

UNIVERSITY OF GHANA

**PUBLIC-PRIVATE PARTNERSHIP IN THE WATER SUPPLY SECTOR
OF GHANA: HAS IT DELIVERED PUBLIC ACCOUNTABILITY?**

BY

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LEGON IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR
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DECLARATION

I, Emmanuel Lamptey, hereby declare that this thesis is an independent account of my research conducted under the supervision of Dr. Cletus Agyenim-Boateng and Mr. James Otioku of the Department of Accounting, University of Ghana Business School.

I attest that this thesis has not been presented either in whole or in part for any award in any other institution and full acknowledgments have been given to all references cited and ideas taken from the works of other people. I, therefore, accept full responsibility for any error that may be included in this report.

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CERTIFICATION

We hereby certify that this thesis was supervised in accordance with procedures laid down by the
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DEDICATION

This work is dedicated to my family especially Mr & Mrs Lawson and all the wonderful people in my life who motivated me relentlessly.

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I am very grateful to the Almighty God for His guidance and protection through my studies. This work would not have been possible without His Grace and Mercy.

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LIST OF ACRONYMS AND ABBREVIATIONS

ABBREVIATION	FULL NAME
Befesa	Befesa Company Limited
CEPA	Cambridge Economic Policy Associates
GWCL	Ghana Water Company Limited
CWSA	Community Water and Sanitation Agency
GBRF	Governance-Based Reporting framework
MoFEP	Ministry of Finance and Economic Planning
MoF	Ministry of Finance
NDP	National Development Plan
NIP	National Infrastructure Plan
PAC	Public Accounts Committee
PID	Public Investment Division
PPP	Public-Private Partnership
PUWU	Public Utilities Workers Union
SPV	Special Purpose Vehicle
SDW	Seawater Desalinated Plant
SPV	Special Purpose Vehicle
VfM	Value for Money

ABSTRACT

Accountability and transparency have long remained an area of concern in public-private partnerships (PPP). In addition, there is a concern in the literature to examine accountability from a developing country's perspective. This thesis responds to the call by drawing on the Shaoul et al's (2012) governance-based reporting framework which has received little application in literature to examine the extent to which PPP delivers public accountability in water supply sector. The study focuses on the water supply sector as it remains the only sector that has seen the most successful private sector participation in Sub-Saharan Africa, particularly in Ghana. The main objectives of the study are to examine that extent to which PPP in the water supply sector provide public accountability and possible challenges with associated implications for accountability.

In order to achieve the objectives of the study. The researcher adopts a single case study approach, which is based on the qualitative methodology involving the use of interviews and documentary analysis.

The findings shows that there is a limited disclosure and transparency of information in the water supply sector in Ghana due to "commercial confidentiality". The lack of information about PPP transaction in the water supply sector reduces the public ability to make an informed decision and pass judgements on PPP transactions. Secondly, findings reveal that there is a lack of public consultation in PPPs in the water supply sector, particularly as citizen and taxpayer do not speak with a unified voice. Thirdly, the finding of the study reveals that PPPs lack the right institutional framework. As a result, unsolicited PPP projects are relatively expensive compared to traditional competitive tendering, creating affordability challenges for the citizens. Fourthly, the finding from the study reveals that key institutions, such as the Audit Service of Ghana, are not involved in the evaluation and monitoring of PPP transactions to ensure value for money. In addition, the external evaluation is undermined by the lack of information in the public domain.

The study provides several opportunities for further studies. In future, other studies can draw on the governance-based reporting framework to examine accountability practice in other important sectors of the economy. In addition, future studies can centre on how the clash of organizational culture between the public and private may complicate accountability within the context of PPP.

CHAPTER ONE

1.0 Introduction

The focus of the study was to explore the extent to which on-going PPPs in the water supply sector deliver public accountability. In addition, the study examines the major challenges in PPP and their implications on public accountability. This chapter presents a general overview of the entire study. This study starts by presenting the background to the study and identifying the research problem, the scope of the study, and the objectives of the research. It also presents the research questions, the significance of the study, the scope and finally the chapter outline.

1.1 Research Background

The concept of Public Private Partnership (PPP) has become central in the effective delivery of public goods and services, ordinarily provided by the public sector (Hodge & Greve, 2005; Forrer, *et al.*, 2010). PPP opens up the possibility of provision of public services in a form of partnership and/or a joint venture between a private company and the public sector (Broadbent & Laughlin, 2003).

Most countries today consider PPP in addressing vital developmental challenges in their societies (Palmer, 2010). The concept has received several interpretations in literature, whereas some see PPPs as a new governance tool for contracting for public services through competitive tendering (Joshua & Hudon, 2015). Linder (1999) and Schaeffer and Loveridge (2002) argued that PPP is a new expression in the language of public management, which describes an already existing procedure of involvement of private organizations in the delivery of public services.

Over the last three decades, there has been a progressive partnership between private companies and the public sector both globally and locally. The collaboration between the parties is expected

to promote efficiency, unleash market forces and competition which is inherently absent in the public service (Andrisani *et al.*, 2002). This is part of a new wave of liberal policy, which promotes private sector efficiency and market mechanisms (Miraftab, 2004; Steger & Roy, 2010).

The neo-liberal policies concentrate on promoting privatization of public services delivery, public sector reforms and the introduction of private sector models of governance and accountability into the public sector (Broadbent & Laughlin, 2005; Steger & Roy, 2010; George, 2004). In a broader context of neoliberalism, the government as an enabler or purchaser of public service contracts private providers to make public service more efficient and to achieve the better social outcome (Glynn & Murphy, 1996). In this regard, PPP uses resources from the previously separate purchaser and provider. The split between purchaser and provider of public services transfers public expenditure outside direct state control (Shaoul *et al.*, 2012). This raises questions as to how governance and reporting mechanisms in PPP can provide accountability for state resources and services in the context of PPP where, private sector legislation and accounting standards allow confidentiality of information in the pursuit of competitive advantage (Watson, 2003; Depoers, 2000; Shaoul *et al.*, 2012).

Developing countries have also started to adopt this neo-liberal policy and the free market economic system in different shades (Brenner & Theodore, 2002). Ghana's PPP policy, introduced in June 2011, was among the few governmental policies aimed at opening up public services to the private investor (Ministry of Finance and Economic Planning (MOFEP), 2011). The policy reflects the desire of the government to bridge the infrastructure gap and to provide better services through private capital and managerial expertise (MOFEP, 2011). The government published twenty-two (22) new pipeline projects undertaken via the PPP model. This sparked interest in private investors, leading communities and the international agencies.

The promulgation of Ghana's National PPP Policy is a recent phenomenon. However, there has been a progressive involvement of the private sector in the water supply sector. Additionally, the PPP program came at a time when the public is demanding greater accountability and transparency in government's process due to immense increase in private participation in the provision of public goods and services (Rahaman, 2009; Ameyaw & Chan, 2013) particularly as such partnership arrangement is less accepted in the Ghanaian context as noted by CEPA (2015).

In Ghana, studies have focused primarily on the rationale for the implementation of PPPs and factors, which have a positive impact on the successful implementation of PPPs in the water supply sector. As emphasized by Shaoul *et al* (2012), accountability and accounting has been an area of concern in PPPs. The thesis aims to examine how accountability is practiced in PPP by focusing on specific information disclosure and governance mechanisms.

1.2 Statement of the Problem

Governments around the world turned to the private sector in the form of PPPs to address service delivery gaps, operational failures, infrastructural backlogs, and funding gaps in the provision of public services, since the early 1990s (UNECE, 2008; Shendy, Kaplan, & Mousley, 2011). These partnerships compensate the gap in knowledge, capacity and form new lines of accountability between the two parties (Walker & Johannes, 2003, Trafford & Proctor, 2006). Thus, various partners are supposed to draw on their respective strengths to provide better services to the citizens. Although governments continue to employ the use of PPPs, these partnership arrangements are not without their own set of problems (Miraftab, 2004). These technical and structural problems and complexities in the creation of PPP have led to the concept receiving substantial research attention (Forrer *et al.*, 2010). A review of extant literature identifies significant differences between this study and other studies.

Fundamentally, previous research has focused on the rationale for the implementation of PPP and important characteristics, which influences the successful implementation of PPPs (Ismail & Haris, 2014; Amany, 2013). Thus, authors investigate the factors that lead to the implementation of PPPs both at the central or local level. In addition, other researchers explore the differences in perceptions of the actors of a PPP arrangement in relation to the rationales for implementing PPP. For example in Ghana, the rationale for the adoption of PPP is to enhance the country's development, encourage private sector participation in economic development and reduce the Government's role in providing public services delivery (Amany, 2013; Ameyaw & Chan, 2013)

Secondly, studies on PPP echo substantial success and failure factor that needs to be addressed. In the United Kingdom, for instance, a descriptive model, with five key characteristics, including good communication, openness, effective planning, ethos and direction, was developed. The model was identified to go hand-in-hand with the success of PPP (Trafford & Proctor, 2006). A similar study conducted in the UK a year later came out with inconsistent results. The study identified the need to emphasize strategies for the value for money (VfM), risk transfer and expertise for PPP project to be successful during completion (Nisar, 2007). Also in Ghana, a developing country, Ameyaw & Chan (2016) identified commitment of partners, strength of consortium, asset quality and social support, political environment, and National PPP unit as factors underpinning the success of PPP in Ghana. They noted that these factors model a "very high" positive effect on a successful implementation of PPPs in Ghana's water supply sector (Ameyaw & Chan, 2016).

Although these studies have addressed some of the problem which exists in PPP, there still exists the problem of accountability in practice as a product of the transfer of private sector corporate governance and accountability regime to the public sector (Andrisani *et al.*, 2002; Shaoul *et al.*,

2012). The involvement of private companies in the provision of public services changes the nature of public sector accountability and governance mechanisms (Shaoul *et al.*, 2012; Skelcher, 2010). The expansion of PPP in the public service transfers the public expenditure and revenue outside state control, creating accountability dilemma as to how reporting and governance mechanism in PPP provide public accountability (Watson, 2003).

This problem of accountability in PPP is consistent with global trends. However, studies on accountability in PPP in literature has focused mostly on developed countries. Therefore, the call to provide contextual clarity on accounting and accountability as practiced in PPP has not been entirely comprehensive (Fombad, 2013b; Zaato & Hudon, 2015). One appropriate theoretical lens that can be used to respond to the call from developing countries' perspective is the governance-based reporting framework (GBRF). The GBRF examines how governance and reporting mechanisms work below the central government to deliver accountability (Shaoul *et al.*, 2015). There have been calls to use this theoretical lens to examine accountability in different contexts (Shaoul *et al.*, 2012). The Shaoul *et al.* (2012) theoretical framework has not been widely used yet. Hence, it is both a concern and inspiration as it leaves a further gap in the literature.

In summary, the motivation for the study is in two strands. Firstly, the study focuses on the water supply sector of Ghana where prior research has focused on the rationale and the operations of PPP water supply projects in terms of risk, critical success factors and their performance without any attention on whether the operation of PPPs delivers public accountability. Secondly, the study employs the use of the Shaoul *et al.*'s GBRF which has received little application in literature to examine the extent to which PPP delivers public accountability. Furthermore, there is a concern in the literature to examine accountability, particularly from a developing country's perspective.

1.3 Scope of the Study

The study focuses on PPPs infrastructure project within the water supply sector of Ghana. The study in examining PPPs focuses on accountability issues that arise during the various stages of the decision-making phase. The study made use of Ghana because the country has adopted this concept as a key strategy to bridge the infrastructure gap and to provide the much-needed efficiency in the public service (MOFEP, 2011). In addition, PPP is a new phenomenon in developing countries like Ghana and there are major accountability issues, which will be of interest to both the public and private parties. Furthermore, accountability issues because it is a widely held critique of most PPPs (Agyenim-Boateng *et al.*, 2014; Shaoul *et al.*, 2008; Siddiquee, 2011; Reeves, 2011). On the other hand, Fombad (2013b) argues that PPPs have the ability to enhance accountability and the tendency to improve the performance of public service delivery. The main purpose of this thesis is to examine public accountability related issues in PPP arrangements and the major challenges in PPP and their implications on public accountability.

1.4 Research Objectives

- 1 Examine the extent to which current governance mechanisms of PPP projects provide public accountability
- 2 To explore the major challenges faced by actors in PPP and their implications for public accountability

1.5 Research Questions

- 1 To what extent do current governance mechanisms of PPP projects provide public accountability?
- 2 What are the major challenges faced by actors in PPP and their implications for public accountability?

1.6 Significance of the Study

PPPs in water supply sector of Ghana is quite a recent phenomenon and has not received much research attention particularly, in examining how the actors in practice deliver public accountability. However, a few research articles (Rahaman & Neu, 2007; Ameyaw & Chan, 2016; Chan & Ameyaw, 2013; Ameyaw & Chan, 2012) have discussed the rationale and operation of the PPP water supply projects in terms of risk, critical success factors and their performance without any attention on whether the operation of PPPs deliver public accountability. Again, the study draws on Shaoul *et al's* (2012) governance based reporting framework that has seen little application in accountability literature. Therefore, there is an existing gap in literature as to whether the operations of PPPs in the water supply sector of Ghana provides public accountability.

The government relies on PPPs to close the infrastructure gap in the water supply sector. This provides an opportune time for empirical research to identify policy areas that need much attention. In this study, the focus was on how effectively the governance mechanism provides public accountability. Unlike other, this study focuses on identifying key challenges that affect accountability and how these challenges have implication on the government policy to develop the water supply sector through PPPs. The study provides policy-makers an insight into accountability in PPP to ensure proper control and proper performance measurement of responsibility. Additionally, if PPPs are to be accountable within and outside the arrangement, it is necessary for policy-makers to develop robust approaches to ensure the success of PPPs.

Finally, PPPs have emerged as a new tool for addressing important societal concerns and the delivery of public service. In this regard, many developing countries employed the use of PPPs. As a result, the finding from the study provides an opportunity for other developing countries to

ensure an improvement in the accountability relationship between the actors. Furthermore, the study identified various prospects of public accountability in PPPs from the perspective of a developing country that would serve as a useful guide to practitioners in the years to come. Through comparing findings on accountability in PPP, the study will help to explain the challenges of accountability in present day PPP arrangement and possible recommendation for practitioners in building a better PPP contract arrangement.

1.7 Chapter Outline

The research is organized into five chapters. The first chapter discusses the introduction and the research background, problem statement, research objectives and questions that guided the research, relevance of the study, and the chapter outline. The second chapter presents a literature review on PPPs and the implementation of PPPs in Ghana. It also discussed various scopes of accountability, accountability challenges and the theoretical framework employed in the study. Chapter three deals with the research methodology, which comprises seven parts namely the introduction, research paradigm, research method, data collection, data management and ethical consideration. Chapter four presents an analysis and discussion of findings. Finally, chapter five provides a summary, conclusion, and recommendation of the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The chapter presents a review of the literature on accountability and PPPs. It discusses literature on PPPs as a neoliberal policy that seeks to involve private companies in the provision of public infrastructure and services and the various classification and phases of PPP. The chapter further discusses the concept of accountability, scope of accountability, the accountability concerns in PPP and accountability challenges of PPP arrangements. Lastly, the chapter concludes with the theoretical framework that underpinning of the study.

2.1 Public-Private Partnership and Neo-liberalism

The last three decades have been met with a substantial change in the role of the public sector in the provision of public services and goods (Steger & Roy, 2010). The distribution of national wealth and resource is solely the prerogative right of the government (Steger & Roy, 2010). However, neo-liberal and free trader approach problematize the duty of the government in the distribution of national wealth and resource. The neo-liberal economic policies subscribe to the idea that the involvement of private companies in the provision of public infrastructure goods unleashes market forces and competition which is inherently absent in the government sector (Andrisani *et al.*, 2002).

Under the neo-liberal system, governments concentrate on involving the private sector in the distribution of the public service. As a result, PPP has quite become popular in the provision and distribution of public goods or resources and several have inundated the public sector globally (Hodge, 2010). Developing countries have also started to adopt this neo-liberal policy and the free market economic system in different shades (Brenner & Theodore, 2002). International

organizations such as the World Bank and The International Monetary Fund (IMF) progressively introduced implement and promote PPPs in developing economies. In the context of developing countries, PPPs are largely used as a funding mechanism to reduce the budget deficit of governments and provide infrastructure (Heald & Georgiou, 2011).

Although PPP has received ample attention in literature, historically the origin of PPP seems unclear. Lambert and Lapsley (2006) provide evidence about the origin of PPP. However, their evidence came under heavy criticisms. The critics argued that the government of the United Kingdom (UK) was the first to make a concrete effort in using private sector finance through financing infrastructure projects under the Private Finance Initiative (PFI), launched in 1992 under the Conservative Government.

Additionally, the term PPP as used in literature means different undertaking between the private and the public sector. Hence, the term PPP lacks clear-cut definition as result, the proliferation of academic, institutional and country based definitions (Schaeffer & Loveridge, 2002; OECD, 2012; World Bank, 2012).

2.1.1 Meaning and the Characteristics of Public-Private Partnerships

Before considering accountability issues in PPP. It is imperative to comprehend the meaning of the term Public-private partnership. The term PPP as used in the literature describes an umbrella concept that explores the different forms of collaborative undertaking between the government, private sector and a social enterprise. It ranging from simple co-ordination efforts between two organizations from different sectors to more comprehensive initiatives involving a significant number of organizations and ventures representing all three sectors (Acar *et al*, 2008; Schaeffer & Loveridge, 2002).

Furthermore, PPPs themselves exhibit a great variety of different dimensions. For example, they vary in relation to their purposes, structures, complexity and term of contract (Broadbent & Laughlin, 2003; Acar & Robertson, 2004). In addition to these differences, PPP is an umbrella concept that is associated with different meanings. For example, Linder (1999) identifies and discusses six different meanings attached to the term PPP- management reform, problem conversion, moral regeneration, risk shifting, restructuring public service, and power sharing.

In light of these, structural and conceptual differences in the use of the concept PPP. In literature, various definitions exist for the concept of PPP. Such definition can be categorized into academic country-based and institutional definitions.

Firstly, institutions such as the World Bank and Organization for Economic Cooperation and Development (OECD) have developed an institutional definition of PPP. World Bank (2012:12) defines PPP as “a long-term contract between a government agency and a private firm for the purpose of developing a public asset or providing a public service for which the private firm bears significant risk and management responsibility”. Additionally, OECD (2012:13) defines PPPs as “long-term contractual arrangements between the government and a private partner whereby the latter delivers and funds public services using a capital asset, sharing the associated risks”

Concerning country-based definition: national policies or government department that opens up the public service to private parties defines PPPs. In the case of Ghana, PPP is defined by the National PPP Policy (2011:2) as “a contractual arrangement between a public entity and a private sector party, with clear agreement on shared objectives for the provision of public infrastructure and services traditionally provided by the public sector”

In academia, Bettignies and Ross (2004:136) defined PPP as “contractual arrangements between a government and a private party for the provision of assets and the delivery of services that have been traditionally provided by the public sector”. Also, Broadbent and Laughlin (2003: 334) refer to PPPs as: “an approach to delivering public services that involve the private sector, but one that provides for a more direct control relationship between the public and private sector that would be achieved by a simple market-based and arms-length purchase”. Fombad (2014) explained PPP as “long-term contracts between the government and the private sector where there is a manifestation of mutual commitment and trust, and whereby risk, rewards, resources, skills, expertise and finances are shared”.

From the above definitions of PPP, it can be deduced that certain characteristics must be present for a partnership arrangement between that government and private to be considered as a PPP transaction. These characteristics include primarily a collaboration between the public and the private sector where the private sector is given the mandate to provide goods which were traditionally the obligation of the public sector. Secondly, the associated risk of providing public goods and services is transferred to the institution with the capability to handle such risk. Thirdly, private entities receive financial enumeration from the public sector based on predefined criteria or the users of the services. Fourthly, trust and commitment between the government and the parties in PPP transaction is a vital characteristic for effective management and operation of the PPP contract arrangement (Rein & Stott, 2009). Lastly, the above definitions show that PPPs are long-term nature of PPP contract is also an important characteristic to be considered.

Therefore, it is important the above-mentioned characteristics be captured in the definition of the concept of PPP. An evaluation of the definitions shows that all the definitions stated above failed to capture comprehensively all the characteristics mentioned. The country-specific definition, for

example, failed to mention the financial remuneration given to the private companies for the provision of the public service. In addition, the country-specific definition made no mention of the trust, goal congruence and commitment that are critical considerations for a successful implementation of PPPs (Ismail & Haris, 2014). Moreover, the academic definitions failed to capture the long-term nature of the partnership between that private and the public sector and limited the obligation between the private and the public when there is a transfer of risk. Hence, the study draws on the definition of Fombad (2014) as it captures most of the vital characteristics of PPP that are necessary consideration in the definition of PPP.

2.1.2 Types of Public-Private Partnership

Numerous forms of PPP contract arrangement have been developed worldwide in response to various sector needs. PPP vary in relation to their purposes, structures, complexity, and term of contract. The difference is mostly attributed to specific designs and contractual arrangement that meets the infrastructural needs of governments globally. UNECE (2008) categorized PPP into two broad groups. These include the contractual and the institutional PPPs. These two categories are further discussed below.

2.1.2.1 Contractual Public-Private Partnerships

Contractual PPP arrangements consist of concession models, where the user pays service fees. Most forms of PPP globally take the form of concession where private funding, private technology and management are brought to bear in the government sector. PPP contracts can be describe as a concession when a contracting authority (public agency) gives a private contractor (concessionaire) right to provide a public infrastructure service in exchange for user fees whiles the concessionaire has an obligation to provide all related capital investment, management and

operational function and maintenance for a specific period (Broadbent & Laughlin, 2003: MOF, 2014: Wilhelm *et al.*, 2009).

The arrangement usually includes the responsibility to finance, design, construct, operate and repair or maintain the asset. However, the assets constructed in a concession agreement remains the under the control of the contracting authority and will be reverted to the contracting authority including assets developed or acquired by the private party. In a concession agreement, the private partner receives revenue directly from the consumers. Hence such arrangement is suitable for water projects, public transport, electric and gas project. However, not suitable for social PPP such as road, health, defense and education. In such PPP contract arrangements, the terminology encapsulates their function and responsibility they cover (finance, design, construction, management and maintenance). Contracts that encapsulate the largest number of functions are “concession” and “Design”, “build”, “Finance” and “Operate” “contracts”

2.1.2.2 Institutionalized Public-Private Partnerships

This form of PPP has received global acceptance in the delivery of public infrastructure services as part of a broader public reform program. This kind of PPP contract allows the private investor to finance and construct a PPP infrastructure project. An example of such a PPP transaction is the Private Finance Initiative (PFI). In contrast with a concession, the contracting party makes an annual payment to the private investor for the delivery of public infrastructure service rather the users of the service.

However, both the PFI schemes and concession have similar elements (finance, design, construction, management and maintenance). PFI is not merely an alternative means of borrowing money- the loan with interest is repaid over a period of the PFI scheme by the service provider

who is at risk should it happen that delivery is not to appropriate standard or the service is not patronized by the citizens. The contracting entity mandated to carry out the public infrastructure service, contract out the service to the private investor detailing the assets specification and the transfer of risk to the investor.

The public authority to carry out the scheme procures a partner and detailed control and risks associated with the project is transferred to the partner. Normally in this kind of borrowing, the borrowing cost is higher compared to normal government borrowing. The above broad categories can take different forms. PPPs vary in relation to responsibility and risk transferred between the parties. The following terms explained in table 2.1 below are commonly used to describe such typical partnership agreements

Table 2.1 Modes of Public-Private Partnerships

Scheme	Description
Build-own-operate (BOO) Build-develop-operate (BDO) Design-build-finance-operate(DBFO)	The private company develops designs, manages and operates the PPP asset without any responsibility to transfer the asset to the contracting entity.
Buy-build-operate (BBO) Lease-develop-operate (LDO)	The private partner leases or buys the asset from the government to operate after renovation or expansion. The private partner is not under obligation to transfer the asset back if the asset is sold out-rightly
Build-operate-transfer (BOT) Build-own-operate-transfer (BOOT) Build-rent-own-transfer (BROT) Build-transfer-operate (BTO)	The private partner designs, develops or constructs the asset and subsequently transfers the asset to the contracting entity when the contract agreement expires. The private partner may be allowed to lease or rent the asset from the government.
Franchising, Monetising	Public authority contracts a private company to manage existing public infrastructure asset
Outsourcing	Contracts private sector to deliver a public service for a fee.
Joint ventures	The various parties contribute capital or equity but the asset is managed and controlled by the private company

(IMF, 2004; Mckee, *et al.*, 2006; Shaoul, *et al.*, 2007; Whitfield, 2010; Agyenim-Boateng *et al.*, 2012)

2.2 Implementation of Public-Private Partnership in Ghana

The Government of Ghana is faced with monumental challenges in infrastructure development (MOFEP, 2011). The provision of public infrastructure assets has traditionally been the obligation of the state. The government is faced with a huge budget deficit and infrastructure gaps that cannot be bridged only by the state alone through its budget allocations. Therefore the government of Ghana adopted the neo-liberal policy which encourages the use of private capital and expertise through partnerships or joint venture arrangements to close infrastructure gap, improve efficient on public service delivery to boost economic development (MOFEP, 2011: Broadbent & Laughlin, 2003).

The participation of private companies in the provision of infrastructure and service is not new and has deep roots in many countries, in which Ghana is no exception. The historical development of PPP in Ghana can be traced back to mid-1990, under the National Democratic Congress (NDC). Nevertheless, the progress has been slow and not much progress has been made after 15 years (Amany, 2013: Ameyaw & Chan, 2013). In light of this setback, successive government has made attempted to promulgate a PPP Act to boost private sector confidence with aim of attracting foreign direct investment. Given this new insight, the government took a series of measure strengthen and provide an enabling environment for private sector participation in the efficient delivery of public service.

Significantly, the government mandated the Public Investment Division (PID) of the Ministry of Finance (MoF) to act as an oversight and coordinating body overall PPP activities in the public sector (Ameyaw & Chan, 2016). Subsequently, PPPs have inundated in the area of water, health, leisure, transport and energy. Currently, there are twenty-two (22) new pipeline projects undertaken via the PPP model. These projects are implemented by the various Ministries,

Department and Agencies, with the support of the PID, and it will be competitively bided out to the private sector (Cambridge Economic Policy Associates (CEPA), 2015). However, private companies develop a large number of projects as unsolicited proposal outside the PID pipeline projects (CEPA, 2015). Furthermore, CEPA (2015) observed that there are more than 60 licenses for renewable energy issued by the Ghana Energy Commission to the Independent Power Producers (IPP), which is not in the public domain.

The Table 2.2 below summaries the PPP pipeline projects in Ghana.

Table 2.2 Current Pipeline Projects

Project	Estimated Cost	Sector
Accra-Takoradi Highway Dualisation	US\$600m	Roads
Asutsuare Bulk Water	US\$565m	Water & sewerage
Boankra Inland Port / Eastern Railway Line project	US\$900m-1.5bn	Rail / Inland port
Sogakope-Lome Trans-Boundary Water Supply Project	N/A	Water & sewerage
Takoradi Port Rehabilitation and Expansion	US\$750m	Ports
Accra-Tema Motorway Expansion	US\$200-350m	Roads
New National Airline	N/A	Transport
Korle-Bu Teaching Hospital – Diagnostic Services	US\$24.5m	Health
Urology/ Nephrology Centre of Excellence	N/A	Health
7 Model Markets	N/A	Community
Development of Sports and Residential Facilities	N/A	Sport
Accra Plains Irrigation Project	US\$90m	Agriculture
Foreigner Identification Management System	N/A	Community
Development of Office Accommodation	N/A	Housing
Modern Pedestrian Foot Bridges	N/A	Community

Source: CEPA (2015); MoF (2014)

2.3 Phases of a Public Private Partnership Project

This section reviews the various phases of PPP projects. The phases of PPP projects may vary with the different categories of PPP described. In addition, the phases may vary within the context in which the PPP arrangement was undertaken. At various stages of the PPP contract arrangement, raise issues that have implication on public accountability. The study outline a series of phases below.

2.3.1 Phase I – Business Case and Option Appraisal

At this initial stage of project formation, the need for a particular infrastructure facility is identified, normally by the government or more often by contracting authority. It is the obligation of the contracting entity to identify the project or select a project, which they consider implementing through, the PPP mode. The contracting authority registers a brief /concept notes of the project with the PID of MoF. The concept notes inform the PID about expertise within that institutions to proceed with the project, appoint a project officer from the within or outside the institution and appoint a Transaction Advisor if the MoF-PID request (MOFEP, 2011).

The contracting entity develops a business case/pre-feasibility study to ensure the project conformity with national infrastructure plans and economic needs of the public. The business case explains the operational and economic benefit of the project in line with contracting authority's strategic objectives and demonstrates the alignment of the project to the National infrastructure (NIP) Plan and the government policies (MOFEP, 2011). The business case/feasibility study is necessary to provide information on the cost estimates, identify key technical issues and safeguarded which will affect the implementation of the project (MOF, 2015). The business case is prepared with the assistance of the Transaction Advisor. The business case provides justification

for the use of PPPs hence the absence of a business case in the public domain has implications on accountability as it creates an environment of corruption, mistrust and political interference.

The business case report is subject to the approval of the Project Management Unit of the contracting entity and a concurrent review from the PID of MoF (MOF, 2015). Subsequently, the contracting authority proceeds to the contracting of a private partner by submitting the business case report to the PID of MoF for approval. Wilhelm *et al* (2009) opined that the business case is usually presented in the form of a cost-benefit analysis, risk transferred the financial commitment and the affordability of the project. It is imperative that all PPP project meet the affordability and Value for Money (VfM) criteria. In addition, the business case explains the capacity of the contracting entity to monitor, enforce, manage, procure and implement the PPP project. The business case/full feasibility reports require approval by the PID.

On the other hand, some countries consider procurement method at the first phase by making preliminary qualitative PPP tests (Wilhelm, *et al.*, 2009). The essence of the analysis is to determine the project will be suitably implemented on a PPP basis by investigating qualitative “no-go criteria” of legal, political, organizational or technical character (Wilhelm, *et al.*, 2009). The PPP project is compared with traditional public sector finance by quantitative public sector comparator (PSC) calculations with the aim to ensure greater efficiency and VfM delivery.

2.3.2 Phase II: Procurement Process

Once the business case/feasibility study is approved by the PID. The next stage of the PPP is the selection of a suitable private company through national procurement guidelines. With the assistance of the transactional advisor, the procurement documentation is used for the recruitment of a private partner to provide capital or expertise to manage the infrastructure project (MOFEP,

2011). The procurement activities of PPP projects are within the scope of the Public Procurement Act 2003 (663) which mandates Public Procurement Authority (PPA) to ensure compliance in the procurement process, monitor and supervise public procurement process.

The procurement process must be in accordance with a system that is fair, transparent competitive and cost-effective (UNECE, 2008). The contracting entity evaluates the bids and submits an evaluation report for review and recommendation by the MoF-PID prior to approval. The winning bid in a competitive process must demonstrate affordability, VfM, substantial technical, operational and financial risk transferred (MOFEP, 2011). The approval of winning bid is expected to satisfy these necessary criteria before approval by the Cabinet, PPP approval committee or the contracting entity- depending on the scope and cost of the project (MOF, 2015).

In the case of unsolicited projects, single sourcing method of procurement is used. The project is expected to fulfill the following conditions prior to the public procurement process. Firstly, the project is considered based on policy and dictates of the NIP (MOF, 2015). As stated by the National PPP Policy (MOFEP, 2011) in order to reduce and manage the number of unsolicited projects they are considered on a case-by-case basis. Secondly, unsolicited project must serve the interest of the public, needs and priority of the contracting authority and the long strategic investment in that sector (MOFEP, 2011). Lastly, unsolicited projects are expected to meet the criteria of affordability, VfM and financial risk.

In relation to the procurement of a public service in some countries, the government detail the output specifications as to the infrastructure facility and the terms and length of the PPP contract in the invitation to tender (Wilhelm, *et al.*, 2009). Accordingly, prospective sponsors usually acting as a consortium carry out their own feasibility studies and submit bids (Wilhelm *et al.*, 2009). The

government evaluates the bids and selects a number of preferred bidders for negotiation; during the phase, discussion of the proposed project terms is redrawn with the selected company or consortium (Wilhelm, *et al.*, 2009). In the end, the contract is awarded to the bidder who best provides the affordability, VfM and meets necessarily all the criteria (Wilhelm, *et al.*, 2009).

2.3.3 Phase III: Financial Close/Financial Appraisal

The finalization of the PPP arrangements leads to commercial and financial close. The financial close stage is subject to a high degree of variation in market practice among jurisdictions (Rusmani, 2010). In the Ghanaian context, the financial close occurs right after the signing of the PPP contract which serves as a Special Purpose Vehicle (SPV) which the private partner rely on to execute the financial agreements. Financial close is largely the stage at which the financing documents are signed, also prior conditions for the availability of financing has to be fulfilled (PPPIRC, 2016).

In some countries, the bidders have already arranged the finance prior to contract award, and financial close occurs soon after commercial close (Wilhelm, *et al.*, 2009). In the case of contractual PPP arrangement or user-financed schemes, the SPV uses the revenues generated by the project to maintain and operate the facilities. Also, the fees generated is used to service the loan and cost of borrowing and to pay a reasonable return to its investors (Schaeffer & Loveridge, 2002). Likewise, institutional PPP contract requires budget financed schemes, the SPV will receive periodic payments based on cost and expected returns on the asset (Wilhelm, *et al.*, 2009). This stage requires a thorough organization and management from the PPP Company for the project to proceed efficiently.

As a result, a close contact between the public authority, the PPP Company, its sponsors and financiers is essential (MOF, 2015). The financial close\appraisal stage requires extensive

evaluation of the financial arrangement to ensure the financial viability, affordability and a greater VfM. In other words, the financial appraisal stage requires planned evaluations, oversight and transactional advisers to ensure that the cost of the service is within the mean of the citizens. Many PPP projects have had troubles at a later stage because of a lack of adequate planning and advice from an expert at this stage. The absence of proper monitoring at the financial close has broader implication on accountability and public authorities (Shaoul *et al.*, 2008)

The contracting authority may act as direct guarantees creating conflicting roles and responsibilities (Hodge & Coghill, 2007). The conflict in roles can be resolved as the overarching Ministry ensures alignment between the contracting entity and the private partner. It is generally in both parties' interests to achieve financial close promptly in order to proceed with implementation of the project.

2.3.4 Phase IV: Implementation and Contract Management

PPPs are essential a contractual agreement between a private entity and a public entity with a common goal of providing affordable good and infrastructure service (MOFEP, 2011). After the selection of a suitable private partner, the contracting entity is obliged to draft and manage the PPP contract. The contracting entity is a party to the PPP Agreement and ensures the performance under the PPP agreement. In addition, reporting the performance of the PPP agreement in the contracting authority's reports.

The actors to the contract have the right to amend the contract document prior to the approval from the MoF-PID to change material variation of the output or waivers. Accordingly, the amendment of the PPP is granted by the PID of MoF if the new agreement will generate a better VfM, affordability and provide substantial operational and technical benefit.

Project implementation starts with the construction of project facilities. After passing agreed completion tests, the facilities will be accepted by the government and can commence operation (Wilhelm, *et al.*, 2009).

2.3.5 PHASE V: Termination/Renewal

The last step in a PPP process is the termination or renewal of the PPP arrangement. Upon the termination of the project contract, the PPP asset may be transferred to the government or share among the partners, depending on the type of PPP arrangement (see Table 2.1) Also, the contract arrangement can be renewed based on standard and conditions predefined in the PPP contract (Wilhelm, *et al.*, 2009)

2.4 Public-Private Partnerships in the Water Supply Sector in Ghana

Successive government has employed the use of PPP in developing the water supply sector. In Ghana, the water supply sector consists of urban subsector and small-town and rural subsector (CWSA, 2005). According to Community Water and Sanitation Agency (CWSA, 2005), the small-town refers to a settlement of between 2,000 and 50,000 inhabitants that requires improved water services. Alternatively, a population above the threshold falls under the urban water subsector. Ghana Water Company Limited (GWCL) is responsible for the urban water supply while rural and small water supply is the responsibility of the CWSA as opined by Ameyaw and Chan (2013). They further commented that the rationale for the separation is to attract big water players to the urban subsector and indigenous companies to the other subsector.

The study focuses mainly on the urban water supply the sole mandate of the GWCL. Furthermore, the sector attracts huge multinational companies with well-established accountability and

governance structure different from that of the public sector. As noted by Fombad (2012a) and Shaoul *et al* (2012) the difference in governance structure complicates accountability in PPP.

The water supply sector in Ghana has seen a number of key policy reforms in terms of infrastructure service delivery. There has been a successful partnership with the private sector since 1999. It is important that the study addresses accountability gap, in the context of a developing country particularly in the water supply sector that attracts huge multinational firms with governance mechanism distinct from the public sector. Overall, the application of PPP in the water supply sector of Ghana has been limited. Table 2.3 shows a summary of PPP initiative in the water supply sector since 1999.

Table 2.3 Some of The Projects In The Water Supply Sector.

No	Case	PPP Model	Subsector	Years
1	Urban water supply lease contract	Lease contract(10 and30years)	Urban	1999-2011
2	Urban water supply	Management contract (5 years)	Urban	2006-2011
3	Management contract	Management contract (5 years)	Small town	2002-2007
4	Atebubu water supply management contract	Management contract (5 years)	Small town	2008-2013
5	Bekwai water supply management contract	Management contract (5 years)	Small town	2003-2008
6	Wassa Akropong water supply management contract	Management contract (5 years)	Small town	2003-2008
7	Tumu water supply management contract	Management contract (5 years)	Small town	2008-2013
8	Seawater desalination project	BOOT- 25years	Urban	2011-
9	Asutsuare bulk water	DBFO	Urban	2014-

Source: Ameyaw and Chan (2013): Ameyaw and Chan (2012)

2.5 Concept of Accountability

In literature, accountability is described as a multifaceted, elusive abstract and often difficult to discern in practice (Sinclair, 1995; Green *et al.*, 2008). Accountability is a concept used in a large number of fields including education, medicine, public administration, political science and psychology as well as accounting and management. Bovens (2005) describe accountability as a golden concept no one can go against. As a result, it is seen as uniformly good (Koppell, 2005). Yet the concept lacks a universally accepted definition. As the concept of accountability is defined differently within the various context of use as argued by Luposon (2007). In this regard, Bovens (2007a: 448-449) describes the concept as:

“Accountability is one of those golden concepts that no one can be against. It is increasingly used in political discourse and policy documents because it conveys an image of transparency and trustworthiness. However, its evocative powers make it also a very elusive concept because it can mean many different things to different people, as anyone studying accountability will soon discover. Accountability is one of those evocative political words that can be used to patch up a rambling argument, to evoke an image of trustworthiness, fidelity and justice, or to hold critics at bay. As an icon, the concept has become less useful for analytical purposes, and today resembles a dustbin filled with good intentions, loosely defined concepts and vague images of good governance”

As such, various scholars have examined extensively accountability using a broad range of perspectives, context and dimensions, it only natural to get conflicting opinions and minor contradictions (Bovens, 2003). Bovens (2010: 946) strengthens this view as he observes:

“Much of the academic literature on accountability is rather disconnected, as many authors set out to produce their own specific definition of accountability. Every newly edited volume on accountability and even worse, each of the individual chapters within these edited volumes uses its own concepts, conceptualizations and frames for studying accountability”.

The existence of these and other similar description of accountability is attributed to the question of holding individuals or organizations for their actions and performance. This has long been the concern in private, public and not-for-profit organizations. In spite, of the complexities in the

definition of accountability, some definitions have been offered. Mulgan (2000) stated that the principal notion of accountability has been a call to account for one's actions. In other words, there is an external party (citizens) scrutinizing the actions of the others (public officials) within the mandates given to operate. Messener (2009:920) defined "accountability as a morally significant practice since to demand an account from someone is to ask the person to enact discursively the responsibility of her behavior". Such definitions call for the ethical behavior of a public official in the administration and execution of their task. In a similar vein, Bovens (2007) extends the meaning of accountability to include the citizen's ability to pass judgment but also to present the public with certain consequences. Bovens (2009: 450) defines accountability as:

"A relationship between an actor and a forum, in which the actor has an obligation to explain and to justify the conduct, the forum can pose questions and pass judgment, and the actor may face consequences"

In summary, it can be deduced from the above definitions that accountability entails special relationships between an individual and/or an organization with the obligation to perform a function, subject to the review, oversight and request for information or justification for their action to another.

2.5.1 Scope of Accountability

This subsection reviews the literature on the two broad scopes of accountability. The section further explains accountability constitutes and what does not. Following the observation in literature (Koppell, 2005; Bovens, 2007; Bovens, 2010) accountability can broadly be categorized as consisting of virtue and social relation. The following classification of accountability has been thoroughly discussed in turns.

2.5.2 Accountability as a Virtue

In the literature, Bovens (2010) concluded the term accountability connoted two different phenomena. Boven (2010) observed accountability as a virtue, which treats accountability as a substantive norm of behavior- individual and organizations. Accountability as virtues was easily used but difficult to define substantively as there is no consensus for the standard of accepted behavior for public actors and organizations. As a result, Bovens (2010) and Koppell (2005) invoke the images of five (5) key parameters which includes (1) transparency which has to deal with clarity, involvement, deliberation, participation and making the invisible visible; (2) responsibility which is basically compliance; (3) responsiveness; (4) liability and (5) controllability. This virtue view inspires positive images.

However, they remain slippery and controversial and thus must be analyzed in a specific context, role and time of the various speakers.

Table 2.4 Conception of Accountability as a Virtue.

Virtues	Key Determination
Transparency	Did the organization reveal the facts of its performance?
Liability	Did the organization face consequences for its performance?
Controllability	Did the organization do what the principal desired?
Responsibility	Did the organization follow the rules?
Responsiveness	Did the organization fulfill the substantive expectation (demand/need)?

Source: Koppell, (2005)

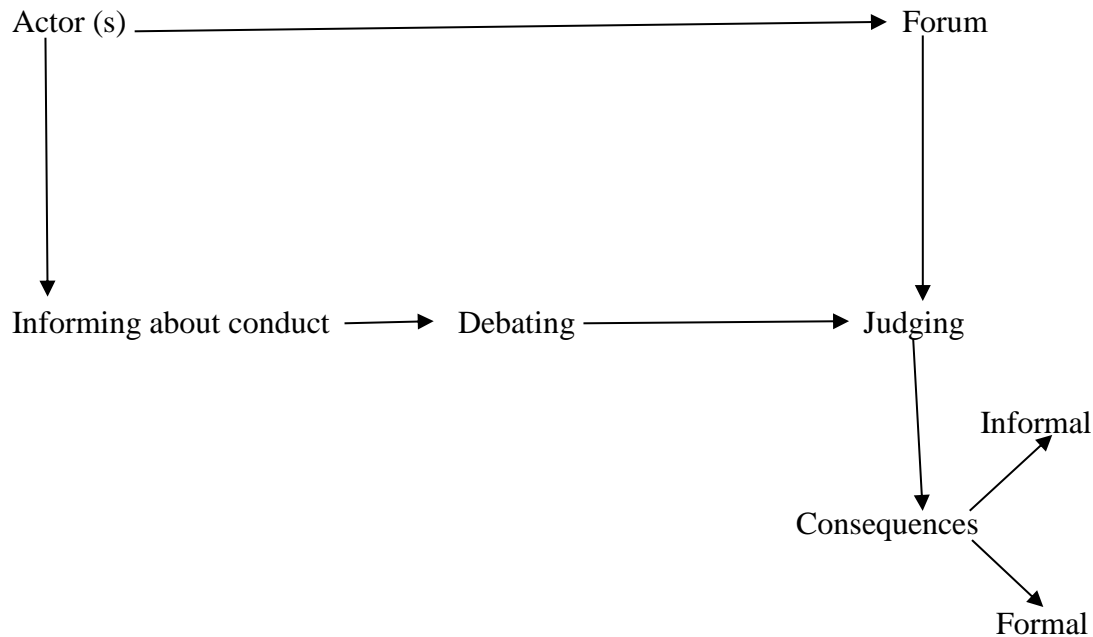
Koppell (2005) has conceptualized the virtue view of accountability as presented in Table 2.4 below. The conceptualized virtue view of accountability can be employed to determine to which the virtues presented above are present in the view of accountability as a behavior of social actors.

As argued by Koppell (2005) could be viewed as standards of accountability behavior which are desired attributed expected of social actors like directors, managers and accountants in their line of duty (AccountAbility, 2008; Bovens 2007). Therefore, the absence of these behaviors and any other influence with the propensity to conceal information and make actions unclear could suggest the lack of accountability (Munro, 1996).

2.5.3 Accountability as a Social Relation

Alternatively, accountability as a social relation is about giving reasons and justifying conduct. Accountability as a social relation implies a relationship between an actor and a forum or a principal and agent, which involves the obligations to explain and justify conduct. In other words, it is a social relation involving an obligation to provide, explain, justify and a right of a significant other to demand cogent reasons for actions and conducts (Bovens, 2010; 2007). In this regard, a relationship is therefore established between an actor (directors, managers, accountants, public officials) and a forum (shareholders, regulators, public) where the actor is obligated to offer explanations to justify his/her actions and conduct. Bovens (2007) developed a framework to capture the various analytical components of accountability as a social relation as presented in Figure 2.1 below.

Figure 2.1 Accountability as a Social Relation



Source: Bovens (2007:454).

The figure above presents accountability as a social relation that involves an obligation to give, explain, justify and a right of a significant other to demand reasons for conducts (Bovens, 2007: Bovens, 2010). Bovens (2010) postulates that the relations between the actors-accountants directors, managers, public officials, agents-and a forum, which is described as a significant other -shareholders, regulators, public-, where the actors have the obligation to explain their actions can be classified into four main questions. This is captured in the words of Bovens (2010:951) as he explains:

“This usually involves not just the provision of information about performance, but also the possibility of debate, of questions by the forum and answers by the actor, and eventually of judgement of the actor by the forum. Judgement also implies the imposition of formal or informal sanctions on the actor in case of malperformance or, for that matter, of rewards in case of adequate performance”

As pointed out by Bovens (2010), accountability as a social relation can be classified based on these questions. The questions are as follows:

- To whom is account to be rendered? This helps to identify the type of forum that accounts are to be rendered to by the actor.
- Who should render account? This reveals the actor, either an individual or institution expected to appear before a forum.
- What account is to be rendered? This has to do with the aspects of the conducts that necessitate the provision of information, explanations and justifications.
- Why does the actor feel compelled to render accounts? To answer this is dependent on the nature of relationship between the actor and the forum, the issue of obligation and the nature of obligations.

Although there exists a distinction between the two scopes of accountability, it is important to note that the two elements do not operate in isolation but rather complement each other in accountable arrangement. Bovens (2010: 962-963) confirms this as he explains:

“Accountability mechanisms are meaningless without a sense of virtue, and vice versa, there is no virtue without mechanisms. Distinct as they are, the two concepts are closely related and mutually reinforcing. There is no accountable governance without accountability arrangements. Accountability mechanisms keep public actors on the virtuous path and prevent them from going astray”.

In summary, accountability constitutes an interwoven element of virtue and social relations. The interwoven nature of accountability is important is the study of accountability in PPPs. PPPs changes the dynamics of public accountability by involving the private partners in government decision-making and program delivery (Goldsmith & Egger, 2004: Forrer *et al.*, 2010). In an attempt, to safeguard the interest of the public, PPP activities but scrutinized, well-structured and

oversight bodies inherent in the partnership arrangement (Shaoul *et al.*, 2015). So as a social relation, accountability in PPP focus on the relations between the actor (managers, accountants and directors) and the forum (taxpayers and public). As a virtue, accountability centres on the actual performance of the actors in the delivery of quality services, affordability and VfM. This study focuses on the how both subsets of accountability interplay in the public domain.

Bovens (2006) described public accountability as not providing accounts discretely, behind closed environment but rather open to the general public. The information provided about the actor's conduct must be widely accessible through public hearing and debates and the forum is obliged to broadcast their judgements to the public. The next section reviews the literature on accountability in PPPs.

2.6 Accountability in Public-Private Partnerships: Concerns

The question of how best to hold organisations accountable for their actions and performance has long been a matter of concern in literature. Yet the study on accountability has received little attention in the context of a developing country particularly in Sub-Saharan Africa. This section identifies and discusses the complexities of PPP as relations to public accountability requirements.

The involvement of private party in the provision of public infrastructure good and services changes the dynamics of accountability in the public sector. Buxbaum and Ortiz (2007) posit that whereas the prime motive of governments in the provision of public infrastructure projects is to serve the public, the private partners are interested in recouping their investment with expected returns. Posner (2002), for instance, opines that the terms and conditions of PPP contract arrangements need to be perused and understood by public officials before they are entered into since the interest of the private partner is usually not consistent with the government's interests.

Although, the partners to the contract are charged with the survival of the PPP project. However, the stakes may be too high for the private partners as organisational objective such as survival and profit maximization override the objective of providing VfM and affordability in PPPs (Acar & Robertson, 2004; Acar *et al.*, 2008). This, in turn, has implications on accountability as it results in an inconsistent level of commitment from the partners.

Furthermore, it is worth noting that the protection of the public interest is no easy task, as it is complicated by the numerous structural and procedural conditions inherent in the partnership arrangement (Fombad, 2013a). In addition, there is the issue of power asymmetry between the partners stem from both contractual arrangement, method of procurement used in undertaking material resource participants can bring to the collaborative undertaking, and/or from their ability to access alternative sources of power. The results in considerable differences among the various participants of a PPP in relation to the amount and type of power they hold (Acar & Robertson, 2004). A broader implication of this is the lack of trust and information sharing between partners in a PPP arrangement.

In literature, there exists a clear distinction between corporate governance and public sector governance. The governance mechanisms of the actors in a PPP arrangement largely determine the accountability requirement of the parties in a PPP arrangement (Shaoul *et al.*, 2008). The distinction in governance mechanisms has implications for public accountability particularly as private sector governance and Company Laws allows minimal disclosure in terms of information to the public (Watson, 2003). Shaoul *et al.*, (2010) noted that private party hides under the commercial confidentiality umbrella to keep vital information need to account for government expenditure. Public accountability ensures that the public interest is protected through the creation of proper safeguards to prevent the private partners from exploiting the public and to hold public

officials involved in PPP arrangements accountable to the public. In other words, public accountability in PPPs plays an overarching role in ensuring the success and effective delivery of PPPs.

In an attempt, to ensure the interest of the public is paramount, PPP activities but scrutinized, well-structured and oversight bodies inherent in the partnership arrangement (Shaoul, *et al* 2015).

2.7 Accountability Challenges of Public-Private Partnerships

This section reviews accountability challenges prevalent in PPPs globally. A number of these challenges that undermine accounting and accountability have been identified in literature. However, several of these studies focus mainly on developed economies (see Johnstone & Kouzmin, 2010; Hodge & Greve, 2011). For example, Fombad (2013a) and Johnstone & Kouzmin (2010) identified the following factors as key challenges, which undermined accountability in South Africa and Australia respectively. These factors include lack of disclosure and transparency, underbidding to win a tender, citizen distrust of infrastructure development through PPPs, risk allocation, optimistic forecast to tariff and higher cost of private capital versus government finance, lack of public consultation, account issues and failure to ensure value for money.

This section would, therefore, present similar accountability challenges such as the challenges of access to information, public consultation, and political cycle and conflict of interest. The challenges mentioned above are discussed as follows.

2.7.1 The Lack of Disclosure and Transparency

The first step towards delivery public accountability is transparency. Full information about the project, its financial outlays, and functions and obligations should be available in the public domain (Mathur *et al.*, 2013). Armstrong (2005) defined transparency as the unrestrained access by the public to timely and reliable information on decisions and performance within the public sector. The demand for public accountability in the affairs of the state has been a long-standing tradition to which PPPs are no exceptions. Fombad (2013b) noted that theoretically, PPPs are supposed to increase transparency in performance, costs and risk, period and output specifications. However, the minimal information disclosure of PPP transactions could inhibit transparency, which would eventually raise issues of lack of transparency. The lack of transparency in the decision making phases of the PPP transactions impede the attainment of the VfM and affordability objectives of PPPs. Fombad (2013a) concluded that there was lack of transparency and disclosure in South Africa as the information disclosed is limited. Also, Shaoul *et al.* (2010) argued that there exist a minimal information disclosure to the public in PPPs due to “commercial confidentiality”.

The minimal information disclosure undermines the public evaluation and monitoring of PPP transactions. Shaoul *et al.* (2008) argued that to ensure adequate information disclosure in PPP, the information disclosed must cover the contract sum, the basis for and the nature of the procurement decision, risk transferred, guarantees, financial viability and affordability of projects and their operations.

In order to provide adequate information to ensure accountability and transparency, Nelson (2001) identified four principles to be followed by parties in PPP arrangement to enhance information sharing and transparency. The first principle is the complete disclosure in the public domain. The

second principle is the accessibility of information. Nelson (2001) argued that accessibility include selecting the appropriate language, location and cost. The third principle is timeliness of information where he advocates that relevant information should be disclosed on a regular and consistent manner. The last principle is on the existence and quality of recourse for dissatisfied stakeholders. Hodge and Mellett (1999) also suggested that for information to be made publicly and routinely available unless there is a special regulation.

2.7.2 Lack of Public Consultation

The implementation of infrastructure project and service requires adequate public consultation to ensure that public interest is paramount and factored into the decision-making process. The process of public consultation opens up the decision-making process to the public and improve transparency. Fombad (2013b) noted that projects which emanate from PPPs models are a long-term investment which requires participation from the citizenry. However, they are usually ignored in the decision-making process.

In literature, two main reason explains why public official does not involve the public in issues of PPP. Firstly, Fombad (2013b) argued, the involvement of the public slows the decision-making process particularly because they do not speak with a unified voice. In light of this challenges, political officials prefer to exclude the public in order to accelerate the decision-making process. As a result, undermine public interest and accountability to get the project completed during their tenure of office. Secondly, the public is not involved on the grounds of commercial confidentiality, proprietary rights or data protection, citizens are not involved in the negotiation process between the private and public partners which are normally held in private secretive settings (Roberts, 2002; Siemiatycki 2007: Economics Special Report, 2006).

This lack of stakeholder consultation has implication on accountability as serve as a catalyst for public agitation and can inhibit the successful delivery of PPP projects. In addition, a major drawback of the project as it seems that decisions were taken only at the higher rungs of the government and the decisions were not well publicized (Mathur *et al*, 2013)

2.7.3 The Challenge of Conflict Of Interest and Political Cycles

PPP creates a multiple conflict of interest roles for the government as they act as policy advocates, economic developers, stewards of public funds, elected representatives for decision-making (Hodge and Greve, 2005). This potential conflict of interest serves as a catalyst for favouritism in the award of contracts and corruption. Such allegation questions the legitimacy of the project as elected official may approve projects that do not deliver a greater VfM, but projects which fuel their political aspirations. Ameyaw and Chan (2013) observed a striking example of conflict of interest in the water supply sector in Ghana as the contracting entity acting as a monitoring authority and co-owner in a joint venture arrangement. Also, Remi (2012) noted a conflicting interest between the private company and the public partner in London Underground PPPs. Remi (2012) argued that conflict was intensified by the exclusion of Department of Transport staff from the procurement process although overall responsibility for the tube was to be handed over to Department of Transport after the PPP contracts were signed.

Furthermore, the issue of conflict of interest is underlined as public officials act as representatives of the people use PPPs as tools to fuel VfM. In other words, elected political representative may approve projects, which does not deliver greater VfM compared to traditional public sector service delivery due to political concerns. In light of this fact, it can be argued that government use PPP project to further their political aspirations.

Closely associated with the issue of conflict of interest is political interference. Zaato and Hudson (2012) noted that in PPP projects provide the window and avenues for political activity and opportunism. As stated by Zaato and Hudson (2012:30) in their own words

“Electoral concerns seem to play an extremely important role in shaping the public debate, enabling the various actors to invoke the importance of “getting this deal done before the elections. The sensitivity of PPP to electoral concerns, perhaps even more so than traditional procurement due to the magnitude of the projects, has negative effects on the democratic process”.

The political cycles have an effect in PPPs as it creates inconsistent commitment and fear of termination of contract due to the change of government has an implication the management the contract as its increases in the projects.

2.8 Theoretical Review

This study focuses on the public accountability in PPPs in Ghana’s water supply sector. This subsection explains the theoretical lens adapted to examine public accountability. The theoretical lens adopted for the study is the governance-based reporting framework (GBRF). The framework as presented Figure 1.1 shows the interrelations between private sector corporate governance and public sector accountability.

2.8.1 Governance-Based Reporting Framework

Accountability in PPPs is complicated by various factors as discussed in section 2.6. Shaoul *et al* (2012) observed that at the centre of these accountability complexities is the transfer of private sector governance to the public sector by the involvement of the private companies in the provision of public goods and service. They further argued that the participation of a private sector creates a horizontal accountability stream, in addition to the vertical accountability structure already existent in the public sector. In short, the horizontal stream of accountability complements the already existing accountability structure in PPP. As described by Shaoul *et al* (2008:13) in their own words

“information held by private sector companies is also crucial for accountability for public expenditure. Without the horizontal flow, both upward and downward accountability has little substantive meaning”

Therefore in considering this new approaches for government in to provide goods and service originally provided by the state. The authors seek to develop a new approach and methodological lens to examine different accountability and governance mechanism as present in PPPs. The Shaoul *et al* (2015), GBRF, identifies elements perceived as important in the PPP governance and questions how effective these elements work below the central government to provide accountability

Firstly, the Shaoul *et al* (2012) noted the governance elements which influence the accountability regime in both the public and the private sector overlap but not identical. The governance element includes internal structures, external accountability, public access and member conduct (Smith *et al.*, 2006). The following element according to Shaoul *et al* (2008) argued that internal structure, for example, highlights the organisation's objectives and reporting lines. While member conduct establishes clear lines for actors within the PPP arrangement to conform in order to reduce conflict of interest and other agency challenges. However, the author argued that public access and external accountability generic across the public sector and serve as a cornerstone in delivering public accountability. The authors defined public access as the existence of an institutionalized practice that ensures transparency and openness. In relation to external accountability, Shaoul *et al* (2012:221) observed

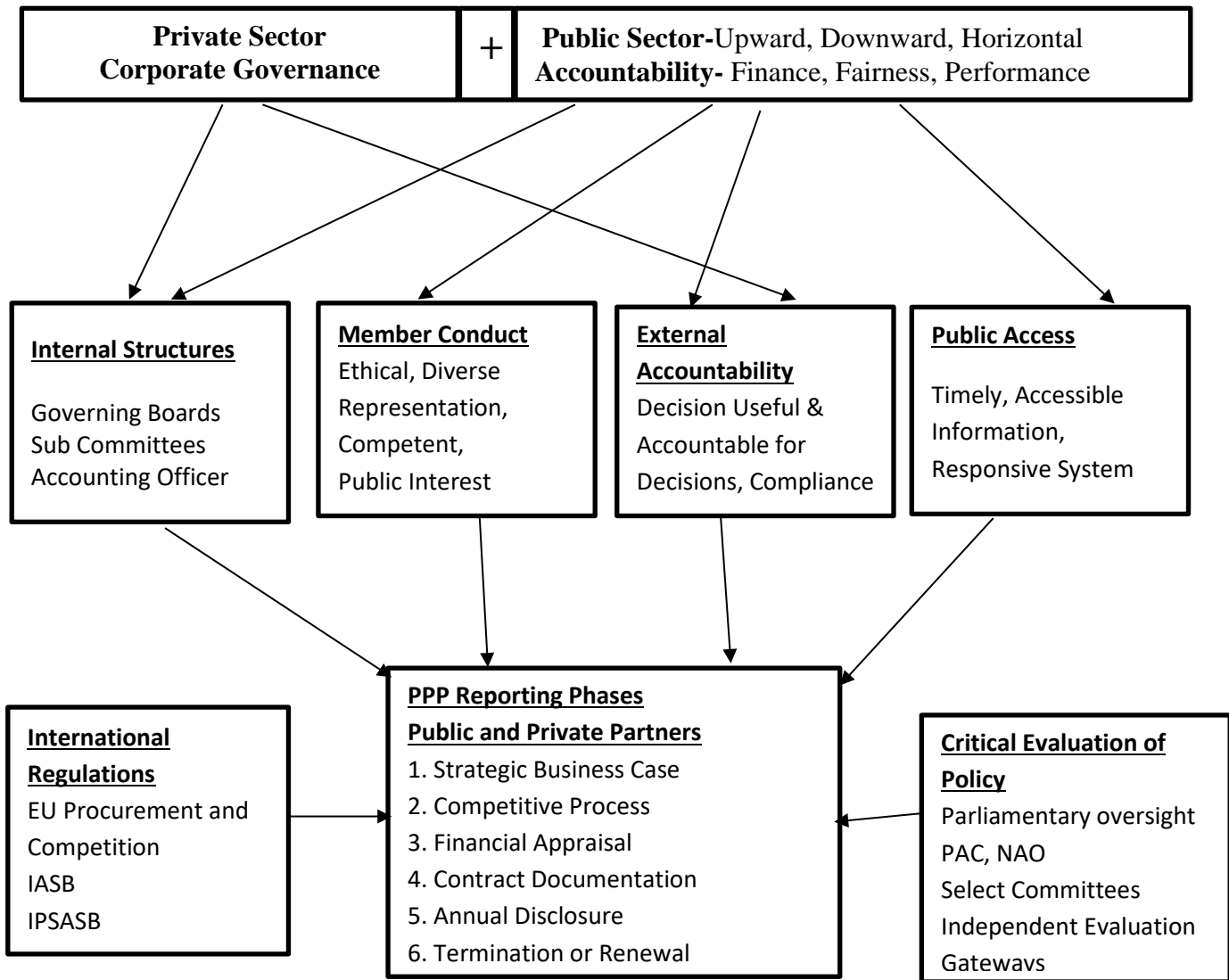
“external public accountability encompasses the reporting not only the decisions useful information required by the private sector conventions but decision and compliance with expenditure by parliament”

In the context of PPP, external accounts require information in relation to (1) the cost of the contract, (2) the basis for and the nature of the procurement decision, (3) affordability, (4) public guarantees, (5) financial viability of projects and their operations (Shaoul *et al.*, 2008). Thus, accountability in PPP requires a great disclosure and transparency compared to the annual financial performance disclosure in the private sector.

Secondly, the framework identifies international and national accounting and monitoring bodies that influence the governance and reporting in the context of PPPs. The framework specifies the information need to deliver accountability to the entire user. In literature, the GBRF has been employed to examine public accountability in PPP in the UK. The study demonstrates that PPPs have paved the way for huge multinational corporations to take greater control of public monies with only limited requirements often poorly enforced, oversight, public governance, disclosure and accountability (Shaoul *et al.* 2015). In addition, such big private corporations and the financial sectors have become obvious powerful players in PPP with a corresponding reduction in public accountability. The study further revealed that the private corporation in PPPs are protected from the Freedom of Information (FoI) and their corporations' control and powers are shielded from public scrutiny and visibility.

Figure 1.1 shows the GBRF, which operates at the intersection of corporate governance and public sector accountability arrangements in a partnership.

Figure 2.2: Governance-Based Reporting Framework



Source: Shaoul *et al.* (2012)

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter discusses the research methodology employed in the study and the choice of research design. As mentioned in the introductory chapter, the objective of the study is twofold: (1) what extent do current governance mechanisms of PPP projects provide public accountability? (2) What are the major challenges faced by actors in PPP and their implications for public accountability? To provide a detailed understanding and knowledge, the study discusses the method and procedures followed in conducting the study.

3.1 Research Paradigm

In general, research methodology can be categorized into qualitative, mixed methods and quantitative. The quantitative approach focuses on collecting, analysing and examining the relationship between numeric variables being studied through statistical testing (Denzin & Lincoln, 2005). While qualitative approaches deal with examining and reflecting on perspectives of a socially constructed reality, as well as ensuring closeness between the researcher and the object being studied (Denzin & Lincoln, 2005). Although, the quantitative approach has contributed immensely to accounting research and has been dominant (Brown *et al.*, 2007). However, the study employed the use of qualitative research approach mainly because of its exploratory nature, which allows for a detailed enquiry into less researched cases but of significant importance. As observed by Creswell (2014:29), “one chief reason for conducting a qualitative study is that the study is exploratory. This usually means that not much has been written about the topic or the population being studied, and the researcher seeks to listen to participants and build an understanding based on what is heard”. Relating this assertion by Creswell (2014) to an earlier account of limited

empirical studies in examining accountability in PPPs in Ghana, the use of qualitative approach is of an immense significance to uncover the various views associated with accountability, which is paramount to the study to understand the difference among the various participants in their roles as social actors. To this end, the qualitative method adopted in the conduct of this research facilitated the unique opportunity to examine in detail how governance mechanisms in PPPs govern public accountability process.

Furthermore, similar studies on the partnership between the private and public sector and their implications on public accountability have commonly used the qualitative approach (Agyenim-Boateng *et al.*, 2014; Forrer *et al.*, 2010; Weihe: 2008). These studies primarily focused on the relationships between the individuals within the organization, to provide a holistic discussion (interview) with respondents to understand how accountability is delivered in PPPs. Weihe (2008:154) for example maintained that the qualitative case study he selected was to allow for “detailed knowledge about the operational practice of PPPs”. He further added that his approach “goes beyond the formal PPP contract and investigates what happens at the micro-level processes”.

One advantage realized from this type of research was the rich data about what respondents do and say that comes to bare in the data collection process. Thus, by relying on these researches, adopting a qualitative approach is a practical option to bring to light the feelings and views of actors involved in the partnership, which certainly cannot be statistically analysed. Furthermore, the qualitative approach allows induction of meaning and interaction between the researcher and data collection (Ahrens & Chapman, 2006). In other words, the qualitative approach employed in the study allowed the participants to express their expert opinions on issues involving accountability in PPP while the researcher provides meaning and interpretation to the issues of the case. In seeking a holistic understating of accountability issues in PPP, the case study research was

employed. The case study method provides a deeper understanding of accountability as practices currently in PPP. The next chapter explains the case study chosen as a qualitative approach for the study.

3.2 Research Design

According to Creswell (2009), a case study is one of the five qualitative strategies of enquiry, the others include ethnography, biography, grounded theory and phenomenological study. The use of case study as research strategy has been employed in a wide range of disciplines of which accounting is no exception. The case study as a qualitative strategy of enquiry in accounting is becoming extremely dominant. The case study approach was adopted for this study for a number of reasons. The case study approach is appropriate in understanding why and how questions (Yin, 2003). In other words, the case study approach makes it possible to understand how's and why's of accountability as practiced in PPP.

Furthermore, Humphery and Scapens (1996: 94) supported the use of case study in accounting research: "A case study in accounting practice are a vital, albeit not the only, way of information such debate and enhancing understanding of both the day to day organizational complexities of such practices and the interrelated influence of wider social and political context. However, knowledge developed through case studies will be dependent in the way the case is constructed and their findings communicated"

The case study approach was adopted to help provide a crystal clear image of accountability practice in relation to a broader social context. Yin (2003) opined that compared to other strategies, one of the strengths of the case study approach is the use of a variety of evidence - artifacts, interviews, direct observation and document. The various source of evidence accessible in the case

study strategy helped in the analysis of the data as well as ensuring the highest level of accuracy (reliability and validity) of findings. This flexibility allowed me to collect data from a variety of sources which includes interviews and information from secondary sources like documentary reports.

However, the case study approach, in literature have been criticized as problematic and lack statistical generalization because they rely on small sample size relative to quantitative methods. As the study relies on a single case study, it will be criticized as such. Nevertheless, it is imperative to note that case study is idiographic in nature and this aids research in understanding the object of the research within a particular context (Aalito & Heilmann, 2010). In other words, the case study is conducted within a context of distinct social, political, cultural and economic system.

In summary, the case study as research strategy was adopted for the study as it considered more appropriate, due to the strength of communicating a rich and holistic understanding of accountability as practiced in Ghana, a developing country.

3.3 Overview of the Selected Case

3.3.1 Teshie-Nungua Seawater Desalination Project

The plant started commercial operations in March 2015 and was officially inaugurated in April 2015 (MOF, 2015). The Seawater Desalination Water Project (SDW) is a water purchase agreement between Ghana Water Company Limited (GWCL) and Befesa Desalination Development Ghana Limited (Befesa) (MOF, 2015). The project began in 2012 on a build, own, operate and transfer (BOOT) mechanism to serve the citizens in parts of Greater Accra Region (MOF, 2015). The project would be managed for twenty-five (25) years after which it would be transferred to GWCL.

The case was selected from a number of ongoing PPP infrastructure projects in water supply sector. The case was selected because it involves a long-term agreement between GWCL and Befesa, a huge powerful multinational company that has entered into various PPPs in the water supply sector globally. As emphasized by Watson (2003) and Agyenim-Boateng *et al* (2014) the involvement of huge powerful multinationals complicates the accountability relations in the public sector due to the introduction of different private sector accountability guidelines. Hence, the involvement of Befesa provides an opportunity to examine how the operations of the case provide public accountability. Furthermore, the case provides an opportunity to reach a better understanding of how accountability is perceived by the actors in this setting, as it has been operational for some time. Lastly, the decision to select the case was based on the access to information and the researcher's purpose and objective of the study to examine public accountability.

3.4 The Process of Data Collection

3.4.1 Sample Size and Sampling Techniques

In literature, the sampling technique used in qualitative studies are predominantly purposive sampling. This study is not an exception. According to Saunders *et al.* (1997), purposive sampling can also be referred to as judgmental sampling technique that enables one to use personal judgment to select cases, which best meet the research objectives. Using the purposive sampling technique in this study made certain that the investigator acquired a wealth of information for a detailed study.

This sampling method which is a non-probability sampling method aims to fulfill the objectives of a qualitative approach of the study by identifying specific characteristics within the population under study, which will give the requisite answers to the research questions. Therefore, within the

unit of analysis key respondent and individual with knowledge on partnership and accountability issues were selected. In selecting the respondents, the study made of the purposive sampling technique to identify key respondent within the units of analysis involved in PPP within the water supply sector. Snowballing technique was used in identifying the first interviewee. The first interviewee (Table 3.1) was identified with a visit to the MoF for preliminary interactions provided the relevant leads and hints, which helped to identify some organizations and respondent at the centre of PPPs transactions. This method was therefore used in choosing the interviewees because they have first-hand experience, information and requisite knowledge on the subject matter of PPPs in Ghana.

3.4.2 Sources of Data

Data was collected from two main sources. Both primary and secondary data were used in the study. The primary data collected from interviews while the secondary data constitute of publicly available information and prior literature. The data collection techniques outlined in this section includes publicly available documents and interview. The interview is discussed first, followed by publicly available documents

3.4.2.1 Interviews

Information was sourced through interviews. The interview method gives “the opportunity for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate inclusive accounts that are based on personal experience” (Burgess 1982, p. 107 mentioned in Easterby-Smith *et al.* 2002, pp. 86-87). A semi-structured interview was used, as it allows for the free flowing of discussion during the interview (Harun & Kamase, 2012). The semi-structured interview is more flexible for a researcher in collecting data because the researcher

can ask probing questions if the researcher thinks they are useful (Bryman 2004). An interviewee can respond freely, and the researcher can receive rich and detailed answers (Bryman 2004).

The interviewees were selected because they played a critical role the partnership and public accountability in the case of study. Furthermore, the respondent that were selected had all been involved in the case selected, and were particular individuals with knowledge of accounting and reporting strategies for the purpose of accountability. Semi-structured question about accountability in the water supply sector was used to collect specific and detailed information required for the study (Creswell, 2009). The purpose was to harness the practitioners understanding and seek the overview of issues currently present in the case. The study aims to respond to a scholarly call to addressing the issue of accountability and the challenges of accountability in a developing countries perspective. The interviewees selected were all in senior level position and had an in-depth understanding of the issues of accountability in the case. The first interviewee was identified at the MoF. Subsequently, snowballing was used to identify another interviewee. However, not all participated in the research. In all four professionals were interviewed for the case (See Table 3.1). Table 3.1 provides a list of the interviewees selected for the study. The table provides a brief detail of the time and code tags for the various respondents.

Table 3.1 List of Interviewees

Number	Interviewee	Institution	Duration	Code
1	Coordinator of PPP	Ministry of Finance	1 hour- 16mins	PID1
2	Coordinator of PPP	Ghana Water Company Limited	52mins	GWC1
3	Capacity Building Specialist	Ministry of Finance	45mins	PID2
4	Engineer	Ghana Water Company Limited	30mins	GWC2

Source: Researcher's Design (2017)

2.4.2.2 Review of Publicly Available Documents

The available public document provides information that may not be available from other sources (Yin, 2003). According to Yin (2003), the most important use of documents is to corroborate and augments from other source in order to improve the reliability of the data. With the aim of examining accountability in PPP, researcher searched publicly available information in order to make sense of the accountability process currently practiced in PPP in the water supply sector.

Therefore, for this study, documentary data was sourced from a wide reading of discourse on accountability practices in Ghana. Some of the document in this study were sourced during the interview and others obtained on the public agency websites. Documents that were obtained during the interview include contract documentation, PPP flowcharts and water demand and supply analysis. Other included the National PPP Policy, PPP Newsletters, and guidelines for unsolicited project, press releases, and previous empirical studies. In addition, to the interview, written documents provided information on the institutional frameworks for implementing PPP projects

in the water supply sector, reports from both the public sector was required to ensure public accountability.

These reports included financial appraisals, the business case, contract documentation and reports on procurement. All these report form part of the accountability process of PPP and their disclosure assist the public and independent evaluators to make informed judgements (Shaoul *et al.*, 2008). However, not all the document is publicly available. In the situation, where the information is not publicly available, the researcher made a request to the appropriate public agency. Although step was taken to collect all the necessary information, it was not possible to obtain all these documents for case organizations despite these requests. The difficulty in obtaining the information had an implication on accountability in terms of transparency that forms part of the research findings discussed in section 4.2.

The use of public document as a data source requires careful analysis in other to minimize the false meaning. Hence the data collection through the documentary source as complemented by the interview help minimize the false meaning. As observed by Bowen (2009), documentary evidence should not be treated as exact, accurate or comprehensive recordings of proceedings that have occurred.

This observation calls for careful use of documentary evidence as they may construct their own social reality. Hence, the document used in this study must fit well within the conceptual framework having clear relations with the research purpose and objectives. In order to increase the reliability of the data gathered and minimize the false interpretation of the data.

3.5 Ethical Consideration

Social research involves human agency and its inherent challenges. Hence ethical considerations are of particular importance in order to ensure the credibility and integrity of the field data collected. This is done with the intention of improving the research process and conclusion drawing by the researcher from information acquires during the field data collection. This section discusses the ethical consideration and lied down procedures used by the researcher to collect quality information from the research participant. The researcher being completely aware of the above observed the following ethical considerations.

Firstly, the researcher's introductory letter from the Accounting department was used to introduce the researcher intention and study aims. In addition, a detailed explanation was given to key individual identified within the various ministries and department in order to seek their approval to participate in the research. In order to ensure the highest level of participation, some of the interviews were rescheduled to dates the participants were convenient with. As a result, all the participants were forthcoming in their response. In all two people refused to participate in the interview. These two participants refused on the grounds that they have no information on the subject matter.

Secondly, in relation to the issue of privacy, anonymity and confidentiality. The respondents were assured that whatever information obtain from them will be strictly used for academic purposes. Furthermore, the information collected from them will be kept in confidentiality together with the names. As such participant's names or their descriptions have not been referenced in any part of the study. In addition, the confidentiality of the participants was kept in order to minimize the risk of victimization by political officials or from any individual how might disagree with the research findings.

3.6 Data Management and Analysis

The data analysis and collection was a concurrent process in the research. As Creswell (2014:195) emphasized, “data analysis in qualitative research will proceed hand-in-hand with other parts of developing the qualitative study, namely the data collection and the write-up of findings”. Three main methods are used in developing themes and codes; they are the theory-driven approach, prior-research-driven approach and data-driven approach (Boyatzis 1998). In the study, the analysis process in this research involved using strategies of interpretation such as taking notes of emerging arguments to make meaning out of the information gathered. There was a conscious effort to synchronize information from the accountability literature and data from the field to enable comparison between the research objectives and related studies. The emergent findings from an initial analysis shaped subsequent data collection that in turn shaped successive analyses and modified research questions.

The ultimate goal of the data analysis is to connect data and theory to compelling research questions. It involves more than simply choosing definitions and categories, and developing interpretations of data at will. The data collected through interview was recorded. The recording of the interviews was undertaken through digital voice recorder as well as detailed note taking which were subsequently transcribed, sorted, categorized and labeled to facilitate reporting process. During this coding process, there was also a search for the relationship between the governance mechanisms and accountability in the responses from respondents. Themes were developed from the response offer explanations to these patterns in line with the objectives of the study.

Overall, interpretation of data was based on “pattern matching” and “explanation building” as described by Yin (2014). In relation to pattern matching, information obtained from the data

analyzed was correlated with evidence produced from previous related studies. The study was mindful of the Shaoul et al's (2012) GBRF that identify the elements seen as important in the PPP governance and postulates how accountability is to be achieved in PPP. Again, there was "explanation building" (Yin, 2014), where findings from the field were explained based on the theoretical framework in the study. Theoretical explanations established the extent to which accountability is delivered in the study context.

3.7 Chapter Summary

This chapter discusses the methodology and methods used in addressing the research question and objective. As mentioned in previous chapters, the study aims to examine the critical accountability as practiced in PPP. The chapter Firstly discusses the appropriate methodology chosen to addresses the research questions and the objectives, secondly, the method employed in the data collection and ethical consideration and lastly, how the data collected was analysed and interpreted.

CHAPTER FOUR

ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

The study aims to examine accountability in PPP and possible challenges of accountability. The study adopted the Shaoul *et al*'s (2012) framework, which questions the accountability mechanisms in PPP below the central government. In order to facilitate the analysis of data, the governance mechanisms were used to determine accountability issues as they arise at each stage of the PPP projects. The study employed two main questions to study accountability in on-going PPP projects in Ghana. The following are the research questions:

- To what extent do current governance mechanisms in PPP provide public accountability?
- What are the major challenges faced by actors in PPP and their implications for public accountability?

These empirical research questions relate specifically to Ghana. These questions were answered by interviews, from prior literature, and content analysis.

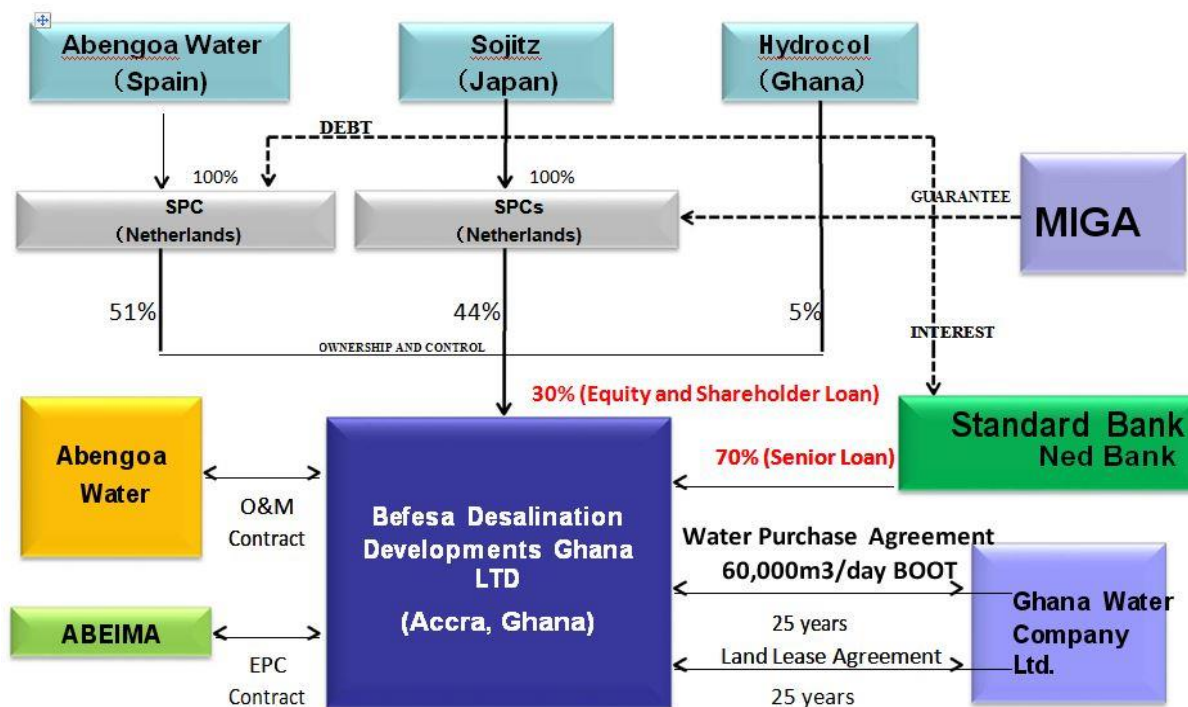
4.0.1 The Chapter Outline

The chapter presents a detailed analysis of data obtained. The data were presented in themes as follow: the first section examines accountability in PPPs. The second section examines the challenges of accountability in PPP highlighting factors such as access to information, public consultation and political factors. Thirdly, the implications of the findings were discussed. Lastly, the findings from the study were related to the theoretical framework underpinning the study.

4.1 Accountability in Public-Private Partnership

The purpose of this section is to examine accountability issues in on-going PPP projects based on the GBRF suggested by Shaoul *et al* (2012). Even though the framework has six different governance components (Business case, procurement, financial appraisal/financial close, contract documentation, annual reports and termination), the case in question has not moved beyond the contract documentation hence the study focused on the mechanisms of the framework up to contract documentation. In light of the above, the study focused on these overwriting components: business case, competitive process, financial appraisal and contract documentation. The case in question can be put in a diagram (see Figure 4.1). The Figure 4.1 shows the complex governance and finance structure transferred to the public service through the PPP mode.

Figure 4.1 Finance and Governance Structure



Source: Sojitz, (2012)

4.1.1 Business Case

The predominant goal of government's partnership with the private companies is to increase infrastructure to meet the growing demand for better service delivery. In light of this infrastructure gap, the National PPP Policy aims to invite private investment to support the public sector to improve and expand the capacity of infrastructure delivery (MOFEP, 2011). The government's inability to finance more infrastructure project facilitates the participation of private sector in the provision of public goods. This leads to the transfer of corporate governance to the public sector, which complicates accountability due to the difference in governance and accountability requirement of both parties.

An important aspect of public accountability is providing equitable and open information for the public to make key judgmental decisions. The business case provides the specific information required to set out the economic and technical feasibility of the project and operational benefits from a proposed PPP project. The business case contains essential information about cost of the project, risk transfer, operational benefits and affordability of the project. At the business case phase, the issue of public justification of project raises important issues of accountability that are discussed subsequently.

- **Conflict of interest and corruption**

The government's inability to finance more infrastructure project due to budget constraints implies that government provides a supporting role to ensure private sector effective delivery of public services. The supporting role of government in PPP arrangement may conflict as the government acts in multiple roles. Hodge and Greeve (2005) opined that government acts in multiple roles in PPPs as part owners in joint ventures, monitoring body, policy advocate, economic developer,

steward for public funds, a commercial signatory to the contract and planner and regulator over the contract life. Zaato and Hudon (2015) and Shaoul *et al* (2012) emphasized that PPPs offer short-term political attention to governments by quickly providing infrastructure projects and as a result can be used to fuel political ambitions.

This section, therefore, raises the questions of how conflict of interest and corruption are eradicated in the case. Shaoul *et al's* (2012) GBRF explicitly identified a conflict of interest and corruption as important factors, which will influence member conduct in acting in the interest of the public. However, in accountability terms, Smith *et al* (2006) are of the view that potential conflict of interest usually deemed controlled if they are declared. In this case, there was clear evidence of conflict of interest without any substantive declaration or information in the public domain of their existence. In this case, the government provides the necessary evaluation of the project and the congenial environment in terms financial guarantees to ensure private investment in infrastructure development is recouped. As observed by the sector minister:

“This(desalinated project) achievement should spur us on to undertake more of such projects where the government provides the needed leadership and congenial atmosphere that enable the private sector participation in water delivery and other infrastructural projects in the country”. (MoF, 2015:2)

The quote above provides evidence of the dual responsibility of the government/public authorities in the PPP arrangement, which may result in a conflict of interest. It is evident the government has a responsibility of supervising and managing activities of the private partner in the PPP contract arrangement while providing a profitable environment for private sector to thrive by providing financial guarantees which may result in conflict of interest due to political reasons. Furthermore, the issue of conflict of interest is underlined as public officials act as a representative of the people use PPPs as tools to fuel their political ambitions by providing guarantees to minimize risk and

approving projects which are not affordable and do not deliver VfM. Such roles may conflict with monitoring and evaluation of PPP transactions. The challenge of conflict of interest and corruption in PPPs result in resource waste, which leads to inefficiency in service delivery (Issifu, 2015). This study replicates the findings of Amanyoo (2012) observed conflict of interest in PPP transactions at local government level between contracting authority and private partners as the “easy” revenue mobilization region was intentional given to the private parties in order to boost commissions of the private party. As the issue of conflict of interest persists in PPP, there is a broader implication for public accountability as it serves a catalyst for corruption, undermining VfM at the procurement phase and lack of information asymmetry between the elected official and the citizens and taxpayers.

- **Weak institutional structure**

Accountability requires strong legal and institutional structures to ensure conformity to performance standards and procedures. The Shaoul *et al* (2012) framework emphasized the need for strong institutional structures seeking to enhance monitoring procedures and quality of information publicly available. A public institution such as Ghana’s PID is instrumental in coordinating and overseeing all PPP transaction and reconciling conflict (Ameyaw & Chan, 2016). At the initial stage of a PPP project formation, the government or contracting authority identifies the need for a particular infrastructure facility. It is the responsibility of the contracting entity to select a project that they consider implementation through the PPP arrangement. The contracting authority serves the interest of the government and develops the infrastructure project in line with its national strategic objectives. In addition, is the need to demonstrate the alignment of the project to the National infrastructure (NIP) Plan developed by the National Infrastructure Commission (NIC) and the government policies. As stated by the National PPP Policy (2011:15):

“...To determine the proposed PPP is in the best interest of the government, the contracting authority must undertake a pre-feasibility (business case) study that explains the strategic and operational benefit of the proposed PPP for contracting authority in line with its strategic objectives and demonstrate alignment of the project with the national and government policy. All sector Ministries through their Public Management unit shall have the responsibility for the review and approval of the pre-feasibility studies for a contracting authority under their respective sectors”

The quote explains the laid down institution framework for the identification of a PPP project. The quote explains the central role played by the NIC in the identification of PPP projects. Ameyaw and Chan (2013) emphasized that a strong national infrastructure unit has critical feature for the success of PPPs in the water supply sector. However, CEPA (2015) argued that NIC lacks the independence and capacity in operation. They furthermore, emphasized that PPP capacity within the government, both within the PID and within other government departments and line ministries is weak, and this restricts the ability to effective evaluation and monitoring of PPP transactions. This issue has implication on governance as it limits the performance of PPP to generate desired outcome in the water supply sector.

- **Minimal information disclosure**

The disclosure of information is at the heart of public accountability. The external disclosure of information is required to help the public to make an informed decision and pass judgements on PPP transactions. As observed by Shaoul *et al* (2012:221) “external public accountability encompasses the reporting not only the decisions useful information required by the private sector conventions but decision and compliance”.

The business case provides information about cost of the project, the strategic and operational benefits, technical feasibility of the PPP proposal and the risk transferred to the actors involved in the PPP project. Both the public and private parties present a sound and full business cases (pre-

feasibility/ full feasibility studies to the PID), in order to proceed to procurement stage. In the case of SWD, the project provides much needed water to the deprived community with the private finance. The finding from the study reveals that by virtue of the minimal information in the public domain public officials are aware of the operational and economic need of the projects. As observed by the coordinator of GWCL:

“Successive government has made water expansion their objective. One way of achieving this objective is using private funds and expertise. This current government recognized the need to employ the PPP model to provide 60,000m³ per day of freshwater sufficient for 500,000 residents within the vicinity of Accra and the surrounding areas”. (GWC1)

However, aside from the public official’s explanation for the economic need of the project the study reveals there is little information in the public domain to allow taxpayer and an independent evaluator to examine critically the economic need of the project to make an informed decision about PPP projects in the waters supply sector. The information in the public domain is limited to cost of the project, timeframe, type of PPP arrangement and location of the project. The little information in the public domain undermines the public understanding and assessment of independent evaluation, creating mistrust between the citizen and actor in PPP. The minimal information in the public domain undermines the usefulness in making key judgmental decision such as risk transferred and benefits from decisions made by public authorities (Shaoul et al., 2008). As observed by Shaoul *et al* (2012) public watchdogs need adequate information to be effective, the lack of transparency in PPP undermines the public oversight of PPP transactions hence affecting public accountability and VFM. Shaoul *et al* (2010) corroborate the above observation as they noted that there is minimal disclosure in terms of information available to the public in PPPs due to “commercial confidentiality”. Such accountability deficiencies open up the argument of corruption, conflict of interest, political interference in PPP transactions and undermine the legitimacy of PPPs in the water supply sector (Zaato & Hudon, 2015; OECD, 2012)

- **Public consultations**

The success of these PPP projects depends on many factors of which public consultation play a key role. The Shaoul *et al's* (2012) GBRF identified public consultation tool of public access to information. The involvement of citizens in the project decision-making process of PPP improves the transparency, and create an environment of trust between the citizens and the public officials. The national policy identifies stakeholder's consultation as one of the guiding principles of PPP in Ghana. The National PPP Policy (2011:5) argued the need for the stakeholder consultation in this manner:

“Contracting authorities shall ensure adequate stakeholder consultation, understanding and support in advance of entering into a PPP arrangement and shall endeavour to identify relevant stakeholders and undertake comprehensive consultation and awareness of PPP projects under consideration”.

As the accountability relationship focused in the context of PPP is between an agent (Public officials and private partner) and forum (citizens and taxpayers), one might expect stakeholder such as taxpayers and the public will be consulted at business case stage to ensure public interest (Bovens, 2003). However, the findings from the study reveal that PPP in the water supply sector lacks public consultation which has implication on accountability. As observed by a senior member at the PID of MoF:

“The PID is would not be in the position to tell if all necessary public consultation has taken place. However, in some case is public complaints and bad media public makes it clear there was no public consultation done by the contracting entity.” (PID2)

The above quotes connote that at the business case stage the public is excluded from the decision-making process. As argued in literature, the involvement of the public slows the decision-making process, particularly because they do not speak with a unified voice (Fombad, 2014). In light of this challenges, political official excludes the public in order to expedite the decision making

process undermine public interest and accountability to get the project completed during their time of office. The partnership arrangement mirrors the PPP in the energy sector in Ghana that is strongly challenged by the inadequate public consultation (Anokye, 2015). In addition, the study corroborates the findings of Ameyaw and Chan (2013) observed that significant political interference in PPP water supply projects as the board of directors (including managing director) of GWCL are politically appointed. Hence, such political appointed official undermine the stakeholder inputs in PPP projects to feature their political responsibility.

4.1.2 Procurement Process

The procurement procedure of PPP activities is within the scope of the Public Procurement Act, 2003(Act 663). The Procurement Act stipulates the guideline for the procurement of public service after approval of business case to ensure that the project can be implemented on the PPP model and deliver VfM. Shaoul *et al's* (2012) GBRF stressed the importance of the procurement laws as a national regulation that governs the accountability process in PPPs. At the procurement stage, the basis for and the nature of procurement decision remain issues of public interest. The study identified critical issues at the procurement stage, which has implications for accountability. These issues are discussed in this section.

- **Unsolicited proposals and affordability**

In relation to the selection of a private partner through procurement, UN (2008) identified the need for a fair transparent selection process with the assurance that VfM would be achieved. In the case of the SWD, the contract sum needed to execute the project and the size of the project posits that the procurement must be subjected to a competitive process to ensure affordability and VfM. The use of competitive tendering in the procurement process is expected to reduce cost, improve

efficiency and create a level playing field for all the partners in a PPP arrangement (Zaato & Hudon, 2015). In addition, the competitive process provides the opportunity to select the most competent private partner with a proven record of accomplishment in similar project; it also gives more bargaining power to the contracting authority (Ameyaw & Chan, 2013). However, the finding from the study reveals that the procurement process used is sole sourcing. As confirmed by the respondent from GWCL:

“The Teshie-Nungua project (SWD) is one of the numerous unsolicited proposals. For most unsolicited proposals, the method of procurement is sole sourcing. The Teshie-Nungua project is an example of an unsolicited proposal procured through the sole sourcing”.
(GWC1)

The quote above provides evidence that SWD is a striking example of sole sourcing. Sole-sourced projects are likely to be relatively expensive compared to project procured through competitive tendering process. Such process is likely to be costly to the taxpayer and the government as stressed by CEPA (2015). In effect, there are questions of whether unsolicited bid can deliver VfM and be affordable. According to Hodges and Dellacha (2007) and PPIAF (2014), a greater VfM is delivered in unsolicited proposals by ensuring that the conformity to National Development Plans (NDP) and following strict guideline. Despite these claims made above, currently in practices partly due to weak institution and legal framework there exist a challenge in determining the extent to which unsolicited proposals deliver VfM. The absence of publicly available information about procurement process undermines the transparency in selecting a partner and public awareness of bad practices with will affect adversely the management of a project and for which public officials can be held accountable (United Nations, 2008: Sarfo & Baah-Mintah, 2013).

Furthermore, CEPA, (2015) argued that the water supply sector lacks the right institutional framework to provide clear policy direction no how to effectively manage and scrutinize

unsolicited project, therefore, they are more expensive than traditional procurement. As observed by the CEPA (2015:19):

“The government has not subjected the unsolicited proposals to “efficiency” scrutiny or benchmarking, which stakeholders have noted has deterred participation of credible international investors. All the deals (projects) to date have been sole-sourced, meaning they are likely to be more expensive than if they were bid out through competitively bid, public tender processes.”

What is interesting about this quote is the notion that lack of competition in PPPs affects VFM and affordability. True to the statement, the absence of a competitive process was felt in terms of high cost per litre of water charged by the private party. The contracting agency purchases the desalinated water a little above the tariff set by the Public Utilities Regulation Commission (PURC), this makes the arrangement relatively expensive to the taxpayer and the government, compared to traditional procurement. As observed by the coordinator of GWCL:

“Befesa (private party) sells the water to GWCL (contracting agency) a little above the agreed PURC rates before it’s distributed to the public. The price of the desalinated water is high to allow the private company to recoup all investment before the transfer of the asset to GWCL”. (GWCL)

Affordability is one of the main consideration in opting for PPPs. If it is indeed unlikely to achieve affordability for a PPP, it will be meaningless to undertake infrastructural development through unsolicited proposals (Rusmani, 2010). The lack of scrutiny and benchmarking of unsolicited proposals open up the procurement process to political interference and undue influence from the private parties thorough bribe offering (CEPA, 2015: Hellman et al 2000). The lack of public oversight and monitoring undermine pre-operational accountability before construction phase of the project and curtails the VfM objective of PPP during operational stages.

4.1.3 Financial Appraisal

The financial appraisal shows a critical evaluation of the financial arrangement of the PPP project compared to alternative methods. The financial appraisal leads to financial close. The financial close is the stage at which the financing documents are signed, also prior conditions for the availability of financing have been fulfilled (PPPIRC, 2016). For PPP projects, financial analysis forms a key element of the due diligence to be undertaken (PPIAF, 2007). At the financial appraisal stage, the criterion of affordability, VfM and the risk transferred must be met, in order for PPP projects to proceed (Shaoul *et al.*, 2008). Such information provides an evaluation of the project future performance and operations that is imperative for public accountability purposes. In other words, the financial close/appraisal stage require extensive evaluation of the financial arrangement to ensure the financial viability, affordability and a greater VfM. The section discusses the accountability issues at the financial appraisal stage in turns.

- **Financial viability and affordability**

The capital-intensive nature of water supply project and government budget constraints are the major factors attracting private finance to the sector. In developing countries, private investment is deemed risky due to low-profit ratios resulting from affordability issues and immature financial market limits long-term domestic financing (Ameyaw & Chan, 2013). Hence, foreign investors are reluctant to commit their investment without any expensive financial guarantee from the government as noted by Rahaman & Neu (2007) and Ameyaw and Chan, (2013). However, the issue of contention is the guarantee the government provides private investor on their return on investment to reducing risk and make profits (Rahaman & Neu, 2007). CEPA (2015) stressed that current figures suggest that internal rate of returns for unsolicited project is twenty-four percent (24%) while the internal rate of return for tendered proposal could be half the unsolicited rate.

Hence, the government must guarantee substantial huge amount of cost with associated significant rate hikes for private partners in PPPs to operate efficiently compared to PPP project tendered competitively. This additional cost affects public authority's budgets and creates affordability problems. As a senior member of the Public Utility Workers Union (PUWU) commented:

“The current agreement would not contribute to the financial health of the state-owned water distributor. He added that the plant's average electricity consumption of GH¢1.4million per month is paid for by GWCL according to the agreement. In addition, GWCL is under obligation to pay GH¢11.6million as a capacity charge under the contract. He explained that under the current system, no company could operate profitably hence the need for a cancellation or renegotiation of the contract terms” (Daily Graphic, 2016)

Backing this assertion is a remark made by a senior member at GWCL. He remarked that:

“The desalinated water is sold to the GWCL before distribution to the citizen of Teshie-Nungua area. The purchasing of the desalinated water is quite a challenge as the desalinated water is priced above the market rate and cannot be distributed at that price. Hence, the government decided to subsidize the cost of water in order to allow the desalinated water to be distributed at an equal price with the others”

What is interesting about this quote is it provides evidence of challenges in affordability of project. In addition, the quote provides evidence of how possible the financial guarantees affect the financial health of the contracting entity. Although, the quote provide evidence of possible financial guarantees provided by the government to ensure that Befesa is profitable. However, there is no information in the public domain about these guarantees possible on the ground of “commercial confidentiality”. These guarantees reduce risk levels, make the private partner profitable to service loans, and recoup capital invested. However, the profitability of a private partner as noted by Chan and Ameyaw (2013) cannot be guaranteed because there is a number of unknown factors that might affect the private company's profitability. These factors may include the lack of insufficient demand due to currency rate volatility. Although water is an essential commodity the demand is expected to be insensitive to price, in a country with seventy (70)

percentage living on a dollar a day, insufficient demand is likely to be a major factor to affect profitability, as a result, affect the financial viability of the project. (Rahaman & Neu, 2007). The finding corroborates the study of Rahaman (1997) observed that power poles running through villages but no electricity due to affordability challenges.

- **Audit and value for money**

PPP projects substantiate the decision to use private finance rather public finance. PPPs are expected to deliver a much greater VfM compared to other traditional public procurement. Therefore, the financial cost of the two options is set out at the financial close (Shaoul *et al.*, 2008). The financial close documentation requires a VfM audit and to ensure a reconciliation of objective between a service driven public sector and profit orientated private sector. The objective of the audit is not to audit the private partner as such but to verify the value of public monies (Mathur *et al.*, 2013). Such information is needed by the public to help understand the implication of the cost structure, VfM and to evaluate the financial viability of the project (Shaoul *et al.*, 2008). However, Anokye (2015) noted VfM audit is not prepared for PPP project particularly because the Performance Audit Department of the Audit Service with the sole responsibility ensuring all infrastructure projects in Ghana deliver VfM is not involved in the PPP project development. This undermines the monitoring responsibilities of the public sector. As emphasised by Anokye (2015:91):

“It is also worth mentioning that the performance audit department of the Ghana Audit Service that basically ensures value for money in infrastructural projects is not currently involved in any of the PPP projects undertaken in the country”

The quote stress on the fact that Audit service is left out on the value for money assessment of PPPs in Ghana. However, it was unclear whether the exclusion of the Audit services was due to the unsolicited nature of the PPP project. This undermines of external scrutiny from the Audit

Service. This opens up the argument that PPP is opaque and has become a mechanism for political leader to fuel their political aspirations rather than serving the interest of the general public.

Private sector governance and company laws allow minimal disclosure in terms of information to the public (Watson, 2003). In the case, it was perhaps impossible to obtain information on the financial close as the exits no information in the public domain. The lack of information sharing complicates if not perhaps impossible for the public to make an independent evaluation of the financial viability of the projects. Similarly, Agyenim-Boateng *et al* (2014) also noted that there is minimal information sharing between the public and the private company this complicates public accountability.

4.1.4 Contract Documentation

PPPs are long-term contractual agreements between the private entity and the public in the provision of goods and services (MOFEP, 2011). PPP contracts clearly explicate the contractual arrangement that enables risk sharing, performance clauses, benefits sharing and termination agreements. PPP contract outlines the legal framework that governs the accountability process. The PPP contract is among the few important documentary evidence obtained particularly as contains the confidentiality clauses, which undermine public accountability. This section discusses issues at the contract stage which has implications for public accountability.

- **Unbalance contract**

The main aim of a PPP contract is to control member conduct, an important element in the governance of the public sector. PPP contracts ensure the alignment of interest, clear understanding of roles and responsibility and incentives given to the parties. To ensure that the project objective is achieved, the PPP contract must be commercially balanced with respect to interest,

responsibility, and incentives. A commercially balanced contract ensures effective management of the PPP contract arrangement as emphasized by NAO (2009).

However, the deputy general secretary of the PUWU argued that the contract is skewed in the interest of the private party. He further stressed that PPP contract arrangement is not suitable for effective management of the PPP project. As a result, the parties are faced with huge cashflow problems. In addition, they called for a renegotiation or cancellation of the PPP contract. As stated by the deputy general secretary of PUWU:

“He explained that under the current system (standard contract), the company (contracting agency) could not operate profitably hence the need for a cancellation or renegotiation of the contract terms. He, therefore, called for a forensic audit of the agreement and circumstances leading to its passage to avoid a repeat in the future” (Daily Graphic, 2016)

The quote above provides evidence that contract arrangement between the private parties is not balanced, as skewed in the interest of private profit. This has implication on accountability as the public sector allows the interest of the private sector to prevail due to corruption/conflict of interest to the detriment of the contracting authority. Although PUWU called for redaction of the PPP contract, it was unclear the reason for the redaction of the contract between GWCL and Befesa particularly as there is no information in the public domain to that effect. This has implication on accountability, as it does not contribute to the transparency. Furthermore, this change in the contractual agreement is attributed to ineffective contract management, which has implications for financial accountability. This finding corroborated the study in the urban water in Ghana undertaken by Ameyaw and Chan, (2012) as it reveals project objectives and the roles and responsibility of the parties were ill-designed resulting in difficulties in interpretation of the contract.

The amendment of the contract raises concerns of how the redacted contract document averse previous challenges encounter under the standard contract. In the case of the SWD, it was impossible to determine the pricing of the desalinated water, in particular, is priced a little over the agreed water tariff rate. The contract contained details for determining the annual price of the desalinated water. However, it was impossible it determine the price without any prior knowledge, which is perhaps impossible for the public to understand. This undermines public assessment of information on the government's future commitment and any extra charge subsidized by the government.

Moreover, the pricing for a desalinated water lack transparency as the price charged for a desalinated water is not public available compared to other utility rates. In addition, the pricing of the water is based on adjustment coefficient, which is difficult to understand without any specialist knowledge and prior information. The calculation of the cost per litre is clearly stated in the PPP contract. As stated by a senior member of the GWCL in an interview affirmed the model used in calculating the cost per litre.

“The calculation for the cost per litre of the water (desalinated water) is a little bit different. In calculating the cost per litre both parties (GWCL and Befesa) use a financial module” (GWC2)

The quote emphasizes on the challenge of calculating the cost per litre of the desalinated plant. The complexity in the calculation of the desalinated water undermines the decision-usefulness of the information in the public domain to assess the affordability and VfM objectives of PPPs.

- **Confidentiality**

PPPs transfers private sector regulation and governance to the delivery of goods and service originally the responsibility of the government. Private sector governance and laws allow minimal disclosure in terms of information used in the generation competitive advantage to keep

confidential (Watson, 2003). While the sector allows for confidentiality of information, in PPPs the contract outlines information needed to be kept for confidentiality purposes. The contract acquired is both standard and the redacted version of the contract between GWCL and Befesa. Sections 18.9 of the water purchase agreement between the GWCL and Befesa outlines confidentiality clauses. The section entreats all the parties to the contract to hold fast all information used until 5 years after the termination of the PPP arrangement. As stated by the Water purchase agreement (WPA):

“All parties shall at all times during this continuance of this agreement and within five (5) years after termination of this agreement: use their reasonable endeavour to keep all information regarding the terms and conditions of the contract here of any data or information acquired under or pursuant to this agreement confidential and accordingly neither party shall disclose the same to any other and not use any document or other information (whether technical or commercial) obtained”. (WPA, 2012:58)

The quote above is an excerpt of the confidentiality clause in the standard contract between GWCL and Befesa. The quote explains the desire of the parties in the contractual arrangement to keep important information from the public domain even years after the termination of the PPP agreement. As a result, access to information has been extremely difficult particularly at the financial close. Therefore, the commercial confidentiality influences negatively the public access to information to assess the appropriate performance of PPPs in the water supply sector. Shaoul *et al* (2008) emphasized that private company's hide under complex confidentiality rule to keep vital information from public and external scrutiny. The implication is that public companies will take over the affairs of the government without much scrutiny and accountability.

4.2 Major Challenges in Public-Private Partnerships and their Implications for Public Accountability

The second objective of the studies is to examine factors within PPP that undermine accountability in the on-going project in Ghana in the water supply sector. This section presents the findings on the major challenges in PPPs and their implications on public accountability. The following challenges were identified as challenges of accountability in PPP: the challenges of access to information, public consultation, and political cycle and conflict of interest is discussed below.

4.2.1 The Challenges of Timely Access to Information

The public requires unrestricted access to timely and reliable information on the decisions and performances in the public sector (Armstrong, 2005). Accountability procedures in the water supply sector are challenged by the access to timely and reliable information. The analyses of the findings show that the challenge to the timely access to information in PPP is affected by three main factors. These factors include the absence of enforceable regulations, poor human resource capacity and inadequate finance. These factors are discussed are now examined in turns.

- **Absence of enforceable regulations**

Public sector official can be held accountable if only there is relevant information about their decision-making and operation is publicly available. Transparency is, therefore, the key to creating accountability. In the absence of the Right to Information Law and PPP Law that gives the right to the citizen to gain access to public information or information held by public officials, availability and access of information is at the discretion of the public official. Theoretically, PPP is long-term contract designed to ensure transparency of information to all interested stakeholder particularly about the business case, procurement process, cost of the contract, performance and

risk transferred. As stated in the National PPP Policy (2011:5) it promises access to information to both the public and interested bidder:

“Accessible to the public to the extent allowed by law except where national security law except where national security would be prejudiced; and equal opportunity and access to information must be given to all interested bidders”

The above quote confirms the support of the National PPP policy to provide timely and accessible information to the public. However, the respondents emphasised that these policies on PPPs are not enforceable rather they are mere policies to show government interest to support private investors in the water supply sector to boost investor confidences. As observed by a senior official of the GWCL

“The policy on PPPs serves as an instrument that guides PPPs implementation and monitoring in Ghana. The major challenges to the policy are that the policy is not enforceable law unlike the PPP Act yet to be passed by the parliament of Ghana. The ministries and the department cannot rely on the PPP policy to punish any agency or individual for acting contra to the policy. The policy shows the outside world (investors) that the government of Ghana supports PPPs. In addition, it encourages them to come and invest in the sector.”(GWC2)

The quote provides evidence of how practitioners are constrained by the absence of enforceable laws. The absence of enforceable regulations limits the ability of the PID of MoF to ensure adequate information to release to ensure public accountability. The implication of this is the limited relevance and difficult to access information for accountability purpose due to the delay in publishing information on decision making by the public sector and performance of the private sector (Armstrong, 2005). The minimal disclosure of PPP limits the decision usefulness of the information in making key strategic judgements. In addition, the absence of punishable laws allows actors to act in the own interest. A request made to MoF for a business case on an ongoing project on elicited this response:

“The transactional advisors are to present a full feasibility study (business case) to the ministry this month. The information is made available to the bidder who makes a formal request to the PID of the MOF but for an individual (citizen) am not sure what the procedure is” (PID1)

The above comment clearly shows the unwillingness of public officials to disclose information about PPP transactions. Also, public official decides who and what type of information can be put in the public domain. In addition, the non-disclosure of information at the financial close to the public raises issues of lack of transparency and creates a mistrust between the public and the governments as the public question the integrity of the government as acting the interest of the public.

- **Inadequate finance**

Financial resources are necessary for the operations and management of PPP infrastructure project. Contracting Authorities’ are required to undertake feasibility study (business case) to determine whether the projects are in the best interest of the government. Contracting authority require funding to carry out a feasibility study. However, with the prior approval from the MoF-PID, the cost of the feasibility study may be passed on to the private party in procurement stage of the project. The feasibility study clearly sets out the proposed allocation of risk, demonstrating affordability of the PPP project, the financial commitment and capacity of the contracting party to manage, enforce and report on the PPP. Contracting authorities are mandated by the national policy to supervise, enforce and report on the PPP transactions. A respondent in an interview emphasised on the challenges faced by the contracting agency in the collection, analysis and the monitoring of information to measure the set performance indicators given. Explaining how they are faced with financial challenges in the collection of information, as observed by the top engineer from GWCL:

“Public sector needs accurately volumes of water pumped by the private party to match their performance against set volume and quality standards given. The water requires several testing and inspection procedures to be carried out, in order to determine the quality and quantity of water pumped by the private party. Unfortunately, the process is inconsistently done because the financial resource is not available to be done across all the activities” (GWC2)

The quotes above provides evidence of how inadequate finance affect the monitoring and evaluation of PPP in the water supply sector. This affects the timely access to information on the performance of the PPP project. In addition, it affects the supervisory role of the contracting entity in enforcing the agreed performance standard in term of water quality to be pumped out. In short, Befesa operators without any proper water quality standard check from GWCL.

- **Poor Human Resource Capacity**

Ramos and Skalen (2006) argued that accountability practice has generally been rule-based, which emphasizing on the satisfactory attitude of elected political leaders and administrative public officials as contributing factors to the successful implementation of accountability procedures. Human agency affects greatly accountability procedures particularly concerning transparency of information. A respondent noted the frequent changes in personnel with right skill and knowledge affects the formal evaluation of PPP projects. As observed by the respondent from PID of MoF in an interview:

“It is only normal that employees are transferred to different departments. However, the transfer of employees in key monitoring and advisory roles affect the collected, analyses and evaluation of the monitoring and performance of the Project. Currently the department is face by capacity issue as we are understaffed” (PID2)

This assertion is quite consistent with the views of CEPA (2015) that the PID is relatively small workforce with restricted power required to ensure that the due process and procedure in PPP policy are adhered to their guiding principles which is particular difficult to do as the project

development is complex and time consuming. Secondly, the capacity of the government departments appear weak due to the failure to hire experts in the form of resident transactional advisor to provide technical assistance to the PPP project which help in proving on the performance and monitoring of the private party (CEPA, 2015).0

4.2.2 Challenge of Inadequate Public Consultation

PPPs are contractual arrangement between a public entity and private sector party developed to suit the interest of the public. PPPs are consider for project, which deliver greater VfM than other traditional public sector service delivery. The success of these projects depends on many factors of which public consultation plays a key role. The involvement of citizens in the project decision-making process of PPP improves the transparency, and create an environment of trust between the citizens and the public officials. The national policy identifies stakeholder's consultation as one of the guiding principles of PPP in Ghana. The National PPP Policy (2011:5) argued the need for the stakeholder consultation in this manner:

“Contracting authorities shall ensure adequate stakeholder consultation, understanding and support in advance of entering into a PPP arrangement and shall endeavour to identify relevant stakeholders and undertake comprehensive consultation and awareness of PPP projects under consideration”

The above quote provides evidence that actively seeking the opinions of interested and affected groups improves the success and forms part of the legal accountability framework of PPP in Ghana. Notwithstanding, the fact that it forms part of the guiding principle of PPP, in practice the public consultation may be lacking. This is because the contraction authority embark of public consultation cannot be ascertained with absolute certain due a small working force capacity already discussed in earlier chapter. As observed by a respondent at PID of MoF in an interview:

“PPPs requires adequate stakeholder consultations before implementation. The responsibility of undertaking the consultations lies with the ministries, municipalities, departments, and agencies. The roles of the PID is to ensure all necessary procedures are complied with. The PID is not always in the position to affirm if all consultations have duly been completed. However, subsequent complaints from customers (citizens) make it clear the public was not part of the consultation process”. (PID1)

The quote above provides evidence of how public opinion is ignored at the decision-making stages of a PPP infrastructure project. Mathur *et al* (2013) stressed that the involvement of the public increases the transparency of the decision-making process and public support for PPP projects. The exclusion of the public in the decision-making process has implication on public accountability as public consultation is argued to be a transparency tool. In short, the exclusion on the interested nationals are barely given opportunities to make timely inputs, pass judgments and impose sanctions whether formal or informal, to the PPP projects thus reducing the level of transparency about decision-making phase of the project before tender. This observation is consistent with literature as Roberts (2002) argued that PPP the negotiation between the public and the private is usually done in a private setting, which involves no participation from the citizens on the grounds of “commercial confidentiality”. The lack of public consultation adversely affect the support for PPP projects due to low patronages and creates a mistrust between the government representatives and the public.

4.2.3 The Challenge of Conflict of Interest and Political Cycles

PPPs offers short-term political attention to the government by providing quickly much-needed infrastructure projects (Shaoul *et al.*, 2012). The government acts in multiple roles in PPPs. The government acts as a policy advocate, economic developers, stewards of public funds, elected representatives for decision-making. Hodge and Greve (2005) emphasised that these roles may conflict with each other and create an impression of corruption, and favouritism in the award of

contracts. Such allegation questions the legitimacy of the project as elected official approve projects that do not deliver a greater VfM, but a project which fuels their political aspirations.

In the case, the conflict of interest was evident as contracting authority acts in various forms. A striking example is a government acting as a monitoring authority while providing guarantees to ensure that private sector investment is recouped in order to interest potential investors in the water supply sector. Furthermore, the issue of conflict of interest is underlined as public officials act as a representative of the people use PPPs as tools to fuel their political ambitions by approving projects which are not affordable and do not deliver value for money. In other words, the elected political representative may approve project, which does not deliver greater VfM compared to traditional public sector service delivery due to political concerns. In light of this fact, it can be argued that government use PPP project to further their political aspirations.

Another issue that came across in the interview is how the political cycle affects the management and development of PPP projects. Closely related to the issue of political ambition of elected representatives is the political cycles. Political cycles create an inconsistency in commitment to PPP. Therefore resulting in oversight and monitoring problems, which as implication on accountability as it become a barrier to scrutiny. As stated by the respondent from GWCL in an interview:

“The year’s election creates a lot of uncertainty. There is a fear that a change in government will result in a halt of some on-going projects or a change in commitment to PPP projects” (GWC1)

Concerning changes in political cycles, the quote above provides evidence of how political cycle affects the commitment in PPP project development and implementation in the water supply sector. The changes in the political cycle have an implication on the contract management. The changes in political cycles may result in termination of contract due to the change of government.

As noted by CEPA (2015) there is a lack of bipartisan support in the water supply sector hence the long-term support of PPP project are seen as weak in a long term.

4.2.4 Conclusion

This chapter presented a detailed description and analysis of governance mechanism in PPP, with the aim of determining the accountability and accounting practice in PPP. This chapter sought to answer the research question in the first part of the chapter. The study draws on the Shaoul et al (2012) GBRF, to examine the accountability practice in PPP in Ghana. The study focused on the first four overwriting components of Shaoul *et al* (2012) GBRF was used to analyse accountability in a case studied. Again, the chapter presented a detailed analysis of the factors that undermine accountability as currently practiced in PPP. In particular, it sought to address the research question in the introductory section of the chapter. Some of the challenges to accountability, which include the challenge of timely access to information, the challenge of public consultation and challenge of political cycles and conflict of interest. Overall, this chapter shows accountability challenges to PPP from a developing countries perspective.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter presents the summary of the key findings of the study and concluding remarks made from the findings. This chapter also presents strong policy recommendation in order to improve accountability in PPP. The chapter further discusses contributions, limitation of the study and suggestion for further studies.

5.1 The Discussion of Key Findings

- *To what extent do current governance mechanisms of PPP projects provide public accountability?*

The aim of this question is to examine the extent to which PPP project deliver accountability. In the context of PPP the public need to understand: the cost of the contract, the basis for and the nature of the procurement decision, risk transferred, guarantees, financial viability and affordability of projects, as Shaoul *et al* (2008) noted. In short, accountability to the public, therefore, implies reliance on information to assist the public understanding and assessment of key strategic decision. The study examines the degree to which governance mechanism provide public accountability.

The study shows that there is very little information in the public domain about PPPs. There is minimal disclosure in terms of information available to the public partly due to “commercial confidentiality”. Such findings are consistent with others about minimal information disclosure in PPP during the decision- making stages (Shaoul *et al.*, 2008; Siddiquee, 2011; Reeves, 2011; Hodge & Greve, 2005). Therefore, some suggest that information will be made publicly and routinely available unless there is special regulation such as Right of Information Act (Hodge &

Mellett, 1999). In the absence of the Right to Information Law and a PPP Law compelling public officials to make available to the public information held it was particularly difficult obtaining information on the decision making process on PPP.

The absence of information in the public domain about the strategic business case of the PPP project undermines the government's case for the economic need of the project particular as the project remained unsolicited proposal which has raises concerns of affordability and VfM. A further implication is that the lack of information about PPP transaction undermines scrutiny as public agency and independent evaluator responsible for scrutiny, for example, the PAC and parliament, necessarily need adequate information to be effective (Shaoul *et al.*, 2008:2012). The absence of such information undermines public sector oversight, independent evaluation and public accountability. This finding corroborates the study of Agyenim-Boateng *et al* (2014) observed that the internal scrutiny in PPP is undermined by the lack of information in the public domain.

The findings reveal that procurement process lacks the right institutional framework for evaluating and benchmarking of unsolicited projects. Even though, advocates of PPP argues the competition can be introduced in PPP (Hodges & Dellacha, 2007: PPIAF, 2014). However, the findings reveal that the water supply sector lacks a clear policy direction and methods to introduce competitions in unsolicited bids. As a result, unsolicited projects are relatively more expensive than traditional procurement. A further implication of the absence of a competitive process resulted in a high cost per litre of water charged by the private party, which creates affordability problems for both the public and contracting entity.

The contract arrangement between the private parties is not balanced, as skewed in the interest of private profit. This has implication on accountability as the public sector allows the interest of the private sector to override the interest of the contracting authority, thus providing affordable and quality goods and service. Consequently, the PPP contract creates a conflict of interest between the parties. This finding corroborated the study in the urban water in Ghana undertaken by Ameyaw and Chan (2012) as it reveals project objectives and the roles and responsibility of the parties were ill-designed resulting in differences in the interpretation of the contract and creates conflicts.

One of the most striking findings of the study is the lack of continuous scrutiny and evaluation at the financial close stage. This undermines the VfM and the financial viability of the project. The study reveals that infrastructure development through PPPs in Ghana lacks proper audit, as a key organization, the Audit Service, is not included in the evaluation and monitoring of PPP transaction to ensure that they deliver VfM. This results in limits public awareness of any financial risks, which will adversely affect the financial viability of the project. The study corroborated the study of Mathur *et al* (2013) as the note the PPPs lacks audit proper audit from Audit General of India. They further argued that the limited involvement of Audit Service in PPP fuels the criticisms that PPPs lack accountability. Therefore the study supports the views of Broadbent and Laughlin (2005) to involve Audit Service in the evaluation of PPPs and also to assist with the informational needs of the public and the evaluation of PPP projects in the water supply sector.

Lastly, the finding of the study reveals the private sector requires government guarantees in order to minimize risk to be profitable. However, there is no information in the public about the price of the desalinated water and the extent to which these guarantees affect the affordability and the financial viability of the PPP project. This has an implication on accountability as financial information on PPP

disguise any risk involved in the use of private finance. This findings contradicts the study of Akhmetshina and Mustafin (2015) argued that PPPs is a tool for poverty alleviation and economic development through the provision of quality but cheaper service. However, the study shows that PPPs open up the public services for huge multinationals to take over the provision of public service with little or no public scrutiny

- *What are the major challenges faced by actors in PPP and their implications for public accountability?*

The aim of the study was to identify the various accountability challenges in PPP, which need be been addressed. In the study, it evident that there are four main challenges in PPP. These factors include timely access to information, public consultation and political influence and conflict of interest.

Firstly, the finding reveals that the access to information in PPP in Ghana is affected by three main factors. These factors include the absence of enforceable regulations, inadequate finance and poor human resource capacity. The lack of transparency was discovered to be the major factor that undermines accountability in PPP. Although, the National PPP Policy promises access to information to all stakeholder, in practice the information is withheld due to commercial confidentially or the information may not exist. The finding disagrees with the proponent of PPP as it ensures transparency hence enhancing accountability (Heymans & Schur, 1999). However, re-echoes the findings as PPP undermines accountability as it lacks transparency (Siddiquee, 2011; Reeves, 2011).

In addition, the finding shows that the poor human resource capacity affect the monitoring and evaluation in PPP. The government department appears weak due to the failure to recruit resident

transactional advisor to provide technical assistance to the PPP project, which helps in proving on the performance and monitoring of the private party (CEPA, 2015). Furthermore, the constant change of personals as a factor that affects the oversight process in PPP. Thirdly, inadequate finance as a factor affecting the inspection and review of the PPP activities. The finance is required to undertake the necessary inspection to provide stakeholder with information about the operational performance of PPP. The lack of inspection and oversight undermines public accountability process of PPP. The challenge of timely access to information is not only peculiar to Ghana. Similarly, Johnstone and Kouzmin (2010) in a study conducted in Australia concluded that PPP in Australia is opaque.

Secondly, accountability is challenged by the lack of public consultation. The findings show that negotiation between the public and the private is usually done in a confidential setting, which involves no participation from the citizens. The above observation was corroborated by Fombad (2013a) who argued that PPPs in South Africa does not consider public consultation in decision-making process hence there is no mention of public consultation in the PPP manual which will ensure that citizen are given opportunities to scrutinize the PPP project before approval to enhance public accountability. In the absence of public consultation in PPPs organization such as World Bank and UN have made numerous call to the government to engage the public before and after the development of the project to help boost public interest in the project (World Bank, 2011:UNECE,2008:Fombad, 2014)

Thirdly, the challenge of conflict of interest and political cycles was also identified as one of the challenges of accountability in PPP. PPP creates multiple roles for the government resulting in oversight and monitoring problems, which becomes the barrier scrutiny and accountability, particularly in unsolicited projects. The problem also exists in the UK as it was observed by Reim

(2009) in a study of London Underground that conflict of interest existent in the PPP contract affects the achievement of VfM object enshrined in the contract. This finding complement dominates studies in PPP (Buxbaum & Ortiz, 2007: Reim, 2009: Hodge & Greve 2005: Mörth, 2007: Avar *et al* 2008).

In carrying this study, it has become evident that although PPP has the tendency to enhance the public delivery of service some challenge outlined in the study illustrates that PPP does not automatically turn out successful and deliver public accountability. Though there is a wide range of motivation for government to enter into such partnership arrangements, measures must be taken to ensure that accountability and managerial problems are resolved.

5.2 Relating the Findings to Theoretical Framework

The study employed the use of the GBRF that has been less represented in literature to examine public accountability in PPPs. The GBRF identifies elements, which are important to governance and public accountability of both sectors and questions how effectively they work to deliver accountability (Shaoul *et al.*, 2015). The framework identified an important range of elements, which influence accountability in PPPs. These include internal structure, member conduct, external accountability, public access, critical evaluation and international and national regulations. The framework assumes that these elements are integrated into the specific information provided by both private and public at various phases of the PPP arrangement to deliver public accountability (Shaoul *et al.*, 2012). These specific information requirements include business case, procurement, financial appraisal, contract documentation, annual reports and termination or renewal. The study uses the various information requirements as themes to examine public accountability in PPPs in the water supply sector of Ghana. However, the study

focuses on the accountability at the decision-making stage, as the case in question has not gone pass the contract documentation phase.

The framework identifies external accountability as one of the key elements that influence public accountability in PPPs. In relation to external accountability, Shaoul *et al* (2012) emphasized that actors of PPP must provide sufficient decision-useful information regularly. They further stressed that in the information provided must be time sensitive to help assess that past performance and actors compliance with regulations. The findings from the study reveal that transparency remains a critical issue of concern in the water supply sector. The study shows that there was limited information in the public domain partly due to “commercial confidentiality”. The water purchases agreement between Befesa and GWCL allowed sensitive information to be kept from the public domain. The lack of information about PPP transaction in the water supply sector reduces the public’s ability to make an informed decision and pass judgements on PPP transaction. Yet there exist documents that will assist the public and independent evaluator to make assessment and project development (Shaoul *et al.*, 2008).

Secondly, the framework identified that public access is at the core of public accountability. Shaoul *et al* (2012:222) defined public access “as the existence of an institutionalised practice that ensures transparency and openness”. The framework emphasized that public consultation forms part of key principles of public accountability. In relation to public access, the findings reveal that PPPs in the water supply sector is opaque. In regards to this findings reveal that the public is excluded from participation in the decision-making through public consultations. In literature, public consultation is argued to be a transparency tool and medium through which the citizen can express their interest in infrastructure projects (Fombad 2013a). In relation to public consultations, the findings reveal that the public is usually excluded from the stakeholder consultation particularly

as citizen and taxpayer do not speak with a unified voice. As result, political official excludes the public in order to expedite the decision-making process to get the project completed during their tenure of office (Fombad, 2013b).

Thirdly, the GBRF identifies the structure of the internal governance as an important element of public accountability. The finding of the study reveals the government lacks the relevant frameworks to subjected unsolicited projects to proper benchmarking and scrutiny with the aim of introducing competition into unsolicited proposals. As a result, unsolicited PPP projects are relatively expensive compared to traditional competitive tendering creating affordability challenges for the citizens. In addition, the findings reveal that the departments and ministries have weak internal capacity to monitor and advice due to the failure to recruit residential transactional advisors.

Fourthly, the conduct of the actors in a PPP transaction is important, as accountability is partly a social relation. Member conduct includes ethical behaviour and acting in the interest of the public. In relation to the member conflict, the study reveals that conflict of interest exists at various stages of the PPP arrangement. For example, at the finding shows that PPP infrastructure project can serve a tool for political officials to fuel their political aspiration rather than providing affordable public good and service.

Fifthly, critical oversight and evaluation is also an element identified by the framework. Although, the PID of MoF is mandated to coordinate and manage PPP transaction. It is imperative that key institutional bodies are mandated to audit and evaluate the PPP transaction to ensure affordability and VfM. The finding from the study reveals that key institutions such as the Audit Service of

Ghana are not involved in the evaluation and monitoring of PPP transactions to ensure VfM. In addition, the external evaluation is undermined by the lack of information in the public domain.

Lastly, the framework stresses on the national and international regulations that govern that accountability process in the PPPs. The framework identifies regulations such as the public procurement Act as imperative to the accountability regime in PPP. Indeed, the findings of the study reveal that the public procurement act guides the procurement of PPPs. Furthermore, the study shows how the unsolicited proposal lack proper benchmarking from the state to deliver a greater VfM than traditional procurement. As a result, this poor procurement practice leads to the reduction of completion and creates public monopolies, which set prices that are not affordable to the citizens.

5.3 Implications of the Findings

This section examines the accountability implication of the findings. The chapter discusses the accountability implications of the cost of the contract, the basis for and the nature of the procurement decision, affordability, public guarantees, financial viability of projects and their operations.

Firstly, the issue of transparency remains an area of critical concern in PPPs in the water supply sector. The study provides evidence of how accountability in PPP from developing context is complicated due to the minimal information in the public domain. The information available in the public domain is limited to the cost of the contract, the estimated financial need and the project timeframe. One of the implications is that minimal information about the business case undermines public sector and independent evaluation of the public to understand and pass judgement on such project (Shaoul et al., 2008).

Furthermore, lack of transparency serves as a catalyst for accountability deficiencies such as corruption, conflict of interest and political interferences. Again, the absence of publicly available information at the procurement phase undermines the transparency in selecting a partner and public awareness of bad practices that will affect adversely the management of a project (United Nations, 2008; Sarfo & Baah-Mintah, 2013). One of the most striking examples of lack of transparency is at financial close, where information is not made publicly available years after the financial close. The lack of information sharing complicates, if not perhaps makes it impossible for the stakeholder to evaluate of the financial viability of the projects and risk transferred and the possible burden to be transferred onto the taxpayer if the project fails.

Secondly, the study shows that affordability is one of the main criteria for opting for PPP. The findings reveal that affordability is substantially affected by the government's inability to benchmark and introduce competition into unsolicited proposals at the procurement phase. As a result, single-sourced projects tend to be relatively expensive compared to competitive tendering process (Zaato & Hudon, 2015). In addition, the absence of competition in unsolicited projects leverages the government desire for balanced contract and effective delivery of services in PPPs arrangements. Therefore, the public is left worse off as the project could have delivered better VfM if it was procured through a competitive tendering. Furthermore, the findings reveal that affordability problem is created for the citizen as the service provides by the Befesa is little above the market price.

The implication of this is the insufficient levels of demand tends to affects the financial viability of the project. As a result, the government provides financial guarantees to a private company to mitigate the risk of failure and subsidizes the water charged by the private company. However, this practice transfers extra burden onto the taxpayer and undermine VfM. As emphasized by Rusmani

(2010) if it is indeed unlikely to achieve affordability and VfM for a PPP project, it will be meaningless to undertake infrastructural development through PPP arrangement.

Thirdly, the GBRF stressed the importance of international and national monitoring bodies that influence the governance and accountability in the context of PPPs. The findings reveal the lack of continuous scrutiny and evaluation from public watchdogs undermine the VfM and the financial viability of the project. The study reveals the infrastructure development through PPPs in Ghana, lacks proper internal scrutiny as key organisation such Audit Service is not included in evaluation and monitoring of PPP transactions to ensure that they deliver VfM. The implication of not opening up PPP transaction to be audited by Audit service can create a potential waste of taxpayer monies and promote solely the profit-making interest of the private partner. Therefore the study supports the views of Broadbent and Laughlin (2005) to involve external oversights to assist with the informational needs of the public and the reduce corruption and the conflict of interest as the government acting in multiple roles.

Fourthly, the study shows the contractual arrangement between the private and the public sector does not balance. As revealed by the finding of the study that the contract is skewed in the interest of the private profit and does not contribute to the reduction of conflict of interest and corruption. The findings corroborate the study of Ameyaw and Chan, (2013) as they observed that in 2002 a commission of enquiry unearths grand corruption and fraud in lease contract award by the GWCL to two foreign private companies. The broader implication of such contract flaws is the high cost of service transferred unto the taxpayers.

Lastly, the chapter suggests this high level of accountability challenges such as improper procurement monitoring, lack of information sharing, monitoring and affordability challenges

erodes the expected benefits of the project. It is evident that PPPs have the tendency of enhancing public delivery of service by introducing private sector expertise. However, the findings from the study show that PPPs do not automatically turn out successful as mediums of national development.

5.4 Recommendations

PPP remains a policy mantra for most developing countries and Ghana in particular. From the finding and conclusion, it is obvious that there are implications for policy and measure must be adopted in order to derive fully the potential benefits of PPP as stated in the National PPP Policy and to enhance public accountability. The following recommendation based on the research findings have been suggested.

One of the major challenges of public accountability is minimal information disclosure in PPP. The information sharing in PPP is necessary as it allows public authority and independent evaluators to scrutinize PPP activities (Shaoul *et al.*, 2010). Therefore, there is the need for government to adhere to the principle of open government where access to information and decision making on PPPs is open and equitable (OECD, 2012). PPP project must have periodic information release from the PID of MoF. The information should include pre-feasibility studies, feasibility studies (full business case), contract documentation, financial close and risk transferred. In addition, the private party hide under the commercial confidentiality umbrella to keep vital information need to account for government expenditure hence the enactment of special regulations such as the Right to Information Act will help in the access information held by the parties (Hodge & Mellett, 1999; Shaoul *et al.*, 2010).

Although, successive government relied on PPP in addressing vital developmental challenges, the lack of proper oversight and monitoring of PPP transactions and the lack of enforceable laws in PPP has led to the undermining of VfM principle in practices. The government should entrust the Audit Service with clear mandates and sufficient resources to evaluate and audit PPP transactions. Firstly, such process will require the issue of policy guideline on the audit of infrastructure on PPP mode. Secondly, the Audit Service should be equipped with the necessary human resource capacity to audit PPP ensure they are affordable and delivery VfM.

The Ministry Of Water Workers And Housing has oversight responsibility for PPP arrangement within the water supply sector. It is imperative that the sector ministry is given the right mandates and authority to ensure the continuity of PPP project even after the change of political leaders. As discussed in previous chapters, changes in political cycles affect the support and government commitment to PPP arrangement. In addition, the Ministry Of Water Workers And Housing in collaboration with PID of MoF must ensure that all necessary stakeholder consultation that will help enhance accountability, build public trust and minimize corruption must be presented by the contracting agency before approval to invite tenders. The stakeholder consultation can take the form of a public hearing, workshops, independent peer reviews, scientific conferences, advisory committees, social surveys, citizen panels and other citizen initiatives should be used to facilitate participation and discussions by all stakeholders.

The finding shows that the government is currently unable to subject unsolicited proposal to proper benchmarking and introduce competition in the procurement of unsolicited proposals. As a result, this poor procurement practice leads to poor public accountability, reduction in competition and creates public monopolies (Ismail & Yousif, 2009). One appropriate way of dealing with this challenge is to ensure fairness and transparency in the selection process for a private party (UN,

2008). Both rejected and selected bids must be made publicly available for review by public and independent evaluators. Competitive tendering procedures should be used always to ensure VfM and low rate of return are achieved. In the case of unsolicited proposals, in order to introduce competition, the proposal must be subject to clear-cut benchmarks or compared against public sector comparative cost or alternative.

Finally, contracts remain the main basis for PPP, it is necessary the contract agreement in PPP spells out clearly the responsibility and performance targets of the parties in order to minimise misinterpretation of the contract arrangement. Furthermore, the in order to minimise the issue of conflict of interest and to ensure that all parties in the PPP agreement have equal power, contracting authority must ensure active consultation with stakeholders to ensure the contractual arrangement is balanced.

The study is of great importance and has stern implications for theory, practice and future research. The significance of the study can be found in its contributions to future research, to theory and to practice. However, the study has some limitation that has been discussed below.

5.5 Contribution to Study

The study focuses on a single case study to examine the accountability in PPP. The findings of this study have triggered some contribution to the knowledge in a qualitative study by adding new means to policy, practice and theory.

Firstly, the study contributes to literature by drawing on GBRF, a theoretical framework which has seen little application in accountability literature. Existing studies in accountability and governance literature have focused mainly on the principal-agent relationship or employed the use of the stakeholder's theory. By drawing on the GBRF, this study as extended the relevance to the

GBRF pertaining to accountability practice and thus complement knowledge on accountability. In addition, a review of extant literature reveals that studies on accountability in PPPs have focused mostly on developed countries as a new form governance tool for contracting private partner in delivering public service or goods. Various aspect of the study has focused on the nature of accountability, VfM and management mechanism to improve accountability (Agyenim-Boateng *et al.*, 2014, Zaato & Hudon, 2015: Shaoul *et al.*, 2008: Heald & Georgiou, 2011). However, developing countries have received less attention in literature. This study contributes to literature by responding to the call to provide contextual clarity on accountability in the context of a developing country.

Secondly, the finding of the study contributes to practice by showing that government with the intention of closing infrastructure gaps relies on PPP. However, studies show that there are certain complexities and challenges that need to be resolved or strength in order for the potential benefits of PPP to be derived.

Thirdly, the study contributes to policy. It is evident that the study aims to examine accountability in PPP and the extent to which accountability challenges have an implication on the implementation of PPP projects. The findings show that accountability in PPP is constrained by many effects at the centre of these complicities is the lack of transparency and poor monitoring and evaluation. Therefore, there is a need for policy intervention from the government to formulate a solution to strengthen the governance and accountability structures to enhance accountability in Ghana. These recommendation discussed in chapter 5.2 is in this direction. The study provides an opportunity to the stakeholder in PPP to understand the complexities in delivering accountability in PPP. Hence forming the basis of equipping public and private partner with skills to account for PPP transactions.

5.6 Limitation of the study

There some limitation that can affect the findings and the conclusion of the study. This chapter discusses that limitation of the study and measure taken to curtail the effect of such limitation of the study.

The notable criticism of the single case study approach employed in the study. The use of a single case study approach is often criticized as lacking statistical generalization. The critics argued the study cannot be generalized because of the study uses a small sample size and non-representative case. In spite of this, the study can be analytically generalized to similar circumstance (Ryan *et al* 2002). This can be assured as the study provide in-depth understanding by providing rich and diverse empirical evidence (Myers, 2008). However, findings are based on the context that may change over time.

In addition, there was a difficulty in obtaining interviews and documentary evidence for the case. The difficulty in obtaining information limits the scope and the issues discussed in the study. The limitation forms the basis for the further research in later chapters.

5.7 Suggestion for Further Studies

The study provides several opportunities for further studies. In light of the finding vis-a-vis the limitation of the study, the following are the areas found worthy of further studies. The study provides at least four potential areas for further studies.

Firstly, the study draws on the GBRF from Shaoul *et al* (2012) to examine accountability in PPP projects in the water supply sector. In future, other studies can draw on the GBRF to examine accountability in a different context. Furthermore, the study uses some of the element of the reporting phase, particularly because the case selected is not terminated. Future studies can adopt

all the reporting phase including annual reports and termination phase of the GBRF to examine accountability implication of PPP transaction.

Secondly, the findings are from a single case. Hence, these finding may be reflective of a broader problem that may require further research. In light of this limitation, additional cases could be studied with the aim to provide a complementary set of knowledge on challenges and how accountability is practiced in PPP.

Thirdly, PPPs are hybrid organizations which are formed at the intersection of both public and private entities, Dubnick (2007) argued that in such hybrid organizations embedded different values and norms of accountability in their corporate culture that may affect how there account to their stakeholders. As a result, possible future research could focus on how organizational culture will enhance or undermine accountability in PPP and how the conflict between the values and norms, which influence accountability in PPP, can be resolved.

Finally. Further studies can focus on how PPP transactions are accounted for in the financial reports of both the public and private entities. For example in the case of Ghana, a developing country the study could focus on how income, assets and liabilities are recorded in the financial reports of partners in compliance with internationally accepted standards. Also, further studies can focus on how the PPP structure complicate financial accountability in developing countries.

5.8 Conclusion

The study examines accountability in the context of a developing country. The study employed two main research questions that have been addressed. The study has shown that public agencies provide minimal information about PPP transaction in Ghana. The minimal information disclosure has an implication on public accountability. The study further shows that PPP in Ghana is opaque and lacks proper scrutiny from public watchdogs such as PAC and Parliament. Although Ghana has successfully adopted this neo-liberal policy of providing infrastructure, PPP could be better and successfully managed to deliver accountability if the challenge of lack of timely access to information, inadequate public consultation and conflict of interest and change in political cycles were addressed.

Hence, the study provided policy recommendation, which if strictly followed, will enhance accountability in PPP. Such recommendation ultimately involves cost and strong political will from government. In the light of the finding and limitation of the study, suggestions were made for future research to help provide a complementary set of knowledge on accountability in PPP.

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