

# STAKEHOLDER MANAGEMENT IN PUBLIC PRIVATE PARTNERSHIP (PPP) PROJECTS IN ETHIOPIA: THE CASE OF DICHETO SOLAR PROJECT.

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A Project Submitted to the School of Graduate Studies St. Mary's University for the Partial Fulfillment of the Requirements for the Award of Masters of Arts Degree in Project Management.

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#### LETTER OF DECLARATION

I, Seblework Tariku Tamiru, declare that this research entitled Stakeholder Management in Public Private Partnership (PPP) Projects in Ethiopia. The Case of Dicheto solar Project, is the outcome of my own effort and study and that all sources of materials used for the study have been fully acknowledged. I have produced it independently except for the guidance and suggestion of the Research Advisor. This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of MA in Project Management.

Submitted by:

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Date:	
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# ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES MASTERS PROGRAM IN PROJECT MANAGEMENT

#### BOARD OF EXAMINERS APPROVAL SHEET

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#### **List of Abbreviations and Acronyms**

- CA Contracting Authority
- CBO- Community Based Organizations
- CRGE -Climate-Resilient Green Economy
- CSF-Critical Success Factor
- DSP-Dicheto Solar Project
- EEP- Ethiopian Electric Power
- EIA- Environmental Impact Assessment
- ERA- Ethiopia Roads Authority
- EPU- Ethiopian Power Utilities
- FHCE- Federal Housing Corporation of Ethiopia.
- GTP I and II Growth and Transformation Plan I and II
- IFC- International Finance Cooperation
- IMF-International Monetary Fund
- MOF- Ministry of Finance
- NBE- National Bank of Ethiopia.
- NGO- Non Governmental Organizations
- PPP(s) Public Private Partnership(s)
- PPPDG Public Private Partnership Directorate General established within the FDRE Ministry of Finance
- PMT Project Management Team
- PMBoK- Project Management Book of Knowledge
- PMI -Project Management Institute
- SHM-Stakeholders Management
- UNDP- United Nation Development Programs
- VFM- Value For Money
- WB- World Bank
- WBG- World Bank Group

#### ABSTRACT

Ethiopia has resorted to the use of PPPs as a strategy to deal with its deeply rooted infrastructure problems. PPP projects create a grid of multiple stakeholders with varying interests and expectations from projects. These stakeholders play a pivotal role in PPP projects as far as in determining their outcomes. Therefore, managing these multiple stakeholders and their interests is vital in ensuring the success of the PPP projects. In this study an attempt is made, to assess how stakeholders are managed in one of PPP pipeline projects namely the Dicheto Solar project by analyzing the policy, the legal and institutional frameworks adopted and investigating the practice thereof. In conducting the research, a mixed approach with a Descriptive research design was employed. Accordingly, the study has revealed that stakeholder management has received little attention during the adoption of PPP policy and the legal instruments. The policy document is not supported by a strategy document setting PPP implementing frameworks across different sectors of the economy and government contracting authorities. Moreover, the PPP proclamation is not reinforced by other subsidiary directives and/or guidelines related to public interest, stakeholder consultation, and public disclosure requirements which brought failure in its full implementation. Furthermore, with weak institutional framework that lacks transparency, institutional framework and capacity, inadequate skills and knowledge regarding PPP schemes, strict foreign currency regulations and rigid financial policies and delay in decision making brought the termination of the Dicheto solar PPP Project even before it reach a contract signing stage, hence become unsuccessful PPP Pipe line project. Based on the finding the research recommends that stakeholder management and engagement should be included in PPP policy as well as legal frameworks and issuance of subsequent regulations and guidelines is vital. There is also need to apportion a separate stakeholder management structural unit; to place from the earliest possible stages a welldesigned and appropriate communication plan; and build and strengthen the institutional as well as personnel capacity of the contracting authorities.

**Key words**: PPP projects, policy frameworks, legal frameworks, institutional frameworks, stakeholder management.

#### CHAPTER ONE

#### Introduction

#### **1.1. Background of the study**

It is well established that project stakeholder management is among the ten knowledge areas that a project manager must be familiar with for a successful implementation of a project work. Practitioners and academics have given increased attention to project stakeholder management after its inclusion as an area of knowledge in the Project Management Book of Knowledge (PMBoK) in 2013 (Project Management Institute [PMI], 2017). Authors argue that stakeholder management contributes to project results (Littau, Jujagiri, & Adlbrecht, 2010; Maddaloni & Davis, 2017; Rose & Schlichter, 2013; Saad, Zahid, & Muhammad, 2020). Nevertheless, engaging stakeholders is not an easy task.

Stakeholders are individuals or organizations that affect or are affected by project outcomes (Aaltonen & Kujala, 2016; Freeman, 1984; Mitchell, Agle, & Wood, 1997). Some studies focused on who the stakeholders are and techniques to determine how to distribute project attention among them (Aaltonen & Kujala, 2016; Mitchell et al., 1997; Olander & Landin, 2005), whereas others investigated how understanding stakeholders' expectations facilitate their engagement (Chow & Leiringer, 2020; Maddaloni & Davis, 2018; Oliveira & Rabechini, 2019). The prescriptive approach to stakeholder management identifies project stakeholders and assesses various attributes to gauge these actors' interests (Aladpoosh, Shaharoun, & Saman, 2012; Oliveira & Rabechini, 2019). Stakeholders are assessed to define engagement strategies (Yang & Shen, 2015). Classically, the salience model characterizes the relationship between stakeholder and organization in terms of their power to influence, the legitimacy of their relationship, and the urgency of their claims (Mitchell et al., 1997). A different perspective assesses stakeholders' influence based on their knowledge, social skills, financial resources, and external power (Aragonés-Beltrán, García-Melón, & Montesinos-Valera, 2017). Complementary, the relational approach to stakeholder management debates how communication and relationships facilitate the

alignment of goals (Aladpoosh et al., 2012; Oliveira & Rabechini, 2019). Authors argue that effective communication favors trust relationships (Chow & Leiringer, 2020; Ika & Donnelly, 2017). Besides, stakeholders' opinions on project objectives and decisions should be considered from the early stages (Brunet & Forgues, 2019; Maddaloni & Davis, 2017). Both approaches are relevant to successful stakeholder management, to understand and satisfy stakeholders' needs (Yang & Shen, 2015), and to improve project results (Bourne, 2015; Maddaloni & Davis, 2018), which could be measured in terms of project time and cost.

In every project, success in terms of cost, schedule, and quality of a project requires key stakeholders' involvement in each phase and process group and is linked to the strength of the relationships created by effective, regular, and planned communication with all the members of stakeholder community (Bourne and Walker, 2005; Briner et al., 1996; Cleland, 1994).

Public–Private Partnerships (PPPs) have been very popular in the last two decades among governments as the governance strategy to improve service delivery and realize large infrastructural projects. The idea was, and still is, that by intensive cooperation between public and private actors, better and more innovative services and policy outputs can be realized for lower costs (Ghobadian, Gallear, O'Regan, & Viney, 2004; Hodge, Greve, & Boardman, 2010). Though PPP emerged mainly due to public fund constraints, the other three main needs that impel governments to step into PPPs for infrastructure are: first, to attract private capital investment (often to either supplement public resources or release them for other public needs); second, to increase efficiency and use available resources more effectively; and third, to reform sectors through a reallocation of roles, incentives, and accountability (Klaus Felsinger, 2011).

Managing the stakeholders and their expectations is an important factor in PPP projects. PPP infrastructure projects vary in the level of contention that they raise among stakeholders. Service infrastructure like hospitals and schools where the private entity provides non-technical services to the facility (everything except medical care and teaching), are much less likely to raise opposition among the public if compared to other basic infrastructure like highways or water supply (El-Gohary et al., 2006). Moreover, the involvement of the private sector – with its profit-making mindset – usually raises concerns

that are not usually likely when the asset is publicly owned (e.g. rate hikes, quality assurance, safety, and transfer agreement) (El-Gohary et al., 2006).

Therefore, capturing their input is a crucial component of the project development process. It is important to gauge stakeholder opinion and concerns to better facilitate the development of a project that will meet the needs of those stakeholders. A stakeholder's involvement program is one which determines stakeholder concerns and integrates them into the design of a project to achieve collaborative integrated project development.

In 2017, Ethiopia, like many developing countries, has resorted to the use of public–private partnerships (PPPs) as a strategy to deal with its deeply rooted infrastructure problems by adopting the PPP policy. To this end, the government of Ethiopia has adopted the use of PPPs as an integral strategy in national developmental plan and to this end it has further enacted a proclamation governing PPP (Proclamation 1076/18) as amended by proclamation 1283/2023. This action of the government is a major shift from the traditional practice of governments in which the government allocates large amount of funds for procurement in such projects. PPPs are alternative service-delivery arrangements to traditional public procurement that may enhance cost-effectiveness and service delivery through accountability (Ford & Zussman 1997; Bovaird 2004; Brinkerhoff 2007).

Stakeholder management has known to bear an influence on more than PPPs projects time and cost. For example, Vuorinen and Martinsuo (2019) understand that stakeholders influence four project dimensions: communication, complaints, decision-making authority, and supervision.

Thus, in this paper, an attempt is made, to assess how stakeholder management in PPP projects is addressed in Ethiopia by analyzing the policy, the legal and institutional frameworks adopted and investigating the practice by addressing the process undergone namely: Stakeholder Identification, Stakeholder Analysis, plan stakeholder management process, stakeholder engagement and communication as well as influence of stakeholders in one of PPP pipeline projects Namely Dicheto Solar project.

#### **1.2. Background of the Project**

Under Ethiopia's national development program, i.e. the Growth and Transformation Plan (GTP II) (2015-2020), the country has set an ambitious target to become a middle-

income country by the year 2025. GTP II plans to execute massive manufacturing, industrial and infrastructure projects in road, railway, power, energy, telecommunication, housing and industrial parks. To date, the majority of infrastructural projects have been financed by the government through the national budget, loans and development assistance fund. In order to meet the growing demand for infrastructure and public service delivery, the government sought to mobilize finance from the private sector through public private partnerships (PPPs). Aside from introducing private sector efficiency, innovation and knowledge, PPPs are considered as key instruments to fill in gaps in infrastructure financing.

In order to meet the huge demand for public services in which government finance alone is not sufficient as a result the Ethiopian Government has resort to alternative finance resources. It is in this ambit that the GTP II has incorporated PPP as a development strategy unlike previous development and economic growth policies. However, this doesn't mean that PPP is not known and practiced previously. Ethiopia was practicing PPP projects casually by different line ministries usually in the form of bridging arrangements towards privatization. Furthermore, PPPs were previously defined and implemented through the Procurement and Property Administration Proclamation No. 649/2009 which can be taken as the first legal instrument to incorporate PPP. The Federal Government, by reviewing previous economic development policies and strategies and by identifying their shortcomings, has reach to the conclusion that partnering with the private sector on such projects is a feasible alternative. Accordingly, GTP II has made the private sector a key development partner and incorporated PPPs in its major objectives for letting the private sector participate in different sub-sectors of the economy.

Following this, the Federal Government has adopted the first PPP Policy (the Ethiopian Public Private Partnership Policy) which is initiated and developed by Ministry of Finance in 2017. In 2018, the Federal Government of Ethiopia has enacted a new Proclamation No. 1076/2018 in view of facilitating Public-Private Partnership (PPP) projects, recognizing that the private sector is essential to support the country's economic growth and improve the quality of public services, particularly in infrastructure. This proclamation was amended by proclamation 1283/2023. Stating the key rational of the amendment is to relax the rules on direct negotiation.

With regard to the institutional framework, a PPP Board is also formed to grant approvals at key milestones in the project development process, especially, it has the responsibility of approval of PPP pipeline projects, approving a PPP project to tender and award. The Board consists of the Ministry of Finance (that chairs the Board), National Bank of Ethiopia, Ministry of Water, Irrigation and Electricity, Minister of Transport, Public Enterprises Holding and Administration Agency (replaced by Ministry of Urban infrastructure by amended proclamation 1283/23), National Planning Commission, Ministry of Peace, and two members from institutions representing the private sector. One of the infrastructure sector addressed by PPP development programs is the engorgement the energy sector to feed the demand that comes with an increasing economic activity. The Ethiopian government has implemented the Climate-Resilient Green Economy (CRGE) developing alternative clean energy sources like hydropower, wind, geothermal, solar and bio-gas projects in order to become a carbon neutral country by 2025.

#### **1.3. Statement of the Problem**

The growth of an economy depends largely on the quality, quantity, and accessibility of a country's infrastructure services (World Bank Group, 2016a). According to the World Bank's (2009) report, over the last couple of years, infrastructure was responsible for more than half of Africa's improved economic growth performance.

Public projects account for a growing portion of expenditure in most countries around the world. Turner et al. (2010) estimate that about one-third of the global gross domestic product (\$16 trillion) is generated by projects. Public projects, like investments in road infrastructure or information technology, often consume large budgets.

Thus, infrastructure development is required to provide citizens with essential services, including transportation, power, water, telecoms, and energy, and is a fundamental cornerstone for economic development. On a national level, infrastructure plans and economic objectives are strongly interdependent.

The availability of funds to build, operates, and maintains infrastructure poses a huge challenge to countries across the world. For example, the World Economic Forum (2013) estimates that the required annual funds for infrastructure globally are about US\$3.7

trillion, but only US\$2.7 trillion is currently invested, leaving a significant deficit of US\$1 trillion. Sub-Saharan Africa requires about \$93 billion annually to fix its infrastructure. This total required spending translates into some 12 percent of Africa's GDP (Foster, 2008; Foster and Briceo-Garmendia, 2009). The International Monetary Fund (IMF) (2014) stated that only about \$51.4 billion is budgeted annually for infrastructure in sub-Saharan Africa, leaving a funding deficit of about \$41.6 billion. This indicates that public sector budgets for the provision of infrastructure are grossly inadequate.

In the absence of own resources, public-private partnerships (from now on referred to as PPPs), an off-balance-sheet (alternative and innovative) mechanism for infrastructure delivery, have often been touted as a silver bullet or panacea for the continent's massive infrastructure challenges, with an ability to mobilize private sector financial resources and to yield private-sector efficiency in designing, construction, operating, and maintaining infrastructure.

PPPs, therefore, represent an opportunity to bridge the funding gap. That is why publicprivate partnerships (PPPs) have gained preponderance among project delivery methods, as they are useful instruments for developing large-scale projects worldwide (Grimsey and Lewis, 2004).

But there are a number of challenges in stakeholder management across the globe in general and in Ethiopia in particular in relation to policy, legal, and institutional frameworks.

The size of the projects also brings increasing complexity, forcing stakeholders to face unprecedented socio-technical challenges (Frischmann, 2012; Harvey et al., 2016), which are closely related to the concept of sustainability.

In a PPP, it is difficult and often confusing to define stakeholders. They can include the formal partners in a PPP agreement but also include project sponsors, team members, customers or users, experts, and outside parties such as NGOs and civil society organizations, which have different roles to play, are impacted in different ways, and often have divergent expectations.

In line with this, a lack of coordination between stakeholders has been reported as the main reason for the failure of PPP projects in several instances. As such, capturing and addressing stakeholder inputs are crucial to the success of PPP projects (El-Gohary et al., 2006).

As noted above, Ethiopia has incorporated PPP as a development strategy and has adopted policy, legal, and institutional frameworks for its implementation, but PPP is not well integrated into the different sectorial and sub-sectorial policies in Ethiopia. This denies PPP the support that can be gained from the coordination of different government entities. According to some researchers, however, since the policy is in its earlier period, it now lacks both vertical (with customized policies and strategies of regional states and municipalities) and horizontal (with other national policies, e.g., investment, construction, energy, etc.) integrations. (Alemnew Gebeyehu, 2021). Moreover, though the policy framework has stated that key stakeholders and institutions that are established to follow the programme with a special focus are included under the framework, there is further inclusion of stakeholder consultation plan in the PPP guidelines. The purpose of designing and implementing a stakeholders' consultation plan is to determine if there are significant public concerns, issues, or even opposition to a potential project that must be effectively resolved before the project can be considered viable as a PPP. International experience has shown that PPP projects have the best chance of being sustainable when they can incorporate the important views of end-users and other affected stakeholder groups and to effectively address or resolve them within the project's structure.

#### **1.4 Basic research Questions**

The researcher will therefore intend to assess and analyses the extent to which the policy, legal, and institutional framework addresses the complicated issues of stakeholders in PPP projects by taking the case of the Dicheto Solar PPP project as a case study. Based on this, the study has tried to answer the following specific questions: These are:

1. How have PPP policies and the legal and institutional framework addressed the issue of stakeholder management in DSP?

- 2. How are stakeholders managed in the DSP? project lifecycle?
- 3. What is the stakeholder engagement and communication approach that is/was in use?

- 4. Is the framework adopted sufficient for managing stakeholders in DSP?
- 5. What are the challenges associated with managing the various stakeholders in DSP?

#### **1.5. Research Objectives**

#### 1.5.1. General objectives

The aim of the research is to assess stakeholder managements in overall PPP projects success in Ethiopia taking the practice of Dicheto Solar PPP project (DSP)?

#### **1.5.2 Specific Objectives**

The specific objectives of the research are:

- To assess and analyze how the policy, the legal and institutional framework addressed the issue of stakeholder management in DSP.
- To identify the stakeholder management practice in DSP project life-cycle.
- To identify the availability of any stakeholder engagement and communication approaches that is/was in use.
- To investigate the challenges associated with managing various stakeholder expectations and influences in DSP.

#### **1.6. Significance of the study**

This study aims at stakeholder management as it is particularly applicable to the publicprivate partnership in infrastructure development in Ethiopia. PPP projects are highly complex, especially due to the large number of involved stakeholders whose needs and expectations must be considered and reconciled, which are sometimes conflicting (UNDP, 2017).

The research has instrumental rationality and looks for answers to the research questions listed above and the attempt to answer these questions can contribute to a better understanding of what PPP means to the different stakeholders involved in PPP projects, how they are managed and would allow decision-makers (representing public as well as private sectors) to engage under PPP with a greater understanding of motivations and

expectations of the partners, which should lead eventually to successful cooperation among them.

To add on, Empirical studies and reports shows that proper adaptation and implementation of PPP projects depends to its success how well stakeholder are managed from the inception of the project to its completion and availability to use. The findings of this study will support stakeholder management in PPP projects by assessing the practice and identifying how current stakeholder management contributed to achieve project objectives, analyzing the importance of stakeholder management and assessing the effectiveness of stakeholder management practice, since stakeholder response may make or break project success.

The study highlights possible suggestions on how to improve project outcomes by incorporating a good stakeholder engagement approaches. These include positive social change consequences constitute of building a strong stakeholder management that can embrace sustainability, celebration of the diversity and enable managing through it, develop motivation levels of the relevant parties involved. Furthermore since the study analyzes the existing legal and institutional framework of PPP projects in relation to stakeholder management practices in one of the pipeline projects by identifying and discussing the gaps, it may contribute to policy makers, legislators for future amendment of the law. Lastly this study will also help other potential researchers as a reference to make further research in the area.

#### **1.7 Scope of the study**

Due to probable resource, time, and skill constraints, the scope of the study is limited to one of the project management knowledge areas, which is stakeholder management in Public - private partnership projects in Ethiopia. It was found to be very unrealistic to cover all projects under PPP Pipeline due to the above -listed constraints. Accordingly, this study particularly aims at identifying the practices and challenges of stakeholder management on the delivery of (PPP) projects taking DSP as a case to improve stakeholder management practices. Furthermore, the focus was made on DSP and the contracting authority (EEP) as well as PPPDG of MoF since almost none of the twentynine PPP pipeline projects approved by the PPP Board as of March 2021 pass through to the implementation stage. To remedy this challenge, the researcher focuses on key informants that are identified as contracting authorities responsible for contract administering, coordinating, managing, and supporting the project's stakeholder implementation and consulting. In this regard, the perspectives of the community or other institutions that the projects affect are not included.

#### **1.8.** Limitation of the Study

This research is on stakeholder management practice on PPP project, by taking Dicheto Solar Pv Project (DSP) as a case study. Even if the PPP frameworks are introduced a well as amended for the past five years, the government has not yet tested PPP in its full project life cycle. Even the selected of DSP despite being awarded to the international bidder after completing the procurement process does not proceed to implementation stage due to various reasons.

As I mentioned before, another limitation is related to the availability and confidentiality of feasibility study and contract documents of PPP projects. But recognizing these limitations, the researcher strives to overcome them by adequate use of primary data through questioners and interviews with respondents and interviewees, based on their familiarity with PPPs in one or another way they were selected from contracting Authorities of PPP namely Ethiopian Electric Power EEP and MoF). Taking their experiences and roles, expertise, or knowledge on PPPs into account, respondents and interviewees were included.

Furthermore, due to the nobility and lack of subject matter under research, the findings of this study have a chance to be biased, and it is difficult to meet all the targeted respondents and key informants due to their busy schedules.

#### **1.9.** Organization of the Paper

This research report is organized and presented in five chapters in which the first part is introduction consists of background of the study, background of the project, and statements of the problem, basic research questions, objective of the study, significance of the study, Limitation of the study, which are different components of the research proposal.The second chapter will be devoted for the review of conceptual and theoretical developments and discussion of stakeholder management with regard to PPP policy and legal frameworks as well as the practice. The third chapter describes the methodology of the study. It covers data type source and methods of data collection, Validity and reliability of instruments, target population, instruments of data collection and data analysis method. Validity and reliability of the study as well as ethical consideration also included. Results and discussion are discussed in the fourth chapter, and the last chapter contains. Lastly, the fifth chapter presents summary of findings, conclusion and recommendations. Accordingly, based on the findings of the research in each of the above chapters, consolidated and pertinent recommendations are forwarded to the specifically concerned PPPs institution, government, or other concerned stakeholders. At the end of the paper, references and annexes will be been attach.

#### **Definition of terms**

- Contracting Authority (CA) means a Public Body or a Public Enterprise which intends to enter into a Public Private Partnership Agreement with a Private Party.
- Local community in the context of this study refers to residents and communities geographically located along the corridor of the project.

## **CHAPTER TWO**

#### **Literature Review**

#### **2.1 Introduction**

Public–private partnerships (PPPs) have been very popular in the last two decades among governments as the governance strategy to improve service delivery and realize large infrastructural projects. The idea was, and still is, that by intensive cooperation between public and private actors, better and more innovative services and policy outputs can be realized for lower costs (Ghobadian, Gallear, O'Regan, & Viney, 2004; Hodge, Greve, & Boardman, 2010). PPPs come in many shapes and sizes. Although there is no generally accepted understanding of PPPs (Hodge & Greve, 2007), many definitions share the aspect of some sort of durable cooperation between public and nonpublic entities, the sharing of risk and the joint production of products and services (see Hodge & Greve, 2005; Klijn & Teisman, 2003; Savas, 2000). A definition that encompasses most of these aspects is that of Klijn and Teisman (2003) who describe PPPs as a "cooperation between public and private actors with a durable character in which actors develop mutual products and/or services and in which risks, costs and benefits are shared" (Klijn & Teisman, 2003, p. 137).

The extent to which stakeholders are involved in PPPs is an understudied aspect of the successful completion of these projects. The fact that PPPs are part of a larger network where various stakeholders are involved is often neglected in PPP literature (Skelcher, 2005). In fact, in the literatures, the focus is often more upon the contractual relationship between the partners or other organizational features to organize the interactions and monitor the performance (de Bettignies & Ross, 2009; Hodge & Greve, 2005; Savas, 2000). The reasons given for this restricted involvement are that these projects are technical in their nature and, furthermore, that the negotiations are about sensitive financial deals which preclude the involvement of other stakeholders (see Hodge & Greve, 2005; Weihe, 2008). If this limited involvement of stakeholders is true, then PPPs distinguish themselves from most other new forms of governance as, more often than not, the broader involvement of various stakeholders is mentioned as one of the most striking features of these governance arrangements (Levi-Faur, 2012; Pierre & Peters, 2000;

Rhodes, 1997; Sorensen & Torfing, 2007). In the governance literature that conceptualize governance as more horizontal forms of steering including various stakeholders, there is also a strong emphasis on positive aspects of stakeholder involvement in the sense that it reduces veto power, improves the content and innovativeness of proposals and solutions, and enhances democracy (see Dryzek, 2000; Fischer, 2003; Klijn & Koppenjan, 2016; Sorensen & Torfing, 2007).

#### 2.2 Stakeholder in PPP

PPPs are defined in terms of the cooperation of a public partner and a private one created to attract private investment in the economy and, based on pooling resources, sharing risks (Anopchenko et al., 2019). PPP, in the categories of institutional model of interaction between government and business, is defined (Yatsechko, 2020) as a partnership between the government and the private sector for the provision of public and social goods or services due to its advantages in high efficiency of investment, resource allocation optimization, flexible market mechanisms, etc. (Song et al., 2019). This specific cooperation is recognized as one of the most common tools to formalize public and private sector relations and is used for any form of association or cooperation between those sectors for the purpose of delivering goods or services (Iacomino, 2019). Key criteria for classifying various types of partnerships as public-private categories are institutionalization, the presence of the government as one of the partners, the existence of joint goals, clearly identified state interest and joint investment of resources (Delmon, 2014).

In general, stakeholders are individuals or organizations that are either affected by or affect the development of the project (Freeman, 1984). Therefore, capturing their input is a crucial component of the project development process. It is important to gauge stakeholder opinion and concerns to better facilitate the development of a project that will meet the needs of those stakeholders.

According to the Asian Development Bank (2006), the stakeholders of PPP may be public partners, private partners, nongovernment organizations (NGOs) or communitybased organizations (CBOs). This division of stakeholders highlights the underlying mission of organizations in terms of whether they intend to produce value only for stakeholders in financial terms or whether their mission is to create value for society at large (Ram & Corkindale, 2014). Thomson and Perry (2006) argue that underlying mission of organizations whether they are run for profit or not determine their behavior in partnerships and when the mission of an individual partner organization does not correspond with the partnership goals, it becomes a source of conflict. The underlying mission of organizations is the basis on which relationships among stakeholders are nurtured and the organizational mission can also be used to communicate shared values among stakeholders, so conflicts are not generated among the stakeholders regarding developing compatibility with the organizational missions, keeping in view their for-profit and not-for-profit motives, as a result with their different organizational missions has resulted in conflicts.

The public partners in a PPP are government entities, including ministries, departments, municipalities and state-owned enterprises (Jacobson & Choi, 2008), and the private partners consist of local or international conglomerates and may include businesses or investors with technical or financial expertise and experience necessary to the project, contractors and consultants (Babatunde & Perera, 2017). Kang et al. (2019) argue that the private contracting party comes together with the public element represented by the government as the principal stakeholder in a PPP project. Thus, it could be inferred that private contracting parties have the mission to serve the public interest in a PPP project (Kang et al., 2019), however a more likely explanation is that they have their own financial goals and may compromise on serving the public interest which may affect the relationships among stakeholders and resultant quality of PPP projects (Babatunde, 2015).

The private element in a PPP project includes the construction supervisor and inspectors, engineers, architects, financial investors and construction contractors. Chan et al. (2010) argue that the involvement of private party is integral to the success of a PPP project as its involvement improves coordination and leadership, managerial competence and organizational structure (Steijn et al., 2011). Improved coordination between stakeholders results in improved communication and flow of information which is also an important CSF that positively affects stakeholders' perceptions (Mouraviev & Kakabadse, 2015). Another advantage of using a private party in a PPP is the skills and competencies it brings which can be vital in developing and improving the design of projects as the

private party has the benefit of strong organizational and financial expertise which improves the quality of PPP projects (Chan et al., 2010). The strong organizational and financial expertise is an important CSF as lack of a budget and inadequate skills and competencies of project teams can create tensions between stakeholders in various phases of projects from inception, design, development till implementation and regular maintenance (World Economic Forum, 2017).

End-users, which are the users of projects including the general public, are also key stakeholders for whom PPP projects are undertaken (World Economic Forum, 2017). It is important to correctly identify the external and internal stakeholders as incorrect identification or not including them all in the consultation process may result in resistance and can affect the perceptions of stakeholders (OECD, 2015). The external stakeholders of PPP projects include banks, investment firms, government, government agencies (local councils, state or federal government, state monitoring and regulatory agencies and political parties) trade unions, public service users, the general public and NGOs (APMG, 2019). The internal stakeholders are all the public sector's officers and employees who are directly or indirectly associated with the project cycle at every stage, from design to final implementation (APMG, 2019). This aspect of identification of internal and external stakeholders is important as timely identification of stakeholders and communication with them by gaining stakeholders' support via their correct identification and developing effective communication with them (Kang et al., 2019). Preventing delays in the project by effective identification and management of stakeholders is an important CSF which can positively affect stakeholders' perceptions (Kang et al., 2019).

A great variety of individuals and organizations are engaged in PPP projects in one way or another (Hueskes et al., 2017). Individuals and their worldviews are instinctively different and change throughout different phases of a project (Moura & Teixeira, 2010). A lot of conflicts of interest arise among stakeholders in the projects life span, which are required to be successfully managed in order to reduce conflicting stakeholder stances and handle resistance to change in the projects (Shah & Harris, 2010; Morano & Tajani, 2017). Many projects are multidimensional in terms of cultures, organizations and social environments (Aaltonen et al., 2008; Alford & O'Flynn, 2012; Osei-Kyei & Chan, 2017). Thus, stakeholder management is essential in PPP projects as these projects are executed in demanding and unpredictable institutional environments involving diverse actors who are affected by and attempt to influence a project (Aaltonen et al., 2008; Kang et al., 2019).

#### 2.3. Stakeholder Theory

Stakeholder theory is a conceptual model of organization's management that offers an ethical approach to manage for-profit organizations from the perspectives of various stakeholders (Freeman, 1984; Freeman, 2010). The broad set of internal and external stakeholders needs to have a vested interest to keep the business going and profitable (Freeman, 2010). Essentially, a business must create value for all stakeholders and to ensure sustainability and continuous operations. Organizational executives have to align the interests of the employees, suppliers, customers, shareholders, and communities (Jagosh et al, 2013).

Stakeholder theory derives from corporate planning, systems theory, corporate social responsibility, and organizational theory. (Elias et al, 2002) distinguish three stages of the stakeholder theory evolution, namely, classical stakeholder literature, strategic management, and the dynamics of stakeholders.

In its classical shape, the concept of stakeholders was first introduced by the Stanford Research Institute in 1963. The concept relates to groups without whose support the organization fails to exist. Organizations were perceived as social institutions, with responsibilities going beyond shareholders, directors, and employees, and the manager's tasks were to protect various rights of all stakeholders (Mariotto, et.al, 2014: Ambler, et.al, 1995).

A strategic approach to the stakeholder concept was created by Freeman (Freeman; 1984), who defined a stakeholder as any individual or group who can affect, or is affected by, the achievement of the organization's objectives (Elias, et.,al,2002). According to them, the strategic approach relates to three-level stakeholder analysis: rational, process, and transactional. Stakeholders' identification and their perceived stake are the issues to answer at the rational level. At the process level, stakeholders are identified and classified according to criteria of interest or stake and power. Finally, the organization management

of the stakeholder's relations, the trade-offs, and understanding the legitimacy of stakeholders are the concerns relating to the transactional level.

Donaldson and Preston (Donaldson, et al, 1995) developed a normative, instrumental, and managerial approach to the stakeholder analysis. The normative approach is based on ethical, moral, and social frameworks. It presumes managers take action based on these values. The instrumental approach attempts to identify relations between stakeholders and the achievement of objectives. It verifies if organization success depends on organization responsiveness to its stakeholders. Descriptive studies define and sometimes explain characteristics and managerial behavior relating to stakeholders.

Finally, the concept of the dynamics of stakeholders assumes that the mix of stakeholders and their stake may change over time. Mitchell, Agle, and Wood (Mitchell, R.K.; et al 1997) used the attributes of power, legitimacy, and urgency to generate a typology of stakeholders and illustrated the dynamic of stakeholders by the change of stakeholders' salience (the degree to which managers give priority to stakeholder claims) according to attaining or losing the attributes. They identify seven groups (types) of stakeholders by attaining or losing one or more of the attributes. The dynamics may also be illustrated by the application of another mix of attributes. Vos and Achterkamp; et al ,2008)] developed a role-based stakeholder model (client, decision-maker, designer, and passively involved).

To conclude, the stakeholder theory can be presented from different perspectives that involve very different methodologies, types of evidence, and criteria of appraisal. These several categorization models for identifying stakeholders have been criticized in prior stakeholder literature for their gaps between stakeholder theory and practice, among other gaps [Wojewnik-Filipkowska,et,al 2019]. The gaps have been related to the definition of a stakeholder, identification, and stakeholder classification. In particular, in practice, stakeholders have been merely identified with entities benefitting from the project while those who are harmed by the project or have a negative influence on the project were not taken under consideration. There have been infrastructure-project gaps identified associated with stakeholder analysis in the investment cycle and related to investment motivation. Not Sustainability only should stakeholders be managed at the stage of project construction but especially during the stage of conceptualization. This can help to avoid many problems during the next stages of investment and eventually increase the quality of the project.

Moreover, the long life of the infrastructure projects and their specific characteristics requires the identification of stages of maintenance and termination, during which stakeholders need to be managed as well. The dynamic nature of stakeholders requires not only whole life management but also management respecting different and changing motivations. This contributes to stakeholder relationship building, enables the provision of checks and balances, and ultimately increases the value of the project (Slotterback, 2010).

#### 2.4 Stakeholder management in PPP

Project Stakeholder Management (PMBOK, 2013) is defined as the processes to identify the people, groups, or organizations that could impact or be impacted by the project, to analyze stakeholder expectations and their impact on the project, and to develop appropriate management strategies for effectively engaging stakeholders in project decision and execution.

Bryson (1995) summarized the importance of stakeholder: "Attention to stakeholders is vital throughout the strategic management process because success' and surely survival for public enterprises depends on satisfying key stakeholders." According to him public agencies are founded on and exist to serve interests that are powerful enough to retain the agencies' political legitimacy and the resources that come with it.

The vital issues to be focused during stakeholder management includes doing continuous communication with stakeholders to understand their needs and expectations, addressing issues as they occur, managing conflicting interests and fostering appropriate stakeholder engagement in project decisions and activities. Accordingly, the processes of stakeholder management include the following four steps: Bryson (1995)

#### 2.4.1. Identifying of Stakeholders

The first step of a stakeholder management analysis is to identify the key stakeholders. It is the process of:

- Identifying individual people, group of people, or organizational entity that could either positively or negatively impact or be impacted by an activity, decision, or outcome of the projects.
- Analyzing and documenting pertinent information on the subject of their interests, involvement, interdependencies, influences, and potential impact on project success. Stakeholder register is the product of this process.

#### 2.4.2. Planning stakeholder management

A stakeholder analysis establishes what their need is, how they can affect the project, and how the stakeholder needs to be managed after the stakeholders have been identified. This process of stakeholder management involves developing management strategies to effectively involve stakeholders throughout the project life cycle, based on the analysis of their needs, interests, and potential impact on project success.

#### 2.4.3. Managing Stakeholder Involvement

It is the process of appropriately communicating and working with the stakeholders to meet their needs/expectations, to address issues as they occur, and to promote proper stakeholder engagement in project activities throughout project life cycle.

The stakeholder engagement plan is implemented and modified throughout the project's lifecycle base d on the needs and requirements of each stakeholder. Since it's common for a stakeholder's criteria, in which their needs and expectations to remain constant throughout a project. Following communication events, each stakeholder should be re-evaluated to ensure that their power and interests have not changed, and if they have, appropriate action should be taken.

Managing stakeholders involves four primary actions:

- I. Engaging stakeholders according to the stakeholder engagement plan. This engagement results in a response from the stakeholder, which is used to affirm / deny their support for the project.
- II. Managing stakeholder expectations through negotiation and ongoing communications.

- III. Addressing risks or concerns that the stakeholder has raised, and anticipating future project issues based on the information obtained from the stakeholder.
- IV. Resolving issues that have been raised by the stakeholder, including the introduction of project scope changes.

In terms of support for the project, stakeholders fall into one of five categories:

- I. Unaware. They do not know about the project or its potential impacts on them.
- II. Resistant. They are aware of the project and its potential impacts on them, but not in support of it.
- III. Neutral. They are aware of the project, but have no opinion on it.
- IV. Supportive. They want the project to succeed
- V. Leading. They are actively engaged in the project's success, and willing to lend assistance to the project management team.

#### 2.4.4. Controlling Stakeholder Involvement

Controlling stakeholder involvement is the process of continuously monitoring overall project stakeholder relationships and adjusting strategies and plans for engaging stakeholders.

Here it's vital to maintain a careful eye on stakeholder communication on the project control side to ensure that project concerns and potential obstacles are spotted as soon as possible. Stakeholder communications should be assessed throughout project lifecycle, such as when the project scope, schedule and budget are reviewed, to verify that needs/expectations are met. Any small indicators of concerns emerges, the stakeholder engagement approach should be adjusted and controlled accordingly.

#### 2.5. Classification of Stakeholders.

Project stakeholders can be classified by different authors on the basis of different parameters. With respect to the project organization, stakeholders can be classified as internal and external stakeholders (Cleland, 1999). The internal stakeholders can be defined as those who are formally connected to the project (e.g. owners, customers and employees), whereas the external stakeholders are those who are affected by the project

in some ways. Similarly Lutchman (2011) divided stakeholders into internal and external categories based on their involvement in the project. Internal stakeholders are individuals who are directly involved in a company's decision-making. Top management, project team members, the project manager, peers, the resource manager, and internal customers are examples of internal stakeholders. Customers, the government, contractors and subcontractors, and suppliers are examples of external stakeholders.

The other type of classification is on the basis of the power/ interest matrix. Based on this classification, project stakeholders can be classified as key stakeholders, primary stakeholders, and secondary stakeholders.

In this classification, it is important to consider that stakeholders have relative power (positional, resource, and expert) of influence and vested interest throughout the entire processes of the project (Handy, 1993). Both their power and interest are factors that have an impact on the success of projects.

#### A. Key Stakeholders

According to Cleland & Ireland ,2007, key stakeholders include those who have legal relationships with the project and a responsibility in the project management processes, such as –cost, time and quality management. Key stakeholders are those stakeholders, who are significantly able to influence decision making by virtue of their position, capabilities, knowledge, connections and scope of influence. They, for example, have considerable influence on the participation of other role players; they are even able to allow the participation of others along a continuum that ranges from full inclusion to total exclusion.

Key stakeholders have also power connections, meaning they have numerous relationships with other role players both institution-bound and personal. Finally, key stakeholders, without whose explicit approval the reform cannot be initiated, are vote players. As the name indicates, key stakeholders are the key and mandatory to the project execution both in terms of power and concern.

#### **B.** Primary Stakeholders

Similarly direct (primary) stakeholders are the people or groups of people or entity that stand to affect or be directly affected either positively or negatively, by an effort or the actions of the project. It include those who directly engage in planning, execution, administration, monitoring, evaluation and controlling of the overall activities project within the provided scope of the project (Laster, 2007).

#### **Secondary Stakeholders**

Both Cleland and Ireland (2007) and Laster (2007) agree that secondary and indirect stakeholders such as (environmental, social and economic groups; media and families) do not participate directly in the project. These are stakeholders having low power and low interest.

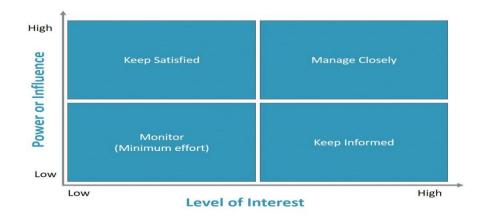


Fig. 2.1.Power Interest Grid

- **High power High interest**: these stakeholders are likely to be decision makers and have the biggest impact on the project success. You need to keep these stakeholders close, to manage their expectations.
- **High power Low Interest**: these stakeholders need to be kept in the loop with what is happening on the project. Even though they may not be interested in the outcome, they yield power. These type of stakeholders should be dealt with cautiously because they could use their power in a negative way if they become unsatisfied.
- Low power High interest: keep these people adequately informed, and talk to them to ensure that no major issues are arising. These people can often be very helpful with the detail of your project.

• Low power – low interest: monitor these people, but do not spend time and energy with excessive communication.

A discussion on how PPPs should be managed successfully in stakeholder terms would appear significantly incomplete in failing to consider the potential impact of stakeholders that could help or hinder the achievement of the organization's objectives (Phillips, 2003; Savage et al., 1991). Donaldson and Preston (1995) recognize this problem when arguing that a clear distinction has to be made between influencers and stakeholders. They demonstrate that some stakeholders have no influence, and some influencers have no stakes. Within a PPP environment we can imagine that large investors are lucky to have both, while for example, taxpayers have a stake and are legitimate, but have limited influence on their own. In order to cope with this difference we examine besides legitimacy, the power-urgency balance as a means to distinguish the influencers from the stakeholders.

To sum up, it is important to correctly identify the external and internal stakeholders as incorrect identification or not including them all in the consultation process may result in resistance and can affect the perceptions of stakeholders .(OECD, 2015).

# **2.6.** Framework for Stakeholder Management in Public-Private Partnerships Projects

PPPs are cooperative agreements between public and private sectors that involve the private sector in the design, construction, financing, operation, and maintenance of public infrastructure and services. The objective of PPPs is to combine the strengths and resources of both sectors to deliver projects and services in a way that is efficient, effective, and sustainable (Roth, 2013). By leveraging the expertise of both public and private entities, PPPs can create more value for taxpayers and users than would be possible through either public or private sector efforts alone.

A framework for successful stakeholder management in PPPs is critical for ensuring that all parties involved have their needs and expectations met. As outlined by (Meric et al. 2016), this framework typically includes the following elements:-

- 1. Identification of stakeholders: This involves identifying all the parties that have an interest in the PPP project, including the public sector, private sector, civil society organizations, and other relevant stakeholders.
- 2. Assessment of stakeholder interests and expectations:-This involves understanding the views, opinions, and expectations of each stakeholder, and using this information to shape the design and implementation of the PPP project.
- 3. Communication and engagement:- This involves regular and effective communication with stakeholders and the provision of information and updates on the project.
- Conflict resolution and consensus-building:- This involves developing strategies for resolving any disputes that may arise during the project, and fostering a culture of collaboration and cooperation among stakeholders.
- Performance monitoring and evaluation:-This involves monitoring the performance of the PPP project, and using this information to assess its success in meeting the needs and expectations of all stakeholders.

By following this framework, the stakeholders in a PPP project can work together effectively, ensuring that the project meets their needs and expectations and delivering value to all parties involved. Effective stakeholder management is essential for the success of PPP projects, and helps to build trust and credibility among stakeholders, leading to stronger partnerships and more successful outcomes.

#### 2.7. The Importance of Stakeholder Analysis in PPP Projects

The literature overview reveals that the utility of stakeholder analysis varies depending on its purposes, which might include defining success, risk management, stakeholder information provision, or stakeholder management (Achterkamp, M.C.; et.al 2008). (Schepper, et al;2014) developed a more specific model for stakeholder identification. They focused on assessing stakeholder influence, which enables the allocation of responsibilities and accountability toward PPP stakeholders. By combining power and urgency, they identified three potential types of influence that each group can exert on the project. Some stakeholders have a minor influence on the project—they do not control critical resources, and their claims do not need immediate attention. Some stakeholders may have a potential influence on the project—they possess one of the attributes mentioned above. Definitive stakeholders have a direct influence on the project and its environment—they control critical resources, and their claims are urgent.

Accordingly, PPP projects are considered as multi-layered challenge due to the involvement of more stakeholders than other types of projects and also the set of stakeholders can change. These dynamic stakeholders also create dynamic relations during the PPP development and implementation. Their engagement in the project may usually shift over time, not only because of the long-term nature of a PPP project but also because of changeable external conditions. These complex relationships between stakeholders pose a challenge to the successful management of a PPP project (Wegrzyn, J,2018)

For the identification of stakeholders the literature uses generic schemes. Clarkson (1995), for example, argues that primary stakeholders have a major impact on the survival of the organization, whereas secondary stakeholders are those who influence or are influenced by the firm, but are not engaged in transactions with the corporation and are not essential for its survival. Friedman and Miles, 2002 identify stakeholders depending on whether the material interests or the set of ideas of a firm and stakeholders are compatible or incompatible, and whether the relationship between them is necessary or contingent in terms of its contractual form. Savage et al.1991 consider two attributes to be necessary to identify stakeholders: (1) an interest in the actions of a firm and (2) the ability to influence a firm. Their framework identifies four types of stakeholders by assessing the stakeholder's potential for threat and/or cooperation. However, since the previous schemes remain at a generic level of analysis, their operationalization in the context of complex projects is difficult. In fact, when a public initiator opts for a PPP for the delivery of public infrastructure, (S.De Schepper et al, 2014) it not their main concern to define the group to which a stakeholder belongs. The primary concern in the initial phase is to define the stakeholders that have a large potential influence on the project's success in order to appoint the most appropriate focal stakeholder responsible and/or accountable for the management of the identified stakeholders. Thus, a more specific model for stakeholder influence identification, which enables the location of responsibilities and accountability towards stakeholders, is established using .Mitchell et al.'s ,1997 stakeholder identification and salience framework.

The framework is one of a few theoretical models (e.g. Frooman, 1999; Rowley and Moldoveanu, 2003) that provides guidance to the conditions under which managers are likely to respond to stakeholders (Buysse and Verbeke, 2003; Scott and Lane, 2000). These conditions are determined by the level of three stakeholder attributes: (1) power, (2) legitimacy, and (3) urgency. The reasoning of Mitchell et al. (1997) is that stakeholders' salience is positively related to the cumulative number of these attributes. The stakeholder attributes of Mitchell et al. (1997) consider, albeit implicitly, dynamic aspects, as the attributes can vary across stakeholder relationships or within a single relationship across time. This is particularly relevant in the context PPP projects given their long-term nature, complex relationship structure and potentially shifting responsibilities over time.

By the same token from a project management perspective, a PPP arrangement for a project blurs the distribution of project management roles within the project environment. Who becomes the owner, user, sponsor, broker, steward and/or manager, and at which moment in time? In PPPs, the sharing of project management roles and their own perspective on the normative and derivative stakeholders, make it difficult to allocate the stakeholder responsibilities between both focal organizations.

#### 2.8. Overview of PPP legal framework of Ethiopia.

PPPs can be undertaken in a one-off manner without setting specific policy, legal and institutional frameworks. But the experience of many counties shows that successful PPP projects have relied on sound frameworks. That is why many countries were striving to adjust their frameworks through learning by doing since the experience of setting PPP frameworks was sparse (WBG, Reference Guideline, 2017). However, now there is ample global experience helpful for designing and implementing PPP frameworks that promote sound project selection, fair and competitive procurement, effective delivery of public services, and the ultimate success and sustainability of PPP projects (WBG, Reference Guideline, 2017.).

Projects implemented through PPP require a supportive and effective legal framework which leads to increased collaboration among stakeholders (Kwofie et al., 2016). HM Treasury (2016) suggests that if government policy regarding adoption of PPP is clearly documented, both private and public sector are more inclined towards the adoption, mobilization and implementation of PPP as a way to develop the economy.

The PPP framework comprises the policies, procedures, institutions, and rules that concurrently determine how PPPs will be identified, assessed, selected, prioritized, budgeted for, procured, monitored, accounted for; and who will be responsible for these tasks. Setting a PPPs framework conveys the government's commitment to PPPs and it nourishes efficiency in the governance of the PPPs program, which in turn, promotes accountability, transparency, and integrity (WBG, Reference Guideline, 2017.).

PPP frameworks also guarantee selected projects are aligned with the government's development strategy, generate the greatest economic returns for society as a whole, and protect the government from excessive fiscal risks. Moreover, frameworks guarantee a consultation with stakeholders will be systematically undertaken, and fair compensation can be awarded to those qualified to receive it. According to the guideline, this begets greater private sector interest and public recognition of PPP programs.

According to experts, Preparing standalone frameworks brings credibility to stakeholders; helps to achieve expected outcomes, builds trustworthiness for the project company, especially in the eye of lenders, and attracts serious bidders ( Alemaw Gebeyehu ;2021). While working without a framework have gone wrong, having a PPP framework is a key to address many risks and increase the likelihood of PPP success through:

- a) increasing the capability of government agencies to deliver PPPs;
- b) providing a structured way of reconciling disparate objectives;
- c) making sure that whole-of-government risk is limited; and
- d) Generating market interest (WBG, PPP Reference Guide, pp. 9-10)

Regarding the formulation of dedicated/standalone PPP frameworks to Ethiopia, The study and framework preparation was made in cooperation with the WB, IMF, AfDB, and so many other bilateral and multilateral development institutions (Alemnew Gebeyehu ;2021)

Underscoring the benefits of setting PPP frameworks and through the support of the aforementioned dialogues, the MoF has taken the initiative to prepare a standalone PPP

policy (Ethiopian Public-Private Partnership Policy) and legal (the Public-Private Partnership Proclamation or PPP Proclamation No. 1076/2018) frameworks in 2017 and 2018 respectively.

The Ministry consequently amended PPP proclamation 1076/18 by Proclamation No.1283/23 to include among others, direct Negotiation and bilateral agreements, and to replace one of the board members i,e; Public Enterprises Holding and Administration Agency is replaced by Ministry of Urban infrastructure.

The frameworks have also set an institutional structure entrusted to administer PPP projects: the board, (Ethiopian PPP Policy,2018, p. 16) and the PPP Unit (structured as PPPDG<sup>c</sup>) under the auspices of the MoF (The PPP Proclamation Art. 10 & ff). The policy has been acclaimed in that it will have immense contributions to fill Ethiopia's critical infrastructure gaps, as far as it is managed well. The institutional structure of PPP in Ethiopia allocates roles and responsibilities to different institutions for the governance and administration of PPP projects. It's structured from the PPP board, MoF, and PPPDG (PPP Unit), as it is provided in the policy. MOF develop a specific PPP directive (No. 55/2010/2018) issued by the Ministry of Finance in July 2019 to implement Public Private Partnership and the development of PPP Guidelines 2019-21. The General PPP Guidelines herein take users through the PPP lifecycle for all federal-level PPP projects – from project identification and selection, to project development, procurement and contract management – with the sector-specific guidelines for the six priority sectors - energy, transport, water, health, industrial parks and public housing .

According to the Frameworks this Public Private Partnership Scheme shall have the following objectives:

1/ to create a favorable framework for promoting and facilitating the implementation of privately financed projects to support Ethiopian economic growth; 2/ to enhance transparency, fairness, Value for Money, efficiency and long-term sustainability; 3/ to improve quality of Public Service Activity; and 4/ to maintain macroeconomic stability by reducing growth in public debt.]

It is said in the previous chapter that PPP was on practice before the Government adopted the policy, the legal and the institutional framework. Nevertheless here need to address how PPP is defined under the Ethiopian PPP framework. Here a reference is made from the African Legal Support Facility since it provided a relatively holistic definition, confirming that there are various other definitions of PPP according to the jurisdiction where the project is located.

Accordingly: PPP can be defined as the establishment of a long-term contractual partnership between public and private sector bodies where the private sector provides a significant portion of the financing, bears significant risks, and takes substantial responsibility for designing, building, financing, operating, and maintaining a major public infrastructure asset per an agreed output specification. This is usually in return for the right to recover some or all of the revenues derived from the asset or in return for a fee based on the continued availability of the asset (i.e. the performance and/or demand for the use of the public asset or service), or a combination of both.(ALSF, 2019)

When we come to the definition of PPP in Ethiopia, under Ethiopian Public-Private Partnership Policy, PPPs are defined as: long-term agreements between contracting authority and a third party where:

a) the third party provides or contributes to the provision of a public service activity;

b) the third party receives a revenue stream for providing such service from enduser charges, government budget, or a combination of the two; and,

c) This revenue stream must be based on the availability and quality of the contracted service, thereby transferring significant risk associated with the provision of the public service to the third party (Ethiopian PPP Policy, p. 11)

The Ethiopian Public-Private Partnership, or PPP Proclamation No. 1076/2018, in the same tone with the policy, has also defined PPPs as follows:

Public-Private Partnership" or PPP means a long-term agreement (The PPP Directive No. 55/2010/2018, art. 26) Between a Contracting Authority (The PPP Proclamation, Art. 2(1) and a Private Party (The PPP Proclamation, Art. 2(6) under which a Private Party:

A) Undertakes to perform a Public Service Activity Art. 2(14) that would otherwise be carried out by the Contracting Authority;

B) Receives a benefit by way of Art. 46);

(1) Compensation by or on behalf of the Contracting Authority;

(2) Tariffs or fees collected by the Private Party from users or consumers of service; and

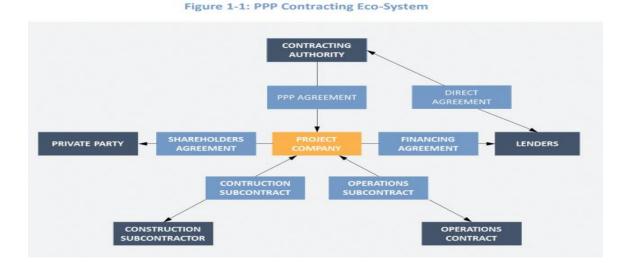
(3) A combination of such compensation and such charges or fees.

C) is generally liable for risks arising from the performance of the activity or use of the state property per the terms of the Project Agreements (The PPP Proclamation, Art. 2(12).

The Ethiopian policy and legal framework of PPP definitions can be categorized as contractual PPP. In contractual PPP, using different kinds of arrangements as to their peculiar characteristics, tasks are delegated to the private partner through a contractual relationship. Hence, in contractual PPP, there is a direct link between the private partner and the final user in that the private partner delivers a service to the public in place of, but under the control of, a public authority. That means, the private party assumes all the risk and responsibility relative to the construction, operation, and maintenance of the infrastructure assets by charging users for the service. For this, the concession model is usually preferred since it is associated with long contractual periods, matching the long asset life of infrastructure.

When we see the different PPP models under Ethiopia's PPP frameworks, the PPP proclamation, to develop the desired model, stipulates the following forms or any combination of them: the design, construction, financing, maintenance, or operation of new Infrastructure Facilities; the rehabilitation, modernization, financing, expansion, maintenance or operation of existing Infrastructure Facilities; and/or the administration, management, operation or maintenance of new or existing infrastructure facilities. Out of which, the contracting authority shall select the form of the contract according to the desired allocation of risks and responsibilities for each agreement (The PPP Proclamation1076/2018, Art. 5).

Accordingly the PPP contracting Eco system is mapped in the PPP guidelines as follows



#### Fig 2.2. PPP contracting Eco system

Source: PPP Guidelines PPPDG, P8,2021

Another point to take note is that the Ethiopian framework incorporates value for money (VfM) modality. We have said two fundamental characteristics of PPP are risk transfer to the private sector and better value for money (VfM) for stakeholders. Accordingly, the policy underscores that the involvement of the private sector in the delivery of infrastructure service alone doesn't guarantee success in PPP, but it must also deliver better value than the public sector service delivery. And, it is made a criterion to use PPP for procuring projects. To do so, the policy instructs to calculate VfM by comparing the expected cost to the government for the implementation of the project under a PPP delivery approach to the expected cost for a variety of estimated benefits, and financial and economic costs. Along with this, it also emphasizes considering risks that government should assume, like avoiding responsibility for cost overruns and partial or full payment guaranteeing provisions, associated with the project (The Ethiopian PPP Policy, p. 11; 2017).

As it is the very key element and reason for PPP creation, the PPP proclamation also defines and conceptualized VfM under Art.18.

The scope of application of the PPP Policy seems confined to the federal government. It is not a national PPP policy framework proper, working at the different levels of governments. Under its scope of application, a paragraph reads that "[b]ased on this policy the Regional Sates may issue their implementation framework to implement PPP projects" (Ethiopian PPP Policy, p. 12). Both in the policy and laws, only public entities (public bodies and public enterprises) of the federal government are qualified to be contracting authorities to conclude project agreements with private parties. Although the frameworks don't explicitly prohibit, regional government authorities and public enterprises have not been conferred the right to conclude PPP project agreements using the existing frameworks. Instead, the policy allowed regional states, to be benefitted from the Federal PPP framework, to formulate their implementation framework.

The legal framework PPP in its guidelines (MoF; 2019) acknowledge the importance of incorporation of stakeholders on the basis of International experience which has shown that PPP projects have the best chance of being sustainable when they can incorporate the important views of end-users and other affected stakeholder groups and to effectively address or resolve them within the project's structure.

The Guideline stated contracting Authority Project Management Team must work in close coordination with the PPPDG when designing SH consultation and engagement plan to communicate activities about the PPP project in an open and transparent manner by including the important participation of key stakeholders from the end user, labour, private sector, public sector, Non-Governmental, and other relevant sectors.

The framework provides for periodic announcements, approved by the PPP Board, communicating information about the implementation of PPP projects .The purpose of designing and implementing a stakeholders' consultation plan is to determine if there are significant public concerns, issues, or even opposition to a potential project that must be effectively resolved before the project can be considered viable as a PPP. According to the Guideline Implementation Process included. (PPP guideline ,PP 61,2021,)

1. Identify the relevant stakeholder groups that would likely be affected by and interested in this project. It is also useful at this point to estimate each group's probable concerns about and interests in the proposed PPP project. 2. Design a PPP Stakeholder Consultation Plan: Based upon the completion of the matrix, design a plan for communicating with and consulting each of relevant stakeholder groups:

- o Identify leaders or representatives of each relevant stakeholder group.
- Identify relevant reports and summaries about the project that should be developed to provide relevant information on the project status to the stakeholders on key issues.
- o Identify relevant stakeholder consultation mechanisms.

3. Develop a PPP Project Stakeholder Consultation Plan, for each Phase of the PPP project cycle, how and when each stakeholder group will be consulted on key options for structuring the project and on its current status.

4. Develop a Stakeholders' Feedback Tracker Report. For each phase of the PPP project, this report will list and categorize comments from stakeholders and indicate how their feedbacks were incorporated in the preparation of the project.

An indicative list of stakeholder groups and their likely PPP concerns and interests is illustrated below:

	Stakeholder Group name	Probable Interest in PPP Project	Probable Concern in PPP Project
1	End Users & Consumer Associations	Interest in being provided with improved, more accessible and reliable levels of service	Concern about tariffs and prices increasing or becoming unaffordable
2	Commercial Users & Commercial Consumer Associations	Interest in being provided improved, more accessible and reliable levels of service	Concerns about tariffs and prices increasing
3	Industrial/ High-Volume Users	Interest in being provided improved, more reliable levels of service	Concerns about tariffs & prices increasing
4	Land-owners	Interest in seeing the value of adjoining lands increase	Concerns about being forced to sell land and relocate
5	Current providers of services within the sector	Interest in possible new business opportunities with the new PPP, such as providing services or supplies to the new PPP company	Concerns about no longer being a viable, competitive service provider due to new PPP

<b>Fig. 2.3</b>	PPP Concerns and	Interests by Stakeholder	Group as identified by MoF
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Source: PPP guidelines, Pp-61,2021,

#### 2.9. Empirical Review of Stakeholder Management in PPP projects

The need for stakeholder management in PPP or any other projects is vital since they have a likelihood influence on concluding projects within the predicted time and cost with quality. As revealed by plentiful related literatures have been carried out on the stakeholder management practice in PPP projects. Accordingly, in this part of the literature review, the empirical evidences on the stakeholder management of PPP are discussed.

Studies conducted in Nigeria and UK with a sample size of forty-five questionnaires each between the UK and Nigeria carried out two Semi-structured interviews each between the UK and Nigeria. An Assessment of Project Stakeholder Management Practices: The study conducted by having the variable that was measured with the question: "Do you agree that Poor stakeholder Management practices lead to Joint Projects failure in your country?" and the results showed that 68 percent and 57 percent of the respondents in the UK and Nigeria respectively agreed that it influenced joint projects failure. This reflects that in both countries, the respondents quite agree that poor stakeholder management practices influenced joint projects failure.

Since 2009, increasingly most African governments are actively developing PPP frameworks in new laws but implementation is lingering (The Economist Intelligence Unit, p. 9, 2014). Even if promising progress is made, PPP laws often are stronger on paper than in practice. In Nigeria and Zambia, there is strong legislation on areas like bidding transparency and dispute resolution; however, these are not always translated into practice. To mention some, also problems of harmonizing with practices (of line ministries horizontally, and at federal and regional levels vertically); heavy reliance on external financing, where South Africa is the only country in Africa with sufficient financial market depth to fully finance PPP projects; broader stakeholder engagements; PPP risk allocation and integration, and structuring and functionality of PPP units are pressing concerns to tap PPP potentials (The Economist Intelligence Unit, pp. 10-11, 2014).

Some countries PPPs policy frameworks like Botswana have also deliberately made PPPs a tool for implementing its privatization policy. Botswana's PPPs policy has defined privatization as all measures and policies directed at underpinning the role of the private sector in the economy (Republic of Botswana, pp. 1-2, 2009). Botswana's PPPs policy didn't give a definite meaning. It would rather take PPP as one of the tools effectuating the privatization policy of the country. This kind of PPP policy is a misnomer; it probably doesn't have definite and independent objectives for a longer period as many countries PPP frameworks e.g. infrastructure investment, public service delivery, etc. Such kind of PPP is not properly the one widely agreed and practiced globally.

With regard to stakeholder management in PPP projects, several cases of public opposition against such projects have been reported across different countries of the world. For example, the 2.1km Cross City Tunnel (CCT) in Sydney, Australia went into receivership less than two years after its opening in August 2005 (Phibbs 2008) which was as a result of low traffic volume caused by public resistance and boycott of the tunnel. As noted by Chung et al. (2010), had the public sector authority taken on board the views of the community at the early stage of the project, public resistance would have been minimized. The Jin long toll road (JLTR) project, a 17Km road in the Zhejiang province of China is another example of a failed PPP tolled road project due to public opposition. Drivers used all available alternative routes to register their frustration and protest at the exorbitant fees charged. ( Chen et al.2012) note that the fundamental factor that led to the collapse of the concessional JLTR project was the non-engagement of stakeholders and neglect of public interest in the concession project, particularly at the planning phase. Public opposition is mainly caused by lack of effective public participation in project planning (Ng et al. 2013). An additional example is the 49.5km Epe – Lekki toll road in Lagos state which was started in 2006 has been completed and operational. The project with an estimated cost of £222 million is a Design - Build-Operate – Transfer (DBOT) road concession arrangement between the Lagos state government and the Lekki Concession Company (LCC) (World Economic Forum 2010). However, the tolled road since its opening has come under public scrutiny with stiff opposition from human right activists, local residents and road users which have led to protests and litigation (Falayi and Ajaja 2014).

Such opposition by the public and other stakeholders is now a source of worry for PPP projects around the world (El- Gohary et al. 2006). To this end, adequate consultation and involvement of end users, local communities and other relevant stakeholders from

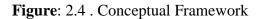
project initialization to completion has been recommended as one of the core good governance principles for PPP projects (UNECE 2008). Generally, consultation and involvement of stakeholders is considered in the field of the stakeholder management concept.

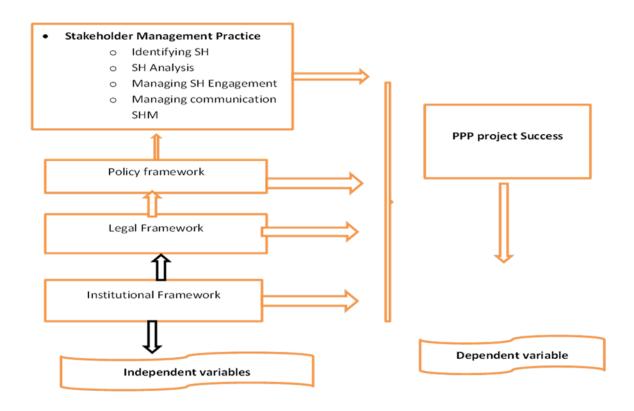
#### 2.10 Research Gap

As it is tried to show in the above discussion, the phenomenon of PPP is new to Ethiopia due to which there is a lack of literature and researches conducted on the area, as a result much references are made to foreign materials. Furthermore, some existing local studies (Gebreezgiabeher Aregawi, 2015; Yodit Belete, 2019 and others) were largely focused on stakeholder management from a single focal organization perspective in which a single organization headed by a project manager is responsible for stakeholder management. To sum up, the need for this research is justified by with its complexity in stakeholders' management the relatively infant stage of PPP as an approach for funding and financing public projects in Ethiopia and limited researches on the subject matter shows that stakeholder management in PPP projects in Ethiopia is under-researched.

#### 2.11 Conceptual Framework

Based on the above review and over review of literatures and empirical studies there is a strong link between stakeholder management and PPP project success. Moreover, the policy, legal and institutional framework is useful in implementing stakeholder engagement in the PPP projects. The research is determined to consider these relations and to study their impact and accordingly construct a conclusion and recommendation which provides useful and important information for the management of stakeholder in PPP projects.





Source; Researcher, 2023

#### **CHAPTER THREE**

#### **RESEARCH METHODOLOGY**

#### Introduction

The focus of this section of the paper is to provide a full description of the research methodology that was used to specify how the research was carried out in relation to the study's objective. It contains description of the research approach, method and design used for the study, population and sampling procedure and size, instrumentation, data collection, and data analysis and ethical considerations followed in conducting the study.

#### **3.1 Research Setting.**

The research is conducted to analyses stakeholder in PPP projects in Ethiopia. To these objectives the research is undertaken on Dicheto solar ppp Project .The construction of a solar power plant in Dicheto of Afar Region with a capacity of producing 125 MW is one of the several projects in line with the strategy. This strategy has got a helping hand from the World Bank's initiation of "Scaling Solar Program' through the International Finance Corporation (IFC). The purpose is to encourage private companies to invest in solar energy, to supply energy to the national electricity grid of the country concerned, and to ensure the rapid implementation of electricity projects, in particular through the use of public-private partnerships (PPPs).

The feasibility study of the project was prepared by the Ethiopian Electric Power (EEP) and submitted to the PPP board and in which the latter approved it. The PPP directorate of Ministry of Finance prepared a bid and made an invitation. Twelve pre-qualified bidders out of 28 companies with interest were invited, which submitted their proposals in response to the tender. Out of the 12 bidders, one was excluded during the pre-screening process, and five firms made it to the technical evaluation stage.

It was only a Saudi Arabian energy company, ACWA that came up with its own financing within the time bidders were given, if awarded. Moreover, the Saudi company was ahead of the competition in a bid to win a deal with the Ethiopian government to build an industrial scale solar park, which will be the first of its kind for the country. ACWA placed its financial offer of Power Purchase Agreement framework at a price of 2.5260 US cents/ kilowatt-hour in which EEP will enter into a long-term purchase agreement for 20 to 25 years. (Dicheto Solar project From now on referred as (DSP) is one of the two PPP projects that advanced to Power purchasing contract signing Agreement (PPA) and Implementation Agreement (IA) with EEP and MOF respectively as compared to the remaining 28 PPP pipeline projects.)

Though, ACWA was awarded to develop solar power and signed an agreement with EEP for the in December, 2019; the company failed to come up with its own financing and requested the government to provide a guarantee for currency convertibility, and availability which the National Bank of Ethiopia did not grant and claim to be contrary to previous agreement. After four failed request for extension and reconsideration by ACWA, MOF agreed on the termination of the contract followed by the EEP announced the termination of the contract with this company in May, 2022.

#### 3.2. The Research design and Approach.

Research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Kothari, 2004). It is the conceptual structure with in which research is conducted.

The researcher applied descriptive research design since application of this design allows description of the study area, to have a significant amount of description of the case and detailed assessment of the issue of the enquiry since it is essential research design to describe appropriate situations of persons or events under consideration.

This design offers to the researchers a profile of described relevant aspects of the phenomena of interest from an individual, organizational and industry-oriented perspective. It presents data in a meaningful form that helps the researchers to understand the characteristic of a group in a given situation, to think systematically about aspects in a given situation, offer ideas for further research and helps to make certain simple decisions. Descriptive research is purposed to the description of the state of affairs as it exists.

The researcher preferred this method in order to get the best advantage of the design by providing the descriptive feature of stakeholders' management in PPPs taking Dicheto solar project as a practical case.

Regarding the research approach applied in this inquiry a mixed approach was used. The basis for selecting the aforementioned approach for this study is that the nature of the research problem required both qualitative and quantitative data to be used so as to explain or describe the required phenomenon or events.

The main instrument used in a mixed approach research consists of questioners and interviews. This different way of gathering information supplement each other and hence boosts the validity and dependability of the data.

#### **3.3. Research Methods**

The perspective from which issues are identified, and from which the relationship between stakeholders and PPP is dealt with, exerts an influence on deciding the research methods. The following have been identified as methods to the research.

The descriptive method to stakeholders' management reveals a constellation of cooperative and competing interests (Moore 1999). It describes the growing complexity of organizations (contractors, donors, subcontracting networks and associations) and describing a particular practices and challenges on a particular project at one point in time (Caroll and Bucholtz, 2000). And it helps to articulate various organizational levels – intra, inter, external – by mitigating the dichotomy between the project's internal environment (components), and its external environment (degree of complexity, stability, availability of resources).

This particular Research on Stakeholder management with regards to one of PPP projects in Ethiopia: Dicheto Solar project (DSP) employs both doctrinal and non-doctrinal research methods. To investigate the theoretical, conceptual, policy, legal and institutional structure of Stakeholder management with regards to the project, the doctrinal method is selected. Meanwhile, even though Ethiopia has no any PPP pipe line project that completed the pursuant to full cycle of PPP Projects modality which led to a scarcity of stakeholder management practices in PPP project success, DSP PPP Project was selected for the reason aforementioned to convey the practical applicability of stakeholder's management exercised. For this the research employs expert opinions and experiences of PPP specialists, policy and legal experts, and public sector officials of the contracting Authorities, Consequently a non-doctrinal method were followed.

#### 3.4. Data Sources.

Taking the overall subject matter of the research, statement of the problem, and research questions about stakeholder management in PPP frameworks into consideration, this research employed a design to collect the necessary data from the primary sources. This primary data were collected from project directors, Project coordinators, project team members, project overseer, Economists and Lawyers that were directly involved in the process. In collecting qualitative data, document /content analysis and an in-depth semi-structured interview consists of nine questions were used. Employing document analysis, the researcher is aimed to explore and critically analyze Stakeholder management with regard to PPP concepts, policy, theories, perspectives, and experiences. Thus, the document /content analysis is made on a wide range of books, policy, and legal materials, articles, policy declarations and/or briefs, guidelines, as well as accessible project papers such as plans and periodic reports.

In order to maximize Information, this study has also adopted a questionnaire. According to Kothari, (2004) the questionnaire method of data collection is the most appropriate and convenient tool for collecting data. Questionnaires relative to other tool are economical in terms of time and cost, it facilitates easy and quick responses within a short period and it give freedom to respondents of any category to express their views or opinion. In view of that, questionnaires consisting 74 close ended and open ended questions were prepared in five sections and used to collect relevant data from the target respondents. Detailed information about the socio-demographic, behavioral and work environment characteristics, the practices of project in the study area, challenges to proper implementation of projects, were collected.

Before distributing the questionnaires to these participants all important orientation and explanation were given and finally the researcher in collaboration with project coordinators and other concerned parties distribute and also collected the filled questionnaires. The data were collected from the contracting Authority of the case at hand that is two directorates of EEP as well as three directorates from PPPDG of MOF.

#### 3.5. Target Population and Sampling techniques.

The target population refers to the entire group of people; event or organizations that a researcher wants to study. For some research questions it is possible to collect data from an entire population as it is of a manageable size (Saunders et al, 2016).

The population of the study was the Ethiopian Electric Powers (EEP) Staffs who are working under the IPP/PPP Project Management Department and staff members of PPPDG because the study required respondent should have project management knowledge or skills. Both offices are run with a variety of roles. Each role contributes differently to the mission of the project at hand. These organizations have several project managers, project professionals, or project delivery related personnel to complete the projects successfully. If one role is missing, achieving the project objectives may become difficult. Hence the team members in both offices work together and help each other through-out the selected PPP project life cycle.

Regarding the number of interviewees the sample size was determined based on the idea of saturation or redundancy, or till the researcher found gathering new data would no longer add new insights (John Creswell & David Creswell, 2018). Thus, respondents and interviewees, having familiarity with PPPs in one or another way were selected from contracting Authorities of PPP, (EEP and MoF). Similarly, taking their experiences and roles, expertise, or knowledge on PPPs and the selected project into account, employees and staff members of both organizations are responsible for every PPP project from planning to implementation, were the subject of the study for the quantitative data collection. The researcher was informed and observed from the concerned governed sector that 25 individuals including Directors , project directors, Project coordinators, project officers, project team leaders and members, project overseer , Economists planners engineers and lawyers that were directly involved in the project lifecycle of PPP Projects. The aforementioned participants were the right concerned parties in the study area to provide appropriate information with regard to the objective of the study thus were the target populations.

According to Kothari (2004) Census inquiry needs to be emphasized that when the universe is a small one, it is no use resorting to a sample survey. Census is a complete enumeration of all items in the 'population'. It can be presumed that in such an inquiry, when all items are covered, no element of chance is left and highest accuracy is obtained. Thus, the Census inquiry will be employed this technique as it is appropriate to use since the target population for this study are limited in number. The subjects were all employees working at both organizations' project management office, who were assigned to various positions and responsibilities project's inception, planning, design, execution, monitoring, controlling, and closure. These personnel are the focus of the study since they are crucial to the research.

From the pool population of policy and legal experts, PPP specialists, consultants, team leaders, and officials, interviewees were selected through purposive and convenience non-probability sampling techniques.

#### 3.6. Data Analysis and Presentation

Analysis of data in a research project involves summarizing the mass of data collected and presenting the results in a way that communicates the most important features of the study area. As indicated in the preceding section quantitative and qualitative data were collected, organized, classified, analyzed and interpreted in the chapter four of the study to arrive at conclusions.

According to Saunders et al, (2016) qualitative data analysis process can be done in the form of summarizing (condensation) of meanings; categorization (grouping) of meanings and structuring (ordering) of meanings using narrative as groups in analysis process. Then the analyzed data that allows describing phenomena from different direction through holistic approach can be presented descriptively.

To transform the raw data into information for useful and meaningful purposes, there was the need to put the data into manageable form, thus creating summaries and categories and applying Statistical inferences. From here, the following was done to finally analyze the data in order of the research objectives and questions. First and foremost the data are edited to ensure consistency and as well as identify and purge them of all forms of errors and omissions which could come up in the course of the data collection.

The data was then coded for classifying and categorizing the data into manageable and analyzable form. The quantitative aspect of the data was analyzed using statistical software known as, IBM SPSS version 20 using percentage, mean and frequency while the qualitative aspect of open ended questioner and interviews were analyzed and interpreted by way of transcription as well as logical and deductive narratives mainly with the aid of tables, graphs and charts.

Next, together with secondary data, these data have been organized (sorted out, characterized, categorized, and coded into themes and sub-themes). Thereafter, together with organized secondary data, the researcher studied them thoroughly, get familiar with them, and make content, narrative, and discourse analyses. Finally, through an analytical interpretation, analyzed data have been written and/or integrated into the conclusions part of the research.

Finally, the survey questions were designed in the form of Likert-type scale and it would be analyzed as an interval scale (see, for instance, Baggely & Hull, 1983; Murre & Pierce, 1998) by calculating a composite mean score of response.

Likert 5 point scale ranging 5= strongly agree to 1= strongly disagree. Hence, it would be interpreted the answers as follows:

- Under 1.5 or over 4.50 the disagreement or agreement is very significant
- Between 1.51-2.50 or 3.51—4.50 disagreement or agreement is generally significant
- Between 2.51-3.5 the issue is not really significant

#### 3.7. Validity and Reliability of Research instrument.

Validity refers to the appropriateness of the measures used, accuracy of the analysis of the results and generalizability of the findings (Saunders et al, 2016). Data need not only to be reliable but also true and accurate. If a measurement is valid, it is also

reliable (Creswell, 2009). In an attempt to ensure content validity; the structured and semi structured questions and interview questions were developed based on a previous study and a thorough review of the existing literature concerning the area of inquiry and used with a little modification. Before developing them, the researcher links the questions to the objectives of the study. In addition, the same set of questions was administered to key informants /respondents so that responses would be similar to facilitate comparison. Biases during data collection were reduced because the questionnaires were self-administered by the researcher. The questions both in the Questionnaires and interview developed and distributed to the respondents follow a logical pattern and were consistent thereby to avoid contradiction among responses.

#### 3.8 Ethical Consideration

Ethics relates to moral choices affecting decisions, standards and behavior. So it is hard to lay down a set of clear rules, which covers all moral choices (Greener, 2008). Ethics in research refers to the norms for conduct that distinguish between acceptable and unacceptable behavior (David and Resnik, 2010).

Before the respondents are asked for their response of the inquiry, they were informed as to the purpose of the questioner and interview respectively. Hence, the researcher duly took into account the ethical obligations and elaborately explained and assured to the involved participants about the input from the data collection will be kept confidential and only be used for academic purposes only. All participants are asked to voluntarily participate in the study. The data collection did take place after the respondents are convinced about their being free of any consequential harm and more importantly their views will be used in confidential manner and anonymously. Besides, they are told not to respond or answer any question they considered inappropriate or felt any discomfort. In this research no information was modified or changed, hence information gotten was presented as collected and all the literatures collected for the purpose of this study were appreciated in the reference list

In this respect all ethical considerations are and will be taken into account.

#### **CHAPTER FOUR**

#### DATA PRESENTATION, ANALYSES AND INTERPRETATIONS

#### **4.1 Introduction**

This chapter presents the collected data with the relevant analysis and interpretation concerning in order to assess Stakeholder Management in PPP Projects, i.e. Dicheto Solar PPP (DSP) project to provide adequate recommendations for the identified gaps. It encompasses the response rate, respondents' demographic characteristics; the stakeholder identification, classification and relevance; the stakeholder analysis; the stakeholder engagement and communication and finally stakeholder management, its practice and challenges. Throughout this research Descriptive statistics such as, percentages, frequency, Mean, minimum and maximum was employed.

In addition the researchers reviewed different templates, validated process, and validate the findings by using multiple sources. The researcher of this study believes that using this scheme within case analysis has the potential to aid in-depth views of the issues considered and their outcomes.

The researcher used open and closed questionnaires to collect data from respondents. Twenty five questionnaires were distributed to the target group of respondents and all of them are filled and returned. Therefore, the response rate is 100%. The data was analyzed and presented using SPSS software program while semi structure interview results have been analyzed qualitatively.

For the qualitative interviews the researcher was expected to conduct up to 10 interviews at most. This number of interviews resulted in data saturation (i.e. the point when new data don't add to a better understanding of the studied phenomenon but rather duplicate what was formerly expressed). This option was chosen by the researcher because it

allows for a wide range of replies from the designated stakeholder group. To get the information needed to answer these questions, seven respondents were interviewed.

#### **4.2 Background Characteristics**

Since the general characteristics of the respondents are vital to get insights to the overall study we shall start by seeing the demographic nature of the respondents. It is believed in many extant literatures that demographic variables like age, gender educational level, Job position and experience in the organization and number of years worked on the project do have an impact on project performance. Thus, the profile of respondents is summarized as follows.

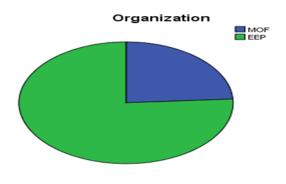
Variables	Category	Frequency	%
Age	26-35 years	6	24
	36-50 years	16	64
	more than 50	3	12
	Total	25	100
Gender	Male	19	76.0
	Female	6	24.0
Education	bachelor's degree	14	56
Qualification	post graduate	10	40
	Doctorate	1	4
	Total	25	100
Job Position/Level	Department Director	3	12
	Project manager	6	24
	Team Leaders	4	16
	Specialist/Experts/Engineer	10	40
	Planner	2	8
	Total	25	100
Experience	0-5 years	4	16
	6-10 years	7	28
	11-15 years	5	20
	more than 15 years	9	36
	Total	25	100

**Table 4.1: Summery of Background information** 

(Source: Computations from survey result, 2023)

From Table 4.1, the majority of respondent are degree holder and above. 56% of the total have a Bachelor's degree and 40% are post graduate degree. 4 % of them have a Doctoral degree. When we see the matter of gender male took the lions share by 76 to 24 of female respondents. And by observing the response result of their experience the higher percentage goes to respondents that work more than 15 years with in the organization which is expressed in percentile to be 36 %. Therefore, the result of demographic background reveals that most of them have the qualifications as well as the experience that enable them to examine and investigate the questions presented by analyzing situations and respond properly.

To add on from the respondent; we can observe, a total of 42% are Department Directors, Project managers and team leaders which make them the right authorities to understand and identify how stakeholder management practice and its significance and practices on PPP Dicheto Solar PPP project.



# Fig 4.1. Number of participants with regard to organization.

From the total sample size of 25 the Number of respondent from PPPDG, Mof is 6 while Number of respondent from the contracting authority (CA) of the project at hand EEP is 19.

#### **4.3 Descriptive Analyses of the Results**

As Aforementioned, the researcher used open and closed questionnaire to collect data from respondents. As stated before, twenty five questionnaires were distributed to the target group of respondents and all questioners are filled and returned. The data was analyzed and presented using IBM SPSS version software 20 while semi structure questions and interview results have been analyzed qualitatively.

#### 4.3.1. Stakeholder Identification, Classification and Relevance in DSP.

#### 4.3.1.1 Identifying relevant Stakeholders

Identification of Stakeholders involves defining and recognizing all those that have a stake or an interest in a project. Defining the groups or individuals that can affect or be affected by an organization's operation is the starting point (Freeman, 1984).

Stakeholder identification, their classification and relevance to the project is important to every project especially in PPP scheme.

Based on literature reviews, it is common to think of stakeholders as external SH which is composed of all the stakeholders interested in the project, outside the internal scope of the government and of bidders in the procurement process. including banks, investment funds, government and regional funders, public service users, society in general, and the press. Other government agencies such as a municipality or state government and state monitoring agencies, regulatory agencies, legislators, party leaders, associations, labour unions, and non-governmental organizations (NGOs) are also part of this group of stakeholders.

The internal SH also has a huge importance for PPP projects. They are meant to be "first among equals" in the governance of the sector involved, rather than an interest simply to be satisfied. This audience is very heterogeneous and its composition depends on the government's decisions in relation to which areas and what professionals should be involved in the projects conducted by the procuring authority. In general, these SH are composed of all the public sector's officers and employees which are linked, directly or indirectly, to the project cycle and who will monitor or interface with the project at every stage, from the design to the implementation of the work. This internal SH is the one that will also relate, to some extent, to the wide variety of components within the external SH.

Therefore the next section is dedicated in finding out stakeholder identification Process, Their classification and relevance of identified stakeholders in Dicheto Solar PPP Project.

The analysis has been made based on the percentage and mean values of the responses. The percentage has the relative value of indicating the hundredth part of each scale or the respondent's agreement or disagreement, while the mean score can tell us the average response for the five alternatives in a Likert scale. One of the assumptions of the Likert scale is that opinions or attitudes are measurable. Here, the researcher used the Likert scale, a five-point scale that ranges from strongly disagreeing to strongly agreeing. Each response is assigned a number from one to five (i.e., "strongly disagree" is assigned a score of 1, "disagree" is assigned a score of 2, "neutral/undecided" has a score of 3, "disagree" has a score of 4, and "strongly agree" has a score of 5).

Table 4.2.a. Identified Stakeholders of DSr.	
Range of likely stakeholders	Mean
A. donors/project sponsors	4.68
B. Domestic and International Financial institutions /lenders	4.60
C. Project community/ project members and internal SH.	4.52
D. Public authorities/government	4.36
E. Local Communities /traditional Authorities (residents and	
communities geographically located along the corridor of	4.32
the project.)	
F. Beneficiaries of EEP Clients /end users (those that use the	4.28
facility.)	4.20
G. line organizations	4.24
H. Contractors/ consultants.	4.16
I. Insurance Companies.	4.00
	1

Table 4.2.a. Identified Stakeholders of DSP.

J. Special interest groups/I;e Environmental, cultural and gender protection groups etc.	3.60
K. Sister/line Projects, i.e., EEU (Ethiopian Electric Utilitie	es) 3.36
Valid N (list wise)	

(Source: Computations from survey result, 2023). Arranged based on Descending Mean.

### Table 4.2.B: Relevance of Identified SH of DSP.

							F	Tot
	Range of likely stakeholders and their						R	al
	Relevance.						Q	%
		5	4	3	2	1		
1	Donors/project Sponsors	80	16	0	0	4	25	100
		%	%	%	%	%		
2	Local Communities /traditional Authorities	60	24	8	4	4	25	100
	(residents and community geographically located							
	around the project)							
3	Public authorities/government	64	24	4	0	8	25	100
4	Beneficiaries Of EEP Clients /end users ( to	48	36	1	4	0	25	100
	whom the power is being produced)			2				
5	line organizations/	32	60	8	0	0	25	100
6	Project community/ project members and work	60	32	8	0	0	25	100
	force.							
7	Special interest groups/I; Environmental, cultural	20	36	2	16	0	25	100
	and gender protection group etc.			8				
8	Sister/line Projects I;e EEU (Ethiopian Electric	12	28	4	16	0	25	100
	Utilities)			4				
9	Contractors/ consultants	36	48	1	4	0	25	100
				2				
10	Domestic and International Financial institutions	60	40	0	0	0	25	100
	/lenders							
11	Insurance Companies	24	56	1	4	0	25	100
				6				

#### (Source: Computations from survey result, 2023)

As indicated above in Table 4.2a and 4.2b, the donors or the project sponsors (M=4.68), the financial institutions (M=4.60), the project community/ project members and internal

SH (M=4.52) ; public authorities/ government with a mean of (M=4.36) ; local communities /traditional authorities (residents and communities geographically located along the corridor of the project) with a mean score of (4.32); beneficiaries of EEP, clients/end users (those that use the facility) (M=4.28); the organizations (M=4.24); contractors/ consultants (M=4.16); the insurance companies (M=4.00); special interest groups (environmental, cultural and gender protection groups etc.) (M=3.6); and the client i.e. EEU (Ethiopian Electric Utilities) (M=3.36) are relevant to the identified PPP.

Results from the survey showed that Identified SH such as Donors/project Sponsors, Domestic and International Financial institutions /lenders Project community/( external SH) and project members and work force ( internal SH ) are considered highly relevant stakeholders in Dicheto Solar PPP project while special interest groups( Environmental, cultural and gender protection groups) with Mean (M=3.6) and sister line organizations EEU (Internal SH ) with a mean score of (M=3.36) score relative low score of mean which shows they are not really significant Stakeholder.

In order to supplement the survey questions, the researcher has conducted an interview with respective officials pertaining to justify "why" special interest groups and sister line organizations were not identified as relevant stakeholders to the DSP projects, the overwhelming response regard them as not having "enough power and influence" to the project outcome.

During an interview with Interviewee#2

During SH identification process, efforts were made to identified and incorporate some Special Interest Groups from Afar region by the external Consultants of IFC, who was responsible for the project from sight selection up to bidding process. However, those efforts were not successful at the most part. Since no special interest group come forward despite the efforts made by the consultants. During an interview with Interviewee#3 when asked about these issues replied

.... To my knowledge during stakeholder identification process conducted by external consultants (IFC) some efforts were made to invite Special interest groups as SH but they were not fruitful while Sister line projects of EEP which is the Ethiopian Electric Utilities (EEU) were not considered as relevant to the DSP hence not identified and consulted.

This concern is supported by Interviewee #7 who stated

The Dichato Solar power plant Project was designed to contribute to EEP National Power Grid by generating 125 MW energy which will be stored in substations and distributed and sold to Domestic as well as to neighboring countries of Sudan and Djibouti on the basis of legal tariff put in place by laws .i;e if the project were successful in producing the intended electric energy power, it will be stored in substation grid then according to the mandate given to EEP and EEU , management and collection of payment of the power bought depends on the amount of voltage sold/used<sup>1</sup>... According to the respondent during Diceto solar project the contracting Authority (CA) is only EEP without consultation EEU. However, this Act [non- inclusion of other sister line SH] will create a massive problem in the future. According to the respondent even if EEP is mandated to the power generation and transmission, all power generated is accumulated in substations grid and decision regarding electric tariff payment and collection depends on the amount of power sold/used .Therefore EEU should have been identified as very relevant stakeholder to DSP since it will affect the amount of subsidy, tariff rates

<sup>&</sup>lt;sup>1</sup> The EEP was established by EEP Establishment Council of Ministers Regulation No. 302/2013 as a public enterprise, to undertake the power generation, transmission and substation activities of the former Electricity Power Corporation (EEPCo). The EEP is also mandated to engage in feasibility studies, design and survey of electricity generation and transmission facilities. The EEP is the Contracting Authority responsible for signing and implementing a PPP Agreement. while as per regulation number 303/2013 art.5(2 & 3) EEU, is entitled to administer electric distribution networks, to purchase bulk electric power and sell electric energy to customers; as well as to initiate electric tariff amendments and, up on approval, to implement same.

## decisions and be affected by risks associated with Payment to the private party in the future."

Therefore, from all that we can infer that the perceived "less relevant" stakeholders were neglected. This notion of knowing "who is important" and giving them priority attention is malfunctioning and has the tendency to neglect other groups of stakeholders who can influence the project and its success and thereby undermine the successful delivery of project objective.

Range of likely	Ν	Mean
stakeholders		
Donors/project sponsors	25	4.68
Local Communities /traditional Authorities	25	4.36
Public authorities /government	25	4.76
• Beneficiaries Of EEP Clients /end users those that use the facility)	25	4.20
Similar line organizations	25	3.80
• Project community/ Internal project members and work force.	25	4.28
• Special interest groups/I; Environmental, cultural and gender protection group etc.	25	3.60
• Sister/line Projects Eg. EEU (Ethiopia Electric Utilities)	25	3.76
Contractors/ consultants	25	4.16
Domestic and International Financial     institutions /lenders	25	4.48
Insurance Companies	25	4.16

#### 4.3.1.2. Identifying interest and responsibility of SH in DSP

(Source: Computations from survey result, 2023)

	Identified SH and their level of						F	Tot
	interest to the project						R	al
							Q	%
		5	4	3	2	1		
1	Donors/project Sponsors	68 %	32 %	0%	0 %	4 %	25	100
2	Local Communities /traditional Authorities (residents and community geographically located around the project)	52	32	1 6	0	0	25	100
3	Public authorities/government	80	16	4	0	0	25	100
4	Beneficiaries Of EEP Clients /end users ( those that use the facility)	44	32	2 4	0	0	25	100
5	line organizations/	28	36	2 4	1 2	0	25	100
6	Project community/ project members and work force.	40	48	1 2	0	0	25	100
7	Special interest groups/I; Environmental, cultural and gender protection group etc.	16	36	4 0	8	0	25	100
8	Sister/line Projects I;e EEU (Ethiopian Electric Utilities)	16	52	2 4	8	0	25	100
9	Contractors/ consultants.	40	44	8	8	0	25	100
10	Domestic and International Financial institutions /lenders.	56	36	8	0	0	25	100
11	Insurance Companies.	32	52	1 6	0	0	25	100

Table 4.3.b: level of Interest and corresponding responsibilities of SH

(Source: Computations from survey result, 2023)

Prioritizing stakeholders help to clarify the question 'who is important'? (Henjewele et al., 2013). Mapping stakeholders relative to their importance and probable impact on a project should be done after identifying stakeholders and their interest (Bourne and Weaver, 2010; Rwelamila, 2010). The process helps to screen the different stakeholders and determine stakeholders whose interest, needs and concerns are genuine and important to the project.

According to the respondents; from Table 4.3 A and B, Public Authorities are identified as 80% highly interested with a mean score of (M=4.76); donors/project sponsors (M=4.68); Domestic and International Financial institutions /lenders (M= 4.48); Local Communities /traditional Authorities (residents and communities geographically located along the corridor of the project) (M=4.36); Project community/ project members and internal SH (M=4.28); Beneficiaries of EEP Clients /end users (those that use the facility) (M=4.20); Contractors/ consultants and insurance companies (M=4.16); followed by similar line organization (M=3.80); Sister/line Projects, i.e., EEU (Ethiopian Electric Utilities) (M=3.76); lastly Special interest groups, i.e., Environmental, cultural and gender protection groups etc. with a mean score of (M =3.6).

All the mean values of the relevant dimensions are greater than 3.50, which indicate the results are significant enough to draw the conclusion that the stakeholders identified have a significant interest and responsibility towards Dicheto solar PPP project. Hence public Authorities are identified to have very high level of Interest and corresponding responsibilities towards DSP followed by donors/project sponsors and domestic and international financial institutions while Sister/line Projects, i.e., EEU (Ethiopian Electric Utilities) and Special interest groups, i.e., Environmental, cultural and gender protection groups identified the last two SH to have significant interest and responsibility.

#### 4.3.1.3. Rationale for SH engagement

#### Why do you engage stakeholders in DSP? The rationale

	Reasons for participation in the DSP	%			Mean	Total %		
		5	4	3	2	1		
1	To satisfy legal/regulatory requirements	68 %	24 %	4 %	0 %	4 %	4.52	100
2	To address Ethical and moral requirements	52	32	8	8	0	4.28	100
3	To strengthen future partnership	48	40	4	0	8	4.20	100
4	To legitimize the project	72	20	8	0	0	4.64	100
5	To pacify stakeholders	32	44	12	12	0	3.96	100

**Table 4.4 Rationales for SH Engagement** 

As shown in table 4.4, The majority of the respondents, i.e., 68 % of them with Mean(M=4.52)strongly agreed that they only consulted with the project stakeholders mainly to comply with regulatory requirements, while the lion share, i.e., 72 % of them with Mean (M=4.64) responded the rationale are to legitimize the project. Furthermore, 52 % of the respondent (M=4.28) strongly agrees with addressing the ethical and moral requirement as the rationale while a few of them, i.e., 48 % (M=4.20) said they consulted with stakeholders to form and strengthen future partnership with them.

Overall, the result showed that project actors' rationale for managing and consulting with the project stakeholders are for the symbolism purpose, i.e., for the sake of procedure without believing in the need (because the law requires it or by doing so the project could get legitimacy).

How do you identify Stakeholders in DSP? Table 4.5. Methods for Stakeholder Identification									
Methods of SH Frequency Percent Valid Cumulative									
Identification			Percent	Percent					
• Project team brainstorming	3	12.0	12.0	12.0					
• stakeholder Forums	2	8.0	8.0	20.0					
• Combination of all	19	76.0	76.0	96.0					
• Other	1	4.0	4.0	100.0					
• Total	25	100.0	100.0						

#### 4.3.1.4 Method of Identifying SH

(Source: Computations from survey result, 2023)

As noted in the literature parts of this study (Ch.2), there are different stakeholder identification processes these include :-

A) Project team brainstorming - to identify some core relevant duty bearers as they are alternatively called, usually at the project team level

B) Stakeholder Forums - the project problem and objectives are discussed, roles identified, resources are assessed and more duty bearers are identified and tentative action plans made

C) Snowballing/through peers - used to reach out to more stakeholders; in some cases, checklists are developed and used in identifying Stakeholders and the last option is Combination of all using all options above.

From the above table 4.5 we can infer that majority of the respondent's 76% uses combination of all methods which includes Project team brainstorming, stakeholder forum, Only 4 % from the respondent answer that stakeholders were identified using stakeholder consultation plan.

Karlsen (2002) comprehends stakeholder identification as a second step that comes after the first step of initiation of the process. The identification process focuses on identification of stakeholders. According to him it includes both stakeholders that are involved in the project and potential stakeholders. There are several techniques that can support SH identification work, e.g., interviews with experts, brainstorming in group meetings, and the use of checklists.

The result indicates that these identified processes are not full of all stakeholder identification methods. The situation here gives a picture that majority of SH identification methods that the respondents employ are with predetermined stakeholders.

#### 4.3.1.5. Basis for Stakeholder Identification

What is/are the bases for the identification of a specific stakeholder for DSP?

Frequenc	Percent	Valid Percent	Cumulative Percent
У			

•	level of Influence	1	4.0	4.0	4.0
•	Similarity in Mission and vision based to the goals/targets of the project	2	8.0	8.0	12.0
•	Interest based	2	8.0	8.0	20.0
•	Combination of All	20	80.0	80.0	100.0
Τc	otal	25	100.0	100.0	

(Source: Computations from survey result, 2023)

From the above table 4.6 we can conclude that the finding clearly states that, majority of the respondent's 80% uses combination of all (level of Influence, Similarity in Mission and vision based to the goals/targets of the project and Interest based) As a bases for the identification of a specific stakeholder for DSP Which aligned with relative literatures relevant to the subject matter.

#### **4.3.1.6.** Stages of Stakeholder Identification

At which stage of time your project life do you identify stakeholders?

		Frequency	Percent	Valid	Cumulative
				Percent	Percent
	Prefeasibility stage	10	40.0	40.0	40.0
	Initiation Stage	5	20.0	20.0	60.0
Valid	Throughout project life	9	36.0	36.0	96.0
	feasibility stage	1	4.0	4.0	100.0
	Total	25	100.0	100.0	

Table: 4.7 stage and timing for Stakeholder Identification in DSP

(Sour ce:

#### Computations from survey result, 2023)

Identifying SH as a process involves defining and recognizing all those that have a stake or an interest in a project. Defining the groups or individuals that can affect or be affected by an organization's operation is the starting point (Freeman, 1984). Stakeholder identification is one of the first steps in the majority of the frameworks and models.

Having said that when asked about in which stage of time DSP they identify SH, the response shows that 40% of respondents mention that, the projects stakeholder identification process is done in prefeasibility stage ,36% of the respondents claim it is done throughout project life (from prefeasibility to completion stages of their projects).

20% of respondents mention the timing of SH identification is done in the initiation stage and the rest 4% of the respondents identify timing at project feasibility study stage. See Table 4.7

Yang et al. (2009) posit that the question of who the stakeholders are should be answered first before proceeding to other processes. thus the timing of stakeholder identification processes in existing literature tend to suggest that stakeholder identification is one-off and did not consider the long term nature of PPP projects. However, Henjewele et al. (2013) on the subject matter suggested the identification of stakeholders also to be at later stages of the PPP scheme.

#### 4.3.1.7 Critical determinant of Stakeholders.

What determines the status of a stakeholder as key in the DSP?

			Frequency	Percent	Valid %	Cumulative
						%
	•	influence over project resource	8	32.0	32.0	32.0
	•	stake on project deliverables	3	12.0	12.0	44.0
Valid	•	political influence	1	4.0	4.0	48.0
	•	Information access and control	1	4.0	4.0	52.0
	•	All	12	48.0	48.0	100.0
	Total		25	100.0	100.0	

 Table : 4.8 Critical determinants of Stakeholders Status

(Source: Computations from survey result 2023)

As it is shown in the discussion of literature in Chapter two, effective stakeholder management is essential for the success of PPP projects, and helps to build trust and credibility among stakeholders, leading to stronger partnerships and more successful outcome of the project.

The researcher agreed the view of Mitchel et al in noting that a stakeholder has power if it can impose its will in the relationship. Moreover, it is important to note that power is a variable and not in a steady state and could be acquired or lost. Legitimacy according to the authors implies that the actions of stakeholders are desirable within a system of norms, values and beliefs while urgency is defined as "the degree to which stakeholder claims call for immediate actions" (Mitchell et al., 1997, p. 867).

The finding shows that, 32% of the respondent use influence over project resources to identify their stakeholder; 12% of the respondents use stake on project deliverables based; 4% of the respondents use political influence based; 4% of the respondents use information access and control and the rest 48% of the respondents use combination of all.

The findings clearly states that, majority of the respondent's uses combination of all which includes level of influence over project resource, stake on project deliverables, political influence, Information access and control as critical for determining the status of a stakeholder as key in the DSP as shown in the table above.

Mitchell's et al. (1997) suggested dynamics of stakeholders is applicable in the context of managing stakeholders in PPP projects. This is due to the fact PPP projects are long-term contracts with complex relationship structure and potentially shifting responsibilities of the partners over time (Zou et al., 2014; De Schepper et al., 2014). Dynamics of stakeholders helps to understand the PPP interfaces that underline the changes of the partners' responsibilities and how it influences their roles in the management of external stakeholders.

Type of stakeholder		Attribute Possessed	Level of Stakeholders'	
			Salience	
Definitive Power		Legitimacy and Urgency	High	
Expectant	Dominant	Power and Legitimacy	Moderate	
	Dependent	Legitimacy and Urgency		
	Dangerous	Power and Urgency		
Latent	Dormant	Power	Low	
	Demanding	Urgency		
	Discretionary	Legitimacy		

Table 4.9: Summary of Stakeholder Typology and Level Salience

(Source: Mitchell's et al. (1997)

### 4.3.1.8. Stakeholder participation Purpose. What is the purpose of stakeholder's participation with regard to the type of SH in DSP?

A stakeholder can help bring a company's project or organization to completion by providing valuable support, insight, and resources. Understanding the role of the stakeholder can be crucial to achieving project success. A stakeholder's primary role is to help a company meet its strategic objectives by contributing their experience and perspective to a project. They can also provide necessary materials and resources. Their support is crucial to a successful project. According to stakeholder theory, if stakeholders don't like the results, the project can often be considered a failure, even if all goals were met.

	Identified SH type.	Purpos	e of par	ticipatio	n		Total
				informe	d		%
	2=Consult them						
		3=Invo	lve The	em at all	stages		
		4=Coll	aborate	during i	mpleme	ntation	
		5=Emp	ower th	nem			
		5	4	3	2	1	
1	Donors/project sponsors	0%	4%	48%	16%	32%	100
2	Local Communities /traditional Authorities (residents and communities geographically located along the corridor of the project)	0	0	0	100	0	100
3	Public authorities/government	0	28	36	36	0	100
4	Beneficiaries Of EEP Clients /end users (those that use the facility)	20	0	0	0	80	100
5	line organizations/	4	68	28	0	0	100
6	Project community/ project members and work force.	36	12	52	0	0	100
7	Special interest groups/I; Environmental, cultural and gender protection group etc.	32	0	0	0	68	100

Table 4.10: -purpose of stakeholder's participation with SHs type.

8	Sister/line Projects I;e EEU	0	84	4	0	12	100
	(Ethiopian Electric Utilities)						
9	Contractors/ consultants	0	0	24	76	0	100
10	Domestic and International Financial institutions /lenders	0	44	32	4	20	100
11	Insurance Companies	0	32	4	12	52	100

(Source Computations from survey result 2023)

From the pool of respondents asked to identify the purpose of SH participation with regard to their type of SH they respond as follows:-

The purpose of participating Donors/sponsors in to DSP according to 48% of the respondents is identified to involve them at all stages of the project life while 32% of them said to it is keep them informed. As to Local Communities /traditional Authorities, 100 % of the respondents unanimously said the purpose of participation is to just inform them about the project status. The respondents identify the purpose of involving Public authorities/government Equal amount of 36% goes to consult them and involve them at all stages. With regard to Beneficiaries of EEP Clients /end users (to whom the power is being produced) vast majority of the respondent 80% said the purpose is to keep them inform. The purpose of participating line organizations in to DSP according to 68 % of the respondent is said to be for future collaboration followed by to involve them at all stages by 28%. Regarding Project community/ Internal project members and work force. 52% of the respondent said the purpose is to involve them at all stages of the project life while 36% claim it is to empower them. Similarly for Special interest groups/I;e Environmental, cultural and gender protection group etc. 68% of respondent claim the purpose to *involve them at all stages* while 36% claim the purpose is to *Empower them*. As per 84 % the respondents, the purpose of Sister/line Projects I;e EEU (Ethiopian Electric Utilities) participation in DSP is said to collaborate for the future while 76% of them responded Contractors/ consultants participation plays a role for consulting them while the rest 24 % said it should be to Involve them at all stages of the project. As to Domestic and International Financial institutions /lenders 44% of them responded the purpose to be collaboration, followed by 32% to *involve them at all stages* and 20 % of them to claim the purpose is to keep them Informed. Finally 52 % of the respondents said

the purpose of Insurance Companies participation is *to keep them informed*, followed by 32 % to *collaborate for future* and 12 % of them replied *to consult them* about the project. To sum up according to their response, the level of stakeholder salience, to Public authorities /government, Donors/project sponsors, Project community/ Internal project members and work force. Domestic and International Financial institutions /lenders and Contractors/ consultants are 'high' with high legitimacy and urgency. While Insurance Companies, Special interest groups, similar line organizations and Sister/line Projects are considered to have 'moderate' level of salience. As to Beneficiaries of EEP Clients /end users and local communities and authorities they are considered to have 'low' level of salience to the project.

On conducting the survey and interviews, the participants were asked how they categorize stakeholders. Their response; contrary to literature, varies depending on their understandings. The overwhelming 54.3 % of respondents categorize SH based on their involvement, on the other hand 34.3 % of them bases their response on the bases of influence and power they have on project resources and decision making power. While 11.4% of respondents replied as there are no categories set rather they listed the possible stakeholders. However there seems to be consensus on who are the key stakeholders of the Dicheto solar project, in which the participants listed: government agencies and financial institutions internal stakeholders and consultants as stakeholders.

Overall assessment of the result shows that there are no clear cut criteria as to how to prioritize and as to how to categorize SH by respondents that will create a challenge in later stage of project life in addressing SH concern based on their interest and influence.

#### 4.3.2 Stakeholder Analysis in DSP

After Stakeholder identification, categorization and prioritization the Stakeholder analysis should be conducted since it helps discover what stakeholders need and expect from the project.

Every project has individuals who have some sort of interest or will be influenced by it the project stakeholders. Failing to engage with SH can have a direct influence on the project's success. Hence in order to be able to engage with SH successfully, there is a need to know exactly who they are, and that's when stakeholder analysis comes in place.

This view is shared by the overwhelming number of respondents (76%) who agreed on the necessity of Stakeholder analysis to projects success. However, the remaining, 24 % of the respondents revealed that stakeholder analysis was not an activity undertaken by the project management team of Dichato Solar PPP Project, as shown below: Table 4.11 which depict the project has no proper way of evaluating and understanding stakeholders from its perspective, or to determine their relevancy to the project.

#### 4.3.2.1. Stages of Stakeholder analysis.

Is stakeholder analysis an activity you undertake as part of your management processes?

Iable		memoraer r	ind you		
		Frequency	Percent	Valid	Cumulative
				Percent	Percent
	Yes	19	76.0	76.0	76.0
Valid	No	6	24.0	24.0	100.0
	Total	25	100.0	100.0	

**Table 4.11. Stakeholder Analysis** 

(Source *Computations from survey result* 2023)

When asked about which stage of project life is ideal for stakeholder analysis: More than half of the respondent, i.e, 52% identify the initiation stage as ideal stage, followed by 40% of them claiming it is an on-going activity of the project, while a few number of respondents choose the implementation and feasibility stage to be ideal time to undertake stakeholder analysis. See the Table 4.12 below

Stakeholder analysis is an ongoing process covering the whole project life. As the majority of respondents assume the IFC (2007) added that whilst doing this, it is important to keep in mind that the situation is dynamic and that both stakeholders and their interests might change over time, in terms of level of relevance to the project and the need to actively engage at various stages. It is frequently used during the preparation

phase of a project to assess the attitudes of the stakeholders regarding the potential changes.

#### 4.3.2.2 Timing of Stakeholder Analysis Which stage of project implementation is ideal for stakeholder analysis to be undertaken?

		Frequen	Percent	Valid %	Cumulative %
		су			
	initiation stage	13	52.0	52.0	52.0
	Implementation stage	1	4.0	4.0	56.0
Valid	on-going activity	10	40.0	40.0	96.0
	Feasibility	1	4.0	4.0	100.0
	Total	25	100.0	100.0	

 Table 4.12: Stakeholder analysis stages

(Source Computations from survey result 2023)

Theories suggest the best way to avoid issues and even project failure in the first place is to get your stakeholders involved in the early stages of your project and that process starts with analyzing your stakeholders. Therefore, Stakeholder analysis is not supposed to be a one-time process, especially if your project is designed for long time. People's interest in a project can change, and new stakeholders may be identified in a subsequent analysis that you would otherwise overlook.

**4.3.3**. Stakeholder Engagement and Communication in Dicheto solar PPP Once stakeholder analysis is complete, with the information gathered from the analysis, one can plan different strategies and choose the best types of communication to engage with SH based on the value they see in the project.

In order to extract respondent's understanding of stakeholder engagement, options were provided to the them containing: a process of working with stakeholders, a two-way dialogue process between project management and their stakeholders and an event to let stakeholders know what is/should be expected from and by them or the combination of all. The result as shown in Table 4.13 revealed that 20% of them responded it's a process of working with Stakeholders, 44% of them replied it's a two-way dialogue process between project management and their Stakeholders and only 12% of them claim it is an event to let Stakeholders know what is/should be expected from while 24% of the respondents prefer stakeholder engagement definition is best described by all.

#### 4.3.3.1 Understanding stakeholder engagement

What is the operational meaning of the term stakeholder engagement in the context of stakeholder management in your organization?

			Freque	Percent	Valid %	Cumulat
			ncy			ive %
	•	process of working with stakeholders	5	20.0	20.0	20.0
	•	A two-way dialogue process between project management and stakeholders	11	44.0	44.0	64.0
Valid	•	An event to let Stakeholders know what is/should be expected from and by them.	3	12.0	12.0	76.0
	•	All	6	24.0	24.0	100.0
	То	otal	25	100.0	100.0	

**Table: 4.13 Understanding of Stakeholder Engagement** 

(Source Computations from survey result 2023)

From this finding it is simple to conclude that, there are differences in the understanding of the term but there are commonalities in its application as the frequencies. According to International Finance Institute (2007), stakeholder engagement is emerging as a means of describing a broader, more inclusive, and continuous process between a company and those potentially impacted that encompasses a range of activities and approaches, and spans the entire life of a project as they all undertake it throughout the project life. Hence, the finding of this study aligned with the concept of International Finance Institute.

#### 4.3.3.2. Stages of Stakeholder Engagement

Project	Project stages I		Percent	Valid	Cumulativ
				Percent	e Percent
	Prefeasibility stage	10	40.0	40.0	40.0
	Initiation stage	3	12.0	12.0	52.0
Valid	Throughout the project cycle	12	48.0	48.0	100.0
	Total	25	100.0	100.0	

#### Table 4.14: Stage of to carry out stakeholder Engagement

(Source Computations from survey result 2023

As shown in previous table 4.14, a majority 48% of the respondents are select that the work closely with their stakeholder throughout project life which means from prefeasibility to completion stages of their projects, 40% of respondents mention that, the projects stakeholder engagement process is done in the prefeasibility stage of their projects, the rest 12% of the respondents identified stakeholders are engaged in the project initiation stage.

This finding reaffirm what IFC (2007) stated, it is important to keep in mind that the situation is dynamic and that both stakeholders and their interests might change over time, in terms of level of relevance to the project and the need to actively engage at various stages.

#### 4.3.3.3 Stakeholder communication Methods

Communication is generally recognized as vital to stakeholder management because an organization cannot manage and engage its stakeholders without communication (Al-Khafaji et al., 2010). Stakeholders have different interests at different times and they express these interests as they become aware of the potential impact the project will have on them. Effective communication helps in building and maintaining relationship with stakeholders. This process involves the development of communication channels and

ensuring that information generation, storage and dissemination of project information are carried out timely in an appropriate manner (Manowong and Ogunlana, 2010)

# Is communication plan part of your Stakeholder management process?

			L		
		Frequency	Percent	Valid	Cumulative
				Percent	Percent
	Yes	22	88.0	88.0	88.0
Valid	No	3	12.0	12.0	100.0
, and	Total	25	100.0	100.0	

**Table 4.15 Communication plan with Stakeholders** 

(Source Computations from survey result 2023)

As shown in Table 15: above, only 88 % respondents stated that stakeholder communication plan is part of their stakeholder management process. While the rest 12 % of the respondents claimed communication is not part of their management process.

Here PPP Guideline, one of the Ethiopian PPP legal frameworks requires for periodic announcements of PPP Projects status and relevant information thereof, approved by the PPP Board, communicating information about the implementation of PPP projects.(PPP Guideline, 2021pp ). Failure to do so is going against the legal frameworks of PPP.

If yes, how do you ensure it?

Communication Methods		Frequency	Percent	Valid Percent	Cumulative Percent
Wietho	us		_	Tercent	Tercent
	Meetings	4	16.0	16.0	16.0
	Reporting	0	0	0	0
Valid	Both	21	84.0	84.0	100.0
	Other	0	0	0	0
	Total	25	100.0	100.0	

Table4. 16 Stakeholder Communication Method

(Source Computations from survey result 2023)

According to Wysocki, 2014, at the heart of many of the top ten reasons why projects fail is poor communications. Taking note of that the participants were asked the methods of communication with stakeholders during DSP. Their responses, as portrayed in table 4.16., shows the various forms and the numbers of projects sharing similar or same ways of communicating with their Stakeholders. It is clearly shown that, majority of the respondents, i.e., 84%, indicate that they use both meeting and reporting in combination at the same time and the remaining 16% of the respondents indicated that they use meeting. The respondents also asked to mention other stakeholder communication methods not included in the options they mentioned; conferences, workshops and forums. A discussion with interviewee # 1

"The PPPDG together with international consultant of IFC developed a website that allows potential bidders to gather information about the PPP pipe line projects including Dicheto solar PPP Projets."

A discussion with Interviewee # 5

"...other means of communication includes periodic reports to and among project owner and PPPDG and the board."

A discussion with Interviewee #3

.. the means of communication in the project was based on SH need. For local communities and Authorities we use meetings and conferences while for public authorities reports were the appropriate means. However as to the regularity of communication the respondent claim the CA does not follow the appropriate frequencies to communicate SH even if the PPP Guideline requires it so.

The regularity of stakeholder communication depends on the importance of the stakeholder for the project, the required and appropriate frequency, manner and timing. The more important the stakeholder is, the more structured the communication should be planned and carried out.

Therefore as the cumulative response showed there seems to be a communication plan that was put in place on Dicheto solar ppp project. However the communication plan should not be one fits all kind of plan with a limited time implementation since the Ethiopian PPP legal framework (PPP Guideline, 2021,pp61) required the PMT to Design a PPP Stakeholder Consultation Plan for communicating with and consulting each of relevant stakeholder groups, provide relevant information on the project status to the stakeholders on key issues and Identify relevant stakeholder consultation mechanisms based on that develop a PPP Project Stakeholder Consultation Plan, for each Phase of the PPP project cycle.

#### 4.3.4 Stakeholder management in Dicheto solar PPP

Stakeholder management is the process of organizing, monitoring and improving relationships with in stakeholders. It involves systematically identifying stakeholders; analyzing their needs and expectations; and planning and implementing various tasks to engage with them.

Bickerstaff et al. (2002) note that inclusivity; transparency, interactivity and continuity are key principles that enable an effective stakeholder management. The authors note that inclusivity refers to the capacity to include any citizen and the flexibility of participation while transparency refers to the extent to which outcomes of the participation process are clearly reported to the participants. Interactivity refers to the level and types of interaction between the public authorities and the citizens, while continuity is the level to which the participation process is ongoing throughout the project.

El-Gohary et al. (2006) stated that transparency of the stakeholder management exercise is vital to its success.

Is there a unit in your organization that is responsible for stakeholder management

		Frequency	Percent	Valid	Cumulative
				Percent	Percent
	Yes	13	52.0	52.0	52.0
Valid	No	12	48.0	48.0	100.0
	Total	25	100.0	100.0	

 Table 4.17 Stakeholder management unit

#### (Source Computations from survey result 2023)

As stated above, communication among the various stakeholders groups both internal and external is vital in the stakeholder management step.

According to Interviewee #5:

... To ensure that this vital component in the stakeholder management step is properly managed, though not effective, there is an established channel for information dissemination and interaction within the government agencies and between the contracting authority and SH.

The question that still remains is that: Is there a unit in your organization that is responsible for stakeholder management, managing Relationships and communications within and among SH?

Table 4.17, above reveals that the response is almost split in half, i.e., 52% of the respondent claiming they have a unit which is responsible for stakeholder management of relationships and communication while the rest which number closes to 48% claim they do not have such unit in the organization.

To the latter respondents the following questions were asked: if there is no unit, then who performs SHM and communications in the organizations, as show in table 4.18.A 66.7% of the respondents replied that it is currently conducted by project managers; while the rest 33.3 % of the respondents identified that it is done by all team members of the project collectively.

Then asked if they plan to have SHM unit; 58.3% of them responded yes as contrast to the remaining 41.7% of the respondent who claim the way it's done so far is satisfactory as a result there is no need to have a unit. See table 4.18 B.

Contrary to these respondents' answers, one the legal framework of PPP, the guideline requires a development of a Stakeholders' Feedback Tracker Report. For each phase of the PPP project, this will list and categorize comments from stakeholders and indicate how their feedback was incorporated in the lifecycle of the project. This activity should be done by PMT in addition to developing a consultation plan and sort out best mechanisms for consultation on key issues with SH.(PPP Guideline ,2021pp 62)

The findings from the above discussion shows Lack of communication or poor communication can create concerns which, although unsubstantiated, may undermine the success of a project. Therefore it is necessary to bring information to the forefront and properly evaluate and transmit it using proper channel to all of relevant stakeholders covering all the project aspects in its lifecycle. If no, who performs the stakeholder management function in your organization?

	•	Frequ	Percent	Valid
		ency		%
	Project Manager	8	32.0	66.7
Valid	All team members	4	16.0	33.3
	Total	12	48.0	100.0
Missing	System	13	52.0	
Total		25	100.0	

 Table
 4.18 Responsible unit for stakeholder management

(Source Computations from survey result 2023)

Finding of the respondents reveals that there is lack of clarity and inconsistency in understanding between the respondents as to the availability and the need of stakeholder management practice in Dicheto solar ppp project.

Literature review from Chapter two shows Stakeholder management activities ensure to improve project's relationships with its stakeholders in order to achieve its intended objectives. A Stakeholder Management Plan is a document that outlines appropriate management strategies to effectively engage stakeholders throughout the lifecycle of the project, based on the analysis of their needs, interests and potential impact on project success.

Since SHM is critical success factor for every project the researcher opt to incorporate critical success factors of stakeholder's management in to the questioner so as to understand and pin point the respondents understanding, experiences and problem they face during Dicheto solar PPP project.

# 4.3.4.1. Critical success factor of stakeholder management in Dicheto solar PPP

Critical Success Factors (CSFs) for stakeholder management as an approach was first developed by Rockart (1979). Based on Cleland and Ireland (2002), 12 critical factors for SH Management were identified in which the researcher adopted and the respondents were asked to rate their responses based on their experience in Dicheto solar PPP Project.

	Critical Factors to the success of Stakeholder						Mean	Total
	Management in PPP							%
					_			
		5	4	3	2	1		100
1	Formulating a clear statement of PPP project mission.	72	20	8	0	0	4.64	100
2	Assessing stakeholder attributes (power, urgency, and proximity)	56	36	8	0	0	4.48	100
3	Properly identifying stakeholders, Communicating and engaging them properly and frequently.	72	20	8	0	0	4.64	100
4	Formulating appropriate strategies for the management of stakeholders	76	24	0	0	0	4.76	100
5	Managing stakeholders with social responsibilities (economic, legal, environmental, and ethical)	76	20	4	0	0	4.72	100
6	Exploring stakeholder needs and project constraints	64	32	4	0	0	4.60	100
7	Analyzing the changes in stakeholder influences and relationships	52	48	0	0	0	4.52	100
8	Accurately predicting the influence of stakeholders	52	48	0	0	0	4.60	100
9	Understanding area of stakeholder interest in the life cycle of the project	60	28	8	4	0	4.44	100
10	Analyzing conflicts and coalitions among stakeholders	40	60	0	0	0	4.40	100
11	Effectively resolving conflicts between stakeholders	52	44	4	4	0	4.48	100
12	Keeping and promoting a good relationship	68	32	0	0	0	4.68	100

#### **Table4.19: Critical success Factors in DSp**

#### (Source Computations from survey result 2023)

According to respondents; formulating appropriate strategies for the management of stakeholders with a mean score of (M=4.76) ranks first. 76% of the respondents strongly agree and 24% of the respondents agrees therefore, is considered as an extremely influential factor to the success of stakeholder management followed by managing stakeholders with social responsibilities (economic, legal, environmental, and ethical) with a mean score of (M=4.72.) 76% of respondent strongly agreed and 20% of the respondents agree, which makes it the second most influential factor. Keeping and promoting a good relationship with a mean score of (M=4.68), in which 68% of the respondent strongly agreed while 32 % they just agree. Both formulating a clear statement of PPP project mission and properly identifying stakeholders take 4<sup>th</sup> place with a mean score of (M=4.64), in which 72% of the respondents strongly agreed and 20% they just agree. Next in the scales come exploring stakeholder needs and project constraints and accurately predicting the influence of stakeholders with a mean score of (M=4.60) Here, 64% of the respondents strongly agreed and 32% agree; also 52% strongly agree and 48% agree respectively. According to the respondents the least influential factors are analyzing conflicts and coalitions among stakeholders and understanding area of stakeholder interest in the life cycle of the project, with a mean of (M=4.44) and (M=4.40) respectively.

The respondent's data produced showed All the mean values of the relevant dimensions are greater than 3.50, i;e the mean for all 12 CSFs ranging from (=4.40 to =4.76,) which indicates the results are significant enough to draw the conclusion that those 12 factors are considers to be very influential critical factors for stakeholder management in DSP as well as PPP projects.

The analysis of respondent's answers reveals that the top four ranked most influential CSF for stakeholder management in DSP is found to be *Formulating appropriate* 

strategies for the management of stakeholders, Managing stakeholders with social responsibilities (economic, legal, environmental, and ethical), Keeping and promoting a good relationship, Formulating a clear statement of PPP project mission and Properly identifying stakeholders, Communicating and engaging them properly and frequently respectively.

Here it is appropriate to inquire if those factors were identified as most influential CSF for DSP successes were they dealt with accordingly in the project? To this effect previous discussion and findings from the quantitative data were cross checked and their results are testament as to those four top CSF factors were not properly dealt with in order to reach project success.

To further the discussion qualitative data from the open questions and interviews fortified the above findings.

The identification and involvements of some of the SH such as some government agencies were statutory because the project had to fulfill certain regulatory requirements due to its scope.

As explained by a interviewee #3

...For example, Ethiopian Environment Authority is statutorily required to regulate and supervise Environmental Impact Assessment (EIA) studies. Subsequently, the contracting Authority in-charge of the PPP project (EEP) must invite EIA a public agency as a stakeholder other than that there was no clear stakeholder management and communication strategy

Interviewee # 4: points out

The Selection of Dicheto Solar Pv as one of the 29 potential projects to be procured under PPP arrangement by PPP DG was believed to immensely contribute for the economic development of the country. ...[all Pipe line projects were screened and selected by PPPDG backed by political decision of the government without involving and consulting relevant Stakeholders during project selection stage] ...

Interviewee # 6: reflected

... There was no consultation to SH during the planning, conception of the Dicheto solar PPP project. However once the project is selected as PPP, the external consultant IFC, who was recruited by WB to conduct the feasibility study for EEP tried engaging some SH including local authorities and communities. Efforts were made to communicate about the project and the benefits it will provide to them.

Interviewee# 7: added

..as a democratic country Government too needs to be transparent as to how the PPP pipe line projects are selected ..[Many efforts must be given in to disclosing relevant information and explaining the benefits of PPP scheme. because anything short of it can have negative impacts on projects.

From the above statements one could infer that both internal and external stakeholders' lack of knowledge of PPP which is primarily due to the novelty of the PPP scheme in Ethiopia as This, if not addressed well, could affect stakeholders' perception and outcome of the project.

It is well established that Stakeholder identification and management is important in all projects, but in PPPs it may also be necessary to communicate with stakeholders properly and frequently about the fact that the project is a PPP and the implications this may have. In case at hand, the key stakeholders might neither know nor care that the project is a PPP, but communication with them and gaining their support can be vital to a project's success.

#### 4.3.5 Challenges in Dicheto solar PPP Stakeholder Management

From the open questions and interview responses, there are different challenges faced in Dicheto solar PPP Project in managing project activities as well as stakeholders.

According to Interviewee # 5:

The biggest challenge that DSP faces was rigid Macro-economic policy of Local Financial institution, I;e National Bank Of Ethiopia (NBE). the challenge was the winner of the bid, International private party demanded guarantee of the availability and convertibility of Foreign Exchange Money as well as the wiring of Off-shore account in which the Ethiopian government unable to do so.

From this statement one could learn that before implementing PPP Scheme the first step should be making sure there is fertile environment that enable a successful implementation of Projects.

Interviewee # 2 said:

Something like this [PPP projects] has not been done in Ethiopia. This is the first of this kind of project in Ethiopia, so you can imagine the level of acceptance. Most of SH don't even understand what you are talking about when you speak about PPP projects. Sometimes that even includes higher officials.

Moreover, Interviewee # 1 said that

A major challenge is that for something that is new (PPP) you still need to try to educate the people and change their perception towards your goal... [Prior to going in to implementation of PPP pipeline projects intensive capacity building should be provided to PPPDG experts to enhance experts and organization capacity, There should also be development of relevant

PPP Framework set in place designed to foster and Guide the development of PPPs so as to achieve the intended outcome The above statements indicate that during the development of PPP pipeline projects and commencement of DSP there was institutional capacity gap with in PPPDG as well as all relevant legal frameworks were not enacted/developed that have the potential to foster smooth project delivery.one could also infer the need to raise PPP awareness among stakeholders through education is necessary. To this effect, the researcher finds out within its limited capacity PPPDG used to have an organization framework comprised of department for Capacity building and Knowledge management under its structure as per the PPP Proclamation. However, a restructuring that was going on in MOF merged the department with other departments contrary to what the Proclamation provided.

The other major challenge faced during DSP according to Intereviwee#3 was the issue of compensation.

It's clear that local communities had two main interests in the project. These interests are: payment of compensation for the properties affected by the project; and getting employment opportunity and benefit from the social responsibility of the project. Meanwhile, high amount compensation payment demand by the property owners poses another challenge.

To sum up, the challenges that are related to the legal, institutional and practical identified in DSP are summarized as follows:

- ✓ Lack of proper participation of Relevant SH in PPP law drafting and revision process of. (eg .Regional government.)
- ✓ The fact that PPP policy in its scope of application seems to be confined to the federal government, create lack of similar understanding and ownership towards PPP program implementation between Federal and regional Authorities.
- ✓ The frameworks are not supported by other subsidiary directives and/or guidelines on government support, value for money, public interest, stakeholder consultation, and public disclosure requirements, issues on PPP projects.
- ✓ Lack of SHM unit within the CA organization and poor organization and management efforts towards SH engagement for IPP/PPP projects.
- ✓ Non availability of well documented and updated data handling of SH engagement activities and No documentation regarding lesson learnt in CA,

(Poor institutional Memory)

- ✓ Uncontrollable Need of stakeholders. Some of their needs cannot be answered by Project owner's capacity only.
- ✓ Capacity and knowledge Gap about PPP among the CA and PPPDG who are responsible for the successful implementation of the project at hand and PPP pipeline projects as a whole respectively.
- ✓ High trained staff turnover and volatile structure with in CA and PPPDG.
- ✓ Lack of access to finance, Rigid /strict financial policy especially foreign currency regulations, (Guarantee provision, Convertibility and availability of foreign exchange).
- ✓ Lack of strong and frequent communication with stakeholders to coup-up with their ever changing power, urgency and interest.
- ✓ Lack of coordination between different SH both internal and external to the Project.(loose relationship)
- ✓ Loose effort towards stake holders engagement and follow-up
- ✓ Delay in decision making (government bureaucracy) and politically charged decision making.

In Aggregate, the majority of the respondent's response in the open questions and interviews regarding challenges faced during DSP lifecycle the result conveyed that lack of subsequent regulatory frameworks, infant institutional capacity, underdeveloped skills and knowledge of internal stakeholders, timing of stakeholder management, rigid Macro-economic policy of Local Financial institution, and delay in decision making are identified as the major challenges that resulted in determining the success or failure of DSP.

#### **CHAPTER FIVE**

#### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Summary of major findings

Summaries of the major findings of the study are presented below.

In order to meet the objectives of the study, it was intended to collect a primary data from 25 respondents. the findings retrieved from demographic background reveals that the minimum educational qualification acquired was bachelor's degree and the highest Doctoral degree while 56 % of them have more than 10 years of experience in the field which entail all of the respondents have the qualifications as well as ample experience that enable them to examine and investigate the questions presented by analyzing situations and respond properly.

#### 5.1.1. Stakeholder Identification, Classification and Relevance in DSP.

Results from the survey retrieved showed that from the range of Identified SH such as Donors/project Sponsors, Domestic and International Financial institutions /lenders Project community/( external SH) and project members and work force ( internal SH ) are considered highly relevant stakeholders in Dicheto Solar PPP project while special interest groups( Environmental, cultural and gender protection groups) with Mean (M=3.6) and sister line organizations EEU (Internal SH ) with a mean score of (M=3.36) score relative low score of mean which shows they are not really significant Stakeholder. Further analysis of qualitative data reveals that the perceived "less relevant" stakeholders were neglected. This notion of knowing "who is important" and giving them priority attention is malfunctioning and has the tendency to neglect other groups of stakeholders who can influence the project and its success and thereby undermine the successful delivery of project objective.

In order to prioritize SH of DSP respondents were asked to put in to scale their level of Interest and corresponding responsibilities the findings were public Authorities are identified to have very high level of Interest and corresponding responsibilities towards DSP followed by donors/project sponsors and domestic and international financial institutions while Sister/line Projects, i.e., EEU (Ethiopian Electric Utilities) and Special interest groups, i.e., Environmental, cultural and gender protection groups were identified the last two SH to have significant interest and responsibility.

The study reveals that stakeholder identification, classification and relevance responses indicate the notion of knowing "who is important" and giving them prime attention is malfunctioning and has the tendency to neglect other groups of stakeholders who are considered "less relevant" but can influence the project and its success and thereby undermine the successful delivery of projects due to difficulty to identify the "invisible" stakeholder.

#### 5.1.2. The Rationale, Methods, and Timing of SH Identification

Regarding the rationale of SH engagement in DSP from the possible reasons listed ,the overall result showed that project actors' rationale for managing and consulting with the project stakeholders are for symbol without any purpose, i.e., because the law requires it or by doing so the project could get legitimacy.

Methods for Stakeholder Identification as per majority of the respondent 76% uses combination of all methods which includes Project team brainstorming, stakeholder forum, Only 4 % from the respondent answer that stakeholders were identified using stakeholder consultation plan.

According to Karlsen (2002) there are several techniques that can support SH identification work, e.g., interviews with experts, brainstorming in group meetings, and the use of checklists.

Therefore the result indicates that these identified processes are not full of all stakeholder identification methods. The situation here gives a picture that majority of SH identification methods that the respondents employ are with predetermined stakeholders.

Majority of the respondent's 80% uses combination of all (level of Influence, Similarity in Mission and vision based to the goals/targets of the project and Interest based) As a

bases for the identification of a specific stakeholder for DSP Which aligned with relative literatures relevant to the subject matter.

When asked about in which stage of time DSP respondents identify SH, the response shows that 40% in prefeasibility stage ,36% done throughout project life (from prefeasibility to completion stages of their projects). 20% the initiation stage and the rest 4% of the respondents identify timing at project feasibility study stage.

Yang et al. (2009) posit that the question of who the stakeholders are should be answered first before proceeding to other processes. thus the timing of stakeholder identification processes in existing literature tend to suggest that stakeholder identification is one-off and did not consider the long term nature of PPP projects. However, Henjewele et al. (2013) on the subject matter suggested the identification of stakeholders also to be at later stages of the PPP scheme.

## 5.1.3. Critical determinants of Stakeholders Status and purpose of stakeholder's participation

The findings retrieved from the respondents clearly showed that, majority of the respondent's uses combination of all which includes level of influence over project resource, stake on project deliverables, political influence, Information access and control as critical for determining the status of a stakeholder as key in the DSP.

The researcher agreed the view of Mitchell's et al. (1997) in noting that dynamics of stakeholders is applicable in the context of managing stakeholders in PPP projects. This is due to the fact PPP projects are long-term contracts with complex relationship structure and potentially shifting responsibilities of the partners over time (Zou et al., 2014; De Schepper et al., 2014).

From the pool of respondents asked to identify the purpose of SH participation with regard to their type of SH given the choice of Purpose of participation to determine their salience as (1= Keep them informed, 2=Consult them,3=Involve Them at all stages, 4=Collaborate during implementation, 5=Empower them,) their response, sums up as the level of stakeholder salience, to Public authorities /government, Donors/project sponsors, Project community/ Internal project members and work force. Domestic and

International Financial institutions /lenders and Contractors/ consultants are 'high' with high legitimacy and urgency. While Insurance Companies, Special interest groups, similar line organizations and Sister/line Projects are considered to have 'moderate' level of salience. As to Beneficiaries of EEP Clients /end users and local communities and authorities they are considered to have 'low' level of salience to the project.

Furthermore On conducting the survey and interviews, the participants were asked how they categorize stakeholders. Their response; contrary to literature, varies depending on their understandings. The overwhelming 54.3 % of respondents categorize SH based on their involvement, on the other hand 34.3 % of them bases their response on the bases of influence and power they have on project resources and decision making power. While 11.4% of respondents replied as there are no categories set rather they listed the possible stakeholders. However there seems to be consensus on who are the key stakeholders of the Dicheto solar project, in which the participants listed: government agencies , financial institutions internal stakeholders and consultants as stakeholders.

Having said that overall assessment of the result shows that there are no clear cut criteria as to how to prioritize and as to how to categorize SH by respondents that will create a challenge in later stage of project life in addressing SH concern based on their interest and influence

#### 5.1.4. Stakeholder Analysis, Timing and Relevance

Regarding Stakeholder Analysis, the finding is that the overwhelming share, i.e., 76% of the respondents agreed that it is necessary to carry out stakeholder analysis since projects involve different participation as stakeholders; however, the remaining respondents, i.e., 24 % claimed stakeholder analysis was not an activity undertook by the project management team of the project under study, which depict the project has no proper way of evaluating and understanding stakeholders from its perspective, or to determine their relevancy to the project.

Overall assessment of the result shows that there are no clear cut criteria as to how to prioritize and as to how to categorize SH by respondents that will create a challenge in later stage of project life in addressing SH concern based on their interest and influence.

Regarding the timing of stakeholder analysis; there seems to be a variance in understanding among the respondents, specifically which stage is ideal to conduct stakeholder analysis. The findings show that 52% the respondents deliberate that the initiation stage as ideal stage, followed by 40% of the respondents which claim it is an on-going activity of the project.

Stakeholder analysis is an ongoing process covering the whole project life. As the majority of respondents assume the IFC (2007) added that whilst doing this, it is important to keep in mind that the situation is dynamic and that both stakeholders and their interests might change over time, in terms of level of relevance to the project and the need to actively engage at various stages. It is frequently used during the preparation phase of a project to assess the attitudes of the stakeholders regarding the potential changes.

Stakeholder analysis is not supposed to be a one-time process, especially if your project is designed for long time. People's interest in a project can change, and new stakeholders may be identified in a subsequent analysis that you would otherwise overlook.

#### 5.1.5.. Stakeholder Engagement and Communication in Dicheto solar PPP

In order to extract respondent's understanding of stakeholder engagement, options were provided to the them containing: a process of working with stakeholders, a two-way dialogue process between project management and their stakeholders and an event to let stakeholders know what is/should be expected from and by them or the combination of all. The result as revealed that 20% of them responded it's a process of working with Stakeholders, 44% of them replied it's a two-way dialogue process between project management and their Stakeholders and only 12% of them claim it is an event to let

Stakeholders know what is/should be expected from while 24% of the respondents prefer stakeholder engagement definition is best described by all.

Based on their response it is valid to conclude that, there are differences in the understanding of the term but there are commonalities in its application as the frequencies. According to International Finance Institute (2007), stakeholder engagement is emerging as a means of describing a broader, more inclusive, and continuous process between a company and those potentially impacted that encompasses a range of activities and approaches, and spans the entire life of a project as they all undertake it throughout the project life. Hence, the finding of this study aligned with the concept of International Finance Institute.

With regard to communication, all respondent reflect that the process is important. Majority of the respondents, i.e., 88%, stated that there is a communication plan in the organization. To ensure the communication, they said they use various ways which are: Meetings, Reporting and both (Meeting and Reporting). Moreover, from these means of communication, the majority of respondents, i.e., 84%, said they use both meeting and reporting methods and they also mention other stakeholder communication methods not provided as options; websites, conferences, workshops and periodic reports.

The regularity of stakeholder communication depends on the importance of the stakeholder for the project, the required and appropriate frequency, manner and timing. The more important the stakeholder is, the more structured the communication should be planned and carried out.

However the communication plan should not be one fits all kind of plan with a limited time implementation since the Ethiopian PPP legal framework required the PMT to Design a PPP Stakeholder Consultation Plan for communicating with and consulting each of relevant stakeholder groups, provide relevant information on the project status to the stakeholders on key issues and Identify relevant stakeholder consultation mechanisms based on that develop a PPP Project Stakeholder Consultation Plan, for each Phase of the PPP project cycle.

Regarding the availability of institutional unit that is responsible for stakeholder management (managing Relationships and communications), the finding shows that the

response is almost split in half, i.e., 52% to 48% and in which the respondent claim they have a unit which is responsible for stakeholder management relationships and communication which claim they do not have such unit in their organization respectively. From the pool of respondent who claim there is no unit in the organization, when asked their opinion about having SHM unit, 58.3 % of them respond yes while the remaining 41.7% of the respondent claimed that the way it's done so far is satisfactory as such there is no need to have a unit.

Interview results also show that Project Communication management in the projects lack integration with stakeholders. Moreover, despite the fact that the legal framework of PPP demands a periodic announcements of Information to SH with the approval of PPP Board, communicating information about the implementation of PPP projects. availability of information to stakeholders as well as collection and dissemination of performance information; and generating, gathering, and disseminating information in phases are performed with low coordination and there is no institutional memory or documentations available as to lesson learnt from the project.

Lack of communication or poor communication with SH can create concerns which, although unsubstantiated, may undermine the success of a project. Therefore it is necessary to bring information to the forefront and properly evaluate and transmit it using proper channel to all of relevant stakeholders covering all the project lifecycle.

The finding of the respondents reveals that there is lack of clarity and inconsistency in understanding between the respondents as to the availability and the need of stakeholder management practice in Dicheto solar ppp project.

#### **5.1.6.** Critical success factors of SH

The analysis of CSF for SH response data produced All the mean values of the relevant dimensions are greater than (=3.50), i;e the mean for all 12 CSFs ranging from (=4.40 to =4.76,) which indicates the results are significant enough to draw the conclusion that these 12 factors are very critical factors for stakeholder management in DSP.

The respondent's data produced showed All the mean values of the relevant dimensions are greater than 3.50, i;e the mean for all 12 CSFs ranging from (=4.40 to =4.76,) which

indicates the results are significant enough to draw the conclusion that those 12 factors are considers to be very influential critical factors for stakeholder management in DSP as well as PPP projects.

The analysis of respondent's answers reveals that the top four ranked most influential CSF for stakeholder management in DSP is found to be *Formulating appropriate* strategies for the management of stakeholders, Managing stakeholders with social responsibilities (economic, legal, environmental, and ethical), Keeping and promoting a good relationship, Formulating a clear statement of PPP project mission and Properly identifying stakeholders, Communicating and engaging them properly and frequently respectively.

Here it is appropriate to inquire if those factors were identified as most influential CSF for DSP successes were they dealt with accordingly in the project? To this effect previous discussion and findings from the quantitative data were cross checked and their results are testament as to those four top CSF factors were not properly dealt with in order to reach project success. Furthermore qualitative data discussion from the open questions and interviews fortified the above findings.

It is well established that Stakeholder identification and management is important in all projects, but in PPPs it may also be necessary to communicate with stakeholders properly and frequently about the fact that the project is a PPP and the implications this may have. In case at hand, the key stakeholders might neither know nor care that the project is a PPP, but communication with them and gaining their support can be vital to a project's success.

#### 5.2. Conclusion

In sum, bridging infrastructure deficits through the application of PPPs requires the support of all stakeholders since PPPs combine the best of both worlds; public sector regulatory and supervisory capacity and private sector's managerial expertise and finance to procure public infrastructure (Amadi et al., 2014).

Therefore, from all the above shreds of evidence, it is pertinent to conclude that Ethiopian PPP legal and policy frameworks are not viable enough for sustainable infrastructure investment and enhancing public service delivery. In lieu of the following shortcomings found out in the policy, legal, and institutional frameworks as well as practice.

The PPP policy was not inclusive of regional states and the framework doesn't provide space for stakeholders and their engagement mechanisms. This could be one major downside of the policy possibly hindering its implementation. Since PPPs are technically complex, comprising various stakeholders, each with conflicting objectives, changing power, legitimacy and influence frameworks should ensure that the objectives of the public and private sectors are aligned.

In the realm of PPPs, stakeholder management and engagement considered inclusivity, transparency, interactivity, and continuity as key principles that enable the successful implementation of stakeholder management strategy or engagement (Bickerhoff et al (2002)).

Henceforth, the success of a PPP pipeline projects may be affected if due consideration to stakeholders is not given. To that end if relevant stakeholders are not properly identified, managed, communicated and controlled, the fate of a project will be unsuccessful to achieve its objectives.

In Aiming to achieve the objective of the study, by assessing stakeholder management in PPP projects on DSP, the findings of the study shows that PPP policy is a basic document directing or guiding governmental functions on PPP projects and the PPP proclamation, the policy document should have been followed by a strategy document setting PPP implementing frameworks across different sectors of the economy and government contracting authorities, in addition the frameworks are not supported by other subsidiary directives and/or guidelines on public interest, stakeholder consultation, and public disclosure requirements due to dearth of the necessary legal framework, they failed to fully implemented. Furthermore, with weak institutional framework that lacks transparency, institutional framework and capacity, inadequate skills and knowledge regarding PPP schemes, strict foreign currency

regulations and rigid financial policies and delay in decision making brought the termination of the Dicheto solar PPP Project even before it reach a contract signing stage, hence become unsuccessful PPP Pipe line project.

#### 5.3. Recommendations.

The analysis of stakeholder management practice in Dicheto solar PPP Project (DSP) shows a deviation with that of theoretical aspect of the knowledge area. On which the Contracting Authority and PPPDG should recognize and stretch greater emphasis to the identified gaps and ensure the effective management of its project stakeholder management practice.

Thus, based on the finding of the study the following recommendations are forwarded, pinpointing the focal points that would be helpful to the rest Pipeline project stakeholder management in fruitful directions for successful project implementation.

- ✓ The newness of a structured PPP program to Ethiopia and the requirement of complex negotiations with giant private sectors demand the government to develop a considerable expertise as well as institutional capacity to deliver it's task which, if not done well, potentially will impair PPP performance.
- ✓ Though the public interest has been included as one of the three key principles in the policy, still it may not be enough to its realization unless the means to protect it is devised in a separate policy document. As with other big agendas in PPPs (government support, VFM, risk allocation, etc.) the protection of public interest needs a separate guideline in its directive.
- ✓ To prevent the likelihood of project failure, stakeholder management and engagement should be included in PPP policy frameworks. Thereby, it is possible to ensure stakeholder identification and analysis, information disclosure, stakeholder consultation, negotiation and partnerships, grievance management, stakeholder involvement in project monitoring, reporting to stakeholders, and management functions.

- ✓ There is a Need to allot a separate stakeholder management organizational unit in contracting authorities as well as sector specific stakeholder management unit in PPPDG delegated with the complex task of project stakeholder management over the full PPP project development life cycle.
- ✓ In stakeholder management, communication is the most important success factor since there is the need to build stronger collaborative relationship through continuous engagement and information sharing as well as harmonization of stakeholder plans at all levels. So as to facilitate the fulfillment of this strong demand a well-designed and appropriate communication plan and method should always be in place from the earliest possible development stage of every project which should include information management system that enhance institutional memory.
- ✓ Institutional as well as personnel capacity must be strengthen including Intensive capacity buildings and trainings to be provided to strengthen the skills and knowledge of both internal and external stakeholders regarding PPP schemes and their process.

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# APPENDIX-A List of Questionnaire Item

# Questionnaire

#### Dear sir/Madam

My name is Seblework Tariku. I am currently doing my post graduate studies in Project Management at ST.MARY'S UNIVERSITYSCHOOL OF GRADUATE STUDIES .I have finished my course work and now I am doing my MA Project work entitled: "Stakeholder Management in Public Private Partnership (PPP) Projects in Ethiopia; case of Dichetu solar project (DSP)". I believe that your work experience will greatly contribute to the success of my project work. So it's with great respect that I ask you to fill this questionnaire. I guarantee that your identity will be kept confidential and the data and information you provide only be used for academic purposes. I will be happy to share the findings of this research when it's completed.

Thank you in advance for taking your precious time to fill this questionnaire. Please try to answer all the questions openly, as your answers will have an influence on the outcome of the research. Your time will greatly contribute to the growth and advancement of knowledge in the project stakeholder management.

**Note:** dear Respondent, last but not least, you are also encouraged to speak up or write down any other additional thoughts you may have on the Ethiopian PPP frameworks and practices with regard to stakeholder management. Please contact me via seblewtar@gmail.com and/or via telephone +251911665761.With best Regards,

Thank you for your cooperation!

**Introduction:** This tool is designed and used to collect data that conveyed the real practice and challenges of stakeholder management under PPP projects.

**Instructions** herein below are open and closed-ended and mixed questions. Respondent are kindly asked to answer from their expertise, perspective and experience gained on PPPs in general and Stakeholder management on the Ethiopian PPP projects in particular.

□ Please just tick the bracket provided in front of each options for the question

□ Write your opinion on space provided for those questions

# **SECATION 1: Demographic Information Of the respondent.**

1. Educational Qualification:

Certificate/Diploma/Levels
Bachelor's Degree
Post Graduate Degree
Doctorate Degree
If other please specify
2. Age of respondents: in years
A. 18 – 25 years B. 26 – 35 years C. 36 – 50 years D. More than 50 years
3. Gender:
1. Male 2. Female
4. Organization:
5. Position:
6. How long have you worked in this organization? In years.
A. $0-5$ years B. $6-10$ years
C. 11 – 15 years D. More than 15 years

# SECTION 2: Stakeholder Identification, Classification and Relevance

1. How relevant are the following stakeholders For Dicheto solar PPP project ? why do you think they are relevant?

	Range of likely stakeholders			Why a given group is or not your stakeholder			
		5	$\frac{1}{4}$	igniy re	$\frac{1}{2}$	ι 1	-
1	Donors/project Sponsors					1	
2	Local Communities /traditional Authorities						
3	Public authorities/government						
4	Beneficiaries Of EEP Clients /end users( to whom the power is being produced)						
5	line organizations/						
6	Project community/ project members and work force.						
7	Special interest groups/I; Environmental, cultural and gender protection group etc.						
8	Sister/line Projects I;e EEU (Ethiopian Electric Utilities)						
9	Contractors/ consultants						
10	Domestic and International Financial institutions /lenders						
11	Insurance Companies						
12	Mention any other stakeholder of your projects						

2. What are the level of Interest and corresponding responsibilities/contributions of the following stakeholders of Dicheto Solar Pv .PPP project? Fill the table below with responses in the order given.

	Stakeholder group	Stake(s)-needs	Responsibility or	Level of interest Vs				
	a martine georg	interests/demand	contribution	respons (1) Not (2) less modera Interest interest	sibilit inter inter itely i ted (5	y to rested rested intere	proje l At A l (3) ested;	.11
				5	4	3	2	1
1	Donors/sponsors							

		1	-		 
2	Local Communities				
	/traditional Authorities				
3	Public				
	authorities/government				
4	Beneficiaries Of EEP				
	Clients /end users( to				
	whom the power is				
	being produced)				
5	line organizations/				
6	Project community/				
	Internal project				
	members and work				
	force.				
7	Special interest				
	groups/I;				
	Environmental,				
	cultural and gender				
	protection group etc.				
8	Sister/line Projects I;e				
	EEU (Ethiopian				
	Electric Utilities)				
9	Contractors/				
	consultants				
10	Domestic and				
	International Financial				
	institutions /lenders				
11	Insurance Companies				
	-				

3. Why do you engage stakeholders in Dicheto solar pv PPP Project? Fill the table below with responses in the order given.

	Reasons for participation in the Dicheto solar pv Project	(3) Ne	rongly D either Ag e; (5) Stro	ree nor l	Disagree	0
		5	4	3	2	1
1	To satisfy legal/regulatory requirements					
2	To address Ethical and moral requirements					
3	To strengthen future partnership					
4	To legitimize the project					
5	To pacify stakeholders					

4. How do you identify Stakeholders in Dicheto solar Pv PPP Projects ?(Multiple answer is allowed)

C	1. Project team brainston	rming	<b>C</b> . Stakeholder foru	ms
С	3. Snowballing (through	peers)	<sup>1</sup> . Combination of a	all
С	4. Other(Specify)			
	5. What is/are the bases for <b>Project</b> ?	or the ident	ification of a specific stake	eholder for <b>Dicheto solar pv</b>
	What is/are the bases for	your stakeł	nolder identification? Mult	tiple Answer is Alloewd
	A. Level of Influe	nce	B. Mission and vision ba	ased
	C. Interest based	🔲 D. Ge	eographic reasons	
	E. Other (Specify)	)		
	6. At which stage of <b>Dich</b>	ieto solar p	ov Project life cycle you id	lentified stakeholders?
	A. Prefeasibility s	tage 🗌	B. Initiation stage	
	C. Implementation	n stage 🗌	D. Throughout project lif	fe
	7. What is the purpose an	d type of st	akeholder participation in	Dicheto solar pv Project?
	Type of stakeholder	Purpose o	f participation	Reason
		1= Keep t	hem informed	

	1= Keep them informed	
	2=Consult them	
	3=Involve Them at all stages	
	4=Collaborate during implementation	
	5=Empower them	
Donors/sponsors		
Local Communities		
/traditional Authorities		
Public		
authorities/government		

Beneficiaries Of EEP	
Clients /end users( to	
whom the power is	
being produced)	
line organizations	
Project community/	
Internal project	
members and work	
force.	
Special interest	
groups/I;e	
Environmental, cultural	
and gender protection	
group etc.	
Sister/line Projects I;e	
EEU (Ethiopian	
Electric Utilities)	
Contractors/	
consultants	
Domestic and	
International Financial	
institutions /lenders	
Insurance Companies	

8. Into how many categories do you categorize your stakeholders? Name them

9. Out of the categories, which is/are the key Stakeholders? Name the category(s)

10. What determines the status of a stakeholder as key in the **Dicheto solar pv Project**? (Multiple Answer is Allowed)



A. Influence over project resources

B. Stake on project deliverables

C. Political influence D. prmation access and control
E. All
SECTION 3: Stakeholder Analysis
11. What is the operational definition of stakeholder analysis in your organization?
12. Is stakeholder analysis an activity you undertake as part of the <b>Dicheto solar pv Project</b> A. Yes B. No
13. Do you find stakeholder analysis necessary for <b>Dicheto solar pv Project</b>
A. Yes B. No
14. If yes, which stage of project implementation is ideal for stakeholder analysis to be
Undertaken for Dicheto solar pv Project?
A. Initiation stage B. Implementation stage
C. Completion stake D. on-going activity
15. If no, why? Explain
SECTION 4: Stakeholder Engagement and Communication
16. What is the operational meaning of the term stakeholder engagement in the context of
Stakeholder management in your organization?
A. process of working with stakeholders
B. A two-way dialogue process between project management and stakeholders
C. An event to let Stakeholders know what is/should be expected from and by them.

D. Other (specify)
17. What does it contribute to your project?
18. Which stage of your the Project life cycle do you carry out stakeholder engagement in the Dicheto solar pv Project?
A. Prefeasibility stage B. Initiation stage
C. Implementation stage D. Completion stage
E. Throughout the project life
19. Is Communication part of you're the Stakeholder management process in the Dicheto solar Project?
A. Yes B. No
20. If yes, how do you ensure it?
A. Meetings B. Reporting
C. Both D. Other (specify)
21 . If no, why?
22. Mention any other stakeholder management tool not included in this questionnaire
SECTION 5: Stakeholder Management, Its Practice and Challenges;
23. Is there a unit in your organization that is responsible for stakeholder management for the <b>Dicheto solar Project</b> (managing Relationships and communications)?

•

A. Yes

🔲 B. No

24. If yes what specific functions does it perform? Name

them.....

25. If no, who performs the stakeholder management function in your organization for the Dicheto solar PPP Project?
A.CEO
B. Program Manager
C. Project Manager
D. All team members
26. If no, are you considering having one?
A. Yes
B. No
27. What challenges do the stakes and stakeholders present to project management? List

.....

28. To what extent do you agree the following factors are critical to the success of stakeholder management in PPPs?

	Critical factors for Stakeholder managements in Dicheto solar Project PPPs	<ul> <li>(1) Strongly Disag</li> <li>(2) Disagree;</li> <li>(3) Neither Agree</li> <li>Disagree; (4) Agre</li> <li>(5) Strongly Agree</li> </ul>		nor e;		
		5	4	3	2	1
1	Formulating a clear statement of PPP project mission.					
2	Assessing stakeholder attributes (power, urgency, and proximity)					
3	Properly identifying stakeholders Communicating and engaging them properly and frequently.					
4	Formulating appropriate strategies for the management of stakeholders					
5	Managing stakeholders with social responsibilities (economic, legal, environmental, and ethical)					
6	Exploring stakeholder needs and project constraints					
7	Analyzing the changes in stakeholder influences and relationships					

8	Accurately predicting the influence of stakeholders			
9	Understanding area of stakeholder interest in the life cycle of the project			
10	Analyzing conflicts and coalitions among stakeholders			
11	Effectively resolving conflicts between stakeholders			
12	Keeping and promoting a good relationship			

29. From your experience, what would you recommend to better enhance PPP stakeholder Management and successful project management.

THANK YOU

# APPENDIX –B

### List of Interview Item

#### **Interview for Key Informants**

#### **Interview Guides and Questions**

# ST.MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES

Masters of Art in Project Management

My name is Seblework Tariku; I am a post graduate student in Master's in Project Management at ST.MARY'S UNIVERSITYSCHOOL OF GRADUATE STUDIES As part of my studies I am conducting a project work entitled "Stakeholder Management in Public Private Partnership (PPP) Projects in Ethiopia ; the case of Dicheto solar Pv".

Therefore, I would like to express my deepest gratitude for your cooperation in answering the following interview questions. I would like to assure you that, the information and the data being collected from you will be presented anonymously, that it will be kept confidential and will be used for the intended academic purpose only.

• Note: dear interviewee, last but not least, you are also encouraged to speak up or write down any other additional thoughts you may have on the Ethiopian PPP frameworks and practices with regard to stakeholder management. Please contact me via seblewtar@gmail.com and/or via telephone +251911665761.

Thank you for your cooperation!

# The aim of this questions' is for Academy Purpose Only for Masters of Project Management.

#### St. Mary's University school of Graduate studies

**Instruction:** herein below are open and closed-ended and mixed questions. Interviewees are kindly asked to answer from their expertise, perspective and experience gained on Stakeholder management in Ethiopian PPP projects in general and Dicheto solar pv project particular.

#### Based on your experience in the field, please give feedback to the following questions.

- 1. Did you engage stakeholders in Dicheto solar project? Why? Why not (what is your base) /how often do you revise?
- 2. Do/did you seek the opinions / views of stakeholders regarding project selection? How do you address their concerns?
- 3. Do you think the policy and legal framework of PPPs allows engagement and consultation of stakeholders? How?
- 4. Is your institutional frameworks and capacity suited for stakeholder engagement and consultation? Elaborate? Do you face any challenges?
- 5. In your expert opinion over all what is the level of stakeholder engagement in PPP life cycle? How they are managed so far?
- 6. Do the frameworks of PPP SHM aligned with the general development policy in general and sectorial policies of the country? Why/ why not? Does the framework identify SHM as a CSF ?
- Please also comment upon the practices challenges and lesson learned regarding SHM in Dicheto solar project.
- 8. What strengths and downsides you come across on the policy, legal, and institutional frameworks of PPP in dealing with stakeholders on Dichato solar project?
- 9. What recommendations do you suggest to keep the frameworks up-to-date, inclusive, operational and effective

Thank you