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**PUBLIC PRIVATE PARTNERSHIP IN THE POWER
SECTOR OF GHANA: HAS IT DELIVERED AS
EXPECTED?**

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DEDICATION

This work is dedicated to my family and all the wonderful people in my life who relentlessly motivate and spur me on

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ABBREVIATIONS

ACEP: Africa Centre for Energy Policy

ATAF: Automatic Tariff Adjustment Formula

BOT: Build-Operate-Transfer

BOO: Build-Own-Operate

BOOT: Build-Own-Operate-Transfer

DBFO: Design-Build-Finance-Operate

DBO: Design-Build-Operate

DIC: Divestiture Implementation Committee

ERP: Economic Recovery Programme

ECG: Electricity Company of Ghana

GRIDCo: Ghana Grid Company Limited

GoG: Government of Ghana

IPP: Independent Power Producer

ISSER: Institute of Statistical, Social and Economic Research

IMF: International Monetary Fund

LCO: Light Crude Oil

MW(s): Megawatts

MDGs: Ministries, Departments and Agencies

NCA: National Communication Authority

NPM: New Public Management

NEDCo: Northern Electricity Distribution Company

PPA: Power Purchase Agreement

PFI: Private Finance Initiative

PNDC: Provisional National Defence Council

PPP: Public Private Partnership

PURC: Public Utilities Regulatory Commission

SSNIT: Social Security and National Insurance Trust

SOE(s): State Owned Enterprises

SAP: Structural Adjustment Program

TICO: Takoradi International Company

UNECA: United Nations Economic Commission for Africa

VRA: Volta River Authority

WRC: Water Resources Commission

WAGP: West African Gas Pipeline

ABSTRACT

The Government of Ghana has made a declaration through the National Energy Policy to attain 5000MW of electricity generation by the end of 2015 in order to meet the 10% annual growth rate of electricity demand. The policy statement emphasised the significant role of the private sector in achieving this objective due to government's inability to solely finance electricity generation infrastructure. Currently, there are three operational Independent Power Producers (IPPs) who are generating a considerable percentage of electricity being supplied in the country. Of these three, two (Sunon Asogli and CENIT Energy) do not have financial guarantees from the government and have been confronted with the challenge of fuel unavailability and non-payment by their public partner (Electricity Company of Ghana). Since government is unable to solely finance electricity generation infrastructure and because the influx of IPPs has not occurred as envisaged, it becomes imperative that the existing PPPs be effectively managed to ensure further expansion of resources while government continues to seek additional private investment. The main objective of the research was thus to examine the type of working processes between public and private partners and to what extent it influences their effort at attaining the goal of 5000MW power generation capacity. The Theory of Collaborative Advantage by Vangen and Huxham was adopted in the study to examine whether the public and private actors within the present partnership engage in a 'collaborative' or 'exchange' partnership, which would subsequently determine additional investment in expanding electricity generation facilities in the face of the prevailing challenges. The study adopted a qualitative approach within which there were in-depth discussions with both public and private actors engaged in the PPP projects, which included the primary partners (ECG, Sunon Asogli and CENIT Energy) and the public actors in other governmental institutions who interact with these IPPs and also influence the operations of the partnership.

Findings from the study revealed that the integration of private actors in decision making bodies at the national level and the active involvement of governmental actors in addressing challenges of the partnership ensures familiarity with the sector goal and enhances commitment towards its achievement. Irrespective of the commitment demonstrated, the poor relational quality that exists between IPPs actors and their partners at ECG due to ECG's noncompliance with contractual obligations and exploitation of monopolistic advantage in electricity distribution severs trust and limits the extent to which these IPPs are willing to invest more resources. The goal of attaining 5000MW by 2015 remains overly ambitious because the inflow of private capital has not materialised as anticipated and the current PPPs do not exhibit the collaborative tendencies to guarantee further resource expansion to meet the sector goal.

CHAPTER ONE: INTRODUCTION

1.0 INTRODUCTION

The introduction of the Economic Recovery Programme (ERP) spearheaded the discussion of private sector participation in the economic development of Ghana. Private sector participation has ranged from total divestiture of state enterprises to partnerships which have been argued to improve the performance of public enterprises. As stated by Tangri (1991:524), “espousal of the need for public enterprise reform and divestiture was based on the poor performance of the state-owned sector”. Government’s primary mandate of providing infrastructure has over the years been met with severe budget constraints. The use of private finance through Public Private Partnerships (PPP) has therefore become a paramount feature in the expansion and provision of public services such as sanitation, water, health, and electricity.

With a fast growing population and buoying economy, Ghana currently has an electricity consumption that increases at about 10% per annum. Electricity generation and supply since the inception of the Akosombo Dam (Ghana’s largest hydro-electric station) in 1965 has been the sole responsibility of government. However, with deteriorating machineries, increased urbanisation, population growth and natural factors (inadequate rainfall) confronted by the national electricity utilities without a concomitant expansion in power generation facilities, power supply has become erratic leading to the persistent load shedding (cut in electricity supply) in the country. After almost two decades of initiating power sector reforms to improve on the quality of service, the Government of Ghana is still faced with considerable challenges in the provision of electricity to citizens. Without adequate investment to expand power generation stations, the Government of Ghana has recognised the need to tap into the resources and expertise of private investors to build and operate additional electricity generation plants to augment the production by the state power generator. One of the strategy goals of the Energy Sector Strategy and Development Plan (2010) is to increase financing for electricity supply from government sources, development partners and the private sector. Thus, in effect, to open up the power sub-sector to Independent Power Producers (IPPs) and private sector participation especially in electricity generation.

1.1 STATEMENT OF RESEARCH PROBLEM

The Ghana Energy Policy has stipulated that “the first step towards the delivery of reliable power supply services...will be to increase power supply infrastructure” (GoG, 2010:11). In line with this objective, the policy has the goal of expanding electricity generation capacity from about 2000 Megawatts to 5000MW by 2015 but as it stands, the country is yet to meet this target with current generation capacity at 2589MW. Due to the huge investment commitment needed for the expansion of electricity generation which is beyond the financial capacity of government, one major policy response to the electricity generation deficit in the country has been the introduction of IPPs who generate additional megawatts of electricity to augment the supply by the government’s agency (the Volta River Authority) in charge of the country’s largest generation facilities. However, because of the unreliable electricity market and unpredictable economic conditions of Ghana, IPPs would only operate through partnership with government agencies that guarantee them ready market for their services and this they do by signing the Power Purchase Agreements (PPAs). Thus currently there are three operating IPPs in Ghana who have PPAs with the Volta River Authority (VRA) and the Electricity Company of Ghana (ECG).

Indeed the United Nations Economic Commission for Africa in a report (UNECA, 2011:43) has reasoned that “the benefits of public private partnerships in Ghana include the increase in generation capacity and capacity utilisation and hence increased supply of electricity”. With a current national electricity demand of about 2300MW, attainment of the 5000MW set by the government to be achieved by 2015 would have solved the severe generation deficit. However, the country presently has a generation capacity of 2589MW which falls below the 5000MW target consequently leading to regular power outages in the country. The Energy Commission (2014) in outlining causes of unreliable electricity explained that due to such factors as the refurbishment and maintenance of some generation stations, the high cost of Light Crude Oil (LCO) and the inconsistency in the supply of gas for electricity generation, the capacity at which generation stations may be able to produce would not meet demand. Interestingly IPPs in Ghana have mainly invested in thermal generation that requires either LCO or natural gas, hence the high prices and unavailability of these fuels affect them largely. It was however the promise of government to make gas especially available to potential IPPs, in a sense creating security of fuel supply to facilitate stable power generation. Another challenge to IPPs in Ghana currently is that ECG has often defaulted in payments and according to the World Bank (2013), it is its financial untrustworthiness that has kept most

IPPs from venturing into the power sector of Ghana. How does this then affect those already in contract with ECG? How do partners manage to work along these challenges? What type of working relationship have they developed in their operations and how has it affected the attainment of the 5000MW set by government? Central to these questions is thus the issue of partnership agreement and collaborative practices, that is, how government actors and their private counterparts engage with each other aside the formal dictates of their contracts and how this impacts on their effort at improving electricity delivery.

Indeed, there is a National Policy on Public Private Partnership and the National Energy Policy which places much emphasis on private finance in expanding power infrastructure. To this end, there is a PPP advisory unit at the Ministry of Finance and Economic Planning, a Minister of State at the Presidency in charge of PPPs, and various regulatory bodies to ensure the implementation of such PPP projects. However, are these measures enough to ensure effective and successful partnerships? What happens after partnership agreements have been signed? How committed are the actors to achieving partnership goals? Do they have enough trust to enhance resource expansion? Is there mutual relational power to enable partnership stability? To quote Weihe (2008:154) “indeed, operational practice has been more or less black-boxed. So we do not know very much about how the public and private actors in PPPs co-operate in practice and how this affects performance” Moving beyond the macro-structure of a PPP policy and its institutional frameworks, there are rudiments of routine partnership functioning such as resource contribution, trust, and common goals, that if effectively managed create that special effect of ‘synergy’ which is the unique phenomenon of partnership that gives it the ‘collaborative advantage’ over single agents operations. Is this the case in the partnership between the IPPs and government agencies in Ghana?

It is in this light that this study seeks to examine the type of working processes that exists between public and private actors and how it affects their efforts in reaching the 5000MW postulated by the government of Ghana. In analysing the relationship, emphasis is given to the partnership traits, thus whether it is that of mere ‘exchange’ where the goal is for individual or private gains, or conversely if the partnership is ‘collaborative’ in the true sense where all parties in an agreement join efforts with mutual risks and benefits.

1.2 SCOPE OF THE STUDY

This study focuses primarily on the actors and institutions involved in PPP in the power sector of Ghana. Even though the study is basically exploratory, it endeavours to give explanations

to how such factors as; mutual goals, trust and resource contribution impacts on the partnerships success. It seeks to identify and explain how the presence or absence of these factors account for the underlying relationship between the primary partners; the Electricity Company of Ghana (ECG) and two major IPPs (Sunon Asogli Power Ghana Limited and CENIT Energy) and its associated impact on electricity generation expansion. With the signing of the PPA, ECG which is the government agency responsible for electricity distribution to about 72% of the Ghanaian population remains the single purchaser of power generated by these IPPs. The focus of the study thus is to examine if ECG and IPPs engage in more than just buying and selling of power by incorporating such collaborative practices as; agreement and working on mutual goals, exhibition of trusting attitudes as well as efficiency in making resources available to ensure effective partnership functioning. Because there are other government agencies that also play various roles to ensure the overall functioning of the partnership, they are included in this study. These institutions include; The Ghana Grid Company Limited (GRIDCo) which plays a third party role in transmitting generated electricity from IPPs to ECG, the Ministry of Energy acting as the main monitoring institution in the power sector and finally the two regulatory agencies (Energy Commission and Public Utilities Regulatory Commission). The activities of these latter institutions have an overall effect on the attainment of government's objectives, thus their significance to this study.

1.3 STUDY OBJECTIVES

The PPP Policy of Ghana has stipulated that partnerships between government and the private sector would generally improve the quality of service provided, thus in the case of the power sector to expand electricity generation to meet growing demand. According to the Theory of Collaborative Advantage (discussed thoroughly in the literature review) however, there should be more than mere exchange within partnerships to achieve such success. The main objective of the research is thus to examine the type of working processes between public and private actors from the IPPs and government agencies and to what extent it influences their effort in attaining the goal of 5000MW generation capacity. In this regard, the specific objectives of the study would be;

- a) To examine the managerial strategies adopted by public and private actors in working towards stated goals
- b) To examine the factors that account for the level of trust in the partnership and its consequent effect on attainment of partnership goals

- c) To examine the level of resource dependence of partners and its resultant effect on power relations and partnership stability

1.4 RESEARCH QUESTIONS

The central question this research seeks to answer is; what kind of working processes do partners engage in and how does it impact on their effort to attain the goal of expanding electricity generation infrastructure?

Specifically, the study would aim at finding answers to the following strategic questions:

- a) How do partners formulate and work towards partnership goals?
- b) How do partners build and maintain trust in working towards partnership goals?
- c) How efficiently do partners make their complementary resources available to meet partnership goal?

1.5 SIGNIFICANCE OF STUDY

The phenomenon of IPPs is quite recent in Ghana thus not much academic research has been done to ascertain how in practice actors of existing IPPs and government agencies work together in achieving improved electricity delivery. In existence however are a few research articles (Ashong, 2010; Malgas, 2008) discussing the presence and operations of IPPs in terms of economic viability of such projects without much attention to how actors of these IPPs collaborate with their public partners. There is therefore gap in existing literature with regards to core issues such as formulation and working toward mutual goals; existence of trust and efficiency in resource contribution that characterise routine operations of the partnership in the power sector.

The current state of electricity deficit (challenges) in Ghana creates an opportune time for rigorous research to identify relevant policy areas that need to be given attention, thus in the case of this research, a theoretically focused study into the working processes between IPPs in their partnership with the government. Unlike other researches that focus on economic facets of PPP in power sector, this research is distinct because it endeavours to analyse the core working relationship between public and private actors and how this affects their objective of improving electricity delivery. This is what has been overlooked by other researches in the power sector. Since there has been less focus on this particular topic in Ghana, this research

intends to fill the current gap in literature. Another importance of this study is that PPP has become a new trend not only in the developed world but also in developing countries as there is a shift in service delivery mode and development process from being state driven (top down and hierarchic basis) to a network mode comprising different actors (private and the civil society). In this regard it is interesting to follow this process in the context of the developing world, specifically Ghana. The findings of this study may accordingly inspire more academic research on the subject of PPP with regards to working relationship between public and private actors generally and its implication for improved public service delivery.

1.6 ORGANISATION OF THESIS

Chapter one has served as an introduction to the research and has presented an overview of the research problem and study objectives. It has also delineated the scope of the study by identifying actors and organisations that are relevant to answering the research questions.

In chapter two, there will be a review of literature on the general practice of PPP in the provision of public service and also an attempt to establish the difference between PPP and other forms of private sector participation. The chapter goes on to ascertain the type of PPP that is typically practised in electricity provision. A conceptual framework is then developed from the Theory of Collaborative Advantage by Vangen and Huxham (2010) and Resource Dependence Theory as reviewed by Hillman, Withers, and Collins (2009) within which variables are derived for the analysis of the partnership between ECG and its partner IPPs (Sunon Asogli and CENIT Energy).

Chapter three will present the methodology adopted in the conduct of the study. It gives justification for the selection of a qualitative approach as well as the use of the case study strategy. The chapter describes the area of study, units of analysis, the significance of multiple sources of data, and the use of qualitative strategies for data analysis. Standards for ensuring quality research (validity and reliability) as well as strategies to ensure adherence to ethical concerns will also be indicated.

Chapter four will describe the background to the introduction of PPP in public service provision in Ghana. It then outlines the objectives of the Public Private Partnership Policy of Ghana and the institutional frameworks established for its implementation. The chapter proceeds to explain the state of electricity provision, reasons given by government for the

engagement of PPP in the power sector and the structure of PPP arrangement between the government agency (Electricity Company of Ghana) and Independent Power Producers.

Chapters five and six will present findings and discussions of the study. Chapter five will analyse the managerial strategies adopted by partners in working towards congruent goals. Chapter six will then analyse factors that account for the level of trust between partners and how strategic resource contribution influence power relations and its resultant effect on partnership success.

Chapter seven will serve as a recap of the preceding chapters. It will provide summary of the research findings in relation to the theoretical discussions advanced in the study. The chapter will also assess the implication of this study to policy discussions and future studies on PPP in the power sector of Ghana.

CHAPTER TWO: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.0 INTRODUCTION

This chapter develops an analytical framework by reviewing various literatures and theoretical arguments on the practice of PPPs. According to Layder (1998:10), ‘‘if social research is about the systematic gathering of evidence and data, then theorising represents the attempt to order this information into some kind of explanatory framework’’. The succeeding sections thus discuss: a) the evolution of PPP in the provision of public service; b) the unique characteristic of PPP that distinguishes it from other forms of private participation and why PPP is increasingly being used in the delivery of public services; c) the various arguments advanced by scholars to explain the associated benefits and risks of PPP (Bayliss, 2009; Bovaird, 2004; Coghill & Woodward, 2005; Hodge & Greve, 2007); and d) the case of PPP in electricity delivery to enable a clear understanding of the phenomenon across various contexts including Europe, Africa and particularly Ghana.

The chapter also reviews theoretical perspectives put forward by Vangen and Huxham (2010) who describe the Theory of Collaborative Advantage. The study specifically adapts their section on partnership goals and partnership trust and their influence on partnership effectiveness. The Resource Dependence Theory reviewed by Hillman et al. (2009) is also used to explain the level of interdependence of partners and its consequent impact on partnership success. An empirical study by Weihe (2008) on the functioning of some partnerships in the United Kingdom (UK) and factors that impact on their effectiveness would also be reviewed in this chapter. By relying on these theoretical perspectives, the study develops a major argument that PPP is a tool for achieving stated goals mostly set by government. Therefore, variables are derived from the above theories and synthesized into a conceptual framework that would be used in analysing the effectiveness of partners in their bid to improve electricity delivery.

2.1 CONCEPTUAL FOUNDATION: PRIVATE PARTICIPATION IN PUBLIC SERVICE

Private participation in governance is not a very new phenomenon (Greve, 2008; Wettenhall, 2010). The private sector for centuries has played numerous roles in assisting governments in the provision of public goods and services. For instance, Linder (1999:36) argues that the idea of private participation could be traced as far back as the wartime in America where there was communal solidarity between business and local government. It is therefore very important to

consider the historical antecedent of PPP in the discussions of the concept. Indeed Wettenhall (2005:23) has stated that “if we simply assume that PPP is a new social movement without antecedents, we deprive ourselves of the possibility of benefiting from an understanding of strengths and weaknesses in older mixing/partnering that might emerge from historical inquiry”. It thus becomes necessary to understand the preceding models of public service delivery prior to PPP to be able to appreciate what is new and what is not and why PPP is the new buzzword in the New Public Management (NPM) literature.

To begin with, the main argument for the expansion of private sector participation in the provision of public service stems from the perspective of ‘the growth of government’ (Savas, 1982). Savas (1982:11) discusses three main causes of growth of government; “(1) a demand for more government services, by recipients of the services; (2) a desire to supply more government services by the producers of the services; (3) increased inefficiency, which results in more government spending to provide same services”. Traditionally however, government is thought to be the provider of those amenities that are considered essential for the general welfare of society which therefore cannot be left in the hands of private individuals. In describing the role of the state in society, the renowned political economist, Adam Smith (1776) in his book ‘An Inquiry into the Nature and Causes of the Wealth of Nations’ identifies three key functions that government ought to perform; a) the duty of defence, that is the protection of the sovereign territory from violence and invasion; b) discharge of justice in an impartial manner and assurance of equal rights to every member of the society and; c) provision of essential services such as education, roads, bridges and water that if provided to citizens would be of enormous benefit to the social and economic progress of society itself. Smith (1776) contends that ‘public institutions’ and ‘public works’ ought be established and maintained by the state for discharging these duties and that it would be cheaper (for citizens) if the state provided these essentials. Thus, such services as mentioned above are conventionally considered the key function of government to be delivered through its administrative machinery of publicly appointed officials.

However, times and situations have changed since Adam Smith. Governance has now become more complex and multiple, which is allowing actors to participate hence, the increasing involvement of other actors in the process of governance and delivery of public services. For instance as Savas (1982) pointed out, the demand for more of such services puts enormous strain on the coffers of government hence, the need to diversify the resource base of some of these services. In the face of such growing responsibilities of governments, strict centralised

control has been argued to create inefficiencies and huge public debt in the provision of public services. Consequently, even though such services ought to be enjoyed by all, strict centralised control has made their provision rather inaccessible to the larger part of society. One key antagonist of the welfare state, Palmer (2012:1) has strongly argued that such a governance system has created two current crises: “the financial crisis that has slowed down or even reversed growth and stalled economies around the world, and the debt crisis that is gripping Europe, the United States, and other countries ”. Such oppositions have called the state to step aside and assume its core role of citizen protection and defence instead of attempting to take control of every sector of the economy. The role of the state as the dominant actor in planning and controlling the welfare of citizens therefore continues to diminish in recent times with the introduction of the market allowing for private participation in the provision of services such as healthcare, education, sanitation, electricity and water traditionally thought to be the responsibility of government. Motives for the use of private finance however differ across various regions of the world. In one perspective, developed countries often use private finance to expand their infrastructure to reduce the incidence of taxation and government’s expenditure (Greve, 2008). On the other hand, dissatisfaction over under performance of the public sector has been the main factor contributing to the growth of the private sector in the governance of developing countries (Abubakari, Buabeng, & Ahenkan, 2013; Van de Walle, 1989).

The dawn of NPM significantly transformed the role of government in the provision of public services. Drawbacks such as inflexibility and inefficiency that have been associated with the traditional Weberian model of public administration have necessitated the shift in the method of public service delivery. Nasrullah (2005:197) characterises the traditional form of public administration as “an administration under formal control of political leadership, based on a strictly hierarchical model of bureaucracy, staffed by permanent, neutral officials, motivated only by public interest serving any governing party equally and not contributing to policy but merely administering policies decided by the politicians”. It is these characteristics of public administration that scholars have continually argued to create inefficiencies in the public sector. NPM belongs to a cluster of Public Management Reforms that seek to modify the organisation of public institutions and methods of public service delivery to be more responsive to the needs of citizens. According to C. Pollitt and Bouckaert (2011:2), public management reforms are “deliberate changes to the structures and processes of public sector organisations with the objective of getting them (in some sense) to run better”. Larbi (1999:2)

also states that “the central objective of change was improvement in the ways in which government is managed and services delivered, with emphasis on efficiency, economy and effectiveness”. A fundamental principle of NPM thus is to get government to run like a business entity with such elements of the private sector as efficiency, competition and profitability. The role of the state in providing public service in a manner which is impartial, open, and equal has therefore been replaced by market oriented principles. As Haque (2001:68) emphasizes, “the primary objectives of public service has changed from the realisation of citizen’s rights or entitlements to the accomplishment of economic goals based on efficiency and competition”. Arguing further, Haque (2001) asserts that this shift in objectives has consequently altered the focus of government from ‘citizen-centred’ to ‘efficiency-oriented’ (ibid).

The increasing calls for private sector participation in the provision of public service over the years have also generated the debate on what best form participation should take, raising such questions as; which sectors should have private involvement? What should be the role of both private and public entities in such arrangements? How can the private sector provide these services without citizens being overly charged? How efficiently does the private sector provide services better than government? A search for an answer to these queries has seen the evolution of private sector participation, from initial contracting-out to outright privatisation and now Public Private Partnership. In such discussions of private sector participation however, the distinction between these various forms are often blurred as academics and practitioners use them interchangeably. It thus becomes very important in this research to point out the salient ways by which these terms differ.

a) **Contracting-Out** is an agreement between the government and a private entity in which the private party assumes the responsibility of supplying goods and services on behalf of government, where services provided is either paid by the government or by individual consumers (user charges). In most cases of contracting out, while ownership of the facility still remains public, the function of management or operation or both is contracted to a private entity. The role of the contracted firm in a management contract thus becomes that of overseeing to the daily operations of the facility and taking strategic decisions to meet the organisation’s objectives. One such case in Ghana was the contract between the government owned water utility and Aqua Vitens Rand Limited. In 2005, the Ghana Water Company Limited contracted a five year management service of Aqua Vitens Rand Limited to manage its operations with the objective of improving its performance,

especially in the area of efficient water supply in the country. While still maintaining its staff, the Ghana Water Company Limited handed over the core function of management to Aqua Vitens Rand Limited. The performance of the contracted company was however considered unsatisfactory thus, after the five year agreement, the contract was not extended instead, operations were handed back to the Ghana Water Company Limited (Abubakari et al., 2013).

- b) Privatisation** is “a transfer of ownership and control from the public to the private sector, with particular reference to asset sales” (Van de Walle, 1989:601). In cases of privatisation, the private entity assumes ownership of the organisation and responsibility for the provision of services as operating in the market. Regulatory agencies are however often set up to regulate the operations of private entities delivery such services because of their perceived social and economic importance. An instance of a huge privatisation move in Ghana was the sale of Ghana Telecommunication Company Limited to Vodafone International Holdings B.V in 2008, where the government sold 70% of its shares to Vodafone International Holdings B.V, making the private firm the majority owner of the hitherto public telecommunications service provider. With this sale, key assets of Ghana Telecom were transferred to Vodafone with which the latter assumed full responsibility of providing communication services. With a liberalisation policy in place, the telecommunication industry in Ghana has for over two decades seen an upsurge of private investment and the expansion of telecommunication networks and allied activities. The activities of telecommunication service providers are however monitored and regulated by the National Communications Authority (NCA).
- c) Public Private Partnership** is an agreement between a private entity - whether for profit or not - and a public sector to jointly produce public goods and services in which accrued benefits and costs are shared according to consented agreements. In PPPs, while government retains responsibility and accountability for providing services, financing of projects mostly remains with the private party and in some cases shared between both parties (Grimsey & Lewis, 2005). To quote Talus (2009:43), “although PPPs are used widely in various sectors, they have certain common features regardless of the sector: long-term nature, the role of the private sector and the fundamental importance of the contract as a risk division mechanism”. An instance of a PPP arrangement could be where a private entity is contracted for a period of usually 20 to 25 years to design, build, finance and operate a project (such as water provision or electricity generation) and delivers the service in collaboration with a government agency in the particular sector of operation. In

such contracts, risks, responsibilities and rewards are specified and accordingly shared to consented agreement.

2.1.1 The Concept and Peculiarity of Public Private Partnership

Just as strict government control faced critical opposition, exclusive private participation has been cited as a major cause of social inequality. The profit orientation of the private sector in the provision of public goods and services are skewed towards those who can afford (Kwak, Chih, & Ibbs, 2009; Larbi, 1999). Kwak et al. (2009:52) have thus argued that, PPP has the potential of overcoming the pitfalls of these two approaches to governance by incorporating the strengths of both sectors. Deliberating on the demise of contracting-out and privatisation and the ascendancy of PPP in current governments' policies, Greve (2008:122) simply puts;

As contracting out policies became exhausted, policy-makers, providers and purchasers began to look for a new label that could reinvigorate the contracting phenomenon. 'Privatisation' was also an exhausted concept. Increasingly, the partnership idea began to create excitement in policy-making circles in governments around the world, in consultancy firms, and with purchasers and providers.

What intrigues academics and practitioners alike is what makes PPP different from other forms of private participation, and why it has become the sudden preferred choice of policy instrument for the provision of essential public services. According to Greve (2008:118) "what is new about PPP is that coherent policies are beginning to be designed and implemented on public-private interaction". Thus, in contrast to other forms of private participation which shift responsibilities, risks and rewards to mainly one party, particular attention is now being paid to how to combine the strengths of both public and private agencies to improve on service delivery. Again, what has changed is its transformation from 'privatisation' and 'outsourcing' which had elements of competitive market to 'cooperation' which is intended to spread cost and benefit between the private and public sectors (Greve, 2008; Linder, 1999). Consequently, the type of relationship that exists in traditional contracting is the principal-agent relationship where the role of government and the private party are 'purchasers' and 'providers' respectively while their new roles in PPP define them as 'partners' Greve (2008:118).

Proponents of PPP have often argued that public service does not necessarily mean government ought to be the provider of service (Espigares & Torres, 2009; Liese, Blanchet, & Dussault, 2004). Liese et al. (2004) emphasize that public service could be delivered not only

through direct provision by government but also through government sponsorship and partnership with other entities. Highlighting reasons for the expansion in the use of PPPs, Flinders (2010:118) has argued that, the private sector has ceased to be seen as a competitor but rather “a potential partner of the state with the capacity to reduce inefficiencies and increase performance while also injecting much-needed dynamism and cultural change within the public sector”. Engaging in such ventures however stresses mutual dependence for partnership success (improved service delivery). While the private party introduces its market oriented mechanisms, the public sector plays its core role of formulation and implementation of policy frameworks to facilitate the process of service delivery. Haque (2001:70) asserts that such relationship thus alters government responsibility from active provision of services to a supportive function of facilitating private sector initiative. With several empirical examples pointing to the UK as the pioneer of PPP in the early 1990s (J. Hall, 1998; Wettenhall, 2010), PPP has over the years been established as a more favourable consideration for governments seeking to improve their infrastructure with less public expenditure and added efficiency of the private sector. Emphasising this point, Hodge and Greve (2005:2) have stated that “PPPs are hailed as the main alternative to contracting-out and privatisation and thereby seen as a qualitative jump ahead in the effort to combine the strong sides of both the public sector and the private sector”. Arguments in line with this assertion opine that while the private sector injects finances and efficiency, the government formulates various policies and regulations (such as tax incentives) to facilitate service delivery. This argument has however generated various debates on the benefits and dangers of PPP. While some scholars (Kwak et al., 2009) appreciate it as a genuinely new form private participation, others (Hodge & Greve, 2007; Linder, 1999) are sceptical and believe it is just an extension of the old forms of private participation with just a new name.

Owing to this dichotomy, the concept of PPP has been highly contested in both definition and classification. Kwak et al. (2009:52) assert that even though there has been an expansive use of PPPs in the delivery of public services, the term has not been clearly defined. According to Klijn (2010:68) there are at least three areas that confusion is evident; the meaning of PPP, the arguments and rationality of PPP and about what best form PPP should take. Drawing on the literature, there are however common themes that feature in the definition of PPP which also makes it distinct from other forms of private participation. These include; cooperation, risk and reward sharing, mutual objective and contribution of resources. Some notable definitions from the literatures are given below:

Public–Private Partnerships is “co-operation of some durability between public and private actors in which they jointly develop products and services and share risks, costs and resources which are connected with these products or services” (Van Ham & Koppenjan, 2001:598).

A PPP is “a cooperative arrangement between the public and private sectors that involves the sharing of resources, risks, responsibilities, and rewards with others for the achievement of joint objectives” (Kwak et al., 2009:52)

“A PPP is a contractual agreement between a public entity and a private sector party, with clear agreement on the shared objectives for the provision of public infrastructure and services traditionally provided by the public sector” (Government of Ghana, 2011:2)

The above definitions portray the basic notion of any PPP agreement as that of a win-win situation between the government and the private entity where they both contribute resources to an enterprise and accrued benefits and costs are shared. These themes are also the main attribution of PPP that makes it distinct from privatisation and contracting-out. It is worthy of note however that these different forms of private participation ought not be seen in isolation but as a continuum of methods of public service delivery by the private sector, as some of their features overlap. The table below presents some themes of private participation and attempts to clarify the differences and to delineate the classification of PPP for the purpose of this research.

TABLE 1: CATEGORISING THE DIFFERENT FORMS OF PRIVATE PARTICIPATION

Features	Privatisation	Contracting-out	PPP
Relationship	Buyer-Seller relationship where government sells its assets to the private entity and the latter becomes the majority stakeholder or sole owner of the asset and exclusively responsible for service delivery	Principal-Agent relationship where the private entity is the provider (as agent) of service and government is the purchaser (as principal)	Government and private entity act as partners and cooperate in the delivery of service
Objectives/Goals	Solely private entity’s decision on organisational goals	Government’s goals are specified to the private entity and becomes the benchmark for which the private entity operates	Shared goals through negotiation where there is joint effort to accomplish stated goals

Features	Privatisation	Contracting-out	PPP
Resource Contribution	Resources are provided solely by the private entity	Resources are either wholly contributed by the government or by the private entity and government pays for services rendered in both cases	Either; There is pooling of resources by both parties into a mutual venture (e.g., Joint Venture), Or The private party finances the project and the government facilitates the delivery of service through regulatory frameworks and long term periodic payment, usually over 20 years (e.g. Private Finance Initiative)
Risk Allocation	Risk is borne wholly by the private entity	Risk is borne either by the government (where it provides the resources and contracts the private party for service delivery) or by the private party (where it provides its own resources for service delivery)	Risk is shared and allocated to the party that can best manage it
Coordination	The private entity is autonomous and solely decides which organisational practices to adopt which typically is to enhance its performance to enable it thrive in a competitive market	Decision making is done in a hierarchical structure where the contracting public entity decides performance output and the contracted private entity acts as directed	Decision making involves a network of inter-dependent public and private actors who share information for the achievement of partnership goals
Ownership	Private entity could be either the majority stakeholder or sole owner of the enterprise	On one hand, the private party could be the sole owner of the enterprise and provide services on behalf of government. On the other hand, government could own the facility and contracts the private party to deliver services	Both private and public parties could invest and become joint owners of a venture or they could own separate organisations and through partnering contract they work together to deliver a joint service

Source: (Greve, 2008) and researcher's own development

2.1.2 Classification of PPP

To assess the benefits or dangers of partnerships, there is the need to identify the roles and contribution of the public and private parties in such arrangements. Unfortunately, there has not been a clear categorisation of the types of PPP to enable comparative analysis across various regions and sectors. Scholars and practitioners have advanced different types of PPP

without any particular methodology thus, creating confusion on the differences, benefits and limitations of each type. As stressed by Delmon (2010:5) “lack of an agreed categorisation methodology has created confusion and limited the ability to cross-fertilise, learning lessons from different regions and sectors who use different terminology, making it difficult to know, without in-depth analysis, if the structures being used are similar or not”. From review of literature, scholars have mostly categorised PPP along two main lines; those who categorise it according to the relationship between partners and others who categorise according to ownership, financing, and maintenance of the project. The definition of these types of PPP however still overlap and distinctions are not made very clear.

An example of the typology of PPP according to the relationship between partners is given by Jeffares, Sullivan, and Bovaird (2009:5) as:

- a) Joint Venture: “A newly established company owned by both the public authority and private company”
- b) Public Private Partnering Contracts: “Public authority selecting a partner to assist them in improving service delivery and contributing strategically”
- c) Private Finance Initiative (PFI) and Capital Investment Strategic Partnerships: “A form of capital outsourcing but with partnering contract. Public authority procures investment and services in relation to an asset with a design, build, finance and operate contract with a private provider”.

The second type of categorisation of PPP according to who builds, owns and finances the project has been given by Kwak et al. (2009:54). Such as:

- a) Design-Build-Finance-Operate (DBFO): The private partner designs, builds, finances and operates the project but with government maintaining full ownership.
- b) Build-Operate-Transfer (BOT): The project is built and operated by the private partner and by some consented agreement, the asset is reverted to the state at a specified period.
- c) Build-Own-Operate (BOO): The private partner builds, owns and operates the project without an obligation to revert it to the state. The private partner owns the project in perpetuity.

By this categorisation, the partnership between ECG and IPPs (Sunon Asogli and CENIT Energy) takes the form of the Private Finance Initiative (PFI) where IPPs solely invest in their generation stations and by signing of the Power Purchase Agreement (partnering contract), partners consent to an objective and depend on each other's resources to attain individual organisational objectives as well as partnership goals (between a stipulated time of usually 20-25 years). Since the partnership is a high economic venture, the presence of trust to allay fears of vulnerability cannot be overemphasised. There are also considerable risks shared between IPPs and ECG. IPPs bear financial risks resulting from their sole investment in power generation stations and ECG bears a risk of non-production by IPPs to meet consumers' electricity demand. A common risk shared by both IPPs and ECG is fuel unavailability in which case IPPs become redundant which affects their profit margin and shareholders expectation, and ECG faces the risk of an inability to provide reliable electricity services to consumers. Again, as with most PPPs, the Government of Ghana has set up institutional frameworks for the operations of IPPs, such as the creation of two regulatory bodies (PURC and Energy Commission) to monitor the performance of the partnering institutions and the initiation of some incentive packages to ensure effective operations by IPPs.

2.1.3 Optimistic and Pessimistic Frontiers of PPP

In the face of many developmental challenges confronted by governments particularly in developing countries the evolution of PPP has created an opportune time for governments to scoop the perceived benefits that are traditionally associated with the private sector. One major argument for the use of PPP is that it introduces efficiency in the delivery of public services. This argument is founded on the basis of managerial skills that private sector introduces in its partnership with the public sector. Challenges of the public sector which include large size of government, multiple objectives of government, rent seeking activities, and corruption have been argued to result in resource waste which leads to inefficiency in service delivery. Thus, the provision of public service becomes more expensive than it should be. Conversely, since the private sector has a drive to increase its profitability, it focuses on minimising cost while increasing productivity. Khan (2006:4) believes that efficiency is perceived to be low in the public sector because bureaucrats and politicians do not have any stake in their organisation and do not have strict obligation to meet performance targets. Their counterparts in the private sector are on the other hand constantly under checks to perform efficiently or face sanctions. PPP is therefore rooted in the ideology that the engagement of the private sector would inherently transform the approach used in the delivery of public

service. Focus on performance or results would ensure practices that guarantee efficient service delivery.

Another argument for the increase use of PPP has been to reduce the burden on government expenditure on huge infrastructure projects. As asserted by the World Bank in its “Public-Private Partnership Reference Guide (2012:19), “many governments turn to PPPs because they recognize that more investment in infrastructure is needed, but the government cannot “afford” to undertake infrastructure projects through traditional public procurement”. The National PPP Policy of Ghana has also emphasised that even though provision of public infrastructure is a principal responsibility of government, severe fiscal constraint has presented the need to seek private finance for infrastructural development (GoG, 2011:1). PPP is therefore the new financial method of providing public services without much cost to the government. Coghill and Woodward (2005:82) have argued that PPP as an alternative to direct government expenditure benefits the government particularly in some important ways which would minimise public debt; that government avoids the need to raise additional taxes or to borrow, and it also avoids long term debt financing as a consequence of borrowing to finance infrastructural projects.

Hodge and Greve (2007) have also projected some benefits that have been espoused by various governments and scholars as reasons why partnership is important. Specifically they outlined risk sharing and shared knowledge that enhances the capacity of both sectors to produce something unique. Consequently, collaboration between the public and private sectors is deemed to yield superior output that none could achieve individually. They argued that “cooperation may entail some new product or service that no one would have thought of if the public organisations and private organisations had kept to themselves” (ibid, 546). One characteristic of a well-functioning partnership is that risks are shared according to whom best can manage them. With this, a party is not overburdened with risks which could affect its operations. Partners also share knowledge to allow for continued learning and innovation.

However, while some scholars and practitioners appreciate the bright side of PPPs, others envisage the potential dangers of such contacts or agreements. These pessimists often argue that the perceived benefits of PPP ought not be accepted gullibly. A foremost criticism that has been raised in the practice of PPP is that, PPP is no different from the other forms of private participation (privatisation and contracting-out). This is particularly because PPP has increasingly become a generic term in describing other forms of private participation which

do not necessarily have the collaborative component of partnerships. This phenomenon termed ‘grammar of multiple meaning’ (Linder, 1999) and ‘language game’ (Hodge & Greve, 2007) argue that PPP has become a favourable term especially for politicians who pursue less popular forms of private participation. A practical example of the use of language is elaborated by Wettenhall (2010) who discussed the introduction of the Public Finance Initiative in the UK, which according to him was initially not regarded as a PPP. Conservative government in 1992 introduced the scheme which was initially opposed by the Labour party who saw it as replica of privatisation. However, Labour party later endorsed the scheme and when they came into government, changed and adopted the more pleasant term PPP, which according to Wettenhall (2010:24) was “to play down the Conservative origins” through some rebranding. He consequently argued that a closer look at most PFIs do not exhibit any traits of partnerships (ibid, 25).

Hodge and Greve (2007:547) have also argued that governments are increasingly using PPP as a language game to cover up ‘contracting out’ and ‘privatisation’ (which most citizens are not in favour of) to win policy votes and supporters thus, researchers have to be cautious when analysing partnerships. They contend that “the language of PPPs is a game designed to “cloud” other strategies and purposes [and] one such purpose is privatisation and the encouragement of private providers to supply public services at the expense of public organisations themselves” (ibid, 547). D. Hall, de la Motte, and Davies (2003) also argue that the term PPP is vague as it is used to cover the less favoured privatisation. The ‘language game’ according to Hodge and Greve (2007) has created some confusion in the use of the PPP term as it is viewed differently by various governments. They indicate that PFI in Australia has been disassociated from privatisation by the government, while in the UK it is viewed as ‘equivalent’ to privatisation. In their words, “the same PPP phenomenon is thus being framed in two opposite ways for local political gain” (ibid, 548). D. Hall et al. (2003:2) have in this vein also emphasised that “the different words, and the different perceptions of them, have made a common understanding more difficult”.

Another challenge that has risen over time to counter the argument of reduced government’s expenditure is that, PPP does not entirely relieve government of its fiscal responsibility. Government in one way or other still pays the private party for services provided, sometimes through subsidies and tax holidays. The view that government avoids raising excess tax to fund infrastructure has also been debunked with the argument that citizens tend to pay more for PPP services especially if service delivery is inefficient. Government is able to borrow at a

cheaper rate than private entities thus, services provided by government would relatively be cheaper to services delivered through PPP. Coghill and Woodward (2005:83) have emphasised that the motive of private entities to remain profitable also makes the cost of service delivery higher than that of government.

Furthermore, Grimsey and Lewis (2002) argue that, there is sometimes conflict between the partners with the issue of risk sharing. Achieving even-handed risk sharing becomes a major source of conflict because while the public partner seeks to achieve value-for-money, the private entity seeks to recoup its investment. Specifically, they state that “the emphasis on risk transfer can be misleading as the value-for-money requires equitable allocation of risk between the public and private sector partners, and there maybe inherent conflict between the public sector’s need to demonstrate the value-for-money versus the private sector’s need for robust revenue streams to support the financing arrangement” (ibid, 109). Similarly, the desperate quest of many African governments to attract foreign investors to revamp their ailing infrastructure has led most of them to harbour majority of the risk involved in PPPs. Bayliss (2009) has asserted that, in contrast with industrialised economies, where one important reason for partnerships is to transfer a greater risk to the private partner to gain the utmost efficiency, the case is very different in the developing world. The argument here is that, in Sub Saharan Africa, the consideration is rather to reduce the risk for the private partner, but even in doing so, the risk is rather transferred to the government which results in higher risk burden to taxpayers, end-users and the government itself at the advantage of the private partner (ibid, 1).

2.2 PRACTICING RHETORIC: THE CASE OF PPP IN ELECTRICITY PROVISION

Electricity belongs to a group of public utilities (including water, natural gas and rail) referred to as Network Utilities that “require fixed network to deliver their services” (Newberry, 2002:1). In other words, production and delivery of such utilities entail setting up of extensive infrastructure over a wide geographical area, where production is done at one point and delivery is through an interconnected system to various end-users (Geddes, 1998). It is this feature of network utilities that makes them natural monopolies, where ideally a sole producer is economically viable (to avoid duplication of infrastructure) and politically significant (for public interest). Governments have therefore typically provided such services either through direct ownership or by regulation of privately owned utilities. However, as criticisms of state

inefficiencies in providing public services continue to dominate public policy discussions, governments are gradually moving away from pure public ownership of such utilities by liberalising the sectors for competition and private sector involvement. Chile, even though a developing country has been cited as a classical example of the first country (in 1978) to spearhead competition and privatisation of state owned electricity utilities with impressive results so far, and serves as a model for both developed and developing countries (M. Pollitt, 2004). Developed countries that followed suit include the UK, Norway, Australia, USA and Germany with varying cases of success (Domah & Pollitt, 2000; Magnus, 1997; Woodhouse, 2005). It is worthy of note however that, because of its social and political significance, full privatisation of the electricity sector has not been an option for many governments, hence most turn to PPP (Gassner, Popov, & Pushak, 2009).

PPP as practised in different sectors of the economy differs in models and application thus, it becomes imperative to describe how it is typically practised in the electricity sector. First and foremost, defining PPP in the power sector is particularly difficult because authors of such publications have often referred to any private involvement as privatisation (such as the study by Dagdeviren, 2009). Succinctly argued by Török (2013:178), some authors consider the broader view of privatisation where “they consider every form as privatisation which moves from public production towards private production, irrespectively of the dimension of financing and consumer decision”. However, other authors also consider these forms of private participation as PPP (as presented by Talus (2009) who studied such contracts around the European Union Countries). Consequently, as cited by D. Hall et al. (2003:7) from Bank Gesellschaft Berlin (2000), “it is of little use to try to summarise what a PPP is or should be. There is no binding definition, nor can one be found. And it is hardly helpful to fiddle around with unclear words of often Anglophone origin. What is sensible or not must be determined on a case-by-case basis.” Accordingly, a search for a one size fit all definition for PPP is cumbersome. With this said, studying PPP in electricity provision does not have a clear debate as authors continue to use different terminologies to refer to similar phenomena thus, lessons and insights are difficult to draw from existing cases. What can be done at best is to define the characteristics of each case and determine which best term to ascribe it. For instance, the UK and Norway are two cases widely studied for their active private sector participation in the power sector. They however differ in terms of the models being applied.

In the UK’s electricity sector, a case that has popularly been studied as electricity privatisation, almost every major publicly owned electricity utility has been sold off to private

entities, with some new entrants in the industry. Private companies are engaged in all stages of electricity production and supply (generation, transmission, distribution and retail) with very minimal ownership by the state. The role of the state now remains that of supervision where it has created a sector regulator to issue licenses and to ensure quality of service and consumer protection (Pond, 2006). Norway on the other hand has a system of ‘competition without privatisation’ as termed by Magnus (1997), where the state (central and local authorities) still retains control of transmission and distribution and integrates the private sector typically in power generation and retail which are by nature competitive.

The electricity sector in Norway has been liberalised but not necessarily privatised. The sector has been opened for private sector involvement without essentially selling off government utilities. Magnus (1997) asserts that, private entities that wish to own electricity utilities in Norway have to do so by a concession agreement (either from existing state utility or an entirely new project) with the government. With this type of agreement, the private party is given the responsibility of financing and operating the utility for a number of years (stipulated by the concession contract), within which it recuperates its investments and reverts the utility back to the state after the agreed concessionary period. Aside being the owner of the utility, the contracting authority (central or local) also sets performance standards to be met by the private party thus, still retains control over electricity provision. Even though both countries have private sector participation in electricity provision, the models they have chosen vary significantly. Whereas the government of UK has handed over almost every part of the sector to private entities, thus with minimal state control (reason why it has been termed privatisation), the government of Norway retains significant control by owning and controlling its major electricity utilities even with private sector participation.

In any case, Talus (2009:45), would describe UK’s kind of private sector participation as a unilateral PPP where the state transfers its responsibility of providing services to the private sector but retains some control over quality of service delivery through a licensing scheme, “where the revenue of the licensee comes from the exploitation of a license”. He however still holds that, concession (such as the case of Norway) is the more internationally recognised form of PPP that most countries adopt. He went on further to outline similarities between the unilateral (licensing) and contractual (concession) types of PPP;

- a) Both types require long term commitment from the private party within which it makes profit while the public sector benefits from efficient service delivery

- b) The private party has the sole responsibility of financing and managing the project
- c) They both “require a stable and clear foundation, including allocation of risk, to make the economic foundations of cooperation mutually beneficial” (ibid, 46).

To this end, aiming to achieve a clean categorisation of PPP especially in electricity provision becomes a wild goose chase as authors in the field tend to give different interpretations to similar phenomena. Following these European experiences, how have developing countries responded to the need for private sector participation in electricity provision? Unlike the European cases where there is active private sector participation in almost every aspect of the electricity supply chain, developing countries have encountered limited participation by Independent Power Producers (IPPs) who typically engage in electricity generation (Dagdeviren, 2009). Transmission and distribution which are natural monopolies have not seen much private involvement, therefore remain largely owned and controlled by government.

2.2.1 Independent Power Producers in Developing Countries

Woodhouse (2005:23) has argued that an electricity sector without strong financial capacity is most often “the catalyst that delivers other problems”. Jamasb (2006:15) in the same vein has emphasised that, “lack of access to and shortage of electricity supplies results in significant economic and social costs”. Faced with rapid population growth, buoying economies and deterioration of existing infrastructure, the challenge of developing countries has been the ability to mobilise sufficient investment to revamp their ailing electricity sector at the backdrop of severe financial constraints. According to Jamasb (2006:15), there was private participation in the electricity sectors of over 75 developing countries between 1990 and 1999. Woodhouse (2005:33) has stressed that, “indeed, demand for private investment in infrastructure, particularly electricity generation, remains strong, and with the passage of time activity is likely to grow”. Governments of developing countries have therefore responded to this need by integrating IPPs in their electricity sectors. IPPs are private entities that own and operate electricity generation facilities and sell end products to end users, mostly governments and large industrial consumers. However, because of the economic uncertainties of developing countries, IPPs would usually require governments to act as guarantors for their loans or be the principal purchaser of electricity through the government’s electricity utilities (with the Power Purchase Agreement) (Dagdeviren, 2009). Thus, “increasingly, the public sector is involved in private projects to undertake or share the risks that the private sector is

unwilling to take on” (ibid, 655). This situation between governments and IPPs therefore creates a PPP model of private sector participation in the developing countries’ context.

To attract IPPs, governments have followed the path of developed countries and have initiated power sector reforms and policies that focus on creating an enabling environment for potential investors. In Ghana for instance, two regulatory bodies (Energy Commission and Public Utilities Regulatory Commission) were set up by Acts of Parliament in 1997. These two independent agencies are to serve as supervisory bodies of the power sector, to issue licenses to electricity providers and set tariffs for utility consumption (Malgas, 2008:11). Their creation initiated the introduction of private sector participation, as part of their responsibilities is to create an open access for all industry players (both public and private utilities). Eberhard and Gratwick (2013:4) have stated that, “the presence of a regulator is not itself a defining factor in attracting IPPs but helps ensure positive outcomes for host country and investor alike”. Parker and Figueira (2010:538) have also indicated that, “the existence of a solid regulatory environment is of vital importance for these projects to be carried out effectively”.

Bayliss and Hall (2000) discuss that, the increase use of IPPs stems from the notion of being able to finance projects that is beyond the financial capability of state agencies. However, as stated earlier, the benefits of private sector participation in the provision of electricity are not conclusive as experiences from different countries vary to a large extent. Individual country analysis thus would be prudent in examining the impact of private sector participation (Besant-Jones, 2006). Nonetheless, stating some benefits of IPPs in developing countries, Besant-Jones (2006:33) has indicated that the introduction of IPPs helped countries such as Chile and Argentina to achieve better service quality for electricity consumers, such that, there was efficiency and wide coverage of services. Another benefit espoused showed that, private management of electricity provision reduces system loses such as payment delays, theft, and unpaid bills that public entities had difficulty in managing (ibid, 34). This approach subsequently reduces the fiscal burden on government to cover such operational costs (ibid).

Bayliss and Hall (2000:10) are however of the view that, such benefits of private sector participation in electricity delivery have been over exaggerated and misleading. They contend that, IPPs in reality are not an alternative source of funds for governments to finance their electricity sectors. Rather, IPPs are repaid by government for all services rendered, thus in practical terms, there is still fiscal burden on government (ibid, 3). Bayliss and Hall (2000:6)

have further argued that, the services provided by IPPs are rather expensive and that, prices of electricity services are mostly inflated. Since IPPs are private entities and have a motive for making profit, they pass all production costs onto the consumer which results in higher tariffs. Consequently, private participation in electricity delivery could be rather an extravagant venture for developing countries that still need to invest in other sectors of the economy. They are therefore of the view that, governments should strengthen the capacity of state agencies instead of replacing them with private entities (ibid).

2.3 DEVELOPING THE THEORETICAL FRAMEWORK

Discussions on PPP in most literatures as observed in the preceding sections have often centred on its growth, institutional frameworks, as well as associated benefits and dangers. There is however growing concern to also identify how partnerships operate in practice to enable the examination of the various factors that contribute to their success or failure. As asserted by Weihe (2008:4), “there has been a predominant focus on economic and legal aspects of cooperation, while behavioural and operational issues have been downplayed...this is rather unfortunate, since related research on inter-firm collaboration has produced convincing evidence that operational and behavioural issues do have a significant impact upon overall partnership performance”. One major rationale for the growth of PPP is that, by coming together of the public and private sectors, they are able to achieve superior performance than either of them acting on their own. There is the need therefore to identify the components of partnership functioning that gives it the perceived advantages over single agent operations.

One significant feature of a well-functioning partnership is the extent to which actors involved are able to collaborate to achieve stated goals. It is worthy here to point out that not all partnerships have the unique collaborative feature and not all collaborations are partnerships. Carnwell and Carson (2009:4) have argued that, “sometimes partnership may be nothing more than rhetoric or an end in itself, with little evidence that partners are genuinely working together. Equally, it is possible for different agencies to work collaboratively together without any formal partnerships being in place”. With this said, it becomes imperative to analyse partnerships that pursue the interest of working collaboratively to assess whether indeed there is any element of collaboration in their relationship.

2.3.1 Partnership Agreement and Collaborative Processes

The best way to appreciate the interconnectedness of partnerships and collaborations is by comprehending that, partnerships are agreements between two or more individuals or organisations to work together for a common purpose whereas collaboration is the process by which individuals within these organisations achieve the objectives of the partnership (Carnwell & Carson, 2009; Gray & Wood, 1991; Henneman, Lee, & Cohen, 1995). In essence, Carnwell and Carson (2009:11) have differentiated between these two concepts by stressing that, partnership is 'what we are' whereas collaboration is 'what we do'. As Henneman et al. (1995:108) put it, "collaboration is in fact a process which occurs between individuals, not institutions". In this sense, as public and private entities enter into a partnership agreement, it remains the responsibility of the actors within these organisations to collaborate to meet the objective of the partnership. To quote Carnwell and Carson (2009:16), "it seems that collaboration is a means of making 'partnership' work. That is, 'collaboration'...is what we do when we engage successfully in a 'partnership'". Collaboration therefore becomes an inherent part of successful partnerships.

Carnwell and Carson (2009:11) have identified among others, some attributes of partnership to include; trust, similar vested interest, respect, common goals and agreed objectives, reciprocity, empathy and teamwork. In the same way, they also identified some attributes of collaboration to include; teamwork, participation in planning and decision making, willingness to work together towards an agreed purpose, trust, respect and inter-dependency (ibid, 15). These attributes of partnership and collaboration make them intertwined and becomes ideal to practise them together. An important question to ask here is; what becomes of a partnership if actors involved do not collaborate? Consequently, as partners sign agreements to achieve a stated objective, there should be the willingness of actors to work together for the attainment of these objectives. To relate this assertion to the practice of PPP, where it has been argued that, public and private actors engage in partnerships because of the need to tap into each other's diversity to achieve a goal (Hodge & Greve, 2007; Khan, 2006), it is this special process of collaboration (recognition of shared goals, awareness of resource need, trust, respect, empathy, reciprocity) that facilitates the combination of these diverse capacities (finances, expertise, policy instruments) to achieve stated goals.

As this study seeks to examine the kind of relationship between partners that affects their overall effectiveness, it becomes prudent to use a kind of theory that examines the processes

that actors within a partnership engage in. These processes would be the defining character of partners' relationship as 'collaborative' or mere 'exchange', and how either of these impacts on their ability to meet mutual objective. The theory of Collaborative Advantage (Huxham & Vangen, 2004; Vangen & Huxham, 2010) which explicitly outlines some elements of partnership functioning (processes) and how they affect partnership outcome is thus applied in this research. The theory is used to analyse the type of partnership processes between actors from IPPs and their public partners and how this in turn affects their ability to attain their objective of expanding electricity supply. As stated before, government alone has been unable to meet the need to expand electricity generation to meet growing demand thus, has invited IPPs to assist in this end. It is true that technological advancement could contribute to partners' success, but then again, what would be the use of technologies if partners do not collaborate? An important component of the success of partnerships therefore lies in the behavioural traits (what partners do) that impact on their abilities and inabilities to meet their stated objectives. As already indicated by Weihe (2008), too many researches have focused on legal and economic aspects of partnerships without much attention to behavioural components. However, the attitude of actors involved in partnerships also influences the outcome of partnerships, which could result in 'collaborative advantage' (success) or 'collaborative inertia' (failure) (Vangen & Huxham, 2010).

2.3.2 The Theory of Collaborative Advantage

Vangen and Huxham in a series of related articles and books developed from years of research in collaborative partnerships have identified several themes (elements) in the practice of collaborations that influence the achievement of the advantage partners seek. Some of the recurring themes they have identified include; common aims, communication, compromise, appropriate working processes, resources, and trust, which they contend, are sometimes overlapped. Vangen and Huxham's (2010) first line of argument in describing the theory of collaboration centres on the perception that, the actions and inactions of partners could either result in 'collaborative advantage' or 'collaborative inertia'. They indicate that, "the theory of collaboration has two organising principles. First, it is structured around a tension between Collaborative Advantage - the synergy that can be created through joint working and Collaborative Inertia - the tendency for collaborative activities to be frustratingly slow to produce output or uncomfortably conflict-ridden" (ibid, 163). They further discuss that, the way in which partners are able to effectively manage the various elements of collaboration would determine if they would be successful at achieving an advantage. Collaborative

advantage could be defined simply as, the exclusive outcome of a partnership that organisations acting on their own cannot achieve efficiently. Or in other words, as given by Lank (2005:7), collaborative advantage “are the benefits achieved when an organisation accomplishes more than it would have independently, by developing effective working relationships with other organisations”. Thus, by combining resources, sharing risk, merging perceptives and skills, gaining trust and respect, showing empathy and reciprocity, partners are able to achieve superior performance together. But is this always the case? Does collaboration support partnerships to perform better than single agents? What are the factors that account for a successful collaboration which in turn impacts on partnership performance? Huxham and Vangen (2004) have in this line argued that even though the purpose of most collaboration is to achieve collaborative advantage, the end result of such collaboration is often collaborative inertia - where partnership is often conflict-ridden and output is relatively lower than expected. One key question they posed in this regard is that; “If achievement of collaborative advantage is the goal for those who initiate collaborative arrangements, why is collaborative inertia so often the outcome?” (ibid, 53)

To answer the above questions, Huxham and Vangen (2004) have presented some elements of collaborative practices and explained how the management of each element affects the functioning of partnerships. Briefly explained below are two of the elements (common goals and trust) that are closely related to the purpose of this research:

Common aims: Organisations have different objectives, thus, their coming together would require some form of merging of different goals. This is a particularly important feature since collaborations deal with different organisations and individuals. Huxham and Vangen (2004) have however argued that due to the varied interests in practice, achieving common purpose in collaboration is often a challenging task. They explained that, such challenges are as a result of the different reasons individuals and organisations have for entering into partnerships (ibid). Owing to this, Vangen and Huxham (2012) have clarified in a later article ‘The Tangled Web: Unravelling the Principles of Common Goals in Collaboration’, that, there are paradoxes that arise in setting and working towards joint goals in collaborations. They conceptualised these paradoxes at two levels; the principle-level (hypothetical) paradox and the enactment-level (practical) paradox. They argue that in principle, achieving common goals is necessary for partners to stay committed in the partnership however, a paradox arises because different organisational expertise and resources of partners cause them to have different goals, leading to diverse interests in the attainment of the collaborative advantage

they seek (Vangen & Huxham, 2012:732). They hence hold that, congruence and diversity of goals could both promote and hinder the achievement of collaborative advantage. Vangen and Huxham (2012:732) in this sense contend that, “too much homogeneity in goals can make organisations reluctant to cooperate and share information; too much heterogeneity leads organisations to seek different and sometimes conflicting outcomes”. They represent their assertion of the principle-level paradox in a diagram as shown below:

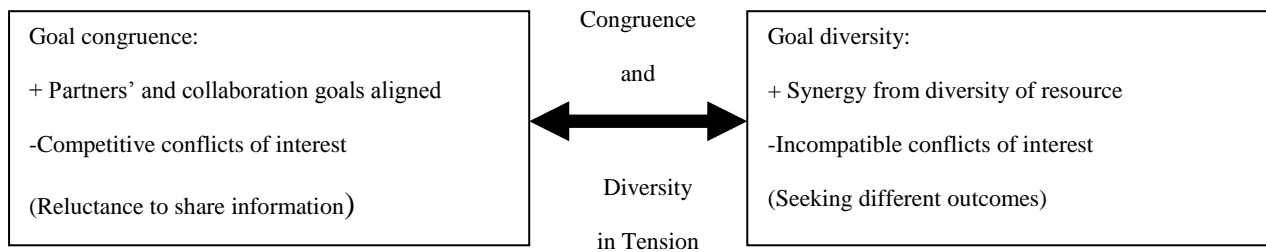


Figure 1: Principle-level goal paradox

Adapted from Vangen and Huxham (2012:753)

Key:

- + : stands for positive influence on collaboration
- : stands for negative influence on collaboration

At the enactment-level paradox, Vangen and Huxham (2012) argue that for collaborations to be successful, it is not only important for partners to have joint goals, but also the need for goals to be clearly agreed by all actors involved. However in practice, it is often difficult for partners to agree to joint goals. Hence, they assert that, “in practical situations, managing goals in collaboration is therefore not so much concerned with a tension between congruent and diverse goals as with working with a combination of them” (ibid, 756). In essence, partners ought to realise that, there are those goals that they have in common and those that differ, but endeavour to work along these differences regardless. Vangen and Huxham (2012) have not explicitly described managerial practices for developing and working towards joint goals, rather, they contend that partners can often commence without agreeing on specific aims and through constant and open communication partners would be able to reach some form of agreement. They state that, “a broad managerial choice may be between proceeding on the basis of gaining just enough agreement to make progress, or addressing, and so hoping to understand and modify, any importantly inhibiting areas of congruence or diversity” (Vangen & Huxham, 2012:757). Managing goals in collaborations requires partners to accept the tensions that arise from the combination of similar and diverse goals instead of seeking to

quash these tensions to achieve a balance or equilibrium of goals (ibid). In practice therefore, partners need to recognise, accept and understand that each party has a distinct goal for joining the collaboration, and as Vangen and Huxham (2012:757) put it, this could be “a basis for collaborative planning”.

Trust: Since collaborations involve bringing together of resources, the presence of trust among partners cannot be overstated. The coming together of two or more individuals to work together means there should be some form of confidence by each party that it would not be taken for granted. The establishment and maintenance of trust in collaborations is particularly important because of the concerns of expectations, risks and vulnerability that are inherent in the practice of partnerships (Huxham & Vangen, 2004). Theoretically therefore, actors in collaborations have expectations they anticipate to be met, they face risks they believe would be mitigated and they accept vulnerability because they expect support from other collaborators. Huxham and Vangen (2004:139) have defined trust to mean “the anticipation that something will be forthcoming in return for the efforts that are put into the collaboration— a faith in the partners’ will and ability to help materialise the sought after collaborative advantage”. They however hold the view that, even though trust is a prerequisite for successful collaborations, they are often marred with doubt and suspicion (ibid). How then do partners establish and maintain trust in their relationships, and how does the presence or absence of trust affect the success of the collaboration? Huxham and Vangen (2004) are of the conviction that, trust can be formed and managed through a cyclical process where trust is built over time. They argue that, there are two very important factors for commencing a ‘trusting relationship’, these they gave as;

- a) Formation of expectation about the future of the collaboration: The argument here is that, actors could initiate trust based on contractual expectations and reputation of partners in previous collaborations (ibid, 61). Thus, organisations consider the credibility of their potential partners, which first informs the level of trust to be present in the partnership. Such queries organisations would examine before developing some level of trust may include; consistency in meeting contractual obligations, such as consistent production and payment schedules. Hence, how well an organisation is known for keeping to its part of negotiations in past collaborations would inform the level of trust in the potential or present partnerships.

- b)** Risk involved in the partnership: Huxham and Vangen (2004:61) have argued here that “partners need to trust each other enough to allow them to take a risk to initiate the collaboration”. This goes to show that, because risks are inherent in partnerships, some level of trust is needed even before actors decide to collaborate.

Huxham and Vangen (2004) conclude that, when these initiating factors are met, trust can be built incrementally (‘the small-wins approach’) where actors commence collaboration with very modest goals and risks, and as trust grows, partners would engage in more ambitious and riskier ventures. Thus, as partners build and attain trust over time, they are able to take greater risks and consequently higher gains for the collaboration. They emphasize this point by stating that, “each time an outcome meets expectations, trusting attitudes are reinforced. The outcome becomes part of the history of the relationship, so increasing the chance that partners will have positive expectations about joint actions in the future. The increased trust reduces the sense of risk for these future actions” (ibid, 139).

Similarly, Kim (2005:621) in conceptualising trust defined it as “the willingness of a trustor to be vulnerable based on the belief that the trustee will meet the expectations of the trustor, even in situations where the trustor cannot monitor or control the trustee”. The willingness of the trustor to be vulnerable as further explained by Kim (2005) is initiated by the trustee’s consistent commitment to expected obligation, benevolence, honesty, competency and fairness, in which case the trustor does not need a control mechanism to ensure conformity because the trustee has demonstrated an attitude of trustworthiness. A demonstration of trustworthiness by partners especially in high stake economic ventures such as the partnership between ECG and IPPs tends to reduce transaction costs, as there would not be the need to devote extra resources into guarding against vulnerability.

As argued by Rousseau, Sitkin, Burt, and Camerer (1998:396), “transaction cost economists view trust as a cause of reduced opportunism among transacting parties, which results in lower transaction costs”. Transaction cost here would be used to refer to all the costs associated with resource exchanges between organisations. An example of transaction cost given by Dyer and Chu (2003:59) is ‘monitoring and enforcement costs’, which they define as “costs associated with monitoring the agreement and then taking actions necessary to ensure that each party fulfils the predetermined set of obligations”. In this instance therefore, trust enables partners to allay fears of being taken advantage of, and would tend to invest more resources in the venture and to collaborate better, rather than exerting energies and resources

into avoiding perceived opportunistic behaviour which could be an additional cost to the organisation. Rousseau et al. (1998:399) likewise have identified in their 'relational trust' model that, repeated interaction and consistent meeting of expectations between partners reinforces trusting attitude in their relationship where there would be the willingness to be vulnerable by committing additional resources into the exchange to attain higher gains.

Accordingly, Huxham and Vangen (2004) advocate strongly for trust building and sustenance as a way of managing risks in collaborations and therefore do not subscribe very much to sanctions as risks management approach. Rousseau et al. (1998:399) also believe that deterrence-based trust such as sanctions is more of a control mechanism that could actually come in the way of effective collaboration because agreements that are signed in this manner are formal and very detailed hence, relationships are formally structured and easily monitored, making partners not develop trust. Thus, even if the 'small-wins' approach is not feasible especially in high stake ventures where there is the need for huge upfront investment, partners can opt for the 'comprehensive trust management'. Huxham and Vangen (2004:147) argue here that, "if the aim to build trust is taken seriously...then risk management...cannot be concerned with guarding against opportunistic behaviour and vulnerability e.g. via sanctions set out in contractual agreements". Comprehensive trust management therefore means that, "risks associated with the collaboration has to be managed as an integral part of trust building" and not necessarily for partners to guard themselves (ibid, 147). Thus, collaborators ought to be concerned with developing lasting risk management measures that would genuinely build trust leading to the realisation of the collaborative advantage that they seek. To initiate trust building, Huxham and Vangen (2004) argue that partners should assess if indeed the expected venture can produce any collaborative advantage at all, and if the risk involved is worth taking. If partners decide to collaborate, then there must be thorough negotiation of agreement and expectation and the willingness of each partner made explicit. Thus from on the onset, partners know what is required or expected of them, act accordingly and also accept the willingness to bear the risks.

To sum up their theoretical framework, Vangen and Huxham (2010) outlined some success indicators that well managed partnerships should be able to achieve. These they gave as;

- a) **Substantive outcomes:** They explained that, substantive outcomes of collaboration are the gains that accrue from the collaboration that each partner could not have achieved alone. Substantive outcomes could be in terms of financial or resource gains, such as "better use

of public funds - improvement in service provision” (ibid, 181). These substantive outcomes they further explained could be benefits to either the organisations involved in the collaboration, individuals within the organisations or targeted consumers of the service (ibid).

- b) The process of collaborating: Vangen and Huxham (2010) assert that, the process of collaboration could also serve as a measure of success by how well partners are able to engage in joint activities. That is, how partners interrelate in the process of collaboration. Instances they give include the use of respectful language by partners, making good decisions and partners being able to take joint actions (ibid, 181).
- c) Emergent milestones: These as discussed by Vangen and Huxham (2010), are not planned objectives but are achieved during the operations of the partnership. They stated that, “emergent milestones are important success-indicators partly because achieving major final targets can take a very long time, and partly because they often indicate something that turned out to be more significant than would have been expected in advance” (ibid, 181). Emergent milestones in collaboration thus include activities that partners tend to engage in while they work together such as organising joint events and producing joint reports (ibid).

2.3.3 The Need to Integrate Related Theories (Resource Dependence)

Huxham and Vangen (2004) have emphasized that, organisations collaborate in order to have access to resources originally unavailable to them, thus, there is reliance on others to gain resources to meet organisational objectives. Even though they make this claim in their series of publications, they do not explicitly demonstrate how resources influence the functioning of partnerships. Resource contribution remains at the centre of discussions of PPP and has been argued to play a vital role in the success or failure of partnerships. In addition to the theory of collaborative advantage therefore, the theory of resource dependence is integrated to fill the gap that has not been addressed by Vangen and Huxham.

Hillman et al. (2009) reviewing the classical theory of resource dependence by Pfeffer and Salancik (1978) observed that, organisations depend on their environments to survive, however, these environments are characterised by numerous uncertainties. Uncertainties posed by the environment could be due to competition and control of resources by other organisations. Thus constantly, organisations are in search of measures to reduce such

dependence and uncertainties (ibid, 1). Joint Ventures (and other inter-organisational relationships) and Mergers are two of such measures as described by Pfeffer and Salancik (1978) that organisations undertake to reduce their dependence on their environment and the uncertainties it poses. To reduce uncertainties due to competition from other organisations or the dependence on them for resources, organisations would acquire or join forces with others. Especially with joint venture and other inter-organisational relationships, Hillman et al. (2009:4) have argued based on empirical researches that, such alliances are due to the interdependence of organisations involved and that, “joint dependence can be a means of reducing uncertainty and enhancing firm’s performance”. Returning to the theory of collaborative advantage, Lasker, Weiss, and Miller (2001:189) have emphasized that, “it is by combining these resources in various ways that partners create something new and valuable that transcends what they can accomplish alone”. Hillman et al. (2009) have however gathered from the empirical works of other researchers (Yan and Gray, 1994; 2001; Inkpen and Beamish, 1997) that, within such inter-organisational relationships requiring resource exchanges, there is power play between organisations. Citing that there is strategic control by the partner that contributes crucial resources, and also that as one partner acquires more resources from the other, the alliance becomes less stable (ibid, 4).

Gulati and Sych (2007) are however of the opinion that, such studies have solely concentrated on power asymmetry without realising that there could be situations where there is equal or joint dependence by partners. That is, actors engaged in a partnership could depend equally on each other to attain their goals. They argue that, “by grounding itself primarily in a logic of power, research on interdependence has omitted other possible logics that may also affect action. In particular, it has ignored the logic of embeddedness, which arises from joint dependence and which can also operate in exchange relationships” (ibid, 32-33). Joint (balanced) independence in their opinion results in better relational quality (joint action, trust and information exchange) which in turns impacts positively on the performance of partners.

2.3.4 An Empirical Study

Much of the empirical work in collaborative advantage has been done in the supply chain management with very little focus on its application in PPP. This particularly poses a great challenge to researchers seeking to study the workings of collaborative partnership in public management. This challenge however offers the opportunity to further develop this

framework to serve as a guide for future studies in this regard. The closest empirical research this study could relate to is the study by Weihe (2008).

Weihe (2008) in his article ‘Public-Private Partnerships and Public Value Trade-offs’, sought to examine how the interaction between actors engaged in partnerships affects their performance. He distinguished between ‘Collaborative Partnership’ and ‘Exchange Partnership’ based on key features of each type of partnership like trust, empathy, reciprocity, shared purpose and closeness of relationships, and how these practised over time affect the functioning of the partnership. He argues that, “the extent to which real synergy is achieved is partly contingent on behavioural and operational aspects of cooperation” (ibid, 153). Synergy in this context is the phenomenon of merging the abilities of individuals and capacities of organisations in the partnership which gives them an advantage over single agents operations. Weihe (2008) however contends that, not every partnership produces this desired phenomenon of synergy. He based his findings on case studies of co-operative practice in five different PPPs in three different policy sectors in the UK based on some selected criteria. He interviewed some key actors in the said partnerships, where they were asked “to describe the partnership relationship, the characteristics of cooperation, and the pattern of interaction in the partnership projects in which they were involved” (ibid, 154). He centred his study on ‘alliance research’ which has principally argued that partnerships that maintain a collaborative tendency are likely to achieve better alliance performance than those that operated within an exchange partnership. His key findings were:

- a. Intensity of interaction and interaction patterns varied greatly from case to case.
- b. Relational quality varied considerably across the investigated cases.
- c. Institutional context influenced the way that PPPs unfolded. (Weihe, 2008:155)

Out of the cases he studied, Weihe (2008) concluded that one case resembled the collaborative partnership, two cases came closer to the exchange partnership, and the last two cases were in between (ibid). Partnerships that exhibit advanced level of cooperation through closer working relationships are better placed to achieve collaborative advantage than exchange partnerships where working relations are distant and based mostly on transactions. He argued however that, the manner in which most partnership agreements are designed does not give room for possibility of collaborative work because most are purely contractual. Nonetheless, he acknowledges that, PPPs that have functioned and survived over a long

period of time gradually tend to become what he termed ‘genuinely collaborative’. In his conclusion, his findings suggests that, “material value [which he initially defined as tangible substance values like those justification for employing PPPs] is not achieved in the majority of the analysed cases because the cooperation is transactional [and] actual collaboration is limited” (ibid, 157).

2.4 EXAMINING THE EFFECTIVENESS OF THE PARTNERSHIP

In the light of the above reviewed literature and theoretical frameworks, this section seeks to develop a conceptual framework to discuss the main variables used in the conduct of the research. As discussed thoroughly in the preceding section, the Theory of Collaborative Advantage (Huxham & Vangen, 2004; Vangen & Huxham, 2010, 2012) as well as the Resource Dependence Theory (Hillman et al., 2009) are used to explain the partnership processes engaged in by partners and how it affects the achievement of their goal. It has generally been argued by writers of collaboration that, the performance of any partnership essentially depends on the extent to which partners are able to relate and work closely together thus, there should more than mere exchange of resources (Lasker et al., 2001; Weihe, 2008). The study would in this sense seek to examine the relationship between Independent and Dependent Variables developed from the theories and to deduce if there is indeed a cause and effect between them. The Dependent Variable is set as ‘effectiveness of the partnership’ which is defined in terms of the collaborative characteristics (show of commitment, demonstration of trusting attitudes, and existence of mutual relational power) of the partnership which would facilitate the expansion of partnership resources to attain the goal of 5000MW by government. Independent Variables are set as; Formulation and Working Towards Mutual Goals, Existence of Partnership Trust, and Mutual Resource Contribution, which as practised by partners would define them either ‘exchange’ or ‘collaborative’ partners. Below is a conceptual framework used in the study, followed by detailed operationalisation of the study variables.

Conceptual Framework

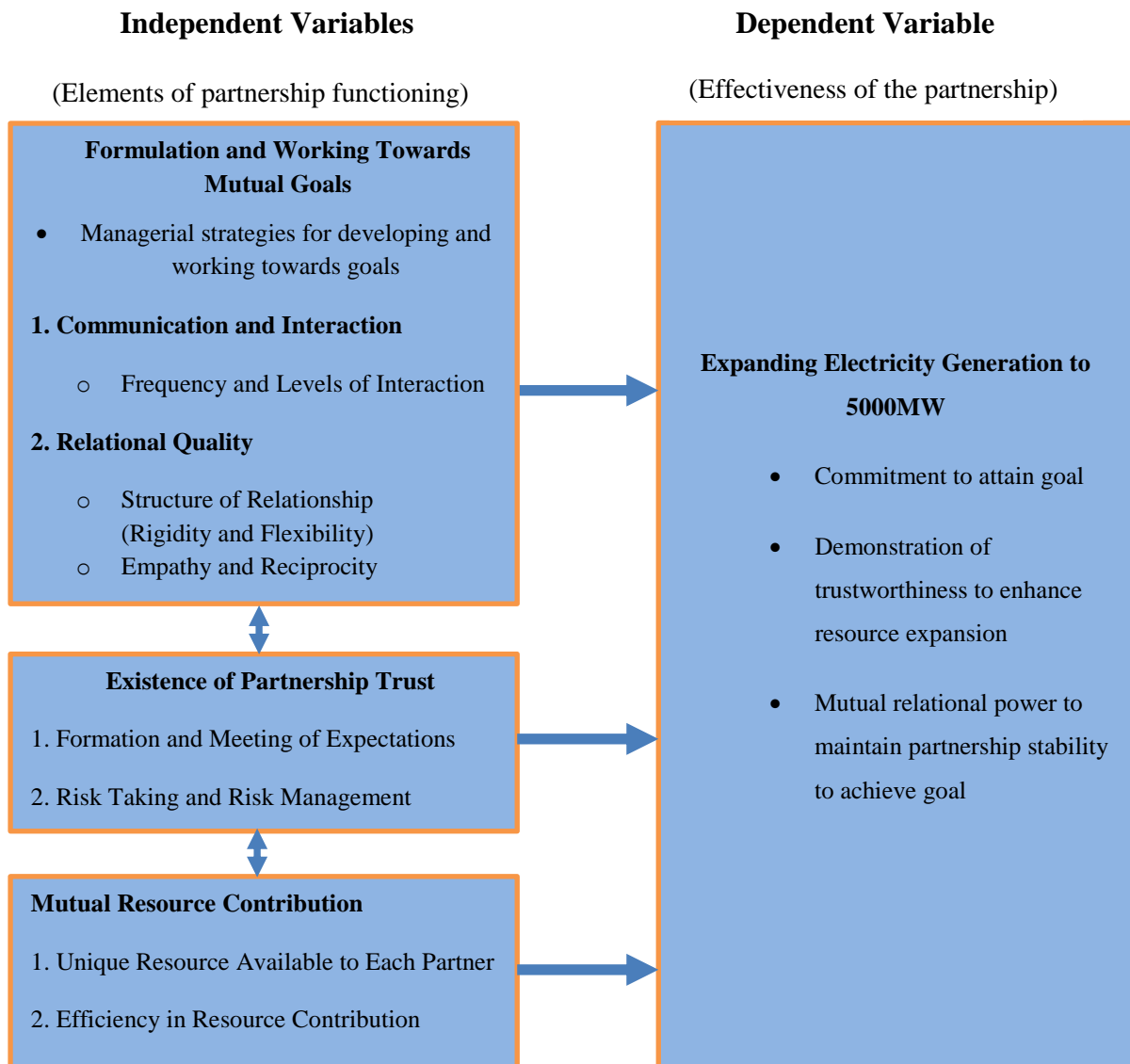


Figure 2: Relationship between Independent and Dependent Variables

Source: Researcher's development from literature review

2.4.1 Dependent Variable (Effectiveness of the Partnership)

Effectiveness is used here to measure the extent to which partners demonstrate collaborative tendencies in working towards government's goal of achieving 5000MW of electricity generation. The study however maintains that, the target year (2015) set by the government for the achievement of this goal was too ambitious owing that the first IPP (TICO) started operations in 2000 with a generation capacity of 220MW, followed by Sunon Asogli and CENIT Energy with a total of 326MW in 2010 and 2012 respectively. Since current generation capacity stands at 2589MW and government is unable to further finance

generation infrastructure, and also because the anticipated flow of private investment has not occurred, further expansion of generation facilities to attain the goal of government eventually would be determined by the level of partners' perception of being a team with a common goal, where they jointly decide and work towards expanding electricity generation to mitigate the challenges of electricity delivery. The study in this sense would measure such collaborative tendencies by partners' commitment to attain partnership goal, demonstration of trustworthiness to enhance resource expansion to meet partnership goal and existence of mutual power relations to ensure stability of the partnership to achieve stated goals. As noted in the success indicators by Vangen and Huxham (2010), such collaborative practices should be regarded as an achievement because it is this special phenomenon of collaboration that enables partners to move from lower endeavours to higher ones with greater benefits.

Indicators of Effective Partnership

a. Commitment to attain partnership goals: This is operationalised in the study to mean partners' awareness of partnership goal, their identification with the goal and agreement to work towards it.

b. Demonstration of trustworthiness: Defined to mean actors (both public and private) positive expectations of partner's performance and optimism of further resource expansion to meet partnership goal.

c. Existence of mutual power relations: This is used to refer to the ability of partners to hold each other accountable or answerable to partnership commitment.

2.4.2 Independent Variables (Elements of Partnership Functioning)

Formulation and Working Towards Mutual Goals: Effective partnership functioning requires partners to have goals that are mutually understood, formulated and supported (Lasker et al., 2001). Even though this is true in principle, achieving this in the practice of partnership is difficult. As already argued by Vangen and Huxham (2012:732), in principle, achieving common goals is necessary for partners to stay committed in the partnership however, a paradox arises because different organisational expertise and resources of partners cause them to have different goals leading to diverse goals in the attainment of the collaborative advantage they seek. They are therefore of the opinion that, partnerships ought to develop some managerial techniques to continuously and openly discuss their objectives while still appreciating their individual goals. In this study therefore, formulation and working

towards mutual goals is used to mean the managerial strategies adopted by partners for developing mutual objectives to be achieved. The two managerial strategies adopted in this study are:

a. Communication and Interaction which is defined in terms of the Level and Frequency with which communication occurs between partners as well as other stakeholders in the power sector. Communication and interaction in this study would be used to refer to the communication pattern in the partnership with regards to; a. actors involved in decision making both at the partnership and national levels; b. the channel through which primary partners communicate their expectations and grievances; and c. the regularity of meetings aimed at deliberating emerging issues that facilitate or impede on the attainment of stated goals. In discussing how partners could build better working relationship to attain their goals, Lasker et al. (2001:192) have indicated that, “it is only possible for the group to think in new ways if partners are able to talk to each other and are influenced by what they hear”. Huxham and Vangen (2004:60) also argue that, “keeping up the communication between organisations and the core group is likely to be highly time-consuming but seen as essential in terms of spotting early signs of disagreements and to gain trust, commitment, support and resources from each organisation”

b. Relational Quality which is used to refer to the rigidity or flexibility of relational structure of partners and the extent to which they are willing to compromise to achieve goals of the partnership. The study defines this in terms of a. the significance attached to partnership contract by partners in their operations; b. the willingness to go beyond each party’s specific interest to reach the overall objective of the partnership; and c. organisation of joint events aimed at enhancing staff and management capacities to attain mutual goals. Relational quality in this study is used to illustrate the general atmosphere within which partners work. Lasker et al. (2001:194) are of the opinion that “unlike bureaucratic forms of management, which are often rigid and structured to control what people do, partnerships that seek high levels of synergy require approaches that are more flexible and supportive”. With such flexible structure, partners are able to go out of their way to support each other when the need arises. Huxham and Vangen (2004:58) here again argue that, “being willing to compromise on different agenda is essential to making progress in collaborations”. Since partnerships involve different individuals and organisations with differing interests, it is essential that partners are willing to support each other in attaining their individual goals as well as the goal of the partnership. This, partners can achieve in an atmosphere of flexible working relationship

where they perceive themselves as a team with a common broad objective and willing to put aside strict contract rules to support each other, ultimately to achieve their mutual objectives.

The related hypothesis in this circumstance would be, *frequent communication and flexible relationship between partners may clarify individual differences and may enhance the achievement of mutual goals.*

Existence of Partnership Trust: The presence of trust in a partnership means various actors are confident of their partners to perform as expected, hence, accept vulnerability without resort to control measures. This is essentially because partners consistently commit to each other's expectation and their mutual agreement. According to Huxham and Vangen (2004), there are two important factors for starting a trusting relationship; formation of expectation about the future of the collaboration and mitigation of risk involved in the partnership, and that when these are met, partners can commence operations with very modest goals and move on to more ambitious goals as trust is built. Therefore the trust indicators used in the study are;

a. Formation and meeting of expectations: This is used to refer to those obligations primary partners (ECG and IPPs) expect to be met, such as IPPs' expectation of ECG to provide a ready market for them and pay them adequately for their services, and ECG's expectation of IPPs to generate the pledged megawatts of electricity to meet growing demand at a reasonable rate. Meeting of expectation thus is indicated by the expression of confidence by partners of other parties' commitment and trustworthiness to perform expected obligations. As argued by Kim (2005:624), "trust can be facilitated if people recognise the consistency between what the trustee says he or she will do and what he or she actually does", hence, trust is enhanced when partners respect commitment and perform according to mutual agreements.

b. Risk taking and risk management: Risk taking is defined to mean those risks partners currently bear in the partnership and the willingness of partners to take on extra risks based on their level of trust in the partnership. Risk management is used to refer to the strategies adopted by partners to mitigate potential risks they face in the partnership, thus, whether they subscribe to punitive measures (sanctions) or have faith in others not to be opportunistic. Huxham and Vangen (2004:19) are of the opinion that if partners' aim is to build trust, then they cannot be concerned with such punitive measures as sanctions instead, partners would adopt a more comprehensive risk management approach through "upfront negotiation of

collaborative aims, to clarify potential partners' expectations as well as their willingness and ability to enact the agreed collaborative agenda". The associated assumption here is that, *consistent meeting of expectations reinforces trusting attitudes and enables partners to move from low risk ventures to more ambitious ones.*

Mutual Resource Contribution: Resources are a very crucial element of an effective partnership. Each partner possesses an essential resource that is needed by others to ensure the overall success of the partnership. It has been argued in the literature that it is this combination of different resources that gives partnerships their unique advantage over 'single agents' operations (Lasker et al., 2001). The theory of Resource Dependence also holds that organisations either acquire other organisations or join forces (through joint ventures and other inter-organisational relationships) to reduce uncertainties that their environments pose. Thus, each organisation possesses a unique resource that is unavailable to others unless they work together. Mutual resource contribution in this study is used to refer to the contribution of unique resource that is available to each partner and the efficiency with which partners make these resources available.

a. Unique resource available to partners: This is used in the study to mean the ownership of electricity generation stations by IPPs and the ownership of distribution network by ECG, where electricity generated by IPPs is distributed through ECG's network. Since ECG owns the largest electricity market in Ghana, IPPs are better placed if they signed on to ECG's network to sell their services. ECG on the other hand needs electricity from IPPs to meet growing demand. Partners are thus interdependent in meeting each other's needs. That is, whereas ECG needs IPPs to generate the agreed megawatts of electricity, IPPs in turn need to be remunerated accordingly by ECG to enable continuous exchange of partnership resources and possible resource expansion. However, the mere availability of these resources by partners is not a guarantee for successful partnership but rather how effectively they make them available to meet their objectives.

b. Efficiency in resource contribution: Defined to mean the ability of IPPs to make their generation facilities ready at all times to generate electricity to meet ECG's demand and the readiness of ECG to evacuate electricity and accordingly make prompt payments to IPPs to facilitate continuous electricity generation. Lasker et al. (2001:195) would argue here that "a partnership's efficiency connotes how well it optimizes the involvement of its partners...in other words, in addition to ensuring that the thinking and actions of the group benefit from the

contributions of different partners, the collaboration process must also make the best use of what each partners has to offer”. Another factor influencing promptness in making resources available is partners’ control of strategic resource in the partnership. With this, the partner with a more strategic resource tends to accumulate more resource from other parties which consequently affects stability and success of the partnership. In this sense, the study examines the level of dependence by partners, that is whether there is joint (mutual) dependence or dependence asymmetry (power advantage) with regards to ownership of strategic resource, by which a partner hoards more resources than contributed in the partnership, hence, jeopardising partnership stability to meet stated goal. This occurrence is interpreted in the study to mean partners’ inclination (preparedness) towards making needed resources available due to perceived power position in the partnership. The corresponding assumption here is that, *strategic resource contribution influences the level of interdependence between partners which in turn influences power relations and its impact on partnership stability and success.*

TABLE 2: SUMMARY ON DEPENDENT AND INDEPENDENT VARIABLES, INDICATORS AND HYPOTHESES

Independent Variables	Indicators	Hypotheses	Dependent Variable
Formulation and Working Towards mutual Goals	<ul style="list-style-type: none"> • Communication and Interaction • Relational Quality 	Frequent communication and flexible relationship between partners may clarify individual differences and then may enhance the achievement of mutual goals	Effectiveness of the Partnership (Expanding electricity generation to 5000MW) <ul style="list-style-type: none"> • Commitment and motivation to meet goal • Demonstration of trustworthiness to enhance resource expansion • Mutual relational power to maintain partnership stability to achieve goal
Existence of Partnership Trust	<ul style="list-style-type: none"> • Formation and Meeting of Expectations • Risk taking and Risks Management 	Consistent meeting of expectations reinforces trusting attitudes and enables partners to move from low risk ventures to more ambitious ones	
Mutual Resource Contribution	<ul style="list-style-type: none"> • Unique Resource Available to Each Partner • Efficiency in Resource Contribution 	Strategic resource contribution influences the level of interdependence between partners which in turn influences power relations and its impact on partnership stability and success’	

2.5 CONCLUSION

The purpose of this chapter has been to present the conceptual and theoretical underpinnings of PPP. It has in the preceding sections defined PPP and elaborated the contention around it.

Reasons for its continued growth and benefits as well as risks associated with the practice of PPPs have been stated. As this study focuses on PPP in the power sector of Ghana, the chapter also discussed the general practice of PPP in electricity delivery across the European and African contexts. What is missing from most literatures however is the discussion on the factors of routine partnership functioning and their influences on partnership effectiveness. The theory of Collaborative Advantage (Huxham & Vangen, 2004; Vangen & Huxham, 2010) and the theory of Resource Dependence (Hillman et al., 2009) expounded in this chapter have however elaborated on how these fundamental elements of partnership functioning affect the success level of partners. Thus, it has been the aim of this chapter to place the practice of PPP between IPPs and ECG in these theoretical frameworks to examine how the existence or absence of factors such as working towards common goals, partnership trust and mutual resource contribution impact on their effort to meet the goal of expanding generation infrastructure by government.

CHAPTER THREE: METHODOLOGY

3.0 INTRODUCTION

This chapter discusses the various research strategies that were adopted in the conduct of the study. The rationales behind the selection of particular strategies are outlined and explanation given as to how each strategy aids in answering the research questions.

3.1 RESEARCH APPROACH

This study adopted the qualitative research approach primarily because of its exploratory characteristic, which allows for detailed enquiry into less researched cases but of significant importance. As emphasised by Creswell (2014:29), “one chief reason for conducting a qualitative study is that the study is exploratory. This usually means that not much has been written about the topic or the population being studied, and the researcher seeks to listen to participants and build an understanding based on what is heard”. Relating this assertion by Creswell to an earlier account of limited empirical studies in examining the partnership processes between public and private actors in the PPPs in Ghana, the use of qualitative approach is of an immense significance to uncover these fundamental tenets of effective partnership functioning that have not been given much attention. Past researches (Ashong, 2010; Malgas, 2008) in the power sector of Ghana have focused on institutional frameworks and economic viability of such PPP projects with less attention to the how the routine working relationship between public and private partners actually influence their performance. To this end, the qualitative method adopted in the conduct of this research facilitated the unique opportunity to examine in detail what these various elements of routine partnership are and to analyse the extent to which they influence the success of the partnership under study.

Furthermore, related studies on partnership relationship and its influence on partnership success have commonly used the qualitative approach (Huxham & Vangen, 2004; Weihe, 2008). Since such studies basically focus on relationships between individuals in organisations, previous researchers have engaged in in-depth discussion (interviews) with respondents to understand how such behavioural patterns affect their partnership. Weihe (2008:154) for instance maintained that, the qualitative case study he selected was to allow for “detailed knowledge about the operational practice of PPPs” and by this, his approach “goes beyond the formal PPP contract and investigates what happens at the micro-level processes”. In building their theory, Huxham and Vangen (2004:39) also adopted what they termed ‘action research’ which they argue is closer to case study, where they situated themselves at

the study locations and derived insights inductively through natural occurring data. One advantage they realised from this type of research was that, “rich data about what people do and say— and what theories are used and usable— when they are faced with a genuine need to take action can be gathered and this has potential to lead to deep conceptualisations about what can happen in practice and the reasons for it” (ibid, 39). Thus, by relying on these researches, adopting a qualitative approach is a practical option to bring to light the feelings and views of actors involved in the partnership which certainly cannot be analysed statistically. This is particularly significant because researches on PPP in the power sector of Ghana have often focused on statistical evaluation of the economic benefits of such ventures without much attention to the behavioural characteristics of partners and its influence on partnership success. Using a qualitative approach therefore enabled situation of the researcher at the study location to collect first-hand information on how public and private actors engage with each other in their routine operations, such as how they make decisions, which actors are involved in the process, how they communicate matters concerning their expectations and grievances and how they get emerging challenges resolved.

The use of the qualitative approach was also to allow for the use of multiple sources of evidence in the study. This strategy was applied to strengthen the validity and reliability of study findings. The general assertion is that, researchers ought to prove their arguments from more than just one source of information which invariably strengthens their perspective and stance on their research topics. By adopting the qualitative approach, this study made use of both primary and secondary data (data triangulation) including interviews, written documents and observation to facilitate the corroboration of information in making consistent arguments of study findings. Owing to this, the study interviewed primary partners at ECG, Sunon Asogli and CENIT Energy on their roles and interests in the partnerships and how they would describe their working relationship and prospects for further resource expansion in attaining the goal of government. Public actors at GRIDCo, the Ministry of Energy, PURC and Energy Commission were also interviewed to ascertain their role in facilitating an effective partnership operation and how they engage with the private actors particularly. Documentary sources generally describing the Ghanaian power sector challenges and opportunities for success with particular emphasis on private sector investment were obtained during such interviews and from various online databases. The study was then able to corroborate such information with the advanced theoretical arguments to substantiate the claim of achieving

partnership success not just by the exchange of resources but by partners genuinely collaborating and supporting each other in achieving a mutual goal.

3.2 RESEARCH DESIGN

Research design can simply be defined as a strategy of interrelated procedures used in the conduct of a research that establishes a relationship between the purpose of the study and conclusions reached. Yin (2014:28) asserts that, “in the most elementary sense, the design is the logical sequence that connects a study’s initial research questions and ultimately, to its conclusions”. This study consequently adopted a case study strategy one basic reason being the contemporary (on-going) nature of the phenomenon under study. The case study strategy therefore enabled an on-site interaction with respondents to allow for their reactions (answers and justification) to queries. This accordingly provided detailed information on not just why they behave the way they do but also how this impacts on their partnership. This reason has been buttressed by Yin (2014) who contends that case studies often aim to answer ‘why’ and ‘how’ questions.

Specifically, the study adopted the single-embedded case design to enable the analysis of a single phenomenon (public private partnership) by evaluating the conducts of the various units (public and private actors) that collaborate to ensure the success of the partnership. The use of the single-embedded case study is appropriate because the research topic focuses on a policy initiative (single case) through the activities of various actors (sub-units) involved. This thus enabled the analyses of these different sub-units and how their actions affect the overall functioning of the policy. One advantage of an embedded case study advanced by Yin (2014:56) is that, “the subunits can often add significant opportunities for extensive analysis, enhancing the insights into the single case”. Since these subunits work together on regular bases their opinions and insights are very important for shaping our understanding of the success factors of the partnership. Thus, divergent and similar views and perspectives by the various actors involved in the partnership enriched data that were collected and subsequently served as one of the significant basis on which conclusion on the effectiveness of the partnership was drawn.

Furthermore, the use of case study was appropriate because this study relied essentially on theoretical foundations and empirical works of other researches (Hillman et al., 2009; Huxham & Vangen, 2004; Lasker et al., 2001; Vangen & Huxham, 2010; Weihe, 2008), by which some assumptions were formulated to guide the research process. An argument has

been made by Yin (2014:17) in this regard that, “a case study benefits from the prior development of theoretical propositions to guide data collection and analysis”. Thus, the use of case study enabled the deduction of hypotheses (assumptions) in relation to the elements of partnership functioning (mutual goals, trust and resource contribution), and this guided the study from introduction to conclusion.

3.3 AREA OF STUDY

The study was conducted in the Greater Accra Region of Ghana. The Greater Accra Region, although the smallest of the ten regions is the most densely populated and contains the capital city, Accra. The region is the hub of government administration as the presidential palace and all ministries are located there. The study was specifically conducted in two Metropolitan Assemblies of the region; the Accra and Tema Metropolitan Assemblies. The purpose for the selection of these two metropolitan assemblies is because the head offices of the organisations under study are situated there and most of the activities of the partnering institutions such as scheduled meetings also take place in the region. Even though their operation has an impact in almost all the regions of Ghana, the Greater Accra Region is where most of their activities take place thus the reason for its selection.

3.4 UNIT OF ANALYSIS

The units of analysis in the study are the organisations that partner in the generation and supply of electricity. At one level, the study focused on the main contracting organisations that is, ECG and the two IPPs (Sunon Asogli and CENIT Energy). At another level, the study sought to examine the role of other government agencies whose activities directly affect the overall success of the partnership, thus, GRIDCo the transmitter of power from IPPs to ECG as well as the Ministry of Energy and the two regulatory agencies (Energy Commission and PURC). Since the phenomenon of IPPs is quite recent in Ghana, hence the inadequate information on their operations, the study made use of energy consultants from the Africa Centre for Energy Policy (ACEP) since they have researched and possess requisite information on the operations of IPPs in Ghana.

Initially, the study sought to focus solely on the working relationship between two government agencies (ECG and GRIDCo) and two major IPPs (Sunon Asogli and CENIT Energy). However, information gathered during preliminary interviews with these organisations revealed that the role of other government institutions is very important in

discussions of the partnership in the power sector of Ghana. Hence, the Ministry of Energy, the Energy Commission and the PURC whose activities directly affect the work of the partnering organisations were included. The VRA, another government agency which owns the country's largest generation stations and consequently contributes the largest percentage of the total megawatts of electricity supplied was also included in the study to facilitate a complete illustration of the state of electricity provision in the country and the contribution of the partnership to this end.

3.5 SAMPLING TECHNIQUE

Within the organisations mentioned above, there was purposeful selection of individuals who play key role in the routine operation of the partnership, those who constantly monitor the performance of the partnership and individuals who possess requisite knowledge on IPPs operations in Ghana. Purposive selection was done to strategically choose respondents whose views and perspectives could aid in answering the research questions. According to Creswell (2014:189), “the idea behind qualitative research is to purposefully select participants or sites (or documents or visual material) that will best help the researcher understand the problem and the research questions”. As already stated, the subject of IPPs is quite new in Ghana thus, just a few individuals have the requisite knowledge on their operations and their partnership with government agencies. Therefore, even within the chosen units of analysis, there are specific individuals who possess knowledge on IPPs' partnership with government and its emerging issues. For instance, with the main partnering organisations, there was selection of respondents who participate in the day-to-day interactions (daily communication and meetings) with other actors with respect to their organisation's role in the partnership. The Ministry and Regulatory Agencies also had special offices that dealt with the operations of IPPs, thus respondents were chosen from these offices.

Initial information that was derived from key respondents from the partnering institutions informed further specific individuals that were included in the study. Thus, snow-balling as a technique of selecting respondents was applied. The main goal here was to first select certain key individuals of the partnering institutions who would then suggest others that they had constant interaction with, within and outside the partnership whose views could also be of immense significance to the final analysis of the study.

3.6 DATA COLLECTION

Data collection is the process of gathering various information to analyse the research questions and study assumptions. At this stage, there is a systematic effort by the researcher to assemble evidence to scrutinise the research questions and to either prove or disprove theoretical propositions. King, Keohane, and Verba (1994:51) refer to data collection as, “a wide range of methods, including observation, participant observation, intensive interviews, large scale sample surveys...and any other method of collecting reliable evidence”. The study made use of the two main sources of data; the primary and secondary sources of data. Within these sources, the study used three major data collection tool in qualitative research namely; interview and observation (primary data) and written documents (secondary data). Collecting multiple forms of data (data triangulation) in qualitative research is crucial in reaching valid and reliable conclusions. As already mentioned in a preceding section, there is a general assertion that researchers should be able to substantiate their arguments from more than just one data source which would strengthen their perspective and stance on their research topics.

3.6.1 Interview

There were guided face-to-face discussions with identified respondents. The interviews were conducted with the aid of an interview protocol. The interview protocol contained a brief overview of the study, purpose of the study, the research questions, and definition of key concepts and variables. In the conduct of interviews, there were general questions for all respondents as well as strategic questions for specific respondents, as the selected organisations had different and unique roles. Hence, there were specific questions for respondents from the IPPs, GRIDCo, ECG, PURC, Energy Commission, the Ministry of Energy, VRA and ACEP.

Prior to the conduct of interviews, a preliminary visit was made to the organisations to explain the purpose of the research and to seek permission to conduct the interviews. The appropriate offices were then contacted to schedule interview dates. A second or in some cases third visits were made for the conduct of the interview. The interview entailed an in-depth enquiry where respondents’ opinions and personal reflections on the topic were sought for. Open-ended questions were asked and respondents took time to explain each question in detail, some with illustrations. Information that was sought from respondents first and foremost concerned the challenges of the power sector and its associated solutions. At the partnership level respondents were asked questions on; the role of their organisations and the resources they

contribute to the partnership, the channel of communication between partners, meeting of expectations by partners and its effect on their relationship, the emphasis given to contractual agreements in their working relationship, and overall queries were also made on the prospects of partnership.

Documentation of interviews involved audio recording as well as note taking. All interviews were conducted at the offices of respondents and lasted an average of one hour. In all, there were a total of 10 interviews from nine organisations. The sample size was not predetermined but developed as the study progressed, and as already stated the snow balling technique facilitated the selection of appropriate respondents. The sample thus comprised a satisfactory representation of the various organisations by respondents who provided requisite information for the conduct of this research.

TABLE 3: SAMPLE SIZE OF RESPONDENTS INTERVIEWED

Organisation	Ownership	Number of Respondents	Role in the Power Sector	Information Provided
Electricity Company of Ghana (ECG)	Public	2	Major electricity distributor	The role and interest of ECG in the partnership and the pattern of interaction with other partners
Sunon Asogli Power Limited	Private	1	Independent Power Producer	The role and interest of Sunon Asogli in the partnership and the pattern of interaction with other partners
CENIT Energy	Private	1	Independent Power Producer	The role and interest of CENIT in the partnership and the pattern of interaction with other partners
Ghana Grid Company Limited (GRIDCo)	Public	1	Sole Electricity Transmitter	The role of GRIDCo in facilitating the operations of the partnership and the pattern of interaction with partners (particularly IPPs)
Ministry of Energy	Public	1	Policy Director	The supportive role in facilitating the operations of the partnership and the nature of interactions with partners (particularly IPPs)

Organisation	Ownership	Number of Respondents	Role in the Power Sector	Information Provided
Energy Commission	Public	1	Technical Regulator	The role of the Energy Commission in the operations of partnering institutions
Public Utilities Regulatory Commission (PURC)	Public	1	Economic Regulator	The role of the PURC in the operations of partnering institutions
Volta River Authority (VRA)	Public	1	Major Electricity Generator	The contribution of VRA to electricity provision in the country
Africa Centre for Energy Policy (ACEP)	Civil Society	1	Research and Advocacy	The relevance of PPP in the power sector, prospects of IPPs in Ghana and recommendations to the electricity challenges

Total Sample size: 10

Source: Researcher's Design (2015)

3.6.2 Observation

It was the aim of the study to conduct both formal and casual observation as prescribed by Yin (2014:113). The study was however only able to observe casually during interviews, most notably the institutional logic that was characterised by the responses from partners. The particular observation made in this regard concerned the social responsibility of public organisations on the one hand and the profit orientation of private organisations on the other. This was a recurring theme throughout the conduct of the interviews and basically portrays the diverse interests of partners. Another key observation made was that, some officers were uninformed of the fact that the contracts that their organisations had signed were PPPs, thus were reluctant to use the word 'partners'. As argued in the literature review, the categorisation of PPP can be confusing and this was witnessed on the field. The officers had the impression that in a PPP, the government ought to have some shares or equity in the IPPs' organisations before the relationship could be termed a partnership. This was witnessed during interviews with the main partnering organisations (ECG and IPPs) and portrayed to some extent how partners perceive themselves as 'exchange' parties and not partners.

The study was not however able to conduct a formal witnessing of activities such as meetings that feature actors from the various (both partnering and monitoring) organisations. It was the aim of the study to witness the atmosphere within which such meetings took place and the form of interaction that transpired. Attention was to be given to how discussions in such meetings suggested whether the various actors interact as partners or as individuals representing different interests as well as the prevailing atmosphere of hierarchy and power distance among different actors.

3.6.3 Written Documents

The study made extensive use of documented records of the Ghanaian power sector and literature on PPP in the delivery of public services both within and outside the Ghanaian context. Written documents were basically sought to corroborate information obtained from interviews and observation. Some documents obtained were solicited during interviews and others were obtained on the internet. Documents that were obtained during interviews included; Ghana Energy Sector Report, Energy (supply and demand) Outlook, Reliability Assessment Report, and Increasing Private Sector Investment through Power Sector Reform. Others included the PPP Policy of Ghana, regulatory benchmarks for electricity utilities, press releases, academic articles, journals, and previous empirical studies. Thus, in addition to the interviews, written documents provided information on the institutional frameworks for implementing PPP projects in the power sector, challenges of the Ghanaian power sector and strategies for attaining them (mostly through private investment), the role of both government and private sectors in attaining these objectives, and the effectiveness of the various organisations (generators, transmitter and distributor) in attaining the goal of the sector. Since information on the nature of working relationship between public and private actors is generally lacking, the above mentioned document merely provided a general description of the state of electricity delivery in Ghana. One important document that could not be reviewed was the Power Purchase Agreement basically because of its confidentiality clauses. This document could have however disclosed the type of contractual arrangements that underlie the present relationship between the partners at ECG and IPPs.

Aside the Ghanaian context, information that were sought from other written documents (Bayliss & Hall, 2000; Dagdeviren, 2009; Jamasb, 2006; Magnus, 1997; M. Pollitt, 2004; Woodhouse, 2005) included the type of private sector participation in electricity provision, especially in European countries and how similar or different it is from what is being

practised in developing contexts like Ghana. Theoretically, the study also made use of literatures with conceptual frameworks that focus on the process of collaboration and its impact on partnership success (Huxham & Vangen, 2004; Lasker et al., 2001; Vangen & Huxham, 2010; Weihe, 2008). These written documents served as an alternative source of information to corroborate responses from interview as well as bases on which findings from the study were related.

3.7 DATA TRANSCRIPTION AND ANALYSIS

Data analysis was a continuous process in the course of the research. As Creswell (2014:195) puts it, “data analysis in qualitative research will proceed hand-in-hand with other parts of developing the qualitative study, namely the data collection and the write-up of findings”. Thus, the analysis process in this research involved using strategies of interpretation such as, taking reflective notes of emerging arguments to make meaning out of the vast information garnered. There was a conscious effort to synchronise information from the literature and data from the field to enable comparison between the research topic and related studies.

Audio recordings of the interview were later transcribed and thoroughly read through. Themes were developed from reviewing respondents’ answers to interview questions. This enabled a clear representation of the frequency with which certain key words and expressions emerged from the data (Yin, 2014). During this coding process, there was also a search for the relationship between the research variables by virtue of the responses from respondents. By relying on these responses as well as discussions from the literature, this study also developed diagrams to illustrate the PPP arrangement, as well as tables to show deductions (findings) made from the data collected.

Overall, interpretation of data was based on “pattern matching” and “explanation building” as described by Yin (2014). In pattern matching, information derived from the data analysed was correlated with evidence produced from previous related studies. The study relied on Weihe’s (2008) empirical research on how the relationship between actors engaged in partnerships defined them as ‘Exchange Partners’ or ‘Collaborative Partners’ and its consequent effect on the partnership. Again, there was “explanation building” (Yin, 2014), where findings from the field were explained based on the theoretical and conceptual models advanced in the study. Theoretical explanations established the extent to which propositions developed from the theory of Collaborative Advantage applied to the study context.

3.8 RELIABILITY AND VALIDITY OF STUDY

There is a general assertion by researchers that any empirical study ought to ensure the highest level of accuracy (validity and reliability) of the research design. In the conduct of this research, right from stating the problem to deducing findings, there were some logically established methods that were applied to achieve utmost accuracy. Issues pertaining to generating correct operational measures, drawing accurate causal relationship, qualitative generalisation, and authentication of research findings were addressed through strategies such as triangulation of data, extensive use of theoretical underpinnings, relating study to previous empirical researches, and documentation of research data and procedure.

3.8.1 Construct Validity

Ensuring construct validity in the study involved developing specific working definitions that fitted the context of the study. It was important to develop clear meanings and measurement of concepts because of the different meanings individuals apply to similar concepts. As clearly stated in a previous section, the classification of key concepts such as PPP is highly contested and this was witnessed on the field. The study made use of various literatures and previous studies on PPP to make clear meanings of key concepts under study. This made possible the differentiation between PPP and other related concepts like privatisation and contracting-out. The study also distinguished between partnerships and collaborations which are very similar concepts and tend to be used interchangeably. By this, the study used ‘partnership’ as the formal agreement between two or more parties to work together and ‘collaboration’ to mean the processes that parties engage in to achieve their partnership goal. Thus, by corroborating these different sources of evidence in the data collection process, clearer meaning and understanding was made of similar concepts used in related studies and literatures (Huxham & Vangen, 2004; Lasker et al., 2001; Weihe, 2008) and how they applied to the research topic.

3.8.2 Internal Validity

Internal validity deals with how accurately researchers are able to establish causal relations in their study. Realising internal validity in the proposed study is particularly important because of the underlying notion of a causal relationship between collaborative process and attainment of partnership goals. Causal language according to King et al. (1994) is useful in a research if ‘cause and effect’ is the main focus of analysis. In their words, “avoiding causal language

when causality is the real subject of investigation either renders the research irrelevant or permits it to remain undisciplined by the rules of scientific inference” (ibid, 76). Thus, even though the study was exploratory, there was a fundamental element of implication to be made from how the independent variables affected the dependent variable.

To ensure internal validity, the study made use of data triangulation and drew interpretation from the different sources of data to demonstrate how the elements of partnership functioning influenced the kind of relationship between partners and its subsequent effects on partnership success. As discussed by Creswell and Miller (2000:126), triangulation is one of the methods of ensuring validity in qualitative study, where they defined triangulation as, “a validity procedure where researchers search for convergence among multiple and different sources of information to form themes or categories in a study”. Thus, by drawing themes and categories from the different sources of data, causal mechanisms were derived to explain the relationships between elements of partnership functioning (independent variable) and effectiveness of partnership (dependent variable).

One extraneous variable identified in the course of the study that could influence partnership effectiveness is technology. However, an argument is made here that the use of technology itself depends on how successful partners are able to relate and work. Therefore, having the appropriate technology without the correlating collaborative relationship to make use of the technology could have no impact on the partnership. This extraneous variable (technology) is thus imbued as part of the collaborative processes and not as a variable able to influence the success of the partnership on its own.

3.8.3 External Validity

External validity or qualitative generalisation deals with the extent to which a study’s findings could be generalised either in relation to other studies or other cases. While most quantitative studies seek statistical or numerical generalisation, qualitative studies mostly strive to attain analytic generalisation. Yin (2003:37) asserts that, “in analytic generalisation, the investigator is striving to generalise a particular set of results to some broader theory”. Thus, external validity in the study demonstrates the extent to which the study’s findings could be correlated with other studies on relationship between actors in PPP and its resultant effect on public service delivery. Because such studies are generally lacking in Ghana, this study relied primarily on case studies by Weihe (2008) who examined how the interaction between actors in some PPPs in the UK influenced their performance. His final argument in the study was

that, partnerships that maintain a collaborative tendency are likely to achieve better alliance performance than those that operated within an exchange partnership. This study adopted some research questions by Weihe (2008) and explained how the relationship between public and private actors make them ‘collaborative’ or ‘exchange’ partners.

Whilst establishing some similarities such as the nature of partnership contract getting in the way of effective collaboration, findings of this study also revealed that public actors especially from the ministry and regulatory agencies engage actively with private actors contrary to findings by Weihe (2008). Thus, using this research as a stepping stone, other potential studies on PPP could focus on how a type of partnership contract influences partners’ perception of being ‘collaborative’ or ‘exchange’ partners. For instance, as previously revealed, actors from ECG, CENIT Energy and Sunon Asogli do not regard themselves as partners essentially because of the Private Finance Initiative (PFI) type of contract that exists, in which IPPs solely invest in their generation stations. It would therefore be of an interest to study the other type of PPP in the power sector which is a Joint Venture (JV) between VRA and the Abu Dhabi National Energy Company to ascertain if actors identify themselves as partners particularly because of existence of equity in a common project (TICO). Consequently, the design of this study could be used further to compare the collaborative practices by the JV partners and that of PFI partners to ascertain if each partnership unfolds differently and if at all there is a difference in their performance.

3.8.4 Reliability

Reliability in research requires that all the strategies adopted in the study be documented to inform others of how results were reached. This strategy deals with the extent to which a study’s strategy could be replicated in the same cases to produce similar results (Yin, 2014). The study made use of case study protocol to document the various procedures that were applied in collecting, analysing and interpreting data. A computerised case study data base was developed from field notes to contain information on participants, their responses from interviews and also to document detailed description of events and places. Another reliability strategy adopted in the conduct of this study was the design of a coding method that categorised themes from interviews. In this way, responses by respondents were grouped according to questions that were asked and the coding method took note of the recurring themes.

Themes that were derived from coding included; social responsibility and profitability that portrayed the different interests of partners, expression of commitment to partnership goals by actors as a result of being involved in decision making process, emphasis given to contractual obligations that showed the rigidity of relationship between primary partners (ECG and IPPs), and the constant default of ECG in making payments to IPPs which demonstrated a strain on trusting attitudes. These themes developed from the interview responses are in line with the themes outlined by Huxham and Vangen (2004) such as pattern of communication, relational quality, power relations and trust, which define a partnership's level of collaboration or synergy and its resultant effect on partnership success. The study thus strengthens its reliability by developing such themes from interview responses and correlating them with those in the literature.

3.9 ETHICAL CONSIDERATIONS

In the conduct of the study, certain strategies were adopted especially during the field work to address ethical concerns to safeguard the rights of all participants. First, a recommendation letter from the Department of Administration and Organisation Theory of the University of Bergen signed by a supervisor was used as the official document to introduce the researcher and the purpose of research to the respondents of the study. Detailed explanation of the purpose of the research was done again by the researcher to seek the approval and willingness of participants to contribute. Secondly, an official letter of consent prepared by the researcher was presented to be signed by participants to acknowledge their permission to grant interviews. Participation in the study was voluntary and all respondents who showed willingness to participate endorsed the letter by appending their signatures. Finally, in analysing data received from participants, direct names and private information were not disclosed other than the organisational (hierarchical) position of the respondents. Thus respondents were assured anonymity and confidentiality.

3.10 CHALLENGES AND LIMITATIONS OF STUDY

As stated much earlier, there is inadequate research on the working relationship between public and private partners and its influence on their success particularly in Ghana. This poses a unique challenge of limited literature which restricts the extent to which findings are related with other studies to make meaningful relationships and to discuss trends in the performance of the partnership between the public and private sectors. This challenge however offers the opportunity to establish a new form of enquiry by verifying the validity of the theory of

Collaborative Advantage in the practice of PPP in the power sector of Ghana, which would subsequently serve as a guide for future studies in this regard. The works of Weihe (2008), Lasker et al. (2001), and Vangen and Huxham (2010) which are the closest theoretical perspectives and empirical studies to this thesis were thus the main reference points.

One major challenge of this study was time constraints which particularly limited the number of actors in the partnership interviewed. Selection of participants was thus based on their importance to the study which also allowed for efficient collection of data within the allotted time of about three months. On the field, an interesting revelation was the case of the Takoradi International Company (TICO), an IPP which is a Joint Venture between the government's generator of electricity (VRA) and Abu Dhabi National Energy Company, thus, creates a different model from the other PPP being examined in this research. This made it necessary for some comparative analysis of how these two partnerships differed and which model may produce better partnership performance. However, three months allotted for collection of data did not allow for an extensive coverage of the other type of PPP.

Yet another setback faced on the field was the inability to witness the meeting between the various stakeholders in the power sector. Information obtained from the Ministry of Energy indicated that there were scheduled meetings that involved the ministry, power generators, transmitters, distributors and the regulatory agencies. A request sent to the ministry to allow for observation of one of such meetings was turned down because it was considered inappropriate for third parties to partake or observe. It would have however been very useful to witness how interactions took place among the representatives of the various entities. Two reports of previous meetings were instead forwarded to relay any information that was needed from such meetings.

Finally, there was the unwillingness of some respondents to allow access to some of their documents. A request to have access to the Power Purchase Agreement (PPA) was denied because it contained clauses that were not to be known by third parties. This document could have however disclosed the type of contractual arrangements that underlie the present relationship between partners. A few documents that were however obtained comprised electricity demand and supply plan, benchmark set for the partners by the regulators, some weekly reports on the state of electricity provision and the performance of public electricity utilities and IPPs. Some respondents also refused the use of an audio recorder. In some cases, thorough explanation had to be made and consent sought from the head of department before

audio recording was allowed. One respondent however refused to be recorded hence a hand written note was taken. Some respondents were constantly withholding very relevant information. In one case, a respondent asked the audio recorder to be put off before he could reveal crucial information which he did not want on record. He was particularly resistant in the initial stages to grant the interview, however thorough explanation was done to make him aware the research was for purely academic purposes.

3.11 CONCLUSION

This chapter has served as the research methodology on which this thesis was guided. It has sought to delineate the various procedures adopted in the course of the research and outlined reasons for the selection of each strategy. A qualitative research approach was espoused as the appropriate method adopted in the conduct of the research, with purposive selection of sample, multiple sources of data, and qualitative strategies of data analysis. Standards for ensuring quality research (validity and reliability) as well as strategies to ensure adherence to ethical concerns were also indicated.

CHAPTER FOUR: GHANA'S POLICY ON PUBLIC PRIVATE PARTNERSHIP: AN EXTENSION TO THE POWER SECTOR

4.0 INTRODUCTION

This chapter provides a description of the Public Private Partnership Policy in Ghana and how it extends to the power sector. It identifies some of the objectives the policy has sought to achieve and institutional frameworks put in place for its implementation. The state of electricity provision would also be described and reasons given by government to engage the private sector. The chapter also outlines the various institutions in the power sector as well as their functions. Finally, it focuses on explaining how Independent Power Producers are integrated in the power sector of Ghana.

4.1 BACKGROUND OF PRIVATE SECTOR IN PUBLIC SERVICE DELIVERY IN GHANA

The beginning of the 1980s in Ghana marked a significant transformation in the orientation of state provision of public services (Adams, 2010; Ayee & Crook, 2003; Tangri, 1991). This period in Ghana's history was marked by severe public sector challenges (such as over-sized sector) coupled with falling standards of public service delivery. Public enterprises thus became a financial burden on government as they continued to incur significant debt (Tangri, 1991). The Provisional National Defence Council (PNDC), the military government that took over reigns in 1981 even though proclaimed socialist ideals succumbed to the demands of the Bretton Woods institutions (IMF and the World Bank) to implement the Structural Adjustment Programs (SAPs). According to Tangri (1991:524), "when elements within the military overthrew the civilian government of Ghana on 31 December, 1981, they inherited an economy in crisis. By any conceivable yardstick, Ghana's economy verged on disaster". It is thus not surprising that the government regardless of its political inclinations accepted the conditionality that came with financial assistance from the Bretton Woods institutions and consequently instituted the Economic Recovery Program (ERP) in 1983. As asserted by Brown, Milward, Mohan, and Zack-Williams (2013:83), "it was the objective economic conditions and not so much the avowed political leanings of the government which were crucial". The implementation of the ERP therefore meant drastic cut in public sector employment while setting the pace for private sector participation in the delivery of services that the government thought were not so strategic particularly in the manufacturing and agricultural sectors and held on to the 'more strategic' areas of the economy (such as mining

and utilities) (Tangri, 1991). This however has changed over the years with the private sector getting more involved in these ‘strategic’ economic areas including water and electricity.

Government’s objective of downsizing the public sector as part of the ERP led to the launch of the State Owned Enterprises (SOEs) Reform in 1988 which consisted of measures to improve the performance of some public institutions and to privatise those that were not so profitable to government. Consistent with the launch of the Reform was the formation of the Divestiture Implementation Committee (DIC) under the Divestiture of the State Interests (Implementation) Law, 1993 (PNDC Law 326), with the function of among others to plan and monitor the implementation of the reform, make recommendations to government as to which state enterprise to divest as well as the preferred mode of divestiture (Dzakpasu, 1998). Divestiture in the Ghanaian and other African contexts according to Dzakpasu (1998:1) corresponds to privatisation which he defined as, “a process by which the state sells all or part of its ownership of state-owned enterprises (SOEs) to private investors, local and foreign...[It] is also the major mechanism by which an “overextended” state reduces its direct involvement in the economy”. This policy initiative by governments therefore recognises various private sector participation (and not solely change of state ownership) which ultimately aim to introduce efficiency in the provision of services (ibid).

The urge by subsequent governments after the PNDC to further enhance the integration of the private sector has culminated in a number of government strategies and policy initiatives which recognise and advocate the significance of private sector participation in the development agenda of Ghana. The Private Sector Development Strategy I and II, Medium-Term National Development Policy Framework and the National Policy on PPP have all acknowledged that the introduction of private finance in the provision of essential public infrastructure is essential if the country aims at attaining a sustainable economic growth. The PPP Policy of Ghana for instance has identified that Ghana needs at least 1.5 billion dollars a year over the next decade to be able to solve its infrastructural deficit which government cannot achieve alone. It goes ahead to state that, “it is Government policy, therefore, to encourage the use of Public-Private Partnership (PPP) as a means of leveraging public resources with private sector resources and expertise in order to close the infrastructure gap and deliver efficient public infrastructure and services” (GoG, 2011: i).

4.2 OVERVIEW OF PUBLIC PRIVATE PARTNERSHIP POLICY IN GHANA

An initial effort by the government in 2004 to standardise the implementation of PPP projects resulted in the preparation of a PPP Policy Guidelines. This document was to serve as the general specification and prescription for the processes of public and private sectors working together. However, it failed to come into effect primarily because it lacked the necessary legal support and the Ministries, Departments and Agencies (MDGs) were ignorant of its existence (Apenteng, 2011). A National Policy on PPP was subsequently launched in 2011 and currently serves as the formal document guiding the implementation of PPP projects. According to the policy document, “a PPP is a contractual arrangement between a public entity and a private sector party, with clear agreement on shared objectives for the provision of public infrastructure and services traditionally provided by the public sector” (GoG, 2011:2). It also goes on to add that in such agreements, the private party assumes part of the risks involved in the venture and receives remuneration according to some consented criteria (ibid).

The National Policy on PPP, dubbed “Private Partnership in Infrastructure and Services for Better Public Service Delivery”, has outlined various objectives to be achieved under this initiative. It is worthy of note however, that this document acknowledges that PPP is not a panacea for public infrastructure investment needs, therefore, should be viewed as a complement and not a substitute to government’s effort to introduce the private sector into the key sectors of the economy (GoG, 2011:1). Some key objectives that have been outlined in the policy among others are;

- a.** “Leverage public assets and funds with private sector resources from local and international markets to accelerate needed investments in infrastructure and services” (ibid, 3).
- b.** “Encourage and facilitate investment by the private sector by creating an enabling environment for PPPs where value for money for government can be clearly demonstrated” (ibid, 3).
- c.** “Increase the availability of public infrastructure and services and improve service quality and efficiency of projects” (ibid, 3).

In addition to these objectives, the policy spells out certain key guiding principles that should serve as a backbone in the formulation and implementation of PPP projects. Among these principles are; Value-for-Money (“the major driver for adopting the PPP approach rather that

capital scarcity or the balance sheet treatment”), efficient risk allocation, ability of the end user to pay, and clear objectives and output requirement (ibid, 4-5). The policy also identifies key institutions that would aid the general implementation of such projects as well as those agencies that would oversee the work of the partnering organisations within specific sectors. Sampson (2009:3) opines that, “institutions are the agencies that support PPP through project cycle” and that, the work of these institutions could either strengthen or obstruct the development and implementation of PPP projects. The policy identified such institutions to include among others; the various Ministries under which the project or program is being implemented, the Ministry of Finance and Economic Planning, Parliament and Regulatory Bodies that have been established to perform oversight functions in specific service sectors (GoG, 2011). For instance, in the water sector, the Public Utilities Regulatory Commission (PURC) and the Water Resources Commission (WRC) are the main regulatory bodies. The electricity sector also has the PURC and the Energy Commission as the two main regulatory bodies charged with monitoring the activities of organisations in the electricity industry. Another significant landmark worth mentioning in government’s quest to create an enabling environment for PPP ventures is the existence of a PPP Bill that is currently in parliament waiting to be passed into law to make PPP agreements legally binding to parties involved, thus, would serve as the legal support for the implementation of PPP projects.

As government continues to design initiatives and institutional frameworks to support the implementation of PPPs, there has also been a simultaneous expansion in the number of such ventures across various sectors of the economy. Most notably, the practice of PPP in Ghana that has engaged the attention of scholars is in water provision and sanitation. Unfortunately, such assessments of PPP schemes in Ghana have not been success stories. For instance, Awortwi (2004) writes on “Getting the Fundamentals Wrong: Woes of Public-Private Partnerships in Solid Waste Collection in Three Ghanaian Cities”, where he argues that without the appropriate foundations to implementing PPPs (competitive bidding, strict monitoring and tracking results, and sanctions), such ventures are worse off in contrast to those benefits argued for. In his article he concludes that, in implementing PPP policy in sanitation, the “Local Government rushed to implement PPPs without making sure that the fundamentals were first put in place, hence they produced disappointing results” (ibid, 223).

Ayee and Crook (2003:iii) on the other hand titled their publication “Toilet Wars”: Urban Sanitation Services and the Politics of Public-Private Partnerships in Ghana”. In this article, they discuss that, PPP in urban sanitation has failed to produce results due to the politics of

patronage and the failure of regulations and believe sanitation facilities can be improved through “full public provision of basic infrastructure; transparent, independent and rigorous regulation of any contracts for service provision given to non-state agencies” (ibid, iii).

Finally, Fuest and Haffner’s (2007) article, “PPP – Policies, Practices and Problems in Ghana’s Urban Water Supply” focus on the generality of PPP policies that have been imposed on developing countries without consideration to local context thus, failing to achieve expected results. They contend that, the various modes of PPP that have over the years been implemented in the water sector failed to achieve desired impact due to flaws in the design and implementation structures, one of which is weak legislation and regulatory frameworks specifically with regards to consumer protection and general oversight functioning. In their final comment, they state that “within Ghana and internationally, more (comparative) research is required to highlight the conditions of “success stories” in PPP from which lessons can be learnt for the design and implementation of policies at country, district and community levels” (Fuest & Haffner, 2007:190).

In all these publications, a common understanding is made that the institutional frameworks most notably the regulatory structures that have been established for the implementation of PPPs is not as effective as expected. Fuest and Haffner (2007) for instance mentioned that, the PURC which has the mandate of regulating the utility sector (water and electricity) does not possess the necessary financial and human capacity to perform its function. This problem is further exacerbated by the interference of politicians which threatens the institution’s role as an independent regulatory body (ibid, 184). The major challenge in the implementation of PPPs in Ghana therefore lies in the difficulty of replacing an existing system of service provision (public provision) with a supposed more strategic arrangement (PPP) that requires an adjustment in policy design, implementation structure and oversight responsibilities.

4.3 THE CASE OF PRIVATE SECTOR INVOLVEMENT IN ELECTRICITY PROVISION

Ghana’s over reliance on hydro (water) for electricity generation and the paucity of maintenance in the existing infrastructure has for over two decades created a situation of unreliable power supply in the country. In 1983, the attention of government was drawn to the need to diversify electricity generation sources due to a severe drought that reduced the water level in the Akosombo Dam on which the country solely relied for electricity (Malgas, 2008). Aside the dwindling water level and obsolete infrastructure, the dynamics of a developing

country with such issues as rapid population growth and emerging industrial sector with its attendant need for increased electricity further motivated the urge to re-organise the power sector. The challenge of government since 1983 has therefore been the ability to expand generation capacity to meet increasing electricity demand which grows at about 10% every year. A World Bank report has specified the challenges of the Ghanaian power sector in two folds; “the lack of adequate and secure quantities of reasonably priced fuel for power generation, and the lack of adequate public funds to finance the sector’s investment requirements” (World Bank, 2013:viii). In this regard, government’s policy response has been to reform the power sector to make it more attractive for private investment as government is unable to solely provide the required finance for a more productive sector. The reform which is backed by the World Bank involves strategic restructuring of the power sector to liberalise the sector, thus, opening up the sector to private investment to induce the needed capital for the expansion of power supply infrastructure. Malgas (2008) discusses that, the sponsorship by the World Bank was in line with Ghana’s implementation of the ERP which had the overall aim of creating a favourable environment for private sector participation. Indeed, various publications that aim to highlight the challenges of the Ghanaian power sector and its associated solutions often conclude with the need for private investment if government aims to attain electricity security. Such publications have called for a robust regulatory framework that would invariably attract the needed private finance into the sector (Ashong, 2010; Malgas, 2008; UNECA, 2011; World Bank, 2013).

Prior to the implementation of the reform, Ghana’s electricity industry was a purely vertical integrated system, with state agency the VRA responsible for generating at the same time transmitting electricity. This vertical integration system was a hindrance to private participation as it is purported that, VRA which was the sole generator at the same time in charge of transmission would not provide equal opportunity to new entrants (power generators) in the industry. One aim of the reform was therefore to separate the generation and transmission functions of VRA by creating an independent transmission body that would ensure an open and equal access to the national grid. This resulted in the unbundling of VRA to create separate organisations to have clearly defined functions, thus, the establishment of the GRIDCo for transmission of power from generators to distributors and bulk consumers and the creation of the Northern Electricity Distribution Company (NEDCo) for power distribution to the Northern part of Ghana. The creation of GRIDCo meant both public and private entities in the power industry would have equal access to the transmission system

without fear of being discriminated. Another important feature of the reform was the setting up of two regulatory bodies to perform supervisory roles such as licenses issuance and setting comprehensive tariffs to introduce competition in the sector (Opam, 1995).

4.3.1 Structure of the Power Sector (Institutions and Roles)

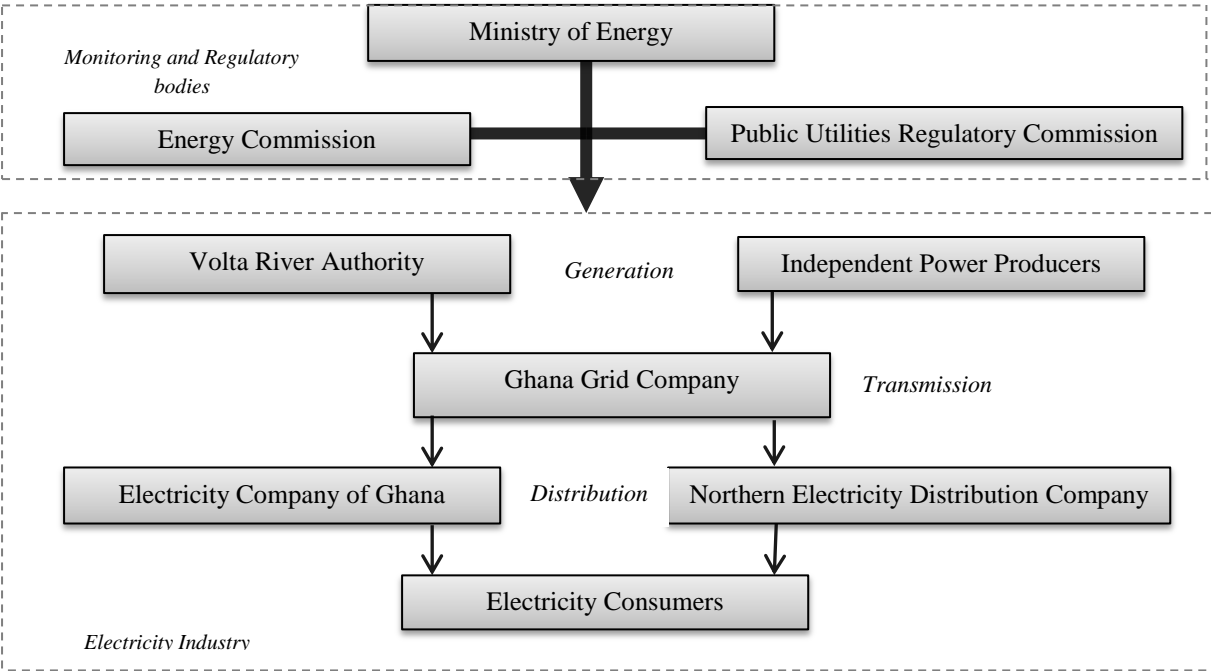


Figure 3: Structure of the Ghanaian Power Sector

Source: Developed by researcher from field data

- a) **Ministry of Energy:** The power sector of Ghana is governed by the Ministry of Energy which has the mandate of formulating, implementing, monitoring and evaluating general policies concerning the power sub-sector and the energy sector in general. The ministry is assisted by the works of two independent agencies, the Energy Commission and PURC which were both set up by acts of parliament with the responsibility of regulating the power sector.
- b) **Energy Commission:** It is responsible for granting licences to power generators, transmitters and suppliers and serves as a supervisory body that oversees to the performance standards of these various electricity utilities. The Energy Commission also acts as an advisory body to the ministry by proposing general policy guidelines and recommendations. It also makes various endorsements for incentives such as tax exemptions and duty-free imports to IPPs to mitigate their high costs of production.

- c) **Public Utilities Regulatory Commission (PURC):** It has the duty to oversee to the provision of quality and affordable service by utility providers. The commission’s mandate includes among others; “approving rates chargeable for provision of utility services and protecting the interests of consumers and providers of utility services” (PURC, 2008:5). In its discharge of duty, the commission establishes a tariff scheme that it deems appropriate to protect the interest of both utility providers and consumers.
- d) **Volta River Authority:** It is the state owned electricity generator and operates the country’s largest generation stations made up of both hydro and thermal plants. It is also a minority partner in the Takoradi International Company (TICO), an IPP joint venture with the Abu Dhabi National Energy Company (TAQA).
- e) **Independent Power Producers:** IPPs are private business entities that have been invited by the Government of Ghana to generate additional megawatts of electricity with the pledge of providing lands, natural gas, ready market and a secured business environment. The investment by these private entities is of vital importance because of the high cost of thermal power generation, which if ventured into wholly by government would over burden its budget. These IPPs solely finance their generation stations and are responsible for its daily operations and maintenance. By signing a Power Purchase Agreement (PPA) with an off-taker (sole purchaser), IPPs are guaranteed a ready market for their power by which they recoup their investment. Two major IPPs that are currently augmenting power generation in Ghana and the focus of this research are Sunon Asogli Power Plant and CENIT Energy.
- i. **Sunon Asogli** started operations in 2010 and is wholly owned by Shenzhen Energy Investment Ltd of China. It has an installed capacity of 200MW and uses natural gas from the West African Gas Pipeline (WAGP) for generating electricity. The company contributes about 6% of thermal power generation which represents a total of 14% of the power distributed by ECG (GRIDCo, 2013)
 - ii. **CENIT Energy** is a Ghanaian company funded by the Social Security and National Insurance Trust (SSNIT)¹. It started operations in 2012 and has an installed capacity of 126MW which represents about 5% of thermal electricity generation (Energy Commission, 2014).

¹ SSNIT is a statutory body that administers the Ghana National Pension Scheme. It invests the funds of its members in various sectors of the economy to yield returns

- f) **Electricity Company of Ghana:** It is wholly owned by the Government of Ghana. It is responsible for distributing electricity for both domestic and commercial purposes in the Southern part of the country which consists of six regions, constituting 72% of total electricity demand in Ghana. With its largest distribution network, ECG functions as an off-taker that guarantees the purchase of generated power by IPPs.
- g) **The Northern Distribution Company:** It is responsible for electricity distribution in the Northern part of Ghana. With the implementation of the power sector reform, NEDCo was detached from VRA to function as an autonomous entity solely in charge of electricity distribution.
- h) **Ghana Grid Company Limited:** GRIDCo is wholly owned by the Government of Ghana and functions as a transmission utility that takes delivery of generated electricity from various generation stations (both national generator and IPPs) to the distributors and bulk customers. It thus functions as the link between which power produced by IPPs is transmitted to ECG for distribution. GRIDCo has a goal to ensure equal opportunity to both public and private power generators in its transmission obligations.

4.3.2 Integration of IPPs in the Power Sector and PPP Arrangement

Despite being partially implemented, the reform has so far achieved some strides with the entry of IPPs in the generation side to add to the existing installed capacity (i.e. capacity of all the generation stations in the country). In 2000, the Takoradi International Company (TICO) which is a joint venture between the VRA and the Abu Dhabi National Energy Company (TAQA) was the first IPP to start operations (Malgas, 2008). With the Build-Own-Operate-Transfer (BOOT) arrangement entered into by partners, TICO would be reverted to VRA after the contract period of 25 years, unless there is an agreement to further extend the contract. VRA, aside being a stakeholder in TICO is also the sole off-taker of the power produced by TICO. With this arrangement therefore, TICO does not engage directly with the electricity transmitter and distributors, as VRA has the sole responsibility of off-loading the power from TICO to the other organisations in the electricity supply chain.

The other two major IPPs to enter the sector (Sunon Asogli Power and CENIT Energy) are however independent of the VRA (Eberhard and Gratwick, 2013). This is because the VRA has not been willing to sign on new IPPs after TICO since it considers them as competitors (World Bank, 2013). This leaves IPPs with very limited options of off-takers. As such, ECG

currently remains the only viable off-taker even though there are other potential buyers of electricity in the country (large scale industries and institutions with very high electricity consumption). The World Bank (2013:15) has acknowledged that, “only ECG, and no other potential buyer, has signed a PPA to offtake power from any of the IPPs....the IPPs that have attempted to enter the Ghanaian market have reported difficulties in securing PPAs with other organisations”. These organisations would rather buy from the VRA due to its lower tariff and more flexible contract terms compared to that of IPPs (ibid). In such an unreliable electricity market, IPPs ultimately enter into an agreement with a government utility, which in this case is ECG to secure a guaranteed market for their power. As already mentioned, one basic requirements for the operations of IPPs especially in developing countries is the existence of a PPA preferably with a government entity, as this guarantees them a ready market as well as some incentives from the government. The PPA is the main contract agreement that contains the conditions of operations within which responsibilities, risks and rewards are outlined. Succinctly put by Bayliss (2002:609), “in power generation projects, private investors often will not invest without a power purchase agreement (PPA) in place, under which the publicly owned utility agrees to purchase all the output of the plant at a price fixed in foreign exchange for a period of 20 to 30 years”. Signing the PPA with a government entity often also requires that the government provides a sovereign guarantee sometimes in the form of letters of credit to shield IPPs from financial loss in the event its agency (the off-taker) defaults in payments. However, the Government of Ghana has not been very keen in granting sovereign guarantees to IPPs and this has been argued as one of the hindrances to IPPs entering the power sector (World Bank, 2013; ECG, 2013).

Nonetheless, ECG being the major electricity distributor in Ghana and the point of contact for majority of electricity consumers has acknowledged the importance of IPPs in its obligation of providing quality service to the end user. According to an ECG Tariff Proposal (2013:38), the need to contract the services of various IPPs became a necessary strategy to reduce the negative impact that generation shortage caused on its service delivery, and accordingly acknowledged that the introduction of these IPPs would contribute to an efficient electricity supply in Ghana. It has in this regard engaged the services of about eight IPPs including; Sunon Asogli Power Plant, CENIT Energy Limited, GENSER Power, CENPOWER Generation Company Limited and Jacobsen Elektro As (ECG, 2013). Of these IPPs, Sunon Asogli and CENIT Energy have started full operations and are generating a considerable percentage of electricity currently being supplied. IPPs signing PPAs with ECG inherently

means signing an Interconnection Agreement with GRIDCo for the evacuation of their power to ECG. Therefore, GRIDCo plays a third party role as it is not directly involved in the PPA but functions as a link between IPPs and ECG, and its actions and inactions affects the overall success of the partnership. Below is a basic structure of the PPP arrangement with ECG as the main off-taker:

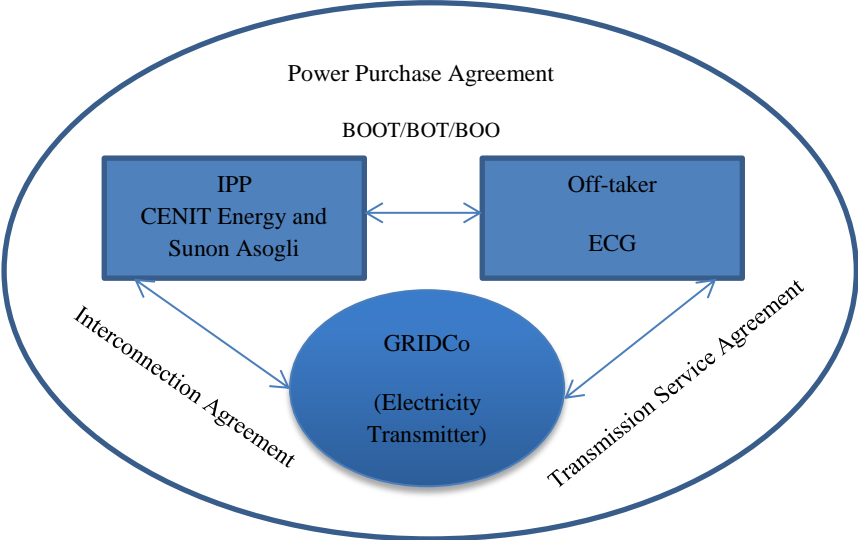


Figure 4: Structure of PPP arrangement between IPPs and ECG

Source: Researcher’s development from field data

4.3.3 Contribution of IPPs to Electricity Generation

Certainly, government’s objective for inviting IPPs was to add to the country’s total generation capacity and as it stands, IPPs have so far added a considerable amount to the existing capacity. Since the problem of the power sector has been named as generation deficit, a level of success can be measured by the amount of capacity that has been added. By the statistics given by Energy Commission in its supply and demand outlook for 2014, total installed capacity (i.e. capacity of all the generation stations in the country) was at 2,851MW of which Sunon Asogli and CENIT Energy together contribute 326MW representing about 11.4%. However, because demand for electricity which currently stands at about 2300MW is increasing every year, there has to be an expansion in generation facilities either by existing IPPs or by newly contracted ones to ensure security in electricity supply. Consequently, as gathered from the field, the operating IPPs currently have different plans to expand their generation capacities. Sunon Asogli plans to expand but is yet to begin due to fuel uncertainty and CENIT Energy does not have plans yet to expand. Newly contracted IPPs are also not able to start generation because of government’s reluctance in granting sovereign guarantees. The goal set by government thus to achieve 5000MW by 2015 remains unrealistic. A report

by UNECA (2011) in this regards holds that, even though government has established the required institutional framework for the implementation of PPP projects in the power sector, the sector has not attained the postulated inflow of private capital. Thus, there could be other reasons hindering the entrance of IPPs and not solely the institutional frameworks. It states that;

[T]he flow of private sector capital into the various segments of the electricity sector has not happened as anticipated. For example, there are reports that a number of power plants were initially planned and contracted under PPA by ECG, but have not materialised. This suggests that there are other barriers that could be hindering the private sector from taking advantage of the investment opportunities opened in Ghana's electricity sector (UNECA, 2011:57).

Since it was initially assumed that reforming the power sector would introduce the needed private sector participation, institutional frameworks were implemented in this regard. However, as evidenced from the above discussion, private sector participation has not materialised as envisaged. Again, because government is unable to solely finance the expansion of electricity generation infrastructure, it becomes imperative that the existing PPPs in the power sector be effectively managed to ensure further expansion of resources in an effort to achieving the goal of the sector while government continues to seek to sign on more IPPs. This study would in this regard argue that, the prevailing working relationship between the public and private partners would influence the extent to which they are able to work towards expanding electricity generation to meet growing demand.

4.4 CONCLUSION

This chapter has presented a historical background to the introduction of private sector participation in public service delivery in Ghana and the strategies by government that finally resulted in the culmination of the PPP policy in 2011. With the power sector being the focus of this study, the chapter has also described the state of electricity delivery and government's motive for introducing the private sector. Private investment has however not occurred as envisaged, thus government has not been able to meet its target of achieving 5000MW by 2015. How then does the partnership between ECG and two IPPs (Sunon Asogli and CENIT Energy) be sustained to expand generation capacities in an effort to meet the stipulated 5000MW? This is what the subsequent chapters endeavour to answer.

CHAPTER FIVE: FINDINGS AND DISCUSSIONS

5.0 INTRODUCTION

Findings and discussions of the study are presented in this chapter and the next. These two chapters analyse how the three independent variables of the study, that is; a) Formulation and working towards mutual goals, b) existence of partnership trust and c) mutual resource contribution in the partnership between actors at ECG and IPPs (Sunon Asogli and CENIT Energy) impact on their effort to improve electricity delivery. Drawing on data collected from the field and theoretical framework, these chapters examine if partners engage in collaborative processes and the extent to which it influences their ability to achieve substantial gains in expanding electricity generation. The overall purpose of these chapters would be to answer the central question; what kind of working processes do partners engage in and how does it impact on their effort to attain the goal of expanding electricity generation infrastructure?

This present chapter however analyses how partners work towards congruent and shared goals with the assumption that; *frequent communication and flexible relationship between partners may clarify individual differences and may enhance the achievement of mutual goals.*

5.1 PARTNERSHIP AND ORGANISATIONAL GOALS

An overarching goal of government's partnership with IPPs is to increase power generation infrastructure to meet growing demand. In describing the challenges and prospects of the power sector, the National Energy Policy explicitly states that, "the policy direction is to attract private investments to support the public sector to improve and expand the capacity of the existing infrastructure" (GoG, 2010:9). Government's inability to finance more generation facilities means the operations of IPPs in the sector takes the form of a supporting role to increase the country's generation capacity, which would consequently assist government's goal of expanding infrastructure to enhance electricity provision. An important aspect of partnership functioning is the recognition by partners of the purpose of the partnership because it is for this reason why it was initiated in the first place. Since partnerships are made of different individuals and organisations it becomes imperative in the discussions to differentiate between the goals of the partnership and the goals of individual organisations involved and how the alignment of these goals influence their work. Huxham and Vangen (2004:75) have defined collaboration aims (goals) as "statements about what the collaborating organisations are aspiring to achieve together. They may be viewed as the public statement of

the joint purpose of the collaborating partners; a declaration of the sought after collaborative advantage”.

As indicated earlier, the goal for introducing private entities in the power sector has been declared by the energy policy, thus, to expand capacity of electricity infrastructure. Vangen and Huxham (2010) in this sense contend that goals of PPPs are mostly the declarations by government on the reason for engaging the private sector. They argue that, “government is perhaps the most common organisational stakeholder exerting pressure on collaborations, and it frequently influences and shapes them. Whether collaborations are mandated or constrained by government, nationwide policies as well as local priorities and interest tend to have an effect on the aims of the collaboration” (ibid, 166). One important point they make in this argument is that, even though government may be the prime decision maker, individual aspirations of organisations in the partnership may influence the level of agreement on the goal as well as processes for achieving them. Thus, an essential factor in supporting the goal of the partnership is that partners know the aim of the partnership and agree to work towards it. Partners’ alignment to or recognition of the overall goal would ultimately determine the effort they put into its realisation as it sets the pace for collaborative practices. Huxham and Vangen (2004:76) have in this regard asserted that, “organisation aims thus sometimes have an important effect on organisational commitment to the collaboration”. Findings from the study revealed that, by virtue of the declaration by the Energy policy, partners are aware of the overall objective of the partnership. A senior official at Sunon Asogli (IPP) commented that:

Actually, we know the objective from the paper [policy]. The goal of the government or the power sector is our goal. Nobody has said it is our duty but we treat it as one part of our objective. I don't think there is any direct integration [of goals] but what we are doing also contributes to it. Because of the goal, there would be more power plants, so if we have built one, we are also contributing to it.

Backing this assertion is a remark made by an administration officer at ECG. He affirmed that:

Our main objective is to meet Ghana's demand. That is the main objective. They [IPPs] are supply side and our customers are the demand side. So our aim is to contract as much IPPs to generate power to meet the demand.

A top official from the Electricity Company of Ghana while initially refuting IPPs alignment with mutual goal concluded that indeed there is harmonisation of goals after negotiation of contract. He said:

No, IPPs are business people who are coming in to do business. I [ECG] need so much power by 2015. So once you declare that, it sends a signal to the IPPs and they come. Once they come in, we sit with them to talk and we look at what best we can get from them. So from the onset no we don't have the same goal, but when we have concluded negotiations, yes. My aim is also to secure generation, so the exercise of harmonising now brings us together and then we have equilibrium of goals.

However, aside the overall goal of the partnership, the study also established that individual organisational objectives also influence the extent to which they are willing to strive for its achievement especially for IPPs since they are private entities with profit motives. Distinguishing between collaboration aims and organisational aims, Huxham and Vangen (2004:75) are of the view that, collaboration aim is what the partners seek to achieve together while organisational aims are what individual organisations aim to gain from the partnership. Of course public and private organisations in principle have different reasons for providing services. Whereas the public partner would see it as its social and political responsibility, the private party would do it solely for profit. Thus, there is a limit to which IPPs would go to ensure uninterrupted electricity supply contrary to what their public sector counterparts would do. An official at CENIT Energy (IPP) recognised the general goal of making electricity available but also drew a very sharp contrast in his organisation's interest with that of the public agency (ECG). He said:

ECG is essentially a public utility that provides services. Their number one aim is not profit driven but we [CENIT] have to make money for our shareholders, give them interest on their investment and so yes the most important goal for each of us is to make sure that there is light available, but we will not do that at a loss. Because of the market, our responsibility is different from theirs, we are private and ECG is public and then with interaction, sometimes we discuss policies what we think is in the best interest of each party and ECG also looks at the interest of the consumer.

A senior official at Sunon Asogli also stressed on their shareholders by stating that:

Actually, we have our shareholders in energy. We are also an electricity company in China. We concentrate on power producing and that is our business. We also wish by working together with the government we can produce more electricity for the country.

A top official at ECG while emphasising the need to meet their customers (Citizen's) need for electricity had this to say on his company's interest in the partnership:

Our interest is to make sure you [IPP] give me power. That's what my customers want and that's what I am supposed to give them.

From the above responses, it is evident that while the private partner mentioned their shareholders, the public actors concentrated on meeting consumers' need. Vangen and Huxham (2010:166) have again in this regard argued that, "the identification of specific aims for each of the parties involved as well as the joint purpose is acknowledged as important if the collaboration is to succeed". The differences in aim thus ought not be a barrier to pursuing the overall objective of the partnership but instead by incorporating certain managerial practices which Huxham and Vangen (2004) have termed process aims, partners can align and work along their individual goals while supporting the partnership goal. They contend that, "process aims are commonly seen as a means of achieving substantive ends and, in that sense, they are usually perceived as subordinate to the substantive collaboration aims. They can relate to any aspect of collaborative processes so might, for example, relate to modes of communicating, to the kind of relationship between members" (ibid, 80-81). Hence, the process aim should be the achievement of collaborative practices through such measures as mode of communication and relational quality which would result in partners' ability to achieve substantive gains (expansion in electricity generation). Similarly, two parameters by which Weihe (2008) also measured the collaboration level in the partnership he studied were the intensity and pattern of interaction and the relational quality that existed. How regular do partners communicate about their interests, challenges and prospects of the partnership? And are they willing to go the extra mile even if it is not in their individual organisations' interest?

5.2 ESTABLISHING COMMITMENT TO ATTAIN PARTNERSHIP GOAL: MANAGERIAL PRACTICES IN WORKING TOWARDS MUTUAL OBJECTIVE

5.2.1 Communication and Interaction

Communication is one fundamental way by which actors within a partnership get their concerns across and make each other aware of their intentions. As indicated above, government and private organisations have different motives for providing services. Hence, if they are working together towards expanding electricity infrastructure, then there should be some form of process incorporated in the practice of the partnership to enhance commitment

towards achieving stated goals. Two parameters of communication used in the study is the frequency and levels of communication between public and private actors which would demonstrate that, “effective communication strategies and mechanisms to coordinate partners’ activities are needed to facilitate synergic thinking and actions” (Lasker et al., 2001:194).

5.2.2 Levels and Frequency of Communication

Findings from the study suggest that, even though the partnership is actively between the IPPs and ECG there is constant interaction between these partners as well as other stakeholders in the power sector. As a result, there is an existence of multiple level of communication in the partnership. On the one hand is communication between actors of partnering organisations (micro level) and on the other hand is communication between partners and other stakeholders in the power sector (national level) which has authoritative figures (actors) from government who tend to steer the affairs of the partnering organisations.

a. National Level Communication: Leadership Matters

At the national level, since the main goal of the partnership is spelt out by the Energy Policy, it is in the interest of the Ministry of Energy to act as a monitoring body to oversee to the operations of the partnership. The sector minister therefore plays an overall leadership role at the national level in steering the affairs of the sector in general. In line with this practice, Vangen and Huxham (2003:62) conceptualise leadership as “the mechanisms that make things happen in a collaboration”. With communication at this level, national executives clarify what is expected of the various partnering organisation as well as other key sector players. Government officials act more like facilitators of such meetings and with concerns raised by representatives of the various organisations, they together deliberate on the way forward. A top official at the Power Department of the Ministry of Energy had this to say on meetings between government officials and private parties:

It depends on which target you want these IPPs to meet. But to meet, yes we do have meetings. We have bi-weekly Chief Executive meeting with the Minister and ministries top officials to deliberate on the supply situation, the current supply, the outlook for the following weeks. And at this meetings, it is both state owned generator (VRA, Bui) and the IPPs (TICO, Sunon Asogli, and CENIT), so yeah they come for some of these meetings. These meetings tend to look at their availability and their schedule. If for some reason Asogli is down, an IPP cannot produce because collectively they define the generation capacity for the country, the Ministry of Energy is interested to know what the challenges are, how are they mitigated, the way forward and planning.

Reiterating the above response, a technical officer at the Energy Commission also recognised the integration of IPPs in the processes leading to the passing of legislations to govern operations in the sector. He remarked that:

Before we come out with a particular legislation, we meet all of them. So there is interaction with all of them together at least every year. Apart from that, within the year there could be a lot of interaction with separate actors of the sector. And also energy commission has what we call the technical committee and on it is represented all the various utilities. The technical committee has the VRA, ECG, all IPPs. So before we come out with a document the technical committee deals with the stakeholders.

Vangen and Huxham (2003) are of the opinion that these kinds of meetings make the actors especially from IPPs feel empowered as they are considered part of the process to resolving the electricity challenges in the country. With these forms of discussions, IPPs are also able to channel any grievances they may have concerning their operations, which mostly have to do with electricity pricing and fuel unavailability. Meeting at the national level with all the authoritative actors in essence boosts the morale of IPPs and reinforces their optimism as they feel they are listened to and their input sought for. To back this assertion is a comment by a senior official at Sunon Asogli. He revealed that:

We have meetings and the Ministry of Energy arranges them. At the meetings we have representatives from Ministry of Energy, Energy Commission, VRA, BUI, ECG, TICO. For instance I went to Takoradi for a meeting and from the discussions. I know they [government officials] are very serious and they want to solve the problem of electricity delivery. It is not easy but we are working on it. Because we talk with them, we know the situation and we are working together. They [government officials] are very kind. I am not a very big man but the few times I went for meetings on behalf of Sunon Asogli, the minister took part himself and he talked to me. He will talk to you because he knows you are here at the meetings and he understands our challenges. So he will ask about how Sunon Asogli's operation is going and if everything is okay.

b. Partnership Level Communication:

At the level of the partnership however, communication between partners appears to be more in tune with exchange practices than collaborative processes. Contractually, there is an amount of generated power that individual IPPs are to make available to ECG and in return there is a price at which ECG pays. IPPs have to meet production obligation to satisfy ECG's interest of providing reliable services to citizens and on the other hand, ECG has to remunerate IPPs to enable them meet their cost of production and profitability. If for some reason, partners cannot meet their obligation which would affect other parties' interests, it is

communicated. Communication in this instance takes the form of a formal channel with official notifications. This does not in any way negatively affect the morale of the partners as there is an understanding that the PPA is a buying and selling agreement. The role of the government agencies at the national level thus is of significant importance in creating and maintaining an all-encompassing collaborative process in deliberating issues of the sector and invariably of the partnership, which as observed above is practised. With regards to the mode of communication between IPPs and ECG, an official from CENIT Energy stated:

Our agreement is a PPA. It spells out the interaction, the mode of communication, all we expect. Now if there are differences, there are notices that we must send out at specific times. Let's say something happened in the plant, we need to shut down, we need to do a maintenance, then periodically every month we are supposed to reconcile to find out what on whatever figures we have projected.

A top official at ECG also emphasized the formal procedures in communicating with IPPs. He remarked that:

It's a contract and normally there are some principles that cover the contract. The contract spells how information will be transmitted. Yes it's straight forward. The only thing is that, normally because it's a two party contract, outsiders are not allowed. And then with the confidentiality clause in the contract you don't disclose too much unless both parties think that it's of interest to.

Communication between actors of partnering institution is crucial as they are the primary parties in the contract and thus become the first point of contact. Inconsistencies that arise in meeting each other's interest (ECG's interest of providing reliable services and IPPs interest of meeting production cost and profitability) is officially communicated between the two parties first. However because actions and inactions of partnering organisations affect the whole of the sector, such deliberations on production and payment obligations are eventually carried out at the national level with government officials. Highlighting how they get grievances resolved with ECG, a senior official at Sunon Asogli commented that:

Because Ministry of Energy leads the power sector, they organise meetings when you have a problem or difficulty. They like to talk to you when everyone is there. So maybe if we [Sunon Asogli] have some problem with ECG, we would be there as well as ECG and then we talk. And at these meetings, the minister takes part himself as well as all the big men.

In describing the nature and pattern of interaction between public and private actors in his study Weihe (2008:155) identified that:

Intensity and pattern of interaction ranged from low to high. The involvement of different institutional actors also varied from case to case. In some cases, interaction was only between the special purpose vehicle (SPV) and the public sector counterpart; in other cases, the main interaction was between prime subcontractors and the local public sector partnership managers. In yet other cases, a significant amount of the interaction took place between public sector advisors (consultants) and private sector representatives from various levels, while the public sector partners maintained a more hands'-off approach (i.e. avoided becoming too involved in the project during the implementation stage).

Findings from the study show that contrary to the findings by Weihe (2008), public actors in the power sector of Ghana are actively involved in the operations of the partnership and render needed assistance to partnering organisations. Therefore, collaborative process actually emanate from the activities of government officials at the Ministry and the Regulatory Agencies. Consequently, sector meetings are very frequent to make various actors abreast with demand and supply situation, thus, any hindrance to attaining the main goal of the sector in general is detected and addressed. Especially at the national level, since the country is currently facing severe shortage of generation stations, the absence of any IPP due to inadequate gas supply would mean further reduction in generation capacity resulting in frequent power outages in the country. In such instances, the government implements austerity measures to make gas available to IPPs to ensure adequate electricity generation. In March 2014 for instance, President John Mahama dispatched the Minister of Energy to Nigeria to implore management of the West African Gas Pipeline Company to improve on gas delivery to Ghana. This was because expected quantity of gas contracted by the government was not being delivered thus, impeding on the ability of thermal generation stations to operate. Since IPPs have invested in thermal generation, the unavailability of gas to power their generation stations affects them largely. As observed by a top official from the Power Department of the Ministry of Energy:

We have had erratic supply of gas from Nigeria for some time now and because these IPPs run on gas, when the gas is unavailable we have deficit in generation capacity. We are supposed to be getting about 120 million cubic feet each day, per day but we are not getting this level.

Consequently, through such multilevel communication structures and the frequency with which actors meet, there is coordination of activities to address challenges of partners and the sector as a whole. In the instance of the President imploring his minister to address challenges of gas supply, IPPs are further motivated to keep up operations to meet electricity demand. A

senior official at Sunon Asogli described how the commitment of the Minister enhanced his organisation's motivation. He commented that:

This year, the minister went to China and I was there at our parent company Shenzhen Energy. We finished signing an MOU in the morning at 1 o'clock am and at 4 o'clock he left for another province. Our chairman observed that he [the minister] is working really hard. He slept less than four hours. That gave us a very deep consideration.

5.2.3 Relational Quality

Another managerial practice that influences the extent to which partners are able to meet their objective is the kind of relationship they develop in the process of collaboration and how far they are willing to support each other towards the attainment of their mutual goal.

5.2.4 Structure of Relationship: Rigidity and Flexibility

In examining the type of relationship that exist between partners, the study focused on determining if partners had a more relaxed form of relationship or if it was based on strict formal dictates of their contract. In the partnerships Weihe (2008:155) studied, he established that, "while some cases displayed close-knit and collaborative operational relationships, others displayed rather distanced and formalised relationships...While some partnership managers stressed the importance of working together, acknowledging each other's differences and being flexible, others focused primarily on contract". Extending this assertion to the study, partners were asked how they related in daily and routine operations and if every action they took were specified by their contract. Some of these assertions already stated in the preceding section (communication and interaction) confirm that relationship between partners is mostly based on contract. Respondents frequently made reference to their contracts in dealing with other partners. They constantly made reference to the Power Purchase Agreement as primarily what governs their relationship. A senior official at Sunon Asogli commenting on his organisation's relationship with ECG remarked that '*we just do as the contract says, that's all*'.

An official at CENIT Energy also made reference to the contract with regards to the responsibility of each party and how they would not take liability for anyone's inefficiency.

In the agreement we are the supplier and ECG is the buyer. What we do is we generate the electricity and based on the agreement we expect to get paid. And if we are available to generate and for any reason which is not our fault we are not able to supply to the grid we won't take liability for anybody's inefficiency.

Reiterating the above responses is a statement by an administrative officer at ECG in regards to contractual relationships with IPPs. He said:

Because CENIT and Sunon Asogli are IPPs, we have a power purchase agreement with them and all parties adhere to this power purchase agreement. There are commercial and technical terms and there are financial terms which we all adhere to.

The relationship between the partners thus is more of the formalised relationship as described by Weihe (2008). Generally, there is adherence to the PPA and partners operate according to the terms and dictates of the contract. However, this is because the PPA exists as a regulation for the conduct of the partnering organisations. Each party expects partners to do as specified by the PPA to meet individual interests as well as overall partnership objective. This is also because the PPA is an exchange contract and there are risks associated with such transactions. Partners thus adhere to it is to ensure commitment to obligations, since it spells out sanctions and compensations. As explained in the theoretical section, partnership agreements are by nature formal and Rousseau et al. (1998) would argue here that such formalised detailed agreement come in the way of effective collaboration as relationships are formally structured and easily monitored hence making partners not develop trust. In contrast to this, they also believe that partners would cooperate and meet their part of the agreement because of the fear of being sanctioned (ibid). Responses from the study indeed reveal that, even though relationship among partners is formal, it is to ensure that each commits to its obligation, but this also has an effect on trust building which would be discussed in a subsequent section. As each party endeavours to meet its obligation as dictated by the PPA, to what extent in effect are they willing to compromise to meet each other's interest? Does the strict dictate of their commercial and financial agreement restrict them in assisting each other when the need arises?

5.2.5 Empathy and Reciprocity

From the beginning of this discussion, partners made clear the specific interest each had for engaging in the partnership while still recognising the overall objective of the partnership. While ECG would like to be more socially responsive to the needs of customers, CENIT Energy and Sunon Asogli would like to stay profitable to meet shareholders expectations. Based on the questions posed above, the study established that even though partners have a formal relationship, there have been instances where they (especially IPPs) have gone beyond their organisation's specific interest to reach the overall objective of meeting the electricity

demand of the country. Thus, there is a general feeling of concern by actors at Sunon Asogli and CENIT Energy to make lights available to Ghanaians despite not being specified in their contracts with ECG. An official at CENIT Energy had this to say on his organisation's commitment to making electricity available to Ghanaians:

Yes, our relationship is guided by an agreement but sometimes, for goodwill we provide services just to make sure the lights are on. Yes, our responsibilities are much more different from that of ECG. ECG is socially oriented, we are commercially oriented and because ECG is government owned, it is not a profit oriented company. They are just supposed to make sure that there is light for the whole of Ghana. But we as an IPP are profit oriented so our responsibility goes as far as our profit would allow us. However we go the extra mile to make sure services are provided even when they are not contractual. Also, they [ECG] organise workshops where they bring people even though it is a relationship of buying and selling. So it is like you [ECG] say I want to buy power from you [IPP], what else can I [ECG] do to help you [IPP] give me that power and get good value for money.

His point of argument here is that, even though their partnering relationship is that of buying and selling, ECG still holds information and capacity building workshops to train employees of CENIT. This move is to enhance the ability of CENIT to meet production obligation which in turn influences their efficiency and profitability and ultimately feeds into the interest of ECG meeting customers' electricity demand. Similar to this instance, a top official at ECG acknowledged that ECG arranged a discussion platform with the management of Sunon Asogli to educate them on the Ghanaian culture with regards to staff service condition. Sunon Asogli, even though a Chinese company has a considerable number of Ghanaian personnel, hence, understanding what motivates this group of workers was important to the company's operation. The official remarked that:

What we do with IPPs, for example with Asogli, when they started operations, they had challenges understanding our culture and all. So we engaged their management on how to deal with conditions of service for the Ghanaian worker and it was very helpful.

A motivated staff would naturally work towards achievement of organisational goals which consequently impacts on the attainment of partnership goals. ECG being a Ghanaian company and experienced in the Ghanaian conditions of service therefore supported Sunon Asogli in this regard. Sunon Asogli learning from ECG what motivates the Ghanaian worker even though facilitates achieving the organisational goal of Sunon Asogli in the long run supports ECG itself as it depends on Sunon Asogli's efficiency to meet its (ECG) customers' electricity demand. A senior official at Sunon Asogli also made reference to the period of the World Cup

(in 2014) where they were implored by the Minister to make lights available to Ghanaians irrespective of the state of their plants and grievances they might have. He remarked that:

Before world cup I took part in a meeting, he [the minister] said everybody knows we like football so please, please operate well. For any power plant, it can encounter some accidents when operating and that is why we have our special coordinating departments just for complimenting effort for that time, that special period. You know football is the most popular game here and the world cup happens once in four years once.

Thus, because of the importance of football and the significance of the World Cup to Ghanaians, particularly because Ghana was taking part in the games, Sunon Asogli made it their responsibility to ensure consistent supply of electricity. This they did by putting in extra effort by making sure all their plants were running and had more technicians who worked around the clock to forestall any major failure of their generation plants. This initiative by Sunon Asogli would thus create extra cost on the operations of the plant for that period which may not have been captured by the PPA. But for the importance of the world cup to Ghanaians, they provided special services to make lights available to watch the games.

Findings from the study suggest, such demonstration of solidarity among partners enhances teamwork (cooperation) to meet overall partnership objective. From the responses, it is revealed that there is the general expression of concern by partners to assist each other in meeting individual organisational objectives (interests). These are success indicators that demonstrate that partners are making progress. Vangen and Huxham (2010:181) would in this regard argue that, such ‘emergent milestones’ are not planned events but achieved in the course of collaboration and are indications that the partnership is actually achieving some strides. Therefore, even though the actual target of meeting 5000MW set by government has not been met, such joint activities should be encouraged towards attainment of the major goal. Such joint activities are “often good trigger-points for helping the collaboration to move on to greater things” (Vangen and Huxham, 2010:181).

5.3 MAJOR FINDINGS

- By virtue of the declaration by the Energy Policy of attracting private investors to attain a robust power generation infrastructure, actors in the power sector including those of partnering organisations align with this goal as their main objective. IPPs being private entities even though recognise this goal still have an interest in meeting

shareholders' needs. ECG's specific interests go as far as meeting the electricity needs of Ghanaians thus proclaiming its social responsiveness.

- Even though the partnership is primarily between IPPs and ECG, the communication pattern towards meeting partnership goals transcends them to include other sector actors and as a result, there is an existence of multiple level and very frequent communication pattern when emerging issues need to be addressed. This makes deviations detected and addressed as well as the coordination of activities to address emerging eventualities. Meetings with ministerial executives as well as government representatives and being integrated in decision making at the regulatory level has a positive influence on IPPs commitment and motivation towards meeting the sector/partnership goals and reinforces their optimism.
- IPPs and ECG display a relationship that is very formal and based on contracts, and as explained, this is to ensure adherence to obligations. But as revealed, collaborative practices emanate from their effort to organise joint workshops and management programmes essentially for capacity building to assist each other in the attainment of individual organisational interests. Sunon Asogli and CENIT Energy's demonstration of solidarity in terms of going the extra mile to provide services to ECG even though was not contractual indicates the perception of teamwork to attain partnership goal. This as explained is a worthy success indicator that the partnership is making progress in achieving long term goals.

TABLE 4: SUMMARY ON FORMULATION AND WORKING TOWARDS MUTUAL GOALS

Goal of	Managerial practices in achieving goal	As practised in the partnership	Influence on collaboration and partnership goal
Expanding Electricity Generation Infrastructure	Communication: Levels and frequency of communication	<ul style="list-style-type: none"> • Multilevel pattern level of communication and regular sector meetings • Integration of IPPs in special committees of regulatory agencies 	<ul style="list-style-type: none"> • Coordination and planning of sector activities to ensure adequate generation capacity at all times • Enhanced motivation and commitment to provide services
	Relational Quality: Rigid or Flexible working relationship Empathy and reciprocity	<ul style="list-style-type: none"> • Formal relationship based on contract • Move beyond organisational interest to provide services • Joint workshops and training programs 	<ul style="list-style-type: none"> • Ensures adherence to contractual obligations • Existence of goodwill to achieve partnership goals • Perception of being a team and enhances cooperation

Source: Researcher's Development (2015)

5.4 CONCLUSION

This chapter has discussed the managerial practices adopted by ECG and IPPs as well as the government as a whole in working towards their goal of improving electricity delivery. Discussion in the chapter supports the hypothesis, *frequent communication and flexible relationship between partners may clarify individual differences and may enhance the achievement of mutual goals*. It has revealed the multi-level pattern of communication in getting concerns of partners across, as well as the integration of IPPs in decision making at the national level which in all enables proper coordination and planning of sector activities. Thus, even though the goal of the partnership is the main objective of government, both private and public partners identify and work towards it with a mutual feeling of commitment and motivation. Partners at ECG, Sunon Asogli and CENIT Energy also demonstrated a mutual feeling of concern for achieving individual organisational interests and have the perception of being a team to solving the challenges of electricity delivery in the country. The next chapter discusses the presence of trust and the power relations between partners with regards to resource contribution and its influence on partnership success.

CHAPTER SIX: FINDINGS AND DISCUSSIONS

6.0 INTRODUCTION

This chapter analyses how the level of trust between partners and the power relation resulting from strategic resource contribution affect their working relationship and its resultant effect meeting partnership goal.

6.1 EXISTENCE OF PARTNERSHIP TRUST AND PROSPECTS OF RESOURCE EXPANSION TO ATTAIN PARTNERSHIP GOAL

The study sought to examine the level of trust between actors from the IPPs and ECG and how it influences their work. Officials from these organisations were asked the degree to which they had confidence in their partners' commitment to perform as required by their PPA. Lasker et al. (2001:192) have indicated that, "to work closely together, the people and organisations involved in a partnership need to be confident that other partners will follow through on their responsibilities and obligations and will not take advantage of them". Generally, it is when a partner has confidence in others that he also avails himself to other parties for a mutual venture irrespective of the risks involved. The presence of trust in the partnership is thus very crucial due to the high economic stakes faced especially by IPPs (since they solely finance their operations without sovereign guarantee from government) and which would determine if they would expand their generation capacities to meet the stated goal. Huxham and Vangen (2004) have in this regards opined that, even though trust is a necessary condition for successful collaborations, the situation that often exists between partners is that of mistrust. There is therefore the need to manage trust in collaborations. Two conditions that are essential in initiating and maintaining trust in a collaboration are; a) formation of expectation about the future of the collaboration and b) risk involved in the partnership, by which partners can commence operations with very modest goals and move on to more ambitious goals as trust is built (Huxham & Vangen, 2004). The hypothesis established in this regard thus is, *consistent meeting of expectations reinforces trusting attitudes and enables partners to move from low risk ventures to more ambitious ones*

6.1.1 Formation of Expectations

As explained in the previous section on formulation of goals, IPPs and ECG enter into the Power Purchase Agreement with interests and expectations they anticipate to be met. These expectations therefore are based on what the contract states on the responsibility of each

partner. Since each partner's responsibility is unique and affects the functioning of others, partners expressed that they expect each of them to abide by what the contract states to allow for successful collaboration. Due to the confidentiality clauses of the PPA, respondents were hesitant to go into details of their contractual obligations other than asserting that they had expectations they anticipate to be met. A senior official at Sunon Asogli substantiated this by stating that:

This is our commercial security. We have the contract and we just do as it says. There is confidentiality and so I can't say anything about the duty of others.

However generally, actors from ECG have the expectation that partners from IPPs would generate the pledged megawatts of electricity for which they agreed whereas IPPs also expect to be accordingly remunerated for their efforts. Commenting on his expectation of his partners at ECG, an official at CENIT Energy had this to say:

You know like every contract, that everybody keeps to his commitment and obligation, enforce the contract as much as possible and then abide by the contract so it is simple.

A top official at ECG also had the expectation that *'they [IPPs] will perform their role as mandated'*.

Now, based on their contract, each partner expects the other to commit to its side of the agreement and according to Huxham and Vangen (2004), the consistent meeting of these expectation is a building block to a trusting relationship, where partners move from relatively modest aims to more ambitious ones. The government has an ambitious goal to increase generation capacity of the country to about 5000 megawatts in the short term (by 2015) with the help of IPPs. However, the modest goal that partners are working towards currently is to provide reliable electricity for daily consumption from which there could be an expansion to meet the set target. With IPPs' considerable percentage of the megawatts being supplied, ECG's consistency in meeting payment obligation and government's fulfilment of ensuring guaranteed supply of gas may motivate IPPs already in operations to expand their generation facilities to meet this goal. On the other hand IPPs' consistent meeting of ECG's electricity demand may also motivate ECG to sign on more power from them as electricity demand grows. The next section explains the extent to which meetings of expectations affect partners' collaborative effort in achieving the goal of expanding electricity generation infrastructure.

6.1.2 Meeting of Expectations and Effects on Trust

Findings from the study showed that even though partners have expectations to be met, there are challenges they encounter with each other in fulfilling such expectations. For IPPs, their biggest challenge is non-payment by ECG, and that they depend on the regulatory agencies to hold ECG accountable. Comments by an official at CENIT Energy concerning ECG meetings its obligation shows that he derives his confidence in the partnership through the work of regulatory agencies and not from his counterparts at ECG. He remarked that:

When you deal with public companies especially in this part of the world, they are notorious for defaulting in agreement so yes I think there are a few challenges with ECG as regards the execution of the contract but we are making them do it somehow because we have a regulator that steps in whether the Energy Commission or the PURC to make sure that everybody abides by the contract as long as they will not affect the efficiency of the plant or the consumer. So yes we have a contract, we have parties to the contract, the regulator that oversees it so yes public utilities can be notorious but there are ways of mitigating defaults.

Efforts to get the respondent from Sunon Asogli to comment on ECG's payment obligation proved futile. He would not disclose his confidence in partners' at ECG because as he claimed, he did not have the right to speak on behalf of Sunon Asogli on such issues. He remarked that:

Whether satisfied or not I cannot tell you that. Even if I told you I am not satisfied it is not on behalf of Sunon Asogli. Who am I? Who gave me the right to say Sunon Asogli is not satisfied?

The study thus made efforts to gather such information from other respondents based on their research and knowledge of the partnership. An energy expert from the Africa Centre for Energy Policy (ACEP) for instance had this to say on the payment defaults by ECG:

The last information I had was that Sunon Asogli has not been paid by ECG for several months and they are just there operating because they have their plants in here already and they cannot shut down completely as well, so they are operating and they are not getting their money. That is the problem, ECG sells power and they are unable to raise revenue to pay. So ECG has to put things together to be able to prove to the IPPs that they are a credible off taker so that such confidence will exist for people to come into the system.

On the contrary, partners from ECG have their expectations met and are generally satisfied with their IPP partners as they mostly meet their responsibility of generating the required megawatts of electricity except in situations of fuel unavailability. A senior official at ECG

also had this to say about his satisfaction level of his partners at CENIT Energy and Sunon Asogli:

Yes I am satisfied, the IPPs are performing. The only thing is that demand [for electricity] is still growing.

Backing the above assertion an administrative officer at ECG also had this to say about the performance of their IPP partners:

Sunon Asogli has proven itself, CENIT is doing well although they are expensive, they are doing what they are supposed to do in my personal opinion. They are not giving us energy in our requirement because if there is no fuel they are not able to meet the contracted energy but when there is fuel they do well.

These responses show that partners from IPPs keep to their side of the agreement and partners from ECG are so far satisfied with their performance. The only challenge here is the fuel unavailability that disrupts generation by IPPs. However, confidence in partners at ECG's by IPPs is rather low because of the poor financial credibility of ECG. Even though the official from CENIT Energy had mentioned the role of regulatory agencies in holding ECG accountable, there is a limit to what regulatory actors can also do as ECG remains a monopoly in electricity distribution, thus, sanctioning them becomes a challenge. Here is what a technical officer at the Energy Commission had to say about holding ECG accountable to its payment obligations:

ECG has its own challenges where IPPs are complaining that they are not been paid properly what they have given them. And if you don't pay them they cannot buy fuel and meet their overheads and all that. Like I said you cannot sanction one and ECG is the only one, in the south here. Now when ECG doesn't perform and you sanction them what can you do? You cannot suspend their license so you can only penalise. And when they pay penalty it is not coming from their own pocket you know so it even goes to make them worse.

The study having established these varied confidence levels by partners then sought to determine the risks they bear in the venture and if they would expand resources to meet partnership goal. In line with this, Rousseau et al. (1998:399) have reasoned that, consistent meeting of expectations between partners reinforces trusting attitude in their relationship where there would be the willingness to expand resources as there is a sense of risk reduction. Huxham and Vangen (2004) have also asserted that partners can only achieve collaborative advantage (in this case, partnership goal of meeting 5000MW of generation capacity) if partners expand their resources and move from low risk ventures to higher ones.

6.1.3 Risks Taking by Partners

As mentioned in previous sections, risk sharing is one of the peculiar characteristics of PPP that is non-existent in the other forms of private participation. In PPPs, partners apportion risks to the party best able to manage it. Responses from the partners established that indeed each organisation in the partnership faces a number of risks. From the interviews, the general risks that are associated with the partnership in the power sector are; financial risks (non-payment), fuel risks (shortage or high price), unavailability of transmission network, and force majeure (natural causes). Some of these risks the partners bear together such as force majeure and the others are borne by who best can manage them. For IPPs, the primary risks they face are fuel and financial risks. An official at CENIT Energy had this to say about his organisation's risks:

Yes, there are risks. The risks we have identified are non-payment from the off taker [ECG], and a few other risks but I think for us the major risk is non-payment by ECG.

As commercial entities, non-payment for services rendered would have a negative consequence on operational capacities of IPPs as they need money to purchase fuel, to meet staff settlements, to service their loans and overall to meet shareholders expectations. For ECG, one major risk it bears lies with IPPs unavailability to generate electricity because ultimately ECG depends on them to provide electricity to consumers. Once IPPs are unable to generate, there would be a shortage in total available megawatts which may result in disruptions in power supply to consumers. It is therefore the responsibility of IPPs to ensure regular maintenance and efficiency of their facilities to generate the required electricity as contracted by ECG to reduce the risk of inability to provide consumers' electricity demand. Again, if by no fault of theirs (such as unavailability of gas) IPPs are not able to generate electricity, ECG still has to pay for capacity (equipment) that IPPs have invested in. Therefore, despite fuel unavailability being a risk for IPPs, it is also a risk for ECG because it still pays IPPs for capacity even if they do not generate electricity. In this instance, the risk of fuel unavailability is shared by both parties in the sense that IPPs become redundant for that period and only paid for their equipment and ECG on the other hand also pays for capacity even though it would not receive electricity from IPPs. It is in government's interest thus to make gas available at all times as its agency (ECG) would ultimately be affected. Citing an instance of a period of fuel unavailability, an administrative officer at ECG observed that:

You heard of Sunon Asogli shutting down right? Why did they shut down? Because there was no gas. Why was there no gas? Because there were pirates on the sea who ruptured the West African Gas Pipeline so Sunon Asogli had to shut down for a while and that is a risk.

Another risk for ECG is for the grid or transmission lines not to be available. Since electricity is consumed once it is produced, IPPs expect to be paid once they produce even if it does not get to ECG's network. When IPPs generate and GRIDCo is unable to transmit, the risk lies with ECG essentially because of a 'take or pay' clause in the PPA. With the 'take or pay' clause, IPPs expect to be paid when they generate electricity regardless of the transmission operator's ability to evacuate the power to ECG. Thus, the absence of the transmission line means ECG would incur costs that they would not get revenue for.

Findings from the study revealed that, in line with the risks of non-payment by ECG, potential IPPs often seek government (sovereign) guarantees, therefore it cannot be said that Sunon Asogli and CENIT Energy were oblivious of ECG's financial difficulty before signing the PPA. But as revealed by a senior official at the Power Department of the Ministry of Energy, Sunon Asogli and CENIT Energy were given enough assurances of fuel supply and not financial guarantee and by implication this exposes them to financial risks in the event of non-payment by ECG. The official remarked that:

I don't think Sunon Asogli has sovereign guarantee and CENIT, certainly no. Sunon Asogli needed a number of guarantees and I think it was given enough guarantees by government in the allocation of the gas that comes from Nigeria. This gas was negotiated and actually contracted to VRA which is the foundation customer on behalf of the government of Ghana so it was supposed to be consigned to VRA. But as part of Sunon Asogli coming in at a time where there was an acute power shortage and government needed IPPs, they were promised gas. Yes they need to buy the fuel but they needed to be guaranteed that they would have fuel for their operation which was in return going to ensure that they would operate. So yes government gave them that guarantee that the gas that is coming from Nigeria is actually going to be given to them. So they are more than adequately assured or guaranteed. And you know CENIT is SSNIT [Social Security and National Insurance Trust]. SSNIT used its money to invest and you know the money is Ghana's money. CENIT has also been given a lot of guarantees and help. First of all where they set up their plant, they also share and use the same crude that VRA buys. VRA buys crude for two of its generating stations and it shares it with CENIT. Yes, so whatever comes there is actually shared by VRA and CENIT.

Thus, the guarantee CENIT Energy and Sunon Asogli obtained from government was the surety of fuel supply and not financial guarantee. CENIT Energy in particular even though operates as a private company is regarded as quasi-IPP due to it being established by public

funds (Eberhard & Gratwick, 2013). Evident from the above response, CENIT is considered the property of Ghanaians hence no strict adherence to the provision of sovereign (financial) guarantee with its partnership with a government agency (ECG). The reluctance of government in most cases to sign these financial guarantees has been the hindrance to IPPs entering the power sector due to the uncertainty of payment by ECG. Subsequently, once partners acknowledged these risks, agreement to work together means that there is a degree of confidence that these risks would be mitigated. Here, confidence that partners have may be due to sanctions incorporated in their contracts or because they genuinely trust each other not to be exploitative, which in turn also illustrates the level of trust that partners have. The next section describes the risks management approach adopted by ECG and its partners at Sunon Asogli and CENIT Energy and its influence on trust building and consequent effect on attaining the goal of the partnership.

6.1.4 Risks Management and Prospects of Resource Expansion

With Huxham and Vangen's (2004) 'small-wins' approach, partners often commence with low risk ventures and advance to higher ones as expectations are met consistently. They have however gone on to clarify that in practice, partners often have to be ambitious and take higher risks to attain the collaborative advantage sought for, such as the need to respond to urgent social issues. Partners in this situation may not have the opportunity of gradual trust building instead, could consider a comprehensive approach where through negotiations, partners gain enough trust to collaborate and should not be bothered with guarding against opportunist behaviour (ibid, 147). Relating to this assertion thus, the risk management approach adopted by partners does not fit clearly into any of the above approaches. First because IPPs' investment is a high risk venture in itself thus, they cannot render themselves to gradual trust building without any surety. This leaves them the option of a comprehensive risk approach. However, the comprehensive risk approach also does not give room for sanctions as its aim is to build trust and as already explained, sanctions have been spelt out in the PPA which is overseen by a regulator. The risk management approach adopted by IPPs and ECG relates more with the deterrence-based trust as propounded by Rousseau et al. (1998) where IPPs and ECG face financial penalties (sanctions) for non-performance.

Findings from the study show that, IPPs constantly meet their obligation of electricity generation and have proven to be trust-worthy as confirmed by the officials of ECG. This reduces ECG's risk of not meeting consumers' demand for electricity, thus barely do IPPs

have to be penalised for non-performance. The major risk that ECG faces currently is with the transmission system operated by GRIDCo which is obsolete and sometimes unable to transmit power from the generators resulting in financial loss to ECG. Explaining how they deal with this risk, a top official from ECG commented that:

We have another agreement with GRIDCo so we offload those risks that are possible to offload to them. But those that are not possible, for now we are carrying it and this means that we should also revamp our network and make sure that it is always available to supply power customers, both ECG and GRIDCO's network and that is why the collaboration must be there on all parties.

As evidenced from the above response, risks of ECG rather has to do with its own obsolete distribution system as well as that of GRIDCo's, which need revamping to efficiently supply electricity. Since partners at IPPs remain very sceptical of their counterparts at ECG with regards to payment obligations, they would tread cautiously with any additional investment they may make to their existing facilities because of the uncertainty of payment, and more especially because regulatory bodies are handicapped in holding ECG accountable. Penalising ECG financially barely occurs as remarked by the respondent from Energy Commission since it becomes an additional cost to the state and disconnecting their network means unavailability of electricity to the majority of Ghanaians since ECG is a monopoly. For now, IPPs continue to generate as specified by their contracts as failure on their part to do so would also attract penalties, as observed by an official at CENIT Energy:

Like every other contract, ECG would penalise us if we don't meet their target of generation so the best is we look forward to the contract to help us fulfil obligations.

Thus, sanctions in this situation is promoting cooperation even though trust is low as described by Rousseau et al (1998). Another factor that keeps IPPs in operation is the involvement of the sector ministry as examined in an above section where they often resort to government officials to resolve issues with ECG. Therefore, even though trust they have for ECG is relatively low, assurances from government through its officials serve as a motivating factor for IPPs to continue power generation as required. In their present contract therefore, IPPs are generating to meet the demands of Ghanaians when natural gas and Light Crude Oil are available, however as asserted by a respondent from CENIT Energy, future investment is what they are not sure about if there is no improvement in ECG's payment credibility. He remarked that:

Ultimately we would want to expand our capacity not because of the off-taker. It has nothing to do with ECG. We want to expand mainly because our plant for example is currently a single cycle plant and we would want to expand to a combine cycle so that we can do more with the fuel that we have. That is what practically it means. We can generate additional energy with the same quantity of fuel that gives us additional revenues. So yes we would expand but it has nothing to do with ECG. But if you say expanding on a single cycle level, no not until we are sure of an off-taker that guarantees us payment. But for efficiency of this present power plant we would expand to a combine-cycle.

Now, because IPPs have proven themselves and shielded ECG from generation risk, partners from ECG have relatively higher trust than their IPP counterparts, and the study would argue here that trust in the partnership is a one-sided phenomenon. What in effect does this have on attaining the goal of the partnership? In answering this question, findings from the study support the hypothesis, *consistent meeting of expectations reinforces trusting attitudes and enables partners to move from low risk ventures to more ambitious ones*. The consequence of non-meeting of expectation by ECG therefore is that, IPPs are reluctant to expand their facilities to meet growing demand because of the uncertainty of costs they may incur in continuously pressing upon regulatory bodies to hold ECG accountable. As already indicated from the beginning of this research, the demand for electricity is growing at 10% every year and there is the need for more private investment in the sector to meet this growing demand. However, partners from the IPPs have not demonstrated enough confidence in ECG to warrant future expansion unless partners at ECG show more commitment to their contracts. Thus, there is a limit to what IPPs would do if there should be the need to increase production to meet this growing electricity demand. Vangen and Huxham's (2010) conceptualisation of trust illustrates that partners build trust over time as they continue to work together, starting with modest aims (expectations) with low levels of risk and as trust builds, partners can move on to aim for riskier ventures together to achieve the collaborative advantage they seek. This, partners would only do because the level of uncertainty with regards to risks is generally low.

However, contrary to the opinion of non-expansion as asserted by the respondent from CENIT Energy, information gathered from documents (Power Generation Concept Paper, 2012) suggests that Sunon Asogli plans to expand its generation facilities but has not commenced because of uncertainty of gas. It states that "lack of confidence in availability of gas will delay implementation of some generation projects. Sunon Asogli is delaying an expansion project until it is certain of allocation of gas", a promise which was made by the Government of Ghana before Sunon Asogli commenced operations (Ghana Millennium Challenge Account Program-Compact II, 2012:4). Thus, apart from the non-payment by ECG,

another challenge to IPPs wishing to expand generation capacity is the uncertainty of resources (natural gas). The study would however argue here that, the difference in the expansion plans of CENIT Energy and Sunon Asogli is due to the difference in the degree of transaction cost that each bears. For CENIT Energy, it operates with Light Crude Oil which is expensive than the natural gas used by Sunon Asogli, therefore, non-payment by ECG has a higher toll on CENIT Energy than on Sunon Asogli. CENIT Energy would hence only expand when ECG shows more financial commitment as their cost of production is much higher. What this means for the collaborative effort of government and IPPs is that, in the short term, Ghanaians would enjoy reliable power so far as there is gas to fuel generation stations. But as demand grows, ECG would have to boost its credibility to gain the trust of IPPs, and government would also have to ensure fuel security to enable IPPs invest more resources into expanding to meet growing electricity demand.

6.2 MAJOR FINDINGS ON TRUST

- Partners from ECG, CENIT Energy and Sunon Asogli have expectations they anticipate to be met as indicated by their Power Purchase Agreement. While actors from ECG expect IPP partners to generate the pledged megawatts of electricity, IPPs on the other hand expect to be remunerated as agreed. The study however found that, while partners at ECG are generally satisfied with the performance of their partners at Sunon Asogli and CENIT Energy, these IPPs have not had their expectations of being adequately remunerated met, which has resulted in the varied level of trust in the partnership. Because IPPs have continually performed to meet the dictates of the PPA, partners at ECG have a higher level of confidence in their partner IPPs to perform as expected. IPPs do not however have the same level of confidence as demonstrated by their partners at ECG, thus, they mostly resort to the regulatory agencies to hold ECG accountable.
- As characteristic of Public Private Partnerships, ECG and its partner IPPs bear some risks in their venture. However, because IPPs solely finance their operations without financial guarantees, their major risk is non-payment by ECG and the study has revealed that ECG fails in mitigating this risk faced by Sunon Asogli and CENIT Energy. Thus, these IPPs are constantly exposed to commercial risks such as inability to meet production costs. Since Sunon Asogli and CENIT Energy have shielded ECG from electricity generation risk (unavailability of electricity) by constantly meeting production obligation, ECG has

the obligation to demonstrate more financial credibility to warrant expansion of generation facilities by these IPPs to meet growing demand for electricity.

- The study also revealed that, because IPPs do not have financial guarantee from government in the event of non-payment by ECG, partners from Sunon Asogli and CENIT Energy often rely on the regulatory agencies (PURC and Energy Commission) to hold partners at ECG accountable. The regulatory agencies in this regard are also limited in performing their sanctioning role because of the monopoly that ECG enjoys in electricity distribution. Therefore, sanctions that ought to serve as risk mitigation measures in the partnership are not being effectively implemented hence increasing the transaction costs especially for IPPs. The study in this vein established that because the two conditions necessary for trust building (meeting of expectation and effective risks management) are generally absent, partners from the IPPs are wary of further resource expansion to meet target goal, unless ECG proves financial credibility. Again, because fuel unavailability is one major challenge facing operational IPPs, government would also have to ensure security of fuel to shield IPPs from fuel unavailability risks.

TABLE 5: SUMMARY ON PARTNERSHIP TRUST

Trust Building Factors	Partners		Trust level of partners
	IPPs	ECG	
Formation and meeting of expectation	Expectation of ECG to make prompt payment. Expectation is not met as ECG mostly defaults	Expectation of IPPs to generate required power to meet consumers demand. Expectation is met as IPPs meet production obligation	Partners from ECG are satisfied and would want IPPs to invest more to meet increasing electricity demand. Partners from IPPs are sceptical of future investment and generate just to meet current demand with hope that ECG proves financial credibility to warrant expansion of generation capacity.
Risk taking and management approaches	IPP partners face risks (production overheads and shareholders dividend) because of non-payment by	ECG is shielded from risks of generation as partners from IPPs meet generation obligation to enable ECG	IPPs rely on regulatory bodies to sanction ECG but sanctions are not implemented as expected

	ECG.	meet electricity demand	because of ECG's monopoly in the electricity industry
Effect on collaboration and attainment of partnership goal	The two conditions necessary for trust building (meeting of expectation and effective risk management) is absent, thus the partnership is devoid of trusting attitudes especially on the side of IPPs since they are exposed to greater risks. Therefore there is low confidence that expectations would be met and that risks would be mitigated hence IPPs generate as the contract dictates while relying on sanctions and assurances from government. To warrant expansion of generation capacity to meet the target goal of government however, ECG would have to prove financial credibility and government would also have to ensure fuel security to shield IPPs from financial and operational risks.		

Source: Researcher's Development (2015)

6.3 MUTUAL RESOURCE CONTRIBUTION AND PARTNERSHIP CONTINUITY TO ATTAIN PARTNERSHIP GOAL

“Organisations often collaborate if they are unable to achieve their objectives with their own resources. Sometimes this simply means pooling financial or human resources, but more often it implies the bringing together of different resources including technology or expertise...in simple terms, one company provides the product while the other provides the access to the market” (Huxham and Vangen, 2004:4). In the partnership, ECG and IPPs have unique resources that they contribute towards achieving improved electricity delivery. While IPPs provide finances to build and operate power generation stations, ECG has the electricity market as well as distribution lines which would be unavailable to each of them unless they collaborate. It is the combination of these resources that make partnerships achieve what ordinarily they could not achieve individually. Furthermore, because ECG is a public entity and backed by the government, the government through its sector agencies provides certain incentives to IPPs by way of motivation to facilitate their operations as their operation is capital intensive. As stated in an earlier section, another independent government entity (GRIDCo) transmits power from IPPs to ECG and its creation was part of the reform to attract private investors into the power sector. There is thus dependence by IPPs and government (and its agencies) as they contribute complementary resources to realise the goal of the sector. But as to whether the dependence is mutual or asymmetric and with its consequent effect on partnership performance would be examined in the subsequent sections. The theory of resource dependence holds that, for organisations to reduce uncertainties due to resource

inaccessibility, they join force with organisations that poses these resources and as a partner contributes more than the other, the partnership becomes less stable (Hillman et al., 2009).

6.4 UNIQUE RESOURCE AVAILABLE TO EACH PARTNER

6.4.1 IPPs Resource Contribution

As has been mentioned in previous sections of this research, one fundamental reason for the introduction of IPPs in Ghana is due to government's inability to invest in the power sector single-handed. Part of the energy reform that Ghana embarked on sought to diversify the mode of electricity generation from solely hydro (water) to include thermal generation (crude oil and natural gas). The investment in thermal generation is however a huge investment that if government invested alone could stall the development of other sectors of the economy. IPPs have thus been introduced in the power sector to build more thermal generation stations with their own resources to forestall electricity supply deficit in the country. An official at CENIT Energy had this to say about his organisation's investment in the partnership:

IPPs were encouraged to come in because government could not continue to finance power projects, they couldn't do that. For our operations we need fuel, and because our operation is a high skilled one we need to source for the best hands [staff] which is also very expensive. In our operations also, there is a lot of cash flow because a lot of equipment to be bought, staff trainings and motivation because you cannot go to the street and pick just anybody for this kind of job. So it is huge investment for us and our shareholders expect returns at certain times.

A technical officer at the Energy Commission also commenting on the investment by IPPs in Ghana remarked that:

Like I said, government could no more continue to invest or government has decided not to invest in the power sector because it can let someone come and operate efficiently. Because a private business person would operate efficiently and ensure that he gets his return back. So the IPPs are here to provide the private investment so much needed to ensure that the capacity is added to the generation that government cannot provide, so they are here to ensure that.

From the above responses, the point is made that it is mainly financial resource that IPPs make available to the partnership. IPPs through their financiers (investors) make funds available for the establishment of power generation stations and expect returns at the end of every business period. IPPs are also solely responsible for setting up and maintaining their generation stations, as well as purchasing fuel for power generation. Government and its

agencies including ECG do not make financial contribution to the building and operations of the generation stations.

6.4.2 ECG's Contribution

If IPPs solely provide finances, what then does ECG contribute towards the overall goal of the partnership? ECG is currently the only viable off-taker in Ghana for IPPs. The Volta River Authority (Ghana's largest generator of electricity) could however also be a possible off-taker but has reportedly refused to do so as it considers IPPs as competitors (World Bank, 2013). IPPs therefore have the option to choose between ECG and other potential buyers of electricity in the country (large scale industries and institutions with very high electricity consumption such as mining companies). Now, if IPPs want to make reasonable returns on their investments, the justification would be to evacuate their power to ECG since the other customers have been considered financially unfit for such a venture. ECG has the largest electricity consumers (over 70%) in the country and operates the largest distribution network. IPPs' contract with ECG inherently means a ready market for IPPs' power especially in the current state of generation deficit in the country. In their line of work, ECG purchases the power generated by IPPs and remunerates them according to consented arrangement in the Power Purchase Agreement. What ECG thus contributes to the partnership is its distribution network and its largest electricity market without which IPPs operations in Ghana would be challenging. Commenting on their partnership with ECG, an official at CENIT Energy had this to say:

It is the only off taker we have, the viable off taker in Ghana. There are opportunities to go elsewhere but there are a lot of complexities around any other off taker especially in our side of Ghana and that is why we have a contract with ECG.

Even though ECG has been criticised constantly for its inefficiencies, it remains the only viable electricity distribution company in Ghana as it owns the largest electricity market. This makes it economically unwise for new entrants into electricity distribution as there would be duplication of distribution lines. Talking about the relevance of ECG to IPPs, an administrative officer commented that:

We have the largest clients. All the lines running around, all the distribution lines are for ECG so if you [other distribution companies] want to come and do yours we are waiting for you. Our operations make electricity cheaper in the sense that we built our lines some 50 years ago and they have been amortized over the years,

so I am just doing maintenance, you [new distributor] are going to buy all your lines and it will make it so expensive.

ECG has however undoubtedly recognised the contribution of IPPs in meeting the electricity demand of Ghana. In its 2013 tariff proposal ECG acknowledged that, “given the current power generation challenge prevailing in the country, there was the need for ECG to contract IPPs as a strategy to mitigate the impact of the generation shortage on ECG’s service delivery...the introduction of these IPPs into the generation mix would undoubtedly contribute to electricity supply in recent times” (ECG, 2013:38). In consequence, because VRA is no longer able to generate to meet ECG’s demand, ECG is in dire need of additional megawatts of electricity to ensure reliable electricity supply to consumers. Respondents from the interviews unanimously agreed on the usefulness of IPPs to the current power supply in Ghana. A senior official from GRIDCo for instance remarked that:

The electricity situation would have been way worse. Sunon Asogli had a problem last week and they had to fly down people from China to try to fix it because every megawatt is so crucial for us. So you can imagine that sometimes during peak times we shed about 200 to 300 megawatts. Now CENIT together with Asogli are supplying 300 megawatts so without them we would have shed about 600 megawatts. So they have added to the generation portfolio and it has helped the system. So we have been in negotiations with a number of IPPs because we believe that VRA alone cannot do it and we need these IPPs to augment the power supply in the country.

To this end, IPPs investment in generation is considered very crucial for attaining government’s goal of expanding generation capacity. Nonetheless, IPPs also benefit from the partnership with ECG as there is a guaranteed electricity market and a fixed tariff system which reduces uncertainties of profitability. In addition, as would be discussed thoroughly in the subsequent sections, government through its sector ministry and the regulatory agencies provides operational support and incentives to IPPs to facilitate their operations.

6.4.3 Other Government Agencies

a) Ghana Grid Company (GRIDCo) (Transmission Lines)

Aside being the purchaser of power through its agency (ECG), the government plays various roles in ensuring a conducive business environment for IPPs. As explained in a previous section, the creation of GRIDCo was part of government’s reform policy to attract private investment. GRIDCo operates the National Interconnected Transmission System which wheels electricity from all generation stations (both private and government) to the

distribution network. In its line of work, it provides equal and fair access to all the electricity market participants to its transmission network. Prior to the creation of GRIDCo, VRA was in charge of both generation and transmission which was a disincentive to IPPs because of the fear of being discriminated in respect to access to the transmission grid. The creation of GRIDCo was thus an assurance from government to provide equal access to all generators regardless of being public or privately owned. Again, because IPPs are private entities, their electricity tariff is usually higher than that of VRA, hence, the creation of GRIDCo is to ensure that private and public generators are given equal opportunity to sell their services once they have signed a bilateral agreement (PPA) with the off taker (ECG) regardless of their electricity tariff. Commenting on his organisation's obligation in granting equal access to generators of electricity, a senior official at GRIDCo had this to say:

So what is happening is that the energy does not belong to GRIDCO we just facilitate the transport of the energy from the wholesale suppliers [IPPs] to the bulk customers [ECG] and we in that sense ensure that their agreement, that is the agreement between the suppliers and the bulk customers are managed. So what they do is that they even lodge their PPAs with us because we have to know how much they want from the wholesale suppliers so that we also make our equipment or facilities capable to wheel that power to them. And our mandate is to grant open access to wholesale suppliers. So once you want to come on line by our procedures we will request that you apply for connection.

By virtue of an Act of Parliament for its creation, GRIDCo grants equal access to all participants in the power sector irrespective of being private or public. It is one of the organisations in the power sector that has been commended for its consistency in delivering on its mandate. The Energy Sector report by the World Bank revealed that GRIDCo is the only credit worthy public utility in the country which consequently impacts on its workings as a credible operator (World Bank, 2013: 21-22).

b) The Ministry and Regulatory Agencies

The Ministry of Energy, the Energy Commission and the PURC also perform a number of activities that impact on the functioning of the partnership. The government through the Ministry of Energy provides a number of incentives to IPPs to encourage them to invest. The incentives include; assistance in land acquisition for setting up power generation stations, five years tax holiday from start of production and assistance in fuel procurement. The Energy Commission provides licenses and other technical assistance to IPPs entering the sector. The PURC on the other hand also sets tariffs in consultation with the IPPs and ECG. Commenting

on government's assistance to IPPs with regards to land acquisition a senior official from the Power Department at the Ministry of Energy observed that:

With the acquisition of lands, you know because lands are vested in traditional authorities, they are mainly those who actually own and lease them out. Yes, government's assistance with some of these land owners has been part of the negotiation with IPPs for them to acquire lands at better terms. That is without involving the government they [IPPs] would have gotten them at more higher or onerous terms than they are getting now.

An interesting finding from the study is that, aside government's assistance in fuel procurement for Sunon Asogli, part of the negotiations requires that gas is made available to Sunon Asogli even before the government's main power generator (VRA). The senior official from the Power Department of the Ministry of Energy made this revelation while commenting on government's guarantees for Sunon Asogli. He indicated that:

When the gas comes, it is actually given to Sunon Asogli first, when there is any left then we look at government's own power plant, even when we are getting low volumes they get it before VRA.

Efforts to get the respondent from Sunon Asogli to comment on this assertion proved futile as he would not disclose details of his organisation's negotiations due its commercial security. However, stressing on the preferential treatment being given to IPPs, a technical officer at the Energy Commission also remarked that:

In fact for now I can say that we are rather pampering the IPPs. Currently the gas is not sufficient for the VRA plants and we have given the option for Sunon Asogli to use, is that not pampering? CENIT Energy is also sharing fuel tank with VRA and sometimes they have to go down for VRA to generate, they are riding on VRA's back. So it is like the environment is there to ensure that anytime there is an issue we rather want to ensure that the IPPs are comfortable and to a large extent we have made them comfortable.

The study also sought an insight from respondents from IPPs on government's assistance that supports their operations. An official at CENIT Energy in this regard commented that:

First of all there are oversight functions for government institutions, by which unofficially they can come in to help to make sure that IPPs are not squeezed out because of the debt that is being owed to them. Sometimes they play a role in helping to facilitate a few items. There is a policy to encourage IPPs so there is a lot of tax breaks from the government, there are accessibility for IPPs to government officials because of the need for energy and the conscious effort by the government to encourage IPPs, so I will say there are a few government policies that are turning towards helping sustain Independent Power Producers.

Incentives are crucial for the operations of IPPs because it is one of the main supporting factors that IPPs fall on to reduce what would have been a very high cost of production. For instance, with the acquisition of land, government’s assistance enables IPPs to obtain land at a reduced price than originally would have if they bargained on their own. Again, because bulk of the gas being used by thermal plants is produced in Nigeria and consigned to VRA on behalf of the Government of Ghana, IPPs depend on government to make gas available to power generation plants.

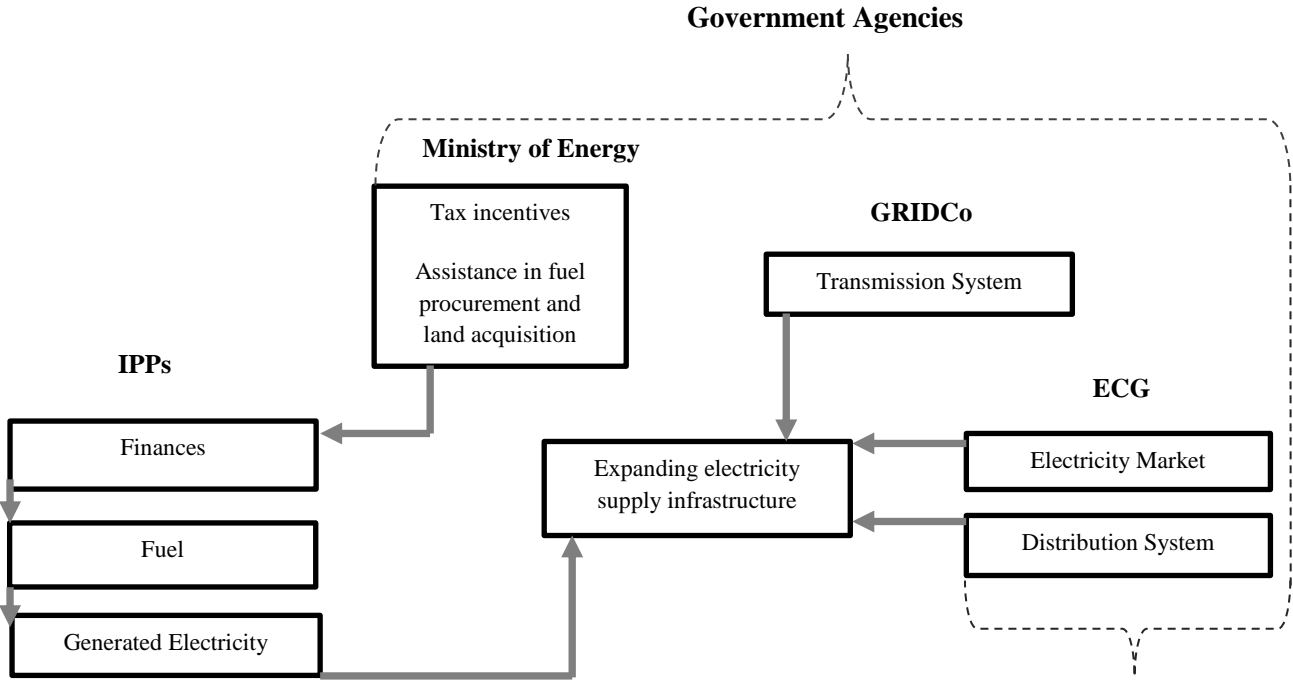


Figure 5: Resource Contribution by primary partners and other government agencies

Source: Researcher’s Development (2015)

6.5 EFFICIENCY IN RESOURCE CONTRIBUTION

Responses from the interviews show that, resource contribution from IPPs and ECG as well as incentives from the government is very crucial to the attaining the goal of expanding electricity generation. Without finances from IPPs, ECG cannot meet demand for electricity and without ECG’s electricity market, IPPs would face a challenge in Ghana with regards to market uncertainties. Electricity market is equally important to IPPs because they are private entities with profit motive, hence are in search of such markets opportunities to sell their services. There is therefore high interdependence between partners for the achievement of individual objectives as well as the goal of the partnership. However, the efficiency with which ECG and IPPs make their resources available and the power relations resulting from

resource contribution is equally important in realising the goal of the partnership. From the interviews, CENIT Energy and Sunon Asogli in the best possible situation make their resources available to ECG. Indeed, responses from partners and other stakeholders in the power sector sought to commend IPPs for their work and indicated that Ghana would have been in severe power crises if not for the work of these IPPs. CENIT Energy and Sunon Asogli have an installed capacity of 120 and 200 megawatts respectively which represents about 11% of the total installed capacity in the country (Energy Commission, 2014). Commenting on the significance of IPPs to electricity supply in Ghana, an energy expert from the Africa Centre for Energy Policy observed that:

We have Sunon Asogli providing an efficient factor of 180% so that means that they are putting about 180 megawatts into the grid which is quite significant. 180 megawatts of power can power about three regions in the country. And that is quite significant, so without them you can quantify the shortfall and the agitation that will go on. So without them of course we would have a worse situation than we have now.

A senior official at the Power Department of the Ministry of Energy also had this to say about the efficiency of IPPs in electricity generation:

We have done some uniting audit that showed that more often the saying that the private sector always has the most efficiency tends to be true when compared to the recent audit or survey of the plants in the country. It was realised that the IPPs availability was relatively higher compared to some of the state owned generation, not the hydro but thermal. So yes when compared the IPPs are performing to a level playing field.

Generally, the opinions from the interviews indicate that IPPs are meeting their obligation of generating electricity to augment the supply by the national generator (VRA). However, due to fuel challenges, the ability of IPPs to produce is sometimes inhibited. The supply of gas for power generation is an external determining factor of the availability of IPPs to produce. IPPs have no control of the flow of gas for power generation. IPPs started operations in Ghana because of government's promise to make fuel available through the West African Gas Pipeline. However, due to political instability in Nigeria where the gas is supposed to come from, supply of gas to IPPs has been erratic. Other factors that have caused the unreliable supply of gas to IPPs have been damages to the gas pipeline. For instance, in August 2012, Sunon Asogli had to shut down completely because of a damage to the West African Gas Pipeline. The company resumed operations in July 2013 when gas was restored to the pipeline. Within the period of non-operation by Sunon Asogli, the country experienced a

severe load shedding program (electricity rationing) which negatively affected both domestic and commercial users of electricity. An argument is made here that, since IPPs are private entities who want to be efficient and stay profitable, they in the best possible situations ensure availability of their facilities to generate electricity. However, external challenges (fuel unavailability) impact on their ability to meet their contractual obligations.

On the other hand, ECG has over the years been criticised for high level of inefficiency in its distribution responsibilities. The challenges ECG faces have been outlined as commercial and technical losses (which they can fix) and unrealistic tariff (which should be fixed by the regulatory agencies) (World Bank, 2013). Commercial losses faced by ECG mostly emanate from non-payment for electricity consumption and illegal connections to the distribution network by customers. Technical losses have also been as a result of obsolete equipment that needs constant face-lifting and retrofitting. Since the distribution network is aged, electricity is lost in the process of distribution as the voltages keep reducing from the distribution point to the end user. Therefore, as the World Bank Report (2013:25) would put it, “ECG does not earn any revenue for this “lost” energy, but has to pay to buy it”. These challenges (commercial and technical) make ECG unable to pay for services rendered by its IPPs partners (CENIT Energy and Sunon Asogli). Summing up on the challenge of ECG, a report by the Institute of Statistical, Social and Economic Research (ISSER, 2005:41) remarks that, “in general, the technical and financial performance of ECG continues to deteriorate as the company does not generate enough financial resources to address the issues of technical and non-technical losses that impede the increase in access to electricity and improvements in the quality of service such that ECG is no longer servicing its current debt obligations”. Also commenting on the challenge of ECG, an energy expert at the Africa Centre for Energy Policy remarked that:

Yes I think the challenge we have in the power sector if you want to rank it, you would want to put distribution ahead of generation. Because if you generate power and a chunk of it goes waste because of the systems inefficiency, obviously you are not going to be able to tackle the upstream end where people need to come in and generate power because it doesn't even make economic sense for somebody to put his money in there. And I think that's where the biggest challenge is.

6.5.1 Power Relations Resulting from Strategic Resource Contribution

Consequently, even though ECG and IPPs are interdependent, the inefficiency of ECG has a negative influence on their objective of expanding electricity generation infrastructure. On the

one hand, they default in making prompt payments to Sunon Asogli and CENIT Energy which strains their relationship with regards to possible future investments to meet growing electricity demand. On the other hand, ECG's distribution system inefficiency as indicated by the response above disrupts electricity supply as power from IPPs sometimes does not get to the consumer because of its obsolete distribution network. Therefore even if IPPs expand power generation and ECG does not revamp its network, electricity delivery will still witness disruptions. The two regulatory agencies (Energy Commission and PURC) in this circumstance wield power to hold ECG accountable to its payment obligation and performance standards. "The exercise of power is often referred to as influence strategies...these influences typically involves threats, punishment, rewards, and assistance" (Cao & Zhang, 2012:21). The nature of electricity as a public good necessitates public institutions to regulate electricity utilities to ensure performance standards, but as demonstrated in the previous sections, this control measure is curtailed ultimately because of ECG's monopoly in the power sector. Findings from the study support the hypothesis *strategic resource contribution influences the level of interdependence between partners which in turn influences power relations and its impact on partnership stability and success.*

ECG's source of advantage in the partnership is its ownership of the largest electricity consumers and because CENIT Energy and Sunon Asogli do not have financial guarantees from government, they remain at a disadvantage in the events of non-payment by ECG. Sunon Asogli and CENIT Energy thus pose little threat to ECG especially because the Regulatory Agencies are unable to sanction ECG. In relating this situation to the resource dependence theory, the relationship between IPPs and ECG is that of dependence asymmetry in which as argued by Gulati and Sytch (2007:36) "an actor possessing a dependence advantage-and hence the more powerful actor in a relationship-will increase its use of adversarial tactics because of decreased fear of retaliation, thereby positioning itself to capture greater value in the relationship at the expense of the weaker or dependence-disadvantaged actor". In the partnership, even though ECG is inefficient and ought to be sanctioned, its advantageous position as a monopoly in the power sector renders it untouchable by the regulatory authorities. CENIT Energy and Sunon Asogli thus appear to have very limited options in holding ECG to meet its contractual obligation which exposes them to financial risks. Because of this financial uncertainty, IPP actors have relatively low trust in their partners at ECG. Therefore, IPPs resource contribution goes as far as their contract dictates and limits the willingness to contribute more resources to the partnership to meet growing

electricity demand. This consequently jeopardizes the stability of the partnership because given the opportunity, IPPs would rather partner with other profitable organisations than being in a partnership with ECG. Responses from the study therefore show that ultimately, if there were other distribution companies, preferably private ones, IPPs would partner them instead of ECG. A technical officer from the Energy Commission remarked that:

IPPs would have been better off if there were a lot more options of private distribution companies or let's say semi-autonomous companies. IPPs generate power and ECG uses the power and it is not paying. If there was an option, IPPs will send the power to these other options to distribute or use. So the generator [IPP] just wants to sell to somebody that it will be able to get the money immediately but because they don't have any option they still have to continue to generate because the plant is sitting down already and they have some overheads to meet so they have to continue to generate and debts keep piling up. So if there were a lot more competition, when IPPs negotiate with ECG and they are not getting a fair price they will go to the next distributor and negotiate. But now it is only ECG, and IPPs have nowhere to go so they have to 'fight' with ECG.

From this response, it is evident that ECG enjoys monopoly and utilises it as an advantage over CENIT Energy and Sunon Asogli who already have invested in the partnership and need to recoup their profits. The best option for these IPPs would have been the ability to choose between alternative off takers which is very limited in Ghana currently. Reiterating the above response is a comment from an official from CENIT Energy:

I think if there is a private company that distributes, IPPs would prefer that because then it would be business oriented. If they don't pay they don't get energy, if they don't get energy, they can't meet their obligations to whoever is investing so we would prefer that. Private businesses are more efficient especially in this part of the world so yes we would prefer that. Sometimes the public organisations tend to allow private management but still ultimately when there are issues and the private partner goes to complain to the government, the government's first obligation is to think of what is best in the interest of its citizenry and just goes ahead to arbitrarily enforce certain rules.

Therefore, despite having high interdependence, the monopolistic nature of ECG affects relational quality especially as ECG utilises its advantageous position to withhold more resources from its partnership with CENIT Energy and Sunon Asogli (generated power and finances). Illustrating the amount of debt owed by ECG to its suppliers, statistics by the World Bank showed that at the beginning of the year 2012, ECG owed Sunon Asogli 20 Million Ghanaian Cedis² however, by the end of June that same year (in a matter of six months), the debt had risen to 51 Million Ghanaian Cedis (World Bank, 2013:25). In such a situation,

² As at the time of research, currency conversion rate: US\$ 1 = GH¢ 4

resource dependence theorists Gulati and Sych (2007) suggest that the relationship becomes less stable and shows more characteristics of exchange than collaborative partnership with more conflicts, reliance on more punitive actions and very limited opportunity for continuity which have undoubtedly been evidenced throughout this study. The consequence of such a situation to the goal of expanding generation infrastructure is that, because the partnership is conflict ridden, prospects for future investment cannot be adequately predicted rendering government's goal of 5000MW too ambitious and unattainable in the short term.

6.6 MAJOR FINDINGS ON RESOURCE CONTRIBUTION

- ECG's monopoly in electricity distribution serves as its strategic contribution to the partnership as IPPs have limited options in selling their services. Unthreatened by sanctions due to its monopoly, ECG withholds more resources from IPPs (generated power and finance), thus creates a situation of dependence asymmetry in which IPPs contribute more than they gain. Consequently, even though ECG has not been forthcoming with meeting partnership obligations, Sunon Asogli and CENIT Energy have very limited options in holding ECG accountable as they (IPPs) pose little or no threat to ECG and the termination of contract would result in their (IPPs) financial loss due to absence of financial guarantee from government to back ECG.
- The incentive packages (assistance in land acquisition for setting up generation stations, 5 years tax holidays from start of production and assistance in fuel procurement) made available by government through the Ministry of Energy encouraged these IPPs to invest. Inefficiencies of ECG which often results in non-payment for services however constantly exposes IPPs to financial risks placing them at a disadvantage essentially because of absence of financial guarantee from government.
- As demonstrated in the section on trust, this situation renders partners an inability to develop better collaborative interaction as relationship is reduced to buying and selling with high alertness on guarding against opportunistic behaviour. With this, IPPs especially since they are at a disadvantage are cautious of more resource commitment to the partnership. Thus, what they do at best is to commit as required by current contractual agreement and hope to be paid accordingly. The study has argued in this regard that, government's goal of achieving 5000MW is not guaranteed as prospect of the partnership remains volatile. Indeed partners from IPPs expressed that if there were private distribution companies, they would partner them instead of ECG.

6.7 CONCLUSION

This chapter has analysed the varied confidence level by partners and reliance on sanctions to meet contractual obligations. It has also demonstrated how the monopoly of ECG places IPPs at a disadvantaged position because of lack of financial guarantees. The resultant effect is a strained relationship between partners with particular attention to strict adherence to contracts where IPPs generate to meet current demand but wary of additional resource contribution to meet stipulated expansion of generation infrastructure. This renders the prospects of achieving 5000MW in the short term unpredictable

The next chapter summarises the findings of this research in relation to the advanced theoretical framework as well as assess the implication for future studies on PPP in the power sector of Ghana.

CHAPTER SEVEN: CONCLUSION

7.0 INTRODUCTION

This final chapter presents an overview of the research. It recapitulates key findings of the study in relation to the research questions and discusses implications of the findings to the theoretical framework. The chapter also highlights significant policy implication of the study as well as the study limitations which subsequently suggest further research on the topic of PPP in the power sector of Ghana.

7.1 OVERVIEW OF THE STUDY PROBLEM AND STUDY OBJECTIVE

Electricity demand in Ghana is growing at a rate of 10% annually and the Government of Ghana has an ambitious goal of expanding electricity generation capacity to 5000MW by 2015. But as it stands the country currently has about 2589MW made up of both private and public generation stations. As the government is unable to invest more to reach the proposed 5000MW, it needs other sectors especially the private sector to play a supporting role in assisting government attain this goal. Even though reforms have been implemented in the power sector to facilitate the role of the private sector, the expected flow of investment has not materialised. It has thus been suggested that there could be other reasons apart from the institutional framework that is inhibiting the private sector from taking advantage of the liberalised power sector. So far, there are three operational Independent Power Producers of which two (Sunon Asogli and CENIT Energy) do not have government guarantees and have been confronted with the challenge of fuel unavailability and non-payment by their public partner (Electricity Company of Ghana). The study in this sense reasoned that since government is unable to solely finance the expansion of generation infrastructure and also because the anticipated influx of IPPs has not occurred, it is essential that the existing PPPs be effectively managed to ensure further expansion of resources in an effort to achieving the goal of the sector while government continues to seek additional private investment.

Regardless of the absence of financial guarantee from government and faced with persistent problem of fuel supply and non-payment by their principal partner (ECG), Sunon Asogli and CENIT Energy continue to generate as required by the Power Purchase Agreement in order to meet the current electricity demand of about 2300MW. However, further investment by these organisations to meet the projected 5000MW is contingent on the type of working relationship they have developed in their operations with public partners. That is, whether they have a

‘collaborative’ or ‘exchange’ partnership, which would subsequently determine additional investment in expanding electricity generation facilities in the face of the prevailing challenges. As the Theory of Collaborative Advantage (Vangen and Huxham, 2010) suggests, there should be more than mere exchange in a partnership to achieve stated goals. Therefore, the aim of this study has been to examine the interplay between partnership agreement and collaborative practices, that is, how public actors and their private counterparts engage with each other aside the formal dictates of their contracts and how this impacts on their effort at expanding electricity generation infrastructure.

7.2 METHODS IN ANSWERING RESEARCH QUESTIONS

Unlike other studies that have focused on the established institutional frameworks and economic viability of PPP projects, this study concentrated on the behavioural traits of partners (what partners do) in the course of their operations and its subsequent impact on their success. In this regard, the study relied on an assertion by Weihe (2008:154) that, “indeed, operational practice has been more or less black-boxed. So we do not know very much about how the public and private actors in PPPs co-operate in practice and how this affects performance”. This study’s aim of seeking to examine the type of partnership relationship that public and private partners have developed thus focused on answering the main research question; what kind of working processes do partners engage in and how does it impact on their effort to attain the goal of expanding electricity generation infrastructure?

To answer this question, the study adopted a qualitative approach with a case study strategy within which there were in-depth discussions with both public and private actors engaged in the PPP projects. These actors included; the primary partners (actors from ECG, Sunon Asogli and CENIT Energy) and public actors in other governmental institutions who have interactions with the IPPs and also influence the operations of the partnership. The study then corroborated their responses with written documents (both theoretical and empirical evidence) to appropriately answer the research questions.

7.3 KEY FINDINGS OF THE STUDY

7.3.1 How do partners formulate and work towards partnership goals?

As characteristic of most PPP projects, the goal of the partnership is a declaration by the Government of Ghana made through the National Energy Policy, which is to achieve 5000MW of electricity generation. Even though the goal of the partnership has been stated by

the government, private actors at Sunon Asogli and CENIT Energy attest to it and work towards it regardless of the individual interests of their organisations. In working towards this goal, partners have adopted a multilevel form of communication (national and partnership level) and have also engaged in frequent interaction (both scheduled and unplanned meetings). At the national level, actors from IPPs have been integrated in decision making with government actors from the Ministry of Energy and the two Regulatory Agencies (PURC and Energy Commission). Grievances of primary partners especially the issue of non-payment by partners at ECG are also mostly resolved at the national level. This has impacted positively on the commitment and motivation of IPPs towards meeting the sector/partnership goals.

However, actors from Sunon Asogli and CENIT Energy and their partners at ECG showed a formal relationship based on their Power Purchase Agreement and the study here argues this is because of the transactional nature of such contracts. This, even though comes in the way effective collaboration also ensures adherence to contractual obligation to meet partnership goals. Nonetheless, partners still organise joint capacity building programs to engage their management and staff on achieving better electricity service delivery. Thus, there is show of solidarity which indicates the perception of teamwork to attain partnership goal, which as explained, is a worthy success indicator that the partnership is making progress. Therefore, even though the target goal has not been met, this is a good indication that with sufficient trust and mutual relational power, the partnership would be stable and consequently realise their goal of expanding electricity generation.

7.3.2 How do partners build and maintain trust in working towards partnership goals?

By virtue of their Power Purchase Agreement, partners from ECG, CENIT Energy and Sunon Asogli have expectations they anticipate to be met and also bear some risks they expect to be mitigated. Findings from the study show that, while partners at ECG are generally satisfied with the performance of their partners at Sunon Asogli and CENIT Energy, these IPPs have not had their expectations met, that is, of being adequately remunerated. Because these IPPs solely finance their operations without financial guarantees, non-payment by ECG remains their major risk and the study has revealed that ECG fails in mitigating this risk. The regulatory agencies who are supposed to also hold ECG accountable have expressed an inability to do so because of ECG' monopoly in the electricity industry thus, Sunon Asogli and CENIT Energy are constantly exposed to commercial risks.

The study in this vein found that because the two necessary elements of trust building (meeting of expectation and effective risks management) are generally absent, partners from the IPPs are wary of further resource expansion because of their low confidence in their ECG partners. Consequently, confronted by uncertainty of the additional cost they may incur in pressing regulatory agencies to sanction ECG, these IPPs have expressed the willingness to expand generation capacities only if partners at ECG commit to their payment obligations and prove financial credibility, and if government also fulfils its promise of providing guaranteed supply of natural gas for consistent power generation.

7.3.3 How efficiently do partners make their complementary resources available to meet partnership goal?

While Sunon Asogli and CENIT Energy solely finance their operations to generate the contracted quantity of electricity, ECG being the current viable off-taker in Ghana provides the electricity market by virtue of owning the largest distribution network. There is thus interdependence to meet individual organisational and partnership objectives (profitability for IPPs with access to electricity market and ECG meets electricity demand with access to power generation from IPPs). However, the prevailing relationship between partners at ECG and their counterparts at Sunon Asogli and CENIT Energy demonstrates a dependence asymmetry as ECG uses its monopoly as a source of advantage to withhold more resources from these IPPs (in the events of persistent non-payments for services).

It was also found that even though the government through its ministry and regulatory agencies makes certain incentives available to these IPPs to ease their cost of operations, Sunon Asogli and CENIT Energy do not have financial guarantees from government. As ECG retains monopoly in electricity distribution, the unavailability of financial guarantee to Sunon Asogli and CENIT Energy places them at a disadvantage as they (IPPs) pose little or no threat to ECG in the events ECG defaults in payment. This situation is further aggravated because the regulatory agencies are handicapped in holding ECG accountable. Thus, the partnership is characterised by high alertness on guarding against opportunistic behaviour especially by Sunon Asogli and CENIT Energy, and what they do at best is to commit as required by contractual agreement and hope to be paid accordingly. IPP actors expressed that if there were other efficient companies willing to buy their services, they would partner them instead of ECG, therefore, the stability of the current partnership to meet the targeted 5000MW by government cannot be guaranteed.

7.4 RELATING STUDY FINDINGS TO THEORETICAL FRAMEWORK

The study was conducted on the argument that the working relationship that partners develop would define them as either ‘collaborative’ or ‘exchange’ and consequently demonstrate their ability to reach stated goals. The Theory of Collaborative Advantage by Vangen and Huxham (2010) which postulates that there should be more than just exchange in a partnership to achieve stated goals therefore guided the conduct of this study. The study in this regard adopted the Theory of Collaborative Advantage as it describes how the relationship between partners influences the extent to which they attain their objectives. Another justification for the use of the theory is because of the perceived benefits that accrue from partnerships that individual organisations cannot achieve without joining forces with others. The elements of partnership functioning adopted from the theory that define the characteristics of the partnership under study include; formulation and working towards mutual goals, existence of partnership trust and mutual resource contribution (adopted from the Resource Dependence Theory). From these elements, an effective partnership (with collaborative features) would exhibit partners who are committed to stated goal through the type of managerial practices they adopt in working together, high level of partnership trust to enhance resource expansion and mutual relational power to ensure partnership stability.

7.4.1 Formulation and Working Towards Mutual Goals

Findings from the study supported the assumption that, *frequent communication and flexible relationship between partners may clarify individual differences and may enhance the achievement of mutual goals*. The multi-level strategy of communication and the regularity with which meetings occur between principal partners at ECG, Sunon Asogli and CENIT Energy, as well as other public actors from the Ministry of Energy, the PURC and the Energy Commission ensures familiarity with stated goal. The formal relationship between ECG and IPPs however emanates from the dictates of the Power Purchase Agreement and ensures adherence to contractual obligations. Nonetheless, the support shown by both public and private actors (the partnership and the national levels) in the attainment of individual organisational goals enhances their commitment to achieve partnership goals as they identify with the goal and work towards it.

7.4.2 Existence of Partnership Trust

Despite the show of commitment by private partners (Sunon Asogli and CENIT Energy) to achieve partnership goals, their low confidence in their principal partners at ECG makes them uncertain of future investment to expand electricity generation capacities to meet stated goals. Currently, Sunon Asogli and CENIT Energy bear financial risks due to payment inconsistency by ECG. In this regard, findings from the study affirmed the assumption that, *consistent meeting of expectations reinforces trusting attitudes and enables partners to move from low risk ventures to more ambitious ones*. To warrant further resource contribution by IPPs to attain the stipulated goal of 5000MW therefore, partners at ECG must consistently meet financial expectations to enhance trust. To reiterate a comment by an official at CENIT Energy, his organisation would not expand ‘...not until we are sure of an off-taker that guarantees us payment...’

7.4.3 Mutual Resource Contribution

Apart from the low level of trust by partners at Sunon Asogli and CENIT Energy which is inhibiting the expansion of their generation facilities, the unequal relational power that exists in their partnership with ECG threatens the stability of their venture. The monopolistic nature of ECG serves as its main strategic advantage in the partnership thus, unthreatened by retaliations in the failure of meeting payment obligations. More so, without financial guarantees from the government, Sunon Asogli and CENIT Energy remain at a disadvantage because they have invested in power generation and need to recoup their profits, hence, they constantly endure the non-fulfilment of payment obligation by ECG. The assumption that *strategic resource contribution influences the level of interdependence between partners which in turn influences power relations and its impact on partnership stability and success* is therefore supported by the study findings. This is to mean that, in the absence of other viable off-takers (potential buyers of electricity) in the power sector, ECG’s largest market remains its strategic resource contribution to the partnership and utilises it as its source of advantage to retain more resources (generated power and finances) from these IPPs. Findings therefore suggest that, if these private partners had an option, they would be in other profitable partnerships other than with ECG, thus the stability of the partnership to meet target goal cannot be guaranteed.

Table 6: SUMMARY ON PARTNERSHIP PRACTICES AND EFFECT ON ATTAINMENT OF PARTNERSHIP GOAL

The Theory of Collaborative Advantage (Themes)	Variables	Major Findings
Mutual Goals	Formulation and Working Towards Mutual Goals	Network approach (involvement of both public and private actors) to decision making at the national level enables better coordination of sector activities (such as information on fuel availability for generation stations by which actors take prompt actions to forestall unanticipated power outages) and enhances commitment of partners to achieve government’s goal of improved electricity delivery
Trust	Existence of Partnership Trust	Trust by IPPs in their partners at ECG is low due to the latter’s inconsistency in meeting payment obligation for services provided. In the absence of effective risk mitigation measures to secure IPPs investment, further resource contribution by IPPs to meet the 5000MW target of government is contingent on the enhanced credibility of ECG in making prompt payment for services provided
Resource Dependence	Mutual Resource Contribution	ECG’s monopoly in electricity distribution serves as its strategic contribution to the partnership as IPPs have limited options in selling their services. Unthreatened by sanctions due to its monopoly, ECG withholds more resources from IPPs (generated power and finance), thus creates a situation of dependence asymmetry in which IPPs contribute more than they gain. This ultimately jeopardises the stability of the partnership in attaining the 5000MW goal of government

Source: Researcher’s Design (2015)

7.5 POLICY IMPLICATION OF STUDY FINDINGS

This study from the beginning made an assertion that, the current state of electricity deficit (challenges) in Ghana has created an appropriate time for rigorous research to identify relevant policy areas that need to be given attention. This study consequently focused on examining the working relationship between IPPs and their public partners and how it enhances the achievement of the target goal of 5000MW of generation infrastructure. Findings from the study suggest that, even though there is commitment by partners by virtue of the involvement of various sector actors in decision making, the low level of trust and unequal relational power between ECG and IPPs impedes on the attainment of this goal. In the absence of such collaborative features as enhanced trust and mutual relational power therefore, the partnership demonstrates characteristics of ‘exchange partnership’ with traits of high alertness on guarding against opportunistic behaviour and the uncertainty of transactional costs. Consequently, the goal of government to achieve 5000MW remains unrealistic and unpredictable as current IPPs are unwilling to expand generation capacities, and also because potential IPPs are unable to start production due to the prevailing financial challenges of ECG.

The contribution of this study to the discussion of PPP in the power sector of Ghana therefore is that, it has highlighted the major threat to the partnership as the nonfulfillment of contractual obligation by ECG which severs trust with existing IPP partners. Another challenge of the partnership is the unavailability of gas for operations by IPPs. However, the study opines that, since government is making efforts to ensure adequate gas supply especially with the discovery of oil and gas reserves in Ghana, the relational challenge of partners remains the major threat to the attainment of goals. Overall, this study accentuates a remark by a concept paper of the Ghana Millennium Challenge Account Program-Compact II (2012:1) that, “investment in infrastructure alone will not produce the desired improvement in reliability of electricity supply, without measures to increase the operational efficiency of the operating entities in the power sector, in particular ECG, to increase the creditworthiness of these entities, and thereby attract private capital to the power sector”. In other words, even though the problem of the sector has been named as power generation deficit, which necessitates the operations of IPPs, a chunk of the challenge is the inefficiency of the distribution system operator (ECG). Thus, as government fashions strategies (regulatory frameworks and incentives) to attract private investment, there ought to be equal attention to

strengthening the institutional capacities of its agencies (especially ECG) to complement the efforts by IPPs.

The study has underscored the significance of the ‘network approach’ in decision making comprising both public and private actors at the national level, which is in consonance with effective partnership practices. This, the study argues consolidates commitment to work towards target goal. However, to translate this positive attribute into achieving substantive gains in expanding power generation, the practice of collaborative partnership requires partners at ECG to consistently meet payment expectations by IPPs to gradually gain their trust, and consequently, contribute more resources into expanding their power generation facilities. In the presence of trust, ECG’s monopoly in the power industry may not be a threat to the partnership as there is mutual fulfillment of expectation, thus, reduced sense of investment risks for IPPs.

7.6 LIMITATIONS OF THE STUDY AND IMPLICATION FOR FUTURE RESEARCH

One major challenge of the study is that the partnership between ECG and its partner IPPs is relatively young considering that Sunon Asogli commenced operations in 2010 and CENIT Energy started in 2012, thus, examining collaborative efforts is somewhat untimely. This is especially because collaboration (particularly with trust) takes a longer time to develop in high economic ventures as observed by Weihe (2008). Nonetheless, the study has highlighted potential challenges of the partnership that could be addressed as it matures. Future studies may therefore build on this study by adopting similar theories and methodology to examine if partners made progress with collaborative efforts (enhanced trust and mutual relational power) to meet stated goals.

Another limitation of the study is that, it was unable to examine the other type of PPP in the power sector, which is a joint venture between government agency (VRA) and the Abu Dhabi National Energy Company (TAQA) and secured with financial guarantee from government. This would have enabled a comparative analysis of the effectiveness of two types of PPPs (Joint Venture and Public Finance Initiative) being practised in the power sector of Ghana. More importantly because this study observed that partners at ECG, Sunon Asogli and CENIT Energy do not regard themselves as partners as they do not invest in each other’s operations, which could also imply why they perceive themselves as different entities working towards a common goal. Future studies could thus endeavour to analyse how the perception of being

partners influences the relational quality of partners and its subsequent influence on their collaborative effort in achieving the goal of the sector.

7.7 CONCLUSION

The study concludes that, even though the power sector reform has achieved some strides in the introduction of Independent Power Producers to support government in attaining a robust generation infrastructure, it has not been able to effectively achieve its stated 5000MW of generation capacity by 2015 essentially because the goal is overly ambitious. The existing partnership between ECG and IPPs (Sunon Asogli and CENIT Energy) has not attained the characteristics of a collaborative partnership that would enable them move from the current venture (326MW representing about 11.4% of generation capacity) to a higher one in an effort to realise the goal of government. On the one hand, the regular interaction between public actors from the Ministry of Energy, Energy Commission and PURC with the primary partners (ECG, Sunon Asogli and CENIT Energy) is beneficial for the overall planning and coordination of sector activities as well as enhancing the commitment of all sector players to meet government's goal. On the other hand, the poor relational quality between partners at ECG, Sunon Asogli and CENIT Energy due to absence of trust and unequal relational power limits the extent to which they are able to effectively work in expanding generation capacities towards achieving the overall objective of the sector.

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APPENDIX 1: INTERVIEW GUIDE

- **Introductory Questions for all respondents**

1. How would you describe the electricity situation in Ghana currently?

- **Questions for primary partners (ECG, Sunon Asogli and CENIT Energy)**

- *Communication and Interaction*

1. What kind of agreement or contract exists between ECG and IPPs?

2. What is the nature of responsibility of each party in the contract?

3. How would you describe your organisation's interest in the contract?

4. Would you say you have mutual goals with other parties in the contract? Do you think all partners work towards the overall objective of the partnership?

5. How easy is it to share and access information from other parties?

6. Does your organisation have scheduled meetings with partners and other sector players to deliberate on your interests and objectives?

7. Does your organisation go beyond contractual obligation or interest to achieve partnership goals?

8. Do you decide together how much power to produce and reserve? If there is any reserve, is there a compensation for the reserved power?

9. Would you say there is consensus among partners and other stakeholders in the power sector on the challenges of the sector and the ways forward?

- *Resources*

10. What resources are needed for your organisation's operations?

11. Does your organisation have enough resources (both human and financial) to ensure effective performance?

12. What are the resources you make available to complement resources provided by other partners?

13. How would you describe your partners' promptness in making their resources available?
14. How does the ability or inability of partners to make resources available to you affect your organisations operations?
15. What role does government play to facilitate the investment of IPPs between signing of contracts and commissioning of projects?
 - a. Does government help with acquisition of land and licenses?
 - b. Does government provide tax incentives to IPPs?
 - c. Does government contribute financially?
 - d. Does government assist in procuring fuel for IPPs

- ***Trust***

16. What are the risks your organisation faces in the partnership?
17. What management practices are put in place by the partnership to ensure mitigation of these risks?
18. What are your expectations of other partners? How would you describe your confidence in other partners in meeting these expectations?
19. Would your organisation expand resources to meet the growing demand for electricity?

Questions for Third Party (GRIDCo)

1. How would you describe you contract agreement with ECG and IPPs?
2. How would you describe the nature of responsibility of each party in the contract?
3. Does GRIDCo have meetings with other sector actors to discuss goals of the power sector and how to achieve them?
4. What are the terms for the transmission of power? Is there an open and equal access to all power generators (both public and private entities)? Is it based on first come first served or on which costs less?

Questions for the Ministry of Energy

1. What is the main goal or objective of the Ministry of Energy regarding the power sector?
2. What are some of the challenges of the sector? What are the measures put in place to mitigate these challenges?
3. How would you describe the role of IPPs in Ghana currently?
4. Does the government have policies that ensure effective operations by the IPPs?
5. How frequent does the Ministry engage with IPPs (especially) and other sector actors regarding achieving the goal of the sector?
6. What role does government play to facilitate the investment of IPPs between signing of contracts and commissioning of projects?
 - a. Does government help with acquisition of land and licenses?
 - b. Does government provide tax incentives to IPPs?
 - c. Does government contribute financially?
7. Do you decide together with IPPs how much power to produce and reserve?

Questions for Regulatory Actors (PURC and ENERGY COMMISSION)

1. What is the main role of the PURC/EC in the power sector?
2. Why is it necessary to have the PURC/EC? Or, why should the sector be regulated?
3. What are some of the challenges of the sector? What are the measures put in place by the PURC/EC to mitigate these challenges?
4. How would you describe the role of IPPs in Ghana currently?
5. Does the work of PURC/EC facilitate the operations of IPPs?
6. How would you describe your working relationship with actors from IPPs?
7. How frequent does the PURC/EC have scheduled meetings with IPPs and other actors in the power sector to discuss goals of the sector and how to achieve them?

8. What are some of the regulatory activities of PURC that ensure efficient operations of IPPs?
9. Does the PURC/EC consult power utilities (both public and private) especially actors from IPPs when taking decisions on tariffs and legislations?

Questions for Major Electricity Generator (VRA)

1. How would you describe VRA's contribution to the goal of providing improved electricity delivery?
2. How would you describe VRA's Joint Venture partnership with TICO? Is the partnership yielding its purported benefits?
3. Does the VRA engage other sector actors in deliberating on the goals of the sector and ways of attaining them?
4. How different is your partnership from the one other type engaged in by ECG, Sunon Asogli and CENIT Energy? Which one in your opinion do partners collaborate more?

Questions for Energy Expert (ACEP)

1. How would you describe the role of IPPs in Ghana currently
2. How would you describe government's attitude towards IPPs? Is it doing enough to accommodate them and to ensure their effective performance?
3. Would you say there is enough collaborative effort by both IPPs and government agencies in solving the power crises?

• Concluding Questions for all Respondents

1. In what ways does government's partnership with Independent Power Producers a better option to either of them working separately?
2. How would the current electricity situation be without IPPs?
3. How would you describe electricity supply currently? Does the country have the required generation capacity to meet demand? How consistent (reliable) is electricity supply?
4. How would you describe the prospects of the IPPs in Ghana in the long term?

APPENDIX 2: CLEARANCE LETTERS

2(a)



UNIVERSITY OF BERGEN

Department of Administration and Organization Theory

LETTER OF RECOMMENDATION

To Whom It May Concern

This is to introduce Jamilatu Issifu who is a student of mine. She is pursuing an MPhil degree in Public Administration at the Department of Administration and Organisation Theory, University of Bergen, Norway.

She is conducting the research on this topic in her home country Ghana.

Topic of her research: PROVIDING PUBLIC SERVICE THE PRIVATE WAY: HARNESSING THE POTENTIALS OF INDEPENDENT POWER PRODUCERS IN MEETING THE ELECTRICITY DEMAND OF GHANAIS.

As an important part of this exercise she has to interview various persons and collect relevant documents. I hope you may assist her in the research. The information provided to her is for academic purposes only. Any assistance given to her is highly appreciated.

Yours sincerely,

Professor Steinar Askvik
Supervisor

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2(b)



Jamilatulssifu

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Email: jayusif@gmail.com

Date: 8th June, 2014

TO WHOM IT MAY CONCERN

REQUEST FOR AN INTERVIEW FOR A MASTER'S THESIS

I am a master's student in Public Administration at the University of Bergen, Norway and currently collecting data for my final thesis. The topic of the thesis is: Providing Public Service the Private Way- Examining the Effectiveness of Government's Partnership with Independent Power Producers in Providing Improved Electricity Delivery in Ghana. I am interested in examining the type of partnership relationship between the Government of Ghana and Independent Power Producers and to what extent it affects the partnership's performance.

To achieve this, I want to interview key actors from the various institutions that collaborate in the generation and supply of electricity, the regulatory agencies whose activities directly affect the works of these collaborating institutions and energy experts and consultants who have researched into the power situation in Ghana.

Participation in the interview is voluntary and you have the option to opt out at any time along the way. The interview would take about an hour. I would want to use a tape recorder and also take notes during the interview. The information gathered will be treated confidentially, and individuals who do not wish to be identified in the final task are guaranteed anonymity.

You can contact my supervisor Professor Steinar Askvik at the Department of Administration and Organisational Theory, University of Bergen on phone number +47-481-626-75. His email address is steinar.askvik@aorg.uib.no

Sincerely,

Jamilatu Issifu

Consent Statement: I have received written notification and willing to participate in the study

Signature of Respondent:

CENSORED

14/07/14

Phone Number:

CENSORED

2(c)

Jamilatu Issifu

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Date: 8th June, 2014



TO WHOM IT MAY CONCERN

REQUEST FOR AN INTERVIEW FOR A MASTER'S THESIS

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You can contact my supervisor Professor Steinar Askvik at the Department of Administration and Organisational Theory, University of Bergen on phone number +47-481-626-75. His email address is steinar.askvik@aorg.uib.no

Sincerely,

Jamilatu Issifu

Consent Statement: I have received written notification and willing to participate in the study

Signature of Respondent: CENSORED

Phone Number: CENSORED