



**ADDIS ABABA UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**

**CONTRIBUTION OF UNIFIED BILLING SYSTEM IN  
FACILITATING PUBLIC SERVICE DELIVERY: THE CASE OF  
SELECTED LEHULU CENTERS IN ADDIS ABABA**

**BY**

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**ADDIS ABABA UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**  
**DEPARTMENT OF PUBLIC ADMINISTRATION & DEVELOPMENT MGT**

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## REFERENCE

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## **LIST OF ABBREVIATION**

AAWSA	Addis Ababa Water and Sewerage Authority
AfDB	African Development Bank
CSC	Common Service Center
EG	E-Government
E-Gov	Electronic Government
EEPCO	Ethiopian Electric and Power Corporation
GTP	Growth and Transformation Plan
ICT4D	Information and Communication Technology for Development
MCIT	Ministry of Communication, Information and Technology
MDG	Millennium Development Goals
MOFED	Ministry of Finance and Economic Development
MOI	Ministry of Industry
NPM	New Public Management
NGO	Non-Governmental Organization
PASDEP	Plan for Accelerated and Sustainable Development to End Poverty
PPP	Public Private Partnership
UBS	Unified Billing system

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## **ABSTRACT**

*The Unified Billing System (UBS) project, as part of E-Gov initiatives, is one of the major interventions by the Ministry of Communication and Information Technology (MCIT), Ethiopia, to unify the bill payment of various utilities for the convenience and benefit of citizens. It focuses on enhancing the quality of Service available to the citizen through re-defining the way citizens pay their utility bills which was introduced based on public-private partnership between the Ministry of Information and Communication and a private company named Kifiya Financial Technology. With this premise, this paper is an attempt to understand the contribution of UBS and its various challenges and bottlenecks that are being faced in making this system sustainable. The system is able to reduce the burden the government face financially and in deploying the essential expertise, it has also created an opportunity to improve government service delivery to citizens, and within government agencies by creating more transparency, greater convenience, less corruption, revenue growth and cost reduction. It has also created job opportunities to the young unemployed. It is however, noteworthy that these perceived benefits to the citizens from this project can only be accrued when Lehulu centres met the expectation of citizens and accelerate the service delivery. The study also reveals that there was lack of coordination at the government's end in terms of having no structured framework for complaint handling and no risk mitigation plan in place for a project of this dimension. Moreover, as the system is not yet synchronized, citizens are charged more than their regular bill. This is of utmost importance in order to upgrade UBS as a key actor to enhance public service delivery. The study calls for an improved enabling environment for citizens like UBS to improve integrated Public Service Delivery.*

**Keywords: Public Service Delivery, E-Government, Integrated Service Delivery, UBS-Lehulu.**

# **CHAPTER ONE**

## **1. INTRODUCTION**

### **1.1 Background of the Study**

The issue of service delivery is becoming a global concern that demands continuous reform to fit the turbulent environment and changing customer needs. Public sector in most of the countries lack appropriate customer service policies, the institutional capacity and resources to cope with customer service challenges (Kerry et al., 2000).

Governments are under continual pressure to improve the delivery of public services. Instead of focusing on a specific set of services for targeted customer segments, as is common for organizations in the private sector, the public sector has to deal with a large, heterogeneous portfolio of different services to be offered to all citizens (Humphreys, 1998). Although different groups of citizens will have different characteristics and demands, accessibility to government services and information has to be ensured (Martin et al., 2008), while at the same time cost efficiency and effectiveness of the service delivery needs to be maintained or achieved.

In nearly every country around the world, governments are challenged to deliver an expanding set of services to a growing number of constituents whose expectations are increasing—with a budget that often is not. Addressing these

expectations requires the achievement of savings obtained through enhanced efficiencies—and that, in turn, requires governments to integrate public service delivery. The public sector no longer has a choice: it must revise its approach to serving constituents. Over the past years, a growing focus on modernizing public service delivery to improve the efficiency and effectiveness of services has occurred. These service delivery programs are now pointing at integration as the key platform to maximize value to constituents while realizing efficiency savings at the same time. Integrated public service delivery releases precious resources for higher priority tasks and is also proven to positively impact a country's competitiveness, quality of life, and constituents' trust. (Pepper & Rogers, 2010).

Since 1994, the government of Ethiopia has embarked on reforming its service giving organizations with the objective of improving the public sector service delivery system. In this regard, the Ethiopian government has recognized the need for integrated public service delivery to encourage public service organizations improve their services by applying various programs to attain user satisfaction. Therefore, the Ethiopian Government has launched a one stop facility for payment of utility bills. This deemed to be the development as an indication of its commitment to provide better services to ordinary people. The system is known as 'lehulu', an Amharic word meaning "for all". Lehulu will replace existing utility payment centers for Ethiopian Electric Power Corporation (EEPCO), Ethio Telecom, and Addis Ababa Water & Sewage Authority (AAWSA).

In this paper, the case is presented for Unified Billing System in facilitating public service delivery as a way to engage citizens, heighten their satisfaction and to achieve tangible benefits for both governments and their citizens.

## **1.2 Statement of the Problem**

According to Martin Duggan & Cathy Green (2008), Public Sector Departments or Agencies are facing increasing pressure to deliver broad, complex services efficiently, effectively, equitably and through integrated service delivery models to enhance the citizen experience. This shift involves rolling out innovative channels and integrating these channels to provide One Stop Shop services in multi-channel environments. These citizen centric services deliver a tailored service to the relevance desired by the citizen or customer.

In Ethiopia, the Ministry of Communication and Information Technology, Electronic Services Initiative i.e., 'lehulu' unified billing system, has taken up the challenge of bringing about the necessary changes to provide a better quality of service to citizens. It has undertaken a number of e-Government assignments to avail government services online and improve the access to the general public. According to Ethiopian E-Gov Strategy-2010, Common Service Centers (CSC) is mentioned as one of the target to be able to achieve the E-Gov strategy. CSC is unifying the different bill collection centers in to one stop payment point to enable the citizens get the services in integrated and simplified way. This new service delivery model takes into account varying access point consolidation

across the service value chain, while considering the varying channel needs and preferences for differing citizen segments. However, according to Humphreys, 1998, this initiative is challenged by different factors like technological infrastructure, lack of coordinated effort between implementing agencies, and unsynchronized data among the centers. This initiative is first in Ethiopia and in Africa as well. The researcher is motivated to explore this newly introduced unified billing system whether it meets the citizen's and government's expectation and will try to assess the role of UBS in facilitating the service delivery.

### **1.3 Research Questions**

For the purpose of the study, the following research questions are developed:

- Does UBS resulted in the reduction of transactional cost and time?
- Does UBS render prompt utility billing services?
- Is UBS location convenient to citizens to enable them get nearby service?
- Does UBS meet the public service values?
- What are the existing challenges and opportunities of unified billing system?

### **1.4 Research Objectives**

Generally, the study aims to make an assessment of the contribution of unified billing system in delivering effective public services and thereby propose possible recommendations for the subsequent improvement. Some of the specific objectives are:

- To analyze the role of UBS in bringing convenience
- To analyze and assess whether the UBS meets the values of public service delivery
- To Analyze UBS system with respect to Cost Reduction, time, Accuracy of Bill Data
- To identify and analyze the existing challenges and opportunities of unified billing system public service delivery process
- To identify and suggest possible solutions to improve the service delivery so as to satisfy their public needs

### **1.5 Delimitation of the Study**

The study has been delimited to assessing the contribution of Lehulu-Unified Billing System with respect to facilitating public service delivery from its establishment (Feb. 2013) till May 2014. This concept is also delimited to parameters of public service delivery i.e, time, cost convenience, values.

### **1.6 Limitation of the Study**

The study only focused on the three unified public information services: Water, Electric and Telecom utility services one-window-shop which empowered by Kifya PLC and MCIT under a modality of PPP. Therefore, investigating other unrelated PPPs are beyond the scope of this study's focus as this study might lead to time & budget constraints.

## **1.7 Significance of the Study**

This study will provide key stakeholders with an opportunity to share experiences about using common service centers options in public services, and discuss experiences used in the promotion and expansion of this system, and ultimately escalate the level of unifying these services. It will provide an approach that is of special relevance in order to increase the inclusion of other services in this system.

This study will also provide an opportunity to know the advantage of unifying utility bill collection centers into one point and the benefit it has brought in terms of cost, time ...etc.

Furthermore, this study will be beneficial to the researchers and other policy makers to look for further study and for solution to the discovered problems.

## **1.8 Organization of the Study**

The report is organized into five chapters: Chapter one contains the problem and its approach dealing with research problem, the next chapter deals with the Different conceptual framework with regard to public service delivery and integrating services, which will be following by contextual focuses on the analysis of the subject matter to assess the contribution of the project. Chapter three outlines the research methodology. Chapter four presents the study results and analyzes them and finally chapter five comes up with the summaries and conclusions of the findings and forwards recommendations.

# **CHAPTER TWO**

## **2. LITERATURE REVIEW**

### **2.1 Understanding Public Service Delivery & Government Reforms**

According to PWC (Nov 2010, 4), reforms in the public sector aimed at improving service delivery have received considerable focus over the last decade globally. Lane (2000: 3) states that New Public Management (NPM) became the most popular during the 1980s and 1990s in reforming the public sector. It is a theory of the most recent paradigm change in how the public sector is to be governed, and is part of the managerial revolution that has gone throughout the world affecting all countries. NPM is amongst the latest concepts to enter the lexicon of public administration in a bid to transform it completely. It is a merger of public and business administrations by taking the “what and “why” from public administration and “how” from business administration.

Michael, (2000) has also mentioned that, definitions of NPM have proliferated as experts have sought to put their own “spin” on the subject. The analytical model of NPM depicted is particularly useful for evaluating contemporary developments:

- a business-oriented approach to government;
- “a quality and performance oriented approach to public management”;



- an emphasis on improved public service delivery and functional responsiveness;
- an institutional separation of public demand functions (councils, citizens' charters), public provision (public management boards) and public service production functions (back offices, outsourcing, agencification, privatization);
- a linkage of public demand, provision, and supply units by transactional devices (performance management, internal contract management, corporatization, intergovernmental covenanting and contracting, contracting out) and quality management;
- Wherever possible, the retreat of (bureaucratic) government institutions in favor of an intelligent use of markets and commercial market enterprises (deregulation, privatization, commercialization, and marketization) or virtual markets (internal competition, benchmarking, competitive tendering).

## **2.2 Desirable Values in Government Reforms**

**Professionalism of Government:** the traditional democratic government over the past one hundred years has developed a well-regulated civil service system that attempts to separate neural professional from political patronage in deciding who will get jobs in government. This legacy of the Progressive era in the United State is shared by even older traditions in many European countries; and in China where civil service systems were developed over two thousand years ago.

Some countries are reducing the rules and rigidities of their civil service systems to encourage new talent from both the private and public sectors to join government. (Behn, 1998)

**Transparency:** Corruption in government remains a major problem in many countries and works to undermine citizen trust in government. Corruption also robs the citizens of many funds and services they might have received if it did not exist, especially in those countries where international lending organizations funnel financial aid into countries. Transparency is also promoted through Freedom of Information Acts where citizens can request government documents and records that are not classified for national security purposes. Transparency also helps spread government procurement and service Contracts out to a larger part of the population who can access government through websites from any location, and find information from diverse ministries and levels of government from one location. (Berman, 1998).

**Citizen Empowerment:** Public administration in its traditional values included a role for citizens, through public hearings and other access to government actions. However, the newer reforms go way beyond passive public hearings and include intensive citizen participation in policy development and implementation. Examples include citizen involvement in rule-making, citizen commissions that develop policy in environmental or social services; citizen presence on task forces that develop performance goals and measures for

programs; and other direct involvement in determining what services should be funded and provided. Beyond involvement in policy development and management, there is also the opportunity to get information on what government is doing through e-government information and web portals. Examples that are regularly used by most national and state governments include: strategic plans; statutes, legislative bills and hearings on-line; bill payment and license renewal on-line; and through performance information regularly updated on websites. (Borins, 2002)

**Accountability:** One of the central values for a democratic government is accountability, being answerable to the people who vote their leaders into office and who give direction on policy choices. Accountability is often directed at public administrators, as in they are being held responsible for the performance of government. Accountability can take many forms. In *Rethinking Democratic Accountability*, Behn (2001) makes the case that at least four types of accountability are valued and demanded in democratic governments. First, financial accountability. Where was money spent? Was it spent legally and in accordance with laws and how it was supposed to be spent? Financial audits have been implemented to determine the extent to which our governments and managers meet financial accountability standards. Second, accountability for fairness. Is government operated so that its employees, contractors and citizens treated fairly? Many of our rules and procedures are established to define how fairness and equity will be ensured, often through procedural processes rather

than through examining the outcomes of government services. Third, accountability for the use of power. Many of our laws on ethics, the proper use of government funds and hiring practices relate to keeping officials from abusing their power. And finally, accountability for performance. This is at the heart of the last two decades of administrative reforms. Previously, we mostly accounted for inputs, finances and legal practices. Accountability for performance focuses on what government is doing and how well government achieves those efforts. And not just on the processes and procedures that governments uses to spend money and deliver services. Accountability has also gained currency and urgency as governments try to enhance their citizens' trust in government and show that government is spending money for good results.

**High Quality Services:** With the transformation of the global business sector and practices since the 1980s, quality service and customer care has become a primary value in the private sector. The improved service citizen's experience from business transactions has probably had a major influence on how they view stodgy government. At the very least, these private sector changes have raised expectations and fostered comparisons that have not been kind to government. Government began importing business management practices related to customer service and quality, such as TQM in the late 1980s, and quality management transformation has continued to be pursued by most governments (OECD, 2005) perhaps led by local governments which made these changes earlier than higher levels of government. Quality services is also considered an

outcome for many government services. Modernized governments are required to be responsive to various groups of citizens. New management approaches need to go beyond contracting and reporting to give renewed attention to connecting the public interest to individual motivation and values. (OECD, 2005, 22)

**Accessibility:** This is related to quality services as we see government offices are staying open later in the evenings and on weekend so that working citizens do not have to take off from work to conduct business with government. Clearly, e-government is making government accessible to many more people and 24/7 in a way that was never possible through face to face visits. Many have raised the concern that e-government will promote more divisions in which citizens have ready access to and information from government. (Pollitt, 2000).

**Ethical Government.** All of these values add up to an ethical government that works to provide the services elected officials vote to deliver as effectively and efficiently as possible with maximum participation by citizens and through an open, transparent, accountable process. Clearly an ethical government includes one that is free of corruption and cronyism. Mark Moore in *Creating Public Value* (1995) talks about part of the value that managers deliver to citizens is the process of a well-run and open government. Thus the Government reforms, and the values associated with those reforms all contribute to the promotion or

diminution of democratic governance in countries around the world. (Pollitt, 2000)

## **Government Reforms and What values they Promote**

Often policy makers and managers talk about Government reforms in terms of Efficiency and streamlining government operations. Osborne (1992) in the book *Reinventing Government* talked about the need for government to “steer” (or make policy and strategic decisions) while partners in the private or non-profit sector could do the “rowing” (or actually deliver the services). But Government reforms also can promote the types of democratic governance values which are relevant to citizens. The following are the basic values that government’s reforms promotes:-

**Performance Measurement:** Robert Behn in *Rethinking Democratic Accountability* notes that two types of accountability are commonly required of agencies: fiscal and accountability for performance. And in fact, these often conflict, as fiscal measures require careful documentation and assurance that all procedures have been followed and met, while performance measures for results are output and outcome measures without a direct linkage to inputs and resources. Performance measures are at the heart of the logic of Government reform over the past three decades. Measures demonstrate what government is achieving for the taxes and monies it spends. Performance measures assure some level of transparency across vendors who deliver services to government

through contracts. Performance measures are a necessary part of strategic planning and missions-oriented government, to demonstrate that goals and objectives (or standards for performance) have been met, or not (Berry, 2007).

**Strategic Planning and Management:** Mission-oriented government fits hand in glove with results-oriented government, and gives direction and focus to governmental work. Strategic plans also help communicate to the staff at lower levels of the organization what their responsibilities are and how their program activities fit into the broader agency's goals and purposes. Finally, strategic plans also communicate with citizens (including external stakeholders) and elected officials that helps ensure the agency is accountable and transparent. (Bryson, 2004).

**Process Improvement and Re-engineering Government:** Reengineering government programs (especially using process improvements assessments) has been often used as part of the integration to get more information technology into government. Process improvement may be especially prominent in the different developed countries where it has diffused from the best-managed private sector companies. This impacts the quality of service delivery by streamlining operations, and encouraging the use of information technology to manage data and decision making. (Bryson, J. (2004).

**E-Government:** E-government is a reform that promotes many democratic values, including transparency; improved quality of services; citizen accessibility

(due to 24/7 web availability), and accountability by displaying information, budget data, program requirements, rules and plans for future government services. In addition, it may promote the other three values of citizen involvement and participation, professionalism. (Brudney, et al (1999)

**Civil Service Reforms:** These have been undertaken for multiple reasons. In some cases, it is to get new talent into the government that may not meet the requirements for traditional government service. These reforms have primarily been made to promote accountability, as in promoting more responsiveness by senior managers to political appointees and elected officials. (Brudney, et al (1999)

**Deregulation and Using Market-based Reforms:** Red tape and government are synonymous and have been since the early Chinese empires. But the belief that competition makes all agencies work better has become a prevalent theme driving reforms in both the private and public sectors since the late 1970s. Competition is probably most effective at leading to cost savings and efficiency gains, values not given primacy in this study. Deregulation may lead to better quality services, to higher professionalism and more transparent government under the right conditions. (Brudney, et al (1999)

**Privatization and Contracting Out:** Contracting out is another form of using the market to reduce costs and encourage innovation. Under the right conditions, contracting out may lead to higher quality services, better



professionalism (if providers have more professional staff to deliver services) and better accessibility as providers are community-based and closer to the clients. (Berry, 2007)

### **Decentralization in Agencies and Across Levels of Government:**

Decentralization can mean both delegating more discretion and decision making authority down into the middle and frontline levels of government agencies, and on a more macro scale, delegating financial and policy decision making (and implementation) from the central (national) government to municipal or provincial-level governments. Decentralization of one or both types has been very common in nearly all country reform packages. (Berry, 2007)

## **2.3 Improving Government Services**

In beginning the journey toward improving the citizen and customer experience, it is critical that public sector organization listen to their citizens and customers, understanding who they are, the interactions that they have and their awareness, needs, preferences, expectations and satisfaction across these interactions.

The citizen experience is influenced by the interactions and experiences that they have. Governments interact with members of the community as both citizens and customers. For example while a customer may have a positive transaction experience at a government service centre which may be as infrequent as twelve months, the reality is that members of the public use the infrastructure and are

subject to the policy and enforcement which governments administer on a daily basis and hence are strong commentators on the performance of their governments. In developing an approach to improve service delivery, it is essential governments recognize these inter-linkages.

According to Pepper & Rogers-2010, the below prevalent forces are compelling governments to alter their perspectives, processes and practices.

#### **a. Demand by the Constituents**

Citizens today are more aware of their rights to access information about public services and have higher expectations of service levels and service experience. Consequently, citizens are increasingly demanding the same levels of service delivery accustomed to in the private sector namely “make it easy for me”, “give me choice”, “deliver me outcomes”.

The comparison set used by consumers in evaluating the quality of a organization’s service has expanded. No longer do individuals compare an organization solely against its direct competitors, but against the best regardless of industry. As a result, consumers of governmental services are now asking themselves a better service from government.

This trend has shaped new ways of thinking for governments, and is forcing them to consider how they can reduce the burden of compliance to laws and regulations and to maximize value to their constituents. Governments are

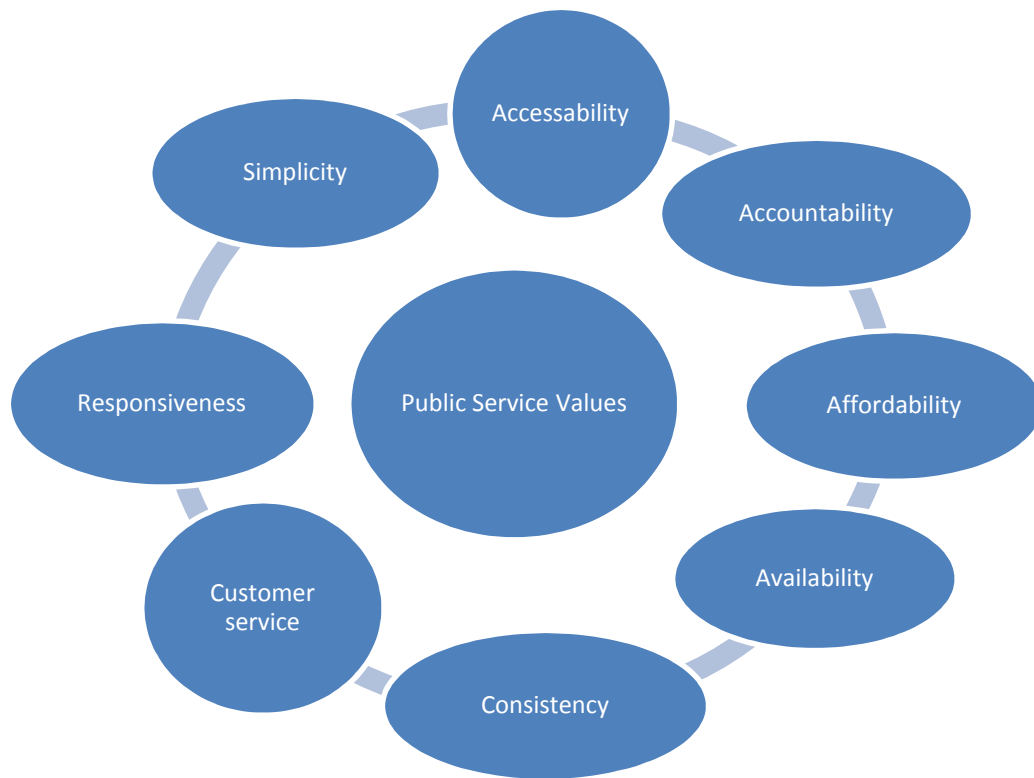
recognizing that their agencies are ultimately dealing with the same “customers” that shop online, demand exceptional customer service, and expect multichannel integration. To meet these growing expectations, public services must be delivered within common environment to make governmental boundaries invisible to users and to provide a consistent customer experience. As a consequence, integrating public service delivery has now become a key strategic priority in many countries.

#### **b. Creation of Public Service Value**

In recent years, the notion of public Service value has emerged and is increasingly being utilized by governments and academics to measure the value governments are providing to their constituents. Public Service value has three important sources: (1) the perception of high-quality services, (2) the perception that public policies generate positive outcomes, and (3) the level of trust placed in public institutions by constituents. Understanding and measuring public value provides the government with a framework to inform decision making that links service delivery to wider policy communities. Public value is a multidimensional concept, based upon eight key service delivery attributes that are perceived by constituents to drive value creation such as accessibility, affordability, availability, responsiveness, simplicity, accountability, consistency, and customer service. Governments that achieve these service characteristics make it more convenient for constituents to interact with their

agencies, and this reduces the compliance burden and positively impacts constituents' satisfaction. In addition, the public value framework allows governments to more thoroughly understand and anticipate constituents' needs, allowing the tailoring of services to each segment and the offering of proactive recommendations. This incremental focus on the constituent experience and 'one-stop shop' service delivery is strongly beneficial, and creates the perception (and reality) of the government as a responsible, proactive and flexible service provider.

**Fig 1.** Facets of Public Service Values



**Source: Pepper & Rogers-2010**

### **C. Efficiency Savings**

Improvements in constituents' experiences will reduce costs, by minimizing expensive service interactions; and will enhance revenue, by maximizing compliance with regulations. Together, these add up to efficiency savings that have the potential of self-funding the experiential enhancements.

## **2.4 E-Government for Improved Public Service**

### **Delivery**

As it is stated on OECD Report-2005, Information Technology is changing the way the society functions. Internet is the biggest revolution in human history. The impact of IT can be felt in all economic and social activities in every conceivable manner. The convergence of all forms of communications on the digital play field is opening up immense new possibilities of achieving speed, versatility and space-time independence. Governments are no exception to this phenomenon.

In the post liberalization era governments across the country have been engaged in improving internal efficiencies, responsiveness, coordination and integration between various government departments and external agencies, citizens and businesses. The global trends also point out to the emergence of e-government revolution after the Internet and e-commerce revolutions. **'SMART Government'** is an acronym for **Simple, Moral, Accountable, Responsive and Transparent**

**Government.** It is the image of an ideal government through the eyes of its constituents. E-Government is a subset of the concepts of Good **Governance and SMART Government.** It is the very specific task of using the tools offered by Information Technology in various aspects of the process of governance with the objective of achieving efficiency, transparency, accountability and user-friendliness in all the transactions that the citizens and businesses conduct with the Government – that is, providing digital interface in the G2C interactions.

According to Rajashekar, 2002, it is also defined as the application of information and communications technologies (ICTs) in a system of governance, to bring in simple, moral, accountable, responsive, and transparent (SMART) governance. More specifically, e-government focuses on improving the internal operations of government in order to improve relationships between citizens and government. It was also highlighted that e-government leads to internal efficiency, service improvement and citizen satisfaction. Through the e-government, the government services will be made available to the citizens in a convenient, efficient and transparent manner. The three main target groups that can be distinguished in governance concepts are Government, citizens and businesses/interest groups. In E-government there are no distinct boundaries. Generally four basic models are available-Government to Customer (Citizen), Government to Employees, Government to Government and Government to Business.

The introduction of e-government entails streamlining operational processes, transcribing information held by government agencies into electronic form, linking disparate databases, and improving ease of access to services for members of the public. The desired goal is streamlined sharing of information between government agencies to conduct government-to-government (G2G) transactions in order to simplify the navigation of government-to-citizen (G2C) and government-to-business (G2B) transactions. (Kumar, and Best, (2006).

## **2.5 Integrating Public Services in Facilitating E-Government**

Government now is able to respond to their constituents' demands for excellent experiences across all their agencies while simultaneously enhancing efficiency in order to realizing savings.

Governments evolve from traditional e-government programs to a holistic approach to service delivery. Government entities must cooperate and collaborate to integrate services and channels in order to offer this 'single window' environment, satisfying the needs of each individual constituent.

Revamping traditional government operations around an understanding of (and an anticipation of) constituents' needs provides critical insights for prioritizing Service delivery programs, thereby allowing a government to customize its value Proposition and its constituents' experiences.

Reinforcing and sustaining continuous improvement necessitates visible advancements in constituents' satisfaction and the efficiency savings that occur as a consequence; and achieving noticeable enhancements to the quality of constituents' lives, to the level of trust placed in public institutions, and to the country's competitiveness. In other words, it requires the creation of public value. (Humphreys, 1998).

## **2.6 Benefits of Integrating Public Services**

Successfully integrating public service delivery requires a new approach that includes upgrading technologies, improving services, enhancing processes, launching alternative delivery channels, aligning culture performance management and skills, and creating a new mindset of government officials to collaborate and move beyond the provision of services toward the engagement of constituents. This creates benefits that reach far beyond the notion of satisfaction and service excellence. It allows governments to free up more resources for higher priority tasks, and has a positive impact on constituents' trust, quality of life and on a country's overall competitiveness. Governments all over the world are increasingly realizing that integrating public service delivery is the way forward to achieve efficiency savings and to satisfy and engage demanding constituents. So why do many governments restrict service improvement programs to individual agencies rather than beginning a government-wide service integration? Whatever the stated reason, excuses will



become more and more difficult to defend. As the world becomes more global and countries become more competitive, governments will have no choice but to become constituent-centric.

Meeting public service challenges is prompting the public sector to explore new sustainable models for service delivery – models that can significantly improve customer experience and outcomes through enhanced service levels at the same or reduced cost. The solution lies in developing citizen-centric models that draw inspiration from the relative success with which the private sector has addressed the situation. These examples keep the customer at the core of every decision, from strategy formulation and design through to execution. The development of citizen-centric models calls for customer insight, looking at customers' wants and needs (both demographic and attitudinal), in a holistic manner—distinguishing means and ends, focusing on improved customer journeys and measurable benefits, and understanding the strategic risks associated with various service delivery models.

In rising to the challenge, public sector Agencies across the globe are increasingly adopting a One Stop Center citizen-centric service delivery model. The concept of One Stop Centers is to enable citizens and customers a single access point to information and service transactions. Key elements which these and other governments have sought to address in the design and delivery of a customer centric model include:

1. Speed – the time taken to deliver a service should be the shortest possible for both the customer and the agency while still ensuring outcomes are delivered right the first time
2. Engagement – the way in which services are delivered should be seen as citizen-centric
3. Responsive – there should be an ‘intelligent’ mechanism in place to address any variation in meeting service levels and drive any changes required
4. Value – the customer needs to believe that the One Stop Center is cost effective, and value is driven by customer outcomes, not agency or department processes
5. Integration – a One Stop Center should be seamlessly integrated, there should be no ‘wrong door’ policy for the customer
6. Choice – there should be multiple channels for service delivery, so that customers can have ‘channels of choice’, depending on specific needs at specific times
7. Experience – personalization of service is necessary to ensure that customers’ experiences are on a par with what they are receiving in the private sector. (PWC)

Therefore, this lead to have the below stated improved services

- Increased service efficiencies (e.g., one-stop resolution for combinations of services)
- Simplified procedures (e.g., information sharing across agencies to pre-fill application forms)
- Reduced delivery cost (e.g., migration toward online services)
- Rationalized front and back offices (e.g. simplification and reduction of redundancies)
- Increased impact of marketing and communication initiatives (e.g., customization per segment for specific life events and needs)
- Increased employee productivity through alignment of performance with training and incentives. (Brown, Ryan & Parker)

## **2.7 Integrating Public Services in Meeting Constituents' Expectation**

Integrating Public Service has the portents of providing high quality government services to citizens, of providing equal access and equal treatment to the rich and the poor, of bringing in enhanced transparency, speed, reliability and consistency in handling transactions, of opening up immense scope for offering new services, for instance '**any-time, anywhere services**' to the clientele, of making the concept of Citizens Charters a reality and, above all, of reducing the real cost of transacting with the Government. (Gunnam-2010).

## **2.8 Integrating Public Services in Prompting Public Service Values**

Integrating the different public services enabled government to focus on the main function than being occupied with support services. This also help to meet the public service values with respect to meeting citizen's expectations. Delivering public services in an integrated manner really help citizens get achieve these services in a more convenient, consistent and harmonized way. These also assist government to be closer to its citizens which creates transparency, accountability, availability, responsiveness and good customer service.

## **2.9 Integrating Public Services for Efficiency Saving**

The ultimate goal of the Integrating Public Services is to be able to offer an increased portfolio of public services to citizens in an efficient and cost effective manner. Integrated service allows for government transparency. Government transparency is important because it allows the public to be informed about what the government is working on as well as the policies they are trying to implement. Simple tasks may be easier to perform through electronic government access. Many changes, such as marital status or address changes can be a long process and take a lot of paper work for citizens. Integrated Services allows these tasks to be performed efficiently with more convenience to individuals. It is convenient and cost-effective for businesses, and the public benefits by getting easy access to the most current information available without having to spend time, energy

and money to get it. Integrated Services helps simplify processes and makes access to government information more easily accessible for public sector agencies and citizens. (Cisar, 2003; Tangkitvanich, 2003; Mahmood, 2004; Seifert and Bonham, 2003 cited in Kumar and Best, 2006)

## **2.10 PPP Model to Facilitate Service Integration**

### **PPP Model**

Government is a traditional provider of public services and an operator of public service delivery institutions and development projects using resources from public sources i.e., taxes and levy. However, the ever-increasing disparity between the capacity of the public sector to generate resources and the public demand for new facilities has forced governments to look for new funding methods and sources. Public Private Partnership (PPP) as a new funding method is an increasingly popular phenomenon and a global trend (Hodge, 2005).

Nowadays governments are no longer considered the sole provider of public works and services because of the forces driving this movement such as scarcity of public resources, a political trend toward the deregulation of infrastructure, and an expansion of global markets (Ababutain, 2002). In this regard, the involvement of the private sector could also be a means of introducing and transferring new technology which is especially important in developing economies (Blaiklock, 2003). Partnerships in which public services are provided

using private infrastructure are increasingly common in low and lower-middle income economies where many people cannot afford or do not have access to the Internet (UNPAN, 2012). PWC 2012 also stated that a variety of solutions in the generic name of Public Private Partnerships are being employed today to bridge the gap between the expected levels of speed, efficiency and spread of public projects especially in the areas of creation of infrastructure and provision of services. The concept of Public Private Partnership (PPP) essentially arises out of considerations like, the imperative to provide infrastructure of high quality, shortage of public funds and above all, the profit motive driving high efficiencies and quality in the privately managed areas.

PPP is a long-term contractual arrangement between a public-sector agency and a private-sector entrepreneur whereby resources and risks are shared for the purpose of developing a public facility. For the public sector, the principal aim of a PPP is to achieve value for money (Akintoye et al, 2003). In relation to this Grimsey and Lewis (2002), as cited in Alinaitwe and Robert 2013), elaborate that the public sector can secure value for money in the public service delivery, while ensuring that the PPP partnering private-sector entities meet their contractual obligations properly and efficiently. As a consequence, many countries are now contemplating PPP as an arrangement between public and private sectors to finance, design, build, operate and maintain public infrastructure, community facilities and related development projects.

As the private sector is less concerned in equity and transparency than is the public sector (Rosenaue,1999), partnership with the public would allow some risks to be transferred to the private sector and hence to the parties best able to manage projects which will result in gains in performance and productivity (Zouet al., 2008).

To cope with such gradual trends, nowadays governments are focusing on Public Private Partnerships (PPPs). Although, PPP is not easy to apply (Boeva and Vassileva, 2008), development of PPP is an alternative method of implementing public sector infrastructure projects as part of government's role of promoting sustainable economic development where government allows the participation of private sector in developing and implementing an infrastructure business through carefully integrating environmental, economic, and social needs to achieve both an increased standard of living in the short term, and net gain among future generations (Rashed et. al., 2011).

In conclusion, delivering services through PPP is utilized most in Europe and Asia, 56 and 53 percent, respectively, however, significantly the lowest in Africa which is only 17 per cent (UNPAN, 2012). Unfortunately, the technology often is the "scapegoat" within unsuccessful partnerships (NASCIO, 2006). Beyond these reasons, in the case of PPPs, over the past three decades, governments in both developed and developing economies have embraced PPP as an alternative to the standard models of public procurement strategy to deliver public services and

this is especially true for governments lacking public sector resources to deliver important public services (Rashed et. al., 2011).

Experiences across the globe show that IT is one of the areas which is eminently suited for PPP – especially, in areas such as driving licenses, utility bill collections, management of land records etc. Investments in information technology by governments have an opportunity cost since there are limited resources of money, time and attention. Investing these in IT would explicitly deny such investments in other development areas like provision of water, sanitation, health, shelter, production technology and skills development. (PWC, 2012)

### **Benefits of PPP**

When based on good practices, PPP offers a win-win benefit to both the public and private sectors in the delivery of public infrastructure, goods and services. The 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 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 more efficient use of resources. In addition, PPP helps to improve service delivery and management of facilities



through innovation, customer care and ultimately increasing cash flows. (Kwame A. Asubonteng, 2011).

The major benefits of PPPs for the general public and its governments are the delivery of instant, efficient and effective information services associated with private business practices to public service in order to ensure and satisfy citizens. In this regard, the involvement of the private sector in public services delivery also supports the business 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). Due to these factors, PPP is increasingly being seen as an answer to several challenging problems that the public agencies in general face in serving their population effectively. This is especially true in developing economies, where generally the public agencies face resource constraints in improving their operations and delivering services to their needy citizens.

Generally, the following stakeholders benefit from the Public Private Partnership model applied to e-Government.

**Benefits to Government:**

- Minimizing costs related to processes
- Speedier implementation of e-Government projects

- Efficiencies in management-enable the mgt. to focus on core functions
- Better image will be created in the minds of users

**Benefits to Citizen/Business:**

- Easy access to services
- Single window/one-stop shop
- creates convenience
- Flexibility in the choice of access methods and devices
- Saving of indirect cost and hardship

**Types of PPP Models**

The Public Private Partnership can assume a wide spectrum of shapes like, BOO, BOOT (Build-Own-Operate-Transfer),BOT for specified periods -otherwise called concession contracts, Joint Ventures, private finance initiative (PFI), partial privatization through partnering with strategic investor etc. The idea is to arrive at the right combination of public sector accountability with private sector efficiencies and to also to share the risk correspondingly.

**Table 1. PPP Models**

<b>Schemes</b>	<b>Modalities</b>
Build-Own-Operate (BOO)	The private sector designs, builds, owns develops, operates and manages an asset with no obligation to transfer ownership to the government
Build-Develop-Operate (BDO)	
Design-Construct-Manage-Finance (DCMF)	
Buy-Build-Operate (BBO)	The private sector buys or leases an existing asset from the governemtn, renovates, modernizes, and/or expands it, and then operates the asset, with no obligation to transfer ownership back to the Government
Lease Develop-Operate (LDO)	
Wrap-Around Addition (WAA)	
Build-Operate-Transfer (BOT)	The private sector designs and builds an asset, operates it, and then transfers it to the Government when the operating contract ends, or at some other pre-specified time. The private partner may subsequently rent or lease the asset from the Government.
Build-Own-Operate-Transfer (BOOT)	
Build-Rent-Own-Transfer (BROT)	
Build-Lease-Operate-Transfer (BLOT)	
Build-Transfer-Operate (BTO)	

**Source: PWC Public Sector Research Centre**

## **2.11 Evolutionary Journey of Improving Public Service Delivery**

As stated by Peppers & Rogers-2010, over the past fifteen years, the compelling forces of constituent demands, creation of public value, and efficiency savings have propelled governments along an evolutionary journey for integrated public service delivery consisting of three major phases.

### 1. Foundational Programs

From 1995 through 2000, governments around the globe began to lay the foundation for integrated public service delivery by implementing programs focused on:

- Trust building. The objective is to increase the awareness of modern technology and its ability to handle sensitive data securely over new channels.
- Standardizing customer service and launching call centers. In Australia, for example, the Centrelink network was started in 1997 to simplify and centralize the delivery of services in order to be more efficient for customers. Its core values include excellence in service delivery, respect for customers, and accountability.

### 2. E-Government

The rise of e-government occurred from 1995 through 2004, involving initiatives such as:

- Rolling-out new channels. Inland Revenue in the UK, for example, launched electronic services seeking to achieve a goal of “100% of services... offered

electronically, wherever possible through a common Government portal” and the achievement of “annual efficiency savings of at least 2.5% a year... without detriment to accuracy or customer satisfaction.”

- Grouping of services. The United States, for example, launched an official governmental portal whose vision is to make “it easy for the public to get U.S. government information and services on the web” and to serve “as the catalyst for a growing electronic government.”
- Secure Online Processing. Denmark, following the lead of the United States, implemented e-authentication which provides “‘identity management,’ a crucial e-Government concept that arises when the provider of an online service (e.g., a government department) needs to check the identity of an online user... These processes can become barriers if they are too cumbersome, costly or insecure.
- E-Seva. Indian Government initiated ‘E-Seva’ which is an e-Governance initiative that facilitates citizen interface with the Government and reduces the inconvenience caused to citizens in visiting multiple establishments of the Government for getting various services; resulting in time saving. While the number of daily transactions was around 600 in August 2001; the number increased to 3202 in March 2002. As of August 2002, there were 21 e-Seva centres in twin cities of Hyderabad and Secunderabad and 23.78 lakh transactions involving Rs 296.57 crore were carried out in these centres.

### 3. I-Government

The transition from e-government to integrated government (i-government) began in 2003 and continues today. It has involved initiatives such as:

- Cross-agency, customer-facing service delivery model. Australia's Centrelink, for example, redesigned offices "to make them more customer-friendly, with old-style counters making way for open-plan offices where customers can sit down and conduct their business with staff one-to-one."
- Larger-scale, front-office integration. For example, consider Service Canada. Created in 2005, the initiative seeks "to improve the delivery of government programs and services to Canadians, by making access to them faster, easier, and more convenient. Service Canada offers single-window access to a wide range of Government of Canada programs and services for citizens through more than 600 points of service located across the country, call centres, and the Internet."
- Fully integrated government master-plan. For example, "Intelligent Nation 2015 (iN2015) is Singapore's 10-year master plan to help us realize the potential of infocomm over the next decade. Led by the Infocomm Development Authority of Singapore (IDA), iN2015 is a multi-agency effort that is the result of private, public and people sector co-creation."
- Planning back-office integration. Achieving back-office integration has become the only way for governments to achieve further service delivery improvements and efficiency savings.

## **2.12 PPP In Ethiopian Policy And Legislative Documents**

Poverty reduction, improving civil service systems and transformation of public services are among the current hot issues of low-income countries. Ethiopia, one of the developing economies, is striving to fulfill the standards set under the United Nation's Millennium Development Goals (MDG) and specifically its own five year Growth and Transformation Plan (GTP). In such a densely populated country with scarce resources and lack of know-how, in order to address challenging issues related to quality of public service delivery systems, the Government of Ethiopia is currently giving due attention and concern by considering PPP strategies for its public services. The Ministry of Communication and Information Technology (MCIT) clearly recognizes the role of PPPs in delivering public information services by establishing relationships with the private sector ICT firms (PWC, 2011).

According to ITU report-2012, Ethiopia ranked 151 globally in ICT Development Index. As stated by Dr. Mesfin Belachew (2012), the basic challenges of E-Gov. initiatives in Ethiopia are lack of infrastructural facility, qualified Human Resource, Lack of Standards, policies & legal issues, Leadership commitment, Low Level Working Culture, High Resistance, Weak Private Sector and Low Level of Collaboration between private and public sector.

Following the gradually growing demand for the acceleration of infrastructural development and the improvement of service delivery in Ethiopia, considerations of PPPs as a model for public service development and information delivery is increasing. Although various underlying benefits of such arrangement have been enumerated and continue under the consideration of the Ethiopian government, there exist challenges in managing and selecting the right PPPs which manifest in a number of unobserved failure or success cases. In line with this, the primary possible barrier that could be identified therefore is the level of caution within the public sector as clearly argued by Gunnigan and Eaton (2008), there is political pressure to ensure that PPP projects do not compare unfavorably to the traditional projects and cost to the taxpayer will be a factor in political debates.

The review of Federal Democratic Republic of Ethiopia's (FDRE), policy and national development plan documents reveal that, partnership is one of the sought strategies of development. There are many legal and policy documents, mentioning the significance of partnership between the public and private sector in the Ethiopian development process. The Development Policy document for rural development issued in 1994 E.C., acknowledged the significance of creating an integration or partnership between farmers and potential private investors in agricultural sector, particularly in securing and expanding markets for agricultural products. It was clearly stated in the policy document as;



*‘...all sorts of efforts shall be done to find, private companies with high level of experience in agricultural development and attract them to come and work with farmers in partnership ...’* MoI 1994a, p.206

It further elaborates as; this partnership can be in the form of ‘a contractual agreement between farmers and the private investing companies’, as it is widely known as ‘out growers’ agreement’ (MoI 1994a, p.211). Knowing the critical importance of creating such partnership for the success of the agricultural and rural development, the policy document prescribes as; ‘the government should work hard to put in place all preconditions or enabling environment to establish and expand the out grower system of partnership’ between farmers and the private investors (MoI 1994a, p.215).

Ethiopia’s industrial development strategy of 1994 e.c., elaborates the importance of the public and private partnership for the success of the policy. It particularly states as ‘the government shall work with private investors in a more collaborated manner and ‘partnership’ so as the envisaged policy objective could be attained (MoI 1994b, p.64). It is also boldly stated in the PASDEP document that, ‘as the private and civil society sectors have grown, diversified and expanded their program activities and areas of public engagement, they have been gaining an increased support and recognition from the public side’ (MoFED 2006). The government itself has gradually opened avenues for private and civil society sectors involvement in many areas. A Plan for Accelerated and Sustained Development to End Poverty (PASDEP), the

government's development plan for the year 2005-2010 recognized the strong role that NGOs have been playing and will continue to play in the effort to overcome poverty and meet the Millennium Development Goals (MDGs). This is more strengthened by Dessalegn, Akalewold and Yoseph (2010), who assert that the Ethiopian government will 'find it difficult to meet the MDGs, especially in the nutrition, health, education and water sectors, without the active intervention of the voluntary sector (civil society)'.

The GTP document explains efforts shall be done to enable the private sector to be the engine of growth and the primary source of investment. It also makes clear that domestic and international participants will be encouraged and, an 'active partnership between the public and private sectors will be promoted' (MoFED 2010, p.144). As it is stated in GTP documents, the planned activity to promote growth and development embraces a number of critical factors for Ethiopia, among which the 'Private and public partnership is one of these factors' (MoFED 2010, p. 224).

The document clearly describes, 'providing better access to services (water, power, irrigation, roads, telecommunication) through more efficient utilization of existing infrastructure and building new capacity; and to promote PPPs 'in infrastructure development for industrial development and speeding up implementation of industrial zones' (MoFED 2010, p. 157).

Moreover the country strategy paper for the year 2011-2015, states that the private sector is expected to play a major role in GTP implementation. However, clearer strategies for crowding in private investment need to be articulated, particularly in the context of the current weaknesses in the financial sector and the business environment (AfDB 2011, p.10).

Hence, one can easily understand from this, that the Ethiopian government is well aware of the benefit of involving the private sector and civil society in the form of partnership in the process of development of the country. However, issues like the importance of dedicated PPP policy, legal and institutional framework, what favorable sectors or areas of investment for partnership are there, and what is the potential of PPP in the context of Ethiopian development process remain unclear.

### **Facts & Trends on the Emergence of PPPs**

The concept of PPP is not totally new in public sector, the below are some of the facts obtained with regard to the existing PPPs around the globe

- (Worldwide) For e.g. in 1854 the concept of PPP was used for construction and operation of the Suez canal as well as supplying drinking water to Paris (Oyewobi et al., 2012).
- (Europe) UK government that pioneered its PPP procurement frameworks use through the Private Finance Initiative (PFI) (Awodele et al., 2010) .

- (Africa) African Development Bank approves USD \$34 million for Nigeria's PPP Development (AfDB, 2011). (Online). (Available at <http://www.afdb.org/en/news>). Nigeria took a major step towards accessing the benefit of PPP by creating the Infrastructure Concession Regulatory Commission Act that creates the enabling environment for private sector participation (Nigeria PPP Review, 2012).
- (Ethiopia) "Lehulu-for-all"- which is a network of centers providing a Unified Billing System (UBS) that allows one to pay all utility bills (Electricity, Water, and Landline phone) by merging the previous three public services' payment into one-window (one-stop-shop). Mesfin Belachew (Dr.), 2012

## **CHAPTER THREE**

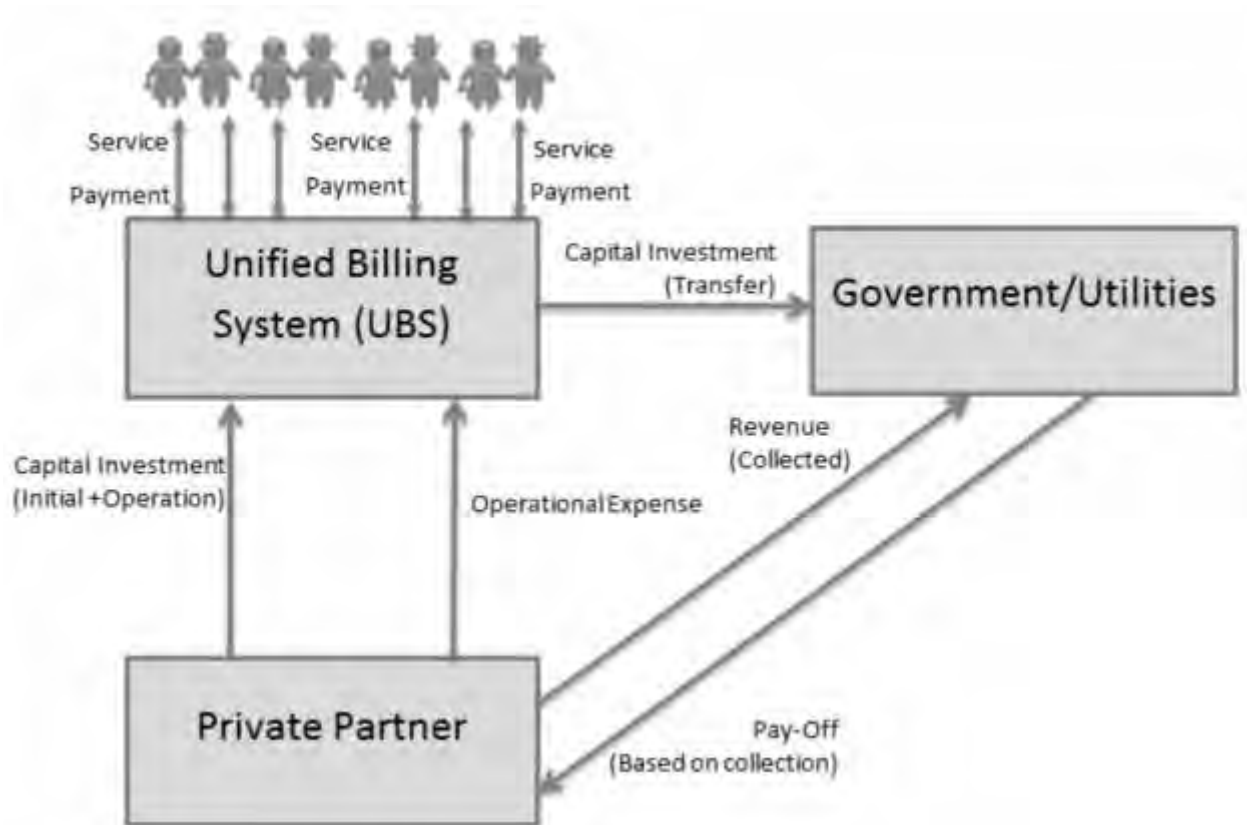
### **3 RESEARCH METHODOLOGY**

#### **3.1 Research Setting**

The research is set in selected Lehulu-Unified Billing Centers in Addis Ababa. There are many factors that make this new billing system interesting and appropriate setting of the study. This billing system is part E-Gov. initiative which is first in Ethiopia as well as in Africa by unifying the different Government Bill Collection centers in to simple and harmonized way.

The key utilities identified for this pilot project are: Addis Ababa Water & Sewage Authority (AAWSA), Ethiopian Electric Power Company (EEPCO) and Ethio-Telecom (ET). The objective of the initiative is to establish a suggestive PPP model for realizing an ICT enabled Integrated Utility Billing for the three public institutions with a highly competent, and efficient private partner. The UBS implementation model in Figure 3 shows the BOT model used in the PPP agreement between the government and the private partner. In this model, MCIT represents the public sector part of the partnership and the principal owner of the project while the Utilities (ET, EPCO and AAWSA) are the principal beneficiaries from the public sector side. The Unified Billing System represents the system, which includes the application, IT infrastructure, all processes and collection centers. This is the part of the model that will interface with the citizens.

**Fig 2:** UBS Implementation Model



Source: *Mesfin Belachew: 2012-PPP Initiatives in Ethiopia*

In Public Private Partnership (PPP) with the Ethiopian Ministry of Communication and Information Technology launched e-service centers known as 'Lehulu' in Addis Ababa in Feb. 2013. The Amharic word 'Lehulu' implies a dual meaning, 'for every one' and 'for all services'. Lehulu is a network of centers providing a Unified Billing System that allows us to pay all our Utility bills (Electricity, Water, and landline phone) in any one of 3e centers throughout Addis Ababa. The centers are based on a 'Build, Operate, and Transfer' model to deliver bill payment services for three utilities-water electricity and telephone-in

any one of the new locations. For the first time in Ethiopia, citizens have been provided with the convenience of one –stop service to pay their utility bills anywhere, quickly and easily, during extended working hours accompanied by an unparalleled level of customer service.

Currently, 33 lehulu centers have been opened in Addis Ababa, receiving payments for Ethio-Telecom, Addis Ababa Water and Sewerage Authority, and Ethiopian Electric Power Corporation, with seven others to become operational in the near future. There is a plan to open fourteen lehulu centers in four regional capitals Mekele, Bahir Dar, Hawassa and Adama.

This single window service delivery initiative that intended to enable government services to be easily accessible convenient and less costly. Naturally, delivering multiple services in a single channel enables breaking down barriers by linking services in a seamless manner.

According to Srindah Gunnam (2012), CSC type of PPP incorporates services like information dissemination, acceptance of public service requests and delivery of information services provided to the customers at a single point of public service delivery. CSC in general includes self-service kiosks, utility bill payment centers, ICT community centers etc. According to the MCIT's plan, it is estimated that an investment of approximately 2206.21 Million Birr would be needed over a period

of five years for additional 800 CSCs to be set up in partnership with the private sector on a PPP business model which will cover all the Woredas by spreading down till Kebele level based on need and demands of different Regions of the country.

Specifically this research will focus on one of the CSC PPPs which initiated and already started providing its service to the general public of Ethiopia as single window based UBS (Unified Billing System) for utility payments. This PPP business model started operating for the first time in the country by integrating one local private firm namely Kifiya Financial PLC and four public stakeholders namely Ethio-Telecom, WSA (Water & Sewerage Authority), EPCO (Electric Power Corporation), and MCIT (Ministry of Communication & IT). With the current 33 centers, there is a plan to commence shortly by expanding its services in four major cities of the country namely Mekele, Bahirdar, Hawassa, and Dire Dawa. Essentially, this PPP project has also planned to expand and establish in total up to 70 billing centers (for payment of power, telephone and water bills) in the country by fulfilling with all required IT Infrastructure.

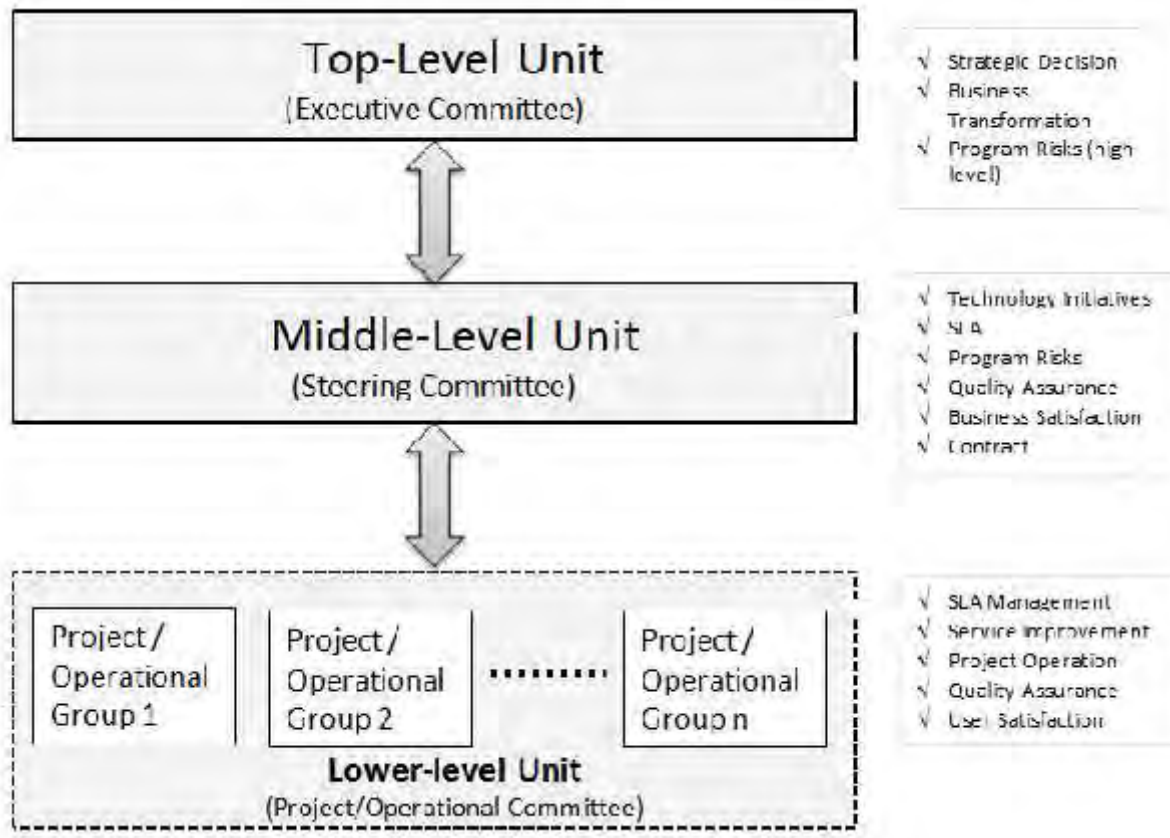


### **3.2 Governance Structure in PPP Model**

According to Mesfin Belachew (2012), the governance structure of PPP model consists of Executive, Steering & Project/Operational committees. Executive committee is the top most governing unit spear heading PPP projects. It consists of members from top management of the government, private partners and collaborative Institutes as well as representatives of end users, and would be responsible to provide strategic guidance, resolve escalation, bring changes to the contractual agreement and control overall project.

Steering committee is the working committee of the PPP project consisting of middle level management from parties involved in the PPP project. It is responsible for monitoring and controlling of the project activities as per the contractual agreement and other relevant specification documents. Project/operational committee are the lowest level in the proposed governance structure. The committee would be responsible to work together to ensure successful realization. They work as a team for implementation of the project, co-ordination of day-to-day activity, communication with the higher committees.

**Fig 3.** Governance Structure in PPP Model



Source: Mesfin Belachew: 2012-PPP Initiatives in Ethiopia

### 3.3 Reasons for choosing PPP Model for UBS

According to Mesfin Belachew (Dr.), 2012, there are several reasons for choosing this PPP case specifically. Firstly, although the Ethiopian economy is perceived to be one of the leading African emerging markets with double digit growth, the country’s major public information service delivery channels are however widely recognized as being seriously underdeveloped. Secondly, public sectors such as MCIT nowadays are giving special attention to PPP business models and are starting to motivate the private firms to integrate and initiate to work with them.

Thirdly, private IT firms such as Kifiya Financial PLC performing a tremendous amount of efforts and information-intensive activities to alter the well-aged poor delivery of public information service including UBS. Fourthly, the undelivered and neglected public information services touches on the daily lives of a broad section of developing economy's citizens. These people who are most dependent on the public sector's services remain one of the biggest challenges for the public system itself. Thus the role of such PPP is going to be enormous.

### **3.4 Sources of Data**

#### ***a. Primary***

Primary data are results of interviews and Questionnaires distributed. Unpublished documents like inter-office memorandums, circulars, and performance reports were employed.

#### ***b. Secondary***

Unpublished reports pertaining to the Lehulu, journals, magazines, reports, on-line sources, national strategies, and literatures were assessed and utilized.

### **3.5 Data Collection Techniques**

Data were collected through in-depth face-to-face interviews and distributed questionnaires. It also involved a document review to grasp data's supporting the study. This broader context of E-Gov. Initiative was accounted for in the interview framework, which covered issues pertinent to improving public service delivery, the Role of E-government in supporting this improvement for the benefit

of the citizens as well as the government, how it contributes in meeting the public service values and related aspects. During the interview process, care was taken to be fairly open about when and how questions were asked and asking new questions to understand the processes that lead to implementing unified billing system more clearly. Interviews with MCIT, AAWSA, Ethio Telecom and EEPSCO highlighted the contribution that UBS has brought in responding citizens' expectation with regard to service Delivery. The total no. of participants involved during the interview were 20 from respective agencies.

The structured interview method guided the researcher to persuade (through motivation) respondents to answer questions and explain the objectives of the study. With structured questionnaire, it guided to follow the sequence of questions in the questionnaire, careful thought linkage of topics, and minimize non-responses.

Questionnaire has been distributed to secure data from citizens of selected centers regarding their satisfaction on overall service delivery. The target audiences were selected based on Convenience Sampling Method where few numbers of citizens were taken as a sample from selected nearby centers. During the Study the overall lehulu centers were 33 in number and 6 centers were selected based on convenience method to conduct the study. The Questionnaire has been distributed to 150 citizens and only 130 responded accordingly. The below table shows the questionnaire distribution matrix:-

**Table 2:** Questionnaire Distribution Matrix

<b>No.</b>	<b>Selected Lehulu Service Center</b>	<b>No. of Questionnaire distributed</b>	<b>No. of Questionnaire Returned</b>
1	Kazanchis	25	20
2	Post Office	25	25
3	Addisu Gebeya	25	20
4	Bole Millennium	25	20
5	Giorgis	25	20
6	Mexico	25	25
	Total	150	130

### **3.6 Methods of Data Analysis**

Once all sufficient data are obtained, they were organized in a way suitable for analysis. Responses from agencies, interview responses, and inputs from questionnaires were formatted into similar topics (subjects). Thematic analysis has been employed to analyze these data through interpretive statements about the themes obtained through interviews, and explore relationships among the variables. Besides, descriptive analysis were utilized, and graphs and charts were used to display the distribution of data together with simple graphics analysis.

## **CHAPTER FOUR**

### **4 Data Presentation and Analysis**

The Unified Billing System (UBS) project, as part of E-Gov initiatives, is one of the major interventions by the Ministry of Communication and Information Technology (MCIT), Ethiopia, to unify the bill payment of various utilities for the convenience and benefit of citizens. It focuses on enhancing the quality of service available to the citizen through re-defining the way citizens pay their utility bills. Therefore, the study covered the citizen's expectations as to how it meets their demands and the possible improvement it needs to embrace so as to achieve its targets.

#### **Citizens Response**

A total of 150 questionnaires were distributed. Out of which, 130 of the questionnaires were filled and returned to the researcher.

In addition, the data were collected from key informants such as utility agency officials by using semi-structured interviews. The details of the summary are illustrated below.

**Table 3.** Profile of Respondents

<b>General Information</b>	<b>Range</b>	<b>Frequency</b>	<b>percentage</b>
Age	Below 25	30	23%
	Between 25-35	50	39%
	Between 35-45	30	23%
	Above 45	20	15%
Total		130	100%
Sex	M	60	46%
	F	70	54%
Total		130	100%

As seen on the above table, those respondents whose age is below 25 counts 23% of the total respondents, 39% are in the range between 25-35 age, 23% are also in the range between 35-40 and the remaining 15% are above 45 age.

#### **4.1 The Role of UBS in Bringing Convenience**

Ethiopians previously used to pay their bills to three utility companies from different payment points. These bills were collected from EPCO, AAWASA, & Ethio Telecom with their respective payments districts. Citizens were required to visit three payment centers and also follow these governmental institutions' schedule to pay their bills. Lehulu is established to give service to citizens, and, as a result, all of the services are designed from the perspective of citizen convenience. Lehulu replace the previous utility payment centers for Ethiopian Electric Power Corporation (EEPCO), EthioTelecom and Addis Ababa Water and

Sewage Authority (AAWSA). Citizens are allowed to be served at any center convenient to them. They can pay for all utilises in one place. Due to this their travel costs reduced with travel to only one center.

### Citizen response on Convenience of Location

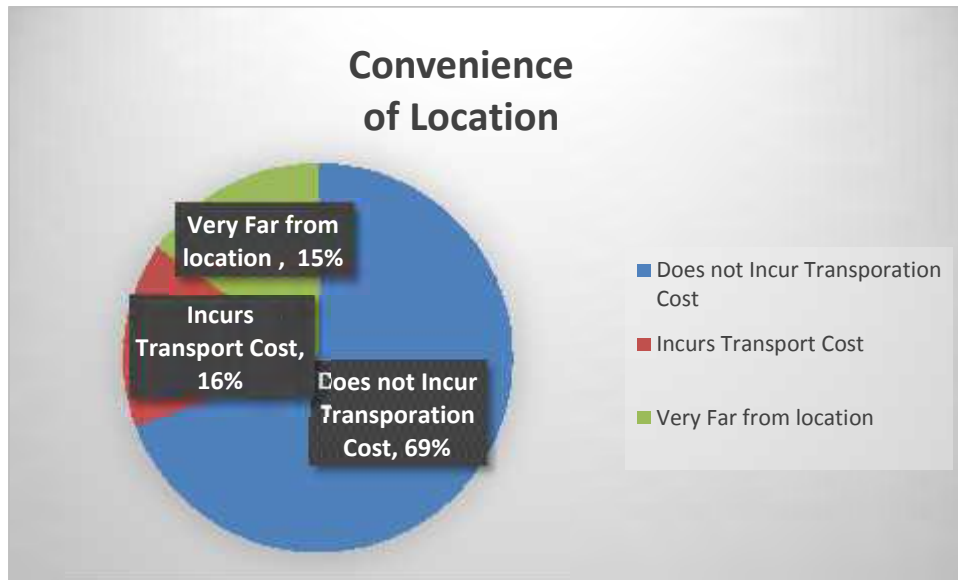


Chart 1: Response on Convenience of Location

According to Srinadh Gunnam-2010, one of the advantages of e-government is to get government services in anytime and anywhere for ease of convenience whereby citizen can settle their bills at anywhere. Therefore, as shown on chart 1, 69% of respondents agreed that the location of service centre does not incur additional transportation cost. 16% of them responded that the location required them to use transportation. And the rest 15% felt that the centre is a bit far away from their residence area. This show that the majority of the respondents felt that the newly established lehulu centres are more of convenient compared to



that of the previous bill collection centres which enable them to get these multiple services in their nearby centres and yet this does not incur transportation cost compared to the previous centres.

## **4.2 The Role of UBS in Promoting Cost Reduction**

As per the results of the interview, UBS was able to reduce costs related to bill processing & printing of utility agencies. The new system has brought efficiency and effectiveness by reducing cost of printing receipt and other overhead costs among agencies. Thus, avoids cost of receipt printing from the three agencies. These costs are related to manpower cost when function this duty, material cost and other overhead costs related to bill processing & printing. This cost amounts to an approximate of Br. 100,000. Therefore, using this platform was able to reduce cost related to bill processing and printing.

It is also mentioned that the system is well synchronized to address public demands pertinent to respective utility agencies and better customer service has come to citizens. According to Service Level Agreement between MCIT & Kifiya Technology plc, one customer will only be required to wait 15 minutes in queue and 3 minutes on counter. Thus, Citizens were able to save their time and cost of transportation. Also SLA stated that each Utility agency is required to pay 2.56 Br. per transaction to Kifiya Technology plc. for the service that the company did on behalf of them. The utilities agencies stated that this price per transaction is very expensive and did not take into account their capacity to pay. However, it

was mentioned that there is no additional charge to the customer for the new service.

### 4.3 The Role of UBS in Saving Time

#### Citizen Response on Time Taken to Get Service

As indicated in the literature, one of the benefits of integrating the services is to be able to get multiple services within shortest time possible.

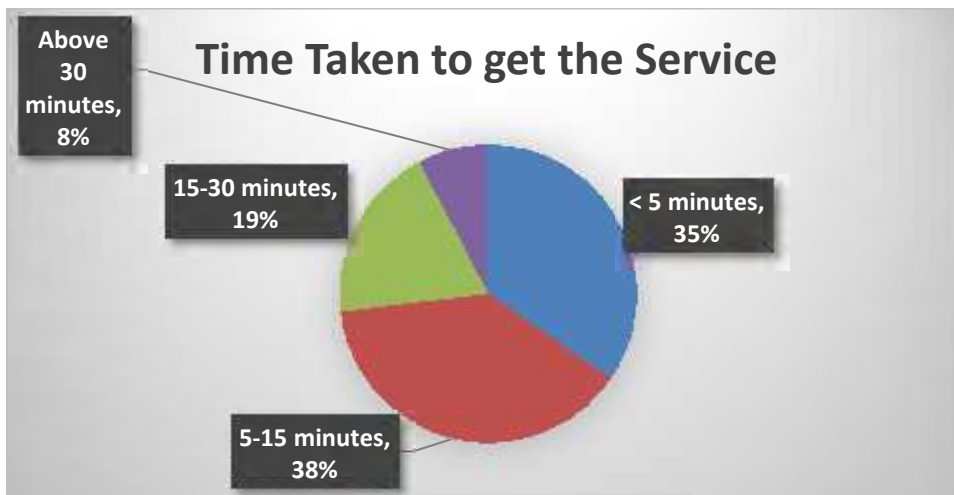


Chart 2: Response on Time Taken

Therefore, regarding time taken to get the service mentioned in the above chart 2, 35 percent of the customers took less than five minutes, 38 percent spent five to fifteen minutes, 19 percent spent fifteen to thirty minutes and the rest 8 percent of them spent more than thirty minutes to get service starting from their arrival at service centre. According to the service level agreement between the MCIT & the Kifiya Technology plc., the standard of waiting time is up to a maximum of 15 minutes. Therefore, majority i.e, 73% of the respondents felt that

the time they spent ranges up to 15 minutes in order to get service after arrival at the centre. Thus, this show that citizen is allowed to get these services at one time within allotted time. This showed that Lehulu allows to pay quickly even during extended operating hours to offer a new level of convenience in the bill payment process. Citizens are also able to get services at all centres on extra hours including Saturdays and also they are allowed to earn more time by reducing lost hours at work.

#### **4.4 The Role of UBS in Promoting Public Service Values**

As it is indicated on the literature, public service has got its own values which can bring satisfaction among the service users. Referring to Peppers & Rogers, 2010, Public value has three important sources: (1) the perception of high-quality services, (2) the perception that public policies generate positive outcomes, and (3) the level of trust placed in public institutions by constituents. Understanding and measuring public value provides the government with a framework to inform decision making that links service delivery to wider policy communities.

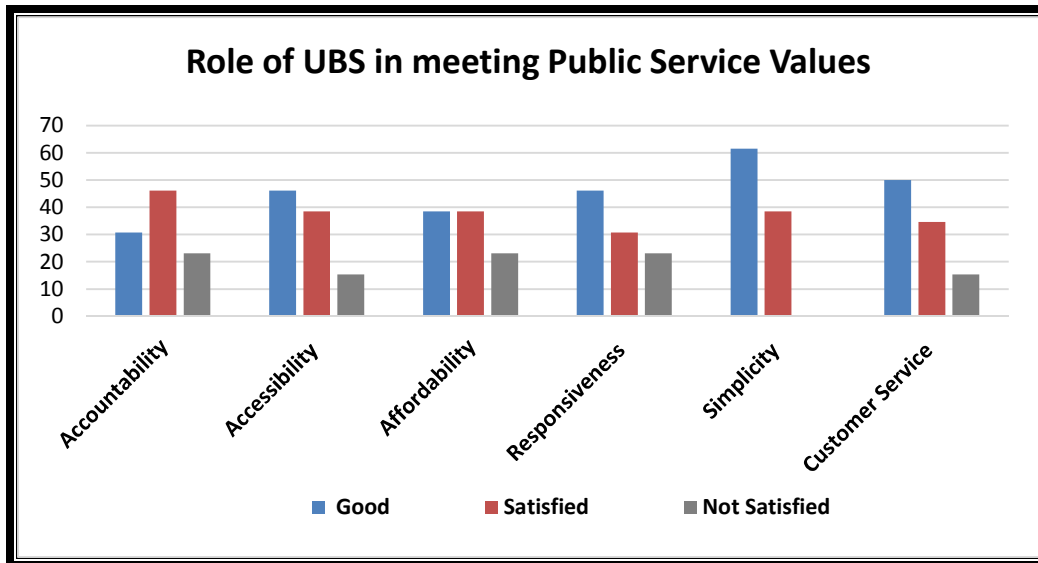


Chart 3: Response on Public Service Values

Therefore, the above chart shows the response level of citizens in relation to facets of public values. Accountability shows responsibility or make someone reliable for action taken. With regard to ‘Lehulu’ service delivery, 30.77% of respondents felt that there exists accountability in a Very Good way, 46% were satisfied and 23% were not satisfied. Thus, most of respondents were satisfied with the level of accountability exhibited in this new system except only a few. This was due to the fact that Lehulu only facilitate the billing process and if anything raised beyond that they let the users refer to utility agencies. Accessibility can be seen as the ability of getting relevant information pertinent to the service. So, 46% of respondents stated that they can get any information related to their utility, 38.46% of them said that information accessibility is on satisfactory level, and the remaining 15.38% are not satisfied with the information accessibility of the centre.

Half of the respondents felt that if they require further information regarding their utility, they are forced to go back to utility agencies again for further clarification which cause frustration from the users' side. Regarding the affordability of bills, 39% of respondents felt that the utility bills are affordable, 38% felt that it fairly affordable and the remaining 23% felt that it is unaffordable. In this context, affordability can be measured in terms of pricing of utility that agencies charge users. Thus, majority felt it is affordable. But some expressed their opinion that the price of utility is not clear and yet expensive which specifically applied to telephone bill. In this context, responsiveness can be measured in terms of the capacity that process owners are responding to users' queries. In relation to responsiveness, 46% of respondents felt that there exist responsiveness in a very good way, 31% of them felt that the responsiveness is satisfactory and the remaining 23% of them are not satisfied with their response.

Therefore, most of the respondents felt that they are not responsiveness to what has been raised and they usually refer to utility agencies for further clarification. With regard to simplicity, it refers to easiness and uncomplicated way of doing things. Thus, 62% of them felt that the service is very simple and the remaining 38% of them felt that the service is not simple. Most of respondents agreed that the service is simple and easy to adhere. Some centres have got adequate and trained staff that can provide services efficiently whereas other got staff whose capacity needs to be developed. Finally, 50% of respondents felt that customer

service is very good, 35% of them are satisfied with customer service and the remaining 15% are not satisfied with the service.

#### **4.5 Quality/Accuracy of Bill Data in Unified Billing System**

It is mandatory that every bill should contain relevant information pertinent to the amount to be paid. Therefore, the information contained on the bill should be well correct, eligible, and adequate so that customers will be acquainted with it easily.

**Table 4:** Response on Quality/Accuracy of Bill Data

<b>Data Description</b>	<b>Excellent</b>	<b>Satisfactory</b>	<b>Below Satisfactory</b>
Accuracy of Data	40	70	20
Eligibility of Data	20	80	30
Adequacy of Bill Information	45	65	30

As stated on the above table, the Quality of Data encompasses the accuracy of data, eligibility of data and adequacy of bill information. The Result showed that the quality of data should be improved as some of indicated that it is not eligible and not accurate.

## 4.6 Complaint Handling in UBS

Citizens were also asked to rate complaint handling processes in the Service Centre. The Information obtained is summarized in the following Table

**Table 5:** Response on Complaint Handling Process

<b>Factors</b>	<b>Excellent</b>	<b>Satisfactory</b>	<b>Below Satisfactory</b>
Availability of clear guideline to handle customers' complaints	10	50	70
Availability of awareness creation program on complaint handling procedure for customers	15	45	70
Giving timely response to customers with problems	30	65	30

As shown in the Table above, giving timely response to citizens with problems followed by availability of clear guideline to handle customers' complaints has to be improved as required. These are below the expected level which leads customers to have discomfort with complain handling processes on the service center and lead to great dissatisfaction.

## 4.7 Overall Satisfaction on Service Delivery Process

To see how customers rate their level of satisfaction related to the service delivery process, customers were asked to indicate their levels of satisfaction. The result is shown in chart below



Chart 4: Response on Overall Service Delivery

From the above chart, we can see that 20(26 percent) of customers are strongly satisfied, 60(78 percent) satisfied, 30(39 percent) have an average level of satisfaction, 15(19.50 percent) are dissatisfied and the remaining 5(6.5 percent) of the respondents are strongly dissatisfied with the service provision process of the service center. These indicate that the majority of the customers (including average) of customers are satisfied with the service delivery process of the UBS.

However, among the overall customers, 20 of them are not satisfied with the service delivery process. Among various source (reasons) of dissatisfactions which are mentioned by citizens the following are the major ones.



- Some centres are overcrowded which forced the waiting time of customers more than 30 minutes to settle their bills.
- Inaccurate bill data
- Inadequacy of front line workers specially at lunch time
- Unwelcoming customer service
- Delay in receiving bill from normal payment schedule
- System failure
- Uncoordinated effort with respective government agencies for complain handling from customers

#### **4.8 Challenges Encountered in UBS**

During the interview, it was mentioned that the service has faced different challenges from the public at large such as resistance. This was because awareness creation has not yet been done properly to the public and with this the public did not accept the service with full enthusiasm. Moreover, there was resistance from utility agencies due to skills & knowledge gap among them. Also, the system was very much exposed to external risks i.e, technology. This is because of lack of infrastructural facility really challenges them not to speed up the services as required.

Due to this, complaints level from citizens has been increased from time to time. It was also mentioned that the revenue of agencies has been decreasing from

time to time due to lack of close follow up. In addition to this, as per the information obtained from the officials indicates that as a result of uncoordinated effort among partners it is difficult to deliver desired services to satisfy citizens. They informed that various discussions have been going to minimize this gap. The major problems mentioned during the study were:-

- There exist unsynchronized bill data among the service centers which led the citizens to pay excess amount beyond their regular bills. This occurred at times the network is down; all the center will be forced to use manual way of encoding data. This data will be entered into the system when the network is up which led to delays in updating bill data on the system.
- There is no restriction of paying unsettled bills. Hence, citizen can pay at any time, citizens will not be obliged to pay their bills regularly. Therefore, unsettled bills will increase from time to time. This refrain the organization to get its revenue on time.
- Since this system is owned by independent company, government organization will not have a direct follow up with its clients. Specially, when citizen request clarification, they are forced to visit the government organizations each time to get response. This incurs additional cost and effort.
- Citizens were not able to full information whenever they have Complaints.

## **CHAPTER FIVE**

### **5 Summary of Findings, Conclusions and Policy Implications**

#### **5.1 Summary of Findings**

Public enterprises have been considered as a key operational instrument to achieve economic and social development and to bring technological innovation in a number of developing countries. It exists primarily to represent the government's interventionist objectives in the economy.

In this part of the Thesis, the summary of findings of the study is derived from the analysis of both the primary and secondary data. However, the data source is mainly emphasized on the primary data that had been collected from different respondents through questionnaires and interviews. Based on the analysis of the service delivery practice and customer satisfaction, the following findings are identified.

Unified Billing System is one of e-government Strategy initiated by the Ethiopian government to facilitate payment of utility bills. It refers to the development as an indication of its commitment to provide better services to ordinary people.

Today, unified Billing System becomes crucial for the efficient commercial operation of a government services for utility. It is an important transition for ensuring revenue generation and revenue collection. UBS is also the interface with the customers and can be used to provide improved customer service such as correct and reliable billing information. UBS has brought the utility payment

services more closer to citizens by facilitating the payment in common service centres. It is also found that citizens can pay in any of the centres which is convenient to their location. This enabled them to save their time rather than visiting three different payment centres with respect to settling their utility bills.

According to the response from the most of users, it is stated that the location of centres is suitable compared to the previous one due to the fact that it does not incur them additional transportation cost. Moreover, the time taken to get the service now becomes manageable as most of citizens can get the services within the range of 5-15 minutes. However, this new system has encountered different challenges such as the data management is not yet synchronized hence some of citizens are paying excessive amount which is beyond their regular bills. The system is also interrupted by power supply which hindered the daily operation of the system. Lack of technological facility is also another bottlenecks which affect the effective operation of the system.

Though, the agreement was signed almost two years ago with an intention of launching the project in 6 months' time, because of the scale of the project, it has taken around 20 months to finally launch the service in 33 Centers which is set to grow to 41 centers in the coming outlook. The project plan is to launch unified services, to establish everywhere services and to provide service as per Service Level Agreement from Gov. Which is Uninterrupted System Set Up, Data Processing Centre and Customer service. There is a Future Plans to increase

services which should be included in UBS such as Prepaid Electricity, TV Tax, Traffic Penalty and others.

## **5.2 Conclusion**

The Ethiopian Government has recognized the power of ICT in the national development plan and this is indicated by ratification of the National ICT Policy and setup new Intuition at a Ministry level to lead the sector, as well as allocating sufficient resources for ICT development. Since the Ethiopian “e-Government Strategy and Implementation Plan” released in 2011, the government has started to build up major public services with a collaboration of the private sectors using PPP strategies for selected critical e-Services enablement. According to the plan, through the implementation of twelve Agencies’ priority projects and through four alternate channels of services delivery, the State expected to facilitate the creation of a sustainable IS ecosystem (PWC, 2011).

With this in mind, we can also say that the Government of Ethiopia is pushing ahead to include other services in this project so that citizens will be benefited from this. The study is really appreciate the effort of the Ethiopian Government in taking this leadership to promote the integrated service delivery throughout the country. We can observe from the findings that majority of citizens appreciate the fact that they are able to get three services at one centre which saves their time and effort. It is also noted that this service really reliefs

government agencies from investing their time and effort while doing this job. This assist them to focus on strategic activities.

### **5.3 Recommendation**

E-government is expected to improve the function of public administrations and their relationship to the public. The good news is that information and communication technology (ICT) offers an array of tools to meet the promise of e-government. The bad news is that the reality has not yet caught up with the promise. To date, the approach to e-government has too often been driven by ICT solutions instead of user demand. While this has been effective for putting services online, it has led to a proliferation of Web sites, portals and electronic services that are incompatible, confusing and overlapping... not to mention expensive.

Concerning the service delivery in the new system, the following recommendations are forwarded:-

- Public Service Delivery is one of the important sector that the government really focuses this days. Therefore, the Ethiopian government should own the leadership by monitoring the performance of the private company at each stage. Because, it is observed from the study that there is gap between Kifiya Technology plc & utility agencies.

- Citizens should not pay beyond their regular bills. This problem raised due to unsynchronized data among all center. Therefore, the company need to work diligently to avoid such kind of cases. Data quality should be taken seriously, double payment should be avoided
- The company should train very well the front line employees to give the service efficiently to the public.
- The Ethiopian Government and the Kifiya Technology plc need to work hand in hand to satisfy citizens' expectations.
- System should be well managed in terms of security i.e, It should not be open to all where it leads the data to be manipulated at any time.
- As Citizens requires good service, the service should give attention in serving them.
- Need high awareness creation among the citizens
- Infrastructural facility should go hand in hand
- There should be Capacity building among government implementers.

Therefore, this study recommend for further studies:

- Evaluation of UBS with respect to enhancing Public Service Delivery
- Role PPP in accelerating Government Services
- Benchmarking PPP studies for best practices in parts of Ethiopia.

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# APPENDICES

**Addis Ababa University**  
**Faculty of Business and Economics**  
**MPMP Program**

The purpose of this questionnaire is to gather data regarding the contribution of currently implemented Unified Billing System in Ethiopia in facilitating efficient service delivery.

The study is purely for academic purpose and thus not affects you in any case. So, your genuine, frank, timely response is vital for the success of the study. Therefore, I kindly requested you to respond to each question item carefully.

Note:

1. No need of writing your name.
2. Where alternative answers are given, encircle your choice and put X mark where Necessary.
3. Please give more attention and return the completed questionnaire. If you need further explanation you can contact me (Telephone No. 0911897904)and discuss the matter.

Thank you, for your cooperation and timely response in advance.

**Questions to Users/customers of Unified Billing System**

1. Are you a direct customer of Kifiya Technology plc?

Yes

No

2. For how long time are you a customer of Kifiya Technology plc?

- Greater than 6 months
- 3 – 6 months
- Less than 3 months

3. Is the utility consumption always accurate?

• Yes

No

• If No, why? \_\_\_\_\_  
\_\_\_\_\_

4. Have you ever been bring about any compliant related to utility consumption?

Within the past 3 months?

Yes

No

5. If your answer for the above question is “Yes” can you explain the reason for Your compliant? \_\_\_\_\_  
\_\_\_\_\_

6. If your answer for the above question is “Yes” How did you rate the response for your compliant?

Quick

Delayed

7. Do you get all necessary information on the printed bill?

Yes

No

Any suggestion related to bill format \_\_\_\_\_

8. In your opinion, is the center prepared the Bill on time?

Yes

No

9. If your answer is No, for, how long does the center delay the bill? \_\_\_\_\_  
\_\_\_\_\_

10. How do you evaluate the waiting time to settle your bill in minutes?

> 5 minutes

5-15 minutes

15-30 minutes

Above 30 minutes

11. How do you evaluate the service delivery of the center?

Satisfactory   
Partially satisfied   
Not satisfied

12. Have you ever requested to pay balance previously settled?

Yes  NO

13. How do you rate the quality/accuracy of bill data?

Excellent   
Satisfactory   
Below satisfactory

14. How do you rate the complaints handling mechanism in UBS?

Excellent   
Satisfactory   
Below satisfactory

15. Have you ever encountered a negative bill balance in your account?

Yes  No

16. Do you think the service delivery fulfil the below public service values?

Good                      satisfied                      not satisfied

- Accountability
- Accessibility
- Simplicity
- Responsiveness
- Affordability
- Customer service

Any suggestion /comment or idea to improve the service delivery in the new billing system?



### **Interview Question for MCIT Official**

1. What is/are the primary objectives of the Government while implementing/launching this system? What is its intention to move to this new system? Kindly give us the overview of this system and how it operates.
2. Was this system part of BPR?
3. What are the benchmarks while undertaking the Research? Which countries?
4. Can you please describe the difference between the previous system and the current one, and what impact it has brought in meeting the public demands?
5. What are the challenging or constraints of this system and what would be the possible solutions to mitigate the gap.
6. Do you think the system has brought efficiency and effectiveness? If yes, please describe.
7. What are the added values of implementing the system?
8. Were you able to get feedback from clients/other institutions? If so, how do you manage that?
9. What improvement would you like to recommend in harnessing public demands with government service provision?

### **Interview Question with EEPKO/Ethio Telecom/AAWASA Officials**

Q. please describe us the previous billing system and service delivery? What are the challenges encountered?

Q. please describe the resources required during the previous billing system

Q. Please describe the service standard level to pay one bill?

Q. How much is the cost/Price per transaction in UBS?

Q. Please describe the complaints level compared with the previous system.

Q. Please describe how you collect the daily revenue from this service.

Q. How does the organization monitors issues related to utility bills?

Q. Any Improvement you would like to suggest:-

### **Interview with Kifiya Technology plc Official**

Q. Please describe us the relationship of Lehulu with Kifiya technology plc?

Q. What was the project plans and current status with future plans of the projects?

Q. Please describe for us the PPP model

R. Describe for us the benchmarks and parameters for this model

Q. What is PTP? How is it implemented?

Q. Do you think Kifiya is managing this project successfully? What are the challenges?

Q. Any Improvement you would like to suggest

## **STATEMENT OF DECLARATION**

This thesis is a presentation of my original research work. Wherever contributions of others are involved, every effort is made to indicate this clearly, with due reference to the literature, and acknowledgement of collaborative research and discussions.

Rahel Sertsu Teklehaimanot

Signed: \_\_\_\_\_

Date of Submission: \_\_\_\_\_

## **SUPERVISOR'S DECLARATION**

I, hereby, declare that this thesis is from the student's own work and effort, and all other sources of information used have been acknowledged. This thesis has been submitted to examiners with my approval.

Signed: \_\_\_\_\_

Advisor: Fenta Mandefro (Dr.)

Date: -----