



The Challenges of Public-Private-Partnership in Local Economic Development in Ethiopia: the Cases of Some Selected Municipalities in Oromiya National Regional State

Aliyou Wudu*

Department of Civics and Ethical Education, College of Social Sciences and Humanities,
Wollo University, Dessie, Ethiopia

Abstract

This research seeks at investigating the constraints to public-private partnership and assesses the extent of participation of stakeholders in designing Local Economic Development planning in the selected municipalities of Oromiya National Regional State. The study employs a cross-sectional case study design and both quantitative and qualitative (mixed) approaches were used. Primary data collection was undertaken mainly through questionnaire, key informant interview and observation. Out of a total number of 350 business enterprises, 100 or (28.5%) were selected to collect data through questionnaire. In addition, about 48 interviews were conducted with key informants. In order to select samples out of the total population, both probability (i.e. simple random sampling technique particularly lottery method) and non-probability (subjective sampling) methods of sampling techniques were applied. The following major findings were identified : (1) Lack of trust and political will ; (2) Inadequate capacity and skill to coordinate stakeholders; (3) Lack of the necessary support regarding land, credit, and training; (4) Lack of transparent bid opportunities by the city administration; and (5) the Forum meetings usually focused on temporary political issues than long terms development issues. With the view to mitigate the above mentioned constraints, the following recommendations are forwarded. (1) Local Economic Development plans should be designed, implemented, and evaluated by the participation of all stakeholders (2) there should be a legal framework and policy on public-private-partnership and areas of potential collaboration.

Key Words: *Capacity, Local Economic Development, Partnership, Participation, Political will*

INTRODUCTION

Local Economic Development (LED) is a recent approach to economic development. It places importance on activities in and by cities, districts and regions. This involves economic and social development activities undertaken at the local (micro) level to complement measures at the national (macro) level. LED encompasses a range of disciplines including planning, economics and marketing, all with the goal of building up the economic capacity of a local area to improve its economic future and the quality of life for all (Tegegne and Richard, 2011). Since 2009, the Ethiopian Government introduced Public-Private-Partnership in the Federal Government Procurement and Property Administration Proclamation No.649/2009 which clearly defined the term. This regulation empowers the Ministry of Finance to issue the rules and regulations on establishing and implementing Public-Private-

Partnerships. This document was later supplemented by the Investment Proclamation no. 769/2012. Despite the above proclamations, the prevalence of public-private-partnerships is limited in Ethiopia because Public-Private-Partnership arrangements are not incorporated in the development policy of the country (United Nation Development Program, 2015).

Contemporary Ethiopia embarked on a federal and decentralized form of government since 1990s. This has taken place in two waves: the 1990s decentralization from the center to the regional states and the early 2000s Woreda decentralization that devolved power to the district level. The regional decentralization of the 1990s featured stability and ethnic federalism as the central issues, while the Woreda decentralization was directed more at the goals of development and democracy (Tegegne and Richard, 2011).

According to Mamo and James (2011), the concept of formal mechanism for Public-Private-

*Corresponding Author: E-mail: aliyouwudu@gmail.com

Partnership (PPP) and public-private Dialogue (PPD) is not new to Ethiopia. For example, the United Nation Development Program (UNDP, 2015) worked closely with government and private sector stakeholders in the late 1990 have called the Public-Private Partnership (PPP). The Ethiopian public-private consultative Forum which is chaired by the Prime Ministered was established. The consultative form held once a year. The forum is an opportunity for national level issues to be addressed by the Prime Minister.

Development is a multidimensional process. It is also a multi-actor process. That means, economic development cannot be registered and sustained by a single actor. All development stakeholders must cooperate and involve in the process. However, different studies (Stavridis and Evelyin, 2012) showed that there are some obstacles to public-private collaborations. These include legal and regulatory restrictions, lack of trust among local stakeholders, and lack of strong institutional mechanisms, lack of political will and capacity of local government authorities, etc. According to a survey conducted by Teshome (2014), UNDP Ethiopia (2015 and Asubonteng (2011), public-private-partnership arrangement in Ethiopia are constrained by legal institutional and operational impediments.

This study has the general objective of identifying the constraints of public-private partnership and examines the role of local stakeholders in local economic development in the four selected municipalities of Oromiya National Regional State. In order to attain this general objective, the specific objectives are to:

1. Assess the challenges and constraints to the public-private-partnership in the sampled municipalities; and
2. Analyze the roles of stakeholders in designing local economic development planning in the sampled municipalities;

LITERATURE REVIEW

Local Economic Development: A Conceptual Definition

Local economic development is the process of strategic planning through partnership between local government, the business community and Non-Government-Organizations. The objective of LED is to stimulate investment that will promote sustained high growth in a local economy. The main focus of LED is on a region's potential. In this regard, stakeholders come together to identify the comparative advantages of localities, new or existing market for business opportunities as well as obstacles to business expansion and creation. LED refers to the

development strategies that are territorially based, locally owned and managed and aimed primarily at increasing employment and economic growth. The purpose of local economic development is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation (www.World Bank. Org).

A shift in development thinking has focused on bottom-up/endogenous development emphasizing local action as opposed to top-down approach. Under this circumstance, the region or locality emerges as the relevant economic space 'in and for which coordinated efforts to promote wealth creating economic activities can meaningfully be undertaken' (Tegegne and Richard, 2011). Thus, LED, as a bottom-up and endogenous development approach is used to shift responsibility for dealing with unemployment, poverty reduction and economic growth policies to local authority. The practice of local economic development can be undertaken at different geographic scales. A local government pursues LED strategies for the benefit of its jurisdiction, and individual communities and areas within a local government's jurisdiction can also pursue LED strategies to improve their economic competitiveness. Such approaches are most successful if pursued in partnership with local government strategies. LED is a thus about community continually improving their investment climate and business enabling environment to enhance their competitiveness, retain jobs and improve incomes. Local communities respond to their LED needs in many ways, and a variety of approaches can be taken that include (www.World Bank. Org).

Public-Private-Partnership: Definition and Theoretical Underpinning

In the context of the United Nations(UNs), public-private-partnership is defined as a voluntary and collaborative relationship between various parties, both state and non-state in which all participants agree to work together to achieve a common purpose or specific task and share risks and responsibilities, resources and benefits. According to the World Bank (WB), cited in UNDP Ethiopia (2015), public-private-partnership refers to arrangements between the public and private sectors whereby some of the services that fall under the responsibilities of the public sector are provided by the private sector, with clear agreement on shared objectives for delivery of public infrastructure and/ or public services. The theoretical underpinning of public-private-partnership can be traced to Leibenstein's X-efficiency theory (cited in UNDP Ethiopia, 2015).

According to Leibenstein, expansionary financial and monetary policies would limit the probability of the failure of public institutions or enterprises. According to this theory, inefficiencies in public institutions or enterprises emanate due to the bureaucratic organizational structure of the state and distortionary government interventions. This theory also asserted that public-private-partnerships are necessary to reduce inefficiency in public organizations. Leibenstein's work influenced the development of the New Public Management (NPM) in the United Kingdom and other countries. The main goal of NPM was to introduce the functioning principles of private firms into public administrations with the aim of modernizing the state structure and improving the management of public enterprises.

Urio(2010) emphasis the importance of integrating public-private-partnership in the development policy of developing countries. According to him, the major goals of integrating public-private-partnerships in the development strategy is to build a society that improves the attainment of the four values, namely- efficiency, equity, sustainability, and security.

The Benefits and Challenges of Collaboration among Local Stakeholders

According to Stavridis and Evelyin (2012), there are several categories of activities in public-private collaborations. These include sharing expertise; exchange of information and implementing projects. In public-private partnership, both parties can get several tangible and intangible benefits. Access to expertise, analysis, skills, perspectives and scarce resources not available in the public sectors are some of the main advantages of public-private collaboration. However, there are several challenges of the public-private partnerships. These include, among others, legal and regulatory restrictions, lack of trust among stakeholders, and lack of proper institutional mechanisms.

The Stakeholders of LED Strategy

The specific local stakeholders that take part in the LED strategy will vary depending on the specific context and objectives to be achieved. Although not

exclusive, the following list provides an example of those stakeholders who are normally involved in a LED strategy (ILO, 2010):

- The territorial public administrations (municipal and regional/provincial) and their associated combined bodies (community associations, associations of municipalities, etc.);

- The various business sector organizations (employers' associations; trade union organizations; representatives of cooperatives; associations of the self-employed; financial sectors associations; territorial employment service managers);
- Women's associations and youth associations;
- Personnel responsible for international development cooperation programs with a presence in the territory;
- Social and religious organizations and other non-profit organizations with social, environmental, cultural or artistic aims;
- Research and development(R+D) and technical assistance services;
- Universities and human resources development organizations; and the local media.

Public-Private-Partnership in the Context of Ethiopia

In the context of Ethiopia, Public-Private-Partnership can be defined as an engagement and a relationship between the public (including development partners) and private sectors as well as civil society (including community beneficiaries, the poor and vulnerable groups), where the private sector brings on board efficiency, local innovation and cutting edge technology to complement public sector regulatory authority, asset ownership, budget support, public education powers and capacity development support to achieve commonly identified objectives, outputs and activities. At the same time, civil society's mobilization, monitoring and oversight role is harnessed and combined with PPP guiding principles and citizens'/ beneficiaries' responsibilities to ensure positive synergy in the delivery of public goods and services (Asubonteng, 2011).

Success Factors for Public-Private-Partnerships

According to Asubonteng (2011) from various experiences it is possible to understand that for public-private-partnership to be effective, enabling policy, legal framework and suitable investment climate are very important. In other words, the government should have clear policy framework that sets guidelines for the selection, preparation and procurement of different activities to be undertaken in a public-private-partnership framework. Legal and regulatory framework is also critical for public private partnership to be successful. These will ensure long-term public-private-partnership contractual agreements. Furthermore, the government should have a well prepared and detailed infrastructure investment plan which clearly indicates the best utilization of public-private-partnerships. Generally, both the private sectors as well as the government need to make changes in their institutional setup, to

facilitate public procurement procedures, negotiations, contract management, operational efficiency and customer satisfaction.

The Need for and Challenges of Public-Private-Partnership in Ethiopia

In spite of the growing interest in the use of public-private-partnership models in other countries in the world, its adoption and implementation in Ethiopia is limited. Although there were previous efforts by the government in the areas of divestiture and privatizations through the market-based approach articulated in the Plan for Accelerated and Sustainable Development to End Poverty (PASDEP) and the Growth Transformation Plan I (GTP-I) of Ethiopia, these were not adequate in addressing the wide unmet demands for infrastructure and basic public services. There have been few and fragmented attempts to tap on public-private-partnership initiatives. These include the pilot project in irrigation and running of an exhibition center owned by Addis Ababa city Administration in the form of management and service contract modalities. (Asubonteng, 2011; UNDP Ethiopia, 2015). In public-private-partnerships, an all-inclusive planning and decision-making process is entrenched, clearly understood risks identified and shared and functional capacities developed to maximize efficiency gains. There are various challenges to public-private-partnership arrangements in Ethiopia. These include: lack of clear-cut regulations, lack of clear policy directions, high investment requirements, high risks associated with public-private-partnerships. Generally, these constraints could be grouped into four impediments. (1) Institutional (including inadequate awareness about public-private-partnership concepts) (2) Legal (the country lacks special legal instruments for public-private-partnership and the term did not exist in any legal document until 2009) and (3) operational (such as lack of access to land, capital, and technical skills) (Asubonteng, 2011; Teshome, 2014; UNDP Ethiopia, 2015).

Methodology

This research is explanatory cross-sectional in its design. A cross-sectional study design involves collection of information from a sample of population or phenomenon that is made at one point in time. However, explanatory cross-sectional studies have an inherent limitation. Although their conclusions are based on observations made at only one time, typically they aim at understanding causal processes that occur over time (Given, 2008).

This study is both quantitative and qualitative (mixed) in its approach. In order to come up with more rich and comprehensive information, both

primary and secondary sources of data were consulted. According to Creswell (2003), qualitative research is basically interpretive. In other words, the researcher interprets the data. This interpretation may include analysing data, drawing conclusions about its meaning, states lessons learned, and offering questions for further research. Qualitative research provides high quality data and findings and deep, meaningful insights into underlying values of individuals and groups. However, the data collected are usually exaggerated (Pierce, 2008).

The study populations for this research were the people of the respective city municipalities in Jimma, Ambo, Metu and Adama, towns. These include universities, business firms, government sector offices, Chamber of Commerce and Sectoral associations, Development Associations, NGOs working in the towns and municipalities of the four city administrations.

According to the information gathered from the four sampled city authorities, in 2014, there were 350 medium and small business firms in which data was collected from a randomly selected 100 (28.5%) private business owners through questionnaire. The respondents were selected using simple random sampling techniques after knowing the list of study

population in each city. According to Creswell (2003), in random sampling technique (especially lottery method), each individual in the population has an equal chance of being selected. In addition, to complement the information gathered through questionnaire 48 office heads/ experts, Micro and Small Scale Enterprises, Development Association of the Region or Oromiya Development Association (ODA), NGOs working in the respective towns, Government universities found in each sample towns, Chamber of Commerce and Sectoral Associations, Offices of Trade and Industry, Women's Affairs office, Youth and Women's Associations, town administrations (mayors) and Labor and Social Affairs office of respective town Administrations were purposively chosen for face-to face interview. The numbers of interviewees were decided on the spot depending on the principle of data saturation.

Both probability and no-probability sampling techniques were applied to select the four sample municipalities and respondents. According to proclamation no.65/2003 of the Oromiya National Regional State, there are 20 reform cities. Adama, Jimma, Metu and Ambo are included in this category of reform cities. These four towns (20%) were selected using simple random sampling technique especially lottery method. Furthermore,

these cities are near and easily accessible to the researchers. Respondents for questionnaire administration were selected using systematic random sampling technique. The study samples were selected from all development stakeholders in the four municipalities. Respondents for qualitative information (interview) were chosen subjectively or purposively depending on their level of expertise and knowledge to be used in this research.

A key informant was conducted with the experts of the selected government offices, and NGOs and professional associations such as chamber of commerce. Structured interview is useful if one knows the kind of questions to ask (Quinn, 2002). Open-ended questions allow participants to freely express their view and control pacing; they are flexible; they allow the interviewer to probe so that he or she may go into more depth; or to clear up any misunderstandings; they enable the interviewer to test the limits of the respondent's knowledge; they also encourage cooperation and help establish rapport; and they allow the interviewer to make a truer assessment of what the respondent really believes (Clark and Adler, 2006).

Result and Discussion

To address the specific objectives and research questions of this paper, the next section tries to discuss and analyze the major points raised during the data collection process with respondents.

1. Issues of Consultation, Legal Requirement, Criteria, and New Initiatives

The responses of the respective town administrations (100 percent) showed that mayors and heads of sector offices of the sampled towns made a consultation with the business community and other local development actors regarding policies and strategies which could affect the private sectors. However, the consultation is not consistent. City development issues were the major topic of discussion. There is a meeting with the city businessmen every month. The meeting is annually planned. But, the opinion of business community is less considered in the legislative making process.

Heads of sector offices and Mayors of the sampled towns said that consultation with the business community has a legal recognition. "Meeting with them is a must". The mayors of the sampled towns, indicated that there is no clear criteria to assess whether business community members represented or not in the meeting. Usually, the discussion is held with the representatives of the business community. It is done directly with the business enterprises. There is always a regular meeting with business owners. The meeting is done in order to discuss a draft proposal of laws. There are also new initiatives such as rewarding those

businessmen who make development contribution and pay their taxes permanently.

From the responses of the sampled town administrations, it is possible to conclude that the town governments always made consultations with the business community when proposing new policies and the opinions of the business community is taken into consideration for legislative making that directly affect them. However, majority of experts explained that there is no regular and planned meeting with the government. Rather, the town governments call the business community for a meeting only when there is a need to solicit finance to different projects in the towns. They also arrange meetings with the representatives of the business community or their associations. The mayors said that "regular or permanent meetings are the major ways of discussion with the business community". But, the responses from the business community and other actors showed that there is no regular or permanent meeting time between development actors. Table 1 showed that majority of respondents (79.2%) of the sampled town administration believed that consultation with the respective business community has no legal criteria. According to them, consultation with business community is not required as mandatory by law. Based on the responses of the majority, the absence of legal requirements and criteria could reduce sense of ownership, interest and commitment of various local actors in contributing to the development of the town. However, few (20.8%) of key informants responded that there is legal criteria regarding representation of stakeholders in the local meetings and forums. 31.25% have the opinion that there is legal criteria set regarding representation of business communities in the meetings of the town forums.

All key informants (100%) also agree that there is no compulsory time for consultation and for a number of reasons the time given for meeting is not sufficient. They admit that there are usually higher level party meetings in and outside of their respective town. Hence, the time for discussion with the business community is not adequate to sufficiently discuss critical issues that need immediate solution. Therefore, this lack of compulsory time for meetings and inadequate time may create weak relationship and misunderstanding among local actors. This in turn may lead to lack of trust, dissatisfaction and poor provision of services.

2. Public-private Forums, Representation, Invitation and Accountability

Respondents highlighted that public-private-partnership forums were established in all sample town administrations. For instance, in Ambo town,

there is a “strong” forum which was established before 2 years. There is also a committee and command post to enhance and support Medium and Small Enterprises. The committee discusses issues regularly once a week. There are also clusters. In Adama town the forum was established in 2006. It was led by the Mayor and it is a member of the town Chamber of commerce. The forum has a meeting every 3 months with a business community. Despite the establishment of the forum, there is lack of consistent and regular meeting of the forum which may reduce the desire and confidence of stakeholders on local authorities and may also lead to dissatisfaction of the business community. In Jimma town there is an organization known as Jimma city Development Advisory Forum which was established in 2005(E.C.).

The forum has been led by Jimma university president and is working to engage and coordinate efforts towards the development of the town. According to the information gathered from the town Chamber of Commerce and Sectoral Association, the effectiveness of the forum is not satisfactory. The political willingness of the city

Members of business enterprises were asked to explain their perception regarding their level of participation in the town forums. Three-fourth of respondents (75%) said that they have been very actively participating in the meeting of the town forums. However, some or (15%) have the opinion that they are not actively participating in the town forums due to lack of invitation by town administrative authorities to participate. According to the information gathered from members of the private sector, the local authorities invite selectively those stakeholders which they believe are important. From this response we can conclude that lack of legal framework, policy and strong institution which have been identified by this research are the critical obstacles for effective and efficient public-private-partnership. Some business organizations may also lack the interest, trust and confidence on local government authorities since they feel marginalized by local authorities.

4. Effectiveness of Forums, Political Willingness and Satisfaction

It is clear that the establishment of an organization to coordinate and facilitate dialogue is very important for effective and efficient public-private-partnership. However, establishing the form should not be an end by itself. To have an effective institution, the political willingness of the local leadership in general and all stakeholders in particular is important. Members of the private sector indicated that they are very satisfied by the performances of the forums. However, very few respondent revealed that due to some problems such as lack of viable market link, lack of rules

government officials to make consultation with the private sector is very low. The respondent from Jimma town chamber of commerce and sectoral association also said that the forum should discuss development issues than temporary political issues. The agendas in the forum often are political than development oriented. Furthermore, the forum failed to adequately represent every business organizations in the town. As Table 2 depicted, almost all actors of development believe that the public-private- partnership has a greater benefit to them. And yet, their organizations were not adequately represented in different meetings held with the town administrations.

3. Stakeholders Participation in Forums

LED is a multi-actor process. This implies that every stakeholder have the right and obligation to directly or indirectly involve in the forum which they have established. The mere presence of an institution is meaningless unless and otherwise the members are actively participating in the decision-making and planning process. Participation is also helpful to timely identify problems and ensure good governance. For more detailed understanding, and regulations, absence of legal office structure that is responsible to take responsibility, and weak performances in the industrial sectors are some of the major challenges face the for Public-Private-Partnership in the respective towns. Respondents said that there is no clear cut rule to govern the relationship between the local governments and Chamber of Commerce in the towns. Furthermore, the private sector lacks interest in getting consultation with the leaders of each government town administrations.

5. Benefits of Public-Private-Partnership, Questions Raised and Responses

There are a number of benefits which local partners could get from public-private-partnership. For instance, the private sector could bring efficiency, speed, effectiveness, improvement, local innovation and cutting edge technologies to the public sector. Civic society organizations could mobilize local and international resources and make monitoring and oversight functions. All these and others contributions will lead to the improvement of provisions of goods and services in the town (Asubonteng, 2011; Stavridis and Evelyin, 2012).

Table 5 shows that respondents (100%) agree that public-private-partnership is beneficial and an opportunity to discuss different issues and concerns with government officials and share ideas with other stakeholders. There was no respondent who were against the benefits of public-private-partnership. Similarly, for all respondents, public-private-partnership is a driving force to bring local economic development. From the responses of informants above, it is possible to conclude that

every respondent who was asked about the benefits, opportunities and the instrumentality of public-private-partnership have some level of awareness and understanding on the contribution, the opportunities and benefits of public-private-collaborations to both the government and the private sectors. Asked about the main questions local stakeholders raised for local government authorities to be solved, respondents mentioned the most critical points. These are: a piece of land to build offices and business centers, to get regular training for business community and to have fair trade and tax. Table 6 summarizes the main questions asked and the responses of stakeholders. Table 6 above reveals that almost all respondents agreed that the private Business community were not restricted from raising their demands by local authorities. About 85 percent of respondents pointed out that the demands of the business community have got positive responses by local authorities. Yet, few of the respondents (15%) said that some of the most important questions such as land and tax issues are not addressed by local government authorities. Informants were asked to explain the type of support they got from the local town administrations. According to respondents, they got little support from the local authorities. For instance, their demands for urban land and issues of tax assessment have not got convincing response.

6. Issues of Dialogue, Trust and Capacity

For successful public-private-partnerships, consistent dialogue among stakeholders is very critical. Most important, creating an enabling local environment to foster trust among the parties should be given due attention. Furthermore, each stakeholder need to have the capacity to understand the principles that govern public-private-partnership, legal frameworks and the potential to analyze the potential areas of collaborations. Respondents were asked whether their organization is willing and ready to make a dialogue with the town administration. Table 7 revealed that almost all respondents stated that they are ready to make a dialogue with their respective local government officials. According to them (75%), the town administrative officials lacked the necessary knowledge and competence to respond the questions raised by private business men. Respondents also believed that Public-Private Partnership are the opportunity to make discussions and play their roles in the local economic development of their towns. The majority (85%) of respondents have a trust on the local authorities. But some of them (15%) lack trust on officials in the town administrations.

7. The Role of Stakeholders in Local Economic Development Planning

Although most local stakeholders show their interest to be included in the design of local planning at the beginning of every budget year, the local authorities are less willing. Respondents were also asked to forward suggestions to improve the public-private-partnership in their town administrations. According to the respondents, the forums established in the town administrations should discuss development issues than political matters. The business owners who were asked to forward their ideas regarding suggestions to improve the public-private-partnership in their city explained that awareness creation must be given due attention to improve partnership among all actors of local development in their respective town administrations. Major weaknesses such as lack of sufficient credit, land and failure to pay their loan etc. should be properly addressed.

Conclusion and Recommendation

The mayors and heads of government sector offices of the sampled towns made a consultation with the business community regarding policies and strategies which could affect the private sectors. However, the consultation is not consistent. There is a meeting with the city businessmen in every month. The meeting is annually planned. But, the opinion of business community is less considered in the legislative making process. The view of the business community is not getting considerable attention by the respective local policy-making bodies. Mayors and office heads of the sample towns stated that consultation with the business community has a legal recognition.

There are no criteria to assess whether business community members represented or not in the forum meetings. There is lack of viable market for products, lack of tax incentives and training. Absence of legal office structure to take responsibility, lack of clear cut rules govern the relationship between the legal governments and Chamber of Commerce in the towns and the private sector is lacking interest in getting consultation with the leaders of each government town administrations.

Major challenges of PPP include lack of (1) Sufficient orientation regarding how to use cash register equipment; (2) necessary support regarding land, credit, and training; (3) fair representations of every business firms in decision-making process of the town; and (4) Regular and timely contact between stakeholders;

Regarding the Role of Stakeholders in Designing Local Economic Development Planning According the study made by International Labor Organization (2011) and the World Bank (www.World

bank.org), successful LED depends on the collective efforts of local actors. With these points in mind, respondents were asked about the role of key local actors in designing LED planning.

Based on the detailed discussions in the above sections of the findings, it can be concluded that:

- The public private partnership in the selected towns are still in its infancy;
- According to the informants, although they have the desire to participate in the LED planning process, the local government authorities showed reluctance;
- There is very weak level of cooperation among development actors;
- The established forums are not efficient and effective;
- There is still a lack of trust among the development partners,
- The role and representation of stakeholders in the town decision-making process is not satisfactory,
- The local government authorities lacked capacity to implement the principles of public-private-partnership,
- There is no strong political will of local government authorities, and

Recommendation

The following brief recommendations are forwarded:

- Every stakeholder should be willing and committed to build a strong and viable forum;
- The established forums should conduct regular (quarterly, monthly, bi-annual and annual) meetings and discuss issues of common concern.
- Every local stakeholder should be a member of the forum and be represented fairly;
- Local government authorities should strengthen their capacity so as to provide the necessary and sufficient support to development actors;
- Local social and economic development programs should be thoroughly designed, planned, implemented, and evaluated by both the stakeholders;
- Local government authorities should respond to the demands of development actors and assist them with the necessary support such as land, facilitate market links and provide tax incentives;
- The local government should accommodate the views of the business community and other stakeholders; and
- If local stakeholders to play active role in the LED process, it is essential that there should be a legal framework and policy on public-private-partnership and areas of potential collaboration.

REFERENCES

- Asubonteng, K.A.(2011).*The Potential for Public private Partnership (PPP) in Ethiopia*. Addis Ababa chamber of commerce and Sectoral Associations.
- Clark, R. and Adler E.S. (2006).*Invitation to Social Research*. New Delhi: CENGAGE Learning.
- Creswell J.W.(2003). *Qualitative, Quantitative and Mixed Methods Approaches*. Third Edition; New Delhi: SAGE Publications Inc.
- FDRE.(1995). The Constitution of the Federal Democratic Republic of Ethiopia, 21st, August, Addis Ababa.
- Given, L. M (editor). (2008). *Encyclopaedia of Qualitative Research Methods*.Vol. 1 &2. Los Angeles: SAGE Publication Inc.
- International Labor Organization (ILO).(2010). *Gender Mainstreaming in LED Strategies: A Guide*.Switzerland; Geneva.
- Mamo, M. and James Brew.(2011). *Public-Private Dialogue: The Ethiopian Public-Private Consultative Forum Case Study*.
- ONRS, Oromiya National Regional State Urban Local Government Proclamation no.65/2003.
- Pierce, R.(2008). *Research Methods in Politics: A Practical Guide*. SAGE Publications Ltd; New Delhi.
- Quinn, P. Michael. (2002) (Third Edition). *Qualitative Research and Evaluation Methods*. SAGE Publications, Inc. New Delhi.
- Stavridis and Evelyin.(2012). *The 21st Century Force Multiplier: Public-PrivateCollaboration*. The Washington Quarterly, Center for Strategic and International Studies.
- Tegegne G. and Richard Clacey (2011). *Assessment of Local Economic Development (LED) Approach in Ethiopia*. Report Submitted to UNDP and Ministry of Finance and Economic Development of Government of Ethiopia, Addis Ababa.
- Teshome, T. (2014).*Policy, Legal and Institutional Frameworks for PPP Implementation in Ethiopian Development Process. Stakeholders' Perspective*. Presented on the 5th EIEF organized by AAU and UNDP.
- United Nations Development Program (UNDP) (2015). *Prospects of Public-Private-Partnership*

(PPP) in Ethiopia. Development Brief, Number 1/2015.

[www.http://www.World Bank. Org](http://www.World Bank. Org) (Accessed on August, 27./2015.)

Urio, P. 2010. *Public-Private-Partnerships: Success and Failure Factors for In-Transition Countries*. University Press of America.