



Public-Private Alliances: A Documentary Case Study of Strategies for Urban Restoration

By

Francis W. Wambalaba¹

Akosa E. Wambalaba

Damary Sikalieh

*United States International University
Nairobi, Kenya*

ICBE-RF Research Report No. 03/12

Investment Climate and Business Environment Research Fund
(ICBE-RF)

www.trustafrica.org/icbe

Dakar, March 2012

¹ Contact: fwambalaba@usiu.ac.ke

Abstract

The study developed a conceptual framework for managing PPPs in urbanized areas and documented experiences of sample partnerships, and effective communication strategies. This study used a case study approach and a descriptive research. Content analysis was used to create a matrix table. In general, an average public-private partnership was initiated by the private sector. Most participating stakeholders were local private sector organizations and the agreement was by formal contract. Their major challenge was unilateral or conflicting decisions by the governmental entity and problems continued without effort to mitigate them. The study recommended establishing the policy and legal frameworks, ensuring consistency, in policy to reduce uncertainty, distinguishing public involvement from public relations, the decision process to be transparent and creation of a central PPP office.

Key Words:

Public Private Partnership

Public Participative Process

Public Procurement

Business Environment Improvement

Urban Development

Acknowledgements

This research project was sponsored by the Investment Climate and Business Environment (ICBE) fund from Trust Africa. The ICBE funding facility was created in 2006 by TrustAfrica, the International Development Research Center (IDRC) and the Foundation for Sustainable Enterprise and Development (FSED). The purpose of the fund is to promote practical research on the improvement of the Investment Climate and Business Environment all over Africa as a means towards a better performing private sector, which in turn, will help create jobs, alleviate poverty and contribute to the economic growth and self-reliance of the continent. The ICBE Grants are awarded following an open, competitive process involving African Peer Reviewers and the final deliberations of a pan-African Jury. The research team wishes to acknowledge Trust Africa and all its affiliates in this process. In addition, several stakeholders were invaluable, without whom this project would have not materialized. These include the following.

1. *The research Team:* This research project benefited from the able team of researchers who brought in different talents. Ms. Akosa Wambalaba from the School of Arts and Sciences and Dr Damary Sikalieh from the School of Business Administration brought in their interview skills and were able to tease out comprehensive data from stakeholders. Professor Angelina Kioko from the School of Arts and Sciences provided editorial expertise while Mr. Isaiah Cherutich in the Journalism program assisted with media and publicity issues. The project benefited from Mr. Amanuel Zimam who was the graduate research assistant on the project. Finally, Professor Francis Wambalaba who was the principal investigator with a PhD in Urban Studies and vast experience in PPPs as a Planner in Portland Oregon for a decade and as a researcher and educator for 25 years at the United States International University in Kenya, the Center for Urban Transportation Research at the University of South Florida and Portland State University in Portland, Oregon, USA.

2. *The Stakeholders:* This project owes immense gratitude to both private and public sector stakeholders who were willing to share their opinions, ideas and support for the project. These included the following:

a) *Private Sector Participants:* On Public/Private Enterprises participants included Ms. Esther Pasis of Adopt-a-Light, Mr. Tillmann Proske_of City Clock, and Mr. TRM of Nakumatt. With respect to Public/Private Projects they included Mr. Wafula Nabutola of Nairobi Central Business District Association (NCBDA), and Mr. Pradeep Paunrana, Mr.

Mr. Surendre Bhatia and Eng. Makaka of Athi River Mining on road as well as Energy issues. Mr. Mukabana of Kenya Bus Services Management. On issues of Public/Private Utility Services we interviewed Mr. Michael Smalley and Mr. Ilako of Amref on issues of Health, Mr. Njiraine of Amref WATSAN Kibera slums on sanitation. Mr. David Kuria of Eko-Toilets and Mr. George Oyo of Emirates Neon Group on urban service infrastructure. On Environmental Efforts, Ms. Fatma Hirsi and Ms. Cathleen Openda-Mvati of Nation Media Group were interviewed with respect to the Nairobi River clean up and News Paper stands. For Civic Associations, Mr. Stephen Mutoro of the Kenya Alliance of Residents Association (KARA) was interviewed and Mr. Graham Alder of K. In addition KARA was instrumental in bringing the leadership of other neighborhood associations on the table and KARA staff assisted in the preparations of the last stakeholder meeting and the launching of the report.

b) Public Sector Participants: These included interviews and/or consultations with Engineer Njenga, Director of Environmental Department, Engineer Ciuru, Chief Engineer, City Council of Nairobi, Mr. Sammy Kirui, Permanent Secretary in the Office of the Deputy Prime Minister and Minister of Local Government, Engineer Ndegwa, Deputy Chief Economist in the Office of the Deputy Prime Minister and Minister of Local Government, Engineer Kivoto from the Ministry of Transport, and Engineer Maina from the Ministry of Metropolitan Development.

3. The United States International University Administration and Staff: The university administration through the leadership of the Vice Chancellor, Professor Freida Brown, and the Deputy Vice Chancellor for Academic Affairs, Professor Mathew Buyu was very generous in availing university resources for research. Mr. Eric Outa, the Deputy Vice Chancellor for Administration and Finance and Ms. Hilda Muchunku, an accountant were also vital resources to the project for financial record management and reporting. Ms. Angelina Mwashumbe and Mr. Dan Muchai of the Public Relations office provided valuable services in the publicity of the project. Finally, my Administrative Assistant, Ms. Lucy Kahindi was a major link to both internal and external stakeholders and played a major role in production of the report.

Table of Contents

Abstract.....	ii
Acknowledgements	iii
List of Figures.....	viii
List of Tables.....	viii
1.0 INTRODUCTION.....	9
1.1 Background of the Study.....	9
1.2 Statement of the Problem.....	12
1.3 General Objective of Study.....	14
1.4 Research Questions.....	14
1.5 Research Design.....	15
2.0 THE CONCEPT OF PUBLIC PRIVATE PARTNERSHIP	15
2.1 The Significance of Public-Private Partnerships.....	17
2.1.1 The Vicious Cycle of Service Deterioration.....	17
2.1.2 Types of PPPs around the World.....	19
2.2 PPP Investments in Africa	21
2.3 Prerequisites for Public-Private Partnership.....	23
2.3.1 The Role of the Private Sector.....	23
2.3.2 The Role of a Participative Process	25
2.3.3 The Role of Leadership: The United Kingdom’s Experience.....	28
2.4 Section Summary.....	29
3.0 SAMPLE CASE STUDIES OF PUBLIC PRIVATE PARTNERSHIPS	30
3.1 Sample of African PPP Case Studies	30
3.1.1 Kahama Gold Mine – Tanzania.....	31
3.1.2 Kankola Copper Mines – Zambia.....	31
3.1.3 Singida Peri-Urban Water Supply and Sanitation Project –Tanzania.....	32
3.1.4 Eastern Cape & Northern Provinces Water Project - S. Africa.....	33
3.2 The Portland (Oregon) Urban Transport Related PPP Projects.....	34
3.2.1 Shuttle Service Operations.....	34
3.2.2 Portland’s Tri-Met Taxi Shuttle Service.....	36
3.2.3 The Integrated Shuttle Service Concept.....	37
3.3 Summary of Section.....	40
4.0 METHODOLOGY AND SCOPE OF THE STUDY	41
4.1 Research Design.....	41
4.2 Population and Sampling	42
4.3 Data Collection Method & Process.....	42
4.4 Data Analysis Method.....	43
4.4.1 General analysis of responses.....	43
4.4.2 Analysis of Success Factors	43
4.4.3 Analysis of Failure Factors.....	44
4.5 Public Participation Framework.....	44
4.5.1 Partnership Operating Guidelines.....	44

4.5.2	Framework for Public Participation Process	44
4.5.3	Process oriented strategies	45
4.5.4	Personal relation oriented strategies	45
4.6	Dissemination of Results.....	46
4.7	Summary of Section	46
5.0	RESEARCH FINDINGS AND ANALYSIS	46
5.1	General Analysis of Responses	47
5.1.1	Design of the Analysis	47
5.1.2	Presentation of Key Findings.....	48
5.1.3	Analysis and Implications of Findings.....	48
5.2	Analysis of Success Factors	49
5.2.1	Design of the Analysis	49
5.2.2	Presentation of Key Findings.....	49
5.2.3	Analysis and Implications of Findings.....	50
5.3	Analysis of Failure Factors	50
5.3.1	Design of the Analysis	50
5.3.2	Presentation of Key Findings.....	51
5.3.3	Analysis and Implications of Key Findings	51
5.4	Summary of the Section	51
6.0	PUBLIC PRIVATE PARTNERSHIP FRAMEWORK.....	52
6.1	Unsolicited Proposals.....	52
6.2	Solicited Proposals	52
6.3	Phase 1- Project Selection & Preparation.....	53
6.3.1	Major Concerns of Contractors and Investors	58
6.3.2	Project Information Memorandum (PIM).....	58
6.4	Phase 2 - Procurement.....	60
6.4.1	Bidders' Conference	61
6.4.2	Prequalification.....	62
6.4.3	Request for Proposals	63
6.4.4	Preferred Bidder and the Financial Close	64
6.5	Phase 3 - Contract Management.....	65
6.5.1	Tips on Contract Management.....	65
6.5.2	Common Problems in Project Governance	68
6.6	Section Summary	68
7.0	PUBLIC PARTICIPATION PROCESS FRAMEWORK.....	68
7.1	Conceptual Definition	69
7.1.1	Basic Principles of the Public Involvement Process	70
7.1.2	Practical and Policy Implications.....	71
7.2	Tri-Met's Transit Choices for Livability Experience	73
7.2.1	Context for Public Based Planning	73
7.2.2	Background on the TCL Model	74
7.3	Significance of Public/Community Based Planning	77

7.3.1	Theoretical Conceptualization	77
7.3.2	Practical Implications	78
7.3.3	Policy Implications	79
7.4	Section Summary	80
8.0	OPERATIONAL AND POLICY IMPLICATIONS	80
8.1	Technical Support and Guidance	81
8.1.1	General Technical Adviser	81
8.1.2	Financial Technical Adviser	81
8.1.3	Legal Technical Adviser	81
8.1.4	Environmental Technical Advisers	82
8.2	Risk Identification and Allocation	82
8.3	Policy Rationale	83
8.4	Value for Money for Service Delivered	84
8.5	Section Summary	84
9.0	CONCLUDING OBSERVATIONS AND RECOMMENDATIONS	84
9.1	General Findings	85
9.2	Implications of Findings	86
9.3	Research Recommendations	87
9.3.1	Procedural and Legal Process	87
9.3.2	Proactive Government Initiatives and Support of PPPs	88
9.3.3	Openness and Supportive Environments for Creativity	89
9.3.4	Other Significant Considerations	90
9.4	General Guidelines for PPP Projects	90
9.5	Guidelines for Public Involvement Process	91
9.6	Section Summary	93
References	94
Appendix	88

List of Figures

Figure 1: Vicious Cycle of Service Deterioration.....	18
Figure 2: Correlation of PPP Types and Contract Duration	21
Figure 3: Private Participation in Infrastructure Projects, by Region, 1996–2006	22
Figure 4: Private Participation in Infrastructure Projects in Africa, by Sector and Type of Contract, 1996–2006	22
Figure 5: Key Phases of the Public-Private Partnership Project Process.....	53
Figure 6: Stages of Project Selection.....	54
Figure 7: Project Preparation Process.....	57
Figure 8: Outline of the Procurement Process	61
Figure 9: Outline of the Prequalification Phase	63
Figure 10: Outline of a Structure of Project Governance	67

List of Tables

Table 1: Tri-Met’s Taxi Shuttle Projects by March 2001	36
Table 2: Output Specifications for a Public-Private Partnership	55
Table 3: Checklist before Launching the Procurement Phase	60

1.0 INTRODUCTION

1.1 Background of the Study

During the 1960's and 1970's, the city of Nairobi was referred to as the "Green City in the Sun" by visitors, impressed by its cleanliness, abundant greenery, and sound land, service and transport practices. However, by the 1990's, its residents had renamed it, "City in the Garbage," due to visible mounds of uncollected garbage on city streets. Foreign visitors also renamed it "Nairobbery" to underscore the prevalence of carjacking and robberies. Nairobi had over a span of twenty years tumbled into socio-physical decay. Nothing seemed to work. Alarmed at how the rate of insecurity and the dirty environment were impacting business growth, businesses formed alliances and began seeking partnership with City Council in project development and implementation, with the goal of reversing the socio-economic decline. A sample of good projects included rejuvenation and beautification of Mama Ngina street into a one way driveway hugged by open spaces and wide walkways on both sides; installation of police manned kiosks at strategic locations within the city centre; rehabilitation of public toilets; and introduction of a city shuttle service.

In 2002, political leadership went to the new NARC regime, which committed itself to create a fertile democratic space, promote public transparency and dialogue, and revitalize the city. Several projects were embarked on, including improvements in downtown's Uhuru park, relocation of street hawkers, removal of illegal structures in residential areas, re-carpeting, re-striping and re-labeling of city streets, and introduction of safety conscious public transport rules affecting jitney services called "Matatu".

While these changes have been welcomed by the business community and residents of the city, fear and uncertainty exists about their sustainability. Most political appointees are not hired on the strengths of their professional experience. This has, in the past led to hastily conceived policies and short term "quick fixes" to city problems whose implementation runs out of steam within a few months. Implementation of policies also becomes personalized and is seen as a project of the political appointee and not a team effort. Legal structures are also not put in place to assure continuity in case of change in political leadership. The exit of a political appointee therefore results in the death of "his" or "her" initiatives.

Mechanisms for public participation or consultation and input such as "notice" and "comment" are rarely used, if ever. As a result, "popular" changes to policy are made at the alter of politics, with the goal of satisfying a section of constituents, and without a

comprehensive study of the long term social-economic effects. For example, in the 1960's President Kenyatta, due to pressure from a section of constituents, and in total disregard to city laws, opened investment in public transport to anyone who had a vehicle. No public transport licenses were required and no laws were put in place to regulate this new industry. Forty years later, this industry known as "matatus" has grown into an untamable monster, that is a law unto itself.

How do we move away from the personality cult of policy and project control without causing a political "Tsunami"? We believe that the solution lies initially in wooing the private sector into partnership with the public sector, coupled with a culture of public participation. While we cannot transplant solutions from other communities wholesome without regard to differences in community dynamics, we can place them in context. According to Sampson (Ferguson & Dickens. 1999:242) since communities are complex and vary, relationships and structures must be contextualized.

The 1990's can best be described as the decade of chaos in urban planning and service delivery in Nairobi city. The seeds of apathy and disorder were planted in the late 1980's but their full effect would be felt in the 1990's and into the new millennium. Evidence of chaos included growth of numerous illegal settlements, uncollected mounds of garbage on city streets, a neglected road system, insufficient and erratic power supply, untreated city water, perennial herding of livestock along city streets, dry taps in homes and businesses due to theft along water pipes, a neglected public health system, falling enrollment in primary schools due to escalating costs of education; and city rivers choking in garbage and sewage. Crime was so high that most downtown businesses closed by 6 p.m. People avoided the city centre due to the high incidences of crimes by gangs of muggers, who robbed in broad daylight, without fear. It was an accepted practice not to stop the car at "round-about" - on red lights, lest one was carjacked. Services by the Nairobi City Council were non-existent. Business investment had dropped to an all time low and employment figures were high. Nairobi's population increased approximately 200% within a period of 50 years, statistically from 120,000 in 1948 to 2.3 million by 1999.

With political rigidity and inertia, economic stagnation and escalating costs of living, new forms of strategic thinking were needed in order to avoid economic suicide. Sections of Nairobi residents, decided to form community alliances with the goal of improving the socio-economic and physical life of the city. Their motivations and interests varied, but they found

collective expression, energy and strength in these movements for change. Ferguson (1999:51), in his book on urban renewal stresses the importance of citizen participation as a vehicle for future growth, he asserts *“each new and successful collaboration among residents develops social capital for solution building on other issues.”* The Nairobi Central Business District Association (NCBDA) was motivated by the desire to improve the quality of community life and the business investment climate. Others like the Green Belt Movement sought to protect the natural forested environment and parks that were in danger of being sold. Neighbourhood groupings like Karen’gata Association were energized due to frustration at paying property taxes for no services and also by a desire to be players in decisions that affect their welfare. Others were concerned about the dehumanizing aspect of poverty, as symbolized by “flying toilets” leading Amref to invest in slum toilet projects. Some simply longed for a sense of satisfaction that money can’t buy or pride in the legacy left for their children (Roseland, 1998:2).

Within these alliances, there are signs of emerging disillusionment towards cooperation with political leadership within the private sector. This is due to lack of political commitment, rampant political interference and poor negotiation structures that form the basis of current partnerships, and leave them fluid and vulnerable to failures. There is also mystery and misunderstanding of the role of the private sector and the benefits to society of Public-Private Partnerships (PPP’s). City Council just by itself does not have the capacity to improve Nairobi city into a well-managed first city. Nairobi is too large to be managed by one central body. Only participation from the public will result in equity, equality and empowerment (Brohman, 1996).

Public private partnerships are a strategic attempt to try and solve some of community’s major problems in order to bring about development. The few projects that City Hall has collaborated with the private sector provide hope and are a pointer to development. For example, rehabilitation of public toilets and running them as SME’s has provided employment and much needed service facility for the public, and has reduced wetting on the streets. Adopt A Light project has been an unqualified success. It has not only lit up streets in the wealthy parts of Nairobi, but also the slum areas, and this has improved security and allowed small informal business activity to continue into the night, not to mention children studying at night under these lights.

Nairobi, with a population of almost 2.3 million is in need of many more PPPs on a micro

level in order for the socio-economic benefits to be felt on a macro level. Current commitment and success on the micro level shows that there is need to multiply the number of PPPs in order to attract businesses for job creation, improved quality of life and a reduction in poverty levels. However, there is little evidence of a deliberate, coordinated and aggressive outreach strategy by City Hall to form solid partnerships with the private sector for positive economic impact. At the moment, businesses approach City Hall and seek approval to carry out a service improvement project which may take months to approve. There have been situations where City Hall has rejected privately financed road improvement projects from individuals due to suspicions about their motives. Trust has a special and important role because participants differ in interests, values and concerns (Ferguson, 1999:42). It is important to be aware of such perceptions for ignoring them may stall the process. There is also a need to design communication strategies that work for initiating, developing and sustaining public private partnerships along with public participation that work within a developing country context; where public participation is limited, democratic space is not all embracing, finances limited and administrative capacity is poor.

1.2 Statement of the Problem

The concept and practices of PPP are new to Africa and Kenya in particular. A lot of literature has been written on the concept of PPP elsewhere. At a global level for example, Heald (1997) compiled literature on PPPs in Europe with emphasis on the private finance initiatives. Greve (2003) did a study on PPP in Scandinavia. Another study by Browne-Cooper (2003) investigated potential for standardization of procurement contracts in Australia while Lienhard (2006) focused on experiences, risks and potential of PPPs in Switzerland. Similarly, Gallow (2007) advocated for PPP in New Zealand.

In Africa, the Infrastructure Consortium for Africa (World Bank, 2009), did a comprehensive documentation of PPP strategies in Africa. Similarly, the the Institute for PPP compiled several PPP case studies in Africa including; Kahama Gold mine in Tanzania, Kankola Copper mines in Zambia, Singida Peri-Urban Water Supply and Sanitation Project – Tanzania, Eastern Cape & Northern Provinces Water Project - S. Africa.

In terms of scholarship however, there has been very little literature on PPPs in Kenya. Both the development of the procurement law and the PPP legislation generated several writings, especially in the newspapers on PPP strategies. However, very little has been written on PPPs in Kenya, let alone PPP in Kenya's urbanized areas. This study will attempt to meet

this shortcoming by assessing the status of public private partnerships in Nairobi and identifying factors affecting their development and sustainability.

From the perspective of the practice, the few projects that City Hall had collaborated with the private sector provided hope and were a pointer to development. For example, rehabilitation of public toilets and running them as SME's has provided employment and much needed service facility for the public, which reduced wetting on the streets. Adopt A Light project was an unqualified success. It had not only lit up streets in the wealthy parts of Nairobi, but also the slum areas, which had improved security and allowed small informal business activity to continue into the night, not to mention children studying at night under these lights. Public private partnerships are a strategic attempt to try and solve some of community's major problems in order to bring about development.

Unfortunately, despite the private sector efforts, there were signs of emerging disillusion among businesses towards cooperation with the political leadership. There were also mystery and misunderstanding of the role of the private sector and the benefits to society of Public-Private Partnerships (PPP's). City Hall just by itself did not have the capacity to improve Nairobi into a well-managed first city. Nairobi was too large to be managed by one central body. Only participation from the public would result in equity, equality and empowerment (Brohman, 1996).

Nairobi, with a population of almost 2.3 million was therefore in need of many more PPPs on a micro level in order for the socio-economic benefits to be felt on a macro level. Commitment and success on the micro level showed that there was need to multiply the number of PPPs in order to attract businesses for job creation, improved quality of life and a reduction in poverty levels. However, there was little evidence of a deliberate, coordinated and aggressive outreach strategy by City Hall to form solid partnerships with the private sector for positive economic impact. At the time, businesses approached City Hall and sought approval to carry out a service improvement project which sometimes took months to approve. There were situations where City Hall rejected privately financed road improvement projects from individuals due to suspicions about their motives. Trust had a special and important role...."because participants differ in interests, values and concerns" (Ferguson, 1999:42). It was important to be aware of perceptions for ignoring it could stall the process. There was also a need to design communication strategies that worked for initiating, developing and sustaining public private partnerships along with public participation that

worked within a developing country context where public participation was limited, democratic space was not all embracing, finances were limited and experienced poor administrative capacity.

1.3 General Objective of Study

The general objective of this qualitative case study was therefore to assess the status of public private partnerships in Nairobi with City Hall and identify factors affecting their development and sustainability. Specifically, the key objectives of this case study were:

- a.** *To document partnership practices* by; a) identifying existing private partnerships with the city council, b) collecting information on factors affecting the success of the partnership, and c) analyzing and documenting the nature of these partnerships.
- b.** *To develop a partnership strategy* by; a) identifying and describing the socio - economic relationships that had taken place in the city of Nairobi between the public and private sector, 2) identifying and documenting the best practices elsewhere, 3) and developing a framework within which the external best practices could be infused and blended within the local context.
- c.** *To develop a participative strategy* by; a) identifying strategies to increase collaborations between different public and private interest groups and local authorities for service delivery and project implementation, and b) identifying and designing communication strategies to initiate and promote dialogue between the public and private sector in a developing country context.
- d.** *To develop a framework for a multi-objective approach* by combining PPP strategies and public participation process based on experience with similar projects for which the researcher was responsible for in the City of Portland, Oregon.

1.4 Research Questions

This study was guided by three research questions:

- What is the nature of the Public Private Partnership (PPP) practices and how applicable could they be in the context of the City Council of Nairobi?
- What is the nature of the public participation processes and how applicable could they be in the context of the City Council of Nairobi?
- How could the Public Private Partnership and public participation processes be integrated into a framework for improving the business environment within the city of Nairobi?

1.5 Research Design

Qualitative research was the best method for investigating complex and sensitive issues related to feelings and opinion that required descriptive detail. This research used both primary and secondary sources of data and information. The primary source of data included direct structured interviews as well as unstructured interviews (including a snowballing method) and focus group discussions. Since the nature of the questions were both exploratory and descriptive (what, when, how), the use of qualitative research methodology in which some form of case study design was employed. The analysis utilized a content analysis approach presented in a matrix format.

2.0 THE CONCEPT OF PUBLIC PRIVATE PARTNERSHIP

Based on previous experiences with PPP's globally, there seems to be no distinct or absolute definition of the term Public-Private Partnership (PPP). It covers a range of business structures and partnership arrangements, varying with regard to legal status, governance, management, policy-setting prerogatives, contributions and operational roles (Jamali & Olayan, 2004). Its definition evolves and takes on different characteristics and meanings depending on the context of the partnership, players, motivations and goals. It is regarded as a middle path between state capitalism and privatization ([Leitch and Motion, 2003](#)).

In general however, a Public Private Partnership (PPP) is collaboration between the public and private sector for the purpose of delivering a project or service traditionally provided by the public sector. It is basically just a different method of procuring public services and infrastructure by combining the best of the public and private sectors with an emphasis on value for money and delivering quality public services. Public Private Partnership recognizes that both the public sector and the private sector have certain advantages relative to the other in the performance of specific tasks. By allowing each sector to do what it does best, public services and infrastructure can be provided in the most economically efficient manner².

Typically, public-private partnerships are cooperative relationships involving a public sector partner and a partner not in the public sector, such as a private company, a non-profit organization or an association of citizens. Both partners form a co-operative relationship based on a mutually beneficial agenda that relies on the complementary and diverse strengths of each partner. The nature of their strengths varies. But the strengths are not employed as a form of control or competition, but rather complementary. They may be managerial or

² See the Irish Government PPP, <http://www.ppp.gov.ie/>

financial. In forming these relationships, there is always a potential financial risk involved, which one partner agrees to assume and this is usually the private sector partner, which can cushion it. A relationship qualifies as a partnership if it involves the joint definition of specific goals and a clear assignment of responsibilities and areas of competence between the partners in the pursuit of a common endeavor, which is public good (Jamali & Olayan, 2004). The success of a partnership model is ultimately judged by how positively it impacts the community for whose ultimate benefit it was intended.

In his book “Defending Interests”, Shaffer describes PPP’s as a third form of governance, termed public-private networks. Rhodes (1997) declares that the world has become more complex and governments are delegating traditionally “public” functions to the private sector and western societies are increasingly governed through “*self-organizing inter-organizational networks*” composed of public and private actors pursuing shared goals and maneuvering for advantage. The government’s role has changed and it is less of the producer of goods and services, and more of the supervisor of proxies who do the actual work.

Networks according to Rhodes are not accountable to the state. They are self-organizing. Although the state does not occupy a privileged, sovereign position, it can indirectly and imperfectly steer networks. He outlines three basic characteristics of governance, different from the traditional notion of government

- *Interdependence between organizations*. Governance is broader than governments, covering non-state actors. Changing the boundaries of the state meant the boundaries between, public, private and voluntary sectors became shifting and opaque.
- Continuing *interaction* between network members meant, caused by the need to exchange resources and negotiate shared purposes.
- *Game* like interactions, rooted in trust and regulated by rules of the game negotiated and agreed by network participants (Rhodes,1996)

What advantages do partners seek in engaging in formal partnerships? The public sector generally is focused on public good and so its concern will be mainly improved program management, better service provision, proper allocation of risks responsibilities and operational cost savings ([Pongsiri, 2002](#)). The private sector will ultimately expect a return on its initial investment through reasonable profits and the potential to secure more business and grow.

2.1 The Significance of Public-Private Partnerships

According to the Millennium Development Goals Report, developing countries have invested 4% of national output in infrastructure but 1.1 billion people lack access to clean water, 2 billion lack electric power, 2.4 billion lack adequate sanitation, and 4 billion lack sound sewage disposal. Unfortunately, the poor have tended to bear a proportionately larger burden of these costs. While the tendency has been to search for more money to increase public service and subsidies to benefit the poor, this has not typically been the outcome. For example, public monopolies have delivered limited access and poor quality of formal services to the poorest. Subsidized services have often been consumed by higher income customers. The poor have tended to be limited to costly alternatives including consumption of paraffin which may be 10 times the cost of electricity. And water consumed by the poor from informal vendors may be 20 times as much as piped water. Therefore, lack of money may either be just one of the many problems or simply a symptom of a bigger problem. Other equally potential causes for lack of provision of services for the poor could be limited revenues to improve service due to low tariffs relative to operating costs inefficiency due to high operating costs and poor cost recovery due to government non-payment and unwillingness to cut service. As a consequence, a vicious cycle may arise, leading to further deterioration of services and eventually a financial crisis.

Therefore given limited public funds, PPPs become very critical frameworks within which such projects like infrastructure, access to clean water, electric power, adequate sanitation, sound sewage disposal etc. can be developed and hence reduce the burden of these costs from the poor. The PPP will help mitigate the threat of the vicious circle.

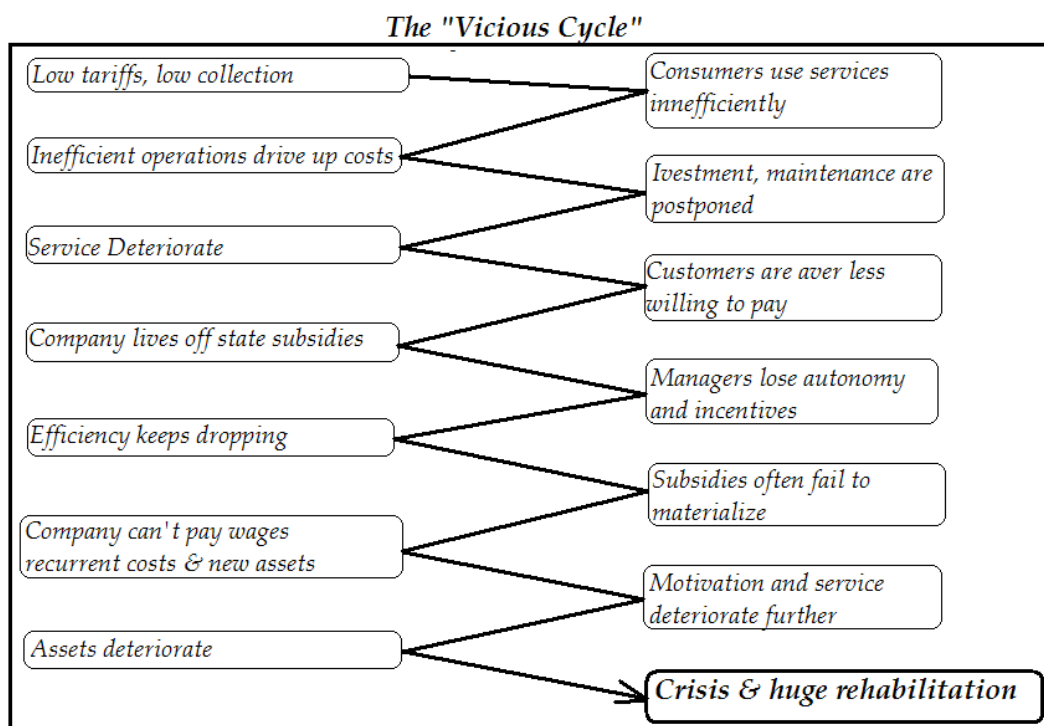
2.1.1 The Vicious Cycle of Service Deterioration

This situation typically results when most public service providers such as utilities are operated without consideration of market principles, especially where there is complacency due to lack of competition. The vicious cycle concept is based on the potential for escalation of public service deterioration of an infrastructure or utility into a crisis with huge rehabilitation cost implications. This may typically be triggered by low tariff charges below market value or poor collections due to inefficient system. Due to low costs, consumers may use the service very inefficiently, for example using clean purified drinking water to water plants. Such inefficient waste would then drive up operating costs which in turn may cause postponement of new investments and maintenance. Without maintenance and new investments to match the growing population, service levels begin to deteriorate. Faced with

poor service, customers begin to resist paying invoices and this forces the company to rely on state subsidies. Since state subsidies come with strings attached, managers lose autonomy and incentives to work hard, which results in further inefficiency. Furthermore, due to inefficiency, state subsidies too may be reduced or cut off leaving the company unable to pay off its wages, recurrent costs and new assets. This sets in a spiral of both service deterioration and asset deterioration that would require huge rehabilitation without any clear source of revenue, not even for operating costs.

As shown in the figure below, given the causal problems of the vicious cycle, logic would require three possible solutions, i.e., increase tariffs, reduce operating costs and improve service. However, to effectively administer these solutions, a variety of structural transformations in the service delivery process may be necessary. These range from minor to radical reforms depending on the level of the crisis and the embedded causal factors. One such transformation is to employ a Private/Public Partnership. The benefits of private involvement include access to capital efficiency incentives resulting from competition and productivity greater accountability (and possibly service reliability) and better know-how due to access to management expertise (and possibly introduction of new techniques).

Figure 1: Vicious Cycle of Service Deterioration



Adapted from the Institute for Public-Private Partnerships

2.1.2 Types of PPPs around the World

According to the Institute for Public-Private Partnership (IP3)³, recent trends show a significant growth in PPPs, especially in areas of infrastructure. For example, there have been more than 500 PPP deals yielding \$100 billion in proceeds, primarily in telecoms and energy. Recent increase in growth of PPP has spread to sectors such as education, health, and water. Similarly, “Tri-Sector Partnerships” (private, public and civil society) have been gaining popularity. While there exist many variants of PPPs, the most typical ones include service contracts, management contracts, leases, concessions and divestitures (IP3).

2.1.2.1 Service Contracts

These are contracts involving provision of services. Their goal is to reduce the cost of non-core services through competition. They are typically run for three years, and for specific tasks such as installing or reading meters, security, janitorial services, collecting accounts etc. For example, in Chile, Santiago de Chile contracted out services equal to 30% of its operating budget with two contracts for each service area for computer services, engineering consulting and network repair, maintenance & rehabilitation. The contracts were to last for three years and to be re-bid.

2.1.2.2 Management Contracts

Management contracts engage a private firm to run an enterprise with the goal of improving management, typically for five years. Compensation includes a fixed fee and/or performance based payments. In this case, the government owns assets and all capital investments while the private operator does the day-to-day management, preventive maintenance, assistance with long range planning etc. For example, in Cambodia, some hospitals were contracted out to an NGO for primary health care for four year contracts in 12 districts. The contractor had full line responsibilities with performance targets in immunization, antenatal care, family planning, services to the poor etc.

2.1.2.3 Leases

Leasing involves temporary ownership of the infrastructure for a fee with the goal of improving performance of the infrastructure and supplementing government funds with limited private investment typically for a period of 8 to 15 years. Compensation includes tariff revenues split between the lessee (operator) and the government. The lessee is responsible for operation, maintenance and collecting of tariffs while the government is responsible for the capital investment. Institutionally, the government transforms a state-

³ See specifically IP3's training manual on strategies and techniques , A Capacity Building Program for the Ministry of Transport, Government of Kenya and also <http://www.ip3.org/index.htm> for more information.

owned infrastructure into an asset holding company (AHC) while the private operator creates a new special purpose company (SPC). For example, in Guinea, there was a ten year lease for water services in Conakry and 16 other cities. SONEG was the state-owned AHC with responsibilities for planning and implementing new investments while SEEG which was 51% privately owned SPC was responsible for operating, maintaining water facilities, and billing customers and collecting charges.

2.1.2.4 Concessions (BOTs)

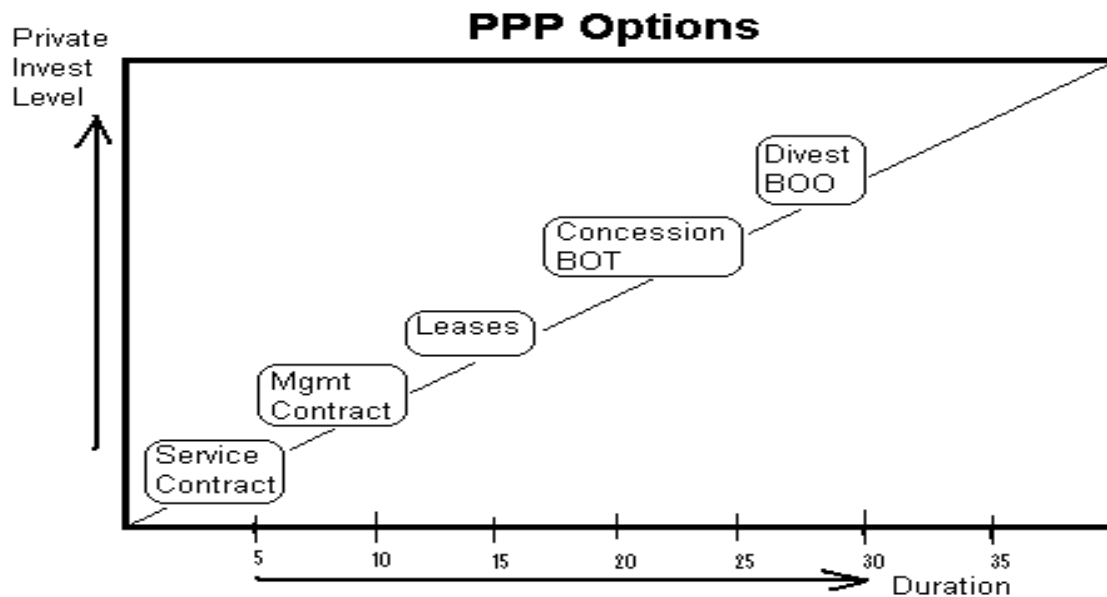
Sometimes known as Build-Operate-Transfer (BOT), this requires the operator to build and operate the infrastructure before transferring. However, there is a difference between a concession and a BOT in that in a concession, the operator inherits an existing infrastructure, while in a BOT, the operator builds a new infrastructure. The goal is to improve performance while attracting private finance. The contract typically runs for 20 to 30 years and compensation is in the form of tariffs collected and is kept in full by the operator. Thus, the operator is responsible for the capital investments, operation, and maintenance while the government retains asset ownership and is also the regulator. For example, in Argentina, the ports were to be decentralized to regional levels and concessions contracted for different ports.

2.1.2.5 Divestitures (BOOs)

This is similar to a Buy-Own-Operate (BOO) since the goal is to transfer government responsibility for service provision and investment to private sector through sale of assets/shares to private owners. Like in BOT/Concession, the difference between the two is inheritance of existing assets versus building new assets. They are typically of permanent transfer or as long as the license lasts. The private owner's compensation accrues from tariffs and the government's only role is to regulate. A good example is Mexico's Telecoms when TELMEX divested through sale of about 20% shares to a new special purpose company (SPC-only Mexican nationals), about 20% to TELMEX employees and 60% sold via world capital markets.

In general, there is a correlation between the type of PPP and the contract duration and the amount of private investments required. The larger the investment size, the longer the duration as shown below.

Figure 2: Correlation of PPP Types and Contract Duration



Adapted from The Institute for Public-Private Partnerships

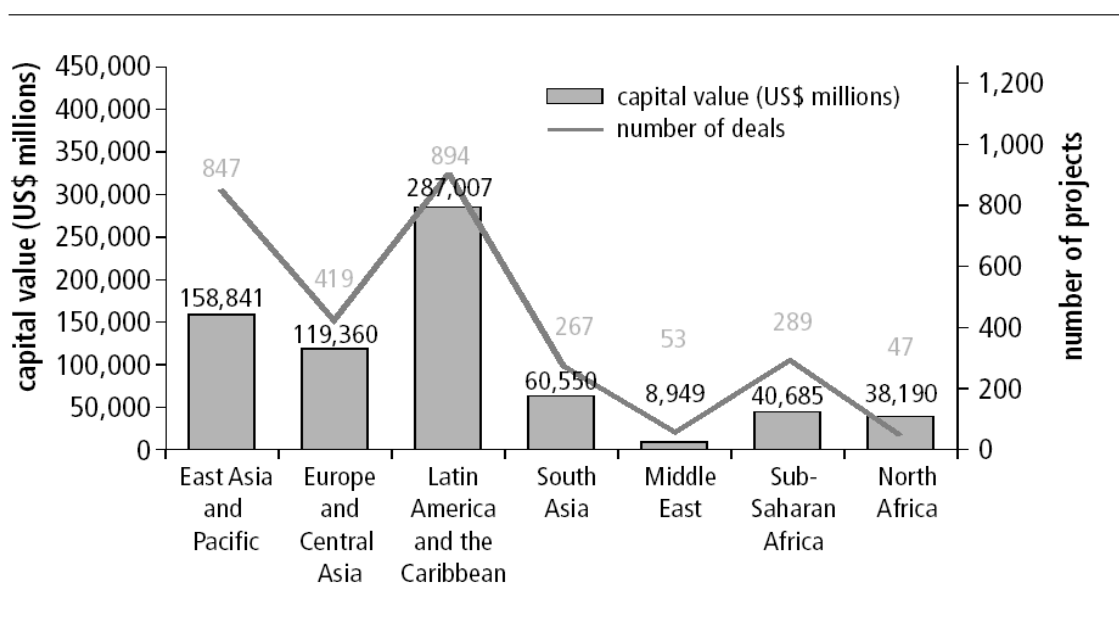
Given the nature and variability of different types of PPPs, there is potential for accomplishing both the PPP process while strategically designing the process to similarly stimulate small and medium enterprises (SMEs). It is therefore being hypothesized that restructuring the regulatory framework and policy orientation at both national and local government levels towards use of PPPs would have several implications to SMEs. Thus, it is hypothesized that:

- In general, a PPP policy would improve efficiency in the public sector
- A strategically designed PPP policy could increase capacity development for local businesses
- In general, PPP participating enterprises would be more likely to grow faster than non PPP enterprises

2.2 PPP Investments in Africa

While Sub-Saharan Africa's share of PPP investments has been growing, a lot needs to be done. In general, Sub-Saharan Africa has fared very poorly except for North Africa and Middle East. As shown in the figure below, the Latin American countries have performed the best followed by East Asia and Europe in both value and number of projects.

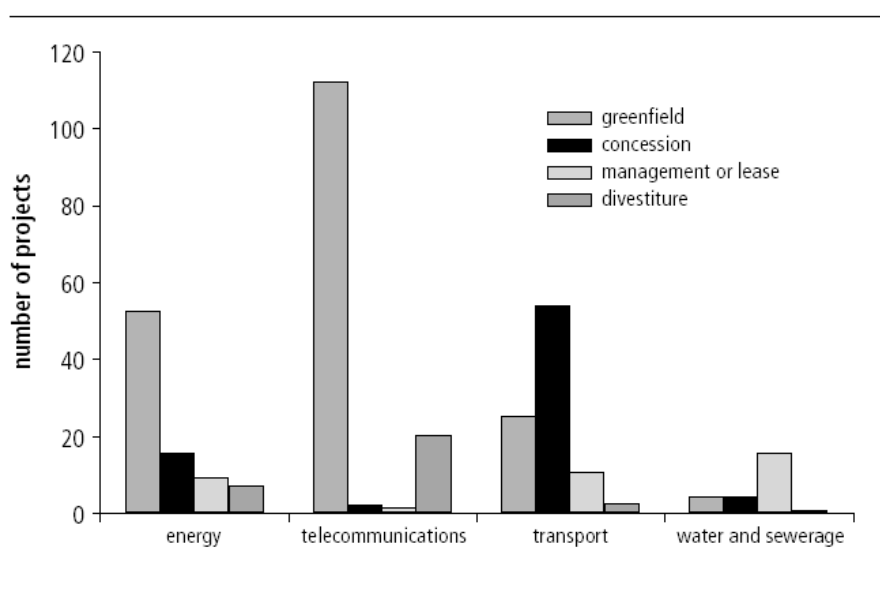
Figure 3: Private Participation in Infrastructure Projects, by Region, 1996–2006



Source: World Bank PPI Project Database

For Africa, the trend of most of the PPP efforts have been felt in the infrastructure sector, The typical PPP infrastructure sectors of the economy include telecommunications at the top, followed by energy and transport, and finally water and sewage. In The transport sector takes the lead in terms of concessions, followed by the energy sector as shown in the figure below.

Figure 4: Private Participation in Infrastructure Projects in Africa, by Sector and Type of Contract, 1996–2006



Source: World Bank PPI Project Database

2.3 Prerequisites for Public-Private Partnership

In developed countries, governments have long acknowledged that the public sector has inherent limitations and cannot be effective in all areas at the same time. And so, routinely, some have turned to the private sector to fund and provide the social programs they cannot afford to provide or are unable to provide efficiently. At various points, they have analyzed their human and capital capacity in projects and services and concluded that in certain developments, the society would benefit more if the private sector played a stronger role. They have then reached out to the private sector through partnership alliances. The next section will discuss the key prerequisites to PPPs, including the role of the private sector, the role of a participative process and the role of leadership as exemplified in the United Kingdom's experiences.

2.3.1 The Role of the Private Sector

For a Public Private Partnership to work, the public sector must first recognize and appreciate the significance of the private sector in contributing towards development. This must also be embedded in the government's strategy to meet its social responsibility to the public at the lowest cost and for the longest term possible. Generally, the underlying motivation for initiating and consolidating public-private partnerships has been the urgent need to protect the public's common future, by promoting sustainable development through actions of social responsibility. This motivation must, however be based on financial and moral considerations. It is generally agreed that, "*sustainable development denotes equity, fairness, and growth...*". As such, the process of public private partnership must, as its goal, reflect equity, fairness and growth. The PPP's are therefore a link between development and social responsibility.

Why is there need to involve the private sector? *Public-private partnerships not only provide governments with a mechanism for financing needed public services at lower costs, they also promote the delivery of higher quality public services. Public need is identified clearly and risk and reward are allocated fairly. Government maintains control of what its best at and forms partnerships to benefit from commercial discipline and greater ability to innovate within the private sector.*⁴

The private sector is also society's greatest beneficiary, in monetary terms. It logically follows that for social cohesion, society should expect more from the sector, in return. From a

⁴ www.cityandfinancial.com

moral perspective business should be expected to assume a central voluntary role in coming up and participating in initiatives to help solve forms of society's problems that aggravate poverty. And nowhere is the problem of poverty graver than in Africa. It is also generally agreed that for "balanced social development and improved governance, it is important to make the private sector aware about its social responsibility" (ADB, 2000). In partnerships, the private sector needs to consider its social responsibility, while the public sector needs to create the appropriate legal and regulatory structures, as well as a democratic and participatory process in decision making (ADB, 1999).

The focus is also on the stewardship of present capital resources with a view to sustaining future qualitative social growth for larger sections of the public, based on a cooperative social agenda. When governments pursue policies that promote PPP relationships, the public is indirectly involved in projects that directly affect them. This also nurtures a cultural attitude of cooperation and common national agenda across diverse income groups for common social good.

Evidence suggests that PPP relationships have the potential to dramatically reduce incidences of social instability borne out of large socio-economic inequities. The deliberate and systematic redirecting of private industry to projects or services that directly or indirectly provide opportunities for the poor to enjoy a better quality of life humanizes the private sector to sections of society that otherwise views them as aloof and uncaring. On the other hand, through opportunities for improvement, the poor view themselves, no longer as socially excluded groups, but as important players in transforming society. This gives them hope for the future, and with hope, the courage and energy to face the future and the possibility of a better quality of life. Through this form of governance the socio-economic inequity agenda can be partially addressed, as this allows for the voluntary and spatial access to capital resources through acts of social responsibility. It also convergences the energies of multiple players and their skills towards a common social agenda, that promotes ..."*equity, fairness and growth...*" within society and as such sustains the common good.

Socio-political agendas involving alliances between governments and the private sector have for many years been developed and implemented successfully in many developed countries, such as Canada, parts of Western Europe and recently in South Africa. It has not been easy. There have been numerous hurdles, such as opposing work cultures of the private and public sector, suspicions, and power struggles. The processes have been tedious and long, but

numerous success stories have cleared underlying ambiguities about public private alliances leading to their general acceptance in the developed world. This has been possible because of the general awareness that the public is the major beneficiary of a well thought out, people sensitive partnership.

Speaking at the 2nd Enabling Environment Conference in Kabul, the Aga Khan called for “a great alliance bringing together government, communities and business to help drive growth...and sustain it... in the developing world”. By growth, his focus was on improving the quality of life of people in the developing world. This he believed could be done only if politicians created an enabling socio-economic and political environment as a first step, thereby creating space for civil society to play its role and for the private sector to come in and share its capacities. This should be within a complementary and not a competitive environment, with the government. One of the chief obstacles to development today is that the efforts of all three sectors are too often scattered and fragmented. Their impacts are therefore minimal without any large scale changes. Africa’s problems are gigantic and require large scale interventions that will have maximum impact on the quality of life. The Singapore government also acknowledges that, in order to realize the full potential of PPPs, it needs to continue to promote dialogue between the public and private sectors, to exchange ideas, share experiences and find appropriate solutions to problems.

2.3.2 The Role of a Participative Process

An open and participative process is an oasis for sustainability of Private-Public Partnerships. It is an engine that spins the wheels of trust, creativity and generation of wealth in a community. What then is participation? Participation denotes a relationship. Fundamental to the successful survival of humanity is the ability to develop and sustain relationships. Individuals function at their best when engaged in mutually beneficial and meaningful interactions. Relationships serve economic, psychological, and emotional needs. Just as individuals depend on relationships for psychological stability, so too do groups and organizations. Poverty within a section of society however disables a community’s relational equilibrium. It creates a discriminatingly uneven power structure that prevents the economically disadvantaged group from fully harnessing available resources and psychologically enriching its sphere of relationships. This creates an opportunity-survival relationship, driven by power and powerlessness.

Clearly developing voluntary working relationships across sectors in society appears to be a

potentially effective option for the developing world to seize in order to help improve the living standards of its people. Relationships are multifaceted and complex by nature. Many variables compete for attention during the initial stages and building of a relationship. These include self-interest, attitude, past experiences, economics, personal perceptions, existing socio-political environments and the communicative culture. Because each partner or group comes with a background of experiences and interests that vary in some aspects from other partners, it is important that effective communication strategies are employed to minimize the differences and focus all attention and energy on the multiple benefits of a common agenda for the common good. How then can we define partnerships and measure their relevance, effectiveness and sustainability?

Organizational partnership is a fluid multidimensional relationship. To keep it cohesive, it must consistently be fed with a communication diet that recognizes and appreciates the value of each partner's contribution to its continued unity and success. Organizational relationships like human relationships are not formed with a view to ending them. As with humans, a lot of investment is put into sustainable relationships with the objective of mutual benefit. The nature of investments could range from emotional to monetary. Sustainable relationships are also not spontaneous creations. Rather, they are the result of a deliberate and systematic thought process motivated by the desire and need to contribute and affect positive change in the quality of life of individuals or a community.

The anchor that stabilizes an effective partnership is communication. Without appropriate communication strategies, differences surface and the common agenda is drowned in a wave of confusion and self-interest. The goal is to explore ways to increase and maintain communication, with eyes fixed on a common development agenda, i.e., governments, civil society and business have to find ways of talking to one another often, as they work to better lives.

What then is communication? Communication is an active and dynamic two way process of sharing meaning through verbal and non-verbal channels. The process begins with a sender whose attitudes, beliefs and value systems having been molded by past experiences, initiates interaction with a receiver, whose perspectives have also been shaped by his or her field of experiences. The sender transmits a message expressing ideas, feelings and hoping to stimulate similar ideas and feelings within the receiver, so that he or she might understand the sender's experience in light of the receiver's own experience. Once the message is received,

communication is determined to be complete if the receiver of a message decodes it into meaning that correlates with the sender's meaning. Verdeber asserts that "*the variable of feedback is fundamental to the communication process...to determine whether communication-stimulation of meaning-really took place*". If, however the feedback indicates that communication was not received or was received incorrectly or was misinterpreted, the sender can send the message again, perhaps in a different way, so that the meaning he or she intends to share is the same meaning received by the listener.

In light of this, communication may be described as a relational, dynamic, multi-coded system, whose effectiveness depends on the interpretation of the cognitive – (a person's beliefs), affective – (a person's feelings of dislike and like) and behavior- (action tendencies or predispositions towards the person) of the sender.

The basic tenet of this book is alliance building and the glue that holds alliances is communication. What then do we need to build alliances for maximum social benefit? This research set out to investigate the dynamics of public/ private sector partnerships (PPP) within a developing country context, in this case, Kenya. One of its areas of emphasis was to dissect and analyze how the relational processes have influenced the creation, development and sustainability of such partnerships.

A review of literature on public-private partnerships and communication shows that successful partnerships have skillfully used communication to breed inclusiveness and promote fairly the advantage factor to all parties involved. In Ireland for example, the education authorities realized that consultation and sharing of information was an essential continuous process in its PPP projects. Communication plans with tangible and realistic objectives were therefore essential. For successful communication, it was essential that:

- The needs of stakeholders on a project were understood
- The expectations of stakeholders and users were managed
- Consultation was undertaken as and when appropriate.
- Stakeholders were informed of developments
- Community needs to private sector were communicated

2.3.3 The Role of Leadership: The United Kingdom's Experience

The United Kingdom government, which considers itself a pioneer in the public-private partnership movement, serves as a model demonstrating a sense of purpose. In mid-1997, Prime Minister Gordon Brown, took policy steps to extensively include the private sector in the UK's development agenda. Brown's government partly based its decision on the realities of the public and private sector experience.

The realities of the private sector market place exert a powerful discipline on private sector management and employees to maximize efficiency and take full advantage of business opportunities as they arise. These disciplines can never be fully replicated in the public sector, since there are a multiplicity of policy objectives, and a more risk averse culture driven in part by the desire to safeguard taxpayers money. Compared to the private sector, therefore, the public sector can be less equipped to challenge inefficiency and outdated working practices, and to develop imaginative approaches to delivering public services and managing state owned assets.

Prime Minister Brown's ultimate goal was the modernization of Britain and PPP's were seen as a key element in the government's strategy for delivering modern, high quality public services and promoting the UK's competitiveness internationally. Between 1997 and 2000 the United Kingdom government entered into partnership with the private sector for 150 projects involving capital investment of over 12 billion pounds and between 2000 and 2003, the UK signed contracts for projects with an estimated capital value of over 20 billion pounds. According to the UK government, PPPs are *"delivering better quality public services, by bringing in new investment and improved management, and are helping state owned businesses achieve their full potential."*

The nature of the collaborations was diverse and covered a range of business structures. Equity stakes were sold to the private sector to help state owned businesses to compete and provide improved services for their customers. Long term concessions were given to the private sector partners to upgrade and modernize the London Underground rail system, and strategic partnerships to outsource services, such as the National Air Traffic Services were created and entered into joint ventures to establish new hospital facilities, schools and prisons.

PPP's evolved out of the success of the Private Finance Initiative, (PFI), created and championed by the government. Based on the PFI, the Brown government was committed and passionate about the ability of partnerships to have a transformative effect on government delivery of services through modernization. As a government, they initiated and championed the process through legislation and dialogue, which facilitated the building of alliances between different sectors. To protect public interest, regulation was legislated and independent regulatory bodies were created. *"This provides assurance to the private sector that the regulatory system includes protection from expropriation, arbitration of commercial disputes, respect for contract agreements, and legitimate recovery of costs and profits proportional to the risks undertaken"* (Pongsiri, 2002). The government's goal was to ensure high standards were maintained, the public got value for money, and that monopoly power was not abused. This was made possible by retaining responsibility and democratic accountability for:

- Deciding between competing objectives
- Defining the chosen objectives, and then seeing that they were delivered to the standards required
- Ensuring that wider public interests were safeguarded

The UK government in reaching out to the private sector through public-private partnerships was guided by themes and principles that sought to meet the needs of customers, protect the wider public interest, allow for greater public accountability, recognize the contribution of staff and provide value for money for the tax payers. These themes and principles were based on a clear sense of purpose which must be guided by a community answering the following questions: what do we want to be; what do we intend to achieve; and what is going to drive us?

2.4 Section Summary

This section began with a review of the historical background leading towards PPP practices in Africa. This included the issues and context of underdevelopment in Africa, specifically focusing on poverty and development initiatives. It also covered previous trends in public resource management issues of concern in Africa including issues of governance and privatization. Thirdly, the chapter presented a survey of attempts towards PPPs in Africa and their pertinent challenges ranging from the African experience in general, to the Kenyan experience and finally to the experiences with the City Council of Nairobi. The chapter concluded with a review of the prerequisites for the PPP concept. This included an

exploration of the role of the private sector, followed by the role of a participative process and concluded with the role of leadership as evidenced by the experiences of the United Kingdom's PPP practices.

3.0 SAMPLE CASE STUDIES OF PUBLIC PRIVATE PARTNERSHIPS

If there was ever evidence that public-private partnerships (PPP) can act as a catalysts for transformative change within African communities, then Kenya is an inspirational example of the latent potential of public-private alliances to improve the business operating environment, elevate the living conditions of communities and provide opportunities for income generation across diverse economic groups. The PPP's fit within the cultural environment of African communities that are fundamentally group oriented and value participation as reflected in problem solving processes involving extended family lineages. However, there is need to strategically use PPPs to also stimulate entrepreneurial interest among prospective entrepreneurs. Thus, taking a PPP perspective in the private sector does not only encourage efficient allocation of public and private resources through leverage and long term capacity development, but also provides an opportunity for innovation and competitiveness. This is because the private sector, especially the Small and Medium enterprises (SMEs) in developing countries may not usually get good opportunities to subcontract with large corporations. It is therefore anticipated that government policies and regulatory mechanisms that encourage a variety of Public-Private Partnerships (PPP) would strengthen local enterprise while at the same time stimulating entrepreneurial interest. PPPs can be a means of leveraging public and private resources to enhance the private sector and thus entrepreneurship. The success of PPP projects depend on their being perceived by prospective entrepreneurs and the public in general as contributing to quantifiable socio-economic benefits for local business capacity development and eventual economic growth. Hence, the goal of this section is twofold: 1) to present sample case studies of PPPs in Eastern and Southern African examples and; 2) to review sample PPP projects based on two related Portland, Oregon projects in the United States that the author was responsible for.

3.1 Sample of African PPP Case Studies

To appreciate the diversity of PPP projects, this study reviewed several case studies of PPP projects in Southern and Eastern Africa. It is anticipated that with the understanding of a variety of PPPs and review of actual samples, there will be more public openness to different PPP concepts and approaches. This section specifically provides a quick survey of sample case studies in East and Southern Africa where PPPs have been employed to not only provide

services, but to also enhance SMEs. These include two samples related to mining ventures in Tanzania and Zambia respectively and two others related to water supply in Tanzania and South Africa respectively.

3.1.1 Kahama Gold Mine – Tanzania

Kahama Mining Corporation Limited (KMCL), a private company operated an underground gold mine south of Lake Victoria in the Shinyanga Region of north-western Tanzania. In 2000 and 2001, KMCL funded the construction of a water and sanitation (watsan) system in the nearby villages of Bugarama and Ilogi. The water system had two aims:

- To provide WATSAN services in new housing stock built primarily for KMCL workers
- To provide the two village communities and KMCL workers in the surrounding communities with better quality communal Watsan services.

It was also the medium-term intention of the partnership to give local residents the skills and capabilities necessary to operate and regulate the WATSAN services themselves and for the scheme to become financially independent. Assets were also to be transferred to the local community. WEDECO, an expert in delivering rural WATSAN services in Tanzania, had a permit to operate and maintain the WATSAN infrastructure and to build local capacity until the point of handover to the community. Thus, KMCL's objectives in forming the partnership were to:

- Provide a sustainable and affordable service to both mine workers and the surrounding community.
- Transfer ownership, funding and management of the water facilities to the community by December 2005.
- Build the necessary capacity in the community to do this.
- Make the WATSAN service financially independent.
- Have KMCL withdraw from the partnership having successfully transferred the system to local hands

3.1.2 Kankola Copper Mines – Zambia

Zambia Consolidated Copper Mines (ZCCM) retrenched a large number of employees from operations that became owned by Kamkola Copper Mines (KCM) and anticipated further retrenchment to transform the operations from the previously over-manned condition to a position where they could become internationally competitive. In the medium-term, some of

the operations were to close as they reached the end of their economic lives and this was to lead to additional job losses at the KCM operations.

In order to lessen the effects of retrenchment, KCM aimed at encouraging retrenched employees to establish their own commercial enterprises or to use their skills to enhance the capacity of established small and medium sized businesses. KCM was committed to developing and implementing a Local Business Development Programme in partnership with local communities and the government. Ultimately, this was with a view of encouraging and assisting the establishment of businesses within the Copper belt and with emphasis on businesses directly or indirectly majority owned by Zambian citizens to supply materials, equipment and services to KCM. The objectives of Partnership included:

- Finding the most efficient use of the available resources, expertise, leadership and opportunities, in the vicinity of KCM in order to promote local business development
- Promoting the provision of supplies and services to KCM and markets elsewhere, both mining and non-mining related by local SMBs
- Developing local businesses and contributing to poverty alleviation in the short- term
- Diversifying the economy of the Zambian Copperbelt in the longer-term.

Objectives for Business development included:

- Establishment of a venture capital facility for small and medium sized enterprises (SMEs)
- Mapping of SME facilitation and capacity building services
- Preparation of a feasibility study to look at the constraints and opportunities for micro-enterprise development in the agricultural sector
- Securing of a 'champion' within central government to further the 'enabling environment' for effective SME development.

3.1.3 Singida Peri-Urban Water Supply and Sanitation Project – Tanzania

Established in mid-2002, Singida Peri-Urban Water Supply and Sanitation Project was a partnership that aimed at providing water and sanitation services (WATSAN) to the peri-urban areas of Singida Town and at building local capacity for delivery and maintenance of WATSAN services. The duration of the partnership was 3 years. The aim of the partnership was to “improve the health status and reduce poverty of the peri-urban population through improved access to adequate and safe water”. Their four key objectives were to:

- Provide WATSAN infrastructure.
- Integrate water, sanitation and hygiene approaches.
- Build and accelerate community capacity and demand.
- Develop local organizational capability.

The project included the formation of local Water User Groups (or WUGs, also considered partners over the longer term). WUGs are responsible for day-to-day operations and maintenance of the infrastructure and they contribute financially to its installation. Private sector organizations have been contracted to deliver other services (such as drilling). Many of the partners are local and build on existing assets and local capacity.

3.1.4 Eastern Cape & Northern Provinces Water Project - S. Africa

The BoTT (Build, Operate, Train, Transfer) was a public-private partnership - whereby scheme funding was from the public sector & private partners undertook project implementation. The BoTT aimed at building up capacity within institutions, communities and councils in order to pursue an integrated and participatory project development approach. A ‘one-stop shop’ capacity was created via a consortium of service providers with expertise in five key disciplines: design, construction, operation and maintenance (O&M), on-site sanitation, and Institutional and Social Development (ISD).

Upon its creation in 1994, the Department for Water Affairs and Forestry (DWAF) assumed control of Water and Sanitation in the former black homelands with the goal of transferring the national government’s responsibilities to local government. It funded construction and approved projects. The Project Implementing Agencies (PIAs) were contracted to DWAF. Individual organizations within the PIAs were to win spin-off contracts and had to be specialists in one of the five disciplines that had been predetermined.

Stakeholder involvement was facilitated by Mvula in the Eastern Cape, and by private sector partners in the Northern Province which evolved into a Water Committee that ran the system. The Mvula Trust also worked on ISD implementation with sub-contractors (Amanz'abantu) and ISD strategy and quality control (Metsico). Communities selected a representative for Project Steering Committees (PSCs) and Project Working Committees. They also contributed labor, operated and maintained schemes and set user fees. Community labor was used for construction and there was training of plumbers, operators, and revenue collection officers.

The overall aim was to harness the comparative advantages of each sector, to provide a

holistic ‘drop-down’ structure that can deliver rapid, yet sustainable, W&S solutions in poor rural areas. However, there were also three types of partnership objectives:

- The contractual relationships between DWAF, local governments, the PIAs and the communities
- The working relationship within the PIAs between private sector firms and Mvula
- The project implementation partnerships of the private sector, Mvula (and various sub-contractors) with communities and / or local governments

3.2 The Portland (Oregon) Urban Transport Related PPP Projects

This sample case study has been selected for two reasons. First, it is based on the urban environment with a focus on urban transportation. Secondly, the PPP projects were led by the lead project investigator of this study. The case study outlines process through which the project was prepared and implemented, including research and review of similar projects.

It had been clear that various transit agencies in North America had creatively attempted to not only increase the variety of services they provided, but had also advocated for other transportation options and more transportation choices. They had, with a good measure of success, called public attention to the concept of modal choices, along with non-transit options such as land use, telecommuting, alternative workweek etc, which had positioned them as both impartial and responsive stewards for the greater public good. At the time, legislations such as the 1991 ISTEA and the 1998 TEA21 that required transportation planning to comprehensively include all transportation alternatives had further enhanced the trend. Unfortunately, the major debate among supporters of public transit tended to oscillate between (BRT) and light rail⁵. This pattern reflected one previously imposed on transit by transportation planners and engineers whose earlier focus was on road capacity⁶. This Portland project challenged this trend by not only looking at opportunities for service options, but also engaging PPPs in the provision of transit service.

3.2.1 Shuttle Service Operations

The operation of shuttle service systems in the United States was partially based on the 1990 Americans with Disability Act (ADA), whose passage ushered in a flood of para-transit

⁵ As the Portland Metro area approached a vote for their third LRT project, one of the challenges that transit advocates faced was a philosophical split between those who argued for improved bus service and those who wanted light rail. Unlike the King Solomon case, by the end of the day, those on the north end got the interstate light rail and those on the south found themselves with improved bus service in McLoughlin corridor and a further study with BRT at the top of options being considered.

⁶ Weiner, Edward, Urban Transportation Planning in the United States: An Historical Overview, points out that the when urban travel surveys were initiated out of the 1944 Federal Aid Highway Act, the data was primarily “used in the planning of highway facilities, particularly expressway systems, and in determining highway features”.

services. This also opened up wide opportunities for transit agencies to subcontract services with the private sector. Since then, several shuttle services were initiated, ranging from contracts for elderly services to contracted vanpool services for commuters. In some cases, transit agencies partnered with private institutions such as Transportation Management Associations (TMAs), Commuter Assistance Programs (CAPs), and large businesses to provide shuttle services. But the major push was the Job Access program, which was closely associated with the 1998 TEA21 legislation. Apart from targeting poorly served niche markets previously overlooked by transit service agencies, the program went to great lengths to emphasize the need for collaboration⁷:

The Job Access and Reverse Commute grant program is intended to establish a coordinated regional approach to job access challenges. All projects funded under this program must be the result of a collaborative planning process that includes states and metropolitan planning organizations (MPOs), transportation providers, agencies administering TANF and WtW funds, human services agencies, public housing, child care organizations, employers, states and affected communities and other stakeholders. The program is expected to leverage other funds that are eligible to be expended for transportation and encourage a coordinated approach to transportation services.

While this trend was impressive and appeared promising, there were still a lot of untapped opportunities. The potential for partnerships with taxi providers and consolidation of duplicative shuttle services provided by hotels in common service areas still existed. Therefore, these two projects involved two opportunities for transit agencies to engage with taxi service providers and to consolidate hotel shuttle services respectively.

The first project was based on a set of three pilot projects using taxi shuttles to complement existing transit service. While the results were inconclusive due to a short operational period, the projects showed great potential. Data from the oldest of the projects indicates ridership remained high, the cost per ride was competitively low and an overwhelming number of customers were satisfied. The second case study was based on the potential for public and private partnership to integrate existing shuttle services especially in areas overcrowded with duplicate shuttles such as airports. Even though this latter project was still in progress, lessons so far learned are critical for future applications.

⁷ See <http://www.fta.dot.gov/wtw/jarcgfs.htm> also <http://www.fhwa.dot.gov/tea21/h2400iii.htm>

3.2.2 Portland's Tri-Met Taxi Shuttle Service

The final program that Tri-Met implemented was a hybrid of both the Virginia and San Diego examples above. While the scopes of the three-taxi shuttle projects that were eventually implemented over time varied according to unique local interests and characteristics, each appeared to enhance commute choices, service efficiency and above all, operated by a private contractor.

Table 1: Tri-Met's Taxi Shuttle Projects by March 2001

	Project	Target Population & Performance	Key Project Objectives and Scope
1	1998 Cedar Mill Shuttle	Affluent Residential Excellent \$4.20/BR \$3.00/BR (peak)	-Local circulation between home and service centers. -Contract of two vehicles initially (two vans in 2 nd contract) with Sassy's cab company to service the neighborhood. -Access to transit center to connect with bus and rail. -Same fare instrument transferable to bus and rail. -Mutual agreement between union and management on key conditions. -1 year pilot project, renewed for 18 months to a maximum of 36 months.
2	1999 Columbia Corridor	Industrial Employment Corridor Average \$6.80/BR	-Access to jobs from bus and rail transit center. -Contract of one van with Sassy's cab company to serve an employment corridor. -Same fare instrument transferable to bus and rail. -Mutual agreement between union and management on key conditions. -Pilot project until the opening of airport LRT in the corridor.
3	2000 St. Johns Connector	Low Income Residential Promising \$5.68/BR	-Access to transit center to connect with bus. -Contract of one vehicle with Green cab for 8 hours of peak period service from a low-income apartment complex. -Same fare instrument transferable to bus and rail. -Mutual agreement between union and management on key conditions. -6 month pilot project, renewable for another six months depending on ridership performance.

The contracted taxi shuttle service accomplished a number of objectives, both intended and unintended.

First, the local small taxi company that received the contract was bolstered to be competitive with the other two major taxi operators in the city.

In terms of improved service, the taxi shuttle made it possible for people in the Cedar Mill

area to try transit. Because of the street network and their negative attitude towards a large bus in their neighborhood, the taxi service provided a competitive option to SOVs.

The taxi shuttle also proved to be financially competitive with a cost per ride lower than several of the existing routes (the goal was to be at par with express routes)⁸. Also, because of the low numbers of potential riders, using a taxi shuttle in all the three locations saved a bus that could be deployed somewhere else. It is also possible that new riders on the taxi shuttle became new transit riders contributing towards ridership on existing service⁹.

The greatest impact was on mobility and accessibility especially for the St. John's and Columbia corridor taxi shuttles. Both did not have close by transit service and since the majority were from low-income households (St. John's Shuttle) or worked in low paying jobs (Columbia Corridor Shuttle), they did not have other alternatives.

Other unintended effects included customer satisfaction with the service and insights on operational design. Cedar Mill residents overwhelmingly gave high marks for the service, especially for the drivers, and indicated the shuttle was building strong relationships of "a community" among users. It was also found that use of a cell phone by the vehicle operator to allow a direct request by passengers was much more practical (up to a certain threshold) than relying on dispatch service. As a result of the pilot project, several other communities in the area welcomed consideration of other options besides a regular bus service.

3.2.3 The Integrated Shuttle Service Concept

The other project focused on the potential for partnering with hotel shuttle providers, especially at the airports to consolidate services while avoiding duplication with the public sector and hotels. While the economies of scale from an integrated shuttle service made common sense, fundamental barriers lurked in the hotel shuttle service industry ranging from underestimation of costs to trust issues. Similar to the taxi shuttle service discussed above, this concept offered the potential for choices, efficiency and private partnership. This was especially true in a corridor with several competing shuttles.

Service consolidation made increased frequency possible and enhanced convenience, making it as competitive and attractive as an SOV. By combining the fleet, vehicles and labor were

⁸ The 1999 data showed the cost per hour at \$26.76, cost per mile at \$1.82 and cost per ride at \$5.57. Since then cost per ride has declined to \$4.20 per ride today (\$3.00 per ride during peak period).

⁹ A March 1999 user survey revealed that if the taxi shuttle was discontinued, 18% would drive, 4% would not make a trip and 8% checked other (excluding use of P&R and carpool).

to be utilized to their optimal levels.

While it was easier to understand the efficiency arising from savings on fixed costs, often times, inherent variable costs were never well understood and therefore never included in the hotel's actual cost which would have revealed some of the inefficiencies in their systems. For example, most hotel shuttle providers did not accurately reflect their operating costs for shuttles because some costs were lumped with other hotel operating costs e.g., security personnel driving the vehicle, janitors washing the vehicle, the gas bill lumped with gas bills for other non-shuttle vehicles, an umbrella liability insurance and several other unaccounted shuttle costs.

Similarly, the indirect impact of integrated shuttle service on the transportation system in a corridor was to be very significant especially by reducing congestion and other indirect costs. The public generally pays for indirect costs arising from pollution and congestion at the airports including limits on spaces for taxi service and at worst, limited space for public transit.

3.2.3.1 Previous Experiences

Heathrow's Airlinks Hotel Hoppa shuttle service in London is a good example of a large conglomerate that had consolidated a majority of transportation services at the airport under one roof. The Hotel Hoppa served three airport terminals connecting them with 11 hotels (as of April 2000). The Hoppa provided transportation between Heathrow airport and the hotels in London making it unnecessary for most hotels to operate a fleet of shuttles to the airport¹⁰. Edmonton Airports Sky Shuttle was another example. The service grew out of a partnership between the airport, hotels and Laidlaw transit to offer service between the airport and participating hotels. Interested hotel managers who wanted to cut down their operating cost got together to start the shuttle service. With 6 participating hotels as of July 2001, the partnership shuttle offered free rides to hotel guests to and from the airports¹¹. Ridership grew from 38,049 in 1995 to 150,000 in 1999¹².

¹⁰ See site, <http://www.airlinks.co.uk>.

¹¹ See site, <http://edmontonairports.com/gtr/hotels.htm>

¹² According to their May 18, 2000 briefing, ridership has grown as follows: 38,049 (1995), 52,704 (1996), 130,277 (1997), 140,225 (1998) and 150,000 (1999).

3.2.3.2 Tri-Met Integrated Shuttle Project

While this project was still in progress, it was still instructive in terms of potential opportunities and challenges. This project attempted to develop a partnership that included the transit agency, a local TMA, and local shuttle providers (mostly hotels at the airport). The reasons underlying the projects were twofold: first, the corridor had several hotels running several shuttles almost empty (average of one ride per trip according to one study by the Port of Portland). The Port too was running its own employee and customer shuttle program from their parking lots. Together with Tri-Met buses, taxis, and several other private and public vehicles, the growing airport would have eventually been choked by heavy traffic, each with just a few passengers per vehicle.

Second, Tri-Met and the Port of Portland were partnering with the City and a private developer to build Airport Max light rail. This was, on one hand, to serve as the main spine from which to provide more flexible services. On the other hand, its existence would have made it inefficient to run a duplicate large bus service within the same corridor. To optimize the resources, smaller flexible vehicles were to serve as feeders while existing Tri-Met service resources were to be reallocated. Some of the savings were to be contributed towards the shuttle partnership with the remaining applied towards other transit needs. The anchor for such a partnership was the Columbia Corridor Association TMA. A summary of the major activities/findings and steps towards a consolidated shuttle service are listed below.

Tri-Met worked with the TMA to fund a study on the potential for service consolidation. The consulting firm collected an inventory of shuttle services provided by hotels, the Port of Portland, rental car companies and park & fly companies. The surveys also included gathering information such as operating cost, ridership, routing patterns, and factors important to their decision to, or not to, participate in a consolidated shuttle program. Operational scenarios were developed based on the information gathered. Discussions of scenarios, issues, and data gathered throughout the survey were held with target participants.

While the study was completed in early 2001, the following developments were evident:

- There was potential for the success of a consolidated shuttle service to work and such a service concept was more effective than the existing multiple service providers in the airport corridor
- It was clear that there were inherent major hurdles and the program needed to be implemented in piece meal steps to allow for a smooth transition and for a few

champions to provide a model for others to follow

- The study revealed that because hotel shuttles were an insignificant piece of hotel services, their costs were not closely scrutinized and therefore hotel shuttles did not reflect their full cost of operation
- Some of the hurdles in evidence included hotel identity, a limited threshold for the number of stops, and potential for most customers snatched at the first stop

The study also suggested some remedies to be:

- A larger initial public funding to help ensure the success of the private partnership
- A unique name for the shuttle that would promote the whole hotel system
- A promotional strategy that would position corridor hotels as more preferable than downtown hotels with convenience to amenities (Cascade Station Development) and light rail to anywhere in the region
- A central information center at the luggage area, possibly integrated with MAX light rail customer service, prime pick up/drop off location at the airport, and limited number of stops for each trip

3.3 Summary of Section

This section has provided some background perspectives about the nature of Public-Private Partnerships (PPPs) along with the potential for enhancing development of small to medium enterprises (SMEs). In the case of the African case studies, it was evident that these projects served as a good basis for entrepreneurship. In the case of the Portland project, this study argued for the need for public entities such as transit agencies to not only consider and evaluate other transit options at the same level evaluate bus and rail options, but to also seriously consider potential for private/public partnerships. It was clear from the two case studies that the use of taxi shuttles had potential for promoting private participation and increasing transportation choices, efficiency, and public value in the form of access and mobility. Also implicit in these projects was the role played by legislations such as ADA, ISTEA, Welfare Reform Act, and TEA21 to influence the direction of transit agencies.

4.0 METHODOLOGY AND SCOPE OF THE STUDY

While the scope of this study was to cover a sample of partnership projects within the city of Nairobi, specifically those between the private sector (profit and nonprofit) and the Nairobi City Council (NCC), in some cases, other partnerships with the national government ministries were also included. The study was divided into three phases: 1) identifying and documenting increased and sustained alliances between different public and private interest groups and local authorities for service delivery and project implementation; 2) documenting different effective communication strategies that will promote dialogue between the city and its citizenry and businesses, and; 3) recommending and disseminating information on the framework for the restoration of Nairobi's image into a world class city through increased dialogue and public-private partnership.

4.1 Research Design

The research design for this study was to use a documentary case study method. This primarily relied on a descriptive approach but with some exploratory aspects in terms of identifying factors for content analysis. Thus, while this study used a qualitative method, content analysis was used on the interview scripts to develop a matrix table showing some quantitative assessments. Qualitative research was the best method for investigating complex and sensitive issues related to feelings and opinion that required descriptive detail. This research used both primary and secondary sources of data and information. The primary source of data included direct structured interviews, structured questionnaires and unstructured interviews (including a snowballing method) and focus group discussions. Since the nature of the questions were both exploratory and descriptive (what, when, how), the use of qualitative research methodology in the form of a documentary case study design was employed.

A documentary case study methodology is useful in capturing "the actors' viewpoint", societal contexts and dynamics in regard to the political and socio-economic environment. The strength of the documentary case study method is valuable in the possibility of combining different evidence resources including historical documents, interviews, and observations to conduct in-depth inquiry into public private partnerships involving a large number of variables and a limited number of cases in order to arrive at our research objectives.

4.2 Population and Sampling

Altogether 17 case relationships or partnership projects in Nairobi have been studied. While the majority was primarily involved with the Nairobi City Council, two of the partnership projects involved national government ministries (Ministry of Health, and Ministry of Public Works) on projects within the City of Nairobi. The participants included:

- Public/Private Enterprises (by Adopt A Light, City Clock, Nakumatt)
- Public/Private Projects (by NCBDA, Ministry of Transport, Athi River Mining/Rd, Athi River Mining/Energy, NCC/Environmental, NCC/)
- Public/Private Utility Services (by Amref Toilets, Amref Health)
- Civic Associations (KARA),
- Environmental Efforts (Nation Media Group).

4.3 Data Collection Method & Process

The study used guided and open ended interviews with ‘key players’ (owners, CEO’s or top management of the target organizations) in private sector organizations and those in public sector organizations who were involved in policy making and regulation as well as focus group discussion workshops. The use of multiple methods for data collection was aimed at ensuring reliability and completeness of the study. The process involved the development of an interview instrument, scheduling for appointments, and traveling to participant sites for interviews. The interviews were held with the owners of the organizations or top management since the study wanted not only to discuss activities, but also strategic decisions. In some cases, follow ups were made either because new developments required it or certain information was not available at the first interview. Once the data had been collected, it was compiled in form of interview scripts. Further data was also collected through focus groups. Thus, once the draft report had been produced, respondents were invited to a session where findings were shared, and discussions held. Their ideas were recorded for inclusion into the final report.

All notes, documents and interview scripts were maintained for review and reference by those interested in tracing the chain of evidence.

Upon completion of the preliminary analysis and development of a draft report, two follow up focus group discussion workshops were held with private sector stakeholders and two others with city council officials for each to respectively validate findings, substantiate outstanding issues or provide further insights. These workshops also formed the foundation

on which to discuss and entrench the concept of public participation process.

4.4 Data Analysis Method

A detailed analysis of developments in several alliances was carried out to sort out what factors had fostered and sustained public private relationships and factors where the relationship had not been sustained. What strategies had worked against formation of multi sector alliances and continued strained relationships. A content analysis was used to allow for quantification of feedback from interviews. This was done at three different levels, i.e., general analysis of responses, analysis of success factors, and analysis of failure factors as follows.

4.4.1 General analysis of responses

This involved identification of key factors of interest that were imbedded in the interview questions, e.g., initiator of partnership, activity goal, why partnership, stakeholders, the agreement, challenges and mitigation. A matrix table was therefore created with columns representing participating partnership projects labeled at the top while the key factors from the questions were represented on the left side by the rows. Subsequently, from each of the interview responses to the questions, frequent descriptors or phrases were identified and listed within respective categories. For example, under the initiator of the partnership question or category, the descriptors were private, government or other. Once this was completed, each interview script was read with the goal of identifying the presence of the descriptor and entering a one (1) in the respective column on the matrix table whenever it was found. When this was completed, one tally was made in the last right side column for each descriptor, while another was made for each respective partnership project at the bottom of the matrix table. These tallies were then compared for presentation of key findings.

4.4.2 Analysis of Success Factors

The study also wanted to do an analysis of the distribution of factors cited in the interview script as contributing to the success of each partnership project. Almost a similar approach as described in the previous section was used except that in this case, the review did not attempt to categorize descriptors by interview questions. It simply involved identification of descriptors of success from the interview scripts. Once this had been done, a table matrix was again created with the descriptors in rows on the left side while partnership projects were again in columns at the top. Interview scripts were read again with the purpose of recording the frequencies of each descriptor appearing under respective partnership activity. When this

process was completed, one tally was made in the last right side column for each descriptor, while another was made for each respective partnership activity at the bottom of the matrix table. These tallies were then compared for presentation of key findings.

4.4.3 Analysis of Failure Factors

The final set of analysis reversed the focus of the previous analysis and instead attempted to examine the distribution of factors contributing to the failure of each partnership project. In this case, the analysis involved identification of descriptors that had been mentioned as contributing to failure of the partnership project from the interview scripts. Once again, a table matrix was created with the descriptors in rows on the left side while partnership projects were in columns at the top. Interview scripts were read with the purpose of recording the frequencies of each descriptor appearing under respective partnership activity. When this process was completed, one tally was made in the last right side column for each descriptor, while another was made for each respective partnership project at the bottom of the matrix table. These tallies were then compared for presentation of key findings.

4.5 Public Participation Framework

Phase two of the project focused on the development of operating guidelines for forming and managing partnerships and a framework for a participative process. Therefore, as part of the research design for the phase two, this study also; 1) developed partnership operating guidelines, and 2) developed a framework for public participation process.

4.5.1 Partnership Operating Guidelines

AQ focus group discussion forum was held at City Hall with stakeholders where draft findings of the study shared and discussed. Ultimately, a feedback loop was initiated to review the findings and develop partnership operating guidelines.

4.5.2 Framework for Public Participation Process

The study also developed a framework for public participation process based on projects which the Principal Investigator (PI) worked on as a planner in Portland, Oregon, and his research in the area as shown by excerpts below from a paper he presented at an international conference in Cleveland, Ohio in 2001.

....*Public involvement is a two-way communication process between citizens and the government. Transportation agencies and other officials give notice and information to the public and use public input as a factor in decision-making.* In their handbook for Median Projects, Williams and Marshall put it more precisely: *Public involvement implies a role for the public in agency decision-making. It goes beyond informing the public or allowing an opportunity to comment...it also requires a mechanism for responding to public concerns or ideas*".

A casual review of recent trends indicates a growing sophistication of research statements. Some of the obvious topics include but are not limited to:

- *The measurement of effectiveness*; Dilley and Gallagher (1999), Keever and Lynott (1999), Bell (1998).
- *Innovativeness of the process*; Ingram and Lorenz (1999), Yoshioka (1999), and Ziegler (1997).
- *Significance of the process*; Haruo (1999), Molenkamp (1999).
- *Useful tools*; O'Dowd (1998), Gallagher (1997), and Dulic (1997).
- *Applicational techniques*; Shoemaker (1998), Bates and Wahl (1997), O'Connor (1996), Schwartz (1996), O'Dowd (1996) and Boyd and Gronlund (1995).

Most of these principles can be subdivided into two major strategies, i.e., process oriented and personal relation oriented strategies (Williams, 1999)

4.5.3 Process oriented strategies

These include: 1) satisfying process values, 2) involving stakeholders, 3) starting early to allow enough involvement, 4) clarifying parameters of project decisions, 5) maintaining continuity of involvement, 6) not letting a controversial decision slip by the public, 7) proving to the public that their concerns will be addressed, and 8) achieving a clear resolution and providing prompt feedback.

4.5.4 Personal relation oriented strategies

These include: 1) striving for consent, not consensus, 2) building trust and enhancing relationships, 3) seeking to clearly understand public concerns, 4) presenting your position from a listener's frame of reference, 5) clearly establishing need for project, 6) affirming or acknowledging the other side, and 7) avoiding hasty commitments.

4.6 Dissemination of Results

The final phase of the study involved the dissemination of results to various stakeholders. The project schedule and dissemination plan includes; 1) holding focus group workshops with City Hall and Stakeholders to discuss findings and techniques in public participation, 2) presentations at public forums, locally and regional (E. Africa) and international conferences, 3) use in university courses and libraries, and 4) contributing a chapter in a book on “Urban Development Strategies in the Context of Developing Countries”.

4.7 Summary of Section

The section covered the research methodology process. The process was subdivided into three categories. The first category involved methodologies for identification and documentation of increased and sustained alliances between different public and private interest groups and local authorities for service delivery and project implementation. The second category revolved around the process of documenting different effective communication strategies in terms of public participation process that will promote dialogue between the city and its citizenry and businesses. The last part of the section provided a process for disseminating information on the framework for the restoration of Nairobi’s image into a world class city through increased dialogue and public-private partnership.

5.0 RESEARCH FINDINGS AND ANALYSIS

This section sheds light on the nature of PPP’s within the capital city of Nairobi, Kenya. It uses a case study research to analyze factors that have led to the inclusion of PPP’s within the development agenda of local authorities within the city. Thus, the research aimed at doing a documentary case study of the partnership and developing a framework for enhancing partnership strategies in the city of Nairobi. It outlines the success factors required for successful implementation and sustainability of PPP’s within the Kenyan socio-economic and political context and also identifies the failure factors within the same context. The case study initially focused on gathering information and data about successful partnership projects in Nairobi, and analyzing and documenting the factors that lead to successful and sustainable partnerships. The research also sought to gather data on unsuccessful partnerships showing what variables work against the formation of partnerships. This was expected to bring together social and economic local context factors for specific public private partnerships.

While the study initially targeted to collect data on 15 projects, it collected on 13 projects including 12 from primary sources and one from secondary data (Adopt A Light was

unavailable for primary data collection). The 13 projects fell into the following groups: 1) Public/Private Enterprises (by Adopt A Light, City Clock, Nakumatt); 2) Public/Private Projects (by NCBDA, Ministry of Transport, Athi River Mining/Rd, Athi River Mining/Energy, NCC/Environmental, NCC); 3) Public/Private Utility Services (by Amref Toilets, Amref Health); 4) Civic Associations (KARA); and 5) Environmental Efforts (Nation Media Group). After a review of results with stakeholders, more organizations were recommended for interviews including Ecotact, Emirates Neon Group (ENG), Ministry of Local Government, and the Ministry of Nairobi Metropolitan Development for a total of 17 organizations. The details of each interview script have been archived for future comparative study.

While this study used a qualitative method, content analysis was used on the interview scripts to develop a matrix table showing some quantitative assessments. Content analysis was necessary to allow for quantification of feedback from interviews. This was done at three different levels; 1) general analysis of responses, 2) analysis of success factors, and 3) analysis of failure factors.

5.1 General Analysis of Responses

5.1.1 Design of the Analysis

To be able to develop a quantitative analysis, a content analysis was used. This involved identification of key factors of interest that were imbedded in the interview questions, e.g., initiator of partnership, activity goal, why partnership, stakeholders, the agreement, challenges and mitigation (see appendix table 1). A matrix table was therefore created with columns representing the names of participating partnership projects labeled at the top while the key factors from the questions were represented on the left side by the rows. Subsequently, from each of the interview responses to the questions, frequent descriptors or phrases were identified and listed within respective categories. For example, under the initiator question or category, the descriptors were private, government or other. Once this was completed, each interview script was read with the goal of identifying the presence of the descriptor and entering a one (1) in the respective column on the matrix table whenever it was found. When this was completed, one tally was made in the last right side column for each descriptor, while another was made for each respective partnership activity at the bottom of the matrix table. These tallies were then compared for presentation of key findings.

5.1.2 Presentation of Key Findings

In the analysis of responses from participating organizations, certain patterns seem to emerge. First, in terms of who initiated the partnership, most of them were by the private sector (8 out of 13), as compared to 4 out of 13 which were initiated by a governmental entity (national or local). As for the goal of forming a partnership, there was no clear factor except that provision of public service was mentioned 4 times compared to support for community which was mentioned 3 times. In terms of why the organizations entered into partnership with government, 5 of them indicated that the activity demanded government participation and was closely followed by cost saving and strategic reasons both of which were mentioned 4 times. However, much clearer distinction was evident in the constitution of stakeholders in the partnerships. The two key stakeholders were governmental entities and local private organizations. These two were mentioned 12 times as compared to international agencies that were mentioned 6 times and foreign NGOs mentioned only 2 times.

Most of the agreements were through a formal contract (mentioned 8 times) and collaborative (mentioned 7 times). MOU was mentioned only 3 times. While the spread of challenges facing the partnerships was fairly distributed, bureaucracy and unilateral decisions by a governmental entity were both mentioned 4 times each, while contract disputes and lack of legal structures were mentioned 3 times each. When asked how they mitigated such challenges, of the 8 organizations which responded, 4 of them indicated that the problems still continue, while 2 arrived at a mutual agreement and one used a court settlement.

5.1.3 Analysis and Implications of Findings

In general therefore, an average public-private partnership among the participating organizations was initiated by the private sector with the goal of providing public service and typically the partnership required participation of a governmental entity. Most of the participating stakeholders were local private sector organizations and the agreement of partnership was either by formal contract or simply ongoing collaboration. Their major challenge was unilateral decisions by the governmental entity and the problems seemed to continue without much effort made to mitigate the challenges faced. Some of the least likely situations included initiation of partnership by simply joining an existing partnership, partnering for the purpose of generating more revenue, involvement of foreign NGOs, provision of public service for profit and the least of challenges being law suits which as would be expected results in the least mitigation option being court settlement.

It therefore appears that there is need for governmental entities to be proactive in initiating PPPs especially given that most PPP are initiated for the purpose of providing public service. There is also need for governmental entities to avoid making unilateral decisions and to embrace a participative approach, to encourage foreign organizations, especially foreign NGOs to participate in local PPPs, and to develop mechanisms for mitigating challenges to put closure to problem areas.

5.2 Analysis of Success Factors

5.2.1 Design of the Analysis

The study also wanted to do an analysis of the distribution of factors cited in the interview script as contributing to the success of each partnership activity (see appendix table 2). An approach similar to that described in the previous section was used except that in this case, the review did not attempt to categorize descriptors by interview questions. It simply involved identification of descriptors of success from the interview scripts. Once this had been done, a table matrix was again created with the descriptors in rows on the left side while partnership activities were again in columns at the top. Interview scripts were read again with the purpose of recording the frequencies of each descriptor appearing under respective partnership activity. When this process was completed, one tally was made in the last right side column for each descriptor, while another was made for each respective partnership activity at the bottom of the matrix table. These tallies were then compared for presentation of key findings.

5.2.2 Presentation of Key Findings

When factors that enhance success were isolated for analysis, several patterns emerged. Of the 25 predetermined success factors for initiating or enhancing partnerships emerging from the responses to the interview the most frequently mentioned were high (risk) cost of the project and the private sector initiative both mentioned 11 times, and shared interests in the projects were mentioned 10 times. Other success factors that were frequently mentioned were formal contract agreement and local context strategies which were mentioned 9 times each, while honoring the contract, consultative process, good organizational reputation and history of project success were each mentioned 8 times. Ironically, the least mentioned factors for success seemed to be legal related including supportive legal structures and government procurement laws both of which were only mentioned twice, while contract transparency was mentioned 3 times.

5.2.3 Analysis and Implications of Findings

In general therefore, the factors that were more likely to be associated with success of the partnership were the presence of high cost for the project, private sector initiative, and shared interest in the project. Similarly, the factors that were least likely to be associated with success were legal in nature, including supportive legal structure, government procurement laws and contract transparency.

One of the implications therefore is that a typical project that is most likely to succeed would be one where the costs are too high (relative to benefits) for an individual organization to go at it alone; it is initiated by the private sector, and participants have shared or vested interest in the project. Those that are susceptible to fail would be in situations where the legal structure is wanting, such as lack of supportive legal structure, poor procurement laws and no contract transparency. Similarly, while it is important for governmental entities to support partnerships where there is an established framework or effort to alleviate the problem, there is even more needed to strengthen partnerships where there was less governmental structure or effort, and especially where the private participants in the partnership may have appeared antagonistic to the situation.

5.3 Analysis of Failure Factors

5.3.1 Design of the Analysis

The final set of analysis reversed the focus of the previous analysis and instead attempted to examine the distribution of factors contributing to the failure of each partnership activity (see appendix table 3). In this case, the analysis involved identification of descriptors that had been mentioned as contributing to failure of the partnership activity from the interview scripts. Once again, a table matrix was created with the descriptors in rows on the left side while partnership activities were in columns at the top. Interview scripts were read with the purpose of recording the frequencies of each descriptor appearing under respective partnership activity. When this process was completed, one tally was made in the last right side column for each descriptor, while another was made for each respective partnership activity at the bottom of the matrix table. These tallies were then compared for presentation of key findings.

5.3.2 Presentation of Key Findings

In the analysis of the inhibiting factors or factors contributing to the failure or weakening of the partnerships, the spread seemed less divergent as was with success factors. Among the top factors were lack of supportive legal structure, distrust of the governmental entity, corruption, and vested interest, each appearing 5 times. These were closely followed by opposing goals and political interference, each of which appeared 4 times.

5.3.3 Analysis and Implications of Key Findings

It therefore appears that lack of supportive legal structure, distrust, corruption, entrenched vested interests, opposing goals within the partnerships, and political interference were the key factors contributing to the weakening of partnerships. Some of the key implications of these findings include divergent interests as represented by factors such as opposing goals, distrust, corruption and vested interests and organizational mechanisms as represented by factors such as lack of legal structures and political interference. Therefore this presents a need for a framework through which partnership projects draw common objectives among participants. It also calls for openness and tolerance of critical views.

5.4 Summary of the Section

This section presented an analytical framework through which this study was developed. The framework included both the qualitative method and content analysis which was used on the interview scripts to develop a matrix table showing some quantitative assessments. This was done at three different levels; 1) general analysis of responses, 2) analysis of success factors, and 3) analysis of failure factors. The analysis outlined the success factors required for successful implementation and sustainability of PPP's within the Kenyan socio-economic and political context and also identified the failure factors within the same context. The analysis included collection of data on 15 projects including 12 from primary sources and one from secondary data including Public/Private Enterprises, Public/Private Projects, Public/Private Utility Services, and Environmental Efforts. The details of each interview script were compiled and archived for future comparative studies.

6.0 PUBLIC PRIVATE PARTNERSHIP FRAMEWORK

The previous sections have provided a rich background from which a structure for a PPP framework can be developed. This section responds to these implications by outlining a typical framework and process guidelines for establishing PPPs in the City of Nairobi based on best practices as recommended by the World Bank funded project, i.e., the Infrastructure Consortium for Africa (ICA) and Partnerships UK (PUK), (ICA & PUK 2009). *This section is therefore simply a summary of the best practices presented in the ICA and PUK report.* The steps range from needs analysis to managing PPP project contracts in the city as well as applications in other urbanized areas in Kenya and the region at large. However, central to the framework is the issue of procurement through the tendering process. While the most common practice is through an open solicitation, there are some cases in which the city council may receive unsolicited proposals.

6.1 Unsolicited Proposals

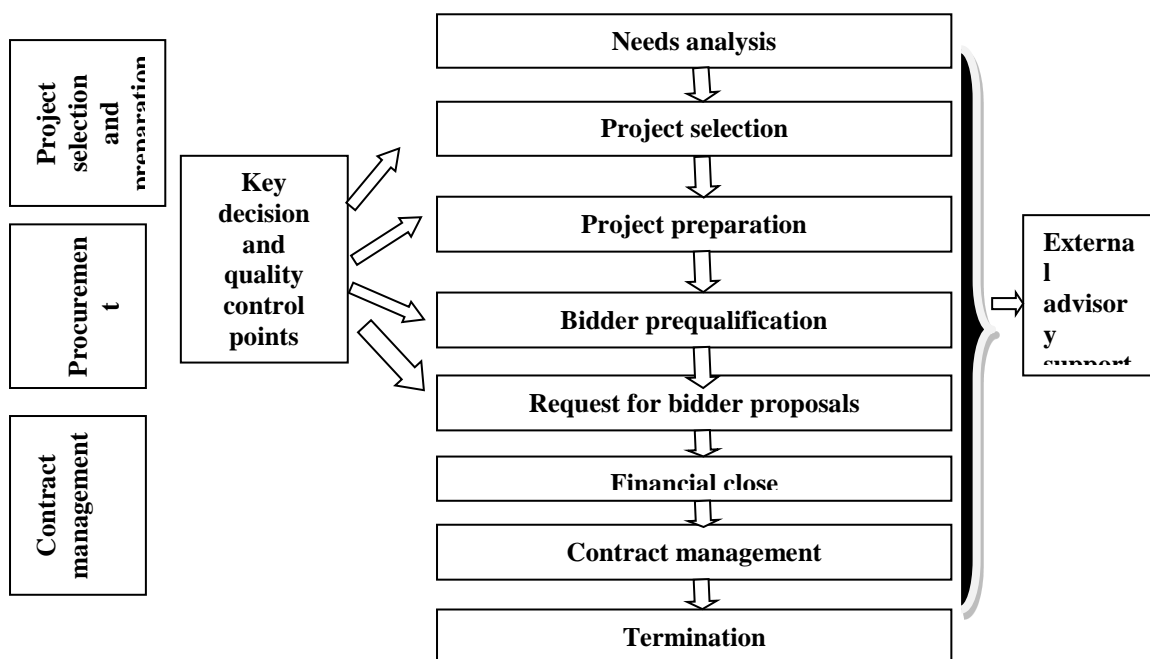
Private companies often approach governments directly with new project ideas. This is very typical of situations when the city council may have limited capacity to develop projects itself. This is a common practice for the city of Nairobi PPPs as evidenced in this study. In fact, such proposals can introduce innovative ideas and contribute to infrastructure goals. However, this approach can raise issues of transparency, serve special interests, suppress competition, and deliver poor value for money which was the case for the Nairobi study. To avoid impropriety, some governments seek to channel such proposals into a transparent, competitive process that encompasses many of the same disciplines used to review projects they have generated, but require the private sector proponent to develop the detailed proposal. The subsequent process then involves a competitive tender, where the original proponent may have an additional theoretical value attached to its bid or have the right to match a better offer or to participate in a final round of bidding. However, the original proponent usually expects these costs to be reimbursed if the project is awarded to another party. These costs may be funded out of the financing structure of the eventual project. This approach creates new approaches to infrastructure delivery, but the risks need to be examined and managed carefully (ICA & PUK, 2009).

6.2 Solicited Proposals

However, the most common practice is through open solicitation. It is also the practice that this study recommends for the city of Nairobi and any other cities interested in the PPP

projects. This framework is therefore build around such an approach. The framework is also based on the feedback from the Nairobi study stakeholders in conjunction with other models from other pioneering places. The goal is to integrate these best practices with the aspirations of the local stakeholders. One of the best conceptualization of the PPP process is presented in the 2009 World Bank funded Project Preparation Guide which outlines an eight step process broken up into three key phases. The first phase consists of “Project Selection and Preparation” which constitutes need analysis, project selection, and project preparation processes. The second phase is procurement which constitutes bidder prequalification, request for bidder proposals and finally financial closing. Finally is contract management phase which includes both the processes of contract management and termination.

Figure 5: Key Phases of the Public-Private Partnership Project Process



Source: ICA & PUK.

6.3 Phase 1- Project Selection & Preparation

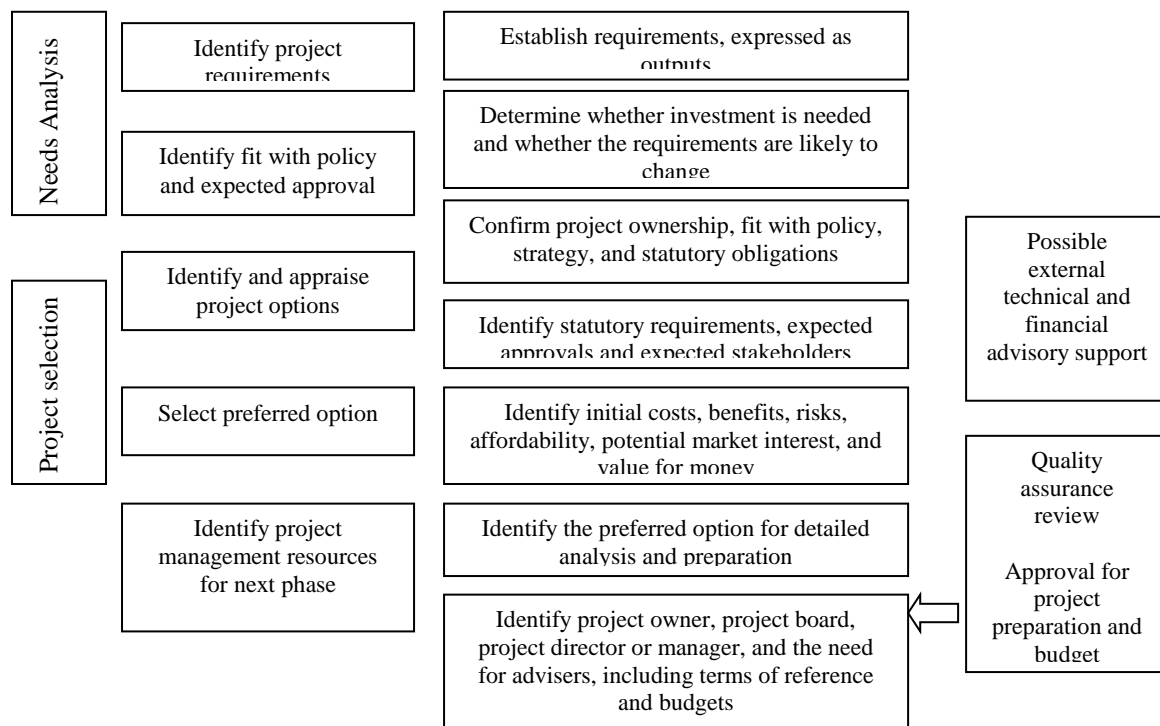
As pointed out above, the project selection phase constitutes three processes. First is the *needs analysis* which entails identification of the project’s requirements as well as fitting with the policy and expected approvals. Key guidelines in doing this include:

- i. Establishing requirements that are expressed as outputs rather than inputs.
- ii. Determining whether investments are needed and whether the requirements are likely to change.
- iii. Confirming project ownership and ensuring fit with policy, strategy and statutory obligations.

The second process involves *project selection* which consists of identifying and appraising project options and selecting the preferred option. Respective guidelines include:

- i. Identifying statutory requirements, expected approvals, and expected stakeholders.
- ii. Identifying initial costs, benefits, risks, affordability potential market interests and value for money.
- iii. Identify the preferred option and for detailed analysis and preparation.

Figure 6: Stages of Project Selection



Source: ICA & PUK.

During this second phase of project selection, there will be need for some external technical and financial advisory support along with quality assurance review and approval for project preparation and budget as shown above.

The third process in this phase would constitute *project preparation* such as identification of project management resources for the next phase. This includes identifying the project owner and personnel such as project board, project director or managers and the need for advisers including terms of references and the budget. A good operational phrase here would be “SMART” which requires the articulation of expected outcomes to be Specific, Measurable, Achievable, Realistic and Timely as presented in table 6.1 below.

According to the ICA & PUK (2009) World Bank funded project, the project preparation

phase has two major aspects. First is the activity of ensuring that the public sector is adequately prepared and organized to manage the process. This activity is likely to include greater use of external advisers and consideration of budgets to fund the work. Second is the parallel activity of completing the full project assessment to ensure that the project is being developed on a sound basis.

Table 2: Output Specifications for a Public-Private Partnership

Characteristic	SMART	Not SMART
Specific	Refurbish or replace all dwellings on the estate to comply with the government's "Decent Homes" standard	Refurbish dwellings to a good standard
Measurable	Ensure that all dwellings are structurally sound, with adequate ventilation, lighting, and thermal comfort	Ensure that dwellings are fit for habitation
Achievable	Maintain internal temperature at X degrees when outside temperature is between Y and Z degrees	Ensure that internal temperature is always maintained at X degrees
Realistic	Ensure that faults with temperature control system are rectified within 8 hours during business hours and 16 hours outside business hours	Ensure that faults with the temperature control system are repaired within 2 hours
Timely	Maintain a log of faults and report every month	Provide an annual report on performance

Source: ICA & PUK

The activities at this stage require the public authority to undertake the following:

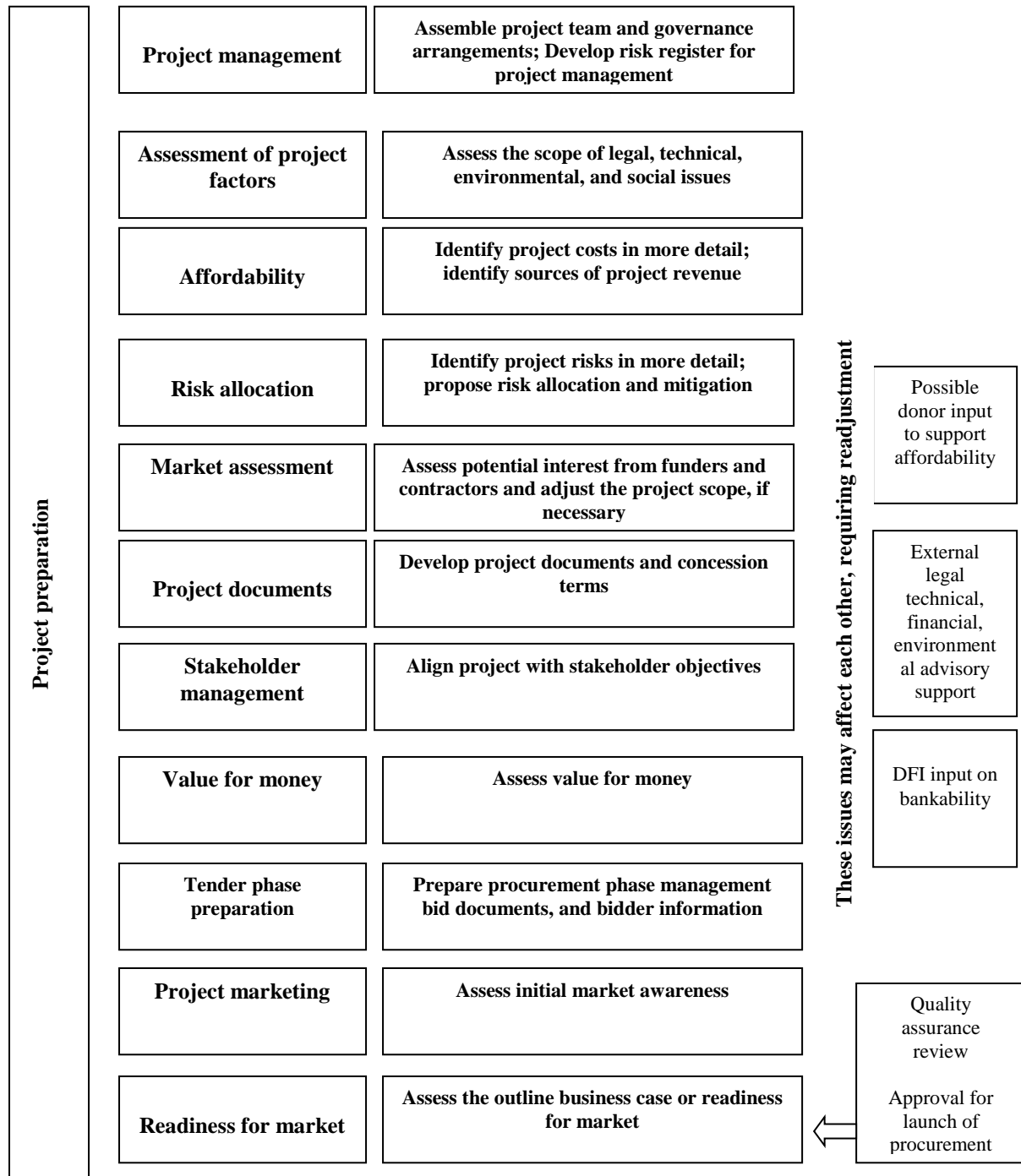
- Identify and assemble the project team, including advisers
- Establish the public sector's requirements for the project in a way that can be clearly articulated in contractual terms to potential public sector bidders
- Develop a high level of confidence in the potential level of private sector interest in the project, on the terms envisaged
- Determine what type of public sector support will be required (for example, to

provide part of the project funding, make assets such as land available, or pay for the service)

- Confirm that the public sector can deliver on its obligations over the life of the project
- Develop a comprehensive and credible PPP contract and establish the basis for its operation, such as how disputes will be handled
- Develop the project information for bidders
- Identify all the relevant statutory processes and clearances (for example, environmental, access to land)
- Identify and consult the various project stakeholders¹
- Develop a strategy for raising awareness of the project among potential investors
- Prepare for the procurement phase (strategy, budgets, timetable, and people)
- Complete the value-for-money assessments and establish the basis on which a project's success will be evaluated.

These tasks must be accomplished before private sector bidders are invited to spend serious time and effort considering the proposal.

Figure 7: Project Preparation Process



Source: ICA & PUK

During the project preparation process, care must be exercised to ensure that most common pitfalls are addressed. On one hand are the typical project preparatory oversights on important elements that may not be properly presented or simply missing. These could be in areas ranging from lack of clarity, lack of ownership and leadership, to release of incomplete

project information. Some of these preparatory pitfalls are listed below.

6.3.1 Major Concerns of Contractors and Investors

Some of the issues of concern for contractors include, but not limited to cost, time, and quality of the PPP bid process, the criteria for evaluating bids, security of the project's income stream (demand, bankability of public sector obligations), effectiveness and enforceability of the PPP contract and related agreements, potential foreign exchange risks, the allocation of risks both between the public and private sectors and between the private parties, and returns that will be commensurate with the risks they are asked to assume.

As part of the project preparatory activities, the city would need to develop a public announcement before the bid. Thus, the bid process is normally launched by formally releasing details of the project in an official publication that announces public tenders. This helps to ensure transparency, avoid discrimination in the release of information about the project, and attract widespread attention. Extensive publicity at this stage is required to ensure that the net is cast as widely as possible, both domestically and internationally, so that the best potential bidders are encouraged to participate. The information disclosed at this stage should be sufficient to explain the project and to attract potential bidders, but it is not the basis on which bidders will be expected to make firm long-term commitments. The information should include details of the conditions for prequalification. The notice may also set out the award criteria for the tender itself. The information normally emphasizes that the project is a PPP scheme and that the bidders will be expected to bear a significant portion of the risks associated with delivery of the project. Potential bidders may be invited to obtain a project information memorandum (PIM), which amplifies details of the project launch notice and prequalification criteria as shown below.

6.3.2 Project Information Memorandum (PIM)

Key project information is normally set out in the form of a project information memorandum, which generally covers the following areas: project sponsor, project information, and proposed procurement process.

The project sponsor information should provide details on the public sector parties involved in the project, how the public sector team is organized to manage the procurement process, and details of public sector advisers.

Project information would include project rationale and strategic objectives; outline of project

requirements – scope, services, size, location, potential capital investment, and potential risks expected to be borne by the private sector; anticipated payment mechanism (user fees, availability fees, or a combination of these); status of all projects approvals, planning consents, and environmental assessments, status of public consultation; possibly an outline of model designs and design requirements; information on enabling works, status, and availability of infrastructure services on which the project may depend; and potential funding sources (including potential DFI finance).

The proposed procurement process would include; stages and anticipated timetable (which might be dictated by legislation); details of any proposed bidders' conference; outline of what will be required of bidders at each stage; outline of information that will be released at each stage; and outline of the evaluation at each stage.

One of the important issues during the transition to procurement is a pre-launch checklist. Thus, prior to entering the procurement phase, a formal project review is strongly recommended. Such a review helps to ensure that the project is well received by the market, is affordable, and is supported by the relevant stakeholders. It also helps to ensure that the public sector is prepared for the next phase, reducing the risk of potentially costly failure and embarrassment for the public authority (see listing below).

Table 3: Checklist before Launching the Procurement Phase

Issue	Questions to answer
Clarity of requirements	Are the scope and requirements of the project clear and stable
Risk allocation	Have the project risks been fully identified and their potential allocation assessed?
Key terms and conditions	Has the draft PPP contract been prepared, reflecting the project requirements and proposed risk allocation? Have issues related to external interface, agreements, terms and conditions been identified and assessed?
Indication of commercial interest	Is there evidence of sufficient contractor, lender, and investor market interest to justify launching the project on the proposed terms? Has a project marketing strategy and list of prospective bidders been drawn up? What are the expected availability and the terms of equity and debt finance? Have the development finance institutions been approached?
Project information	What plans exist to publicize the launch of the project to potential bidders? Has the project team prepared a project information memorandum?
Affordability	Is the project scope fully affordable? Are the user tariffs realistic, and are budgets and approvals in place for any public sector payment (or asset provision) obligations?
Indicative timetable	Is a realistic procurement timetable in place for the procurement phase?
Project team and processes	Is a credible and well-resourced team in place to manage the procurement phase, and is an effective bid evaluation strategy agreed upon? Are project governance structures and processes in place to ensure timely and effective decision making? Are credible and experienced advisers appointed? Has the appropriate assessment been carried out to demonstrate that the proposed approach is expected to meet any value-for-money criteria (to the extent required by policy)?
Commitment of stakeholders and users	Have all relevant stakeholders been identified, are they committed to the project, and are arrangements in place for continued communication and consultation?
Legal processes	Have required approvals been identified or obtained (for example, environment, planning)? Is there clarity about site and land issues? Are all relevant project approvals in place? Are appropriate powers confirmed for the public authority to award and enter into the long-term contracts?

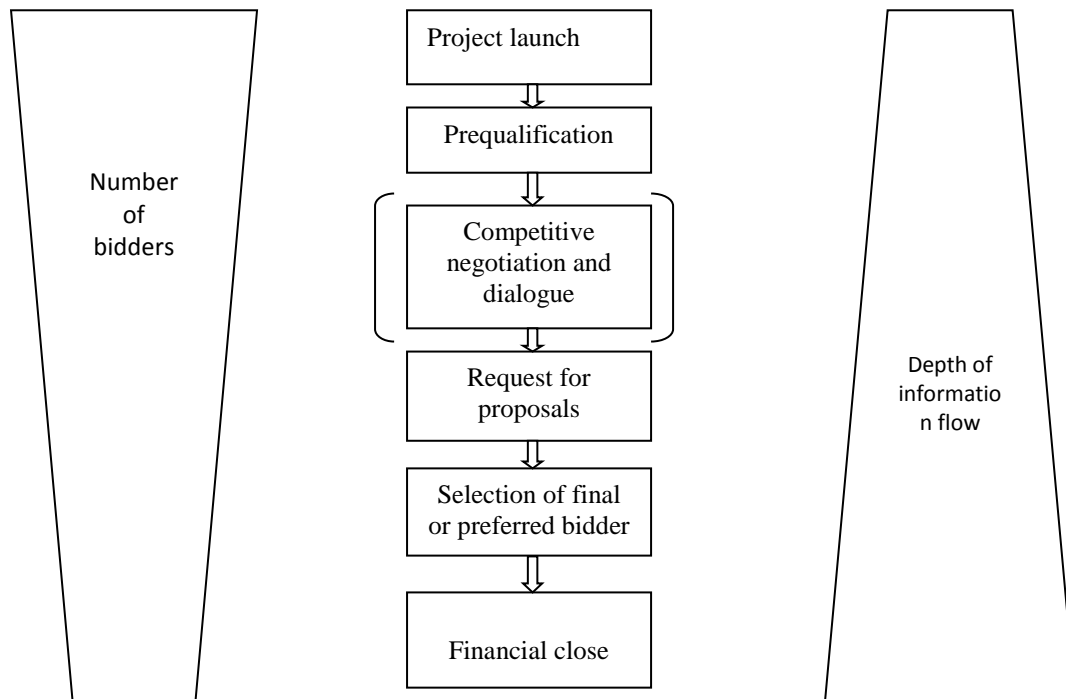
Source: ICA & PUK.

6.4 Phase 2 - Procurement

After project selection phase, the project process moves into procurement phase which includes bidder prequalification, request for bidder proposals and financial close. The purpose of the procurement phase is to develop and conduct a process that accomplishes the

following; i.e., selects a bid; maximizes the benefits of competitive tension between bidders; delivers the best bid from the most competent bidder; minimizes time and cost; and stands up to scrutiny from citizens and both the public and private sectors.

Figure 8: Outline of the Procurement Process



Source: ICA & PUK

Prior to the bidding process, it is typical to hold a bidders conference to respond to questions and make necessary clarifications about the project. Bidders may also be invited to visit the project site and to meet the public authority. Usually, good bidders will be very interested in assessing the quality of the public sector team and its advisers before deciding whether to pre-qualify. This process also helps bidders fit in with their own formal procedures for developing bids, including establishing budgets to cover their own, often extensive, bid development costs. A good description of a bidder's conference is presented below from the ICA and PUK project study.

6.4.1 Bidders' Conference

When procurement begins, the public authority may organize a bidders' conference (also known as bidders' open days). These events are usually organized once the PIM and prequalification questionnaire (see section 8) have been issued to potential bidders. A bidders' conference allows the public authority to provide potential bidders with more comprehensive information about the project than is included in the PIM and for potential

bidders to seek answers to issues on which they are unclear. Such a conference may also facilitate partnering between different consortium members. The bidders' conference may not always be appropriate, especially if the project requirements are relatively straightforward. Instead, some public authorities may prefer to rely on the PIM and to encourage bidders to seek written clarification on any issues of uncertainty. Procurement law may also prevent bidders' conferences.

The conference involves presentations by the senior public official with overall responsibility for the project and members of the project board or project team. This can be particularly useful if there is any doubt among bidders about the commitment of the public authority to the proposals. Effectively, it is an opportunity for key stakeholders to market the scheme. Using a video presentation to outline key aspects of the project is preferable to using numerous speakers. Individual 'one-on-one' sessions may also take place giving each potential bidder expressing an interest the opportunity to hear more details about the project, either as a separate exercise or in conjunction with formal presentations.

Whatever approach is adopted, it is important to remember that the overriding purpose of the bidders' conference is to 'sell' the project and to demonstrate to potential bidders that the public authority has the skills and expertise in place (in the project board or team) to deliver the project. It is important for the bidders' conference to be considered early in the procurement process to determine how it fits with other arrangements. Details of the bidders' conference should be included in the project launch notice and the PIM.

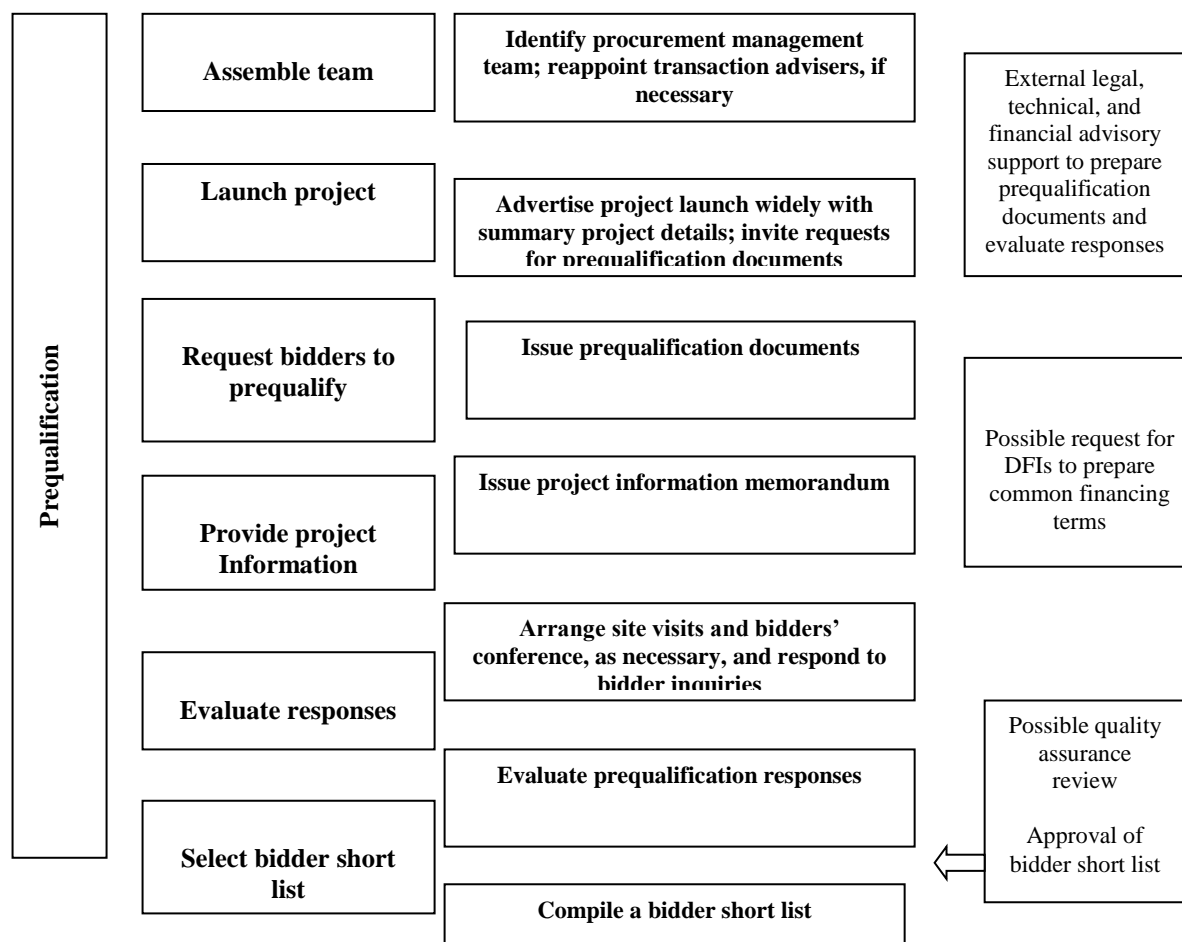
6.4.2 Prequalification

After the bidder's conference, interested bidders are invited to participate in the pre-qualification process. The prequalification stage is intended to screen out those bidders that do not meet a threshold of technical and financial capacity to deliver the project. This helps to discourage bidders that clearly are unlikely to deliver the project from investing further time and effort in the process, while enabling the public authority to focus on bidders that are more likely to deliver the required project. Participating bidders are required to request, complete, and return a request for qualification (RfQ) document.

The public authority then evaluates the RfQ responses according to the selection criteria set out and produces a short list of qualified bidders. An evaluation report sets out the process that was followed and how the decision was reached. The approach can involve a limited number of objectively measurable pass-fail criteria. One of the criteria may require that

consideration be given to encouraging local market participants.

Figure 9: Outline of the Prequalification Phase



Source: ICA & PUK.

6.4.3 Request for Proposals

The purpose of the request-for-proposal phase is to encourage the delivery of bids of sufficient quality and comparability from the prequalified group of bidders. From these, a bid can be selected that best meets the public authority's criteria, while at the same time ensuring that the process will stand up to scrutiny and is in line with procurement rules. One of the most important factors at this stage is the quality and clarity of the bid documents, including the instruction to bidders, the output specifications, the proposed contract documents, and the efficiency with which the process is run. At this stage good advisers can make a significant difference. This stage may involve a single submission of bids from pre-qualified bidders within an established timetable. This may be preceded by a process in which pre-qualified bidders seek clarifications about the bid requirements. Once bids are submitted, there may be

a mechanism to clarify details of the submissions, but without further changes to the scope of the project or the bids submitted. For complex projects, this process can involve a form of structured dialogue between the bidders and the public authority but it requires greater sophistication in managing the dialogue in a transparent, competitive, and efficient way.

To pre-qualify, based on the RFQ model for the PPP projects in India, bidders must pass separate technical and financial capacity tests (ICA & PUK, 2009):

- Technical experience. The bidder must, over the past five years, have experience of similar projects equal to the estimated project cost. Eligible projects are defined, and the experience is scored by applying to these numbers a weighting, with the highest weighting going to projects that involve comparable project that experience in the sector and the lowest weighting going to projects that involve construction experience but that are still in the broader infrastructure sector.
- Operation and maintenance experience. The bidder must have had a minimum of five years of operational and maintenance experience in the sector in a project of equivalent size.
- Financial capacity. The bidder must have a minimum net worth of 25 percent of the project’s estimated capital costs.

A limit of up to six bidders may be short-listed (there are some exceptions for multiple projects and for certain power projects). The short list must be announced within 50 days after release of the RfQ.

At the end of the single-tender submission or dialogue phase, selection of a final or preferred bidder takes place following a predetermined evaluation. This evaluation may be as simple as a single parameter, such as the lowest overall price, share of revenue, or lowest subsidy, or it may involve a more sophisticated balance of quality as well as price—sometimes referred to as the “most economically advantageous tender.” While a predetermined and detailed scoring mechanism is used with carefully managed evaluation teams and audit trails of decisions, such an approach clearly has implications for ensuring objectivity and transparency of the process and the time and cost involved.

6.4.4 Preferred Bidder and the Financial Close

Following any clarification of bids submitted at the end of the request-for proposals or dialogue phase, the public authority then selects a bid based on the evaluation criteria

previously provided to the bidders. It is not unusual for this stage to be followed by a period in which the potential lenders finalize their detailed due diligence of the project before long term financial commitments are made and financial close of the project is achieved. In this case, a “preferred bidder” may be selected, to be confirmed once committed financing proposals are submitted and the final terms of the contract are established. There is however, some risk that changes may be required of the project as a result of the lenders’ due diligence on the preferred bid. In some cases this risk may be transferred to the contractor, by requiring bidders to provide a financial bond (a “bid bond”) to the public authority, which may be called for payment if the bidders are appointed but fail to complete the financing and commit contractually. This may also be an effective disincentive to bidders with poorly developed finance plans.

Prior to contract signing, a formal approval process often takes place within the public authority. This confirms whether the final terms of the deal deliver the requirements on an acceptable basis; whether the procurement process has been carried out in accordance with procurement procedures; and whether decisions have been recorded correctly with the appropriate audit trail. If a standardized form of contract is used, there may be a check to review and assess the justification for the departure from any standard terms. There may also be a further value-for-money assessment, which may focus, in particular, on the quality of the competitive process.

6.5 Phase 3 - Contract Management

The final phase of the framework constitutes contract management activities. Thus, a public-private partnership (PPP) project should be considered a success not simply at financial close, but when implementation is complete and a satisfactory level of the services contracted for is being delivered on a regular basis. Therefore contract management is a process that takes place throughout the life of the PPP contract. Arrangements for contract management include the team, the budgets, and the process, ideally established prior to contract signature. Contract management is not just a “legal exercise”; rather, it seeks to ensure the delivery of public services, which will be determined by all the components of the project, including the design, construction, and operation of the facility.

6.5.1 Tips on Contract Management

Some of the aspects to be considered for contract management are listed below based on the World Bank funded ICA & PUK project:

- Consider establishing an experienced support group in the PPP unit to help contract managers to handle less frequent but more complex issues, such as changes or refinancing
- Consider re-engaging the advisers employed during the procurement phase (and include provision for this in the procurement of advisers and their terms of engagement and necessary budgets)
- Develop a contract administration manual to bring together information on the terms of the contract and the processes and procedures for managing it, including responsibilities and timeliness
- Maintain key contract documents on a shared basis with the private party to avoid misunderstanding
- Consider producing user guides to assist service users who are involved in contract monitoring
- If a payment mechanism is involved, carry out a trial run of the mechanism before the contract is signed to test out the system in “real life” scenarios
- Focus on operational performance throughout the operational period even when there are changes in the public authority’s requirements, rather than concentrating solely on “managing the contract”
- Consider holding planning and training days involving both the authority and the private party to encourage better understanding between them
- Ensure continuing review and monitoring of risks using the risk register developed during the project preparation phase
- Have a detailed communications strategy for dealing with the private party, service users, and stakeholders, and review and update it regularly. Good communication is key to ensuring that issues can be resolved.

Source: ICA & PUK (2009).

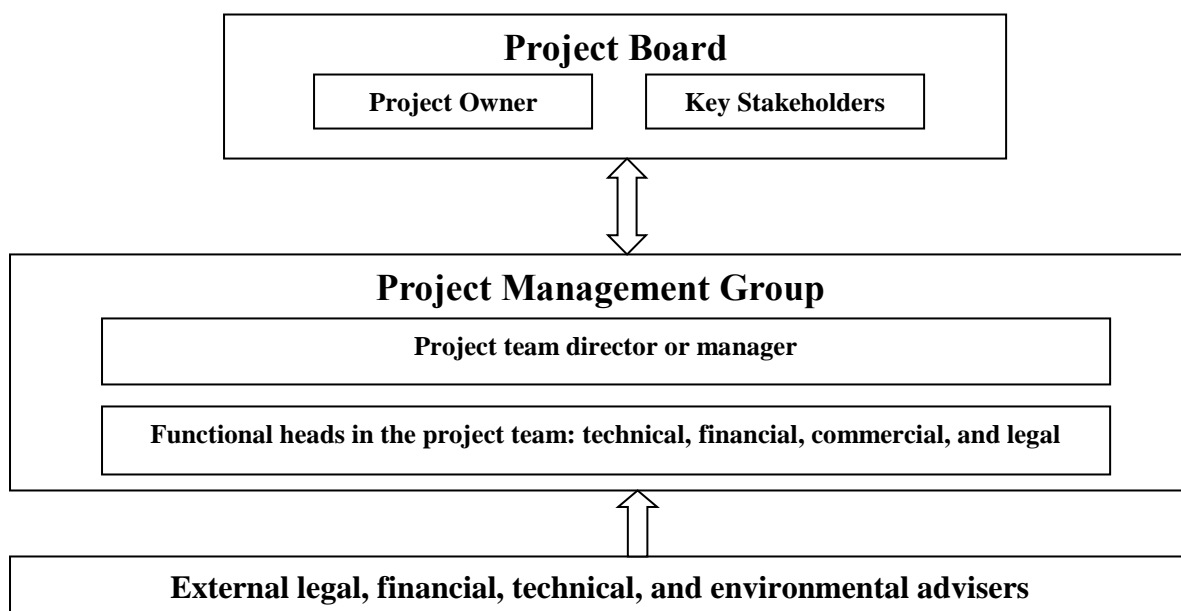
The PPP contract should require the private sector partner to provide regular information on the performance of the project. An “independent engineer” and other specialists may be appointed to inspect the development of the project on a regular schedule and to report to the public authority on progress, safety, and environmental issues, especially at the commissioning stage. Both the public authority and the lenders have a vested interest in ensuring that construction is managed properly.

Detailed contract performance data should be fed back to the public authority on a regular

basis to help it to determine both performance-based payments and deductions (with strong penalties in the contract for misrepresentation). User surveys and monitoring groups made up of relevant stakeholders can also be used to inform contract performance. At the same time, it should be expected that changes will need to be managed. A well-structured PPP contract must set out the provisions for handling change and managing failure of the contractor or other adverse events. The key message is to plan for managing the contract within the terms of the contract (as opposed to managing the changes *to* the contract, which may result from not having prepared and negotiated contracts properly in the first place).

Since those involved with the procurement phase are often not involved with contract management, it is useful to involve, in the final stages of the procurement phase, those who will be managing the contract so that they become familiar with the project and the PPP contract terms or at least project advisors. Involving contract managers in the procurement phase can also help to ensure that operational issues are better reflected in the terms of the contract, as tensions may arise if operational issues have to be dealt with in the early stages of operations. In addition to the management of activities at the interface of the public authority and the private partner, a governance mechanism also needs to be in place within the public authority to link activities at the project management level with the authority's wider corporate governance processes and to ensure proper oversight of those managing the contract.

Figure 10: Outline of a Structure of Project Governance



Source: ICA & PUK.

6.5.2 Common Problems in Project Governance

As part of the governance process, several aspects need to be considered to avoid pitfalls that tend to infect several PPP projects. These range from use of part-time managers to interference from those outside of the project management as well as a blotted project board that cannot effectively make ongoing decisions. Some of the common problems are listed below:

- A part-time project manager (that is, someone who has another full-time job inside the public authority)
- Frequent changes in the project team
- Lack of resources or excessive reliance on advisers for decision making
- Insufficient delegation of powers to the project management group so that even the smallest decision needs to be referred upward
- Interference from other bodies outside the governance structure so that no one knows who is actually running day-to-day operations
- Poor management of the day-to-day resources, including the external advisers
- A project board that is too large and unable to meet as required to make key decisions.

6.6 Section Summary

This section presented a framework for a typical PPP project. The framework was based on the 2009 World Bank funded Project Preparation Guide which outlined an eight step process broken up into three key phases. The first phase consisted of “Project Selection and Preparation”. This constitutes need analysis, project selection, and project preparation processes. The second phase covered the procurement process which constitutes bidder prequalification, request for bidder proposals and finally financial closing. The last phase involved key aspects of contract management. This phase included both the processes of managing the contract and terminating of the contract.

7.0 PUBLIC PARTICIPATION PROCESS FRAMEWORK

The importance of public participation, as reflected in requirements for public input and subsequent growth in literature is very indicative of the changing nature in the way we implement public projects. While this section is based on a public transit study in 2001 by this project’s Principal Investigator (PI), the inherent governing principles should be applicable in the context of this project as well. The section reviews literature on public input to highlight design principles, supportive conditions for a public based participative approach

and theoretical, practical and policy implications. The section will also use the Portland Transit Choices for Livability (TCL) project in which this PI was involved as a case study.

7.1 Conceptual Definition

Public involvement is a two-way communication process between citizens and the government. Public agencies and other officials give notice and information to the public and use public input as a factor in decision-making.¹³ In their handbook for Median Projects, Williams and Marshall put it more precisely:¹⁴

Public involvement implies a role for the public in agency decision-making. It goes beyond informing the public or allowing an opportunity to comment...it also requires a mechanism for responding to public concerns or ideas”.

In most cases, the public involvement process must be legislated in order to have some teeth. A good example of such a legislated process is in the transportation planning process in the United States where the concept of public involvement can be traced as far back as the 1962 Federal Aid Highway Act, which made reference to a “comprehensive transportation planning process carried out cooperatively by states and local communities.”¹⁵ However, while the concept of citizen participation became popular in the 1970s, it was not until the 1991 Intermodal Surface Transportation Efficiency Act (ISTEA) that public participation was formally made an integral part of the transportation planning process. According to O’Connor and others:¹⁶

Since the passage of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), there has been a federally mandated emphasis on early, proactive, and sustained citizen input into transportation decision-making—with special outreach efforts targeted at traditionally underserved populations. ISTEA’s directive was reinforced by the passage of the Transportation Equity Act for the 21st Century (TEA-21) near the end of the decade. States and localities have developed protocols and guidelines to interpret these mandates. In widely varying ways, they have transformed their transportation agencies and blended these

¹³ O’Connor, R., Schwartz, M., Schaad, J. and Boyd, D., State of the Practice: White paper on Public Involvement, TRB Committee on Public Involvement.

¹⁴ Williams, K.M., and Marshall, M., A Public Involvement Handbook for Median Projects, Center for Urban Transportation Research, at the University of South Florida.

¹⁵ Weiner, E., Urban Transportation Planning in the United states: An Historical Overview, Praeger, NY 1987.

¹⁶ See O’Connor in TRB’s “State of the Practice: White paper on Public Involvement”, www.ch2m.com/TRB_PI/TRBwhitepaper.doc

mandates with local customs and expectations.

The study of public involvement in the United States has gained momentum since the 1991 ISTEA legislation. The breadth of literature has varied from the development of basic design principles to applied case studies. A quick review of research statements of Transportation Research Board (TRB's) subcommittee on public involvement in transportation is very revealing. In the June 2001 research statements, there were 13 research statements especially in areas such as: 1) promoting effective public involvement in challenging situations, 2) public involvement and customer interaction analysis, 3) measuring effectiveness of internet tools for soliciting public involvement, 4) tools for assessing the effectiveness of public involvement processes, and 5) institutional barriers to integrating public involvement. Similarly, the TRB committee sponsored 19 sessions related to public participation at the 2001 TRB 80th annual meeting and also lists 19 other papers and presentations at previous TRB conferences.

A casual review of these recent trends indicates a growing sophistication of research statements on using Internet tools, to research papers on the use of multi-attribute utility analysis.¹⁷ Some of the obvious topics include but are not limited to:

- *The measurement of effectiveness*; Dilley and Gallagher (1999), Keever and Lynott (1999), Bell (1998).
- *Innovativeness of the process*; Ingram and Lorenz (1999), Yoshioka (1999), and Ziegler (1997).
- *Significance of the process*; Haruo (1999), Molenkamp (1999).
- *Useful tools*; O'Dowd (1998), Gallagher (1997), and Dulic (1997).
- *Applicational techniques*; Shoemaker (1998), Bates and Wahl (1997), O'Connor (1996), Schwartz (1996), O'Dowd (1996) and Boyd and Gronlund (1995).

7.1.1 Basic Principles of the Public Involvement Process

While several studies and reports have pointed out several underlying principles conducive to the public involvement process, some of the most common ones include the TRB's white paper by O'Connor that provides six guiding principles:

- The need to distinguish public involvement from public relations (whose goal is to

¹⁷ Schwartz, M., and Eichhorn, C., Collaborative Decision Making: Use of Multivariate Utility Analysis to Involve Stakeholders in Resolving Controversial Transportation Issues, manuscript accepted for publication in the Journal of Advanced Transportation.

promote a particular policy or solution) and public information (a one way campaign to inform the public about on-going issues or developments).

- The process should be inclusive, involving decision makers and all interested stakeholders by proactively seeking out groups and individuals who will be affected.
- Communication with participants should be respectful by perfecting the art of listening to constituents with each opinion given serious consideration with prompt response.
- Activities should allow enough time, be proactive and on-going throughout the project development, and public notices given for all decisions.
- The decision process should be defined, structured, and transparent.
- Provide appropriate leadership to public outreach efforts, with an agency spokesperson articulating agency policy, perspectives, and operating procedures as well as ensuring adequate resources for public involvement including staff and budget for information materials.

Several others have extensively outlined key guiding principles for designing, implementing and managing the public involvement process.¹⁸ These principles include:

- Acting in accord with basic democratic principles for interested parties to debate issues, frame alternatives and affect final decisions
- Continuous contact between agency and non-agency people throughout the decision making process.
- Use of a variety of public involvement techniques that target different groups in different ways.
- Active outreach to the public by searching out the public and working hard to elicit their response.
- Focusing participation on decisions rather than merely satisfying a requirement.

Most of these principles can be subdivided into two major strategies, i.e., process oriented and personal relation oriented strategies:¹⁹

7.1.2 Practical and Policy Implications

Apart from fulfilling the required government mandates, the key policy implication of this process is the development of trust between the agency and the community, which in turn

¹⁸ USDOT (1996).

¹⁹ Williams (1999).

facilitates the long-term success of the project. Feedback on some benefits of this mutual partnership are highlighted in previous a sample of TRB papers:

*Woodrow Wilson Bridge Project, TRB 1999: The approach stimulated people to be more thoughtful, about the issues and concerns, confront their own prejudices and resistance, and to empress long-term community goals as opposed to impulses of the moment.*²⁰

*Alaska Highway Project, TRB 1999: Without public involvement, the department at best appears paternalistic, and at worst appears “out of control”. In either case, in a world of limited funds, failure to provide real public involvement may well mean loss of public support.*²¹

*Eugene-Springfield Long Range Transportation Plan Project, TRB 1998: The benefits of the process have far outweighed the costs of possible frustrations. It has proven to be a very useful means for sustaining a connection between the planning process and a diverse cross section of the community. Their participation in the details throughout the update allowed the group to become well informed and invaluable part of the development of the plan. In addition, their participation at this level has allowed staff to learn how to more effectively present materials, focus on a more refined set of issues and gauge more accurately the receptiveness of the community to a variety of strategies.*²²

*Michigan Ambassador Bridge/Gateway Project, TRB 1997: As a result of close relationship between the steering committee and the community, the governor included the project in his state of the state address as one of the only two projects for new construction. This allowed everyone to realize that after 20 years of frustration, the project had support of all levels of government because the willingness of the community to trust and contribute.*²³

Arvada, Colorado, Transportation Plan Project, TRB 1996: At the end of the Arvada Futures project, a citizen-led process, the City Council had a technically sound, economically viable and publicly supported land use and transportation plan. Former activists, who joined the Committee to oppose a project, now spoke in support of that project or similar projects. They had learned about the larger community needs and participated in the decision-making on

²⁰ See Keever and Lynott, (1999) concluding remarks.

²¹ See Dilley and Gallagher, (1999) concluding remarks.

²² See Shoemaker & Schwetz, (1998) concluding remarks.

²³ See Ziegler and Corradino, (1997) concluding remarks.

*how to address those needs.*²⁴

*Ithaca Comprehensive Transportation Plan Project, TRB 1995: As a result of the high level of meaningful public involvement accomplished through the community-based planning process, the final ITCTC planning document accurately captures the spirit and vision of the broader community. However, this is not to say that no resistance to the final product remains. One of the clear lessons is that it is not possible, nor advisable to attempt, to satisfy the desires of all of the members of "the public". Those who undertake community-based activities must understand that irreconcilable conflicts may emerge, but that the knowledge of those conflicts is in itself valuable.*²⁵

7.2 Tri-Met's Transit Choices for Livability Experience

Portland, Oregon has often regarded itself as the bastion of vision in the field of regional planning while in other circles of Planners around the United States, it has been referred to as “the Mecca of Planning” in the United States. Of significance in this planning process has been the contribution of the local community- ranging from decisions of shaping visions through visual preference surveys, to project design through charrettes. The unique form of regional government (Metro) responsible for inter-jurisdictional coordination between the 24 cities and three counties (along with Vancouver, Washington) too has reinforced this process. Not surprising, the Tri-County Metropolitan District of Oregon (Tri-Met), the major local transit agency, adopted a similar approach in its transit planning. The Transit Choices for Livability (TCL) Project and the subsequent annual service adjustment processes are examples of such efforts.

Similarly, the general trends in the transportation industry, either by legislation or literature, appear to lead in the same direction. Some of the important lessons for public project implementors are that 1) each community is unique and its needs are best known by its residents, 2) each community is a subset of a larger system and there is need for coordination between subsystems, and 3) the final public product must enhance livability.

7.2.1 Context for Public Based Planning

The Transit Choices for Livability (TCL) project provides a framework within which to create an environment conducive for successful community or public based planning. This

²⁴ See O'Dowd, (1996) concluding remarks.

²⁵ See Boyd, (1995) concluding remarks.

can generally be classified into three categories: internal support, the pre-existing structure, and external support:

In terms of internal support, due to the necessary transparency of the process, the budgetary needs and the potential for new unforeseen issues, top management and participating staff must be fully committed to the process. In the case of Tri-met, it was important that both the leadership and the board were behind the efforts led by the director of strategic planning, who had championed the process. In turn, the leadership and the board were continually upraised of the developments at every major step of the way.

With respect to pre-existing structure, on one hand, a regional cultural shift had embraced a unique regional government (Metro), which provided an essential structure for the smooth inter-jurisdictional participation of 24 cities, 3 counties and an additional city and county in the state of Washington. On the other hand, the push for localization had created over 90 publicly funded neighborhood associations within the City of Portland alone. Several Citizen Participation Organizations (CPOs) in Washington County and a growing number of publicly funded Transportation Management Associations (TMAs) organized by businesses in the region added to this environment.

And in terms of external support, this environment had further been facilitated by external factors such as Metro's 2040 plan and the state's Transportation Planning Rule (TPR), both of which provided a common base for community vision in conjunction with the federal regulations of ISTEA and TEA21.

7.2.2 Background on the TCL Model

The Transit Choices for Livability (TCL) project was an intensive two year citizen driven effort to identify for Tri-Met how transit should be designed and expanded to respond to a projected dramatic growth within the region over the next ten years. With an anticipated doubling of the population within twenty years, the objective was to address the growing concern in the region about the imbalance between the level of growth in the region's communities and the transit system needed to support that growth (which can be said of Nairobi's situation in terms of all aspects of infrastructure and utilities). Over 1,000 people participated directly in this process. A Regional Advisory Committee (RAC) guided efforts to identify a range of transit strategies that would help assure mobility and reinforce community growth management goals. Its charge was:

Using 2040 Regional Centers as a focus, describe how transit should be used and expanded to respond to dramatic growth in the region over the next ten years. Identify a full range of operating, organizational, partnership and funding strategies for transit to help ensure mobility and reinforce community growth management goals.

This project initiated a new direction in the way Tri-Met approached its service planning process. It not only elevated the public participation process as a regular feature, but also attempted new types of localized services. While the process was open to the public, the decision making process was vested in the advisory committee whose membership included local elected officials, citizen groups, neighborhood, and business leaders. All were selected to participate because of their collective understanding of the realities of regional issues and their experience with community issues.

In both Phase I and II, there were three process layers: committee process, outreach process and the product outcomes. The outreach process was considered to be the fulcrum for the other two layers. The first phase of the project was designed as a pilot project from which to develop guiding principles and practical applications for a full-blown regional project. The major outcome of the project was the creation of a community bus, known as “The Local”.

1. Community Outreach and Workshop Recruitment: Once a broad based Regional Advisory Committee (RAC) was formed and given its charge, it started work on establishing the process. A workshop was held to identify pilot focus areas, weakness and strengths within the system, and priority transit tools. The four regional centers selected included Oregon City, Gresham, Beaverton and Hillsboro. A second region wide workshop used the tools from the first workshop to design a “dream scheme” of transit service improvement options. These were sent to the RAC for review out of which preliminary plan ideas were developed. The results were mailed to participants and made available to the public.

2. Individual Public Meetings: The next step involved public meetings in each of the four regional centers to review and comment on suggested ideas and draft findings. Each tool option, showed respective cost estimates. The process included small group discussions/debates followed by voting on identified tools and prioritization. These were similarly sent to the RAC for review. The RAC subsequently presented the report to the Tri-Met Board for adoption.

3. Community Pilot Workshops and Outreach: Local design committees were then selected to

canvas and solicit community input on pilots in each of the four regional centers. This included criteria for projects, identification of potential projects, and selection of projects. The results were then sent to the RAC for approval and subsequently the Tri-Met Board for adoption.

4. Final Products: Among other service changes, the jewel of this process was the creation of a shuttle service, “The Local”, which was painted in neighborhood friendly colors with a focus on providing either neighborhood or employer links to nearby transit nodes.

Phase II of the process started after completions of the planning process and implementation of the pilot projects. The monitoring continued on the pilot project for feedback into the planning of phase II. The focus of this phase was centered on how to expand the pilot projects to a regional level. A similar process was used but with expanded coverage.

1. Creation of Clusters: A new RAC was selected (most of the previous ones and new ones were reflective of new interests arising from a larger area to cover). The participating jurisdictions signaled preference for the creation of area clusters to enhance focus. Six broad clusters were identified: southeast, southwest, northeast, northwest, Nimbus area and Columbia Corridor.

2. Community Outreach/Workshop Recruitment: This process involved 50 presentations at group meetings, i.e., interview questionnaires for jurisdictions, participant development of a list of strengths and weaknesses of the system and identification of three priority tiers. These were reviewed by the RAC and the results were compiled.

3. Jurisdictional and Charrette Planning Meetings: At this stage, the RAC was subdivided into three subcommittees, i.e., sketch plan, community transit and finance. There were 24 jurisdictional meetings (representing 24 cities in the metro area) along with community charrettes in each of the clusters. The findings were compiled to include connections matrices and priorities.

4. Design Charrettes: Out of the planning meetings, further charrettes were held with the specific goals of translating priorities into service design (including the voting process) in six target areas, southeast, southwest, northeast, northwest, Portland and Central City Portland. These were presented to the Tri-Met Board along with subcommittee reports. The summaries were mailed to participants and made available to the public.

5. *Community Open Houses*: Out of the charrettes, elements of “Transit Livability Strategy” were developed for Tri-Met Board briefing and open house review. The final draft report with public input was forwarded to the RAC for review and the recommendations sent to the Tri-Met Board.

6. *Transit Livability Strategy*: The final stage involved the development of financial requirements for respective priorities, the development of a TCL handbook and the ongoing outreach to the community explaining its elements. The handbook was available to the public and used as a reference resource for jurisdictions developing their Transportation System Plans (TSPs) and for Tri-Met’s service planning process.

7.3 Significance of Public/Community Based Planning

This public based planning process brings up some theoretical implications from literature in terms of concepts associated with the democratic and market principles, practical applications learned from the TCL project and public policy implications for the planner.

7.3.1 Theoretical Conceptualization

Two theoretical implications are especially evident in this process, i.e., the democratic based and market oriented principles.

1. *Democratic Based Principles*: This process espouses the democratic principles. This is best captured in the 1996 US Department of Transportation (USDOT) publication where it stated:²⁶

Acting in accord with basic democratic principles means that public involvement is more than simply following legislation and regulations. In a democratic society, people have opportunities to debate issues, frame alternative solutions, and affect final decisions in ways that respect the roles of decision-makers. Knowledge is the basis of such participation. The public needs to know details about a plan or project to evaluate its importance or anticipated costs and benefits. Agency goals reflect community goals. Through continued interaction with the entire community, agencies build community support and, more importantly, assure that the public has the opportunity to help shape the substance of plans and projects. In summary, public agencies act as public servants.

²⁶ See USDOT, Public Involvement Techniques for Transportation Decision Making, 1996, <http://www.fhwa.dot.gov/reports/pittd/cover.htm>

2. *Market Based Principles*: Similarly, several elements of this process embrace the basic economic principles of the market especially with respect to consumer sovereignty (in this case, the beneficiary public/community). Subsequently, scarce resources are allocated efficiently since public officials provide essential information and the structure. The public trades off alternative opportunities in order to reach an optimal solution. This is best illustrated in the following statement by Victoria Transport Institute (VTI):

*Efficient markets are usually the best way to allocate scarce resources. They tend to maximize productivity, innovation, opportunity and consumer benefit.... Markets must reflect certain principles to achieve these benefits, including consumer choice, competition, efficient pricing, neutral public policies, efficient land use policies and optimality.... An efficient market must provide consumers with a variety of choices from which they can choose the combination of quantity, quality and price that best suits their needs. Consumers must also have accurate information about their choices. Only if consumers have viable choices and accurate information can the decisions they make represent their true preferences.*²⁷

7.3.2 Practical Implications

Three features of the project implementation stood out as monuments in the approach to transit planning in the Portland metro area. First, was the concept of “different transit” rather than “more of the same”. Second, was the availability of a community-developed resource of reference (TCL Guidebook) for jurisdictions’ future transit planning in the region. And finally, the replication of the participatory planning concept in other regional planning activities and to a lesser extent, Tri-Met’s own recent annual service planning process.

1. *Different Transit*: Some of the services that developed and continued to evolve out of this process included “The Local” service that served neighborhoods, bus shuttles between transit centers and major employers, and the use of contracted taxi shuttles in certain communities.

2. *Regional Coordination Guidebook*: The guidebook was central as a resource for regional jurisdictions in updating their Transportation System Plans (TSPs). It was the official transit element resource for Portland’s 24 cities and the three counties. It also included land use planning issues with emphasis on Transit Oriented Development (TODs).

²⁷ See Victoria Transportation Policy Institute, “Market Principles: TDM Impacts on Market Efficiency and Equity”, <http://www.vtpi.org/tm/tm60.htm>

3. *Annual Service Planning Process*: The elements of the TCL process were further evident in the 2001 service reallocation process in two ways. On one hand, the focus of proposed service concepts were based on the ideas previously included in the TCL process. On the other hand, several public forums were held to facilitate the planning process. In some cases such as the Sylvan, Cedar Mill and Rock Creek areas, the process was primarily in the hands of the respective communities.

In each community, the lead planner solicited for volunteers at a general Citizen Participation Organization (CPO) meeting to participate on the working committees. The working group was given the resources available and was to be responsible for designing the service that fitted their needs within the resource constraints. The role of the lead planner was to provide relevant information, facilitate the process, and provide staff support. At each major decision point, the committee briefed and sought feedback from the CPO and Tri-Met leadership. Interesting enough, in each of the three cases, the previously vocal critics of the existing service became strong defendants of newly proposed services at their respective CPO meetings.

7.3.3 Policy Implications

At the end of the TCL process, three key policy implications at both the agency and regional levels were apparent: the recognition of each community's uniqueness, the importance of a comprehensive representation and the community's desire for livability.

1. *Unique Communities*: One of the key findings from the process was that "no one size fits all". The clear message was that no single solution could provide high quality transit in every area of the region. Every community was unique, transportation patterns varied, as did community values, expectations and need. The recommendation was therefore for "different transit, not simply more transit".

2. *Comprehensive Representation*: The second key finding, especially more applicable to phase one, was the need to expand participation from select communities to include a larger geographical area in transit planning activities. This included six clusters, based on the six regional centers identified in the 2040 plan, more than 50 community groups and dozens of public officials.

3. *Support of Livability*: Thirdly, the community believed that a high quality, well-designed transit could support livability by helping to achieve a variety of goals. These included but are not limited to 1) reduced traffic congestion, 2) jobs and economic development, 3)

enhancing public safety, 4) serving the needs of youths and seniors, 5) community revitalization, 6) linking jobs to housing and 7) air quality improvements.

7.4 Section Summary

The section reviewed literature on public input to highlight design principles; supportive conditions for a public based participative approach and theoretical, practical and policy implications. The section used the Portland Transit Choices for Livability (TCL) project in which this PI was involved as a case study. Six key guiding principles were presented. First was the need to distinguish public involvement from public relations and public information. Secondly, was the requirement for the process to be proactively inclusive, involving decision makers and all interested stakeholders? Thirdly, was respectful communication by perfecting the art of listening to constituents with each opinion given serious consideration with prompt response? The fourth guideline required allowance of enough time for activities, proactiveness and on-going communication throughout the project development, and public notices given for all decisions. Fifth was that the decision process should be defined, structured, and transparent. And finally, the need to provide appropriate leadership to public outreach efforts, with an agency spokesperson articulating agency policy, perspectives, and operating procedures as well as ensuring adequate resources for public involvement including staff and budget for information materials.

Several support practices covered included the importance of the role of government in enhancing public policy, such as, the need for internal support, existence of a supportive structure and external support. This finding argued very strongly for the recognition of the importance of a systems perspective in the planning process. And finally, based on inherent theoretical, practical and policy implications, it was clear that this process went beyond project planning. It provides an opportunity for diverse applications of the process in other non-transportation fields and other locations such as in this case of Nairobi, Kenya. With these in mind, the TCL project provided both an opportunity to measure the level of success in public and community based project planning and a challenge on the role of public service providers.

8.0 OPERATIONAL AND POLICY IMPLICATIONS

This section provides underlying considerations in the development of the framework that were implicit but not directly discussed in section 7.0. These are specifically in terms of: 1) necessary technical support and guidance, 2) management of the associated PPP risks; 3)

policy implications, and ultimately; 4) value for money for service delivered.

8.1 Technical Support and Guidance

As indicated earlier in the framework, technical support was encouraged starting as early as during the project selection. This is because it would be unusual for the project team to have all the necessary specialist skills available internally. According to the ICA & PUK (2009), professional advisers need to be used where their skills will add value to the project's preparation, procurement, and management activities. Accordingly, the objectives and leadership of the project should remain the public sector's responsibility. Indeed, any gaps in skills should be identified at the outset, and options should be considered for securing any additional resources required. Advisers should be required to transfer their skills to the project team (for example, by preparing guidance notes or providing training at the conclusion of an assignment). The primary role of advisers is to give appropriate advice in their area of expertise to the project management group.

8.1.1 General Technical Adviser

Some of the roles of technical advisers include supporting the development and feasibility of the technical aspects of the strategic plan and outline business cases, draft the project output requirements and specifications, ensure that all technical aspects of the project meet the objectives and evaluate and advise on all technical solutions throughout the procurement phase.

8.1.2 Financial Technical Adviser

The financial technical adviser's role among other responsibilities is to support the development of the financial aspects of the project's business case, in particular, the appraisal of different options and financial modeling and liaising with the development finance institutions, develop project payment mechanisms in conjunction with the technical advisers, prepare the requirements for submitting a financial bid, ensure that all financial aspects of the bidders' solutions meet the requirements for submitting a financial bid, and to provide support in the clarification and fine-tuning of financial and commercial issues.

8.1.3 Legal Technical Adviser

The legal technical adviser is critical especially with the assistance of the public authority in assessing the requisite powers and legal feasibility of the project, developing the contract documentation for the project, developing other legal aspects of bid documents, , preparing the legal and contractual requirements for submission, ensuring that bids meet the legal and

contractual requirements for submission and evaluating and advising on all processes and legal and contractual solutions throughout the procurement phase.

8.1.4 Environmental Technical Advisers

Similarly, an environmental technical adviser will be responsible for examining the potential environmental impact of the project, identifying the potential risks, and determining the mitigation of such risks and the impact on the scope and design of the project.

8.2 Risk Identification and Allocation

Another issue that was implied but not fully discussed in the framework was the issue of risk. Based on the ICU & PUK (2009) best practices, one of the major reasons for PPP projects is to spread risk. Typically, while the public sector may be keen on benefiting from the technical expertise and financial resources from the private sector, the private sector is typically in turn interested in hedging off the risks associated with providing public service. This means that the public authority needs to determine the project's risk level. Thus, a complete picture of the risks that flow from the project requirements also needs to be established. This would include identification of risk, allocation of risk, mitigation of risk, and monitoring of risk.

Risk identification: Identifying risk includes determining all the risks relevant to the project, possibly breaking this down over the various phases of the project (for example, construction, commissioning, early operation). Checklists of risks that typically apply to infrastructure projects can be used together with risk workshops in which the authority and relevant stakeholders can brainstorm the expected risks. A "risk register" can be used to record all risks and to serve as a checklist throughout the life of the project. The advisers can play an important role in this process.

Risk allocation: This involves allocating or sharing the responsibility for dealing with the consequences of each risk between the parties. The principle is to allocate the risk to the party best able to control its occurrence and consequences as well as to the party in the best position to assess information about the likelihood of the risk within the context of what is likely to be commercially acceptable to the private sector. There are only three parties to whom the risks can be allocated: users, investors (the private sector), and taxpayers (through the government). Risk does not disappear through contractual structuring; it is simply reallocated among the parties. Risks associated with design, technology, construction, and operation are typically allocated to the private sector, which is usually more efficient at

controlling and managing them. Other risks may be better managed by the public sector, such as regulatory, environmental, and foreign exchange risks, or may be shared, such as demand or change-of-law risks. *This exercise is one of the most important in assessing and developing the bankability of the project.* This process also helps to identify the issues that the public authority should resolve at the project preparation stage and ensures that, if the risks do in fact arise during the life of the project, both parties have agreed on what to do about them.

Risk mitigation: It is important to reduce the likelihood of risks and their consequences for the risk taker. A change in project scope can sometimes reduce risk. For example, giving the private sector party control over the fuel transport facilities for a power generation project, and including this in the scope of the project, may reduce interface risks.

Risk monitoring and review: Risk management is an ongoing process that continues throughout the life of the project. Existing risks need to be monitored and new risks identified as the project develops and the environment changes. The contract management team will normally update the risk management plan, which is linked to the risk register, regularly throughout the life of the project.

8.3 Policy Rationale

Another salient aspect derived from the framework is the need to develop both operational policy guidelines as well as legislative policy statutes to govern the PPPs both at local and national levels. Again, based on the ICU & PUK (2009) best practices, the establishment of a clear policy framework helps both the public and the private sectors to understand the core rationale for PPPs and how the public sector will go about making them happen. PPPs are difficult to deliver in an unstable policy environment. When assessing a PPP market, the private sector expects to see a PPP policy that sets out the rationale for using PPPs, the guidelines that the public sector will use to assess PPP projects in a consistent way, the determination of who approves what and when throughout the process of project selection, preparation, and procurement, and the process of resolving disputes (often set out in legislation).

The private sector will also want to know about the process and what is involved; to assess how much it will cost to prepare and submit a bid for; to know how long the bidding process will take and, how workable and transparent it will be; to be clear on how the public authority will manage the partnership in the long term; and to know how committed the government is

to the project. The more transparent the objectives, targets, and consequences of a PPP, the more effective the partnership will be.

8.4 Value for Money for Service Delivered

Even if a project can be delivered as a PPP, *should* it be? According to ICU and PUK (2009) best practices, this question may arise where limitations on public sector funding preclude any alternative or where the project will be fully paid for by users. Thus, even in concession PPPs, some deployment of public resources is almost always involved. A toll is just another form of tax, and in a toll-road concession the grant of the concession carries an opportunity cost (toll revenues that could otherwise be available to the public sector or land rights that could be exploited along the highway). In addition, “contingent liabilities” for the public authority or alternative uses of public assets may need to be considered. In this case, the risks or costs of delivering the PPP project may significantly outweigh the perceived benefits. Clearly, in assessing options and contingencies, their likelihood of materializing needs to be taken into account. Ultimately, the project should be judged on the basis of value for money for the services rendered on behalf of the public sector.

8.5 Section Summary

The purpose of this section was to provide the underlying considerations in the development of the PPP framework that were implicit but not directly discussed in section 7.0. The section first presented the role and the necessity for technical support and guidance. Secondly, the section discussed the strategies for managing associated PPP risks. Subsequently, the section discussed key policy implications. Finally, it covered the concept of “value for money for service delivered”. On the overall, the section presented operational and policy related issues.

9.0 CONCLUDING OBSERVATIONS AND RECOMMENDATIONS

This research project has extensively covered the nature of PPP project development and implementation in urban areas. Thus, section 1.0 provided the need for this study including identification of the problem, purpose of the study and the fundamental research questions. Section 2.0 covered the literature review with respect to the historical background leading towards PPP practices in Africa in terms of the context of underdevelopment, public resource management issues of concern, attempts towards PPPs and prerequisites for PPP concept. Section 3.0 specifically focused on PPP literature including the definition and review of the basic principles of PPPs, a survey of PPP case studies in Eastern and Southern Africa as well

as an urban transportation related case study from Portland Oregon in which this principal investigator was the lead project manager. Section 4.0 developed the research methodology process. Subsequently, field work was done involving interview of stakeholders who provided key insights on the nature of PPP projects in the City of Nairobi. Section 5.0 presented the findings, the analysis of findings and their implications. This was followed by section 5.0 which covered the framework for PPP and section 7.0 which covered the framework for public participation process. Section 8.0 reviewed other pertinent issues with respect to the PPP framework including technical support, consideration of risk issues, policy implications and the significance of delivering value for money in PPP projects. This section presents several considerations including general findings, recommendations and general guidelines for successful PPP projects and public participation.

9.1 General Findings

The general objective of this case study was to assess the status of public private partnerships in Nairobi with City Hall and identify factors affecting their development and sustainability. Specifically, the key objectives of this case study were to; 1). *Document partnership practices* by; a) identifying existing private partnerships with the city council, b) collecting information on factors affecting the success of the partnership, and c) analyzing and documenting the nature of these partnerships; 2). *Develop a partnership strategy* by; a) identifying and describing the socio - economic relationships that had taken place in the city of Nairobi between the public and private sector, b) identifying and documenting the best practices elsewhere, c) and developing a framework within which the external best practices could be infused and blended within the local context; 3). *Develop a participative strategy* by; a) identifying strategies to increase collaborations between different public and private interest groups and local authorities for service delivery and project implementation, and b) identifying and designing communication strategies to initiate and promote dialogue between the public and private sector in a developing country context and; 4). *Develop a framework for a multi-objective approach* by combining PPP strategies and public participation process.

To be able to develop a quantitative analysis of these issues, a content analysis was used by identifying key factors of interest that were imbedded in the interview questions, e.g., initiator of partnership, activity goal, why partnership, stakeholders, the agreement, challenges and mitigation. Using a matrix table with frequent descriptors or phrases, each interview script was read with the goal of identifying the presence of the descriptor and entering the respective column on the matrix table whenever it was found.

In the analysis of responses from participating organizations, certain patterns seemed to emerge. In **general**, some of the specific findings showed that an average public-private partnership among the participating organizations was initiated by the private sector with the goal of providing public service and typically the partnership required participation of a governmental entity. Most of the participating stakeholders were local private sector organizations and the agreement of partnership was either by formal contract or simply ongoing collaboration. Their major **challenge** was unilateral decisions by the governmental entity and the problems seemed to continue without much effort made to mitigate the challenges faced. Some of the **least likely** situations included initiation of partnership by simply joining an existing partnership, partnering for the purpose of generating more revenue, involvement of foreign NGOs, provision of public service for profit and the **least of challenges** being law suits.

The study also did an analysis of the distribution of factors cited in the interview script as contributing to the success of each partnership activity. Several patterns emerged. Of the 25 success factors for initiating or enhancing partnerships, the most frequently mentioned were high risk (cost) of the project and the private sector initiative, shared interests in the project, a formal contract agreement and local context strategies, consultative process, good organizational reputation and history of the project's success.

The final set of analysis reversed the focus of the previous analysis and instead attempted to examine the distribution of factors contributing to the failure of each partnership activity. In this analysis, the spread seemed less divergent as was with success factors. Among the top factors were lack of supportive legal structure, distrust of the governmental entity, corruption, and vested interest, having opposing goals within the partnerships and political interference.

9.2 Implications of Findings

In terms of general findings, given that, i) most of the partnership agreements were through a formal contract and collaborative, ii) that challenges facing partnerships were bureaucracy, unilateral decisions by a governmental entity, contract disputes and lack of legal structures, and iii) that challenges remained unmitigated, or in the case of one, used a court settlement, several considerations need to be explored. First, with respect to majority of projects being initiated by the private sector, it appears that there is need for governmental entities to be proactive in initiating PPPs especially given that most PPP are initiated for the purpose of providing public service. In terms of unilateral decisions, there is also need for governmental

entities to avoid making unilateral decisions and to embrace a participative approach. In response to limited foreign participation, there is need for the government to encourage foreign organizations, especially foreign NGOs to participate in local PPPs, and to develop mechanisms for mitigating challenges to put closure to problem areas.

With respect to success factors, according to the findings, the **factors that were more likely to be associated with success** of the partnership were the presence of high risk (cost) for the project, private sector initiative, and shared interest in the project. One of the implications therefore is that a typical project that is **most likely to succeed** would be one where the risks (costs) are too high for an individual organization to go at it alone; it is initiated by the private sector, and participants have shared or vested interest in the project. This implies the need for the public sector to mitigate risk factors, proactively encourage private sector initiatives and scrutinize participant interests to ensure compatibility prior to engagement into partnerships.

The final analysis examined partnership failure related factors. It was clear that those partnerships that **were susceptible to fail** would be in situations where the legal structure is wanting, such as lack of supportive legal structure, poor procurement laws, no contract transparency, political problems (such as distrust, corruption, entrenched vested interests, opposing goals within the partnerships, and political interference) were the key factors contributing to the weakening of partnerships. Therefore this presents a need for a framework through which partnership projects draw common objectives among participants. It also calls for openness and tolerance of critical views. Similarly, while it is important for governmental entities to support partnerships where there is an established framework or effort to alleviate the problem, there is even more needed to strengthen partnerships where there was less governmental structure or effort, and especially where the private participants in the partnership may have appeared antagonistic to the situation.

9.3 Research Recommendations

Based on feedback from the stakeholder responses and discussions with City Council officials, the following sentiments for recommendations have so far been observed.

9.3.1 Procedural and Legal Process

There is need for establishing or strengthening formal processes for PPPs as well as streamlining and entrenching the respective legal processes.

Formal Procedural Process: First, it was gathered that the current PPP guidelines are not

comprehensive nor widely understood. Therefore the implied suggestion is the need to develop comprehensive guidelines. Secondly, it was gathered that the current PPP practices tend to be inconsistent. There is therefore a need to apply practices consistently based on established and enforced guidelines above. Finally, concerns were expressed about lack of a One-Stop-Office for PPPs. Given the significance of PPPs in city development, there is need to set up a One-Stop-Office for PPPs across government ministries and a desk at the City Councils.

Comprehensive Legal Process: While the Public Procurement law was passed and helps structure the process, there were sentiments that the law partially limits certain PPP initiatives. Therefore, there is need to review and amend certain sections of the law accordingly. There were concerns that the PPP law had taken long to be gazetted. There is need to fast track its implementation and an implied need to review it along with the procurement laws for consistency and private sector input. It was also suggested that the Local Government Act and the Procurement Act be harmonized with the Public Private Partnership Act to make it less antagonistic to PPP initiatives.

9.3.2 Proactive Government Initiatives and Support of PPPs

Since PPPs provide complementary support for the public sector service, it was felt that the public sector needs to also take a proactive stance for stimulating and sustaining the development of PPPs. Specific areas included creation of a PPP office, active encouragement of public participation in decisions, as well as participation of foreign organizations.

PPP office in MOLG: Some participants found it confusing and discouraging when they were directed to consult with multiple offices in their application and management of their PPP services. It was hence suggested that the MOLG create a PPP office and second a PPP champion as representative to work with each city council's PPP projects. Secondly, there was also fear that too much political pressure on the Town Clerk sometimes interfere with consistent award and enforcement of PPP contracts. To shield the Town Clerk from political pressure, the PPP office should be established in the MOLG. The PPP office would then liaise with the Town Clerk's office (PPP desk) as well as the City Planner, City Engineer and other relevant bureaus.

Public Participation: Some participants complained about the public not being engaged in some of the key service decisions. Because the public is the ultimate consumer of public

service, these participants wanted greater and proactive involvement of the public in key service decisions. This would imply both issuance of a public notice about forums and direct invitation of primary stakeholders to the forum. It was also felt that some public services are not offered due to low public engagement in the political process. It was therefore suggested that even in cases where public participation is low, one could use private sector initiatives as a proxy for measuring public sector needs assessment.

Participation of Foreign Organizations: One of the unanticipated outcomes was the finding that few foreign organizations were involved in PPP projects with the City Council. Because of potential for synergy in certain projects, it is suggested that the City Council entice more foreign companies to participate in local PPPs as part of their Corporate Social Responsibilities. In addition, they should also entice international NGOs and agencies to increase their participation in the funding of local PPP initiatives.

9.3.3 Openness and Supportive Environments for Creativity

Several other issues that arose from the interviews included the need for an environment that encourages creativity through on-going consultations with proponents of ideas and protection of creative ideas. Many of those interviewed felt that councilors were the biggest threat to the success of a PPP agenda and many desired for laws that would de-link or neutralize the direct influence of councilors. A possible solution would be getting public approval of projects through public notice. Another would be shifting matters relating to PPP to a ministry office such as Local Government.

Ongoing Consultations between City Council and Proponents of Ideas: It was reported that proposals for PPP projects tend to be shelved at City Council for too long and sometimes released to the public for tendering without communication to proponents. Participants suggested that communication between public officials and the private sector are not ongoing once a project is implemented. They said this may be a factor in project failure. It is suggested that proponents be kept apprised of the progress and be informed in time about decisions made. Ongoing communication throughout the life of a project was critical, especially structures for continuous evaluation and monitoring and feedback.

Subjection of Inventions to Competitive Bidding: There were concerns that inventions, innovations or new ideas from the private sector are sent to tendering for a competitive bid when in fact it is not possible to fully articulate the concept without revealing proprietary design information. It was hence suggested that procurement/tendering rules should only

apply to government initiated or funded projects. It was further argued that privately initiated and funded ideas should be treated as licensing matters (and therefore not subjected to tendering).

9.3.4 Other Significant Considerations

Based on the overall feedback from the private and public stakeholders along with best practices around the world, it is also recommended that the PPP process be institutionalized with both capacity building and ongoing research for improvement.

Capacity Building: Given the previous practices, there is a need for a paradigm shift. This would require work-shopping of key officials on PPP best practices and review through the guidelines.

Ongoing Research: It is also recommended that the City Council and the MOLG consider use of on-going research and consultancy to keep up to date with best practices in the world.

9.4 General Guidelines for PPP Projects

In general, time and effort must be spent laying the foundations for successful public-private partnerships. The basic guidelines for this process would include but are not limited to:

- Establishing and clarifying the policy framework, as the private sector needs to understand the drivers that lie behind the projects
- Establishing a clear legal framework, as PPPs depend heavily on contracts that are effective and enforceable
- Ensuring consistency, as well as clarity, of the policy and legal framework, because this reduces uncertainty for investors
- Drawing up investment plans, which can be useful to demonstrate high-level political support, to indicate the potential flow of future projects, and to explain how projects fit together, even regionally
- Avoiding sending out wish lists of disconnected projects that are not part of a coherent program
- Establishing a clear PPP process map
- Creating a PPP unit within government, with relevant commercial and legal skills, which is a key source of support for policy makers and project developers. This helps to ensure consistency and credibility and credibility can send a powerful signal to the private sector about the public sector's competence and seriousness of intent
- Capitalizing on the experience of others who have managed the process, as the private

sector takes considerable comfort from working with public officials who have been through the process before.

9.5 Guidelines for Public Involvement Process

Several principles were identified to be critical for the success of the public participation process. Some of the most common ones included:

- The need to distinguish public involvement from public relations (whose goal is to promote a particular policy or solution) and public information (a one way campaign to inform the public about on-going issues or developments).
- The process should be inclusive, involving decision makers and all interested stakeholders by proactively seeking out groups and individuals who will be affected.
- Communication with participants should be respectful by perfecting the art of listening to constituents with each opinion given serious consideration with prompt response.
- Activities should allow enough time, be proactive and on-going throughout the project development, and public notices given for all decisions.
- The decision process should be defined, structured, and transparent.
- Provide appropriate leadership to public outreach efforts, with an agency spokesperson articulating agency policy, perspectives, and operating procedures as well as ensuring adequate resources for public involvement including staff and budget for information materials.

Other additional key guiding principles that were discussed with respect to designing, implementing and managing the public involvement process included:

- Acting in accord with basic democratic principles for interested parties to debate issues, frame alternatives and affect final decisions
- Continuous contact between agency and non-agency people throughout the decision making process.
- Use of a variety of public involvement techniques that target different groups in different ways.
- Active outreach to the public by searching out the public and working hard to elicit their response.
- Focusing participation on decisions rather than merely satisfying a requirement.

These principles can be subdivided into two major strategies, i.e., process oriented and personal relation oriented strategies: The process oriented strategies include: 1) satisfying

process values, 2) involving stakeholders, 3) starting early to allow enough involvement, 4) clarifying parameters of project decisions, 5) maintaining continuity of involvement, 6) not letting a controversial decision slip by the public, 7) proving to the public that their concerns will be addressed, and 8) achieving a clear resolution and providing prompt feedback. The personal relation oriented strategies include: 1) striving for consent, not consensus, 2) building trust and enhancing relationships, 3) seeking to clearly understand public concerns, 4) presenting your position from a listener's frame of reference, 5) clearly establishing need for project, 6) affirming or acknowledging the other side, and 7) avoiding hasty commitments.

Ultimately, apart from fulfilling the required government mandates, the key policy implication of the public participation process should be the development of trust between the agency and the community, which in turn facilitates the long-term success of the project. Similarly, there are two theoretical implications, i.e., the democratic based and market oriented principles. As previously presented, the democratic principle was best captured in the 1996 US Department Of Transportation (USDOT) publication where it stated: *Acting in accord with basic democratic principles means that public involvement is more than simply following legislation and regulations. In a democratic society, people have opportunities to debate issues, frame alternative solutions, and affect final decisions in ways that respect the roles of decision-makers. Knowledge is the basis of such participation. The public needs to know details about a plan or project to evaluate its importance or anticipated costs and benefits. Agency goals reflect community goals. Through continued interaction with the entire community, agencies build community support and, more importantly, assure that the public has the opportunity to help shape the substance of plans and projects. In summary, public agencies act as public servants.*

The Market principle on the other hand argued that several elements of the public participation process embrace the basic economic principles of the market especially with respect to consumer sovereignty (in this case, the beneficiary public/community). Subsequently, scarce resources are allocated efficiently since public officials provide essential information and the structure. The public trades off alternative opportunities in order to reach an optimal solution. Thus, an efficient market must provide consumers with a variety of choices from which they can choose the combination of quantity, quality and price that best suits their needs. Consumers must also have accurate information about their choices. Only if consumers have viable choices and accurate information can the decisions

they make represent their true preferences.

9.6 Section Summary

This section presented some general observations on the issues covered in the report. The first section focused on general findings from the field work including factors leading to the PPP success or failure. This was followed by recommendations based on each of the respective factors. Finally, two frameworks were presented in terms of general guidelines for successful PPP projects and public participation.

References

- Bates, T.B., and Wahl, D.J., (1997), We Can't Hear You! San Diego's Techniques for Getting Balanced Community Input in Major Investment Studies, paper presented at the Annual TRB Meeting, ..
- Bell, J., (1998), Public Involvement – Low Budget Can Mean High Effectiveness, paper presented at the TRB Transportation Planning for small and Medium Sized Communities Conference.
- Boyd, D., and Gronlund, A., (1995), The Ithaca Model: A Practical Experience in Community-Based planning, paper presented at the Annual TRB Meeting, http://www.ch2m.com/TRB_PI/trbpaper5.html.
- Brohman, J. (1996), Popular Development: Rethinking the Theory and Practise of Development. Oxford: Blackwell Publishers.
- Browne-Cooper, T., (2003), Standardised procurement contracts might cut the high cost of public infrastructure, [UniNews Vol. 12, No. 11](#) 30 June - 14 July
- Dilley, M., and Gallagher, T., (1999), Designing an Effective Approach to the Public: The Alaska Experience, paper presented at the Annual TRB Meeting, http://www.ch2m.com/TRB_PI/00194.pdf.
- Dulic, C., (1997), I-96 Interchange Access Improvement Study: A Look at the Public Involvement Process on an MIS, paper presented at the TRB Application of Planning Methods Conference.
- Ferguson F. Ronald., William T. Dickens. (1999), “Urban Problems and Community Development“ The Brookings Institution
- Gallagher, J., (1997), Distributing Congestion Management System Information Using the World Wide Web, paper presented at the TRB Application of Planning Methods Conference.
- Gallow, P., (2007), Public Private Partnerships in the wake of Local Government inquiry in New Zealand,
- Greve, C., (2003), Public private partnership in Scandinavia, International Public Management Review · electronic Journal at <http://www.ipmr.net> , Volume 4 · Issue 2 · 2003
- Hale, D., Creating Successful Public Involvement Program for Major Investment studies, paper at 5th annual TRB Small and Medium Sized Communities Conference.
- Haruo, I., (1997), People's Opinions and Road Policies: the Effects of the Public Involvement (PI) Activities of the Road Council in Japan, paper presented at the Annual TRB Meeting.
- Heald, D., (1997), Public Private Partnership and the Private Finance Initiative: A Review of Recent Literature, *The Manchester School* Vol LXV No. 5, p.593-4
- Ingram, R., and Lorenz, J., (1999), It's Not Just For Projects Anymore: KDOT's Innovative Agencywide Public Involvement Program, paper presented at the Annual TRB Meeting.
- Keever, D., and Lynott, J., (1999), In the Possibilities are the Solutions: Assessment and Implications of the Public Involvement Process During the Environmental Impact Study of the Woodrow Wilson Bridge, paper presented at the Annual TRB Meeting, http://www.ch2m.com/TRB_PI/00499.pdf.
- Lienhard, A., (2006), Public Private Partnerships (PPPs) in Switzerland: Experiences—Risks—Potentials, *International Review of Administrative Sciences*, Vol. 72, No. 4, 547-563 DOI: 10.1177/0020852306070083
- Molenkamp, L., (1999), Importance of Public Involvement: A Look at the Car City Policy in The Netherlands, paper presented at the Annual TRB Meeting.
- O'Connor, R., (1997), Facilitating Input and Measuring Voice: How The Tools We Choose Make Hidden Value Statements, article in TRB Committee on Public Involvement News Letter, Memo.
- O'Connor, R., Schwartz, M., Schaad, J. and Boyd, D., State of the Practice: White paper on

- Public Involvement, TRB Committee on Public Involvement.
- O'Dowd, C., (1996), A Citizen-Led Process for Deciding Community Transportation Priorities, TRB paper presented at National Conference for Solutions for Small and Medium-Sized Cities, http://www.ch2m.com/TRB_PI/trbpaper5.html.
- O'Dowd, C., (1998), A Public Involvement Road Map, paper presented at the TRB Transportation Planning for Small and Medium Sized Communities Conference.
- Roseland, Mark. (1998), "Towards Sustainable Communities" Resources for Citizens and their Governments. New Society Publishers
- Sampson, R., Raudenbush, S.W., and Earls, E., (1997), "Neighborhoods and Violent crime: A Multilevel Study of Collective Efficacy" *Science* 277 (August 15): 918-24
- Shoemaker, L., (1998), Sustaining Public Involvement in Long Range Planning Using a Stakeholder Based Process: A Case From Eugene-Springfield Oregon, paper presented at the TRB Transportation Planning for small and Medium Sized Communities Conference, http://www.ch2m.com/TRB_PI/shoemake.pdf.
- Schwartz, M., and Eichhorn, C., Collaborative Decision Making: Use of Multivariate Utility Analysis to Involve Stakeholders in Resolving Controversial Transportation Issues, manuscript accepted for publication in the *Journal of Advanced Transportation*
- Yoshioka, M., (1999), Drafting Japan's New Five Year Road Improvement Program: A New Approach, paper presented at the Annual TRB Meeting.
- Weiner, E., (1987), *Urban Transportation Planning in the United States: An Overview*, Praeger, NY.
- Williams, K.M., and Marshall, M. *A Public Involvement Handbook for Median Projects*, Center for Urban Transportation Research, at the University of South Florida.
- World Bank, (2009), *Infrastructure Consortium for Africa (ICA) and Partnerships UK (PUK), Attracting Investors to African Public Private Partnerships, A Project Preparation Guide*.
- Ziegler, A.,(1997), Ambassador Bridge/Gateway Project Major Investment Study: The First Application in Michigan, paper presented at the TRB Conference, http://www.ch2m.com/TRB_PI/zeigler2.pdf.

Appendix

Appendix Table 1: Analysis of Responses

Question		Adopt	Amref	KARA	Athi1	Athi-2	NMG	Clock	MOW	NCCI	NCBDA	NCC 2	Nakumatt	Amref2	TTL
Initiator	Private	1	1			1		1			1	1	1	1	8
	Govt		1		1					1				1	4
	Other		0	0			1		1					0	2
Activity Goals	Improve service										1	1			2
	Support govt				1				1						2
	Support communities	1	1											1	3
	Public service			0		1	1	1					1		4
	Generate revenue									1					1
	Support business					1		1			1				3
Why partner	Requires Private				1										1
	Requires Govt	1	1			1		1			1				5
	Cost	1								1		1		1	4
	Strategic		1					1			1			1	4
	Other								1				0	0	1
Stakeholders	Local Private	1		1	1	1	1	1	1	1	1	1	1	1	12
	Foreign Private	1	1				1							1	4
	Local NGO						1				1	1	1	1	5
	Foreign NGO						1							1	2
	Govt	1	1	1	1	1	1	1	1		1	1	1	1	12
	International Agencies	1	1		1		1				1			1	6
	Other	1		1			1						1	1	5
Agreement	Formal contract	1	1	1		1			1	1	1	1			8
	Informal/MOU			1							1		1		3
	Med Term (2-5 yrs)	1								1	1				3
	Ongoing/collaborative		1	1	1		1				1		1	1	7
	Contentious	1										1			2
	None							1							1
Challenges	Contract disputes	1				1					1				3

	Contract termination	1						1							2
	Law suit	1													1
	Arbitrary decisions			1				1							2
	Bureaucracy			1		1			1		1	1			4
	Unilateral decisions			1	1	1					1				4
	Procurement law									1		1			2
	Lack legal structures					1				1		1			3
	Other				1										1
Mitigation	Mutual agreement					1					1				2
	Court settlement								1						1
	Problems continues	1		1				1				1			4
	Other				1										1
		16	10	10	10	12	10	11	8		17	12	8	13	144

Appendix Table 2: Analysis of Success Factors

Success factors	#	Adopt	Amref 1	KARA	Athi Energy	Athi-Mbagathi	NMG	City Clock	Mow	NCC 1	NCBDA	NCC 2	Nakumatt	Amref-2	TTL
Honoring contract	1		1		1	1			1	1	1	1		1	8
Formal contract agreement	2		1		1	1	1		1	1	1	1		1	9
Consultative decision process	3		1		1	1	1		1		1		1	1	8
Supportive legal structures	4				1									1	2
Government procurement law	5				1						1				2
Shared common goals	6		1		1				1	1	1	1		1	7
High cost	7	1	1		1	1		1	1	1	1	1	1	1	11
Community solution ownership	8		1		1		1							1	4
Contract Transparency	9		1		1									1	3
Community participation	10		1		1		1							1	4
Community solution ownership	11		1		1		1							1	4
Contract Transparency	12		1		1									1	3
Fair contractual design	13		1		1				1			1		1	5
Trust	14		1		1					1	1			1	5
Local context strategies	15		1		1		1	1		1	1	1	1	1	9
Operational Transparency	16		1		1		1							1	4
Operational accountability	17		1		1	q	1		1					1	5
No political interference	18		1		1					1				1	4
Open to change	19		1		1			1	1	1	1				6
Shared interests	20	1	1		1		1	1	1	1	1	1		1	10
Good organizational repute	21		1		1	1	1	1			1		1	1	8
History of project success	22		1		1	1	1	1			1		1	1	8
History involving govt	23		1	1	1	1	1		1		1			1	7
Private sector initiative	24	1	1	1		1	1	1	1	1	1	1	1	1	11
City council/gov initiative	25				1							1			
Totals		3	22	2	24	8	13	7	11	10	14	9	6	22	

Appendix Table 3: Analysis of Failure Factors

Failure Factors	#	Adopt	Amref 1	Kara	Athi Energy	Athi-Mbagathi	NMG	City Clock	Mow	NCC 1	NCBD A	NCC 2	Nakumat	Amref-2	TTL
Not honoring contract	1	1				1									2
No contract agreement	2														0
Informal contract	3	1													1
Arbitrary decisions	4	1		1				1							3
Unilateral decisions	5	1		1							1				3
Law suit	6	1		1							1				3
Bureaucracy	7			1		1		1							3
Lack supportive legal structures	8	1		1		1		1			1				5
Government procurement law	9	1									1				2
Contract Dispute	10	1				1									2
Opposing goals	11	1		1		1		1							4
High cost	12					1									1
Lack community solution ownership	13	1		1		1									3
Lack of contract transparency	14	1				1									2
No community participation	15	1		1		1									3
Unfair contractual design	16	1													1
Distrust	17	1		1		1			1		1				5
Lack local context strategies	18			1											1
Lack of operational transparency	19	1		1							1				3
Lack of operational accountability	20	1		1							1				3
Political interference	21	1		1		1					1				4
Corruption	22	1		1		1		1			1				5
Resistance to change	23			1		1			1						3
Vested interests	24	1		1		1		1			1				5
Poor organizational reputation	25			1											1
History of project failure	26			1											1
		19	0	18	0	14	0	6	2	0	10	0	0	0	

