=4.00$; $SD=.888$ and $RAI=0.80$ with High RAI Level). Available financial market ($M=4.00$; $SD=.888$ and $RAI=0.80$ with High RAI Level) was perceived as the last success factor for PPP.

The qualitative findings also revealed additional factors for successful implementation of PPP. Most of the KII respondents perceived political stability to be another key success factors besides macroeconomic stability of the country. According the KII response if the host country has

stable political environment, private sectors could easily invest their resource on PPP. Trust between partners involved in PPP is also one of the additional success factors identified from the KII. Almost all interview perceived continuous capacity building training especially to the contracting authority will help to implement successful PPP.

Table 4. 13 Significance Level of Success Factors using one sample t-test

Success Factors	t-test	
	t	Sig. (2-tailed)
Stable macroeconomic condition	14.0	.000
Favorable legal framework	12.5	.000
Sound economic policy	12.4	.000
Sound business climate	12.2	.000
Available financial market	7.76	.000
Strong and good private consortium	10.8	.000
Good governance	12.5	.000
Appropriate risk allocation and risk sharing	12.4	.000
Political Support	12.0	.000
Social Support	9.554	.000
Well organized and committed public agency	12.1	.000
Competitive procurement process	11.1	.000
Transparent procurement process	14.4	.000
Government involvement by providing guarantee	9.65	.000
Well prepared contract document	10.6	.000
Value for money achieved	10.4	.000

Public satisfaction meet	10.2	.000
Commitment & responsibility of public and private sector	14.2	.000
Project technical feasibility	14.0	.000

Source; Survey Result, 2020

The significance level of the success factors (Table 4.13) was tested using sample t-test. According to the test, all 19 success factors were statistically significant ($M > 3$; t -test values positive; $p < 0.05$).

An independent sample t-test was performed comparing the mean score on perception of success factors between public and private sector respondents. The test revealed that perception of public and private sector respondents on the importance of the success factors were similar except five factors where there were observed difference on perception. The subsequent tables shows the result of independent sample t-test under each sub category of success factors.

As depicted on the next table (Table 4.14) one factor under effective procurement found to have statistically significant difference between public and private sector,

Competitive procurement process: the independent sample t-test for this success factor was found to be statistically significant $t = 2.85$, $p = .006$, 2-tailed. The result indicated that respondents in the public sector ($M = 4.37$, $SD = .819$) perceived this factor was the most important for success of PPP than Private Sector ($M = 3.82$, $SD = .797$).

Table 4. 14 Independent sample *t*-Test Results for Success Factors under effective procurement sub category.

Success Factors	Mean				t-test	
	<i>n</i>	Public	<i>n</i>	Private	t	Sig. (2-tailed)
Good governance	38	4.42	34	4.18	1.18	.243
Social Support	38	4.11	34	3.88	1.064	.291
Competitive procurement process	38	4.37	34	3.82	2.854	.006*
Transparent procurement process	38	4.42	34	4.24	1.00	.321
Well prepared contract document	38	4.42	34	4.00	1.85	.069
Value for money achieved	38	4.37	34	4.12	1.045	.300

Note: *Significant at $p < 0.05$

Source: Survey Result, 2020

The independent sample *t*-test for project implement ability sub category of success factors for PPP, two success factors Favorable legal framework and Strong and Good Private Consortium found to be statistically significant (Table 4.15). The Levene's Test for Equality of Variances revealed that the assumption of equal variance was not violated.

Favorable legal framework: as it can be seen from Table the test for this success factor was found to be statistically significant $t=2.17$, $p=.033$, 2-tailed. These results indicated that respondents in the public sector ($M=4.58$, $SD=.948$) perceived this factor to be more important for success of PPP than the Private Sector ($M=4.12$, $SD=.844$).

Strong and Good Private Consortium: the test for this success factor was found to be statistically significant $t=2.74$, $p=.008$, 2-tailed. These results indicated that respondents in the public sector ($M=4.37$, $SD=.998$) perceived this factor was the most important for success of PPP than the Private Sector ($M=3.82$, $SD=.626$).

Table 4. 15 Independent sample *t*-Test Results for Success Factors under project implement ability sub category

Success Factors	Mean				t-test	
	<i>n</i>	Public	<i>n</i>	Private	<i>t</i>	Sig. (2-tailed)
Favorable legal framework	38	4.58	34	4.12	2.17	.033*
Strong and good private consortium	38	4.37	34	3.82	2.74	.008*
Appropriate risk allocation and risk sharing	38	4.21	34	4.18	.181	.857
Commitment and responsibility of public and private sector	38	4.37	34	4.24	.720	.474
Project technical feasibility	38	4.32	34	4.24	.456	.651

Note: *Significant at $p<0.05$

Source: Survey Result, 2020

The next sub category of success factor was government guarantee. As it can be seen from Table 4.16, the independent sample *t*-test found to have statically significant difference between public and private sector.

Well organized and committed public agency: the test for this success factor was found to be statistically significant $t=3.40$, $p=.008$, 2-tailed. These results indicated that respondents in the public sector ($M=4.53$, $SD=.830$) perceived this factor was the most important for success of PPP than Private Sector ($M=3.88$, $SD=.769$).

Table 4.16 depicts the independent sample t-test result for the success factors under government guarantee sub category. According to the test result,

Public Satisfaction met: the test for this success factor was found to be statistically significant $t=2.34$, $p=.019$, 2-tailed. The result indicated that respondents in the public sector ($M=4.32$, $SD=.933$) perceived this factor was the most important for success of PPP than Private Sector ($M=3.82$, $SD=.797$).

Table 4. 16 Independent sample *t*-Test Results for Success Factors under government guarantee sub category

Success Factors	Mean				t-test	
	<i>n</i>	Public	<i>n</i>	Private	t	Sig. (2-tailed)
Political Support	38	4.26	34	3.88	2.23	.029
Government involvement by providing guarantee	38	4.11	34	3.94	.767	.446
Public satisfaction meet	38	4.32	34	3.82	2.39	.019*

Note: *Significant at $p<0.05$

Source: Survey Result, 2020

CHAPTER FIVE: CONCLUSION AND RECOMMENDATION

5.1. CONCLUSION

The main objective of the research was to assess the perception of stakeholders on success factors of PPP in Ethiopia. To achieve the objectives of the research, a convergent parallel mixed method design and approach was used. The quantitative data was collected using a survey questionnaire by adopting from a well-known previous research works like Li & Cheung. The survey questionnaire was administered through a Google Form, a web-based tool that can automatically store participants' responses on-line and easily export them into different numeric formats accessible via different statistical software. Qualitative data was collected through document review and KII. The quantitative data was analyzed using SPSS for Windows, Version 23.

The first objective of the research was to assess perception of stakeholders on success factors of PPP in Ethiopia. To achieve the objective, respondents were requested to rate the success factors through a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The findings revealed that in Ethiopia, as perceived by respondents the top five most important success factors that ranked top five for successful PPP according to their relative importance are Favorable legal framework ($M=4.36$, $SD=.924$ and $RAI=0.87$ with High RAI Level), transparent procurement process ($M=4.33$, $SD=.787$, $RAI=0.87$ with High RAI Level), Commitment and responsibility of public and private sector ($M=4.31$; $SD=.781$ and $RAI=0.86$ with High RAI Level), Good governance ($M=4.31$; $SD=.882$ and $RAI=0.86$ with High RAI Level), Stable Macroeconomic Condition ($M=4.28$; $SD=.773$ and $RAI=0.86$ with High RAI Level), Sound Economic Policy ($M=4.28$; $SD=.876$ and $RAI=0.86$ with High RAI Level) and Project Technical Feasibility ($M=4.28$; $SD=.773$ and $RAI=0.86$ with High RAI Level)

Qualitative finding obtained from KII also revealed that the factors were perceived by interviewee as most important factors for successful PPP. Additional factors like trust between parties involved in PPP. Some of factors identified as most important for successful PPP in this research are similar with previous research conducted internationally and in Ethiopia. According to study by Cheng (2009), Favorable legal framework, Commitment and responsibility of public and private sector and Stable macroeconomic conditions are the top five success factors for PPP in Hong Kong. Similar research by La (2016) revealed similar research findings. Ismail (2013) also conducted a study on CSF of PPP in Malaysia. The findings revealed factors that are similar to the findings of this research. These factors are commitment and responsibility of public and private sectors, favorable legal framework and sound economic policy. Sanni (2016) has also conducted a study on factors determining the success of public private partnership projects in Nigeria. The finding of this study was found to be similar with the findings of the current research conducted. Only one factor that is Favorable legal framework was perceived as one the top five success factors for PPP according to the findings of a study on CSF of PPP in Ethiopia conducted by Getachew (2019)

The second objective of the research was to examine if there was a significance difference on the perception among stakeholders on success factors of PPP. The finding revealed that there was significant difference on five success factors with $p < .05$.

The third objective of the research was to assess whether there were significant differences on success factors of PPP and compare level of perception between public and private sector stakeholders. To achieve this objective an independent sample *t*-test was conducted. The finding revealed that public and private sector stakeholders who participated on this research have the same perception except the following factors; Favorable legal framework, Strong and Good

Private Consortium, well organized and committed public agency, Competitive procurement process and Public Satisfaction met. As per the independent sample t-test result, the null hypothesis can be rejected and accepted the alternative hypothesis.

Qualitative data obtained from KII revealed that the factors for successful implementation of PPP in Ethiopia. However additional factors were suggested from KII participants including trust between parties involved in PPP and facilitating a platform to create common understanding on PPP in general and success factors for PPP in particular. As perceived by most KII interview, continuous capacity building trainings for both public and private sector experts on PPP related issues would make PPP implementation to be successful.

5.2. RECOMMENDATIONS

The main focus of the research was to assess stakeholder's perception on success factors PPP in Ethiopia. Based on the findings of the research, the following recommendations are forwarded;

- One of the success factors for PPP raised by the respondents during survey and KII was creating common understanding for stakeholders on PPP. Thus, the Government of Ethiopia should create a platform to enhance common understanding on the concept and practice of PPP for the public and private sector. This
- Since the introduction PPP is a recent phenomenon for Ethiopia, the Government of Ethiopia should give due attention to capacitating experts and concerned sectors on emerging success factors of PPP.
- When new contracting authority enters into PPP project it would be better to have an experience sharing with already existing PPP at national level and experience from other regional and international countries.

5.3. SUGGESTION FOR FUTURE WORK

The scope of the research was mainly focused on stakeholder's perception on success factors of PPP implementation in Ethiopia. Future research could be conducted by incorporating any additional emerging factors for successful implementation of PPP. Factors that lead to failure of PPP could be also other future research area. Currently there are different contracting authorities with an intention to implement PPP in the future. Thus, future research could be done by including different case studies on PPP.

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APPENDIX

SURVEY QUESTIONNAIRE

Introduction:

Dear Respondents;

Thank you for your willingness to participate in this research as a respondent. My name is Behailu Aimero and I am a Master's student at Addis Ababa University, Center for Regional and Local Development Studies. My supervisor is Teshome Tafesse (Ph.D.) Assistant Professor of Development and Public Management. Currently, I am conducting a Thesis on “Stakeholders Perception on Success Factors of Public-Private Partnership (PPP) in Ethiopia” for the requirement of partial fulfillment of Master of Arts Degree in Regional and Local Development Studies.

The purpose of this research is to assess the perception of stakeholders on success factors of Public-Private Partnership (PPP) in Ethiopia. By completing the questionnaires, you indicate your voluntary consent to participate in this survey. You are free to respond or not for any questions in this tool. As this is an electronic survey, I do not track or record the IP address from which you are responding and guarantee you the responses collected will be only for academic purposes and completely kept anonymously.

Thank you in advance for your help, I appreciate your time.

PART ONE: General Information of Respondents

Q1: Name (Optional)

Q2: Email Address (Optional)

Q3: Position in the Organization/Company

Q4: Please Indicate your Gender	Male	Female			
	<input type="radio"/>	<input type="radio"/>			

Q5. Please indicate your Age	<30	31-40	41-50	51-60	>60
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q6. Please indicate your Educational Qualification	Diploma	BA	Masters	PhD/MD
	Degree			
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q6. Respondent From

Q7. How many years of experience in PPP?	1-3.	3-10.	Above 10
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

PART TWO: Respondents Perception on Success Factors of PPP

To what extent you Agree or Disagree that the following factors determine the success of Public Private Partnership (PPP) projects?

1=Strongly Disagree, 2=Disagree, 3=Neither Agree nor Disagree, 4=Agree, 5=Strongly Agree

Stable macroeconomic condition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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Favorable legal framework	0	0	0	0	0
Sound economic policy	0	0	0	0	0
Sound business climate	0	0	0	0	0
	1	2	3	4	5
	0	0	0	0	0
Available financial market	0	0	0	0	0
Good governance	0	0	0	0	0
Appropriate risk allocation and risk sharing	0	0	0	0	0
Political Support	0	0	0	0	0
Social Support	0	0	0	0	0
Well organized and committed public agency	0	0	0	0	0
Competitive procurement process	0	0	0	0	0
Transparent procurement process	0	0	0	0	0
Government involvement by providing guarantee	0	0	0	0	0
Well prepared contract document	0	0	0	0	0
Value for money achieved	0	0	0	0	0
Public satisfaction meet	0	0	0	0	0
Commitment and responsibility of public and private sector	0	0	0	0	0
Project technical feasibility	0	0	0	0	0