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Public Private Partnerships (PPPs) and their Effect on Services Delivery in Rwanda

Dr. Alfred Nuwagaba, PhD

Senior lecturer, Mount Kenya University-Kigali campus, P.O. Box 5826, Kigali, Rwanda

drnuwagaba@gmail.com

ABSTRACT

This research was about public private partnership (PPP) in Rwanda. It was carried out at Rwanda development board (RDB). The researcher explored the state of PPP in Rwanda and went ahead to explore whether or not PPP can improve service delivery in a country. The findings revealed that, there are no PPPs in the country just yet and what exists are just concessions given to some investors in the key areas. It was understood from the study that 90 percent of respondents believe that PPPs improves service delivery and 10 percent do not and 50 percent are of the view, that a clear legal frame work needs to be put in place to support PPP and 35 percent view a communication plan as vital for PPPs. A total of 55 percent of respondents viewed Build, own, and operate and Transfer (BOOT) as the best PPP model for Rwanda. PPPs can function well if there is no political interference and there is need for transparence at all times during contacts negotiations and execution.

Keywords: *Public private partnerships, BOOT, DBFOT, service delivery*

1. INTRODUCTION

This research has been done on public private partnerships (PPPs) in Rwanda. The chosen case study was Rwanda development board (RDB). This agency is responsible for investment in Rwanda. It has been entrusted with government to manage public private partnerships. Kee and Forrer (2012) argue that PPPs can fast track the economic growth of a country provided the right conditions and environment are in place. The issue that was being explored by the researcher was to understand whether or not PPPs improve service delivery. According to (Sagalyn, 2007), PPPs if handled properly can improve service delivery though results measurability becomes a challenge. Well negotiated public private partnerships should lead to a country's economic growth. It is such that developing countries should strive to support. In the context of this research, PPPs are explained to mean arrangements where the private investor's co invests with the government in the public sector for the efficient provision of goods and services to the public (Chan et al., 2009).

2. LITERATURE REVIEW

A review of past data has been done to assess the study gaps and make a justification for this research on PPP in Rwanda. The developing world has generally seen a lot of interest in public private partnerships especially in infrastructure development and telecommunication and they have in most cases faced a lot of problems and for example between the period of 1990 to 2003, a total of about USD 786 billion has been invested in developing countries (EPPPL, 2010). The point should be that PPPs should be able to provide cost effective and efficient service delivery to citizens. Countries like South Africa have seen success stories in terms of providing urban services to its people in cities like Durban and PPP investments were done in the transport and trade sectors and such initiatives help in the country's economic development (Hertzberg and Wright 2005, Flinders 2005,

Houghton, 2011). Rwanda as a country has the political will to make PPP a success story especially in social and economic sectors and particularly in higher education, health and transport. The flow of funds from the private sector to public sector is a big support to government development initiatives, but there is always a challenge in measuring their efficacy as most of the results come in qualitative nature (Sagalyn 2007, Nzimakwe 2006).

The acceptance of public private partnerships should be based on mutual benefits and not intended to benefit the investors at the expense of the local citizens. This explains why countries like Hong Kong are very skeptical on PPP (Cheung, and Chan, 2011). The government acknowledges that in some cases, the private sector can be more efficient than public sector in efficient service delivery, but this should not be expensive for the ordinary man. Hong Kong in the sixties had already the build, operate and transfer (BOT) Public private partnership arrangements in the transport sector and they were not all successful (Cheung, and Chan, 2011; Kwan 2005; Ho 2005). Rwanda may need to adopt a model that would see it have the private investors design, build, finance, operate and transfer (DBFOT) the projects back to the government after the contractual period. The success of PPP would highly depend on the legal frame work which should protect all the interested parties and there is need for experienced personnel to hand PPP issues as they may be complex. Transparency is very vital in PPP as this is a driver to their success or failure and there should not be any political or any other interference (Hudon 2011; Kouzmin, Johnson, and Thorne 2011). Quebec has had success with its PPP because of its good democratic institutions and avoiding any form of interference in their operations (Hudon 2011; Kouzmin et al. 2011). Rwanda has democratic institutions and formidable procurement procedures that can enable operation of PPP without state or political interference. There has to be however, a need to ensure that procedures are not rigid to constrain the services of the PPP private

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providers. Public private partnerships ought to be about service delivery and not hidden private motives by some investors. Nigeria at one time had a shortage of housing and under its National Housing and Urban Development Policy (NHUDP) that started in 2002 and planned to construct 45,000 houses for its low income earners and this was made possible through PPP (Aribigbola, 2008; Ibem, 2011). This explains the essence of PPP in infrastructure development and Rwanda can learn a lesson from this case. Obviously, it is logical to argue that PPPs are very instrumental in fostering economic growth of a country.

3. IMPORTANCE OF STUDY

The growth of any economy is multifaceted based on the support of the government and the private sector that works in coherence and unison. It is of no doubt that developing countries need PPP for them to thrive economically and this can be witnessed in the Uganda telecommunication sector, prison contracts in South Africa among other initiatives in different countries (Farlam, 2005). It is crucial that as Rwanda's economy is growing amidst financial hardship with inadequate government funding of all its needed projects, a study on the PPP is very crucial as this could provide an alternative form of investment financing in the country. There is need for the country to learn from the PPP success and failures on the continent such that it does not fall prey (Kouzmin et al. 2011; Farlam, 2005). The government program on development of its infrastructure and other areas of the economy can be boosted with the adoption of public private partnerships (PPP).

4. STATEMENT OF THE PROBLEM

There is a myth about public private partnerships (PPPs) and how they help to improve service delivery economies and it is also argued that their impact may not be easily measurable since its is qualitative in nature (World bank, 2009; Sagalyn 2007; Nzimakwe 2006). Rwanda is not an exception. Based on this assertion, this research has been done to unearth and unveil the state of PPP in Rwanda and also evaluate how the PPP status quo in the country can be improved to foster efficient and effective service delivery to its masses and reduce sectors government funding dependence syndrome.

4.1 Research Objectives

- a. To ascertain the status of PPP in Rwanda
- b. Analyze the efficacy of PPP in fostering service delivery

4.2 Hypothesis

- a. Public private partnerships leads to improved service delivery
- b. Public private partnerships do not necessarily improve service delivery

5. RESEARCH METHODOLOGY

This was a survey research about the state of public private partnership in Rwanda and a public

institution called Rwanda development board (RDB) was used as a case study. The period under consideration for this study is 1994 to 2013. This is to ascertain whether or not there have been any PPP arrangements in the country and how they have contributed in the economic development of Rwanda. Primary data was collected through use of questionnaires that were administered to the department responsible for PPP at Rwanda development board. A total of 30 questionnaires were distributed to respondents and 20 were received back by the research and this reflects a 67 percent response rate. This reflected a good response rate. Secondary data was corrected through reviews of data available at RDB on public private partnership. The total population for this study was looked at in terms of departments at Rwanda development Board. It has over 10 departments responsible for different function. A purposive sample was chosen as a department in charge of strategic planning and it is the one responsible for PPP in the country. Questionnaires were distributed to the department's staff. This was done with the assistance of the department head. This was also my main contact person during this research. Data analysis has been done through use of tables and or graphs where necessary ensure clarity.

6. RESULTS AND DISCUSSION

The discussion of the results has been based on the findings from the questionnaires dispatched to the respondents at Rwanda development board and the review of documents about public private partnership obtained from the same institution. Based on the secondary data review, the function of public private partnership is now the responsibility of RDB (RDB, 2013). Public private partnerships in Rwanda have gained momentum, though, they are their infancy and even though, they have the full blessing of the government in principle, there is yet no legal framework that makes them operational in the country. This is to say that, PPP cannot function effectively if structural reforms do not favor their operation (EPPPR, 2010). At the moment, there is scanty data on public private partnerships at RDB and there are also no policy documents guiding their operation. There are no documented PPP in Rwanda though some concessions are given to some investors which does not tantamount to PPP. As per the responses from the respondents, 90 percent believe that PPPs improve service delivery and 10 percent think otherwise. Some countries like south African that have effective and efficient structure reforms have seen PPPs playing a big role in improving service delivery in Durban city (Houghton, 2011). Rwanda has an enabling economic and political environment with credible reforms that can make PPs flourish.

The majority of the respondents at 65 percent believe that political support is very instrument in the success of PPPs, 22 percent believe that, there should be flexible procurement procedures, and 13 percent believe that a strong legal frame work is very vital for PPPs functionality. Hudon (2011) supports the view of having

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all these mentioned issues but, the political support should not mean influencing for example influencing contracts. Public private partnerships can work well if everything is done transparently, otherwise, they can become very costly and this could lead to overcharging the end users (Johnson, and Thorne 2011). Public private partnerships do not necessarily improve service delivery according to 10 percent of the respondents and they gave no reason for their arguments whereas 90 percent think that PPPs improve service delivery and can lead to economic growth. Rwanda as a country would be toiling the right path to achieve economic success if the credible partnerships are done in the country especially in the infrastructure development in social sector, transport and communication, tourism and hospitality sectors among others. The majority of respondents of 65 percent think that it crucial to have PPPs in transport and communication sectors, 15 percent in the social sector, 15 in the tourism and hospitality sectors and 5 percent in others. Countries like Uganda, Tanzania, Gabon, and South Africa among others have overtime had their economies continued grow due to embracing PPPs and concessions in their different sectors (EPPP, 2010).

The country should adopt at least a model that put the design, building, financing, operate and transfer (BBFOT), though according to world bank (2009), there are other models like build, own and operate (BOO), build operate and transfer (BOT) among others. From the responses, 55 percent support the model of Build, own, operate and Transfer (BOOT), and 20 percent support, Design, build, finance and operate (DBFO), 5 percent support Buy, own and lease back (BOLB) and 20 percent support all the options. The government should choose an option that will not put on itself any financial obligations. Investors should be able to raise their own funds and what the government can do is to provide them with a business enabling environment. There is urgency for some preconditions to be met in Rwanda for PPPs to take off. Among the respondents, 50 percent are of the view that a clear legal frame work is needed, 35 percent view a clear communication plan as very vital, and 15 percent are indecisive about what needs to be done to make PPPs a success in Rwanda. From this perspective, interested parties should endeavor to request government to ensure a legal framework is put in place for PPPs. A good communication plan is vital to ensure government can clearly communicate with investors on the available PPP opportunities and also the investors should have a clear medium of communicating with the government as such arrangements facilitate good business relations.

7. CONCLUSION AND RECOMMENDATION

The state of public private partnership (PPP) in Rwanda stands on stalls of zero presence and what exist in the country are just concessions given to investors in some crucial sectors of the economy. Rwanda government has in principle given the operation of PPPs in the country a go ahead and has given the responsibility to Rwanda development board. PPPs are very crucial in infrastructure

development and this eventually fosters a country's development. A legal frame work and governing law of public private partnership is being drafted. It was also clear from the respondents that PPPs are very instrumental in increasing and improving service delivery. It is left to concerned parties to ensure that a PPP platform is made clear and the idea sold internationally to be able to attract private investors in the private sector. The government has to be aware that PPP contracts are more technical and therefore should call for the right personnel to handle the whole process of contracting.

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