From Crisis in Urban Infrastructure Provision to Crisis in Governance: the management of multiple modalities in delivering public services in Ghanaian cities

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Abstract
In the 1980s African cities were described as being 'in crisis' following unprecedented urbanisation of poverty, increasing failure of governments to provide infrastructure services, the virtual collapse of local institutions, persistent public sector mismanagement, etc. Following the implementation of neo-liberalism, the public sector disengaged its domination over service provision and instead implemented multiple modalities that made use of capital, expertise and time of government departments, private enterprises and CBOs. This new approach to delivering public services moved ideas from government to governance where urban government was expected to enable rather than control, to facilitate rather then interfere. Using data from three cities in Ghana (Accra, Kumasi and Tema), this paper demonstrates that as multiple modalities emerge, their management requires a strong regulatory and institutional capacity able to steer the process. This is where a new form of urban crisis emerges in African cities.

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1. Introduction

In the 1980s African cities were described as being in crisis following unprecedented urbanisation of poverty, increasing failure of governments to provide infrastructure services, the virtual collapse of local institutions and management, inability to attract new investment, lack of maintenance of existing public infrastructure services, and general deterioration of the living environment in the cities (Stren and White, 1989; Amin and Lloyd, 1990). In many African cities there were no new roads, street lights, refuse collection trucks or market infrastructure. Many researches showed that cities such as Nairobi (Obudho, 1997), Lagos, Benin City and Kaduna (Onibokun, 1989; Ogu, 1997; Kinshasha (Piermay, 1997); Abidjan (Attahi, 1991; Dubresson, 1997), etc. experienced serious deterioration of service infrastructure. For instance, refuse was not collected, and piles of decaying waste were allowed to rot in the streets; schools were overcrowded; urban roads deteriorated into quagmires during the raining season; choked drains and resultant floods; erratic electricity and water supply; failed telephone system; overcrowded housing; and more and more people lived in unserviced plots. One of the attributable causes of the infrastructure crisis was the fact that in many African cities, only the government was responsible for services provision. The public sector provided services with its labour, materials and equipment. It also had other objectives other than providing the services including using the institution to create jobs, satisfying political expediency and delivering a wide array of non-commercialised services and patronage.

Many analysts of African infrastructure crisis contended that without the discipline of competition and focus in objectives, the public bureaux that provided the infrastructure services developed lazy habits. Their workers had little incentive to innovate, control costs or deliver services effectively and efficiently. Dwindling public funds and general economic crisis further worsened these problems. Even where governments found the resources to operate, basic service delivery by the public sector was poor with large segments of the population remaining unserviced. The best way to improve according to the analysts was to change the way in which infrastructure and services were administered in Africa. For those on the ideological Right, privatisation was the only solution. For instance, according to the World Bank, the key task is to "manage infrastructure like a business, and not like a bureaucracy" (World Bank, 1994: 2). Private sector involvement in management, financing, ownership and operation will in most cases be needed to ensure a commercial orientation in infrastructure services provision. The neo-liberals call for “reinventing government” by inspiring a new entrepreneurial spirit (Hammer and Champy, 1993; Osborne and Gaebler, 1992; Barzelay, 1992). The neo-conservatives on the other hand proposed to shrink government, remove it from as many infrastructure programmes as possible, and turn the functions over to the private sector. Programmes that must remain in government’s hands should be contracted out, they argue (Farnham and Horton, 1993; Starks, 1991; Dilulio Jr, 1993).The consensus was that the private sector would make government infrastructure provision self-correcting in three ways: efficiency, cost minimisation and quality delivery.

However, Leonard (1987:902) suggests that African management requires solutions subtler than market. He argues that to propose market discipline as a cure is simply to call for the imposition of a new form of purposive rationality. According to Leonard,
Western management techniques are very intensive in their use of managers for analysis and supervision and are wholly grounded in concepts of formal economic rationality but both managers and economic rationality are in scarce supply in most African organisations. In using market approach the very politicians who in the past use their hierarchical position to reinforce behaviour which is inconsistent with organisational goals are now being asked to turn to the market. This typifying a wolf in sheep's skin. It only changes the type of client from bureau official to private entrepreneurs but does not change patronage and corrupt practices.

Notwithstanding, recent experience in infrastructure development in Africa indeed shows that changes are occurring in terms of who manages public infrastructure services in the cities. Although successes are unclear in many countries, governments’ roles have fundamentally changed from provider to enabler, with emphasis on the ability to act as regulators (monitoring service quality and ensuring equitable access), partners (contributing to project finance directly or through incentives and credits) and catalysts (providing incentives and streamlining procedures and regulations). The current wave of decentralisation and partnerships blowing through many African countries has provided the best channel for the participation of communities in the organised delivery of public infrastructure services and paved the way for the growing role of NGOs and CBOs. To obtain more understanding of the present trend where many actors deliver public services in Africa, there is a need for research to assess the effectiveness of this new approach. The case of delivering sanitation and solid waste (SSW) services in Ghanaian cities is scrutinised in this paper.

2. Strategies for improving Public Services Delivery in Africa

Public sector reform in Africa took many forms including total sale of public enterprises to private hands; creation of joint stock companies; the long-term lease of public infrastructure to private enterprises; the use of decision-making processes like contracting and bidding; internal replacement of coordination and authority with market mechanisms; incorporation of market incentives into the reward system for public officials, etc. Also some public bureaux which hitherto enjoyed monopolistic positions, were being split in order to separate their commercial, social, developmental, and regulatory roles. By the end of 1998, there were 3387 privatisation transactions worth US$7,352million across Africa, which according to the World Bank had brought about the following fundamental changes (World Bank, 2001:259):

- The fiscal burden of public enterprises has been reduced or eliminated.
- Privatisation receipts have contributed to a reduction in fiscal deficits.
- Privatisation has attracted foreign direct investment both to acquire enterprises and for post-privatisation investment in those businesses.
- The process has stimulated private sector development by making investment opportunities available, spurring capital market development, and contributing to a more competitive business environment.

Although in Africa privatisation was initially confined to industry, by early 1990 the policy had become pervasive and extended to all areas of public infrastructure like water supply, sanitation and solid waste services, roads and telecommunication, and other
utility services. As a result of this sweeping reform, accessibility to some basic public infrastructure services seems to have improved in many cities in Africa (see table 1).

Table 1: Accessibility of urban dwellers to two basic public infrastructure services

<table>
<thead>
<tr>
<th>Country</th>
<th>% of urban population with access to sanitation facilities 1985-90</th>
<th>% of urban population with access to sanitation facilities 1997</th>
<th>% of urban population with access to potable water supply 1985-90</th>
<th>% of urban population with access to potable water supply 1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burkina Faso</td>
<td>38</td>
<td>78</td>
<td>50</td>
<td>-</td>
</tr>
<tr>
<td>Ghana</td>
<td>47</td>
<td>61</td>
<td>57</td>
<td>70</td>
</tr>
<tr>
<td>Uganda</td>
<td>40</td>
<td>75</td>
<td>45</td>
<td>47</td>
</tr>
<tr>
<td>Nigeria</td>
<td>30</td>
<td>89</td>
<td>60</td>
<td>63</td>
</tr>
<tr>
<td>Sudan</td>
<td>20</td>
<td>85</td>
<td>49</td>
<td>66</td>
</tr>
<tr>
<td>Zambia</td>
<td>56</td>
<td>76</td>
<td>70</td>
<td>64</td>
</tr>
<tr>
<td>Niger</td>
<td>36</td>
<td>79</td>
<td>48</td>
<td>46</td>
</tr>
<tr>
<td>Senegal</td>
<td>-</td>
<td>83</td>
<td>63</td>
<td>82</td>
</tr>
<tr>
<td>Kenya</td>
<td>75</td>
<td>69</td>
<td>61</td>
<td>67</td>
</tr>
<tr>
<td>Côte d'Ivoire</td>
<td>-</td>
<td>59</td>
<td>30</td>
<td>59</td>
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Source: World Bank, 2001

As the public sector withdraws its role of direct services delivery to users, it assumes a new role as regulators of multiple agents. This new role requires the state institution to understand what makes the new system works. To understand the intricacies involved in using agents in public services delivery, Kettl asks that a series of questions must be answered that flow from the conflict-of-interest and the monitoring problems. These questions relate to defining the agent's job, choosing the contractor, selecting incentives and sanctions, monitoring performance, etc. (Kettl, 1993:24-29). This caution emanates from agency problems and the menace of shirking. Consequently, as regulators, the government institution is expected to have knowledge and experience in writing good contracts so as to regulate all the components it wants agents to deliver; what processes to use in order to obtain the right supplier; and to set goals and standards to measure what it has bought. A good contract clearly defines measurable outputs of service required of the agent and thus enables performance monitoring. A good contract also clearly defines the sanctions that are to be imposed for non-performance. This is what Kettl refers to as “smart buyer” capacity (Kettle, 1993:viii).

Adequate capacity will enable the government establish an enabling environment at all levels by enacting appropriate legislation and harmonising bye-laws governing the services. Adequate capacity will also ensure that contracts, leases, franchises etc. are clearly defined and awarded transparently and in such a way as to ensure active but fair competition among all agents. In addition, adequate capacity will ensure that the government enforces strong and effective supervisory, licensing and performance measurement systems. It is also important for government to have the capacity to monitor closely the internal cost of agents’ operation including the full cost of replacing capital equipment so as to ensure the fixing of realistic and economically viable contract prices and user fees. As the government contracts to agents, they should have the capacity to monitor their transaction costs so that they do not over-run the benefit of regulatory exchange. Since in dealing with agents local government (LG) bears many risks including contract management problems, public opposition, monopoly behaviour by the
agent and their inefficiency, only an effective government can facilitate and regulate the use of multiple modalities in service delivery without jeopardising public interest. Better regulatory capacity will also ensure realisation of other benefits of multiple modalities. According to Helmsing, government and to be more specific LG will be called upon to “run less but manage better and differently” (Helmsing, 2000).

3. Implementing Multiple Modalities: The Ghanaian Experience of Contracting Sanitation and Solid Waste (SSW) Services to Agents

In Ghana, sanitation and solid waste services is the responsibility of the LG. With worsened economic conditions in the early 1980s, there were insufficient funds for the acquisition of capital equipment resulting in regular breakdown of vehicles, plant and other equipment. Coupled with unmotivated personnel, inappropriate management organisation, poor attitude to waste practices by residents, the capacity of LGs to deliver service badly deteriorated. The situation reached a crisis level in 1985 (Bennel et al., 1993: 38; Colan Consult, 1995). In solid waste collection, about 82% of the population in the cities depended on few communal container disposal sites which were uncollected for weeks, while only 10% of the households had home collection. The rest of the population had no access to waste collection services at all and either dump their waste anywhere or buried or burned them in their backyard. Frequency of waste collection worsened to the extent that, it was not uncommon to observe residents create their own refuse dumps sometimes forming layers that stretched to the street. The conditions of public sanitation or latrines (PL) were an eyesore. Considering that about 60% of urban houses had no inner toilet, majority of residents had to resort to PL. As a result of poor management, Ghanaian cities were engulfed with filth, which became a threat to public health.

With the establishment of the Waste Management Department (WMD) in all the major cities in 1985 and funded by German Development Assistance (GTZ), the problem of waste management started to be tackled more seriously. To further improve services, there was the need for regular replacement of worn-out vehicles and equipment. Funds were required for capital and recurrent costs but beneficiaries did not pay appropriate service charges to the LGs. City authorities could not sustain the momentum to equip the WMDs to enable them operate satisfactorily. Collection of service charges from few wealthy and medium income neighbourhoods did not cover even half of the operational costs (Colan Consult, 1995: 35). In Accra, service coverage, which as a result of GTZ assistance had increased to about 80%, began to fall again. By early 1990 it had fallen to 45% because of limited financial resources to maintain the fleet of trucks (Colan Consult, 1995). Furthermore, apart from the financial problem, there was also managerial inefficiency and no effective monitoring of activities and cost. Solid waste collection and sanitation management became headaches for the city authorities as well as residents. Generally, the public saw the WMDs as inefficient and ineffective as bureaucracy weighed down their operation.

In the early 1990s, following the central government (CG) policy towards private sector led development in the economy, critics began to question the role of the LG as the actual deliver of SSW services. One alternative considered was the employment of private contractors. Although the provision of the service remained public responsibility for
delivery would be private. In 1990 some LGs took initiative and subsequently delegated the responsibility of SSW services in the cities to the private sector. Depending on contractual arrangements between the LG and the private agents, a number of modalities including contracting-out, franchising, open competition, leasing, build-own and operate (BOO) build-operate and transfer (BOT), rehabilitate-operate and transfer (ROT), affermage, etc. were implemented. The private agents involved in these modalities range from micro and small waste companies to large-scale local and international ones.

It was envisaged that in the short to medium term, LG would provide about 60% of the services with 40% being in the hands of private agents. The move from direct provision to regulation implied that LGs had to completely re-organise and reorient their management apparatus. In 1999, it was further projected by the Ministry of LG that 80% of solid waste and sanitation services were to be provided by the private sector on a competitive basis. LGs were to maintain a residual capacity to manage only 20% and make emergency intervention in the event of failures by the private sector (Zanu, 1999). In another dimension, LGs have also collaborated with CBOs in areas where both public and private sectors had been ineffective to deliver the services.

In Ghana the policy shift towards multiple modalities changed the mode of SWC in the cities. Figures 1 shows the pattern or modality of SWC in Accra since 1995.

![Fig. 1: Modality of SWC (Accra)](chart)

The modality of service delivery in Accra (fig. 1) shows that the size of SWC by WMD (public delivery) has fallen from about 78% in 1995 to less than 0.5% in 2000 while private delivery has risen from 10% in 1995 to about 97% by the year 2000. A small amount of waste is also collected by organisations such as CBOs, concerned citizens, prisons services, etc.

Generally, when it is possible to make a well-judged productivity comparisons between public and private programmes for similar goods and services, then the overall conclusion from a number of studies in various countries appears to be that private provision is more efficient than public provision, all other things being equal (Mueller,
In solid waste, one of the aims of inviting the private sector was to increase the volume of collection. Data from the three cities shows remarkable improvements here (see fig 2 & 3).

In Accra fig. 2 shows consistent increase in SWC with private sector participation. In 1997 when the biggest private company was contracted, collection almost doubled and has shown continuous improvement since then.

In Kumasi, under full capacity (when all equipment were in operation), the WMD as at July 2000 was able to collect at least 12,000 metric tons of waste generation for disposal (KMA-WMD, 2000). When the private sector was contracted in August, SWC took a dramatic turn (more than quadrupled, fig.3). It however fell sharply a month afterwards and achieved stability slightly higher than when SWC was in the hands of the WMD. Private sector participation has also introduced improved technology in service delivery. For instance the use of compaction trucks in SWC and water closet in PL is a recent
phenomena.

4. **Beyond Quantitative Improvement in Service Delivery**

Public sector reform and LG policy of multiple modalities involving private sector, CBOs and WMD in the delivery of SSW services have been in existence for at least a decade in Ghana, but only anecdotal evidence of success is portrayed without careful analysis of other results. Considering the remarkable increase in the volume of SWC, will it be correct to conclude that there has been success in the new approach? Other questions that demand answers are; what happened to quality of services delivery? What happened to cost savings? What happened to value for money? What happened to infusion of private capital? What happened to LG labour problems? What happened to risk sharing?

If public sector reform that introduced multiple modalities does produce cheaper, more efficient government, with high quality services and more effective programmes, and if it simultaneously enhances political control, free managers to manage, make government more transparent, then it is little wonder that the new approach will be widely trumpeted. Unfortunately, matters are not so simple. There is good deal of evidence that public sector reform can go awry if the fundamentals behind them are got wrong (Awortwi, 2002). For instance, when we discover that public sector reform and multiple modalities in services delivery seem to have changed only marginally the quantity and quality of services delivery at higher cost to public, we may wonder if this is what we want from the reform.

**Quality of Services Delivery by Types of Modality Choice**

The analysis of the report cards[^1] in the three cities shows that generally majority of users are dissatisfied with the quality. The results however show that the quality of services delivered by franchising, open competition and CBOs is generally higher than contracting-out and public delivery (WMD). This confirms assertion that unless a private operator is engaged with a clear link between the level of risk, quality of performance and payment received, high expectations in the literature about efficiency gains and value for money will be frustrated in reality. Operators of franchising and open competition cannot afford to perform badly because users will not honour their financial obligation. Furthermore, franchisees have more opportunities to deliver better services than contracting-out given that they operate mainly in medium to high class areas where willingness and ability to pay is high. The prospect to get more profit with better service delivery emanates from users’ consciousness to get value for their money. The implication is that the role play by users in exacting accountability and responsibility from providers is far more crucial in the determination of quality service than any number of public officers deploy to monitor. This probably explains why CBOs delivery scored better than contracting-out. The implication is that not all forms of private sector provision will deliver quality services to the public. Therefore neo-liberal policy of privatisation should carefully differentiate types of private sector modality and the conditions under which each delivers quality service.

[^1]: A total number of 1502 users were asked to assess the quality of services they receive from agents using report cards.
Cost Reduction and Value for Money

One of the arguments in support of private sector delivery of public services is reduction in cost to LG. However, the analysis shows that LG is now paying more for SWC than it used to. For instance, at the time of signing the biggest service contract in Accra (CCWL), the LG was paying its local agents €45,000 for a ton of SWC. After contracting-out, the LG pays a very high price (in fact 7.7 times higher) for the same unit of waste collected, which makes the contract cost ineffective. Not only is the LG paying a higher price but user fees in medium to high-class areas have more than tripled from €6,000-8,000 to €10,000-40,000 a month. Although many users admit that the quality of service delivery has improved slightly in some neighbourhoods, it is not comparable to the cost. While it may be true that motivation by reward is necessary to leverage efficiency gains, excessive profiteering by a private monopolist constitutes a genuine risk to the LG and the general public. Furthermore, the private agents did not bring in any substantial capital, experience or managerial expertise to service delivery. In fact in Accra and Kumasi, the private agents took over the assets of the LGs at the lowest risk level. Considering the fact that the amount the LGs are paying to the agents are disproportionate to the level of services delivered, all the contracting-out services are no more cost effective than traditional LG delivery. In fact in Accra and Kumasi, it made little economic sense for the LG to have contracted-out SWC because services have not been delivered more quickly and cheaply. This outcome is not unusual, as many researches have shown time and again that private sector delivery is not cheaper (Finbarr & Allen, 2001; Kettl, 1993). In Ghana, another dimension is that as the LGs are unable to pay the high cost of services delivery by agents they have relied on the CG subsidies and bailouts. This increased in funding by the CG is leading to a tightening of CG control over LG and sooner rather than later leads to a hollowing-out of local autonomy as the LGs are not in charge of their own services delivery.

Managerial Efficiency in Services Delivery

The transfer of service delivery from public to multiple modalities using market and entrepreneurial principles was expected to improve the managerial efficiency of LGs. However, in the three cities there is little to show that there has been any significant improvement in efficiency of LG personnel and managers. It has been business as usual as LG officers did not sign any performance contract, neither are their salaries depend on service improvement. Their regulatory capacities demonstrate little or no significant change from the pre-reform period. As service delivery was transferred to agents some of the WMD staff who were hitherto delivering services just assumed new role as monitoring officers. They did not receive any training. Furthermore, labour and attitudinal problems continue to hamper the LGs because the service bill that supposed to empower LG to hire high quality staff and fire incompetent ones is still gathering dust in parliament 10 years after the promulgation of LG Act 462. Besides, Mayors are appointed and not elected and as long as they can praise the President they care less about service delivery in localities. Users on their part have not looked at the quality of services and cast their votes to either elect or dispose off politicians. In fact the role of users and civil societies in influencing service delivery is minimal and corporate governance necessary in multiple modalities is absent.
Reducing the Size of Local Government to Improve Savings

Following the policy shift towards multiple modalities, it was expected that the workload and the size of labour force of the WMD will reduce. Keeping core staff to monitor the activities of agents was to be the focus. The findings show that although multiple modalities did succeed in trimming the WMD, the reduction was minimal and affected only some labourers, leaving the administrative personnel untouched. For example, in Kumasi, contracting-out total waste collection to private agent (KWML) succeeded only in transferring 55 out of a total of 268 personnel (20.7%). In the three cities, the LGs still keep a large number of personnel whose services are no longer needed. Instead of dispensing with their services and recruit new officers capable of regulating the new approach, the LGs are restricted by civil service rules on employment and dismissal, hence labour management problems continue to bog-down LG effectiveness and efficiency.

5. The Governance Crisis: The Capacity to Regulate Multiple Modalities

Market mechanisms and all that involve multiple modalities have their deficiencies. The outcome of Ghana's LG multiple modality in service delivery shows that private sector involvement does not, in itself, guarantee effectiveness and lower costs. This notwithstanding, we should not quickly jump to conclude that neo-liberal policy and new forms of public management and multiple modalities are failures. What we should question is whether the implementers of reforms have the technical capacity and political will to implement some of the "difficult" procedures of the new form of governance. This is where the problem of infrastructure provision in African cities has turned to new form of governance crisis involving the capacity to manage multiple modalities. However, the neo-liberals have focused on measuring the performance of organisations before and after they were privatised, disregarding what happens in between.

Contract Process and Open Competitive Bidding

Literature indicates that it is not so much the publicness or privateness of an activity that determines its efficiency and effectiveness but the prospect of competition. In principal-agent relationship, the use of short-term contracts is important to introducing competition among agents because renewal of contract will depend on previous performance rating. Furthermore, the process of awarding contract determines to some extent whether the principal will obtain value for money and whether the contract will provide incentives to private agent (World Bank, 1994:61). When properly implemented, it provides the instrument for LG to compare contractors’ proposals, information on the capacity of the agent to deliver and very importantly reduces risk of non-compliance by unreliable agents. However competitive bidding as conduits for awarding contract was not given any serious consideration in the entire contracts contrary to the ministry of LG stipulation (MLGRD, 1999). A systematic analysis of 15 SWC and 29 public sanitation (PL) contracts shows that award of contracts was largely based on agents connection with people in higher authorities than any process of competitive bidding. Crucial issues regarding open and competitive bidding, pre-qualification criteria, short term contract duration, etc. were not followed rigorously and sometimes not at all. Not that LG failed to adhere to many of the suggestions by agency theory but they also failed to incorporate the basic principles suggested in NPM approach in public sector reform. In the Ghanaian case, the evidence of LG applying theories remains rather thin. Far more decisions with
grave consequences were implemented based on the rush to reform rather than on hard suggestions by the theories. Considering the management capacity and capability of some of the agents, there is strong suspicion that some of the information submitted by the contractors might have been falsified or the whole evaluation and selection processes had not been genuine. In addition, the fact that those who were supposed to evaluate the contract process are themselves operating some of the public latrines as pseudo private people undermines the principle of arms’ length relationship. Apart from the fact that contracts did not go through competitive bidding, many of the private agents were given absolute monopoly power not because there were no other competitive agents but because of rent-seeking behaviour of LG officers. Instead of 2 year duration normally required for contracting-out agreement, service contracts in Accra and Tema were signed for incredibly 5 years. This sealed-off competition in the market for 5 years in a contract which the private agents brought insignificant assets and capital. In fact the issuance of contract is bedevilled with too much favouritism, cronism and nepotism.

Furthermore, the LGs although have legal advisors who could help them analyse the legal implication of contracts being awarded, the administrators hardly refer to them. The legal advisors most of the times are not official members of either the tendering board or the technical sub-committee that prepares contract. In fact many contract formulation is done by the administrators many of whom have no technical skills. In PL, the administrators just take an old agreement, which was designed about 20 years ago and replaces the names and addresses with the particulars of the new agent. Agreements are hardly modified to suite the present situation and demand. Issues regarding, operation and transfers of assets back to the LG are not clearly specified in the indentures to distinguish BOT, ROT and affermage. Letters of appointment to many of the agents do not state duration of contract. In cases where duration is stated it has been incredibly long, (25 years). For instance, in BOT and BOO, the LG only takes into consideration the leasehold period in land acquisition. In Ghana, this period is traditionally fixed at 99 years. The implication is that agents continue to operate the latrine in perpetuity. Many of the politicians (pseudo private) did not sign any contract with LGs to operate PL. Working on the basis of no written contract, the management of PL by these agents has for several times been arbitrary terminated. Many of the operators are aware of the insecurity of this kind of business and consequently do not invest much capital in the service. The administration of PL in the cities has been chaotic to the extent that in Kumasi politicians operate more than 70% of PL. The quality of services delivered by the politicians is the poorest among all the modalities. The reasons are that the politicians (assemblymen/pseudo private) did not make any capital investment in the form of rehabilitation or construction of new facility. They just took over LG assets and managed. There is therefore less motivation to recover sunk cost, hence less financial risk. Their efforts are only to recover operational cost and considering the fact that these people do not render accounts to any institution, they have no business to be efficient and effective. They are only in the business to exploit using their political position. The lower ranked civil servants (health inspectors) who are supposed to monitor are unable to do so because of power asymmetry resulting from their positions.

**Monitoring, Supervision and Sanctions**
To ensure that agents deliver a level of service that conforms to what the principal
prescribed, the agency theory suggests that monitoring and supervision be regular. This is because agents are always not to be trusted to provide every information regarding their activities to the principal. However, monitoring is only meaningful if performance indicators are explicitly stated in contract. With the exception of two contracts where clear performance indicators were set, in most of the contracts, provision for monitoring just stated that “the contractor shall allow the LG unimpeded access to its offices, records, and also inspect vehicles, and equipment, etc.” They did not make reference to specific issues that require monitoring thereby leaving the contractor with very loose targets. The items listed for monitoring are only input indicators rather than outputs which are the most important criteria to assess agents. In addition, the responsibility for supervising and monitoring contracting-out services in Accra and Kumasi was blurred, making mockery of the principle of arms’ length relationship. Considering the fact that in the two cities the LGs and private agents share common facilities (office building, staff, equipment, vehicles, computers, etc.) there was no clear delineation of LG responsibilities and the contractors’.

Furthermore, LGs could eliminate some of its agency problems if it invested more in mechanisms for information flow between service users, LG and agents concerning condition of service delivery in localities. Contrary, as reliance on contracting-out has grown, the LGs’ investment in such oversights has actually diminished. Not much resources, material transfers and training are given to the outfit in charge of undertaking data collection. In Tema for instance, it took almost six months before the only broken motor cycle being used by the monitoring officers was repaired. In the absence of logistics not only do officers show indifference in monitoring but it also provides opportunity for the agents to get away with shoddy works.

In addition, a contract is expected to contain an explicit list of penalties that will be incurred in case the rules are not respected. The case studies show that many of the contracts have credible threats of sanctions that could have an impact, but they also show that non-complying firms are not penalised. In fact there is no record in any of the LGs to indicate that a contractor has ever been sanctioned according to the terms of the agreement. In Accra and Kumasi LGs have leased out all equipment to the private sector without keeping contingency capacity. The implication is that not only have they created private monopoly but also the agents continue to hold the two LGs hostage.

Conflict of Interest and Collusion

Many of the contract documents were kept in guarded secrecy but when they leaked out to the public, serious questions on conflict of interest were raised. The Chief Executive of Accra was a member of the Board of Directors of the biggest private agent that was awarded the contract. This shows a clear case of conflict of interest. Furthermore, none of the company’s directors had any experience or expertise in waste management for whatsoever. With the exception of the Canadian, all the Directors were known sympathisers of the then ruling political party. Apart from individual interest, the monopoly position given to many of the big companies violated the basic principles of competition and also affected the growth of domestic private sector. In terms of PL to ensure that operators do not present fictitious investment expenditure to the LG, it was
agreed that operators of ROT and BOT undertake minor repairs with prior approval of the LG and should be backed by official receipts. Nevertheless, obtaining a forged official receipt is not difficult so the operators are able to have their ways. In the Ghanaian case, may be it is not so much of inexperience or inadequate expertise that caused many of the disappointing results but the problem was simply greediness, corruption and collusion on the part of public officers aided by private rent seekers. Thus, while the beauty of private sector participation is that agents take on responsibility for operational issues, attention should focus more on how to deal with corrupt private enterprises and their collaborators in the public sector.

**Enactment of regulatory Bye-laws**

It is expected that as different modalities are structured to operate in the cities LG would be able to design bye-laws to incorporate different actors, their interests and rules for sanctioning if they failed in their corporate responsibilities. Yet, the bye-laws which are supposed to be localised yet consistent with the National Environmental Sanitation Policy are not comprehensive to deal with all stakeholders (LG, agents and CBOs). In the three cities, LG bye-laws are designed to emphasise more on indiscriminate waste disposal by users as if they are the only stakeholders who flout the laws. No mention is made of LG or agents obligations to users or possible sanctions if they failed. The reason being that LG cannot set tight bye-laws, which they know they can not honour. The lack of sanitation courts in any of the cities seems to be another contributing factor that holds back strict enforcement of sanitation crimes.

**Disenfranchised Clients: The Role of Users and CBOs in Multiple Modality**

It is expected that reforms and multiple modalities will provide opportunities for users to participate in paying for the cost of service delivery. The case studies from CBOs delivery show that reaching consensus on user needs often leads to infrastructure that is lower in cost and less technologically. It also shows that even poorer households would prefer to pay a reasonable bill for SWC. However, in the three cities users of contracted-out services have very little influence on what they receive, and are not recognised as clients because most do not pay directly. Instead of putting users at the centre of service management, their important roles have been ignored. One contributing factor to this problem is that the Ghanaian culture has traditionally being not to question authorities. Hence many residents in low income areas have developed apathy and do not question poor services delivery by providers. The offshoot of this culture of silence is that consumer society is poorly developed in Ghana. In fact, they do not exist at all.

Furthermore, sustainability of a community scheme in SSW will depend very much on active participation of households and community members, which also hinges on availability of sustainable structures at the community level that support participation. A critical review of the community structures shows that the unit committees that were supposed to be the basic framework to mobilise people are still not in place and the likelihood that the current participation by some CBOs in SWC will fizzle-out sooner than later as happened in the past. Besides, LGs have not also supported the development of CBOs by way of formally contracting-out services delivery to them. The reason being that LGs over the years have believed in conventional ways of services delivery. For
instance, the use of donkey cart, push trucks, tractors, etc. in SWC by CBOs is seen as old and unconventional means, which should not be supported. And since there is no strict policy to ensure that LG contract-out services to CBOs even in the poor neighbourhoods where public and private services are not reached, support to CBOs are based on discretion of Mayors. Consequently, the contribution by CBOs in SWC has relied more on collaboration than formal contracting-out services.

**Promotion of Good Governance**

Multiple modality represents devolution of power insofar as responsibility for the key areas of governance is shifted from CG to LG, and from LG to a wider range of local actors. In traditional public administration, the basic players are elected officials, administrators, and citizens. With the addition of agents, the players increased to four. According to Johnston this means that “the number of relationships had doubled and the complexity has increased exponentially” (Johnston, 1986: 550). When properly implemented, the introduction of multiple actors will diffuse power and information to the extent that no single actor is able to dominate decision-making. In contrast to this suggestion, the research found that multiple modalities instead provide a new means through which the power of CG and powerful private individuals is exercised. For instance, it was expected that with decentralisation of powers, LGs would have a stronger mandate to act but the analysis shows that the Ministry of LG and Mayors wield substantial powers to influence any contractual agreement. Second, as technical personnel in charge of SSW management, many of the public officers (one out of three) have not seen copies of the contract documents their outfits have signed with their agents as they are kept under guarded secrecy.

Another area where there is lack of transparency and accountability is the transfer of CG financial support to some LGs for the purposes of SWC. For instance, the research revealed that between October and December 2000 a total amount of €10.3b was transferred from the CG in three separate cheques to the LG in Kumasi for SWC. This amount was deposited in an account outside the control of the city authority, ostensibly to avoid misapplication. Considering that the amount was transferred during the heat of political campaign and that the government at that time was loosing power, some officers at the Ministry of LG alleged that part of the money was used for party politics. The confirmation by city's finance officers that they have no control over the use of the money shows lack of transparency and possible corruption.

**6 The effects of socio-cultural and political factors of African public management**

In trying to understand the causes of reform failures, many analysts posit that contemporary African economies posses features incompatible with or remote from those that Weber identified as typifying modern economies. That the institutional conditions that exists in industrialised world do not exists in African environment: strong political and bureaucratic institutions (with strong leadership commitment, well-established traditions of transparency, accountability, and honesty), abundant human capacity, etc. They argue that African public administration is not amenable to management methods that are based on Western conception of rationality (Hyden, 1973, 1983; Collins, 1980) because of its unique political and cultural environment.
In Africa, the widespread existence of personalism and extended family system result in significant loyalties toward one’s family, tribe and friends. Such loyalties are at the expense of loyalty to the state, for they often require the contravention of rules and regulations. Such norms often determine, for example, who gets jobs, who gets promoted, who gets government contracts, etc. They breed favouritism and the creation of corrupt social networks within the administrative system. (Prah, 1993; Hope 1987). According to Ngouo (2000), no responsible approach to carry out reforms can possibly side-step these cultural aspects in Africa while Leonard also indicated that any simple attempt to transfer Western managerial technologies is likely to end in failure (Leonard, 1987:908). Some even argue that the concept of public interest is only beginning to emerge in Africa (Montgomery, 1987:917). In addition, the patrimonial system intimidates the citizens and creates a situation in which both the citizens and officials have a distorted perception of public service and public servants – the latter are to be served and courted by the public rather than the other way round (Olowu, 1998:615). Public officials have no fear of being held accountable for their actions. They disobey rules and directives and they display a considerable knack for disregarding their responsibilities. In other words, they tend not to exhibit a public service ethos (Hope, 1997:94). Officials hold power and office formally, but the distinction between public trust and private gain is often blurred. In the Weberian sense office is privatised.

Contrary to many of these persuasive arguments, a decade and a half years have passed to hold some of these conclusions. So many things have changed in Africa which makes the application of universal principles valid. There are clear observations that the theoretical principles underlying and explaining organisational behaviour in New Zealand, the UK, Australia, etc. are universal and applicable to Africa. In general, changes in governance in many African countries would have many unexpected results as happened and continue to happen in Europe and elsewhere in the developed world. None of the socio-cultural, political and institutional factors is good reason to suggest that reforms should or cannot be undertaken in African public administration or they will automatically produce poor results. What the Ghanaian findings do suggest is that efficacy of reform calls for changes in the behaviour of actors more than suggestion for an African way of organisational management. We certainly have no knowledge of the type of reform, which will be suitable for Africa only and we will certainly not know. We can however be reasonably certain that a combination of universal organisational theory and the sociology of Africa will be necessary but this need not be over-stretched because we also know that some African public organisations (South Africa and Botswana) are performing much better than others.

Given the patrimonial style of leadership that exists in most African countries, it is expected that there would be very serious institutional weaknesses. The challenge is how to implement public-sector reform to bring all institutions into good governance as prevail elsewhere in the developed world. When institutions are weak, there is limited implementation capacity. In such circumstance, any benefit from reforms also remains elusive. Several years of state domination of means of development and frequent military intervention have undermined the development of the bureaucratic capacity and
effectiveness of the state to develop the basic rules of the game but this does not suggest that African institutions cannot be reformed. Although institutional change can be a complicated and a lengthy process, the relative success would be a function of the commitment that the political leadership would take. Montgomery’s research reveals that there is no hard evidence to suggest that African institutions are very resistant to change (1987:924). Therefore, private sector participation in public sector activities can be made a viable alternative. What ought to be done is the establishment of an enabling socio-economic and political environment capable of regulating the new approach. Many of the findings of the research confirms Dzorgbo's analysis of the challenges of governance, economic management and institution building in Ghana which indicate that without the development of enabling environment, private sector participation becomes merely a means for the government to use its power to channel resources into the pockets of its own members and their associates acting in private capital (Dzorgbo, 2001:339).

The kind of changes that African public administrative system needs is strong institutions that make public services directly accountable to the people. Many analysts advocate for the introduction of citizens charter like the one in UK and elsewhere which spells out the expectation that citizens could have from specific public service and indicators of performance (Olowu, 1998:620; Pycroft, 2000:156). Some also suggest the creation and strengthening of public complaint commissions and giving them broad powers to ensure compliance. Another viable option for loosening the constraints imposed by a patrimonial political system is institutional pluralism. These proposals notwithstanding, institutions can only work when individuals have inculcated moral obligations to accept their decisions. The rule of law, third party regulation, principal's commitment to contractual procedures, and agents opportunism including collusion and stealing are all subject to how institutions are accepted and made to work.

7. **Conclusion**

In this paper, we have shown that the principles which underlie, public sector reform and the market prescription substitute one set of problems, revolving around conflict of interest, with government’s own problems of regulatory capacity. We have also shown that multiple modalities involving the market do not in themselves guarantee effectiveness and lower costs. What we have argued is that as LGs transfer responsibility of delivering public services to agents, it must become a smart regulator able to steer the delivery process to promote good quality service, expand coverage and ensure value for money. For this to be successful, the bureaucratic machine needs to be improved first. This is where many neo-liberal policy advocates have not done much. Although multiple modality can be a valuable part of governance mix, if the government does not develop its capacity to act as a smart buyer, it incurs costs of inefficient and ineffective programmes. Although the findings are not indicative of complete failures of multiple modalities, they do suggest that in Ghana and many African countries the state needs to go back to the basics and retrain many bureaucrats to become smart regulators. In fact, it is disappointing to say that two decades of reforms have done little to improve the quest for improved services delivery in the cities not because our socio-cultural and political environment cannot adapt but because we have failed to reform intelligently.
References


