



**ST.MARY'S UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**

**PUBLIC-PRIVATE PARTNERSHIP FOR SUSTAINABLE  
TOURISM DEVELOPEMNT IN ETHIOPIA: PRACTICES,  
CONSTRAINTS AND PROSPECTS**

**BY**

**GEBREEGZIABHER AREGAWI**

**ADVISOR:**

**WUBSHET BEKALU (PhD)**

**JULY, 2015**

**ADDIS ABABA**

**PUBLIC-PRIVATE PARTNERSHIP FOR SUSTAINABLE  
TOURISM DEVELOPEMNT IN ETHIOPIA: PRACTICES,  
CONSTRAINTS AND PROSPECTS**

**BY**

**GEBREEGZIABHER AREGAWI**

**A THESIS SUBMITTED TO ST.MARTY'S UNIVERSITY, SCHOOL OF  
GRADUATE STUDIES IN PARTIAL FULLFILMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS  
ADMINISTRATION (GENERAL MBA)**

**JULY, 2015**

**ADDIS ABABA**

**ST.MARY'S UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**

**PUBLIC-PRIVATE PARTNERSHIP FOR SUSTAINABLE TOURISM  
DEVELOPEMNT IN ETHIOPIA: PRACTICES, CONSTRAINTS AND  
PROSPECTS**

**BY**

**GEBREEGZIABHER AREGAWI**

**APPROVED BY BOARD OF EXAMINERS**

\_\_\_\_\_  
Dean, Graduate Studies

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Advisor

\_\_\_\_\_  
Signature

\_\_\_\_\_  
External Examiner

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Internal Examiner

\_\_\_\_\_  
Signature

## DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of **Dr. Wubshet Bekalu**. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full in any higher learning institution for the purpose of earning any degree.

---

Name

---

Signature

St. Mary's University, Addis Ababa

July, 2015

## **ENDORSEMENT**

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

---

Advisor

---

Signature

**St. Mary's University, Addis Ababa**

**July, 2015**

# Table of Contents

<b>TABLE OF CONTENTS</b> .....	<b>i</b>
<b>ACKNOWLEDGEMENTS</b> .....	<b>iii</b>
<b>Acronyms</b> .....	<b>iv</b>
<b>List of Tables</b> .....	<b>vi</b>
<b>List of Figures</b> .....	<b>vii</b>
<b>Abstract</b> .....	<b>viii</b>
<b>CHAPTER ONE: INTRODUCTION</b> .....	<b>1</b>
1.1. BACKGROUND OF THE STUDY .....	1
1.2. STATEMENT OF THE PROBLEM .....	4
1.3. RESEARCH QUESTIONS .....	6
1.4. OBJECTIVE OF THE STUDY .....	6
1.4.1. <i>Main Objective</i> .....	6
1.4.2. <i>Specific Objectives</i> .....	6
1.5. SIGNIFICANCE OF THE STUDY .....	6
1.6. DEFINITION OF TERMS .....	7
1.7. SCOPE OF THE STUDY .....	7
1.8. ORGANIZATION OF THE STUDY .....	7
<b>CHAPTER TWO: REVIEW OF RELATED LITERATURE</b> .....	<b>8</b>
2.1. REVIEW OF THEORETICAL LITERATURE.....	8
2.1.1. <i>Public-Private Partnership</i> .....	8
2.1.2. <i>Approaches in Public-Private Partnership Literature</i> .....	10
2.1.3. <i>Public-Private Partnership as Development approach</i> .....	12
2.1.4. <i>Sustainable Tourism Development</i> .....	14
2.1.5. <i>Public-Private Partnership for Tourism Development</i> .....	16
2.2. REVIEW OF EMPIRICAL LITERATURE .....	17
2.2.1. <i>Public-Private Partnership for Tourism Development in Selected Developing Countries</i> .....	17
2.1.3. <i>Public-Private partnership endeavors for Tourism Development in Ethiopia</i> .....	25
2.2. CONCEPTUAL FRAMEWORK OF THE STUDY .....	30
<b>CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY</b> .....	<b>33</b>
3.1. INTRODUCTION .....	33
3.2. RESEARCH DESIGN AND APPROACH .....	33
3.3. TYPE OF DATA .....	34
3.4. SOURCE OF DATA .....	35
3.4.1. <i>Primary Data</i> .....	35
3.4.2. <i>Secondary Data</i> .....	36
3.5. DATA CAPTURING METHODS AND INSTRUMENTS.....	37
3.6. SAMPLE DESIGN, TECHNIQUE AND SIZE .....	38
3.7. DATA ANALYSIS METHOD .....	39
3.8. VALIDITY AND RELIABILITY .....	40
3.9. ETHICAL CONSIDERATIONS .....	40
<b>CHAPTER FOUR: RESULTS AND DISCUSSION</b> .....	<b>41</b>
4.1. INTRODUCTION .....	41
4.2. DEMOGRAPHIC PROFILE OF RESPONDENTS .....	41
4.3. EXPERIENCES OF DEVELOPING COUNTRIES ON PPPs FOR SUSTAINABLE TOURISM DEVELOPMENT .....	44

4.4. CURRENT PRACTICES OF PPP FOR SUSTAINABLE TOURISM DEVELOPMENT IN ETHIOPIA .....	47
4.5. POTENTIAL OF PPP FOR SUSTAINABLE TOURISM DEVELOPMENT IN ETHIOPIA .....	48
4.6. CONSTRAINTS OF PPP FOR SUSTAINABLE TOURISM DEVELOPMENT IN ETHIOPIA .....	50
4.7. PROSPECTS OF PPP FOR SUSTAINABLE TOURISM DEVELOPMENT IN ETHIOPIA .....	51
<b>CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....</b>	<b>53</b>
5.1. SUMMARY.....	53
5.2. CONCLUSIONS.....	56
5.3. RECOMMENDATIONS.....	57
REFERENCES .....	59
APPENDIX-A-SEMI-STRUCTURED INTERVIEW GUIDELINE .....	62
APPENDIX-B-LIST OF RESPONDENTS, AND THEIR INSTITUTION AND POSITION .....	65
APPENDIX-C- ILLUSTRATION OF CRITERIA BASED SELECTION OF RELEVANT DEVELOPING COUNTRIES FOR EMPIRICAL REVIEW .....	67

## ACKNOWLEDGEMENTS

It is with great pleasure that I acknowledge the guidance, comment, understanding and patience of my Thesis Advisor **Dr. Wubshet Bekalu**, his assistance was very vital to finalize this research report. I am grateful to his encouragement and prompt professional comments.

I would like also to thank all my respondents to my interview for providing me valuable information, share their views and opinions openly. Had it not been for their support and information, this report wouldn't have been realized.

Finally heartfelt gratitude goes to staffs of Ministry of Culture and Tourism, Ethiopian Sustainable Tourism Development Project and Ethiopian Tourism Organization, and Ethiopian Investment Commission for availing to me valuable documents to my study and their unreserved support during my study.



## **Acronyms**

AACCSA	Addis Ababa Chamber of Commerce and Sectoral Associations
BMD	Business Management Dynamics
BO	Built-Operate
BOOT	Build-Own-Operate and Transfer
BOT	Build-Own-Operate
CICP	Chumbe Island Coral Park
ETO	Ethiopian Tourism Organization
EWCA	Ethiopian Wildlife Conservation Authority
FDRE	Federal Democratic Republic of Ethiopia
GDIE	General Directorate of Investment and Establishments
GDP	Gross Domestic Product
GIZ	German Agency for International Cooperation
GTP	Growth and Transformation Plan
IJSR	International Journal of Science and Research
JICA	Japan International Cooperation Agency
MoCT	Ministry of Culture and Tourism
MoFED	Ministry of Finance and Economic Development
NGO's	Non-governmental Organizations
PFI	Private Finance Initiative
PPF	Public-Private Forum
PPP	Public-Private Partnership
PSD	Private Sector Development
ROT	Rehabilitate-Operate and Transfer

RDP	Reconstruction and Development Programme
SANParks	South African National Parks
SSA	Sub-Saharan Africa
STMP	Sustainable Tourism Master Plan
TURSAM	Turkish Travel Agencies Association
UK	United Kingdom
UNESCO	United Nations Education, Science and Culture Organization
UNDP	United Nations Development Programme
UNWTO	United Nations World Tourism Organization
WB	World Bank
WEF	World Economic Forum
WTO	World Tourism Organization
WTTC	World Travel and Tourism Council

## List of Tables

Table 1: Public Procurement, Public-Private partnership and Privatization Continuum.....	9
Table 2: Ethiopia Tourism Growth Projections by 2025 .....	28
Table 3: Composition and size of sample population for semi-structure interview.....	39
Table 4: Number interview respondents and their institution .....	42
Table 5: Age category of respondents .....	43
Table 6: Educational level vs. work experience of respondents .....	43
Table 7: Summary of Practical experience of South Africa, Turkey and Tanzania as compare to Ethiopian Case .....	45

## **List of Figures**

Figure 1: Three levels of conditions for PPP adaptation as part of the development strategy .....	31
---	----

## Abstract

*Tourism is considered as a driver of economic development globally. It is complex sector that touches almost all other sectors in terms of strategy, institutional framework, and actual implementation. As a result sustainable tourism development needs huge investment whereby financing may become very difficult for developing countries with increased population that needs basic infrastructure and public service. PPP usually suggested as a viable model to finance tourism development where tourism projects are financed and operated through between government and one or more private sector companies. Considering its tourism resource base, Ethiopia is positioned at a top of the Sub-Saharan African countries along with South Africa with nine world heritage sites. It has also more 15 national parks and varied tourism endowments not register as world heritage site by the UNESCO. But its tourism development is at its initiating stage. On the other hand developing countries like South Africa, Turkey and Tanzania, who integrate PPP in to their tourism development strategies able to reach the upper tourism development stage, while the effort to develop the abundant tourism endowments of Ethiopia through PPP seems foggy with missed opportunity. This study adopted an exploratory research design using qualitative approach to get insight about the potential, practices, constraints and prospects of PPP for Tourism Development in Ethiopia. Relevant literatures were critically reviewed, practical experiences of selected developing countries were examined, and insight stimulating analyses were captured by interviewing purposively selected professionals and practitioners based on strategic, contextual and operational dimensions of PPP as development approach. The findings of the study indicate that though there are PPP initiatives by donor agencies, and as consultation forum by the government, PPP is not considered as development tool with practical collaborative arrangement whereby the government use the financial and technical resource of the private sector for sustainable tourism development. From strategic point of view, there is no PPP specific policy and strategy. In respect to the context of tourism sector, PPP is not integrated in to the Tourism Development Policy and subsequent long, medium, and short term strategies. Operationally, there is no PPP authority and PPP procurement laws that can guide adaptation and implementation of PPP tourism projects.*

**Key words:** *Privatization, Public-Private Partnership, Public Procurement, Sustainable Tourism Development, Tourism Development Stages, PPP Approaches, PPP Models*

# CHAPTER ONE: INTRODUCTION

## 1.1. Background of the Study

Tourism can be an important development tool if it is managed sustainably. The ever increasing numbers of tourism destinations worldwide have opened up opportunities for tourism investment, turning tourism in to a key driver of socio-economic progress through export revenues, the creation of jobs and enterprises, and infrastructure development. According to UNWTO (2014) report tourism has experienced continuous expansion and diversification over the past six decades.

*“Despite occasional shocks, international tourist arrivals have shown virtually uninterrupted growth-from 25 million in 1950 to 278 million in 1980,528 million in 1995, and 1087 million in 2013.”* (UNWTO, 2014, pp.2).

As stated above the increase in international tourist arrival has been more than double within the last 18 years since 1995 reaching a record of 1087 million. The long term forecast of UNWTO, 2014 indicates that the worldwide international tourist arrivals are expected to reach 1.8 billion by 2030.

With regard to economic contributions of tourism UNWTO, 2014 report indicates that Tourism contributes 9% of GDP with US\$1159 billion receipt from international tourism, 6% exports (US\$1.4 trillion), and 1 in 11 jobs globally in 2013. The World Bank report 2014 also indicates that;

*“Tourism is a \$3 billion a day business that creates 3.4 percent of the world’s jobs directly and 8.8 percent of all jobs when its combined direct, indirect, and induced impacts are calculated.”* (WB, 2014, pp.43).

The tourism sector in sub-Saharan countries is growing at a robust pace, supporting the balance of payments of many countries in the region. Data from the UNWTO (2014) confirms that international tourist arrivals in Sub-Saharan Africa grew by 5.2 percent in 2013, reaching a record of 36 million, up from 34 million in 2012, contributing to government revenue, private incomes, and employment.

In addition to direct contribution of tourism to national income and balance of payment, its multiplier effect and developing hard and soft infrastructure as indirect contribution has been critical in improving the overall economic competitiveness of a country.

A number of developing countries consider tourism as an agent for their overall development by designing policy, strategy and initiate programs and projects for tourism development. The World Bank (2014) argues that tourism development has its own stages categorized as Pre-emerging, potential/initiating, emerging/scaling up, and consolidating/deepening and sustaining success.

In pre-emerging stage countries that have been suffering from civil war and do not stabilize yet, the tourism sector cannot be developed until the safety and security of the local populations are maintained.

Countries initiating tourism need to follow a practical approach focused on their tourism endowments with highest potential. The World Bank (2014) report on experiences of Dominican Republic, Indonesia, Mexico and Turkey states that these countries focused on their scarce resources and market segments with highest growth potential to initiate tourism development. Success story of their first developments, with partnership of the public and private sector, and donor support, can encourage new investors to finance projects in other areas and carry the tourism to the next stage of development. The key strategic issues in initiating tourism development includes institutional, infrastructural, and policy foundations.

Another tourism development stage based on the World Bank (2014) report on African Tourism is scaling up tourism. This stage assumes that there is political support to the sector, airline access is secured, and land is available for development and then investment and destination promotion becomes critical to attract investors. The strategic issues pertinent in scaling up tourism development stage is planning destinations and incremental infrastructure, promoting investments and destinations, ensuring access to land and finance, and managing growth.

As a country's tourism sector grow and number of arrivals increased, it might be beyond carrying capacity of destinations. Therefore, there comes the fourth tourism development stage that is maintaining and deepening success. In this stage strategies are devised to distribute tourists in to different areas, and distribute arrivals more evenly during the calendar year to avoid saturation of destinations in pick tourist seasons.

Empirical studies reveal that a number of countries aspire for tourism development, and design policies, strategies, and initiate programs and projects, but very few countries that make strategic decision on the scale of their tourism development, sustainability of the sector and financing the tourism development has been successful.

Even though, the Sub-Saharan countries shows improvement in terms of increase in international tourist arrival and receipt in recent years, the level of tourism development is still immature. Many primary tourism endowments in Sub-Saharan countries are expensive to access, poorly managed, and deteriorating. Furthermore, numerous tour operators consider service standards to be particularly low in Sub-Saharan countries, resulting in a disappointing visitor perception of value for money. Even in well-known destinations in Sub-Saharan countries, public reinvestment in tourism attractions is often insufficient to maintain and improve attraction quality. Other tourism assets in Sub-Saharan countries are deteriorating or lie dormant due to lack of access, operational and management know-how, signage, marketing, or funding.

Ethiopia has abundant tourism endowment with nine world heritage sites register by UNESCO (first in Africa along with South Africa), but hosts only 596,341 international tourist with 607 million US\$ in 2012 based on the data obtained from MoCT statistical bulletin (2013) and UNWTO report (2014). This figure is by far low from south Africa which has nine world heritage sites like Ethiopia and attracts 8,339,400 international tourist arrival with US\$, millions 9,546.7 receipt from international tourist in 2011. Mauritius with two world heritage sites registered by UNESCO able to attract 964,600 international tourist arrival with US\$, millions 1,488.1 in 2011(WEF, 2013 pp.85-319).The World Economic Forum report on Travel and Tourism Competitiveness for 2013 also indicates that Ethiopia ranks 120<sup>th</sup> out of 140 countries worldwide and 17<sup>th</sup> from 31 Sub-Saharan countries. According to this report the main deficiencies of Ethiopia in Travel and Tourism Competitiveness are Travel and Tourism regulatory framework, and Business environment and infrastructure for Tourism Destination Development (WEF, 2013).

On the other hand the recently prepared Sustainable Tourism Master Plan (STMP) 2015-2025) has set a high target of 2.74 million international visitors by 2025. Based on this high growth scenario, receipts from international arrivals is projected to increase from a baseline of ETB 13.10 Billion in 2013 to ETB 59.72 billion in 2025, with the corresponding number of tourism related jobs expected to rise from 985,500 to 2.59 million.(MoCT,2014;pp.77)

Ethiopia has ample tourism asset and set ambitious targets, difficult to achieve in comparison to international tourism destination competitiveness trend. This paradox is resulted from lack of strategic decision making in relation to relevant scale of tourism development, addressing sustainability issue of the sector and financing tourism development.



Recently the Ethiopian government has established Tourism Transformation Council to oversee and guide tourism development and Ethiopian Tourism Organization as Executive Agency in addition to the existing Ministry of Culture and Tourism and initiate public private partnership dialogue. However, practical experiences of countries registered remarkable achievement in tourism development indicate that public-private partnerships go beyond consultation. The possible areas of public private partnerships in tourism include product development/enhancement, marketing and promotions, infrastructure development, and human resource development.

Consequently, this study will explore the potential, practice, constraints, and prospects of public private partnership for tourism development in Ethiopia based on practical experiences of other developing countries that use public private partnership approach for tourism development. The purpose is to get insight about the practice, potential, constraints and prospects of public- private partnership for tourism development in Ethiopia, and evoke attention of policy makers and researchers.

## **1.2. Statement of the Problem**

Tourism is complex sector that touches almost all other sectors in terms of framework, access and branding. It involves private sector development and employment, finance and insurance, real state, hotels, restaurants, and retail activities among others. Tourism development requires a high amount of investment in which financing may become impossible for developing countries with increasing population that needs basic infrastructure and public services. PPP usually suggested as a viable model to finance tourism development where tourism projects are financed and operated through a partnership between government and one or more private sector companies.

Though different countries consider PPP models for tourism development for varied reasons, most the developing countries consider it to produce a more efficient solution for financing and efficient service production. On the other hand, PPP models have been widely accepted in recent years by governments as compared to privatization to maintain their controls on service quality, continuity and prices in the tourism sector.

Considering the resource base of tourism among other sub-index of the Travel and Tourism Competitiveness Index, Ethiopia positioned at a Top of the Sub-Saharan African countries along with South Africa with nine world heritage sites.(WEF, 2013).It has also more than 15 national parks and varied tourism endowments not register as world heritage by the

UNESCO. But it hosts only 596,341 international tourist with 607 million US\$ in 2012 based on the data obtained from MoCT statistical bulletin (2013) and UNWTO report (2014). This figure is by far low from south Africa which has nine world heritage sites like Ethiopia and attracts 8,339,400 international tourist arrival with US\$, millions 9,546.7 receipt from international tourist in 2011. Even Mauritius with two world heritage sites registered by UNESCO able to attract 964,600 international tourist arrival with US\$, millions 1,488.1 in 2011(WEF, 2013 pp.85-319).

Thus it is obvious that Ethiopia can benefit from tourism development if it able to employ the relevant scale of tourism development, manage the sector sustainably and finance the tourism development. Currently, the country is engaged in development activities across all sectors with special attention on infrastructure investment which requires huge finance. As the case in other developing countries Ethiopia can use PPP for tourism development to produce a more efficient solution for financing and efficient service production. The possible areas of PPP in tourism include product development/enhancement, marketing and promotions, infrastructure development, and human resource development.

The concession policy enacted by the Ethiopian Wildlife Conservation Authority (EWCA) to attract impact investment inside the Bale Mountains National Park, and community tourism development through PPP in Semien Mountains National park and surroundings are the practical endeavors of PPP for tourism development in Ethiopia. Moreover, the Ethiopian government has established Tourism Transformation Council recently to oversee and guide tourism development and Ethiopian Tourism Organization as Executive Agency in addition to the existing Ministry of Culture and Tourism and initiate public-private dialogue.

However, practical experiences of countries registered remarkable achievement in tourism development through PPP indicates that PPP go beyond consultation and need nationwide coordinated effort with clear policy, strategies and implementation framework. On the contrary the effort to develop the abundant tourism endowments of Ethiopia through PPP seems foggy with missed opportunity for the country, paradox to its rich tourism asset as compare to other developing countries.

Hence, this study is devoted to explore the practice, potential, constraints, and prospects of PPP for tourism development in Ethiopia based on practical experiences of other developing countries that use PPP approach for tourism development.

## **1.3. Research Questions**

This study tries to address the following research questions:

- What are the experiences of developing countries on PPPs for Tourism Development?
- What are the current practices of PPPs on Tourism Sector in Ethiopia?
- What is the potential of PPPs for Tourism Development in Ethiopia?
- What are the constraints of PPPs for Tourism Development in Ethiopia?
- What are the prospects of PPPs for Tourism Development in Ethiopia?

## **1.4. Objective of the Study**

### **1.4.1. Main Objective**

The main objective of the study is to get insight about the potential, practices, constraints and prospects of public private partnership for Tourism Development in Ethiopia.

### **1.4.2. Specific Objectives**

The specific objectives of the study include:

- To examine experience of developing countries on PPPs for Tourism development
- To explore the potential of PPPs for Tourism development in Ethiopia
- To explore the current practices of PPPs for Tourism Development in Ethiopia
- To explore the constraints of PPPs for Tourism Development in Ethiopia
- To explore the prospects of PPPs for Tourism Development in Ethiopia

## **1.5. Significance of the Study**

Empirical studies and reports of international development partners indicate that developing countries that adopt and implement PPP approach able to achieve remarkable success in tourism development. However, it is irony that Ethiopia with its abundant tourism resources did not able to utilize its tourism for development mainly due to lack of infrastructure and service quality relevant to the tourism sector. Adaptation and implementation of PPP can be efficient solution for financing and efficient service production to fine-tune the current initiatives of the government and partners. Therefore, exploring the potential, constraints and prospects of PPP for tourism development in Ethiopia is timely endeavor, and will have the following practical significance:

- To provide insight to decision makers and partners on the potential ,constraints and prospects of PPP, and evoke adopting and implementation of PPP for tourism development
- To shed light for further research on potential, constraints and prospects of PPP for tourism development

## **1.6. Definition of Terms**

The definition of key terms in this study includes:

- Privatization: transferring a public service or facility to the private sector with ownership (Islam, 2012).
- Public-Private Partnership: a collaborative arrangement between government or the public sector, and a private entity for better provision of public infrastructure and services (UNDP, 2015).
- Public Procurement: supply of works, goods or services by the private sector as defined by the public authority (Islam, 2012).
- Sustainable Tourism Development: tourism development that takes full account of its current and future economic, social, and environmental impact, addressing the needs of visitors, the industry, the environment and the host community (UNWTO,2013).

## **1.7. Scope of the Study**

The scope of the study is to explore the potential, constraints and prospects of ppp for tourism development in the context of Ethiopia. The study is limited to qualitative approach and purposive sampling. The focus were on obtaining deep understanding of the potential, constraint and prospects of ppp for tourism development based on content analysis of relevant literature, examination of practical experiences and analysis of insight stimulating examples.

## **1.8. Organization of the Study**

The study is organized under five chapters. Chapter one deals with the introductory part, chapter two is devoted to review of related literature (both theoretical and empirical), chapter three depicts the research design and methodology. Chapter four includes analysis and discussion of findings while chapter five deals with the summary, conclusion and recommendations.

# CHAPTER TWO: REVIEW OF RELATED LITERATURE

## 2.1. Review of Theoretical Literature

### 2.1.1. Public-Private Partnership

Review of academic literature indicates that the concept of public-private partnership is an unclear term with different meaning in various sectors and circumstances. As quoted by Peterson public-private partnership deals with:

*“Co-operation of some sort of durability between public and private actors in which they jointly develop products and services and share risks, cost and resources which are connected with these products”* (Peterson, 2011, pp-14).

The definition above is broad which holds variety of arrangements between public and private sector actors. Policy practices also views public-private partnership as a central concept for a broad range of public-private arrangements. For further clarification scholars divide the term public-private partnership in to economic and social type partnership. According to Peterson economic partnership entails projects where a private sector entity contracts with the public sector to take on the responsibility to design, finance, build, operate and maintain over a long-term period. On the other hand social partnership refers to a softer and somewhat less formalized partnership like issue networks and policy communities. The scope of this study is to deal with the economic partnership.

Public-private partnership is different from both full privatization and public procurement. Public procurement and full privatization lie at the opposite ends of public-private partnership defined by continuum of service obligations imposed and ultimate ownership of assets as illustrated by Islam (2012) in the following table.

**Table 1: Public Procurement, Public-Private partnership and Privatization Continuum**

	<b>Public Procurement</b>	<b>Public-private Partnership</b>	<b>Privatization</b>
<b>Definition</b>	Supply by the private sector of works, goods or service as defined by the public authority.	PPP introduce private sector efficiencies into public service by means of a long-term contractual arrangement. They secure all or part of the public service, call upon private funding and private sector know-how	Privatization means transferring a public service or facility to the private sector, usually with ownership, for it to be managed in accordance with market forces and within a defined framework.
<b>Main Features</b>	<ul style="list-style-type: none"> <li>➤ Contracting authority establishes clearly what is to be built, how and by what means.</li> <li>➤ Invitations to tenders are accompanied by very detailed technical specifications regarding the type of work being procured.</li> <li>➤ The procurement process is short-term in nature and does not involve long-term occupancy of infrastructure assets, and thus does not lay emphasis on the operational phase of the project.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Contracting authority establishes the specifications of a project and leaves to the private sector the responsibility of proposing the best solution, subject to certain requirements.</li> <li>➤ Price is one of the many criteria in the evaluation of bids. A lot of emphasis is on the technical and financial capability of the bidder, financial arrangements proposed, and the reliability of technical solutions used.</li> <li>➤ Given the long duration of the concession period, emphasis is on the arrangements proposed for the operational phase.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Privatization authority prepares the divestment plan.</li> <li>➤ Involves transfer of ownership to the private sector.</li> <li>➤ Is generally a complex transaction with carefully designed contracts and a multi-stage competitive tender process?</li> <li>➤ Generally, the public sector withdraws form management of the entity on privatization.</li> <li>➤ Almost all risk is bone by the private sector.</li> </ul>

**Source:** Islam (2012), pp.9-10

### **2.1.2. Approaches in Public-Private Partnership Literature**

As the result of multifaceted use across sectors and circumstances the concept of PPP can be dealt with different approaches. Weihe (2006) argue that researchers shall use distinct approach to undertake study to avoid false statements about public-private partnership due to lack of conceptual clarity. He also advocates that at least there are five approaches in reviewing public-private partnership literature, namely a local regeneration approach, the policy approach, the infrastructure approach, the development approach, and the governance approach. Peterson (2011) on his part came up with seven approaches for public-private partnership literature by adopting the five approaches of Weihe (2006) each with empirical focus and /or theoretical assumptions. Peterson(2011) seven public-private partnership literature approach includes: a policy sector approach, a governance approach, a classification approach, a local regeneration approach, a third-world development approach, a financial infrastructure approach, and a historical approach. The writer of this thesis found that reviewing the five common approaches of public-private partnership very important to clearly identify the appropriate approach for the subject matter and its scope. Accordingly, the policy sector approach, the governance approach, the local regeneration approach, the development approach and the infrastructure approach will be reviewed in detail as follow:

#### ***The policy sector approach***

In this approach the definition of ppp is often broad which encompasses both informal and formal interaction between government, business and non-profit interest organizations within a given policy sector. It mainly focuses on describing and analyzing public-private constellations within a certain policy area (Weihe, 2006; Peterson, 2011).

#### ***The governance approach***

The governance approach to ppp covers a great variety of cooperative arrangements between the public and private sector. In this approach the concept of ppp is not analyzed in a specific context or specific policy sector, rather it approaches ppp's at all government level from governance perspective (Weihe, 2006). For Peterson (2011) the governance approach views PPP as shift from government to governance in which various actors at local, national and above-state levels need to collaborate to achieve joint decision-making. The governance approach deals with both

operational and the formation phases of the ppp's. In the operational level key issues like steering risks, formal contract structure, incentive systems, and financial rewards & payment systems are included. In the formation phase the focus is given to the various public and private actors and their strategic engagement in policy making within a broader institutional decision environment (Peterson, 2011).

### ***The local regeneration approach***

*“In the local regeneration approach the concept public-private partnerships refers to activities that apply private and public resources to perform specific tasks. Representatives of the public and the private sector establish an instrumental, calculative and more or less enduring relationship for mutual benefit.”* (Weihe 2006, pp.5).

In this approach partnerships are among the local governments and local businesses to enhance local development. It involves two or more partners as a minimum one of which is public, each participant is principal, partnerships are continuing relationships among the actors, each of the participants brings something to the partnership, and they share the responsibility for the outcomes.

### ***The development approach***

This approach refers to the PPP's initiated by international non-governmental organizations like the world bank, United Nation, Asian Development Bank and African Development Bank, and other national and international governmental and non-governmental actors involved in development programs and policies (Weihe, 2006). The world bank, Asian development bank and African development bank has public-private partnership Programs for development in their sphere of intervention. The main focus of this approach is ensuring sustainable development by eradicating poverty, combating corruption and social deprivation. It also tries to address environmental challenges and global disaster.

### ***The Infrastructure Approach***

This is the most prevalent approach in literature and policy documents. According to Peterson (2011) this approach has its roots from in the UK Private Finance Initiative (PFI), which was launched by the Conservative government in 1992 and subsequently adopted by the Labor government as Public-Private Partnerships. The Philippines Public-Private Partnership Center



defines the term Public-Private Partnership as “*a contractual agreement between the Government and a private firm targeted towards financing, designing, implementing and operating infrastructure facilities and services that were traditionally provided by the public sector.*”(2012,pp.4).

In the infrastructure approach the main intension of adopting and implementing Public-Private Partnerships is to address limited funding resources and inefficiency of public sector, so that implementation and provision of infrastructure is accelerated.

From the review of different approaches, the writer of this thesis understands that there is no comprehensive definition of public-private partnership. Rather the defining characteristics of the approaches are the contexts that they are put in. The literatures indicate that recognizing the different approaches of Public-Private Partnership, it becomes possible to gather important lessons within each approach.

As the main objective of this study is to get insight about the potential, practices, constraints and prospects of public private partnership for Tourism Development in Ethiopia, the write of this thesis found that appropriate public-private partnership approach is the development approach. Accordingly, the development approach of public-private partnership in tourism development in the context of Ethiopia is reviewed further in the forthcoming parts.

### **2.1.3. Public-Private Partnership as Development approach**

As stated by Weihe (2006) in the development approach, public-private partnership is viewed as a tool for development. It can be an entrepreneurial partnership at the local level or an infrastructure partnership with the involvement of various national and international governmental actors and non-governmental actors.

In line with the development approach, the United Nations Development Programme (UNDP) has been engaged in public-private partnership initiatives of developing countries. For the UNDP (2015) public-private partnership is a collaborative arrangement between government or the public sector, and a private entity for better provision of public infrastructure and services. The UNDP (2015) argues that the main goal of integrating Public-Private Partnerships into development strategies of developing countries is to build a society that improves the attainment

of values such as efficiency, equity, sustainability, and security. It further explains that an economy developing with a level of efficiency compatible with a sustainable pace, both private and public human activities organized and coordinated in a way that preserves the environment, and more particularly scarce and non-renewable natural resources, organized in a way that realizes a balanced society with a reasonable, acceptable, and improving level of equity, and security.

According to the UNDP (2015) there are some conditions that are expected to be fulfilled by a given country to adopt Public-Private Partnership as part of its development strategy. These conditions can be defined in three interrelated levels, namely: strategic, contextual and operational, each of them comprising a set of conditions or factors which have an impact on Public-private Partnerships.

The strategic level comprises two major components that influence adaptation and implementation of Public-Private Partnerships. The first component is the polity which refers to the involvement of think tanks, NGO's, as well as the political will of the leadership. The polity is expected to have access to the political decision-making process. The second component under the strategic level is public administration which includes important factor in adaptation and implementation of PPP, like transparency and accountability (UNDP, 2015).

The next level based on the (UNDP, 2015) is contextual level which entails the necessary conditions for the implementation of Public-Private Partnerships strategy. It incorporates the following contextual elements: the state of the development policy, availability and provision of infrastructure (electricity, transport and communication facilities), the awareness of partners (private, public and civil society) about Public-Private Partnerships, impact or support of international development partners, and favorability in terms of geographical location and natural resources.

Finally, we have the operational level which includes the legal and Institutional framework. These refers the rules governing the economy, private property, public procurement, contract law (and more specifically rules governing PPP), as well as the prevalence of Public-Private Partnerships dedicated institutions. It also comprises the competencies of private and international investors (UNDP, 2015).

Furthermore, the UNDP, 2015 suggests varies public-private partnerships models which are relevant for the development approach, namely: Service Contracts, Management Contracts,

Lease agreement, Franchise, Joint Venture, Concession, , BOT model, Build-own-operate -and-transfer scheme (BOOT), and Rehabilitate-operate and transfer (ROT)(2015,pp.6-8).

#### **2.1.4. Sustainable Tourism Development**

Many developing countries have made tourism priority in their national development policies, in order to develop tourism in a sustainable way and enhance local socio-economic impact from tourism. According to UNWTO (2013), sustainable tourism is defined as: “Tourism that *takes full account of its current and future economic, social, and environmental impact, addressing the needs of visitors, the industry, the environment and host communities.*”(pp.17).

Moreover, the UNWTO (2013) identified five pillars of sustainable tourism development, namely: Tourism Policy and Governance; Economic performance, investment and competitiveness; Employment, decent work and human capital; Poverty reduction and social inclusion; and Sustainability of the natural and cultural environment.

In line with this sustainable tourism development pillar countries can be categorized in different stages of tourism development. The World Bank (2014) has identified four stages of development, namely: i) pre-emerging, ii) potential/initiating tourism, iii) emerging/scaling up tourism, and iv) consolidating and sustaining success.

In pre-emerging stage countries that have been suffering from civil war and do not stabilize yet, the tourism sector cannot be developed until the safety and security of the local populations are maintained.

Countries initiating tourism need to follow a practical approach focused on their tourism endowments with highest potential. The World Bank (2014) report on experiences of Dominican Republic, Indonesia, Mexico and Turkey states that these countries focused on their scarce resources and market segments with highest growth potential to initiate tourism development. From practical experience of these countries this strategy can remove critical constraints pertaining to infrastructure, security, and skills usually faced in outset by investors who can play critical role in launching tourism destinations. Targeting areas with high potential can also enable destinations to focus promotion activities on the one or two iconic attractions to pilot key and delicate policy reforms for land and air transport, and to create appropriate institutions with coordinating mechanisms. Success story of such first developments, with partnership of the

public and private sector, and donor support, can encourage new investors to finance projects in other areas and carry the tourism to the next stage of development. The key strategic issues in initiating tourism development includes institutional, infrastructural, and policy foundations.

Another tourism development stage based on the World Bank (2014) report on African Tourism is scaling up tourism. This stage assumes that there is political support to the sector, airline access is secure, and land is available for development and then investment and destination promotion becomes critical to attract investors. Destination promotion involves conducting marketing campaigns, building source-market awareness, and enhancing a positive image whereas promoting investment providing information that can build confidence and make more efficient the investment process. Currently, a number of countries declare they established a one-stop shop where investors can find a centralized information and guidance for investors. Based on the World Economic Forum (2013) World Travel and Tourism Competitiveness Index Mauritius has become a world leader in providing one stop shop service to investors in the tourism sector.

It is also common practice to hold professional investment conferences around the world as investment promotion, with participation of government investment agencies, investors, lenders, insurance companies, and other financial institutions to meet, network, and discuss topics of interest. The strategic issues pertinent in scaling up tourism development stage is planning destinations and incremental infrastructure, promoting investments and destinations, ensuring access to land and finance, and managing growth.

As a country's tourism sector grows and number of arrivals increased, it might be beyond carrying capacity of destinations. Therefore, there comes the fourth tourism development stage that is maintaining and deepening success. In this stage strategies are devised to disburse tourists in to different areas, and distribute arrivals more evenly during the calendar year to avoid saturation of destinations in peak tourist seasons. To substantiate with practical experiences of some countries we can cite the case of Tanzania, Dominican Republic, Turkey and Costa Rica as showcased by the World Bank (2014) report on African Tourism. The report states that the northern tourist circuit of Tanzania becomes overloaded and the country is working to create new areas in the south for tourism growth. The Dominican Republic has defined five major development areas located at the extremities of the country, far from the capital. Turkey has been successful in replicating the model of the South Antalya Project in various other destinations around the country. The Costa Rican case study best illustrates the successful management of

higher numbers of tourists by escalating already high standards and by focusing on its brand image of nature conservation, complemented by the introduction of “green” certification for hoteliers and service providers. As we can understand from the above experiences of different countries the strategic issue in this stage of tourism development is tourism development is diversifying, decentralizing, and adding value.

### **2.1.5. Public-Private Partnership for Tourism Development**

Tourism development is a multi-sector engagement which touches almost all other sectors and requires a high amount of investment. On the other hand it has been difficult for governments in developing countries to accomplish tourism development projects alone due to the financial constraints they face and other infrastructure and public service priorities. As a result some authors suggest public-private partnership as means of financing tourism development projects. Chowdhury and et.al (2013) state that,

*“New financial models are needed to make tourism investment possible through some ways of cooperation of governments and private companies. Public private partnership model is one of a number of ways of improving the tourism sector of a country.”*(pp.194).

S.Teker and D.Teker (2012) on their part also deals with the issue of financing tourism development through public-private partnership. They mention that tourism investments are not limited to hotel and entertainment constructions, but also include transport projects like improvement and modernization of airports, railroads, seaports. However, budget constraints make big tourism investments impossible in developing countries. As a result they suggest public private partnership as a new financing model to make tourism investments possible through some ways of cooperation between government and private companies.

*“Public-private partnerships (ppp) are arrangement between government and private sector companies for the purpose of jointly investing in projects such as construction or improvement of accommodation and entertainment facilities, airports, seaports and railroads. Such partnerships are characterized by investment amount, risk, responsibility and revenue between the partners.”* (S.Teker& D.Teker,2012.pp.5).

Generally, public-private partnership involves financing, design, construction, operation and maintenance of tourism investments. The underlining rational behind argued by these authors is

that public private partnership models consolidate the strengths of government and the private sector for providing more efficient service. Public-private partnerships can be attractive for both government and the private sector. For the government, private financing can support increased infrastructure investment without immediately adding to the government borrowing and debt, and can be a source of government revenue. Similarly, better management in the private sector, and its capacity to innovate, can lead to increased efficiency; this in turn should translate into a combination of better quality and lower cost services.

## **2.2. Review of Empirical Literature**

### **2.2.1. Public-Private Partnership for Tourism Development in Selected Developing Countries**

The tourism industry has two faces: one offers public goods such as infrastructure, historical monuments, national parks and museums; the other presents private goods and services such as hotels, entertainment & events, and manmade attractions. But PPPs can unite these two sides for the greater good, as the private sector's role complements the public sector's goals for development, growth, and effectiveness (Hawkins, 2014).

Smith (2011) states, that private sector participation in sustainable tourism may occur in a wide array of activities. Among those with significance experience in private participation includes: Marketing and promotion, and Product development. Even though the public goods of the tourism industry are characteristically governmental in nature, private inputs are still valuable. On the other hand the private sector provides goods and services in the tourism industry, it will remain the government's responsibility to determine and approve tourism strategy, contract for major infrastructure projects, grant project approvals, permits and licenses, evaluate/monitor contracted services, approve payment for contracted services, and in certain instances to act as a regulator.

From the above explanation it seems obvious that PPP is a viable modality for tourism development. For further insight of experience of selected developing countries who adapted and implemented PPP for tourism development are reviewed. Practical cases of South Africa, Turkey and Tanzania are selected for review of empirical studies because of their relevance to Ethiopia in terms of tourism resource, stage of tourism development, contribution of tourism to overall development of each country, tourism policy & strategy, and their experience in

adaptation and implementation of PPP for tourism development (see Appendix-C for illustration of Selection criteria).

### ***2.2.1.1. Public-Private Partnership for Tourism Development in South Africa***

#### **Public-Private Partnership in General**

The South African National Treasury Public Finance Management Act (PFMA) 1999, which is also modified in 2005, clearly indicates PPP as procurement modality. Under the National Treasury PFMA, Treasury Regulation 16 describes PPP as a commercial transaction between an institution and a private party in terms of which the private party performs an institutional function on behalf of the institution; acquires the use of state property for its own commercial purposes; and assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property; and receives a benefit for performing the institutional function or from utilizing the state property( 2005,pp.43-44).

Further to the Treasury Regulation 16, the South African government has adopted the National Treasury PPP Practice Note Number 06 of 2004 to guide the procurement process in accordance to Public Finance Management Act, 1999.

The National Treasury PPP Practice Note Number 06 of 2004 which is indicated as applicable to all departments, constitutional institutions and public entities in South Africa, illustrates six phases in the PPP Project cycle. The six phases in PPP project cycle are; inception, feasibility study, procurement, development, delivery and exit (2004).

#### **Public-Private Partnership in Tourism Sector**

The South African government recognizes the potential tourism resource base of the country and adopts a tourism white paper in 1996 which provides a policy framework and guideline for tourism development. This guideline has been followed by implementing strategy and a number of actions.

The government of South Africa put tourism sector in the Reconstruction and Development Programme (RDP) which is a strategy of the government for fundamental transformation of the country.

*“The tourism industry, more than any other industry, can provide sturdy, effective and sustainable legs for the RDP to walk on.”(\_\_\_\_,1996,pp.18).*

The South African government considers tourism as an engine of growth, capable of dynamising and rejuvenating other sectors of the economy and shows its commitment through adopting strategies and implementing actions following the Tourism White Paper as guideline.

Recognizing availability of finance is critical for further growth and sustainable development of the tourism sector, the government of South Africa has been engaged in promoting partnerships between and among government, private sector and international development partners. Accordingly, National Treasury Public-Private Partnership Toolkit for Tourism Adopted and has been in places since 2005. The Toolkit defines PPP for its purpose as;

*“a contractual arrangement whereby a private party performs an institution’s functions, and/or makes use of state property for its own commercial purposes. The private party assumes substantial financial, technical and operational risks associated with those functions or the use of state property. In return, the private party receives a benefit according to pre-defined performance criteria. This benefit may be entirely from a service tariff or other user charges, an institution’s budget, or a combination of the two.”(2005; pp.2).*

According to the Toolkit (2005) typical tourism PPP product in South Africa includes: accommodation; food, beverage and retail; activity-based tourism; and heritage and culture (pp.4).

The Tourism PPP processes and approvals are similar to PPPs in other sectors. The National Treasury is the supreme body in the process and approval of PPPs. In fact, the National Treasury can delegate to Provisional Treasury. The National Treasury has established a dedicated PPP unit to provide technical assistance to institutions embarking on PPPs throughout the PPP project cycle, to help them achieve a quality PPP project and comply with Treasury Regulation, to recommend to National Treasury whether treasury approvals for the various phases in a PPP project cycle should be granted or declined, to develop and disseminate PPP policy, manuals, standardization and sectorial toolkits, to disseminate accurate and up-to-date information on PPP projects, and to build PPP capacity, confidence and integrity in South Africa’s PPP market. In case of Provincial Treasuries are delegated, the provincial treasuries will establish similar PPP units (2005; pp.4).



## **Practical Tourism PPP Project: Eco-tourism Concession in Kruger National Park, South Africa**

Even though PPP's in Eco-tourism are relatively new, South Africa has a number of projects in development, feasibility and procurement stages. The Eco-tourism Concession in Kruger National Park was depicted as PPP project for Nepad policy Focus by Peter Farlam (2005).

According to the assessment report of Peter Farlam (2005), South African National Parks (SANParks) signed a build-operate-transfer (BOT) concession with Nature's Group, a consortium formed to outsource management of 11 restaurants, two shops and three picnic sites in the Kruger National Park game reserve for just under 10 years in 2001. The consortium, which is made up of a technical partner, a financial partner and an empowerment partner, has the right to operate the facilities (including the right to use, design and construct) according to parameters provided by SANParks. In return, Nature's Group pays a monthly concession fee equivalent to approximately 13% of its turnover.

As indicated in the report a review of this PPP project in 2004 has demonstrated a number of positive and negative impacts. Positive impacts include a significant increase in SANParks' profit, the upgrading of restaurants and shops, and a crucial improvement in service and quality. On the negative side, there was initial staff resistance and although none of the staff lost their jobs in the changeover, they were initially unhappy about the new conditions of service which emphasized improved performance and strict control of stock. The technical partner in the consortium also lacked sufficient experience to operate effectively in the Kruger Park, which resulted in poor customer service in the first year. This led to SANParks exercising the breach of contract clause since 'the management of Nature's Group was not confirming to the concession agreement, operational standards, and service and product levels'. SANParks drew up a 12-point intervention Programme which Nature's Group had to address. This included finding a new technical partner, drawing up an operations manual, improving skills development and implementing an incentives Programme for staff. The outcome of this process was that 'the Managing Director of Nature's Group was replaced along with principal shareholders. Targets for rectifying the situation were set, many of which have already been met. (2005;pp.29-30).

The lesson from this PPP project includes:

- Successful PPPs require good transaction skills on the part of the public sector partner (including legal, financial, negotiation and industry specific skills) as well as an experienced service provider from the private sector.
- The project was attractive to the private operator since it represented a good business opportunity.
- Shifting the restaurants from a state to a private monopoly limited the impact competition could have had on prices and quality of service.
- A proper skills assessment of the staff prior to the contract, as well as knowledge of the ‘culture of stock theft’ amongst the staff would have alerted the private operator to increased operating risks.
- Strong commitment from SANParks, in the form of an intervention plan, saved the concession from potential failure. (2005; pp.30-31).

### ***2.2.1.2. Public-Private Partnership for Tourism Development in Turkey***

#### **Public-Private Partnership in General**

Tekien (2010), states that Turkey is one of the first countries in the world which develops its own PPP legislation. In 1984 the private sector involvement specifically in to power plants projects was allowed with the Law numbered 3096. But the first concrete step in the world to apply the PPP models has been taken in UK by establishing the “PFI-Private Finance Initiative” in the year 1992. Parallel to this, in Turkey has enacted in 1994 a general law for Built-Operate-Transfer (BOT), the Law number 3996, for different infrastructure areas like transportation, energy and water supply and treatment. On this legal basis, first implementations of PPP projects in Turkey came on agenda and several projects, mainly for electricity production, drinking water facilities have been realized as BOT and later as Built-Operate (BO) projects. In the energy sector, between 1995 and 2001, thirty power plants with a total capacity of 8500 MW – equaling nearly one fourth of Turkey’s power production capacity have been completed under the BOT and BO models(2010;pp.2).

Yilmaz, an attorney at Law describes the development of ppp legal framework “Although there is no cohesive legislation regulating the general rules and framework of Public-Private Sector Partnerships in Turkey, various Public-Private Sector Partnership models have been applied in

public service projects since 1980s. The Public-Private Sector Partnership models have been introduced in the system by way of a series of laws (2004; pp.1).

Turkey has established a PPP unit under technical guidance of Ministry of Finance which works with relevant stakeholders like state planning organization, treasury, public procurement agency, privatization administration, line ministries, and municipalities. The state planning organization, treasury, ministry of finance, and public procurement agency deals with macroeconomic planning, state guaranties, budgetary issues and supervising tenders respectively. While the privatization administration, line ministries and municipalities are in charge of implementation of PPP projects of different models (Tekin, 2010; pp.4-5).

### **Public-Private Partnership in Tourism Sector**

According to the Turkish Ministry of Culture and Tourism report entitles the role of Public-Private Partnership for the development of tourism sector(2014) ,since 2000 the state assumed a regulating and guiding role in tourism. In 2003, the Ministries of Culture and Tourism were re-merged and in this period, the government collaborated with the private sector to overcome difficulties that prevent development of tourism. In this respect, the “Law Amending the Law for the Encouragement of Tourism” (No. 4957) was enacted in 2003 with the aim of facilitating tourism investments and enterprises. The Law provided significant achievements especially in the planning of tourism sites and the allocation of public land for tourism in Turkey (2014.PP.9-12).

Activities of tourism planning, investment and licensing in tourism development in Turkey are carried out by the General Directorate of Investments and Establishments (GDIE) of the Ministry of Culture and Tourism. The Directorate’s tasks and responsibilities are defined by the “Law on the Organization and Duties of the Ministry of Culture and Tourism” (No. 4848).The GDIE has been carrying out its activities through public-private partnerships. In the examination of duties assigned to the GDIE by the Law No. 4848, it is deemed important that the GDIE develops policies in cooperation with the sector, audits establishments, provides useful and guiding information to the sector, collaborates with it at national and international level.(2014;pp.13).

Tourism Strategy of Turkey-2023 enumerates several opportunities for different type of tourism that can be compiled under the category of alternative tourism and developed through Public-private Partnership. Coastal tourism, health and thermal tourism, winter sports, mountain

climbing and layout tourism, adventure trips, plateau tourism and ecotourism, conference and expo tourism, cruise ship and yacht tourism and golf tourism are among the listed alternative in the strategy document(2007;pp.1).

### **Practical Tourism PPP Project: Istanbul Archaeological Museums Development**

The Turkish Ministry of Culture and Tourism signed an agreement with Turkish Travel Agencies Association (TURSAM) on 12 February 2009, to develop and manage Istanbul Archaeological Museums for period of eight years. In the partnership TURSAB was responsible for establishment of a conservation laboratory, updating of security systems, formation of a digital archive, installation of a storage system and air-conditioning, production of replicas for visually impaired visitors, making audiovisual systems for visitors, restructuring of the Education and Kids area, construction of Infrastructure for disabled visitor access, handling of marketing and promotional activities in a professional manner, renewal of the furniture in the refreshment and display areas, renewal of the heating system, construction and management of a museum café, Construction and management of a museum shop, Renewal and management of the cloakroom, management of the front garden under the supervision of the museum, Formation of a fund to be used for the museum's urgent needs, Landscaping of the Osman Hamdi Bey street and the backyard of the museum, refurbishing and opening of the closed halls in the museum for display, and assigning a vehicle for the use of the museum, including the gas expenses. In return TURSAM was given the right to share the revenues generated by the museum, on the condition that they are going to be spent for the museum. The revenue that will be generated was shared based on fixed percentages (Gursu, 2013, pp.117-120).

#### ***2.2.1.3. Public-Private Partnership for Tourism Development in Tanzania***

##### **Public-Private Partnership in General**

The United Republic of Tanzania adopted Public-Private Partnership policy in 2009 to support and stimulate various actors participating in economic growth, by encouraging the private sector to undertake investments in infrastructure and services development. The policy document states that the need for PPPs is to provide effective alternate source of financing, management and maintenance of public sector projects. Additionally, PPPs enable the government to streamline its responsibilities in providing socio-economic goods and services, and this enhances efficiency,

accountability, quality of service and wide outreach. In the absence of clear policy PPPs has been implemented either by virtue of existing laws such as the Public Corporation Act of 1992 as amended by Act No. 16 of 1993, or through the mandate emanating from structural reform policies. This has created several challenges that have to be addressed by creating specific legislation and regulatory framework for PPPs (2009).

The Public-Private Partnership Act (No. 18 of 2010) enacted to be applicable to all projects undertaken in partnership between the public sector and the private sector. This Act illustrates the process of PPP project that includes major steps: identification of projects; recommendation of projects by coordination unit; approval of projects by finance unit; procurement by contracting authority; negotiations, agreement and award; termination of projects; and monitoring and evaluation. The process of PPP projects managed by Ministry responsible for investment, designated coordination unit and coordination committee (2011; pp.2-19).

As an amendment to Public-Private Partnership Act (No. 18 of 2010), the Public Private Partnership (Amendment) Act, 2014 come up with establishment and administration of PPP center constituted within the Office of the Prime Minister. Approval of Public Private Partnership projects also mandated to the National Investment Steering Committee. This amendment also embraces consequential amendments of the Tanzania Investment Act (cap 38) and the Public Procurement Act (No. 7 of 2011) with a view to making better provisions for supervision and coordination of public private partnerships, by streamlining the approval process of public private partnership projects.

### **Public-Private Partnership in Tourism Sector**

The revised Tourism policy of Tanzania (1999) enumerates Tanzanian tourism potential which ranges from wildlife resources, a spectacular landscape and scenery, water bodies and beaches, and a diversity of cultures and numerous archaeological sites. The policy document states that the government of Tanzania is determined to maintain its tourist resource base in an adequate manner as it forms part of the public resources, improve the existing tourism infrastructure and to develop it further so as to accrue higher revenue from the sector.

### **Practical Tourism PPP Project: Chumbe Island Ecotourism, Tanzania**

Smith on his study on Public-Private Partnership for Sustainable Tourism Development discusses the case of Chumbe an uninhabited island in south west coast of Zanzibar in Tanzania.

The study indicates that in the late twentieth century the island's ecosystem was wasted by an invasive species of rat, which was crowding out native species, while the adjacent coral reef was endangered by overfishing and unsustainable fishing practices, such as dynamiting the reef.(2011;pp.10).

An environmental advocate saw the potential for an eco-tourism partnership to restore the ecosystem. The idea was negotiated and the government of Zanzibar sign agreement that provides both the reef and island on concession to Chumbe Island Coral Park Ltd(CICP), a special purpose company formed for this project. In the agreement the company was assumed responsibility of the entire project. The company initiates exterminating the nonnative rats, restore its natural environment, and construction of bungalows and visitor centers with initial capital of USD 1.2 million. The project soon became financially self-supporting tourism destination which able to create employment opportunities to local villagers. The project soon became financiallyselfsupporting tourism destination which provided employment to many local villagers, the island ecosystem began to recover and Chumbe Island became one of the most protected environments in Tanzania. The effectiveness of this sustainable tourism model through PPP attracts the attention of the government and the private sector, and PPP was integrated in the national and regional tourism strategy and contribute to tourism cluster development(Smith, 2011;pp.10-11).

### **2.1.3. Public-Private partnership endeavors for Tourism Development in Ethiopia**

#### **Public-Private Partnership in general**

An assessment of potential for public-private partnership (PPP) in Ethiopia commissioned by AACCSA, and done by Asubonteng (2011) indicate that development partners and AACCSA are piloting one or another form of PPP. Some of the PPP initiatives are in area of housing, construction of side road pavements, dry waste management and recycling services, agro and food processing, irrigation for small-scale farming, management of Addis Ababa City Government Exhibition Centre, textile and garment processing, prepaid metering and unified metering. Among these initiatives the irrigation projects and the Addis Ababa City Government Exhibition Centre are managed through a PPP management agreement, while the rest of the pilot initiatives are service contracts (Asubonteng, 2011;pp.15).

Aregash Asfaw (2005) has reported that the German Agency for International Cooperation (GIZ) has accomplished PPP projects in construction and agriculture sectors in Ethiopia. In the construction sector the PPP projects were focused mainly on improving the quality control in the construction sector, training Ethiopian architects and engineers in town planning Instruments, and strengthening the institutional capacity of the Association of Architects and the Association of Civil Engineers in Ethiopia. In the agriculture sector the focus were on sustainable coffee production and marketing. The main purpose of the PPP project was to develop and introduce a scheme for sustainable coffee production and marketing at international quality standards using the natural resources of Ethiopia. In order to improve coffee production and quality, an agreement has been signed between GIZ and the Oromiya and Kaffa Coffee Unions for training on Good agricultural and management practices. Moreover, the agreement includes establishment of two cup-tasting laboratories within the cooperative structure and training selected staff for the cup-tasting laboratories(2005;pp.4-7).

On the other hand when we observe Public-Private Partnership from concrete Ethiopian context in a cauterized way as a source of finance and technical efficiency, it is still in its infant stage. Even though, Asubonteng (2011) and Teshome Tafesse (2014) argue that there is a policy provision for Public-Private Partnership in Ethiopia by mentioning the use of PPP in policy and strategy documents of line ministries of some sectors, the only centralized legislation regarding PPP in the Ethiopian legal documents is the Procurement and Property Administration Proclamation No. 649/2009. As clearly articulated in articles 27 & 28 of this proclamation Public-private partnership is an investment through private sector participation by a contractual arrangement between a public body and a private sector enterprise, in which the private enterprise: undertakes any construction project or service or lease concession; assumes substantial financial, technical and operational risks in connection with the performance of a public function or use of government property; and receives consideration for performing a public function or utilizing government property, by way of fees from any public funds, user levies collected from users or customers for a service provided by it, or a combination of such consideration. Further, article 34 of this proclamation indicates the Ministry of Finance and Economic Development may issue directive prescribing the rules governing the formation of Public Private Partnership and the modes of implementation of such partnership.

However, Ethiopia did not have PPP specific policy, strategy, and legal frame work that can centralize the implementation of PPP projects across different sectors. There are no directives from the Ministry of Finance and Economic Development as indicated in the proclamation. In this regarding the UNDP (2015) recommends establishment of PPP unit under Ministry of Finance and Economic Development (MoFED) in the short term, and establishment of Federal PPP Agency in the medium to long term. Moreover, incorporating PPP's in existing policies as one of development strategies, build critical expertise in the public sector for monitoring and regulatory function, establish an ad hoc taskforce of experts to draft National PPP strategy, and Prepare PPP Standard Procurement Procedures, and model contracts.( UNDP,2015;pp.17-18).

### **Public- Private Partnership in Tourism Sector**

Ethiopia has abundant tourism resource with 9 world heritage sites register by UNESCO (first in Sub-Saharan Africa along with South Africa). Tourism endowments of Ethiopia include varied historical, cultural and natural attractions. Its paleo-archaeological findings attest that Ethiopia is cradle of humankind, and its distinctive historical products based on the Aksumite civilization puts Ethiopia as one of the countries with ancient historical foundation. It has more 15 national parks and varied tourism endowments not register as world heritage by the UNESCO. The combination of diverse culture of its people is also suitable for tourism development.(FDRE-MoCT 2009, pp. 44). But hosts only 596,341 international tourist with 607 million US\$ in 2012 based on the data obtained from MoCT statistical bulletin (2013) and UNWTO report (2014). This figure is by far low from south Africa which has nine world heritage sites like Ethiopia and attracts 8,339,400 international tourist arrival with US\$, millions 9,546.7 receipt from international tourist in 2011.

On the other hand the recently prepared Draft Sustainable Tourism Master Plan (STMP) 2015-2025) has set a high target of 2.74 million international visitors by 2025. Based on this high growth scenario, receipts from international arrivals is projected to increase from a baseline of ETB 13.101 Billion in 2013 to ETB 59.716 billion in 2025, with the corresponding number of tourism related jobs rising from 985,500 to 2.59 million as illustrated in Table 2.5 below.



**Table 2: Ethiopia Tourism Growth Projections by 2025**

No.	Indicator	2013	2017		2020		2025	
			%	Total	%	Total	%	Total
1	International visitor numbers	596,000	50	894,000	75	1,564,500	75	2,737,875
2	Average visitor spending (USD)	1,191	10	1,250.5	5	1,313	5	1,378.7
3	Total receipts (ETB bill)	14,197		22,360		41,086		75,496
4	Direct contribution to the country's GDP in ETB mill	35,767	43	50,789	67	84,816.92	58	134,011
5	Indirect and induced contribution to GDP in ETB mill	52,925	50	79,386.90	50	138,927	50	243,122
6	The total contribution of Travel & Tourism to GDP in ETB mill	88,691	50	130,175	75	223,744	75	377,133
7	Total direct employment (numbers)	985,500	25	1,231,875	40	1,847,813	50	2,586,938

**Source:** (MoCT, 2014; pp.77)

Similar to other sectors there has been PPP initiatives in the Tourism sector. The concession policy enacted by the Ethiopian Wildlife Conservation Authority (EWCA) to attract impact investment inside the Bale Mountains National Park, and community tourism development through public private partnership in Semien Mountains National park and surroundings by Japan International Cooperation Agency (JICA) are the practical endeavors of public private partnership for tourism development in Ethiopia. The management contract of Hilton Hotel under the privatization and public enterprises supervision agency can be also cited as an example of PPP in the Tourism sector.(Asubonteng,2011;pp.16).

The Ethiopian Wildlife Conservation Authority (EWCA) commissioned an international consulting firms 'Solimar' to develop an investment perspective, a concession agreement, and then recruit an impact investor interested in economic, environmental, and social returns by developing a high-end eco-lodge in Bale National Park.( Peter Colwell , 2014).

The Community Tourism Development through Public-Private Partnership in Semien Mountains National Park and Surrounding Areas (SIMCOT) was designed and implemented by the Japan International Cooperation Agency (JICA) together with the Ethiopian Wild Life Conservation Authority and the Amhara National Regional State Bureau of Culture, Tourism and Parks Development. The main objective was to improve the livelihood of the local community by promoting sustainable community tourism by providing alternative ways of livelihood and reducing the local community's dependency on extractive agriculture related businesses in the Park. (<http://www.jica.go.jp/ethiopia/english/>).

Apart from such endeavors when we observe the status of institutionalized PPP in the tourism sector, there is a need to review policy, strategy and legislative documents. The Tourism Development Policy of the country adopted in 2009 mentions the importance of partnership among the key stakeholders to realize tourism development. Currently, the tourism sector in the country lacks a formalized framework for funding its development activities with the main funding being from the national budget and uncoordinated donor and bilateral support. Thus ,it is necessary to establish a formalized funding mechanism to finance essential tourism development initiatives in the country that are in the domain of the public sector including product development, destination marketing and promotion, human resource development, and tourism research among others.( MoCT,2014;pp.72-73).

The Tourism Transformation Council established under Regulation No. 294/2013 ,chaired by the prime minister and composed of relevant public sectors, private sector representatives, religious institutions and renowned personalities appointed by the chairperson to provide leadership, and necessary directions and instructions regarding tourism development and marketing initiatives of the country. Consistent with the Tourism Transformation Council, the council of Ministers Regulation No. 294/2013 also guaranteed the establishment of Ethiopian Tourism Organization(ETO) as implementation with the objective of enhancing benefits of tourism based on potentials of the country's natural, historical, cultural and other attractions in a sustainable

and globally competitive manner, and by mobilizing and providing leadership to tourism sector actors and stakeholders towards tourism destinations and marketing development.

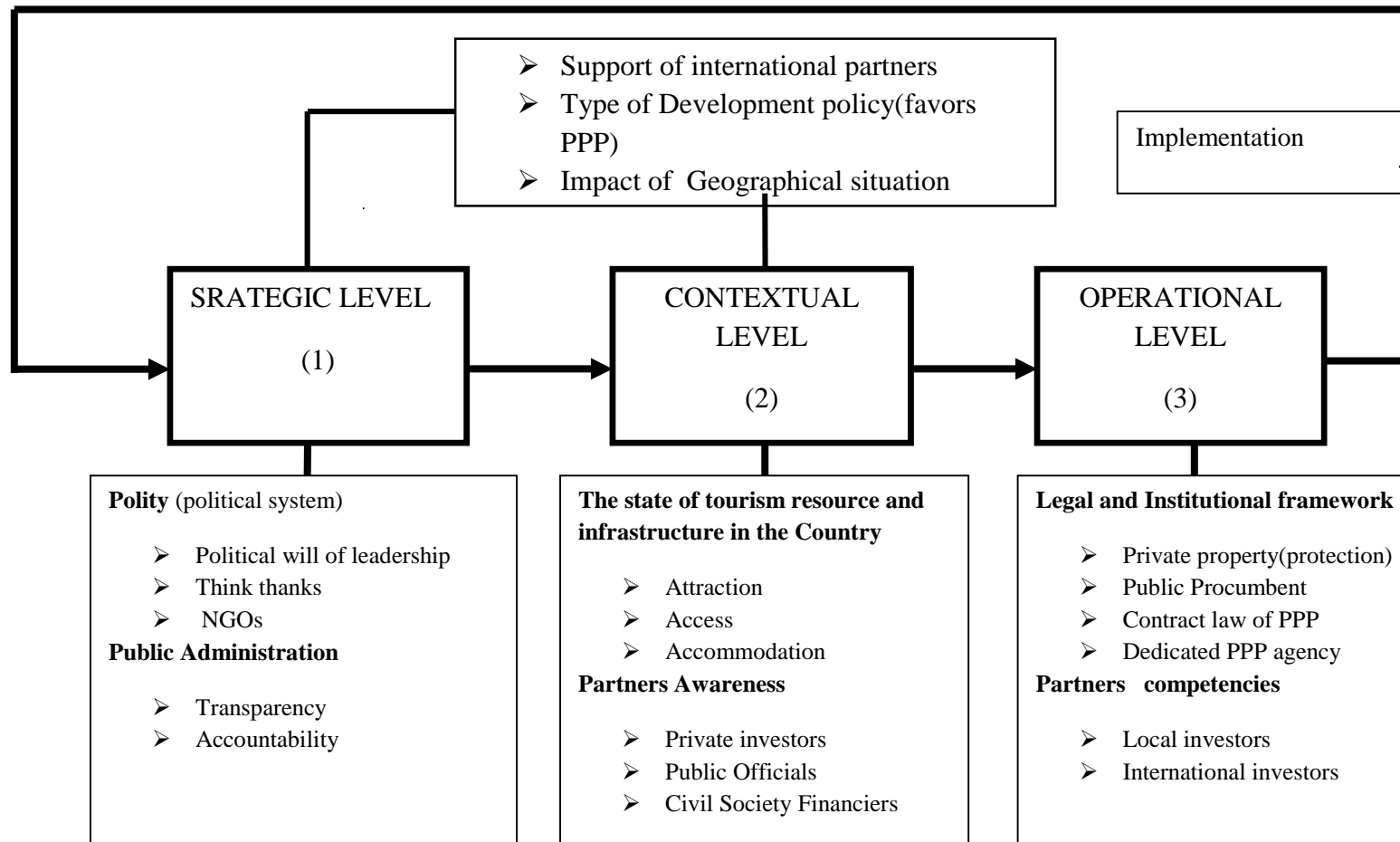
As indicated in the Regulation No.294/2013 article 10 and explained in the Roadmap for the Ethiopian Tourism Organization, one of the main roles of the ETO is to mobilize the many public and private stakeholders directly and indirectly involved in tourism development at federal, regional and local level; and to foster alignment, collaboration and partnerships.(ETO,2014).

However, Public-Private Partnership is not clearly articulated in any of these documents as source of finance and technical resource from the private sector to achieve the ambitious targets indicated in the Sustainable Tourism Master Plan (2015 to 2025).

## **2.2. Conceptual Framework of the Study**

As discussed in the previous part of the review of literature to integrate the concept of public-private partnership with development strategy of a country, the UNDP (2015) views public-private partnership in interrelated three levels; namely, the strategic, contextual and operational levels, whereby each level also incorporates their own components.

**Figure 1: Three levels of conditions for PPP adaptation as part of the development strategy**



**Source:** Adapted from UNDP (2015, pp.5).

As illustrated in the above in figure 1, the strategic level has two major components, the polity and the public administration, that influence adaptation and implementation of public-private partnership. The polity includes political will of the leadership, think tanks and NGO's, are expected to influence the political decision making process. While the public administration sub-components deals with transparency and accountability factors.

In the contextual level elements which influence the implementation of strategy for public – private partnership are considered. In case of tourism sector the state of tourism development policy, the state of the three tourism components (attraction, access and accommodation), and the awareness of partners in the tourism sector (private, public and civil society) about public-private partnership are dealt. Moreover, we need to think about support of international development partners and favorability of geographic location where tourism endowments are available.

The operational level incorporates legal and institutional framework required for adoption and implementation of public-private partnership. Rules governing the economy, private property, public procurement, ppp contract law and the prevalence of ppp dedicated institutions are included. It also considers competencies of local and international investors in the tourism sector.

# **CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY**

## **3.1. Introduction**

As illustrated in the conceptual framework of the study, adaptation of public-private partnership as development strategy necessitates the fulfillment of strategic, contextual and operational conditions. Accordingly, pertinent research design and approach, type of data, source of data, data capturing methods and instruments, sample design, technique and size, data analysis method, validity and reliability, and ethical considerations are adopted and elaborated in this chapter to get insight about the potential, practices, constraints and prospects of public private partnership for Tourism Development in Ethiopia from strategic, contextual and operational dimensions.

## **3.2. Research Design and Approach**

As the main objective of the study is to get insight about the potential, practices, constraints and prospects of public private partnership for Tourism Development in Ethiopia, the researcher uses an exploratory research of case study nature. Because exploratory research is “*a valuable means of finding out what is happening; to seek new insights; to ask questions and to assess phenomena in a new light.*”(Saunders, et al, 2009, pp.139).Through exploratory research the researcher will be able to find out what are the experiences of other countries in adaptation and implementation of PPP for tourism development, and what are the potential, practices, constraints and prospects of PPP for tourism development in Ethiopia from three main dimensions ; strategic, contextual and operational dimensions.

The study is also case study nature that investigates empirical experience of selected developing countries on adaptation and implementation of PPP for tourism development to see how Ethiopia can benefit from practical experiences of these countries. According to Saunders, et al(2009) the

case study strategy is mostly used with exploratory research design to gain rich understanding of context, in this study the researcher deals with PPP for tourism development in the context of Ethiopian tourism sector.

According to Zikmund and Carr (2010) qualitative approach is applied when the research objective is to develop an understanding of some phenomena in great detail and in much depth. Hence, this study applies qualitative approach to get deep understanding about the potential, practices, constraints and prospects of public private partnership for Tourism Development in Ethiopia. As discussed above in the research design part exploratory research is also appropriate means of getting insights and deep understanding of phenomena, and for this purpose qualitative data like stories, visual portrayals, meaningful characteristics, interpretations and expressive descriptions are required.

### **3.3. Type of Data**

The type of data for this study is qualitative as stated in the preceding parts of research design and approach. The data collected for the subject matter of the study is categorized in to three dimensions; strategic, contextual and operational. In the strategic dimension the data are related to polity and public administration like the influence of the political leadership, think tanks and NGO's on the political system, and transparency and accountability of public administration with regard to adoption and implementation of PPP for tourism development. The data collected in the contextual dimension includes the state of development policy for the tourism sector, the state of tourism resources, infrastructure (hard and soft) required for tourism development and accommodation facilities, and the awareness and support of partners in the tourism sector including international development partners. Finally, in the operational dimension the collected data are related to legal and institutional framework and competencies of partners for the implementation of PPP for tourism development like private property protection, public procurement, PPP contract laws and dedicated PPP agency, and competencies of local and international partners.

According to Saunders, et al, (2009) qualitative data have meaning expressed in words, classified into categories due to their non-structured nature and need conceptualization for analysis. As stated above the subject matter of the study is categorized into dimensions, sub-dimensions and further in to particular elements, and need meaning that can be expressed in

words and involves conceptualization for analysis to get insight through collection and analysis of qualitative data.

### **3.4. Source of Data**

The subject of the study has strategic, contextual and operational dimensions, with their sub-dimensions and even specific elements under each sub-dimension. These specific elements can be obtained from both primary and secondary sources.

#### **3.4.1. Primary Data**

Primary data pertinent to the potential, constraints and prospects of ppp for tourism development in Ethiopia were obtained from outlook of people engaged as partners. People from the public sector, private sector and international development agencies have their own experience and outlook regarding potential, constraints and prospects of PPP for tourism development in Ethiopian with respect to availability of political system and public administration favorable to adoption and implementation of PPP for the tourism sector. They have also view on the state of tourism resources, state of relevant infrastructure, state of accommodation & facilities, state of awareness of partners and state of development policy for the sector. Similarly, insights about private property protection, public procurement, PPP contract laws and dedicated ppp agency, and competencies of local and international partners can be also obtained from these people.

The partners involved in PPP adaptation and implementation for tourism development in Ethiopia used as source of primary data includes:

##### **Public sector**

- Ministry of Finance and Economic Development
- Investment Commission
- Ministry of Culture and Tourism
- Ethiopian Tourism Organization
- Ethiopian Wildlife Conservation Authority
- Ethiopian sustainable Tourism Development Project



### **Private sector**

- Chamber of Commerce
- Ethiopian Tour Operators Association
- Society of Tour Operators of Addis Ababa
- Association of Addis Ababa Hotel Owners
- Ethiopian Travel Agents Association
- Ethiopian Trophy Hunters Association
- Ethiopian Hotel professional Association
- Ethiopian Tourism Professional Association
- Selected tourism and hotel service operators

### **International Development partners**

- The World Bank Group
- International consultants

### **3.4.2. Secondary Data**

The secondary data includes both theoretical and empirical studies of the subject matter and related topics. Theoretical books, journals, and articles were used to get deep understanding of the concept of PPP in general and adoption and implementation of PPP for tourism development. Empirical studies were sourced to obtain practical experience of selected developing countries. Moreover, different documents like proclamations, directives, policy papers, strategies, reports, manuals, guidelines of the country relevant to PPP were reviewed. Another source of data for the study is working books, manuals, guidelines and guidelines of international organizations.

The national and international organizations used as source of secondary data include:

#### **National**

- Ministry of Finance and Economic Development
- Investment Commission
- Ministry of Culture and Tourism
- Ethiopian Tourism Organization
- Ethiopian Wildlife Conservation Authority
- Ethiopian sustainable Tourism Development Project
- Universities and other Higher Educational Institutions, and research centers
- Other relevant institutions

## **International**

- African Union and its bodies and initiatives like NEPAD
- African Development Bank
- Different UN agencies like UNWTO, UNDP and so on
- The World Bank Group
- European Union and its initiatives
- NGO's initiated and run by developed countries like USAID, JICA, GIZ, SNV and so on
- Selected developing countries

### **3.5. Data Capturing Methods and Instruments**

Kothari (2004) states that in an exploratory design by which a researcher intends to get insight of the subject matter under study, the most fruitful methods of data collection are review of relevant literatures, examination of practical experiences and analysis of insight stimulating examples. Practical experiences and insight stimulating examples were captured through interviewing selected experts from the partners of PPP adoption and implementation for tourism development as specified in the source of data. The experts who have had prior involvement and practical experience were carefully selected to make sure deep insights are obtained across the dimensions of the subject matter of the study. Content review of theoretical books, journal and articles were done to provide deep understanding of the subject matter. Critical review of Empirical studies and reports of cases of selected developing countries that adopt and implements PPP for tourism development were critically reviewed to provide insights regarding constraints and prospects across the dimensions from practical experience. The data capturing method were interview for primary data and critical review of theoretical and empirical literature for secondary data.

As an instrument semi-structure interview guideline were developed by the researcher by following the issues across the dimensions, sub-dimensions and elements of the subject matter as illustrated in conceptual framework of the study. Zikmund & Carr (2010) semi-structure interviews usually conducted in written form whereby respondents provide short essay responses to specific open-ended questions. Respondents were free to write as much as possible and most of the interviews were performed face to face to create a room for less structure follow up to probe the respondents for more insights.

### **3.6. Sample Design, Technique and Size**

This research used purposive sampling design. Because purposive sampling permits the researcher to use own judgment to select respondents that provide data best enables to answer the research questions and to meet the objectives. In purposive sampling items for samples are selected deliberately by the researcher, choice of items remains supreme.( Saunders et al, 2007).

This sampling technique enables the researcher to choose purposively particular units of the universe for constituting a sample on the basis of the small mass so that the sample selected out of a huge one will be typical or representative of the whole. Accordingly, one to three experts from each of possible partners of PPP were identified as source of primary data. The maximum respondents were taken from institutions supposed to be highly engaged in the adaptation and implementation PPP for sustainable tourism, while minimum respondents were taken from the institution with relatively low engagement.

**Table 3: Composition and size of sample population for semi-structure interview**

No.	Organization	Number of respondents	Remark
1	Ministry of Finance and Economic Development	02	
2	Investment Commission	02	
3	Ministry of Culture and Tourism	03	
4	Ethiopian Tourism Organization	03	
5	Ethiopian Wildlife Conservation Authority	03	
6	Ethiopian sustainable Tourism Development Project	03	
7	Chamber of Commerce	02	
8	Ethiopian Tour Operators Association	03	
9	Society of Tour Operators of Addis Ababa	03	
10	Association of Addis Ababa Hotel Owners	02	
11	Ethiopian Travel Agents Association	02	
12	Ethiopian Trophy Hunters Association	02	
13	Ethiopian Hotel professional Association	01	
14	Ethiopian Tourism Professional Association	01	
15	Selected tourism and hotel service operators	10	
16	The World Bank Group	02	
17	International consultants	02	
<b>Total</b>		<b>46</b>	

Source: Own data (2015)

### 3.7. Data Analysis Method

Saunders et.al (2007) states that the nature of the data collected have implications for its analysis. During analysis, the qualitative data were grouped into categories before they meaningfully analyzed. Hence, the data analysis employed in this study involves organization the details about potential, constraints and prospects of PPP for tourism development, categorizing the data

into meaningful themes based on the dimensions, sub-dimensions and elements constructed in the conceptual framework, then looking for and identifying patterns. This was followed by making logical analysis and evaluating implications.

### **3.8. Validity and Reliability**

Validity and reliability of qualitative research can be ascertained through triangulation. *“Triangulation refers to the use of different data collection techniques within one study in order to ensure that the data are telling you what you think they are telling you.”* (Saunders et al, 2009,pp.146).

In this research the partners involved in the adaptation and implementation of PPP for tourism development used as multiple sources of data for triangulation. Multiple data collection methods, semi-structure interview, content analysis of theoretical and empirical sources were used for further triangulation. To ensure content validity, that is the extent to which a measuring instrument provides adequate coverage of the topic under study, expert in the subject matter were consulted to provide their judgment on how well the measuring instrument meets the standards.

As stated by Zikmund & Carr (2010) reliability is an indicator of internal consistency when different attempts at measuring something covers the same topic and bring about same result. To enhance reliability of this study the same guideline were used for all interviewees.

### **3.9. Ethical Considerations**

To ensure ethical considerations in conducting this study, principle of voluntary participation were applied and no respondent were coerced to respond to the interview. All respondents have responded voluntarily. Informed consent was used while conducting interviews. The respondents were informed from the outset about the purpose and use of the data collection.

Moreover, to maintain their right to privacy, no audio and video recording were used as it invades their right to privacy and invites suspicion of respondents. However, written records of their response were kept for further confirmation and verification.

# CHAPTER FOUR: RESULTS AND DISCUSSION

## 4.1. Introduction

As stated in the preceding chapter the research design of this study is an exploratory design which appropriate means of finding new insight about unexplored subject matter by asking insight stimulating questions and assess phenomena in a new light. Consistently, the research approach used is qualitative which is applied when the research objective is to develop an understanding of some phenomena in great detail and in much depth.

The data required for such study is qualitative in nature which has meaning explained in words, classified in to categories and need conceptualization for analysis. Accordingly, primary and secondary data was collected about the subject matter by categorizing in to dimensions, sub dimensions and specific elements under the sub-dimensions as stipulated in the conceptual frame work of the study. Primary qualitative data regarding the potential, practice, constraint, and prospects of PPP for Sustainable Tourism development in Ethiopia were captured through interviewing professionals who have had prior involvement and experience in the subject matter. Secondary data were captured through critical review of theoretical and empirical literatures. Semi-structured interview guideline was used as instrument to capture data through in-depth interview.

Hence, this chapter details data obtained regarding the practice, potential, constraint and prospects of PPP for Sustainable Tourism Development in Ethiopia is categorized into meaningful themes using the strategic, contextual and operational dimensions, to look for patterns, to make logical analysis and evaluating implications.

## 4.2. Demographic Profile of Respondents

As specified in the research design and methodology of the study, 46 purposively selected professionals were approached for interview using the semi-structured interview guideline. The semi-structured interview guideline was distributed to the 46 potential interviewees ahead in person and via email by requesting for their consent and convenient time and place to undertake the interview. Among these 24 of them express their accord within three to five days for the interview. Most of these interviews (19) were conducted in the office of the interviewees while some interviews (5) were conducted in cafeterias. Another 15 respondents insist to respond based

on the semi-structured interview guideline via email by raising clarification questions. While the remaining 7(15.22%) professionals who were approached for interview did not respond for different reasons. Totally, out of the 46 potential interviewees who were approached, data collected from 39(84.78%) of them either by face to face interview or email response based on the guideline were considered valid for analysis and interpretation. In the face to face interview the interviewees were asked by the researcher based on the guideline and further evoking questions were also raised during the interview. The responses via email were also considered valid because the respondents were able to provide their views guided by the semi-structured interview guideline and further arousing questions and clarifications through telephone call.

List and detail description of interviewees considered for the analysis and interpretations is presented in the following tables 4, 5 and 6 below, and Appendix-B. For the sake of privacy of the respondents code is used instead of names of individuals.

**Table 4:** Number interview respondents and their institution

<b>Code</b>	<b>Institution</b>	<b>Number of Respondents</b>
001 to 004	Ministry of Culture and Tourism	04
005 to 009	Ethiopian Tourism Organization	05
010 to 012	Ethiopian Wildlife Conservation Authority	03
013	Ethiopian Investment Commission	01
014 to 018	Ethiopian Sustainable Tourism Development Project	05
019 to 020	Ethiopian Chamber of commerce and Sectoral Associations	02
021 to 029	Tourism and hotel related associations	09
030 to 039	Private tourism business and hotel owners, manager, and operators	10
<b>Total</b>		<b>39</b>

**Source:** (Own data, 2015)

As illustrated in the table 4, above the respondents are composed of public sector, private sector, and local and international development partners. The positions of the interviewed people are composed of directors, managing directors, managers, consultants, senior officer and experts working in tourism development, investment, private sector development programs, and tourism and hotel businesses (see appendix-B). The composition of both the partners and position of each interviewee helps to get depth understanding from different perspective.

**Table 5:** Age category of respondents

<b>1. Age in years</b>							
<b>25 to 40</b>		<b>41 to 56</b>		<b>57 and above</b>		<b>Total</b>	
<b>No</b>	<b>%</b>	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>
13	33.33	19	48.72	7	17.95	39	100

**Source:** (Own data, 2015)

In regard to their age category 13(33.33%) are 25 to 40 years, 19(48.72%) are 41 to 56 years, and 7(17.95%) 57 and above. This indicates that the interviewees are matured in term of age to provide their perception about the subject matter.

**Table 6:** Educational level vs. work experience of respondents

		<b>Educational level</b>			<b>Total</b>
		Diploma	BA/BSc	MA/MSc and above	
<b>Work experience in years</b>	5 to 10	-	6	-	<b>6</b>
	11 to 21	-	11	8	<b>19</b>
	22 and above	-	5	9	<b>14</b>
<b>Total</b>		-	<b>22</b>	<b>17</b>	<b>39</b>

**Source:** (Own data, 2015)



When we observe educational level and work experience of the respondents,6(15.38%) has BA/BSc and 5 to 10 years work experience,11(28.20%) has BA/BSc and 11 to 21 years work experience,and5(12.82%)has BA/BSc and 22 years and above work experience.22(56.41%) has BA/BSc.8(20.51%) has MA/MSc and 11 to 21 years work experience, and 9(23.08%)has MA/MSc and 22 years and above work experience. 17(43.589%) of the interviewees have MA/MSc. The combination of educational level and work experience of the respondents seems that the respondents have the appropriate academic background and experience to give valuable input in the areas of the study.

### **4.3. Experiences of Developing Countries on PPPs for Sustainable Tourism Development**

South Africa, Turkey and Tanzania are developing countries utilize their tourism resources through PPP's for their overall development. South Africa and Tanzania are endowed with rich natural tourism resources while Turkey is known for its cultural heritage. All the three countries are reached to the final stage of tourism development, where the number of visitors might be beyond the carrying capacity of their tourism destinations. During their initiation stage, they give focus to high potential destinations and implement pilot iconic integrated tourism development projects with the involvement of partnership of the public and private sector, and donor support. Then they replicate their success to other destinations in their scaling up tourism development stage to get in to their current final stage. Currently, they are working to maintain and deepen their success by devising means of distributing visitors in to different areas of their countries.

Critical review of policy papers, strategies, proclamations, directives, manuals, guidelines, reports and case studies of these countries reveals that the governments clearly recognizes the tourism sector as an economic sector and integrated in to their country's short, medium and long term development strategies. Accordingly, sector specific policies and strategies for tourism are designed and implemented using different modalities. One of the modalities used by the country's for sustainable tourism development is PPP.

**Table 7:** Summary of Practical experience of South Africa, Turkey and Tanzania as compare to Ethiopian Case

Dimension	Country			
	South Africa	Turkey	Tanzania	Ethiopia
<b>Strategic</b>	<ul style="list-style-type: none"> <li>➤ PPP integrated in the Reconstruction and Development Program(RDP)</li> </ul>	<ul style="list-style-type: none"> <li>➤ PPP integrated in the development policies and strategies</li> <li>➤ PPP polity under prime minister office</li> </ul>	<ul style="list-style-type: none"> <li>➤ National PPP policy</li> <li>➤ National investment steering committee as polity</li> </ul>	<ul style="list-style-type: none"> <li>➤ No PPP specific policy</li> <li>➤ No PPP polity</li> </ul>
<b>Contextual</b>	<ul style="list-style-type: none"> <li>➤ PPP integrated in the tourism white paper</li> <li>➤ PPP toolkit for tourism</li> </ul>	<ul style="list-style-type: none"> <li>➤ PPP integrated in tourism policy</li> <li>➤ PPP integrated in Tourism Strategy of Turkey-2023</li> </ul>	<ul style="list-style-type: none"> <li>➤ PPP integrated in the tourism policy and strategies</li> </ul>	<ul style="list-style-type: none"> <li>➤ PPP is not integrated in tourism policy and strategies</li> </ul>
<b>Operational</b>	<ul style="list-style-type: none"> <li>➤ Treasury regulation</li> <li>➤ National/Provincial treasury-PPP unit</li> <li>➤ PPP market</li> </ul>	<ul style="list-style-type: none"> <li>➤ PPP legislations</li> <li>➤ PPP unit under technical guidance of Ministry of Finance</li> </ul>	<ul style="list-style-type: none"> <li>➤ Specific legislation and regulatory framework for PPPs</li> <li>➤ PPP center under the Prime Minister office</li> </ul>	<ul style="list-style-type: none"> <li>➤ Procurement Proclamation No. 649/2009</li> <li>➤ No PPP specific regulations</li> <li>➤ No PPP unit</li> </ul>
<b>Specific PPP tourism Projects</b>	<ul style="list-style-type: none"> <li>➤ Eco-tourism Concession in Kruger National Park-(SANParks) signed a build-operate-transfer (BOT) concession with Nature's Group</li> </ul>	<ul style="list-style-type: none"> <li>➤ Istanbul Archaeological Museums Development-Turkish Mo CT signed an agreement with TURSAM) to develop and manage the Museums</li> </ul>	<ul style="list-style-type: none"> <li>➤ Chumbe Island Ecotourism-the government of Zanzibar sign agreement that provides both the reef and island on concession to Chumbe Island Coral Park Ltd.(CICP)</li> </ul>	<ul style="list-style-type: none"> <li>➤ No PPP tourism project</li> </ul>

**Source:** Own summary from review of empirical literature

The PPP in general is considered as means of financing and source of technical resource from the private sector in the three countries. They do have PPP specific policies and strategies, proclamations, directives, procurement procedures, and implementation manuals and guidelines in general and specific to tourism sector. All the three countries have dedicated centralized PPP units either under their Prime Minister Office or Ministry of Finance and Economic Development. They have also a political system composed of public sector, private sector and think thank to facilitate decision making regarding PPP.

Review of case of specific PPP tourism projects from each country reveals that the governments able to provide quality tourism products/service without compromising public interest using financial and technical resources of the private sector through public-private partnership. However, their success stories were not without up and down, there were constraints during adaptation as well as implementation stages of PPP for sustainable tourism development.

The main constraints during adaptation stage were:

- Lack of high level policy direction
- Lack of legal framework
- Un-availability of centralized PPP unit
- Lack of integrating PPP in Sectoral policies and strategies
- Lack of public awareness about PPP and its benefits

Similarly, these countries faced with constraints during implementation of PPP tourism projects.

The main constraints in this respect include:

- Lack of capacity to originate and/or implement PPP projects
- Policy bias towards traditional public procurement
- Mistrust of private sector involvement
- Insufficient capacity of the public sector to analyze , negotiate, procure and manage PPP projects
- Lack of harmonization among PPP laws
- In adequate mechanism for recovery of private investors capital
- In adequate risk sharing mechanisms

## **4.4. Current Practices of PPP for Sustainable Tourism Development in Ethiopia**

Adaptation and implementation of PPP as a development tool in general and for sustainable tourism development in particular needs fulfillment strategic, contextual and operational conditions. Accordingly, current practices of PPP for sustainable tourism development in Ethiopia is presented and discussed from strategic, contextual and operational dimensions based on primary and secondary sources.

### **Strategic dimension**

At strategic level adaptation and implementation of PPP as a development tool in general and for sustainable tourism development needs to have a political system composed of political leadership of the government, think tanks and NGO's. Similarly, availability of transparent and accountable public sector is another important strategic requirement. Primary data obtained through in-depth interview and review of secondary sources indicates that Ethiopia has a Public-Private Dialogue Forum and Tourism Transformation Council composed of public and private sector, religious institutions, and renowned personalities. However, both the forum and the council did not engaged yet in practical PPP as source of finance and technical resource as required in the use of PPP as development approach, beyond having consultation sessions. Regarding, availability of transparent and accountable public sector primary and secondary sources indicate that though the government has already identified lack of good governance as a threat and initiate resolutions, lack of readiness of the public sector to implement the policy and development strategies, unavailability of well-established system for practical PPP, and limited awareness and involvement of the private sector are still challenges of transparency and accountability for adaptation and implementation of PPP for sustainable tourism development.

### **Contextual dimension**

In the contextual level PPP as development approach, the state of tourism resource and infrastructure, partner's awareness, support of international partners and the type of tourism

development resource are dealt. The current practices in this regard obtained from primary and secondary sources reveal that there have been some endeavors promoted by international development partners and NGO's in different sectors. In the tourism sector, development and management of national parks through concession and community tourism intervention, and management contract of Hilton Hotel are worth mentioning as endeavors. However, PPP as institutionalized development tool using specified PPP models in the development approach does not exist in the tourism sector in practice.

### **Operational dimension**

Based on both primary and secondary sources, there is no PPP specific policy, legislation, and dedicated PPP unit at national level in general and in the tourism sector in particular. The only legal document regarding PPP is the procumbent and property administration proclamation No.649/2009, 2009, which defines PPP as investment approach but did not come up with further directives and manual to bring it in to practice.

## **4.5. Potential of PPP for Sustainable Tourism Development in**

### **Ethiopia**

As outlined in the conceptual framework of the study any country that wants to adapt PPP as a development tool in general and for sustainable tourism development need to fulfill strategic, contextual and operational level requirements. The primary data obtained through in-depth interview and review of secondary sources regarding potential of PPP for sustainable tourism development in Ethiopia are presented and discussed below as viewed from strategic, contextual and operational dimensions.

### **Strategic Dimension**

According to the view of most of the respondents the Public-Private Dialogue and the Tourism Transformation Council led by the prime minister are potential to fulfill strategic requirements for adaptation and implementation of PPP for sustainable tourism development. The rationale behind is that either the Public-Private Dialogue Forum and/ or the recently established Tourism Transformation Council can be developed in to centralized national PPP polity and /or tourism PPP polity.

## **Contextual dimension**

Both primary and secondary sources of data attest that Ethiopia has untapped tourism potential that can be developed sustainably using public-private partnership as source of finance and technical resource from the private sector. From the experiences of South Africa, Tanzania and Turkey, the international development partners are always out there to provide technical and financial support for adaptation and implementation of PPP for sustainable tourism development.

Moreover, both primary and secondary sources enumerate the potential interventions of PPP in sustainable tourism development in Ethiopia. The possible area of PPP intervention in the tourism sector includes:

- Marketing and promotion
- Development and management of community tourism areas
- Development and management of national parks & reserve areas
- Accommodation, entertainment, event and related facilities like hotels, resorts, lodge...etc.
- Development and management of museums, cultural & visitor centers
- Renovation and presentation of historical buildings & monuments
- Tourism Infrastructure development
- Human resource development

## **Operational dimension**

The establishment of Ethiopian Tourism Organization with duty of creating synergy and partnership among stakeholders is a potential to have PPP unit in the tourism sector. There is also a possibility to involve local investors along with competent international investors with prior practical experience in implementation of PPP tourism projects. The country has comprehensive procurement law that can accommodate further PPP specific laws. The existing public procurement proclamations, regulations and directives can be a base to come up with clear guideline and procedure for PPP implementation.

## **4.6. Constraints of PPP for Sustainable Tourism Development in Ethiopia**

Based on primary and secondary sources the writer of this thesis identifies constraints of PPP for sustainable tourism development in Ethiopia. To follow consistence outline based on the conceptual framework of the study, the results are discussed at strategic, contextual and operational dimensions.

### **Strategic dimension**

The strategic constraints that hinder adaptation and implementation of PPP for sustainable tourism development in Ethiopia are lack of PPP specific policy and strategy, lack of integration of PPP in Sectoral policies and development strategies, and lack of readiness of the public sector to implement the policy and development strategies.

### **Contextual dimension**

The contextual constraints include limited awareness of both the public and private sector about PPP and its benefits, lack of integrating tourism development policies and strategies with PPP, and limited capacity of the public sector to come up with concrete PPP project idea and advocate to decision makers.

### **Operational level**

The operational constraints that can hinder adaptation and implementation of PPP for the tourism sector are lack of directives and procurement procedures of PPP, absence of dedicated PPP unit, lack of technical skill of the public sector to initiate and handle PPP projects, lack of experience in PPP procurement process, lack institutional and human capacity of local investors to generate and implement PPP projects, and limited experience and access to capital of the local investors.

## **4.7. Prospects of PPP for Sustainable Tourism Development in Ethiopia**

### **Strategic Dimension**

Though there is no PPP specific policy and legislation, the development policy and strategies of the country in general and tourism in particular can accommodate adaptation of PPP for sustainable tourism development.

Experience of the selected developing countries also indicate that adaptation and implementation of PPP for sustainable tourism development is a gradual process, but need strong political willingness that shall be demonstrated in action. In this respect national consultations through the national Public-Private Forum in general and the consultation through the tourism transformation council for tourism sector can lead to adaptation of PPP for sustainable tourism development.

Availability of tourism development policy and initiating corresponding long, medium, and short term strategies, and establishment of tourism transformation and Ethiopian Tourism Organization shows the preliminary political will and leadership of the government that can lead to adaptation of PPP for sustainable tourism development.

Primary data from the respondents argue that the government has already identified lack of good governance as a threat and initiate resolutions, and a prospect in terms of transparency and accountability of the public administration to adapt and implement PPP for sustainable tourism development.

### **Contextual Dimension**

Private sector can be a source of finance and technical resources for tourism development as far as it is made aware, capacitated and involved for the following reasons. Firstly, the tourism product/service is mainly operated by the private sector and the private sector is in a position to generate finance for further investment. Secondly, as the main motive of the private sector is profit maximization, it is efficient than the public sector in implementation of projects and service delivery. Finally, the private sector as ground operator has firsthand information about



tourism product development and marketing needs that can be developed in to business ideas for PPP intervention.

International development partners like the World Bank, UNDP, European Union, GIZ,SNV,JICA, and USAID are involved in providing either technical support, institutional capacity building, financing initiatives and projects. And they argue that this is very good opportunity to in place plausible system for adaptation and implementation n of PPP for sustainable tourism development.

### **Operational Dimension**

Prospects related to legal framework that can favor adaptation and implementation of PPP for sustainable tourism development in Ethiopia includes:

- The policy, strategy and law of the country is not against PPP
- The country has comprehensive procurement law that can accommodate further PPP specific laws
- There is a possibility to obtain technical assistance from international partners or commission well experienced consultant in the area of adaptation and implementation of PPP for sustainable tourism development

There are also prospects for local firms' to begin with small PPP intervention and get experience, and raise their capital by creating share company or joint venture with international investors, who accumulated ample experience in tourism PPP projects in developing countries. International investors who accumulated ample experience in tourism PPP projects in developing countries can be easily attracted.

# CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

## 5.1. Summary

The purpose of this study is getting insight about the potential, practices, constraints and prospects of PPP for sustainable tourism development in Ethiopia. In light of this objective, the study adopted an exploratory research design using qualitative approach. Relevant literatures were critically reviewed, practical experiences of selected developing countries were examined, and insight stimulating analyses were captured by interviewing carefully selected professionals and practitioners.

Public-private partnership is a very nebulous concept with multifaceted use across circumstances and sectors by researcher and practitioners respectively. The writer of this thesis comes across with distinct public-private partnership approach which deals with development and appropriate to meet objective of the study. Public-private partnership as development approach in tourism context is a collaborative arrangement between the public sector and the private entity for the purpose of joint investment in tourism development project.

The rationale behind integrating public-private partnership into development strategies is to consolidate the strengths of the public and the private sector for providing efficient tourism product/service. Public-private partnership is also a means of obtaining financial and technical resource from the private sector to deal with sustainable tourism development, which is difficult to achieve by the public sector alone, because tourism development entails multi-sector engagement and requires huge amount of investment, and technical capacity to design and implement plausible projects.

There are some conditions need to be fulfilled to integrate public-private partnership into sustainable tourism development strategies that can be categorized as strategic, contextual and operational.

South Africa, Turkey, and Tanzania reached highest stage of tourism development using different development strategies. In their initiation stage, they give priority to high potential destinations and implement pilot integrated tourism development projects with the involvement

of partnership of the public and private sector, and donor support. Then they replicate their success to other destinations in their scaling up tourism development stage to get in to their current consolidating stage.

From strategic perspective these countries has been considering public –private partnership as a means of financing and source of technical resource from the private sector. They adopt PPP specific policies and strategies. They have also contextualized their PPP policies to the tourism sector. Public-private partnership has been integrated to their tourism policies and strategies integrate. Technical and financial supports of international development partners are exploited. From operational point view, all the three countries have fulfilled the necessary legal and institutional framework by establishing dedicated PPP units.

However, this does not mean that these countries gone through without challenges in the process of adaptation and implementation of PPP for sustainable tourism development. In initiating PPP for sustainable tourism development, lack of public awareness, lack of high level policy direction, lack of legal frame work, are lack of integrating PPP in tourism policies and strategies were observed. Limited capacity to originate and implement projects, policy bias towards to the traditional procurement, and lack harmonization among PPP laws were common constraints during implementation.

Even though, there have been some endeavors of public-private partnership mainly promoted by different NGO's, there is no institutionalized PPP practice the tourism sector of Ethiopia in line with the development approach by fulfilling strategic, contextual and operational conditions.

The constraints that can hider adaptation and implementation of PPP for sustainable tourism development can viewed in the aforementioned dimensions. Absence of ppp specific policy and strategy, lack of readiness of the public sector to implement the policy and development strategies, and lack of integration of PPP in development policies and strategies are the main strategic constraints. In terms of contextual dimension constraints like limited awareness of both the public and private sector about PPP and its benefits, lack of integrating tourism development policies and strategies with PPP, and limited capacity of the public sector come up with concrete PPP project idea and advocate to decision makers and can hinder adaptation and implementation of PPP for sustainable tourism development. The operational constraints are lack of directives and procurement procedures of PPP, absence of dedicated PPP unit, lack of technical skill of the

public sector to initiate and handle PPP projects, lack of experience in PPP procurement process, lack institutional and human capacity of local investors to generate and implement PPP projects, and limited experience and access to capital of the local investors.

Regardless the weak institutionalized PPP practice and the constraints there are prospects for adaptation of PPP for sustainable tourism development in Ethiopia that can be viewed in strategic, contextual and operational dimensions. In respect to strategic dimension, the tourism development policies, and corresponding long, medium and short strategies of the country can accommodate adaptation and implementation of PPP for sustainable tourism development. The political willingness demonstrated by establishing the Tourism Transformation Council, and Ethiopian Tourism Organization can be developed into full-fledged political commitment to adapt PPP for sustainable tourism development. In terms of contextual dimension, Ethiopia's untapped tourism resource can be developed sustainability using public-private partnership. Technical and financial support of international development partners can be exploited during adaptation and implementation of PPP for sustainable tourism development. The possible area of PPP intervention in the tourism sector of Ethiopia includes: marketing and promotion; community tourism; development and management of national parks; accommodation and other services; development and management of museums, cultural visitor centers; human resource development; renovation and presentation of historical buildings and monuments, and tourism infrastructure development.

From operational point of view, the recently established Ethiopian Tourism Organization can create PPP unit to come up with PPP project ideas and implement by using financial and technical resource of the private sector. The procurement and property administration proclamation No. 649/2009 defines the term as one of the investment approaches and indicates the need for further directives, guidelines and procedures. This can be realized gradually and create favorable condition for adaptation of PPP in the tourism sector. Competencies of local investors can be improved gradually by working with international investors through joint venture.

## 5.2. Conclusions

Based on the findings of the study the writer has come up with the following concluding remarks:

- PPP is a very nebulous concept which needs distinct approach for both research, and adaptation and implementation. Any research attempt on public-private partnership needs to use distinct approach to come up with realistic conclusion based on well-defined conceptual dimension. Similarly, any country that wants to adapt public-partnership for its development need to use distinct approach to avoid indifference meaning in implementation;
- PPP can be used as a means of financing and source of technical resource from the private sector for sustainable tourism development;
- Adaptation and implementation of PPP needs either PPP specific policies and strategies or integrating PPP in to policies and strategies of the tourism sector;
- Event though, there are some endeavors of PPP in the tourism sector initiated by international organizations and NGO's , there is no institutionalized PPP practice in the tourism sector of Ethiopia;
- Ethiopia's untapped tourism resource has huge potential for PPP intervention like marketing and promotion, development and management of community tourism areas, development and management of national parks & reserve areas, accommodation, and related facilities, development and management of museums, cultural & visitor centers, renovation and presentation of historical buildings & monuments, tourism Infrastructure development and human resource development;
- Lack of either PPP specific policy and strategies or integrating PPP in to tourism policy and strategies, limited capacity of the public and private sector, lack of PPP dedicated PPP unit and PPP specific procurement laws are the main constraints that can hinder adaptation and implementation of PPP for sustainable tourism development in Ethiopia;
- Availability of technical support of development partners, lesson from experiences of other developing countries, national PPP forum, establishment of Tourism Transformation council and Ethiopian Tourism Organization ,and existing public procurement proclamation indicates that there is still prospect to adapt PPP for sustainable Tourism development in Ethiopia.

### **5.3. Recommendations**

The significance of this is to provide insight to decision makers and partners on the potential, constraints and constraints to evoke adaptation and implementation of public private partnership for sustainable tourism development as well as to shed light for further research in this respect. Accordingly, the writer of this this forwards the following recommendations based on the findings of the study:

**1. Regarding use of appropriate concept and approach of PPP for research and implementation**

- Distinct PPP approach should be used, to come up with realistic conclusion and to avoid indifference meaning in implementation

**2. Regarding strategic level requirement to adapt and implement PPP for sustainable tourism development in Ethiopia**

- The nationwide public-private consultation forum should be advanced in to PPP polity
- The primary political willingness demonstrated in adopting tourism development policy, establishment of Tourism Transformation Council and Ethiopian Tourism Organization should be extended to practical PPP
- PPP should be considered as an investment approach distinct from privatization and public investment
- The government of Ethiopia should integrate PPP in Sectoral policies and corresponding long, medium and short strategies as an alternative a means of financing

**3. Regarding Contextual level requirement to adapt and implement PPP for sustainable tourism development in Ethiopia**

- The tourism sector should be recognized as one of the economic sector with demonstrated political leadership and macroeconomic policy

- PPP should be integrated with the tourism development policy and development strategies
- Possible technical and financial support of international partners should be exploited

#### **4. Regarding operational requirements to adapt and implement PPP for sustainable tourism development in Ethiopia**

- Centralized PPP authority should be established to coordinate and institutionalize the PPP endeavors in different sectors
- The government should come up with clear PPP procurement regulations ,directives, guidelines, manuals, and PPP contract procedures
- The recently established Ethiopian Tourism Organization should have PPP unit, draft tourism PPP manual and come up with practical PPP projects beyond thinking about synergy among stakeholders
- The government should aware, capacitate and prepare the private sector for practical PPP involvement.

## References

- Ali Güner Tekin (2010), PPP in Turkey, Republic of Turkey Prime Ministry Privatization
- Aregash Asfaw (2005), Public Private Partnership projects of the GTZ in Ethiopia
- Arthur L. Smith (2011), Public-Private Partnerships (PPPs) for Sustainable Tourism,  
*Inter-American Development Bank*
- Castalia Advisory Group (2007), Key Challenges to Public Private Partnerships in South  
Africa Summary of Interview Findings
- C.R.Kothari (2004), Research Methodology, methods and techniques; *New Age  
International (P) Ltd., Publishers*
- De Lacy et al (2002), Public/Private Partnerships for Sustainable Tourism; *APEC  
Tourism Working Group*
- Don Hawkins (2014), Public and Private Sector Collaboration to Enhance Tourism  
Linkages for Social and Economic Impact, Solimar International, George  
Washington University
- Esther Cheung(2009), Developing a Best Practice Framework for Implementing Public  
Private Partnerships(PPP) in Hong Kong, *School of Urban Development,  
Queensland University of Technology*
- Ezreth (2014), PPP & CPPP models for sustainable tourism development in Kerala;  
*International Journal of Business and Administration Research Review, Vol.2,  
Issue.3, Jan-March, 2014.*
- FDRE, MoCT (2009), Tourism Development Policy
- FDRE, MoCT (2014), Sustainable Tourism Mater Plan
- Federal Negarit Gazeta, Procurement and Property Administration Proclamation  
No.649/2009, 2009 15<sup>th</sup> Year No. 60 9<sup>th</sup> September, 2009, Addis Ababa
- Federal Negarit Gazeta, Tourism Transformation Council and Tourism Organization  
Establishment Council of Ministers Regulation No. 294/2013, 19<sup>th</sup> year, August  
27<sup>th</sup> 2013, Addis Ababa
- Guri Weihe (2006), Public-Private Partnerships: Addressing a Nebulous Concept,  
*International Center for Business and Politics, Copenhagen Business School*
- Isil Canaz Yilmaz (2004), Public-Private Sector Partnership Models in Turkey



- Kwame A. Asubonteng (2011), the potential for public-private partnership (PPP) in Ethiopia, AACCSA
- Mamo Mihretu and James Brew (2011), Public-Private Dialogue: The *Ethiopian Public Private Consultative Forum (EPPCF) Case Study*
- Md.Rezaul Islam (2012) Key Factors and Readiness Perception Indicators Appraisal: Public-Private Partnership in Infrastructure Development Project in Bangladesh, Institute of Governance Studies BRAC University, Dhaka
- Mzikayise Shakespeare Binza (2009), a Public-Private Partnership Model the improvement of local economic development in South African Metropolitan Government
- Ole Helby Petersen (2011), Public-Private Partnerships: Policy and Regulations, *Copenhagen Business School*
- Peter Farlam(2005), Assessing Public–Private Partnerships in Africa, The South African Institute of International Affairs, Nepad Policy Focus Series
- Republic of South Africa, Department of Environmental Affairs and Tourism (1996), the Development and Promotion of Tourism in South Africa, White Paper
- Republic of South Africa, Gazette No. 25773 dated 28 November 2003, National Treasury, Public finance management act, 1999
- Republic of South Africa, (2004) National Treasury PPP Manual, Module 5: PPP procurement
- Republic of South Africa, National Treasury (2005), Schedule Treasury Regulations for departments, trading entities, constitutional institutions
- Republic of South Africa, National Treasury (2005), PPP Toolkit for Tourism
- Republic of South Africa, National Department of Tourism (2011), National Tourism Sector Strategy
- Republic of Turkey, Ministry of Tourism and Culture (2007), Tourism Strategy of Turkey-2023
- Republic of Turkey, Ministry of Tourism and Culture, (2014), Role of Public-Private Partnership for the Development of Tourism Sector
- Saunders et al (2007), Research Methods for Business Students, *Pearson Education Limited, Fourth Edition*

- Saunders et al (2009), *Research Methods for Business Students, Pearson Education Limited, Fifth Edition*
- SuatTeke and Dilek Teker (2012), *Tourism Projects Financing: a Public-Private-Partnership Model, BMD, Vol.2, No.5, Nov 2012, pp.05-11*
- Tanzina Chowdhury et,al(2013), *Promoting Private Partnership for Development of Tourism Sector of Bangladesh: An Exploratory Study, European Journal of Business and Managmnet, Vol.5, No.321, 2013*
- Teshome Tadesse Beyene (2011), *Factors for Implementing Public-Private Partnership (PPP) in the Development Process: Stakeholders' Perspective from Ethiopia; International Journal of Science and Research (IJSR) ISSN (Online): 2319-7064*
- The Gazette of the United Republic of Tanzania No. 22 Vol. 92 dated 3 June, 2011, *Public-Private Partnership Regulations*
- The Gazette of the United Republic of Tanzania No. 20 Vol. 95 dated 16 May, 2014, *Public-Private Partnership (Amendment Act)*
- The United Republic of Tanzania, Ministry of Natural Resource and Tourism (1999), *National Tourism Policy*
- The United Republic of Tanzania, Prime Minister's Office (2009), *National Public-Private Partnership (PPP) Policy*
- Tigu et al (2013), *Public-Private Partnership – a new path for tourism development; Academy of Economic Studies, Bucharest*
- UNDP (2015), *Prospects of Public- private Partnership (PPP) in Ethiopia*
- UNWTO (2014), *Tourism Highlights, 2014 edition*
- UNWTO (2014), *World Tourism Barometer; Volume 12, April 2014*
- WB (2014), *Tourism in Africa: Harnessing Tourism for Growth and Improved Livelihoods*
- WB (2013), *Tourism in Africa: Harnessing Tourism for Growth and Improved Livelihoods*
- WB (2014), *Public-Private Partnerships, Reference Guide version 2.0*
- WB (2011), *Ethiopia's Tourism Sector: strategic paths to competitiveness and job creation*
- WEF (2013), *the Travel and Tourism Competitiveness: Reducing Barriers to Economic Growth and Job Creation*
- Zikmund and Carr (2010), *Business Research Methods, eighth edition*

## **Appendix-A-Semi-structured Interview Guideline**

**Dear Respondents,**

*I am currently undertaking a research titled “**Public- Private Partnership (PPP) for Sustainable Tourism Development in Ethiopia: Constraints and Prospects**” for partial fulfillment of MBA study. I strongly believe your opinion will enrich the insight on the subject matter, and would like to request your kind cooperation in responding the following questions. Your response will be used only for the purpose of the study and it will remain confidential. By no means, it will be taken as a formal stand of your organization; it will be only taken as your personal view.*

*Thank you and very sincerely yours,  
Gebreegzabher Aregawi*

### **Background of the Study**

Public-Private Partnership (PPP) is a long term arrangement, whereby some services that fall under the responsibilities of the public sector are provided by the private sector with clear agreement between the public and the private sector. In the tourism sector Public-Private Partnership could be adapted as a viable mode of financing tourism projects where tourism projects are financed and operated through partnership of the government and one or more private sector parties.

Practical experiences of some developing countries indicate that the PPP approach has been widely used for tourism development, and brought about successful result. However, the effort to develop the abundant tourism endowments of Ethiopia through Public- Private Partnership seems foggy with missed opportunity for the country paradox to its rich tourism asset as compare to other developing countries.

Therefore, the researcher will try to explore the potential, constraints and prospects of PPP for tourism development in Ethiopia. The purpose of the study is:

- To provide insight for decision makers and partners on the potential ,constraints and prospects of PPP, and evoke adaptation and implementation of PPP for tourism development

- To shed light for further research on potential, constraints and prospects of PPP for tourism development.

Name: \_\_\_\_\_ Nationality: \_\_\_\_\_

Age: \_\_\_\_\_ Sex: \_\_\_\_\_ Educational Level: \_\_\_\_\_

Institution: \_\_\_\_\_ Position: \_\_\_\_\_ Work experience in year \_\_\_\_\_

1. How do you describe the Tourism Resource of Ethiopian and its potential to contribute for the overall development of the country?
2. Do you think Ethiopia has fully utilized its tourism resource? If your response is no, what do you think are the reasons? If yes in what way?
3. Do you think the government of Ethiopia is currently in a position to finance huge tourism projects in addition to financing overall infrastructure development and basic public services like health, education and so on from own financial source? If no why? And what alternative means of financing huge tourism development projects you suggest? If yes in what way?
4. Do you think the public sector in Ethiopia has financial limitation and lack of experience to develop the tourism sector? If your response is yes or no in what way?
5. Do you think the private sector can be a source of financial and technical resource through partnership with the public sector for tourism development in Ethiopia? If your response is yes or no in what way?
6. How did you perceive the political will of the government of Ethiopia to adapt and implement Public-Private Partnership for tourism development?
7. Do you think there is a political system composed of the public sector, private sector, and think thanks and local NGO's to facilitate decision making in adaptation and implementation of Public-Private Partnership for tourism development in Ethiopia? If your response is yes or no in what way?
8. What prospects and /or constraints you have noticed in terms of transparency and accountability of the public administration of the Ethiopian government that can favor or hinder adaptation and implementation of Public-Private Partnership for tourism development?
9. How did the Tourism Development Policy, Thematic Tourism Development Master Plan and other relevant strategies of Ethiopia deal with the issue of adaptation and implementation of Public-Private Partnership for tourism development?

10. How do you observe the support of international development partners to adapt and implement PPP for tourism development in Ethiopia? Please describe which organization and what type of support?
11. What prospects and/or constraints you have witnessed in terms of legal and institutional frame work (Private property protection law, public procurement law, PPP contract law, dedicated PPP agency) for adaptation and implementation of PPP for tourism development in Ethiopia?
12. What prospects and/or constraints you have observed in the competencies of local and international investors to engage in PPP project for tourism development in Ethiopia?
13. Please prioritize possible activities of tourism development that can be done through Public-Private Partnership in Ethiopia?

Activity	Rank	Reason
Tourism Infrastructure development		
Development and management of national parks & reserve areas		
Renovation and presentation of historical buildings & monuments		
Development and management of museums, cultural & visitor centers		
Development and management of community tourism areas		
Accommodation, entertainment, event and related facilities like hotels, resorts, lodges...etc		
Marketing and promotion		
Others, please specify		

14. Do you know any polity/council/assembly composed of the government, private sector, and development partners dedicated to adaptation and implementation of PPP for tourism development in Ethiopia? What roles are playing, how efficient is it and what has been achieved yet?
15. Do you know any public body dedicated to adaptation and implementation of PPP for tourism development? What roles are playing, how efficient is it, and what has been achieved yet?
16. Do you know any PPP projects in tourism development in Ethiopia? In which part of the country? Who are involved? What models of the PPP are in place? What has been achieved?

*Thank you again for your time!!*

*Signature of Interviewee:* \_\_\_\_\_

*Date:* \_\_\_\_\_

## Appendix-B-List of respondents, and their institution and position

<b>Code</b>	<b>Institution</b>	<b>Position</b>
001	Ministry of Culture and Tourism	Director
002	Ministry of Culture and Tourism	Director
003	Ministry of Culture and Tourism	Expert
004	Ministry of Culture and Tourism	Expert
005	Ethiopian Tourism Organization	Senior officer
006	Ethiopian Tourism Organization	Senior officer
007	Ethiopian Tourism Organization	Expert
008	Ethiopian Tourism Organization	Expert
009	Ethiopian Tourism Organization	Expert
010	Ethiopian Wildlife Conservation Authority	Expert
011	Ethiopian Wildlife Conservation Authority	Expert
012	Ethiopian Wildlife Conservation Authority	Expert
013	Ethiopian Investment Commission	Director
014	Ethiopian Sustainable Tourism Development Project	National Coordinator
015	Ethiopian Sustainable Tourism Development Project	Site Management Unit Coordinator
016	Ethiopian Sustainable Tourism Development Project	Specialist
017	Ethiopian Sustainable Tourism Development Project	Expert
018	Ethiopian Sustainable Tourism Development Project	Expert
019	Ethiopian Chamber of commerce and Sectoral Associations	Consultant
020	Ethiopian Chamber of commerce and Sectoral Associations	Consultant

021	Ethiopian Tour Operators Association	Member
022	Society of Addis Ababa Tour Operator	President
023	Ethiopian Trophy Hunters Association	President
024	Ethiopian Trophy Hunters Association	Vice president
025	Ethiopian Hotel Professional Association	President
026	Ethiopian Hotel Professional Association	Member
027	Ethiopian Tourism Professional Association	Member
028	Ethiopian Tourism Professional Association	Member
029	Ethiopian Tourism Professional Association	Member
030	Private tour operator	Managing Director
031	Private tour operator	Managing Director
032	Private tour operator	Manager
033	Private tour operator	Manager
034	Private tour operator	Tour and Marketing head
035	Private tour operator	Product development officer
036	Private tour operator	Tour Operator
037	Private hotel	General Manager
038	Private hotel	General
039	Private hotel	Marketing manager

**Source:** Own data, 2015

### Appendix-C- Illustration of criteria based selection of relevant developing countries for empirical review

Selection criteria	Country				Relevance for Ethiopia
	South Africa	Turkey	Tanzania	Ethiopia	
Tourism resource & utilization	It has 4 natural heritage sites and 5 cultural heritages registered as world heritage sites.	It has 2 natural and 20 cultural heritages registered as world heritage sites.	It has 4 natural heritage sites and 4 cultural heritages registered as world heritage sites.	It has 1 natural heritage sites and 8 cultural heritage sites registered as world heritage sites.	Ethiopia can learn a lot from South Africa, Turkey and Tanzania to utilize its untapped tourism resources. South Africa and Tanzania for natural tourism resources while Turkey for cultural resources.
Stage of tourism development	Consolidating	Consolidating	Consolidating	Potential	The selected countries have reached “consolidating” stage of tourism development which can be achieved by Ethiopia by benchmarking the best practice of these countries.
Contribution of tourism to overall development	Tourism contributes 8.7% to the overall economy and 9.2% to the overall employment in 2012.	Tourism contributes 10.9% to the overall economy and 8.2% to the overall employment in 2012.	Tourism contributes 13.3% to the overall economy and 11.6% to the overall employment in 2012.	Tourism contributes 10.5% to the overall economy and 9.1% to the overall employment in 2012.	Even though, the contribution of tourism to the overall existing economy seems significant in percentile, it is due to the low economy of the country as compare to the selected countries. Hence, it is important to take practical experience of these countries to maintain and even to increase the contribution of tourism sector in the growing economy of Ethiopia.
Tourism policy & strategy	The National Tourism Sector Strategy (2010-2020) aims to grow a sustainable tourism economy in South Africa.	Tourism Strategy of Turkey-2023 aims to support economic growth, physically applicable and socially oriented and fairly reflects the principle of sustainable tourism.	The National Tourism Strategy has a general objective to promote the economy and livelihood of the people,	The Tourism development policy aims at brings about a lasting change by developing the potential of our tourist	These countries have gone through adoption and revision of policies and strategies to use tourism as an agent of economic growth, poverty alleviation, and sustainable development. As a result Ethiopia can learn a lot to use tourism a means of sustainable development.



<p>Experience in adaptation and implementation of PPP for tourism development</p>	<p>South Africa has established regulatory framework for national and Provincial institutions to enter into PPP. by adopting Treasury Regulation. Moreover, PPP Toolkit for Tourism is in placed to serve as practical guideline to use tourism as strategic sector for the development of the country</p>	<p>The Turkish government has established GDIE under the Ministry of Culture and Tourism to carry out tourism development activities through PPP. A number of Tourism projects are implemented through ppp approach.</p>	<p>Tanzania has PPP policy which aims to put in place an enabling environment to generate and mobilize adequate financial and technical resources. Tanzania has accumulated best practice in implementation ecotourism projects through PPP</p>	<p>There is no clear PPP policy at National. Some level of practices is observed in management of Siemen and Bale national parks.</p>	<p>Owing similar tourism resource base, Ethiopia can use experience of these countries to adapt and implement PPP for tourism development.</p>
---	--	--	---	---	--

**Source:** Summarized from the empirical review