

**PUBLIC-PRIVATE PARTNERSHIP AND ENVIRONMENTAL  
SANITATION IN GHANA: A CASE STUDY OF ACCRA  
METROPOLITAN ASSEMBLY (AMA) AND  
ZOOMLION COMPANY LTD (ZL)**

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**Abstract**

*The United Nations Millennium Declaration spelt out eight Millennium Development Goals (MDGs) aimed at transforming the face of global development cooperation. In September 2000, Ghana committed herself to tracking these eight time-bound MDG's and associated indicators. Since its adoption, Ghana has mainstreamed the MDGs into the country's successive medium term national development policy framework, the Ghana Poverty Reduction Strategy (GPRS1), the Growth and Poverty Reduction Strategy (GPRS2) and the Ghana Shared Growth and Development Agenda (GSGDA). The GSGDA is anchored on seven main themes that include enhanced competitiveness of the private sector. This paper sought to capture Ghana's progress towards the attainment of the seventh goal, target 7C, sustainable access to basic sanitation. In the light of this, the study sought to ascertain the impact of Public-Private Partnerships (PPPs) on waste management and sanitation in enhancing environmental sustainability in the urban areas. The methodology adopted in the study was desktop reviews of policy documents of the government of Ghana and MDG reports. The main sources of data for the analysis were largely qualitative in nature. In terms of the instrument, the study employed a purposive sampling face to face interview approach, using unstructured interview guides targeted at employees of the Accra Metropolitan Assembly (AMA) and Zoomlion (ZL), a private company that offers*

*environmental sanitation services and customers that benefited from the provision such services. The study revealed that the partnership between the AMA and ZL, to a large extent, have met the set targets with regards to the coverage area, improved sanitation facilities, the frequency of collection of waste and the charges paid by customers as set out in the partnership agreement. However, critical challenges such as rapid urbanization, population pressure, low level of investment in sanitation delivery and fast unplanned expansion of cities pose major challenges for the full attainment of this partnership agreement.*

*Keywords: Public-Private Partnership, Millennium Development Goals, Contracts, Environmental Sustainability, Poverty Reduction Strategy, Ghana*

## **INTRODUCTION**

Essential among the traditional roles of the government is to primarily be the provider of public infrastructure and public service. However, difficulties such as fiscal constraints and lack of requisite expertise experienced by governments have resulted in the development of new and innovative approaches to the provision and financing of public infrastructure and services. Thus infrastructure and service provision for the public are gradually being supplemented with private sector expertise and financing (Asare & Frimpong, 2013). Broadly speaking the state is perceived to be lacking the capacity and resources to solely fulfil public services (Finney and Grossman, 1999).

Accordingly, the Government of Ghana has put in place a combination of policy and legal reforms, financing mechanisms, incentives and institutional support to bolster private sector participation in the provision of public infrastructure and services (Government of Ghana, 2013). In the area of service provision, the prime instruments include outsourcing (contracting out), public-private partnerships (PPPs) and vouchers (Blondal, 2005).

The faith that PPPs have the potentials to resolve Ghana's sanitation menace is borne out of the fact that private institutions generally have the track record in terms of efficiency and effectiveness in their areas of operation. They are able to apply market forces in their operations and are also seen to be more proactive than the public sector in dealing with problems (Asare & Frimpong, 2013). These together with the direct result of the changing ideas about the role of the state in providing various needs of the citizenry makes it imperative to engage in operations and actions as to meet these ever changing demands. In this regard, the Government of Ghana has entered into Public-Private Partnership with Zoomlion Limited.

## Purpose of the Study

This work sought to examine the outcome of private sector involvement in the provision of public services which is usually taken for granted. In the light of this, the study sought to ascertain the impact of PPP on waste management and sanitation services in the Accra metropolis.

The key research objective therefore was to ascertain the extent to which the Public-Private Partnership between the Accra Metropolitan Assembly (AMA) and Zoomlion Gh Ltd (ZL) has helped the AMA to be effective and efficient in achieving the millennium development goal target seven.

## THEORETICAL FRAMEWORK

The concept of PPP can be understood using the neoliberal theory as the theoretical framework for defining the role of the state in the economy. The perception of this theory is that the private sector is superior to the public sector in the delivery of services. According to neoliberal theory, limited government intervention in the economy and the superior economic performance of the private sector lead to competition and efficiency (Nellis and Kikeri, 1989 cited in Ayee, 1998).

Again, proponents of the neoliberal theory argue that, when implementing business-friendly policies, fewer government restrictions and private initiatives will ultimately improve the welfare of the entire society (<http://www.spiritus-temporis.com/neoliberalism/theory.html>, 2009).

The theory further contends that “Governments in general, lack capacity to run large industrial and commercial enterprises. Hence, except for core missions of income distribution, public-good infrastructure, administration of justice and a few others, governments should shrink and privatise” (ibid). The main goal of neoliberalism, therefore, is to roll back the frontiers of the state, while its central pillars are the market and the individual (Heywood, 1997). The theory is relevant to this study because the government of Ghana indeed lacks the capacity and expertise to provide sanitation services solely.

Another theory that complements the neoliberal theory in this work is the public choice theory. The essence of the public choice argument is that public officials (elected and non-elected) must not be assumed to be acting in the public interest. The theory further explains that public officials are rational human beings with self-interest holding agenda of their own. They seek to maximise their selfish gains or at best those of powerful interest groups at the expense of the general public (Turner and Hulme, 1997). Simply put, unlike private officials, public officials are ‘rent-seekers’. The rent-seeking nature of public officials impairs efficient and effective delivery of public goods and services. Hence, the introduction of market mechanisms will substantially enhance the supply of public services (Jutting, 1999).

The neoliberal theory however is more apposite for this study. This is because of its peculiar strength in stressing on and explaining the impact of private sector involvement in the delivery of services. It forcefully and rightfully argues that privatizing service delivery is expected to result in higher productivity gains, efficiency and effectiveness. It also highlights the essence of competitiveness that results from engaging private institutions. As a result of the desired and inherent benefits of the employment of market mechanisms to the provision of public services.

In this regard governments privatise waste management and sanitation services because of the notions of efficiency, effectiveness and other qualities postulated by neoliberal theory which characterise the private sector. Pursuant to this ideal, urban waste management and sanitation services have, therefore, been largely privatised in Ghana (Asare and Frimpong, 2013).

### **PPP, Definition, Nature and Concept**

No universally acknowledged and convincing definition of PPP exists. Some see PPPs as a new expression in the language of public management that is intended to include older, established procedures of involvement of private organizations in the delivery of public services (Linder, 1999). Yet others view PPPs as a new way of managing infrastructure projects, such as building tunnels and renewing harbours (Savas, 2000). Then there are also a number of people who seem to use the terms "contracting" and "public-private partnership" almost interchangeably (Hodge & Greve, 2007; p. 1).

One cause of the nebulous understanding of PPPs lies in the complexity, multi-dimensionality and changeability of the concept (Ziekow & Windoffer, 2008, p. 25 cited in Arnold and Kehl, 2010). Accordingly, various definitions are very global and embrace all forms of co-operation between public and private actors.

Two classic examples illustrate the lack of consensus on a clear definition of PPP. For Skelcher (2005) "PPPs combine the resources of governments with those of private agents (business or not-for-profit bodies) in order to deliver societal goals." Another definition considers PPP as a "cooperation of some sort of durability between private and public actors in which they jointly develop products and services and share risks, costs, and resources which are connected with these products" (Van Ham & Koppenjahn, 2001). Thus while one definition considers just the combination of resources the other considers also the share of risks and responsibilities. Yet still, English (2007) sees PPP-intrinsic service provision to be time and cost advantageous: "Public-Private Partnerships are time and cost efficient arrangements between the state and a private consortium for infrastructure-based service provision..."

Thus, authors do not aim at a single definition of PPP but deliver a catalogue of PPP immanent characteristics. First of all, PPP means an interactive relationship between public and private agents on a co-operative basis. So, PPP acts as an intermediary between the two sectors public and private.

Secondly, the collaboration focuses on durability and process orientation. A central aspect of PPP is its life cycle approach. PPP aims at an embracing integration of all steps in the value chain. This includes planning, finance, building, operation and utilization (Fischer, 2008, pp. 20). If a private enterprise is in charge of construction and operation, the corporation can include the follow-up costs for the infrastructure from the very beginning. It is assumed that the enterprise develops a concept for public infrastructure that is directed at overall cost-effectiveness in the long run.

Thirdly, the private agent needs to execute a substantial part of the task to be fulfilled in order to actualize the basic idea of task sharing. Related to the third point is that a share of responsibility between the public and private actor and the development of a community of responsibility describes a PPP project (Ziekow & Windoffer, 2008, p. 47-49 cited in Arnold & Kehl, 2010). Although by the nature of their existence, interests and functions the public authority and its private partner are structurally different, they follow compatible goals within a PPP. It is in the interest of both partners, as the term already implies, to ensure that the PPP project is successful. As a result, they build a “target community” (Budäus, 2005, p. 19, *ibid*).

Finally, specifications for tenders tend to be output-oriented whereas the conventional descriptions have an input orientation (Ziekow & Windoffer, 2008, p. 56-58, *ibid*). Thus the public authority only determines what the result should be instead of regulating how the performance is to be achieved.

From the foregoing it is to be understood that PPP is a partnership between the public sector and the private sector for the purpose of delivering a project or a service traditionally provided by the public sector. PPPs also come in a variety of forms, but at the heart of every successful project is the concept that better value for money may be achieved through the exploitation of private sector competencies and the allocation of risk to the party best able to manage it

### **The Nature of the Partnership between AMA and ZL Company Ltd**

The Public Private Partnership between AMA and ZL is part of a range of partnerships on various fronts that started with the Government of Ghana as far back as 2006. However, the PPP with regards to sanitation and waste management between AMA and ZL Ltd and others had contracts given out in July, 2009 and effectively signed in July, 2010. ZL Ltd is not the only

company contracted by the AMA for the services. There are nine (9) contractors with similar PPP contracts partnered to serve ten (10) Sub-metropolitan Assemblies with ZL in three of the Sub-metropolitan units (Ayawaso West, Ayawaso Central and Ablekuma Central). Evidence from interview supports the fact that the partnership is that of a temporal contract. The current five (5) year contract that ends in 2016 is in its third year.

The contract between AMA and ZL Ltd is a type of franchise with limited tenure of five (5) years. ZL Ltd is one of nine (9) companies contracted by AMA to provide solid waste management service for the local authority. It employs public procurement methods in the sense that the contract proceeds from tender-based evaluation and selection. The Public Procurement Act of Ghana is applied to select the contractor with the best capacity to deliver. Under the contract the contractor registers and collects refuse from all households and bags the corresponding revenue. The AMA, in principle has no financial obligation to the contractor (ZL Ltd). The objective of the contract is to shift the financial burden of waste management services from AMA to ZL under a system called fee-based refuse collection. Thus the major objective of the partnership is financial in that the assembly seeks a zero financial commitment to the provision of the service by ZL.

The contract is also guided by the Local Government Act, Act 462; the Assembly is responsible for the provision of the service of waste management. As a result, all responsibility for the effectiveness of the service lies with the Assembly and not with ZL Ltd. This situation may explain why the Assembly, irrespective of its zero financial commitment to the partnership, continues to pay the contractor (ZL) an average of Eight Thousand Ghana Cedis (GH¢8,000) for the collection of garbage placed at spots with no obvious ownership.

Under previous contractual agreements, AMA had about eleven (11) contractors with direct contracts for collection of waste and payments were made to the contractors based on tonnage of collected waste. Only 1<sup>st</sup> and 2<sup>nd</sup> class residents living in places as East Legon, Airport Residential Areas, Dzorwulu, Ridge, Asylum Down, Adabraka, Nyaneba and La were paying for refuse collection while 3<sup>rd</sup> and 4<sup>th</sup> class area residents paid nothing as the AMA bore the cost of their waste management services. To cushion the cost of the service for citizens, the AMA pays for the cost of the dumping of the refuse at landfills.

The Assembly's duty is also to manage waste, ensure good sanitation and prevent the outbreak of epidemics, by effectively monitoring and evaluating the whole process of the partnership. The Assembly has sanitary inspectors with the public Health Directorate that are engaged with monitoring and evaluation. The contractor (ZL) is supposed to submit monthly and quarterly reports and this is compared with the Assembly's Sanitary and Health Inspectorates'

team reports. There are also complaints units and channels by which inputs and complaints from the citizenry are taken.

Under the PPP initiative between AMA and ZL, therefore the former defines the terms of reference which entails the provision of effective waste management and good sanitation and plays a monitoring and supervisory role, while the latter carries out the task of collection of solid waste within the metropolis.

## **METHODOLOGY**

### **Research Design**

Research designs are plans and the procedures for research that span the decisions from broad assumptions to detailed methods of data collection and analysis (Creswell, 2009). This study fits into a case study research design as it selects two of the many sanitation service providers engaged in Public-Private Partnership arrangements.

According to Creswell (2009:12), case studies are usually qualitative in nature. The approach to the study is therefore largely qualitative.

### **Study Population**

The study population was drawn from three categories of personnel. The first group was made up of top level management of AMA and ZL who are conversant with policies and arrangements regarding PPP. The second group was employees from the AMA and ZL directly involved in the provision of services as outlined in the contract of service. The third group are the beneficiaries (customers/clients) of sanitation services under the AMA-ZL partnership. The respondents were purposely selected due to their expertise and involvement in sanitation and PPP issues.

### **Data Collection Method**

The study relies on both primary and secondary data. Generally, six basic techniques of data collection are identified for the case study design, including interviews, documentation, archival records, direct observation, participant observation and physical artefacts (Welman, Kruger and Mitchell, 2005). This study used two of the above methods, namely, direct interviews (primary data) using structured open ended interview guides and documents/records review of PPP arrangements (Secondary Data)

### **Data Analysis**

Data analysis involves the process of scrutinizing, categorizing, tabulating and integrating information in order to address the initial objectives of the study. Data obtained from secondary

sources was evaluated and compared with the data gathered from primary sources in order to support the evidence and interpretations made in the work. The questions tried to ascertain the impact of the PPP contract between AMA and ZL Ltd. Five key indicators namely coverage area, improved sanitation facilities, frequency of bin collection, the charges levied on customers and the tonnage of collected waste were used to measure the outcome of the PPP arrangements.

**The Impact of the Deliverables of the PPP between AMA and ZL Ltd**

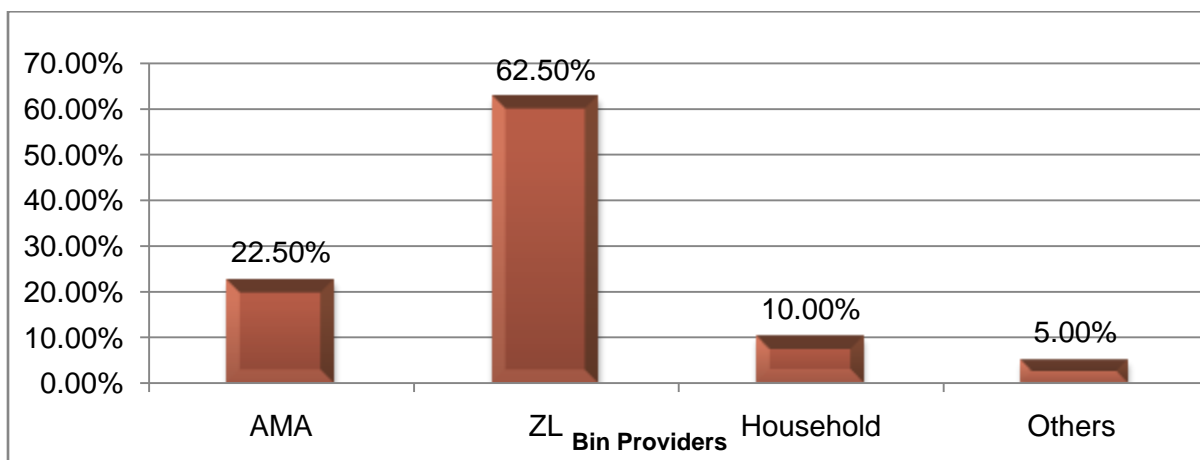
Under the partnership agreement, clearly defined sanitation objectives linked to the expected outcome have been spelt out in the contract. To a large extent services have been delivered in all the coverage areas as spelt out in the contract. As shown in Table 1, all forty (40) customers from first, second, third and fourth class areas confirmed the presence and services that ZL rendered in their area.

Table 1: Coverage Area of Service Provider

Answer	Frequency	Percentage (%)
Yes	40	100.00
No	0	0.00
<b>Total</b>	40	100.00

However, from AMA management report, prior to the introduction of PPP, only 15% of residents within the metropolis were registered for the service. However, with the introduction of the concept, over 53% of households are registered for refuse collection with bins at their residence.

Figure 1: Providers of Household Waste Bins





Under the PPP, sanitation facilities have also improved. Figure1 shows that ZL is the principal distributor of waste bins, a confirmation of the fact that all customers have been supplied with bins (table1). In an interview with management of AMA, they confirmed that all contractors are monitored, and under strict supervision to provide bins to all households covered in the contract; and secondly to ensure that bins are placed at vantage points to enable the public (free riders) to enjoy the services as well. The findings in Figure1 to a large extent may account for the reduction in littering of the environment, especially within the areas covered by the contract.

Many of the clients interviewed confirmed that there have been tremendous improvements with regards to sanitation facilities.

Figure 1: Waste Collection Charges for Households

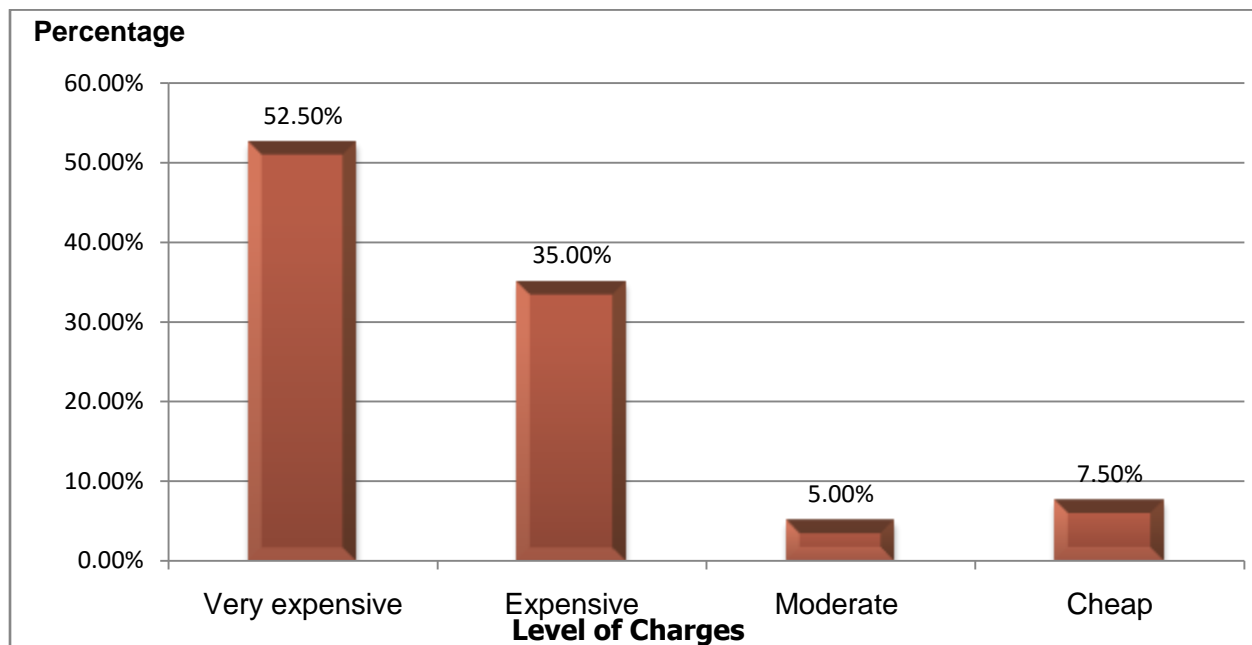
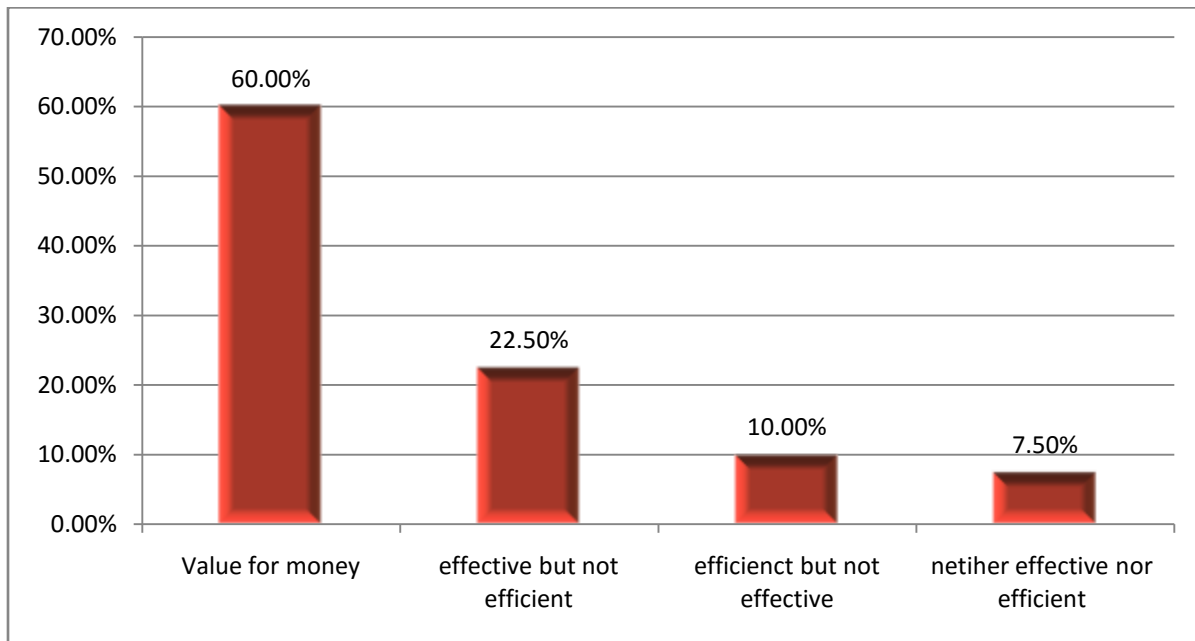


Figure 2 represents the cost of collecting household waste. The findings indicates that majority (52.5%) of the customers were of the view that the price charge for collecting household waste is very expensive compared with 7.5% of the respondents who perceived it to be cheap. Cumulatively, 87.5% of the respondents were of the view that the charges for collecting waste are either expensive or very expensive. In an interview with management of ZL and AMA on pricing policies, it was revealed that customers within the third and fourth class areas rather complained bitterly about the charges (GH¢7), whereas those in the first and second class areas are satisfied with the prices being charged. To ensure that customers are not over charged for services rendered by ZL, the AMA has in agreement with the contractor, set price ceilings. Areas in Accra which are considered to be first class areas (Airport, Dworwulu,

Cantonments and East Legon) are charged GH¢30, second class areas (West Legon, Haatso, Achimota and Taifa) are charged GH¢20, while third and fourth class areas (Nima, Mamobi, Ashiedu Keteke and Ablekuma South) are charged as low as GH¢7 per month. Management of the AMA during the interview revealed that ZL has also stuck to its contractual obligations by not overcharging their clients.

Over 60% of consumers interviewed feel strongly that services rendered by ZL are value for money (in terms of efficient and effective services), whereas 7.5% thought otherwise.

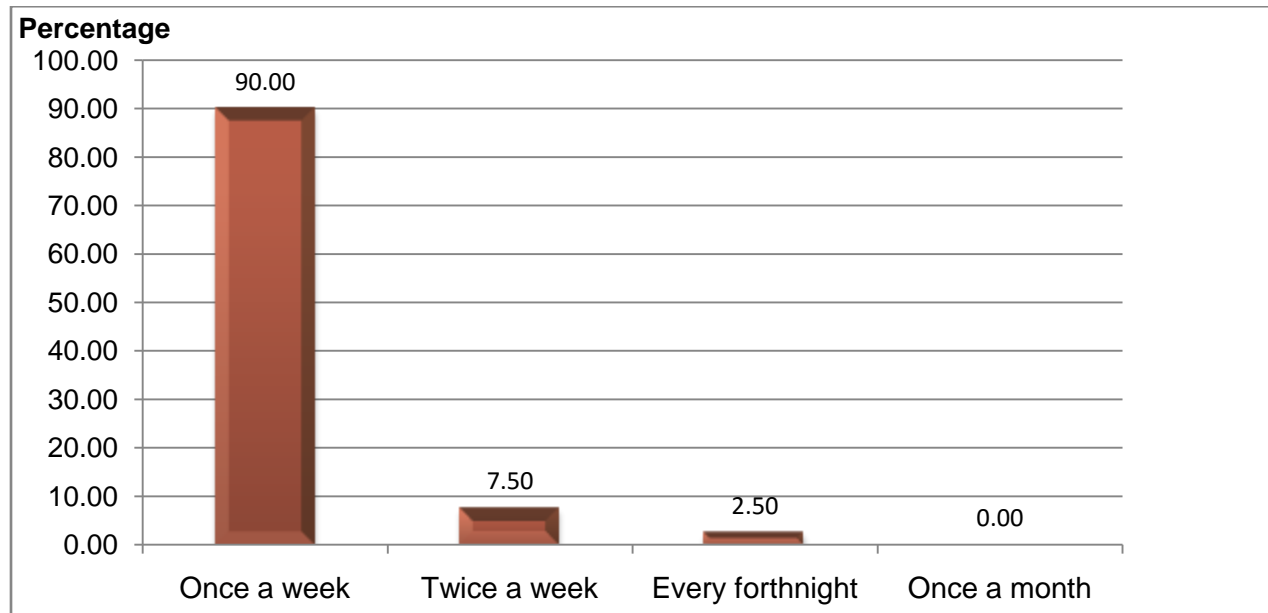
Figure 3. Efficiency and Effectiveness of Services



Overall, the cost of securing waste management and sanitation services within the metropolis has been drastically reduced as a direct result of the PPP between ZL Ltd and AMA. For example, in 2008 the AMA spent over GH ¢4billion on contracts with various companies for the provision of same services excluding landfill expenses. This according to the interviewee has been drastically reduced up to about 20% of the previous amount.

With regards to the frequency of bin collection, the study found out that ZL was unable to fulfill its contractual obligation of collecting refuse twice a week. With reference to Figure 4, ninety percent (90%) of customers interviewed in all the class communities affirmed that ZL collected their garbage once a week instead of twice a week as spelt out in the agreement.

Figure 4: Frequency of Household Waste Collection



To substantiate this report, management and some employees of ZL were also interviewed on the subject matter.

An employee of ZL during the interview revealed that some of the equipment and vehicles used by the contractor are just too old, resulting in several breakdowns. This ageing vehicles phenomenon is compounded by the challenge of long distances to the landfills.

## CONCLUSIONS

The study revealed that the partnership between the AMA and ZL, to a large extent, have met the set targets with regards to the coverage area, improved sanitation facilities, the frequency of collection of waste and the charges paid by customers as set out in the partnership agreement. However, critical challenges such as rapid urbanization, population pressure, low level of investment in sanitation delivery and fast unplanned expansion of cities pose major challenges for the full attainment of this partnership agreement.

Notwithstanding the successes accomplished as a result of the PPP arrangements put in place, Ghana still does not meet the MDG's seventh goal, target 7C; "sustainable access to basic sanitation". Perhaps this is as a result of inadequate education of residents about waste management and appropriate sanitation practices as well as inadequate monitoring and evaluation policies.

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