



Managing Multiple Modalities of Delivering Basic Services in Ghanaian Cities

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Abstract

This paper analyses the capacity of three local governments (LGs) in Ghana to undertake new ways of solving public problems in basic infrastructure services. The paper argues that while LGs in Ghana have disengaged themselves in directly delivering public sanitation and solid waste (SSW) services to users and have pursued multiple modalities of public, private and community delivery, they have found themselves trying to manage complicated new relationships for which their competence is insufficient. The paper further argues that adoption of new and different modalities does not guarantee automatic realization of LG goals. The paper concludes that contracting out government services to multiple agents is a difficult process whose expectation can easily be elusive, so there should be systematic analysis of LG regulatory, facilitative and monitoring capacities before undertaking that new approach. The paper suggests that becoming a purchaser rather than a provider entails a new administrative capacity of government workers supported by a new information and management process. Managing multiple modalities to achieve expected outcomes is different from managing traditional bureaucracy.

Résumé

Cette présentation analyse la capacité de trois gouvernements locaux (LG) ghanéens à adopter de nouvelles méthodes de résolution des problèmes publics au niveau des infrastructures de service. Au moment où les LG du Ghana ont arrêté de fournir (aux usagers) des services publics sanitaires et de collecte des déchets (SSW), pour adopter diverses modalités de fourniture publique, privée et communautaire de ces services, ils se sont retrouvés à gérer de nouvelles relations complexes, pour lesquelles ils ne sont pas suffisamment qualifiés. Cette contribution poursuit en affirmant que l'adoption de ces nouvelles et multiples modalités ne garantit pas une réalisation automatique des objectifs du LG. La

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présentation aboutit à la conclusion selon laquelle le fait de sous-traiter les services gouvernementaux avec de multiples agents est un processus difficile, dont les attentes peuvent être incertaines; il devrait donc y avoir une analyse systématique des capacités de réglementation, de facilitation et de contrôle des LG, avant d'adopter cette nouvelle approche. Cette communication affirme que le fait de devenir un acheteur plutôt qu'un fournisseur implique une nouvelle capacité administrative des travailleurs gouvernementaux, renforcée par un nouveau processus d'information et de gestion. Le fait de gérer de multiples modalités pour atteindre un résultat déterminé est différent de la gestion d'une bureaucratie traditionnelle.

Introduction

In the last decade and a half, two profound changes have taken place in the management of public sector organisations. The first is the new public management (NPM) approach to delivering public services to users. The second is the role of central/local governments to enable the efforts of non-state providers. The former involves internal reorganisation of the public department to undertake direct services delivery using commercial or market principles. It also includes government policy change towards public departments by granting them a degree of autonomy and a further separation of their monitoring role from delivery. The second change 'enablement' requires local governments (LGs) to 'run less but manage better and differently' (Helmsing 2002: 323). This new approach involves three new responsibilities: (i) facilitating efforts of others to perform responsibilities that have been transferred from state monopolists (capacity building); (ii) setting clear regulatory policies to govern agents (rules of the game); (iii) monitoring the performance of multiple agents and assessing their performance.

This paper examines the efforts being made by three local governments: Accra Metropolitan Assembly (AMA), Kumasi Metropolitan Assembly (KMA) and Tema Municipal Assembly (TMA) in Ghana to undertake these responsibilities in the area of sanitation and solid waste (SSW) services delivery. Since in dealing with agents LGs bear many risks including contract management problems, public opposition, monopolistic behaviour by agents and their inefficiencies, it is postulated that only LGs with requisite capacity will be able to manage multiple agents to benefit from the presumed advantages of contracting out-of-service delivery. The capacity requirements include: developing legal framework in which other actors operate; creating a competitive contract award process; developing realistic financial incentives for agents; setting effective monitoring and compliance system; and improving organi-

sational and management skills (Awortwi 2003). Since the study hypothesized that local context and national environment have a potential to influence the success of governance through contracting, three cities, Accra, Kumasi and Tema, were selected. Their socio-cultural, political and economic background can be differentiated to some extent. Kumasi is less cosmopolitan than Accra and Tema. Accra, the national capital, has a population of about 1.7 m. people, while Tema and Kumasi have 0.5 m. and 1.2 m., respectively (Ghana Statistical Service 2000). These cities have seen different levels of improvement in the management of SWC and PL. In the cities, some communities enjoy excellent and uninterrupted services while others live in blighted areas characterized by unreliable and dilapidated services.

Empirical data was collected through structured and unstructured questionnaire interviews, checklists of facts and figures, and field visits to all the selected service delivery points. Stakeholders in the service delivery such as LGs, departments, commercial enterprises, CBOs, institutions, social and political commentators, as well as service users were interviewed. A total of 15 public officers and 34 private entrepreneurs (14 SWC and 29 PL operators) working in different modalities to deliver SSW services in the three cities were interviewed. The interviewees from both sectors were people with some years' experience in services who could share useful information. The public officers included Environmental Health Officers, Heads of Waste Management Departments, Monitoring and Supervising Officers, Cleansing Officers, Directors and Planners, while the private contractors included 20 Directors (five of whom are from CBOs), seven Operational Managers, four General Managers, and three Financial Assistants.

Conceptual approaches to improving services delivery

In the 1980s, the public sector in many African countries provided services with its labour, materials and equipment. Apart from providing physical infrastructure, politicians used the sector to fulfil multiple objectives including creating jobs, satisfying political expediency, and delivering a wide array of non-commercialised services and patronage. Many analysts argue that without the discipline of competition and focus on objectives, public bureau workers had little incentive to innovate, control costs and deliver services effectively and efficiently. Even where governments found the resources to operate public services, delivery of the services was poor and large segments of the population were left out. The best way to improve, according to many analysts, was to change the way in

which public infrastructure and services were administered in Africa. For those on the ideological right, privatisation was the only solution. For instance, according to the World Bank, the key task is to 'manage infrastructure like a business, and not like a bureaucracy' (World Bank 1994: 2), which means the private sector can do a better job. Private sector participation in public service provision is expected to foster government downsizing, reform governmental management and functions and improve delivery. Neo-liberals call for 'reinventing government' by inspiring a new entrepreneurial spirit in the public sector (Hammer and Champy 1993; Osborne and Gaebler 1992; Barzelay 1992). Osborne and Gaebler (1993: xvii) demonstrate in their ten principles for entrepreneur government that the basic problem is neither too much nor too little government, but rather the wrong kind of government. Many of these analysts proposed to shrink government, remove it from as many infrastructure programmes as possible and turn the functions over to the private sector. Programmes that have to remain in the government's hands should be contracted out, they argue. The consensus among many of these analysts is that the market would make government infrastructure provision self-correcting in three ways: efficiency, cost minimisation and quality delivery. Some of these market assumptions have become a very powerful ideological belief within the Right, to the extent that Kettl (1993) argues that, in the United States, this presumed superiority of the private sector had led to contracting out everything possible with relatively less concern about how to structure and manage it.

Many of the persuasive arguments and ideologies have influenced the way many African states have administered infrastructure services recently. This includes acknowledging the vital role of other actors (formal and informal) and subsequently decentralising responsibilities to them. This practice has further been bolstered by advances in technology, which have made possible 'unbundling' of the components in the service delivery process to several institutions. In addition, the pressure towards greater citizen involvement in decision-making has compelled governments everywhere to seek inclusiveness in service provision at a time when the available resources for delivering services have declined.

The policy support of contracting out sanitation and solid waste services in Ghana

In Ghana, as part of the process to restructure its development goals, in 1988, the government embarked on a new policy, which involved delegating some of central government's (CG) responsibilities to LG. It was

expected that this would improve delivery and management of basic public services at the local level. In their attempt to deliver and not crumble under heavy new responsibilities, some LGs in turn devolved some services to the private sector, community based organisations (CBOs) and their own departments in the form of multiple modalities, meaning LGs were no longer delivering public services alone, but developed many contractual arrangements with non-state actors that make use of the latter's resources and management capabilities. The recognition that multiple non-state actors can be made to deliver infrastructure services necessitated a change of policies and practices from government to governance. The latter is a different (and better) way of governing public services.

Although, the national environmental policy (Min. of LG 1999) gives the primary responsibility of SSW management to LGs, given the nature of the service with its problems of environmental externalities, the state has seen the necessity to enable LGs to better perform their responsibilities. The national policy mandates the LGs to invite the private sector to provide the actual services under contract or franchise, as appropriate. When these functions are transferred, the corresponding capital and budget, personnel and equipment are also mandated to be transferred (Min. of LG 1999: 14-15). Second, the policy also requires LGs to maintain adequate capacity to provide not less than 20 per cent of the services and reserve the right to take measures to intervene in the event of failure of the private sector to deliver. Third, in terms of cost recovery, the policy provides that where possible, SSW services shall be provided on a full cost recovery basis, under franchise or concession agreements. In deprived areas where ability to pay may be low, service charges may be related to the recovery of operation and maintenance. Where cost recovery is not possible, the LG may enter into contracts with contractors to deliver service under which the assembly will pay from revenues generated from other sanitation zones or from their own resources.

The sanitation policy also mandates LGs to enact appropriate bylaws and implement strong and effective supervisory, licensing and performance measurement systems and further empower community tribunals to prosecute offenders against sanitation bylaws. The policy further requires all premises to have primary storage facilities which shall meet the approval of the LG with regard to size, material and capacity. The LG shall, in consultation with each community, prescribe the minimum standard of collection service, taking into consideration household incomes, housing pattern, and the infrastructure in the service area. In general, the policy requires that waste be collected at least twice a week. In communities

where house-to-house waste collection is not appropriate, the LG shall designate communal storage sites where solid waste can be discharged into a fixed or removable container.

Capacity of LGs to regulate multiple agents and their modalities

To be able to regulate different modalities of public, private and community delivery of services across an entire city, LGs should have the technical capacity to clearly demarcate zones where each modality is applicable and indicate public policy objectives to be achieved in using each modality. Regulation also requires LGs to establish in clear terms the rules that apply and how they will be enforced. To be able to perform these roles effectively, the LGs should first have the capacity to contract. As regulators, LGs are expected to have the capacity to determine all the components they want agents to deliver and what processes to use in order to obtain the right supplier, as well as to set goals and standards to measure what they have bought. These are what Kettle refers to as 'smart buyer' traits (Kettle 1993: viii). The capacity to contract involves a transparent contractual process, design of a good contract document and assessment of the costs involved in obtaining the right agent.

Contract tendering procedure

In the absence of a profit incentive, an LG intent on pursuing efficiency must regulate performance directly. However, it will face asymmetries in the information available to itself and to the operators of the service. This could make it difficult to determine the extent of inefficiency and thus to implement corrective measures. Domberger et al. (1986) argue that competitive tendering largely overcomes the problems of both incentives and information. The tendering process generates information about the relative efficiency of the operators who bid for the contract, provided of course that the level of service is specified correctly and with precision. The three LGs have established tender boards whose membership includes the chief executives (mayors) as chairmen and the coordinating directors (the principal bureaucrats) as secretaries. The board has the responsibility of screening, selecting and awarding contracts. The rules governing tendering and contracting are set by two national Acts of Parliament, LG Act 462 and Regulation Act of 1995, LI 1606. While LI 1606 mandates all LGs to adopt open competitive bidding, Act 462 specifies what is unacceptable on the part of LG members and staff regarding contracts. Nevertheless, in the three cities contractual processes have involved in-

fluencing many bureaucratic decision-makers and sometimes paying bribes. The analysis shows that with the exception of one of the SWC contracts in Tema, which was tendered, in Accra and Kumasi the LGs awarded the contracts without reference to the tender board or the laid-down procedures.¹ In many cases, LG officers and politicians had financial interests in the contracts being awarded and disregarded the set provisions. Conflicts of interest and general lack of transparency seem to have crept into awarding of contracts because the roles of politicians and bureaucrats as policy-makers and implementers, respectively, were not separated. Politicians have influenced awards of contracts more than bureaucrats have used pre-qualification criteria to select agents.

The design and management of standard contract document

Although the LGs have models that could guide them to write good contracts, in Kumasi and Accra the bureaucrats hardly refer to them (Awortwi 2001). Also, although each LG has legal advisors who could help them analyse the legal implications of contracts being awarded, their services are disregarded in this area. It is only when a contract has come under media scrutiny (through allegations of corruption) that one sees the vital role they ought to play. The legal advisors, most of the time, are not official members of either the tender board or the technical subcommittees that design contracts. In fact, the administrators, many of whom have no technical skills, design many contracts. In public sanitation or latrine (PLs), the bureaucrats just take an old indenture, which was designed about 20 years ago, and replace the names and addresses with the particulars of the new agent. Indentures are hardly modified to suit the present situation and demand. Issues regarding contract duration, operation and transfers of the infrastructure are not clearly specified in the indentures to distinguish build, operate and own (BOO), build-operate and transfer (BOT), rehabilitate, operate and transfer (ROT) and affermage.

Regulatory costs associated with contractual exchange

In using contracts as a form of exchange mechanism, LGs incur a number of costs related to searching for and selecting agents, acquiring information and negotiating with agents and monitoring and enforcing contracts. When these activities are carried out properly with an eye to value for money, regulatory costs associated with these activities may fall, which makes contracting a better exchange mechanism than establishing a bureau or buying from the market under imperfect information and competition. If efficiency is the criterion for choosing a modality, an 'intelli-

gent' LG will compare the production cost of setting up a bureau to deliver a service with the cost of buying from the market. Another way of benchmarking differences in production cost is for the LGs to contract a small amount of service delivery to 'in-house' providers along with buying from the market. However, in the three cities, data on expenditures are combined, so separating regulatory costs from administrative and production costs for analysis is impossible. But, in Accra and Kumasi, although there was no rigorous search for agents, information gathering, negotiating, monitoring of agents and enforcement of contract terms; corruption and collusion was very high which translated into a high cost of buying from the market. This means that regulatory costs can be high irrespective of whether there was diligence in acquiring information or undertaking laborious processes in contracting.

Setting clear public policy objectives in the service

Regulating multiple modalities of service delivery in a city involves defining the areas of jurisdiction of the various modalities in such a way that there are clear boundaries separating public, private and CBO delivery. Since goals and interests may conflict among actors and modalities, clear jurisdictional boundaries are important. While in the three cities LGs try to demarcate localities into zones depending on household socio-economic and infrastructure characteristics, the same has not been done for different modalities of service delivery. In both Accra and Kumasi, there are many overlaps. For instance, commercial private operators who undertake service contracts are undermining CBOs undertaking franchise operations (AKCPP Semi-annual Report 1998:12). Again in Kumasi and Accra, the LGs have failed to legally declare CBO areas as franchise zones. What this means is that users can decide not to pay for service delivery and may expect LGs to provide toll-free services with a communal container system. In contrast, in Tema, there is clear demarcation of areas controlled by franchisees, service contractors and 'in-house' public delivery. The clear zonal demarcation is partly explained by the fact that Tema is a well-planned city in contrast to Accra and Kumasi. Medium- to high-class areas are clearly distinguished from low-class areas on the basis of homogeneity of housing and infrastructure services. In Accra and Kumasi, the homogeneity is broken. Many areas formally classified as medium- or high-class are interspersed with rundown buildings, decrepit infrastructure and poor neighbourhoods, thereby making a good assessment of who can or cannot pay for solid waste collection (SWC) difficult. As a result, zonal demarcation of franchising and service contracts is nebu-

lous. In Kumasi, this unclear zonal demarcation has resulted in unregulated open competition in some neighbourhoods, with a private contractor collecting solid waste from households that can pay, leaving those who cannot do so to fend for themselves. Public health objectives cannot be achieved through selective waste collection.

The second regulatory policy that needs to be set in multiple modalities is the process by which public objectives are to be achieved. Public policy involves making political decisions. Objectives can be attained efficiently and effectively, depending on the goals set by politicians and the mechanisms adopted to implement them. Technically many aspects of SSW services can and have discriminated between consumers on the basis of their ability and willingness to pay. As a result, in many areas, users may pay close to the economic cost of service delivery. However, depending on the objectives set by policy-makers, fixing of user fees and enforcement of payment have been difficult issues in LGs. In Tema, the LG aims at operating a system of waste collection where every household is expected to pay close to the economic cost of delivery. It is the goal of the LG that all waste collection areas will be on franchise, but at the moment only about 65 per cent of households pay directly for SWC, 15 per cent through service contractors (with World Bank financial support) while the rest do not pay. In the newly developing and low-income areas where users do not pay for service delivery, the LG has contracted-in to the waste management department (WMD). The goal is to provide public delivery until such time when it becomes economically viable enough to interest commercial agents and then to hand over delivery to the private sector. In contrast, in Accra, the LG has been inconsistent in implementing its goal of operating a waste collection system paid for by user fees. In 1997, when the city and country waste limited (CCWL) contract was signed, all franchise agreements were terminated and waste collection in the whole city was changed to service contracts. Consequently, the practice of agents collecting their own fees directly from households was stopped and the LG revenue collectors assumed that responsibility. In 1999, the LG collected less than 50 per cent of the SWC fees, while in 2000, only 2 per cent was collected.

A comparative analysis of the three cities shows that Tema has a clear and consistent policy objective, which is more towards attaining economic efficiency in SSW delivery than in Accra and Kumasi. In high- to medium-income areas in Tema, the LG makes above-normal profit to cross-subsidize the service in low-income areas. However, in Kumasi, many rich areas do not pay for SWC at all, while in Accra the LG has been

sloppy in collecting user fees. In both cities, if LGs can clearly establish zonal demarcation for each modality and set consistent policy goals with the aim of recovering costs, they will be able to reduce operational or production cost substantially, which will also relieve their budgetary problems and continual reliance on the central government (CG).

Establishing and enforcing sanitation bylaws and contract rules

It is expected that as different modalities are structured in the cities, LGs will be able to design bylaws that specify the 'dos and don'ts' of all actors and specify sanctions that will be applied if the rules are not respected. Under the powers conferred upon the three LGs by section 79 of the LG Act, 1993 (Act 462), by the year 2000, Accra and Tema had passed SSW bylaws. In Kumasi, only a draft bylaw (KMA-WMD 2000), which is a replica of the one designed by the Ministry of LG, is available. A comparison of the bylaws shows that while non-complying users in Accra are liable to summary conviction and a fine not exceeding ₵200,000 (US \$30), or in default of payment to a term of imprisonment not exceeding six months, or to both, their counterparts in Tema face lesser sanctions. They will be liable on conviction to a fine not exceeding ₵100,000 (US \$15), or in default of payment to imprisonment for a term not exceeding three months. Although sanctions against unwanted waste practices may appear severe, their necessity is easy to see on the streets when they are not enforced. In Ghanaian cities, many residents tend to be ambivalent in their attitude towards sound environmental upkeep and dump waste indiscriminately. The reasons for this include: (i) inadequate or absence of waste containers; (ii) long distance to a central container or waste bin (people cannot carry waste around)' (iii) the belief that waste should not be transferred from one locality where it is generated to another (immediate disposal at the site of its generation is important); and (iv) lawlessness—people do not fear that their actions will lead to sanctions by law enforcement authorities. While LGs are not effective in sanctioning offenders, there are few strong communal institutions to play a complementary role (Obiri-Opareh 2003: 184-5). Another problem with enforcement of bylaws is the degree to which residents flout them. As indicated by Tema's Solid Waste Manager, 'Your ability to enforce bylaws is restricted by the magnitude of defaulters. You cannot arrest 20 per cent of the population. You might as well spend half of your budget to hire people to police the whole city!' What is more, the judicial process in Ghana is perceived to be very slow to deal with offences, even those in the criminal code. There is, therefore, no gainsaying that SSW offences do not

attract the necessary attention of the judicial system. The lack of sanitation courts in any of the cities seems to be another factor hindering strict enforcement of sanitation regulations.

Furthermore, the bylaws are not comprehensive enough to deal with all stakeholders. In the three cities, the bylaws place more emphasis on indiscriminate waste disposal by users. No mention is made of the LGs' own obligations to users or possible sanctions if they fail. The reason for this is that LGs cannot set tight conditions that they know they cannot honour. The bylaws are silent on contracts and what ought to be done in cases of default. Furthermore, the sanitation bylaws are silent on procedures for lodging complaints and monitoring agents. Regarding enforcement of contract terms, none of the LGs has been able to terminate an agent's agreement on the basis of non-performance. This is because, unlike other services, the delivery of SSW is such that the moment an agent is dismissed, the LG has to quickly move in to deliver the services, and in circumstances where the LGs have little reserve capacity, they are reluctant to apply vigorous sanctions that might incur the displeasure of agents.

LG Capacity to facilitate multiple agents and their modalities

Efficient and effective operation of partnerships and multiple modalities is not generated spontaneously. It is developed and enhanced by 'intelligent' LGs. The ability to build such capacity is contingent on, among other things, the economic, human and political resources LGs are able to mobilise at any given time and how judiciously such resources are managed to achieve efficiency gains. An important part of analysing economic capacity of LGs lies in assessing three inseparable dimensions of the fiscal systems—fiscal capacity, fiscal effort and fiscal autonomy. Such analysis helps to determine how the alleged advantages of fiscal improvement (reduced current expenditure risks, reduced capital expenditure and borrowed needs) and labour management problems are achieved. Improvements in LGs finances also reflect in the way they fulfil their financial responsibilities to contractors. In Ghana, in line with the decentralisation policy, LGs are allowed to impose fees and user charges on the services they provide. The LG Act, 1993 (Act 462) also provides a vast array of sources of revenue (property rates, lands, license and fees). In these taxable areas, LGs have autonomy to set their own rates without CG intervention. In the three LGs, Accra has more landed properties, more taxable economic activities and higher population than Kumasi and Tema. Using total estimated revenue and crude estimated per capita revenue generation as yardsticks to measure fiscal capacity, the analysis shows

that Accra has larger potential to raise revenue, followed by Tema and Kumasi. However, efficiency ratios from the three cities show that Tema performs better than Accra and Kumasi. A comparison of the revenue growth with rate of inflation shows that in real terms there is not much growth in all the three cities.

Furthermore, since 1994 the CG has been transferring not more than 5 per cent of the total national revenue to LGs for development activities including service provision. A comparative assessment of fiscal autonomy of the three cities shows that since 1997, LG in Tema has consistently mobilised more revenue internally than what it receives from the CG in contrast to Accra and Tema. The implication is that, financially, the two cities are more dependent on CG transfers than Tema. Since 1996, Kumasi has been running a deficit budget and it is unable to honour its financial obligations.

Managing waste revenue and expenditure

Waste management is one of the largest consumers of the resources mobilised by LGs and brings little revenue because of the externality and free-rider problems. LG expenditure on SSW consists of administration, regulatory, delivery and management costs. In Kumasi, waste management expenditure is more than 20 per cent of the overall city expenditure. Between 1997 and 1999, SWC was directly delivered by the WMD. During these years, expenditure rose from ₵1.3 b. to ₵1.43 b. (US \$402,816) (9 per cent). After SSW was contracted out to commercial private agents, expenditure rose from ₵1.4 b. to ₵2.5 b. (45 per cent) within a year, while revenue collection fell from ₵200.7 m. to ₵156.7 m. between 1999 and 2000. The revenue and expenditure accounts of the KMA show that the LG was able to mobilise only 3.5 per cent (1997), 8.5 per cent (1998), and 10.9 per cent (1999) of its total waste management expenditure. This means that the excess expenditure needed to be financed by CG transfers. In 2001, the CG financed 89.1 per cent of the KMA's waste expenditure. The low revenue collection is due mainly to the KMA's inability to collect user fees, while the high expenditure is due to contracting out to the commercial private sector. In Accra, only data on operational costs and revenue was available. However, given that personal emoluments form 20–25 per cent of the AMA's expenditure, the percentage of waste expenditure will hover around 24–30 per cent. Analysis shows that while the AMA makes substantial surplus from door-to-door waste collection, that surplus is depleted by a huge operational deficit in the central container system. In Tema, the LG has been able to finance a substantial part

of its expenditure. For instance, in 1999 and 2000, the LG recovered 92.6 per cent and 94.3 per cent respectively of its expenditure, while in 1998 the LG obtained a surplus of ₵89.4 m. (US\$ 38,634) (15.9 per cent). If the TMA was able to reduce inefficiency in its 'in-house' delivery, it could generate more surpluses from SWC. The reasons for the TMA's relatively better performance are: first, it has franchised about 50 per cent of SWC, hence reducing in current expenditure. Second, the TMA has made private agents responsible for collecting user fees in areas where it has contracted out service delivery. Third, because it has more franchised modality, the LG has less unessential staff on the payroll. Four, capital expenditure through acquisition and maintenance of equipment has also fallen. In contrast, the AMA and the KMA have contracted out all SWC to private agents, and pay a substantial amount but collect fewer user fees. The two cities contracted out uneconomically by paying higher rates per tonne of SWC to commercial private agents than they could afford. Furthermore, in Accra and Kumasi, the LGs incurred investment costs by acquiring waste collection equipment and vehicles before leasing them to commercial private agents. However, the lease agreements were poorly written to the extent that they transferred more risk to the LGs than to the agents. In Accra the contractor will own the equipment after five years, yet it did not pay a penny in amortisation fees, while in Kumasi the contractor pays a fixed revenue fee instead of a direct rental fee.

Ability to collect user fees (bad liability index)

LGs should be able to collect fees from users to whom they have provided services. A bad liability index (BLI) is used to measure losses with respect to uncollected charges for services provided. In other words, BLI is the ratio or percentage of collected user charges to expected revenue per fiscal period. The relevance of this index rests in the fact that apart from revenue loss, the resources committed to the provision of the services constitute additional costs to LGs. In Tema, commission collectors are paid 10 per cent of the total revenue collected. This accounts for the relatively better revenue mobilization of the LG. However, for almost a year, the franchisees and revenue collectors have not submitted to the LG the number of users they have registered, and for that matter a good assessment of how much they are able to collect. The TMA only accepts the amount the agents provide, which means that with more effort, the TMA can perform better financially than it is doing currently.

In Kumasi, more than 90 per cent of the households do not pay for SWC, not because they are not in a position to pay but because the KMA

has not bothered to collect user fees because of political expediency and other factors. Notably, it has not educated the citizens on the need to pay directly for the services and has continued to live with the fact that traditionally people do not pay for SSW services. The city has taken a political stand that SWC is a public good, so general tax should be used to defray its cost. That partly explains why until 1999 the city had organized the collection of solid waste by itself and had rejected the possibility that many of the services could be made efficient and effective through the application of commercial or market principles even if services were contracted-in. In high-income areas, where households are willing to pay, the KMA is still not able to collect even 30 per cent of the fee. In Accra, in the year 2000, the AMA estimated that it would collect about ₵38.1 b. (US \$5.5m) from a target billing of ₵39 b. (US \$5.6) By June 2000, it had collected only ₵425 m. (US \$61,719). A revised budget at the end of the year showed that the AMA was able to collect an incredible ₵800 m. (US \$116,177) (2 per cent). It is alleged that the AMA deliberately did not collect user fees to enable the government to win votes in the run up to the presidential and parliamentary elections. In general, of the three city authorities, the TMA operates the most prudent fiscal policy and has benefited most from private sector participation in SSW services, in the form of reduced current and capital expenditure.

Human resource capacity

It is important to carefully define exactly what the core business of the LG is as far as waste management is concerned, and what kinds of costs are essential to reduce current expenditure. The type of personnel is also an important criterion for assessing how well the LG can meet the training needs of agents, especially small and micro-entrepreneurs and CBOs involved in service delivery. The training needs may include contracting rules, monitoring indicators, bylaws and sanctions. This requires LG personnel to have managerial and human relations skills that are receptive and able to negotiate and build consensus among all stakeholders. Until LGs entered into multiple modalities, a large number of personnel were employed to enable the department to deliver services directly. It was therefore expected that after giving the responsibility of delivery to agents, they would retain a specialised core to undertake facilitation, regulation and monitoring roles and also 20 per cent labourers for contingency delivery purposes. However, the LGs still keep large numbers of non-essential staff such as supervisors, workshop supervisors, drivers, labourers and carpenters. Comparison shows that the TMA maintains a small but

vital number of personnel whose services are relevant to monitoring, in contrast to the bloated number of employees at the AMA and the KMA (see table 2).

Table 1: Existing Personnel in LG Waste Management Departments

Profession	AMA	KMA	TMA	Total
Typist, Telephonist & Secretary	7	3	2	12
Executive	2	1	0	3
Administrative Officers				
Assistant Directors	1	0	0	1
Computer Operators	3	0	0	3
Security Officers	9	8	2	18
Storekeepers	4	2	0	6
Technical Officers	5	1	0	6
Supervisors (Workshop)	4	2	0	6
Workshop	1	0	0	1
Superintendents				
Workshop Supervisors	6	4	0	10
Workshop Tradesmen	41	40	0	81
Environmental Health Officers	30	6	7	43
Labourers (SW)	83	30	29	142
Labourers (LW)	268	137	4	409
Engineering	3	3	2	8
Carpenters & Masons	4	0	4	8
Drivers	21	20	12	53
Heavy Equipment Operators	11	4	2	17
Accounting Staff	16	2	3	21
Weigh-bridge/landfill attendants	6	2	0	8
Total Human Resource Capacity	525	265	67	1157

Source: AMA, TMA and KMA Personnel Offices, 2001.

The table shows that TMA manages multiple modalities with less cost and labour management problems than the AMA and the KMA experience. The problem is that internal reorganisation, which is needed to enable LGs to hire qualified personnel to facilitate multiple modalities and lay off non-essential ones to reduce current expenditure has not been effected. Another dimension of the problem is that, historically, interaction between various departments and agencies involved in urban SSW management has been very weak and ineffective. Information and research by LG departments and allied agencies (the Environmental Protection Agency (EPA), the Centre for Scientific and Industrial Research (CSIR), the Department of Town and Country Planning (DTCP) and universities) are often fragmented. In this case, the CG appears not to have performed its role as facilitator and co-ordinator of all the agencies in SSW management.

Facilitating the role of CBOs and the informal sector

LG services do not reach a large proportion of the population, whether they are provided by 'in-house' operators or contracted out to commercial private agents. As a result, many households are obliged to rely on CBOs and the informal sector. In the three cities, the LGs have registered all formal waste collectors and licensed their operations, but the same has not been done with the informal waste collectors popularly called *kayabolla*. In Accra, this business is brisk. These informal waste collectors charge ₵150–500 for a bundle of waste and pay ₵50–150 to unauthorised central container attendants. Although their activities in principle are a positive factor in SWC, as they help in pre-collection and recycling of waste, the WMD has not developed any short- to long-term plans to incorporate them. At worst, their roles are seen as aberrations not to be encouraged.

The situation with CBOs is no better. LG bureaucrats have not found ways to facilitate and incorporate their on-going activities. In Kumasi, the role of the LG as co-sponsor of the Micro Enterprise Refuse Collection (MERC) scheme has been very disappointing; the constant interference by the city mayor is disabling the CBO scheme instead of facilitating it. In Accra, the AMA also abandoned its responsibility of assisting the Ashiedu Keteke Community Participation Project (AKCPP) financially and logistically a few months after its inauguration. Even attendance at meetings of the CBO by bureaucrats is erratic because they expect to be given monetary incentive in the form of 'sitting allowance'. The inability of the two LGs to declare the areas statutory franchise zones

means that the cooperation of households is voluntary. When a household decides not to participate and returns to the old practice of dumping waste indiscriminately, the programme is undermined and the whole community suffers since there is no formal service delivery. Secondly, because LGs have not designated these areas as franchise zones, users are not sanctioned legally for refusing to co-operate with CBOs. Although generally CBOs play an important role in SSW management in low-income areas, the three cities have not done much to facilitate their efforts. Assistance to existing CBOs is seen as benevolence rather than conscious and consistent effort to facilitate their work. Strategic management requires that LGs collaborate with these groups so as to leverage financial resources and increase coverage.

Political capacity of LGs

Political capacity, as used here, refers to the position or the power of LGs to access various resources in and outside their jurisdiction as a result of the influence that the constituency commands in national politics. In other words, it involves leveraging resources and power from politicians, administrators, donor agencies and residents through procedures other than those traditionally established. The political capacity of an LG is measured by critically assessing the contribution of the following: (i) an enterprising and influential mayor who gets things done through his/her personal efforts; (ii) the voting pattern of LG citizens, which can be used for political bargaining; (iii) the collective action spirit of local residents; and (iv) the geographical position or strategic importance of the LG's jurisdiction to national development. In the African patronage system, the political capacity of an LG's constituency cannot be underestimated. It provides an influencing factor determining how CG resources are distributed among localities, how political positions are filled and even how CG and national politicians respond to local concerns. Experience from countries that have undertaken public sector reform and NPM indicates that with increased responsibilities and a level of LG autonomy, mayors and LG politicians are becoming more proactive in leveraging resources. Rather than simply signing contracts with agents and reallocating tasks to bureaucrats and assuming that effectiveness will result, political entrepreneurs and transformational leaders are positioning themselves within the organization so they can develop key parts of reform management. They spend more time collaborating with other institutions and integrating their policies.

Unlike the New Zealand approach, where chief executives of government departments are held formally accountable for the quality of service delivery (contractual guarantee depends on improvement in services delivery), in the Ghanaian case, chief executives are only accountable to the president who appointed them. As long as they can gratify the president, they care very little about the services they provide. In the three cities the mayors display some peculiar management styles. The mayor of Kumasi adopts populist actions on an ad hoc basis instead of a systematic approach that involves planning, negotiation and consensus building. The mayor's role can be described as politically incorrect, grossly inept and disabling. On several occasions, his weird behaviour and management styles have drawn him into confrontation with many private agents. In 1993, and again in 1998, he illegally abrogated all private sector PL contracts and transferred them to his cronies. He preferred to do things informally and enjoyed tremendous political support from the executive arm of government to be precise from the presidency. In contrast, although the management styles of the chief executives of Tema and Accra cannot be exonerated from politics (as they also enjoy the political support of the government), the two seem to be interested in promoting consensus and take an active role in facilitating commercial partnerships. This partly explains why contracting-out started much earlier in Accra and Tema, than in Kumasi. Nevertheless, in Accra, the probable reason for the mayor's facilitation of private sector participation is his private interest. After all, he was a member of the board of directors of the biggest company, which ended up being awarded a monopolist contract.

The socio-cultural, political and economic background of Accra, Tema and Kumasi can be differentiated. Kumasi is mostly inhabited by Akans, and until 2001, generally leaned politically towards opposing the ruling government, while Accra and Tema are multicultural and politically divided. The political antagonism of Kumasi residents to the government, coupled with the political position of the mayor, to some extent affected the way local entrepreneurs perceived their participation in government services. Although many of the citizens are traditionally business oriented, because of their political positions, LG support to them has been selective, mostly supporting political party functionaries. It was thought that a change of government in 2000 would affect the political see-saw and consequently the capacities of the LGs. Kumasi was expected to benefit more from CG project transfers than from the previous government, but by 2003, this had remained elusive. With regard to participatory culture, although Accra is more cosmopolitan and seems to have been influ-

enced more by globalization than Kumasi and Tema, it is hard to draw clear differences in terms of the role citizens play in collective action. Although the research is limited by data on donor contributions to each of the LGs, the little data available shows that Accra, being the nation's capital, has higher political capacity to leverage resources from the CG, private investors and development partners. For instance, a crisis in SSW services is given more publicity and therefore the government and donors are more ready to assist. Currently, DFLD, GTZ, the World Bank and DANIDA are all involved in various SSW projects in Accra.

Capacity of LGs to monitor and evaluate multiple agents

In multiple modalities, monitoring the activities of agents ought to be the priority of LGs. This is because it is in the interest of agents to undertake less of their obligations in order to reduce costs, and to receive more revenue if shirking is possible. Effective monitoring of agents depends on collection of data about how services are provided by agents and how such information is managed. Kettl (1993) argues that LGs can eliminate some of their agency problems if they develop the expertise to determine what they buy by investing more in monitoring and assessment. On the contrary, as reliance on multiple modalities has grown, the LGs' investment in such determination has actually diminished. LGs have given increasingly less attention to mechanisms for obtaining information concerning conditions of service delivery in localities. In the three cities, only the AMA has a reasonable data bank on SSW collection. In Tema, the WMD has one computer but basic waste collection data are kept on paper in files, and retrieval is cumbersome. Data and information management in Kumasi was non-existent until January 2000. An engineer of the WMD expressed his frustration in this way:

If you have a mayor who clearly states his displeasure in data collection with a view that data and computers do not collect waste from the street, it is people, equipment and machines that do, then the system will not work. In other words, it is [more] important when there is no waste on the streets than to store data in computers that can be manipulated by officers.

Experience in Kumasi demonstrates that not only does an LG need capable manpower that can collect, store, process and retrieve information, but also leaders who show commitment to planning and monitoring. Again in Accra and Kumasi, LGs disregarded the national policy of keeping 20 per cent in-house capacity to deliver services. The two LGs have leased out all equipment to agents and created private monopoly. The implica-

tion is that not only can agents hold the two LGs in hostage, but more importantly also, the LGs lose vital benchmark information for effective monitoring and evaluation of costs and quality of private delivery.

Transfer of logistical support for monitoring

Notwithstanding the important role monitoring and supervision play in service delivery, not much attention is given to the section in charge of undertaking the job in terms of resources, material transfers and training. In Accra and Kumasi, LGs spent billions of cedis on contracts with agents, but not even 1 per cent of the amount was budgeted for monitoring. Nothing at all is spent on market research, and because the LGs themselves have not used contract exchange to create proper principal-agent relationships, they are unable to monitor the agents. In addition, with poor LG salaries, the private agents easily manipulate the already unmotivated monitoring officers. In Tema, it took almost six months before the only motorcycle, which was for the use of the monitoring officer but had broken down, was repaired. The absence of logistics not only breeds indifference to monitoring among bureaucrats, it also provides opportunity for the agents to get away with shoddy work.

Effective monitoring system

Monitoring should create awareness among all stakeholders that the system can identify delinquents and punish them. A good monitoring system draws a distinction between the role of the principal and that of the agent. However, in Accra, there was a conscious attempt by the main private agent (CCWL), aided by some corrupt officers, to usurp the work of the monitoring officers through a dubious agreement ceding that responsibility to the private agent, and not to the LG. In effect, the agent delivers services and monitors as well. Furthermore, in Tema and Kumasi waste collection is manually assessed and recorded, which makes it vulnerable not only to human error, but also to collusion and manipulation. In addition, the problem of externality in SSW services requires that households be involved in monitoring activities to complement LGs. However, none of the three LGs have systematically involved user groups in monitoring either service delivery by agents or indiscriminate and clandestine dumping by residents. Furthermore, many contractors have not inscribed their names on the central containers that they lift. This concealment helps them to avoid being noticed easily by users in case of uncollected waste or clandestine dumping.

A critical analysis of the skills of monitoring officers shows that there is a need for retraining on enabling roles. As service delivery was transferred to agents, many lowly skilled WMD staff just assumed the role of monitoring officers without receiving any training. In addition, because they are lowly skilled, their activities are also lowly placed in the administrative structure of the bureaucracy. They are hardly seen, and when the budget is cut, not only is logistical support needed for their work reduced, but they are also made redundant and dismissed unnoticed (during the public sector reform, many of the WMD staff who were retrenched were sanitation field officers called *samansama*).

Findings on the comparative enabling capacities of the LGs

It is hypothesised that the higher the capacity of the LG to facilitate, regulate and monitor agents, the better the quality of services that will be delivered in the city. Table 2 shows the total enabling capacities of the three LGs. Scheffe's test of multiple comparisons also shows that mean difference of quality of service delivery is significant at the 0.05 level in all dimensions in the cities² (see also boxplot in Figure 1).

Table 2: Comparative analysis of LG capacity

Enabling Indicator	AMA	KMA	TMA
Regulatory Capacity	9	6	14
Facilitative Capacity	19	14	21
Monitoring Capacity	7	5	5
Total score	35	25	40
Expected Score	57	57	57
Enabling Capacity Achieved (%)	61.4	43.8	70.1

A cursory comparison of the results shows that while the capacity of the AMA and the KMA reflect the quality of service delivery in Accra and Kumasi, in the case of Tema, it is the opposite. While the TMA has the highest enabling capacity, the quality of its services is rated poorest. In other words, the difference in the level of service quality cannot be explained by its overwhelming enabling capacity. What seems a plausi-

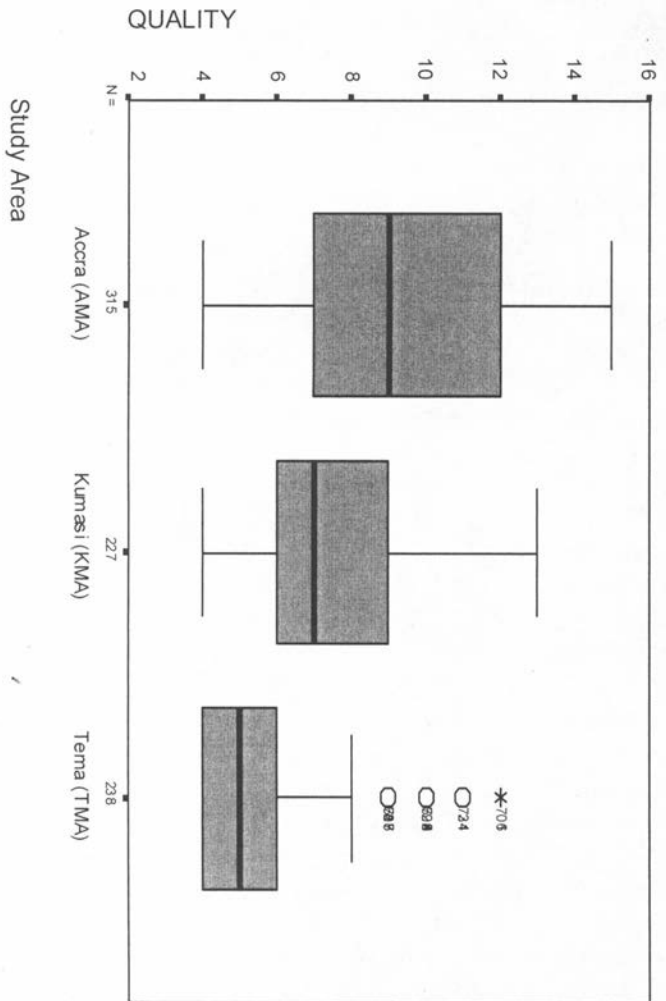


Figure 1 : Boxplot showing significant variations in the quality of service delivery in the cities

ble reason is that there is high expectation of service quality among Tema residents. This expectation emanates from residents' past experience in receiving higher quality services, and since actual waste collection decreased by 14 per cent between 1999 to 2000, users are not satisfied. This probably pinpoints one of the limitations of report card assessment (user survey), as any measure of quality may depend on knowing the quality perception profile of users. Besides, the city also has better infrastructure services than Accra and Kumasi and contains a large number of expatriate, rich people and elite. In fact, the poor rating of services by Tema residents is contrary to field observation. Nevertheless, the findings show that LGs that adopt more service contracts or buy from the market should have more financial capacity to pay agents if the quality of delivery is not to be compromised. Those who adopt multiple modalities of franchising, open competition and service contracts should have high capacity to regulate and set clear policy objectives.

Enabling capacity and improvement in service coverage

It was expected that by facilitating multiple agents to deliver services there would be improvement in service coverage. Areas that were not covered in the past by a monopolistic WMD would now have access to services (output indicator) while there would also be an increase in the volume of waste collection (input indicator). In Accra, before the change to multiple modalities, the operational capacity of the fleet of LG vehicles and equipment in 1990 could only allow limited coverage of up to about 43 per cent (AMA/Colan Consult 1995). In 1997, it increased to 55 per cent. In Kumasi, research conducted by Post shows that the LG used to collect about 40 per cent of daily waste generation. The rest was dumped indiscriminately into drains and public spaces (Post 1999). In both cities, the situation was worse in the high-density, low-income areas where collection at the central container sites was irregular. In Accra, the volume of SWC has improved and conservative estimates suggest that 65–70 per cent of waste generated daily is collected as compared with 45 per cent before multiple modalities. In Kumasi, waste coverage is now about 58 per cent. In Tema, the participation of the private sector has enabled the WMD to directly provide terminal services to the newly developing areas as well as remove waste from unsanctioned refuse dumps and low-class areas. A comparison of enablement scores with the number of multiple partnerships in the cities provides a new insight that a high score of LG enablement encourages more modalities to develop, improves service coverage and reduces cost, but does not have such an effect on subjective

indicators of quality of delivery. In the three cities, the overwhelming enabling capacity of the TMA is reflected in the comparative improvement of these three indicators.

The effect of multiple modalities on LG finances and cost to users

Prior to multiple modalities, LGs did not charge the true cost of service delivery, and this resulted in financial deficits and huge CG subsidies. Since one of the motivating forces for reform is often reduction in fiscal deficits, it is not surprising to expect a rise in tariffs. However, when purchasing on behalf of its citizens, the LG has a responsibility to provide value for money. Benefits are expected to accrue through lower costs, encouragement of innovation and development of the market. The most optimistic estimate suggests that private participation in the delivery of public services saves between 30 per cent and 50 per cent in the public budget (Zachary 1996; Kamieniecki, Shafie and Silver 1999). In Accra, after the CCWL contract was signed, the AMA took a bold initiative to recover costs, including the Canadian loan, by raising user fees. The AMA introduced an additional classification (super high-class areas) thereby dividing the city into four zones instead of three. In 2000, SWC rates, which initially ranged from ₵6,000-8,000 (US \$1) per month, were increased to ₵40,000 (US \$5) in super high-class areas; ₵25,000 (US \$3) in high-class areas; and ₵10,000 in medium-class areas. The low-class areas continued to get their services free. However, for political reasons, in the year 2000 the collection of user fees was postponed until the presidential and parliamentary elections (Obirih-Opareh and Post 2002). In Kumasi, the CG still provides subsidies because the idea of billing users has been a difficult issue for the LG. It believes that SWC is a public good to be provided without charge. In addition, many of the service contracts with agents were designed in such a way that the LGs incurred losses instead of savings. With the exception of Tema, LGs have experienced budget deficits as a result of the high cost of private sector participation. Although private agents have brought some improvement in the volume of SWC in Kumasi and Accra, it would be ironic to equate that with a proportional increase in cost of delivery to the LG and to users. Considering that many of the contracts were signed without an eye to value for money, the LGs did not reap the advantage of a reduced budget as many studies on public sector reform and contracting-out indicate. In Accra and Kumasi, LGs still employ a large number of unessential personnel, and if administrative costs are added to the costs of private delivery, it makes no sense for the LGs to have contracted-out instead of contracting-in. The TMA has

been able to improve its finances because it has franchised much of its jurisdiction and at the same time contracted out SWC fees to private agents. In addition, although users in Tema pay lower rates (¢4000-12,000) than users in Accra, the TMA is able to achieve a budget surplus from its operations because it has implemented a better fee collection method. This means that increasing user fees as a result of private sector participation is not a sufficient condition to improve LG finances unless there is also improvement in the efficiency and effectiveness of collection methods.

Leveraging LG resources by facilitating community initiatives

While the cost of CBO delivery is far cheaper in both Accra and Kumasi, too little effort has been made by the LGs to facilitate their operations. In all the cities, strategies to help CBOs have centred on occasional material support in the form of donations rather than a policy of enablement. This is not so much for legal or regulatory reasons, or because of lack of the necessary management capacities, but for lack of commitment and interest by the LGs. As a result, very little has been achieved in terms of leveraging resources from community initiatives. The gains that have been made in involving residents in managing SSW services in the cities can be credited almost exclusively to the initiatives of NGOs and donor agencies.

Better regulatory strategies for multiple modalities

The capacity of LGs to manage multiple modalities is dependent on, first, their ability to separate their delivery role from regulation. In Tema, the LG failed to get the fundamentals right by not separating the regulatory role of the WMD from delivery (Awortwi 2002). As a result, the WMD's capacity is stretched to the point where it is ineffective in carrying out both roles. While the TMA signs contracts with all commercial SWC agents, it does not do so with the WMD. In accordance with NPM, the best approach would be for the TMA to appoint an independent regulator if it cannot regulate its own delivery.

Second, LGs regulate better if they are able to clearly demarcate zones for the different modalities: private, public and community. In Accra and Kumasi, LGs have not officially recognised and designated areas operated by CBOs as statutory franchise zones and continue to allow commercial private agents to infiltrate. The co-existence of informal and formal providers and the clandestine dumping of waste by the former are the result of the inefficient regulatory policy of the LGs. The activities of the informal sector are defended in much literature as coping or survival strategies that urban poor use. It is said that without the informal sector the

poor would not be serviced, but in this case it is the inability of the LGs to identify and incorporate the activities of the informal sector into its modalities rather than a strategy pursued by poor households. In fact, case-studies of CBO delivery and mounting evidence from willingness-to-pay studies in many developing countries including Ghana (Archer et al. 1997; Post 1999) indicate that even poor households would prefer to pay a reasonable fee for service delivery, and SSW is no exception. The activities of the *kayabolla* can be rolled into CBO operations or they can be made to provide door-to-door services to operators of central container services (as they are doing now), but in a formal way. The idea is not to roll them into a tax bracket, but to structure their activities and also to let them provide checks on their colleagues.

Third, LGs should use contractual exchange to introduce competition and set different rules for different modalities. The analyses of contract design, tendering procedures and general management of contracts show that the three LGs have not been able to use contract formulation to develop a competitive market for SSW services. In Accra and Kumasi, private monopoly was developed, while in Tema, the LG franchise system adopted a continuity approach (where incumbent service contractors were asked to change to franchises). In all the contractual exchange, conflict of interest, corruption and collusion played very important roles in determining awards. In effect, LGs in Kumasi and Accra are not smart buyers as the very contracts they signed with their agents undermined their own independence and ability to regulate.

Fourth, keeping a small percentage of service delivery also allows the LGs to monitor agents effectively and prevent becoming hostages to other providers. In Kumasi and Accra, as LGs failed to keep 'in-house' delivery, they are unable to obtain service delivery benchmarks to assess the effectiveness of private delivery. As a result, the two cities are paying disproportionately high costs for SWC service by commercial private agents. Tema has 'in-house' delivery, but it has also failed to apply many NPM suggestions. The internal organization of the WMD in terms of using commercial principles or being more client-oriented remained unchanged. The LG did not change its policy towards the WMD, so it also performed poorly in obtaining information to monitor agents. Fifth, the ability of LGs to regulate better depends on their capacity to sanction defaulters. There is a presumption in favour of contracting out service delivery to the private sector, not because it is inherently more efficient than establishing a bureau to deliver the service, but because enforcement of standards is assumed to be inherently easier in the former (Deakin

and Walsh 1996: 41). This assumption would be valid under normal circumstances because it would usually be easier for the LG to reprimand private agents (contractors) than their own colleagues in the office. However, the study shows that this assumption holds only when the LG is able to fulfil one of its crucial roles—that of financial responsibility to private agents. As stated by a small agent and reiterated by his colleagues: ‘The LGs have not only failed to pay the right prices for the services we deliver, but they have failed to pay us regularly. What moral rights do they have to sanction us if we fail to perform?’ Although LG officials insist that they still have the right to sanction despite their inability to pay regularly, in reality this has not been the case. Therefore, the ability of the LG to enforce standards, especially for contracted out services, is constrained principally by its financial capacity. In Accra and Kumasi, private enterprises continue to hold residents hostage not only because they have a monopoly, but also, and most importantly, because the LGs fail to pay them regularly.

Flaws in CG enabling policy on SSW services

The problem with CG enablement is that the ministry of LG that has oversight responsibility in monitoring and enforcing the policies is sloppy to say the least. Second, the national policy does not clearly separate the role of the LG as a regulator and the role of the WMD as an agent. To state that the WMD shall serve a supervisory role and at the same time provide 20 per cent contingency capacity to deliver, there is a probability that one of the two roles will be under-performed. Third, the policy on PL management does not differentiate the modes of construction and transfers. In other words, BOT, BOO, ROT and affermage are not clearly defined in the policy. Fourth, the government policy of encouraging communities to establish sanitation norms and to encourage residents to participate in neighbourhood cleaning exercise ‘once every 2 month[s]’ (Min. of LG 1999: 6) was based on the wrong assumption that every community has a CBO. Even where CBOs are available, they are not formally included in LG deliberative and legislative structure, so their plans may not receive formal attention by politicians and bureaucrats. Fifth, in many low-income areas where the policy recommends government subsidy (in actual practice, free provision), CBOs delivery shows that users are willing to pay a greater percentage of service delivery. So the policy should have focused on how to elicit information and appropriate method of delivery than 100 per cent subsidy. Sixth, although the policy states that contracts must be clearly defined and awarded transparently in such a way as to ensure competition (Min. of LG 1999: 14), its failure to state what constitutes transparent process makes it vague. Given that every LG has a tendering board, the policy should be clear to indicate that contracts should be awarded on compulsory competitive tendering.

The promotion of competition should not assume that once services are given to agents it will automatically happen. Finally, the problem with the SSW policy in Ghana is that it places more emphasis on waste collection than on minimisation. Public education on waste reduction, separation and recycling is not mentioned. This means that waste makers' roles appear to be sidelined as they are only seen in terms of the payment of fees. Education on indiscriminate waste disposal is absent in the policy.

Conclusion

We initially hypothesised that given a level of LG enabling capacity to regulate, facilitate and monitor agents, there will be many benefits, including improved quality of service delivery to users, improvement in LG finances, and many of the advantages associated with contracting-out. The results give some indications that the relationship between LG enabling capacity and quality of service delivery may not be direct. However, the results do show that an LG with higher enabling capacity obtains substantial improvements in less subjective indicators such as service coverage and price than in subjective ones of improved quality delivery. Nevertheless, the unit cost of delivery and quality are two important criteria that must be considered along with coverage to develop an argument for multiple modalities. This is because money put into public delivery may also increase coverage. It is usually the cost and quality of provision that bedevils LGs. The results suggest that LGs that choose to operate more contracting out services will have to be mindful of the financial implications and what has to be done. Critical indicators are the degree of fiscal autonomy of the LG and the efficiency and effectiveness of user fee collection. Also, the LG must have the capacity to negotiate better contract cost, which depends also on the ability to collect good information both ex-ante and ex-post. The findings show that buying from the commercial private sector is not cheaper than LGs' own delivery. The benefits of reduced LG expenditure on current and capital costs can only be achieved if there are systematic and conscious commitments by LGs to clearly define public policy objectives to achieve efficiency, effectiveness and equity in delivery.

In addition, it can be concluded that contracting out modality is a difficult process which can more easily fail to meet expectations than adoption of franchise or open competition (which is the preferred option for financially deficit LGs). This means that a relatively weaker government can adopt a franchise system with less difficulty (although this must be related to negative externality of the service) than with adopting a service

contract system. To adopt multiple modalities simultaneously demands more efforts at developing and nurturing the process; that is, capacity to clearly demarcate service zones and design and enforce contract rules and bylaws according to types of modalities. There should be systematic analysis of LG regulatory, facilitative and monitoring capacities rather than seeing enablement as a black box. The analysis has shown that adoption of new and different modalities does not guarantee automatic realisation of LG goals. In Ghana, LGs have pursued multiple modalities without conscious and diligent efforts to improve these three indicators. Consequently, they have found themselves trying to manage complicated new relationships for which their competence is insufficient. Becoming a purchaser rather than a provider entails a new administrative capacity for government workers, supported by new information and management processes. Managing multiple modalities to achieve expected outcomes is different from managing traditional bureaucracy.

Notes

1. A total of 15 SWC and 29 PL contracts were analysed in the three cities.
2. A total of 1502 users covering 43 residential communities and 47 PL sites were surveyed in the three cities, using a report card method. Users were asked to rate the quality of each SSW services they received as 'poor', 'fair', 'good' or 'very good'.

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