



**Full Length Research Paper**

**Opportunities and Bottlenecks: Public-Private Partnership in the Housing Development in Addis Ababa City Administration**

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**Abstract**

Efforts to implement Public-Private Partnership in the housing development are challenged by weak risk sharing, lack of transparent procurement, bureaucratic hurdles and weak institutional capacity. The study investigated the opportunities and constraints associated with Public-Private Partnership in Addis Ababa City Administration. To this effect, the study employed explanatory sequential mixed methods approach. It primarily relies on survey data which was complemented by qualitative insights. The qualitative insights gave an in-depth understanding of the them. The study was framed by institutional theory to assess how the rules and norms of the institutions served in addressing the challenges. Further, Confirmatory Factor Analysis was applied using R-Version 4.4.2, and the findings uncovered key opportunities of the presence an enabling policy and legal frameworks with a factor loading of 0.832 and access to serviced land. Conversely, significant challenges threatening partnership success were identified, such as a lack of funding (factor loading of 0.73), weak institutional capacity (0.63), and inadequate risk management (0.623). The study recommends the revision of the PPP proclamation focusing on targeted incentives, delegating responsibilities to lower-level administrative bodies, and promote transparent procurement, proper risk sharing strategies and institutional capacity building.

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**1. Introduction**

Despite the efforts of the Addis Ababa City Administration in the housing provision, the issue of housing shortage remains unaddressed. To alleviate these challenges the city administration engaged in PPP-based housing provision arrangement. On the other hand, the implementation of PPP requires increased market role, having an enabling legal and institutional framework (Casady, 2023). Further, how transparently the PPP-procurement was conducted and did what factors impede its effective implementation was unknown.

Therefore, the study addressed the issue of how PPP-based housing is working in Addis Ababa and assessed the challenges faced during the implementation. The rapid pace of urbanization and population growth in metropolitan centers have exacerbated the longstanding housing challenges, creating an urgent demand for adequate services and infrastructure (Adedeji, 2023). This mounting pressure is further intensified by a significant housing backlog, which complicates urban centers' efforts to meet the ever-increasing demand for housing (Poshai et al., 2024).

Despite the considerable investments in infrastructure from public entities, these efforts have proven inadequate when compared to the burgeoning needs of the population (King et al., 2017). To effectively address these pressing challenges, it has become essential to leverage resources from the private sector through partnerships, as reliance solely on tax revenues has been insufficient to meet the growing demand for housing (George et al., 2024). Moreover, the collaboration between the public and private sectors can be traced back to the 1800s. The role of PPP in the public sector evolved over the years and it is serving as a response to the housing financing challenges in the urban centers (Azarian et al., 2023).

Hence, in the aftermath of the Second World War notably accelerated the private sector's involvement in urban development through Public-Private Partnerships to fill the gaps in financing infrastructures in the public sector (PPP). In 1992, the United Kingdom's introduction of the Private Finance Initiative (PFI) represented a significant advancement in PPP aimed at enhancing public sector infrastructure provision (Calugareanu & Bulat, 2022). Further, facing financial constraints, operational inefficiencies, and a need for innovative solutions forced public sectors increasingly to consider PPP as a financing strategy for overcoming housing-finance challenges (Batjargal and Zhang, 2021). Such collaborations serve to consolidate financial resources, enhance operational efficiency, and harness private sector expertise, all directed towards improving housing provision (Batra, 2022). However, discrepancies in organizational values, insufficient political commitment, limited institutional capacity, and lack of transparency appeared as a major challenge in PPP implementation (Owusu-Manu et al., 2021).

On the other hand, the issue of urban housing provision in Ethiopia passed through historical events. During the Imperial regime the land ownership remained to the land lords and the low-income groups have no access to land and houses. But this situation has changed in 1975 by the nationalization of land and extra houses giving land

use right to the tenants facilitating access to mortgage finance some encouraged cooperative housing program (Weldegebriel et al., 2023). In Ethiopia, specific initiatives aimed at addressing the chronic housing shortage have emerged in the past years.

These initiatives are the Low-Cost Housing initiative launched by the government in 2006, with support from the German Technical Cooperation (GTZD) (Charitonidou, 2022). Additionally, in 2005, Addis Ababa initiated the Integrated Housing Development Program (IHDP) to bridge the gap between housing supply and demand (EiABC, 2017). Despite these commendable efforts, a substantial housing backlog remains unaddressed, with an annual shortage of 471,000 in Ethiopia (Huang et al., 2024). Although, efforts of alleviating housing provision over the past 20 years were made the national housing challenges were persisted.

As a result, recognizing this situation the ten years development plan of Ethiopia (2021- 2030) planned to construct 4.2 million houses during this planning period (Planning and Development Commission of Ethiopia, 2021). A multifarious challenge of access to affordable housing includes lack of access to finance, high interest rates, speculation in land market, and the low income worsen challenges (Efa et al., 2024 and Teklemariam & Harper-Anderson, 2025). The efforts of affordable housing provision through the IHDP have delivered 350,000 units in Addis Ababa City Administration since 2006 and this severe deficit now approaches one million units underscoring the severity of the crisis (CAHF, 2024). Therefore, all the prior efforts of housing provision fell short of meeting the housing demand. In response to this challenge the government of Ethiopia introduced PPP as infrastructure provision modality since (Planning and Development Commission of Ethiopia, 2021). Following the 2017 PPP policy and the subsequent legal-frameworks public sector entities have begun to partner with private sector actors across various sectors, including energy and transport (Getachew, 2021).

Although there are scholarly studies conducted

on the PPP-based housing globally and in Africa there is no PPP-based housing study in Addis Ababa City Administration. In addition, as PPP assumes a well-established institutions and efficient governance; the study aimed to address how it is working in the situation where these features were lacking. Hence, identifying these specific gaps and challenges in the current PPP framework, this research seeks to contribute to the ongoing discourse on improving housing delivery through effective collaborations between the public and the private sectors. Ultimately, it aspires to inform policymakers and stakeholders on strategies that can ameliorate the challenges which contributed to the housing crisis and promote sustainable urban development in Addis Ababa.

## 2. Literature Review

The efficacy of PPP implementation hampered by the weak institutional capacity, funding constraints and lack of an enabling legal frameworks. Therefore, in this section concepts were discussed and empirical studies were assessed.

### 2.1 Concepts

Public-Private Partnership- is a long-term contractual agreement between one or more contracting authorities and private partners aimed at delivering public assets or services. In these partnerships, the private partner assumes significant risk and management responsibility, with remuneration often linked to performance outcomes (IBRD, 2022).

PPP plays a crucial role in addressing financial gaps by fostering cooperation in infrastructure and services delivery. This collaborative model not only enhances operational efficiency but also promotes sustainability by integrating social and environmental considerations into the project (Cheng et al., 2021). As a result, PPP have emerged as innovative financing mechanisms in the public sector. Therefore, the implementation of PPP become instrumental in enhancing quality and efficiency, drawing on the private sector's strengths in risk management, innovation, and financing across the public initiatives (Wang & Ma, 2021).

On the other hand, PPP implementation is not without risk and critics. The relationship of PPP is shaped by the divergent objectives of the public sector, which seeks to ensure affordability, and the profit-maximizing goals of the private sector creating a complex dynamic that necessitates effective collaboration (George et al., 2024). In addition, research suggests that private partners often prefer low-risk investments presenting challenges of managing this controversy to the public institutions (Tan et al., 2024).

On the other hand, private partners often face challenges stemming from unclear and evolving responsibilities of the public sector which can hinder their operational efficiency (Casady et al., 2019). This situation creates dispute, delays, and in some cases leading to project failure. Therefore, the study aims to provide valuable insights into the operational trajectories of PPP in the housing development. It assessed both challenges and successes in the context of Addis Ababa City Administration. This approach not only highlights how the interaction of the public institution and the private enterprise in Addis Ababa City Administration contributes to the success of PPP, but also situates these experiences within a broader global dialogue on the effective PPP implementations in housing development (Oti-Sarpong et al., 2022).

### 2.2 Institutional Theory

The theoretical base of the study was an institutional theory. It offers an extensive framework for examining threats project implementation arising from organization's themselves (Qiu and Chen, 2023). This theory advocates to achieve efficiency organization have to comply with the norms, and rules. Therefore, this theoretical perspective helped in analyzing constructs like delays, non-participatory risk management and funding constraints in the PPP-based housing in Addis Ababa (Sahin & Mert, 2023).

### 2.3 Empirical review

Enabling legal and institutional frameworks- in countries where there is capable PPP institutions success was achieved. Besides, having an enabling legal-framework and efficient bureaucracy

enhanced PPP success. As Shah et al., (2022) studied, the success of PPP in the housing development largely depends on several key factors, including a stable macroeconomic environment, a transparent legal framework, political stability, clearly defined responsibilities, and strong communication strategies.

Moreover, as shown in Table 5.1 below, countries like Ireland over the past two decades financed 31 projects with a total of billions of this the housing sector financed by €248 million was an indicative of the significant potential of the private sector financing in the public institutions (O'Shea et al., 2025). In addition, Sub Sahara Africa in 2021 attracted US\$5.2Billion in 26 projects of which Democratic Republic of Congo received US\$1.1billion in infrastructure provision

Table 5.1: Projects financed by PPP

Projects	Country	Year	Finance	Success
Housing provision	Ireland	1983-1986	800,000low-cost houses construction	Housing supply increased
5000 infrastructure projects	121 low-and middle-income countries	Over the last 25 years	\$1.5 trillion	Finance secured (Is-mail, 2020)
Infrastructure provision including housing	Ghana	1990-2020	\$9.9 billion	Finance (Akomea-Frimpong et al., 2022)

Source: Authors compilation (2024)

Despite these promising advancements, reports of the World Bank indicated that many nations still facing challenges in implementing PPP for affordable housing. Issues including the risk of private sector profiting within a non-competitive real estate market, lack of interest in PPP engagement, trust deficits, insufficient institutional competence, and constraints in accessing mortgage finance plague these initiatives (Batjargal & Zhang, 2021b). The consequences of failed PPP are significant and adversely affect both the public and private sectors due to contractual non-compliance. Failures can manifest in various forms; such as 'distress,' where either party seeks termination, or 'cancellation,' which occurs when the private sector fails to adhere to the agreed contractual terms (Liu et al., 2022).

In developing countries like Nigeria, Indonesia, Malaysia, and the Philippines, the primary causes

(World Bank, 2021). Saudi Arabia is also leveraging PPP as part of its economic diversification strategy, specifically through the implementation of the Sharakat program aimed at providing affordable housing solutions to its citizens (Alqahtani et al., 2024). To overcome the challenges of finance shortage Kenya opted to PPP by addressing the multifaceted issues surrounding housing provision and integrating financial support, PPP is emerging as a feasible solution (Giti et al., 2020). The demand for PPP is rising globally, as countries like Kenya, Chile, Georgia, Jordan, Pakistan, Australia and South Africa considered it as a viable mechanism for financing social housing development (Chileshe et al., 2022 and World Bank Group, 2022).

of PPP failures include political interference, corruption, distrust between public and private sectors, inadequacies in risk identification and allocation, and deficiencies in project management capabilities (Alteneiji et al., 2020 and Damoah et al., 2020). In Nigeria, for instance, the lack of integrity in both the public and private spheres has severely hindered the effectiveness of PPP in the housing market. Corruption, prevalent across both sectors, has undermined these collaborative efforts. Additionally, the failure to enforce existing laws and regulations by relevant institutions has exacerbated the challenges facing PPP in the country (Yakubu et al., 2016). Such findings underscore the critical role of institutional capacity in ensuring the success of PPP initiatives.

On the other hand, the Ethiopian government's commitment to foster private sector participation and the growing power and other infrastructure positions the nation as an attractive hub for PPP

investments (Teshome, 2015). As articulated by Getachew (2022), the Ethiopian government strategically set out to enhance private sector involvement in the economy following the enactment of the PPP policy in 2018.

In the same way, the Ethiopian government's Ten Years Development Plan (2021-2030) aims to improve the business environment and expedite processes that encourage private sector participation in national economic development (Planning and Development Commission of Ethiopia, 2021). Currently, the implementation of PPP projects in Ethiopia is still in its nascent stage. It identified 17 PPP projects having a total valuation of approximately \$1 billion (Miliete et al., 2021). As stated in the work of Getachew Yilma

(2021) financial capacity of the private partners, foreign exchange problems, and procurement related challenges hinders PPP effectiveness. Therefore, implementation of PPP mainly serves the purpose of addressing the challenges of financing problems (Adamu et al., 2024).

### 3. Materials and Methods

#### 3.1 Description of the study area

The research was conducted in Addis Ababa, the capital city of Ethiopia, which is home to approximately 5.3 million residents (CSA, 2013).

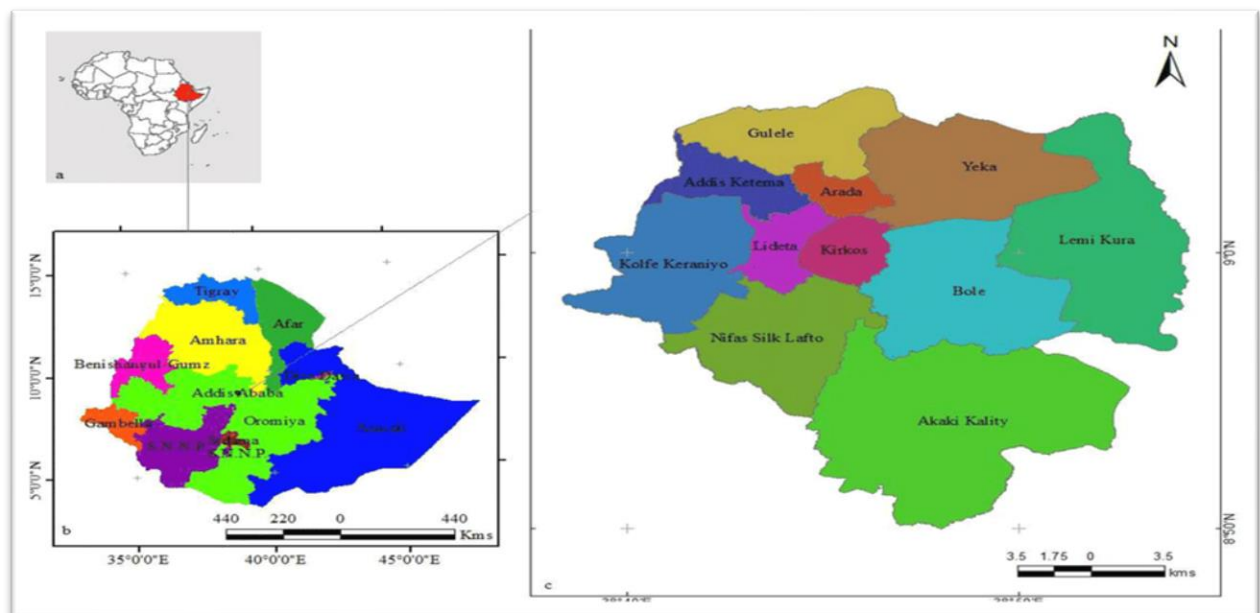


Figure 1: Map of Addis Ababa City Administration (Source: Modelling Urban Land Use in Addis Ababa, Ethiopia (Berta and Emagnu, 2024:3).

The city has experienced rapid urbanization, leading to significant population growth and escalating demand for housing. This surge in population size intensifies the challenge of providing adequate housing solutions, making Addis Ababa a focal point for analyzing PPP in housing development. Addis Ababa is characterized by well-developed infrastructure that supports a variety of development initiatives (Charitonidou, 2022). Notable expansions include those in Ethiopian Airlines and airport facilities, which are central to enhancing connectivity and attracting business investment.

Additionally, the city's development of electric, rail, and road transport infrastructure significantly bolsters its status as a desirable destination for both local and foreign investment (Milton Friedman University et al., 2024). These infrastructural advancements create a conducive environment for implementing housing projects through PPP, as they provide the necessary support for both public and private sectors to collaborate effectively (Desalegn & Solomon, 2020). Furthermore, the city's strategic position as a hub for international diplomacy and commerce un-



derscores the potential impact of successful housing initiatives on both economic growth and social stability within the region.

### 3.2. Study Design and Methods

This study applied mixed research method so that quantitative data used to ensure objectivity of the research and qualitative data used for an in-depth understanding the theme.

### 3.3. Study Design and Methods

This study employed an explanatory sequential mixed methods research design, integrating both quantitative and qualitative data to provide a comprehensive understanding of the role of PPP in housing development (Oranga, 2025). The primary data were collected through structured surveys and statistically analysed using Confirmatory Factor Analysis. Confirmatory Factor Analysis was selected for it provides advantages of testing the relationship between variables, provides means of measuring model fitness, and enhance reliability and validity of subsequent analysis. Subsequently, qualitative data were obtained through semi-structured analysed thematically and triangulated with the findings of the quantitative data (Toyon, 2021).

Survey data collected and analysed and following this, qualitative data gathered through interview

$$n = \frac{N}{(1+Ne^2)}$$

Where: n= sample size, N= population = 412 e= level of precision = 0.05,

$$n = \left( \frac{412}{1+412*(0.05)^2} \right) \text{ Calculating this, we have "n" equals to 203:}$$

Although the sampling size was determined to be 203 by the Yamane's sample size determination formula to ensure robustness and minimize potential non-response, 6% of the calculated sample size i.e., 13 sample heads, was added, making it 216. 3.5. Method of Data Collection In this research, quantitative data were obtained through the use of survey instruments, with 216 questionnaires distributed to participants. A total of 203 responses were collected, achieving a response rate of 94%. The distribution of these questionnaires was aimed at experts and officials from the Addis Ababa Public-Private Partnership offices,

and the findings of the quantitative data validated by the result of qualitative data (Salajegheh et al., 2024). Integration of the quantitative and qualitative data occurred at several key stages. Initially, quantitative findings from survey data analysis which helped to identify trends and patterns of challenges and the prevailing opportunities obtained, then qualitative data collected through interview guide used for triangulation of the results (Toyon, 2021). Thus, results from qualitative interviews were then used to support, elaborate, or challenge the quantitative survey findings.

### 3.4. Sampling Design

The study employed a purposive sampling to select eight private partners out of the 22 who signed PPP contract because it was eight of them who commenced the construction. In addition, the PPP offices as few in number and purposively selected. Then, simple random sampling technique applied to select 216 samples from the 412 experts. Notable among these offices were the Addis Ababa PPP Office, the PPP Contracting Administration Team of the Addis Ababa Housing Development Bureau, and the PPP Directorate General of the Ministry of Finance.

The sample size was determined using Yamane's sample size determination formula:

the contracting body, and the private partner involved. Besides, qualitative data were obtained by semi-structured interview to the key informants. In addition to this, the Cronbach alpha test result was 0.9617 indicating the data is reliable in measuring the variables under study.

## 4. Results and Discussion

The analysis was executed using R version 4.4.2, a free software platform, applying the Confirmatory Factor Analysis technique. The study identified 41 factors or measured variables and evaluated their impact on either promoting or impeding PPP success.

#### 4.1. Results

The analysis was executed using R version 4.4.2, a free software platform, applying the Confirmatory Factor Analysis technique. This analysis technique helped to assess the relationship between the dependent variable effectiveness and the independent variables of risk sharing, incentives, bureaucratic delays, lack of transparency and non-transparent procurement. The study, therefore, identified 41 factors and evaluated their impact on either promoting or impeding PPP success. The constructs were from an assessment of a literature; specifically, from PPP study conducted in Ethiopia by Getachew Yilma Debela. Based on this previously conducted research; this study assessed how these critical factors affect the success of PPP-based housing development in Addis Ababa.

Therefore, analysis was based on the constructs derived from the previous Ph.D. dissertation conducted on Ethiopia PPP initiation, at Birmingham University. The analysis result of the challenges, opportunities, stakeholders' engagement, project initiation, finance and economic situations, and legal framework have been presented. The study participants were experts and officials from Gift Real-estate, Africa Holdings, Irre General Trading, Jambo Star Trading, KH Engineering Group, Equation

$$\text{Challenge} = 0.734 \text{ Fund} + 0.772 \text{ Awareness} + 0.727 \text{ Communication} + 0.653 \text{ Bureaucracy} + 0.623 \text{ Risk} + 0.57 \text{ Contract administration} + 0.494 \text{ experience} + 0.4 \text{ corruption} + 0.42 \text{ competition} + 0.425 \text{ project management} + 0.496 \text{ finance capacity} + 0.456 \text{ subsidies}$$

The coefficients of the equation are the standardized factor loadings of the Confirmatory factor analysis. In CFA when standardized factor loadings taken as a measurement unit the result tells the relationship between the dependent and the independent variable (Yamani et al., 2024). The model for challenge indicated fund appears the significantly correlated to PPP success and availing funding sources contributes to effectiveness of PPP-based housing. As shown in Table 1: below, the p-value for all the latent variables was  $P(>|z|)$  equals 0.000 indicating the factor loadings are significant. The significance of factor loading

OVID Real- Estate, Oromiya Construction Corporation, and East Africa Development Real-Estate Development Company. In addition, experts and officials from the Addis Ababa PPP Office, Addis Ababa Housing corporation, Addis Ababa Housing Bureau, and PPP Directorate General Under Ministry of Finance of Ethiopia.

##### 4.1.1. Challenges of Implementing

**Public Private Partnership in the Housing Sector**  
This study assessed the challenges encountered by PPP in the Addis Ababa housing sector based on the survey and interview results. PPP establish a collaborative framework that enables both public and private entities to combine their efforts in pursuit of mutually beneficial outcomes.

However, a fundamental divergence in objectives exists; the private sector primarily seeks profit, while the public sector aims to ensure affordability. This disparity, coupled with differences in power and resources, presents challenges that must be effectively managed. The model employed to measure challenges was: Model fitness measures: Comparative Fit Index (CFI) 0.909, Tucker-Lewis Index (TLI) 0.879 and Standardized Root Mean Square Residual (SRMR) 0.059. The sample size was 203. The results indicated the model was good fit.

determined based on the sample size and as sample size above 200 the factor loading above 0.4 considered significant (Afthanorhan et al., 2020:266). The research sample comprised 203 participants, indicated factor loadings of 0.734 for funding constraints, 0.772 for limited stakeholder awareness, and 0.727 for poor communication. These factor loadings reflected a strong correlation between the observed variables and the latent variable identified as challenge. Specifically, funding constraints, inadequate awareness among partners regarding Public-Private Partnerships, and ineffective communication processes

emerged as significant challenges in the implementation of PPP, each exhibiting factor loadings exceeding 0.727.

Furthermore, the measured variable of slow bureaucracy demonstrated a factor loading of 0.653, while poor risk management was associated with a factor loading of 0.572. The financial capacity of private partners was indicated by a factor loading of 0.496, and the lack of experience among private partners was represented by a factor loading of 0.494, both of which also contributed to the latent variable of challenge. On the other

hand, the measured variables having weaker correlation with the latent variable challenge on PPP were corruption with a factor loading of 0.4, lack of competition 0.42, inadequate project management capacity 0.425, and lack of subsidies having a factor loading 0.456. As indicated in Table 1 below, five factors were strongly correlated with latent variable challenge with a factor loading above 0.62. As the sample size was 203 the results of the rest seven measured variables with a p-value of 0.0000 indicated all the result for the measured variables showed statistically significant standardized factor loadings.

**Table 1: Table 1: Challenges of Public Private Partnership**

Factors	Estimate	Std.Err	z-value	P(> z )	ci.lower	ci.upper	Std.all
CFI=0.91, RAMESA= 0.08							
Funding constraint	1.000	1.000				1.000	0.734
Limited stakeholders' awareness	1.163	0.082	14.200	0.000	1.002	1.323	0.772
Poor communication	1.002	0.106	9.429	0.000	0.794	1.210	0.727
Slow bureaucracy	0.994	0.117	8.527	0.000	0.765	1.222	0.653
Poor risk management	0.889	0.109	8.142	0.000	0.675	1.102	0.623
Weak contract administration capacity	0.792	0.106	7.495	0.000	0.585	0.999	0.572
Private partners lack of experience	0.570	0.088	6.486	0.000	0.398	0.743	0.494
Corruption	0.505	0.096	5.258	0.000	0.317	0.694	0.400
Lack of competition	0.559	0.101	5.527	0.000	0.361	0.757	0.421
Inadequate project management capacity	0.547	0.098	5.578	0.000	0.355	0.740	0.425
Private partners finance capacity	0.663	0.102	6.504	0.000	0.464	0.863	0.496
Lack of subsidies	0.662	0.111	5.982	0.000	0.445	0.878	0.456

The challenges PPP implementation in Addis Ababa City Administration housing provision, as presented in Figure 1 below, faced were analyzed based on the survey data, and the result indicated

funding constraint, limited stakeholders' awareness, and slow bureaucracy had affected the success of PPP housing and contributed to delays in the commencement of the construction as well as to the limited number of the private sector engagement.



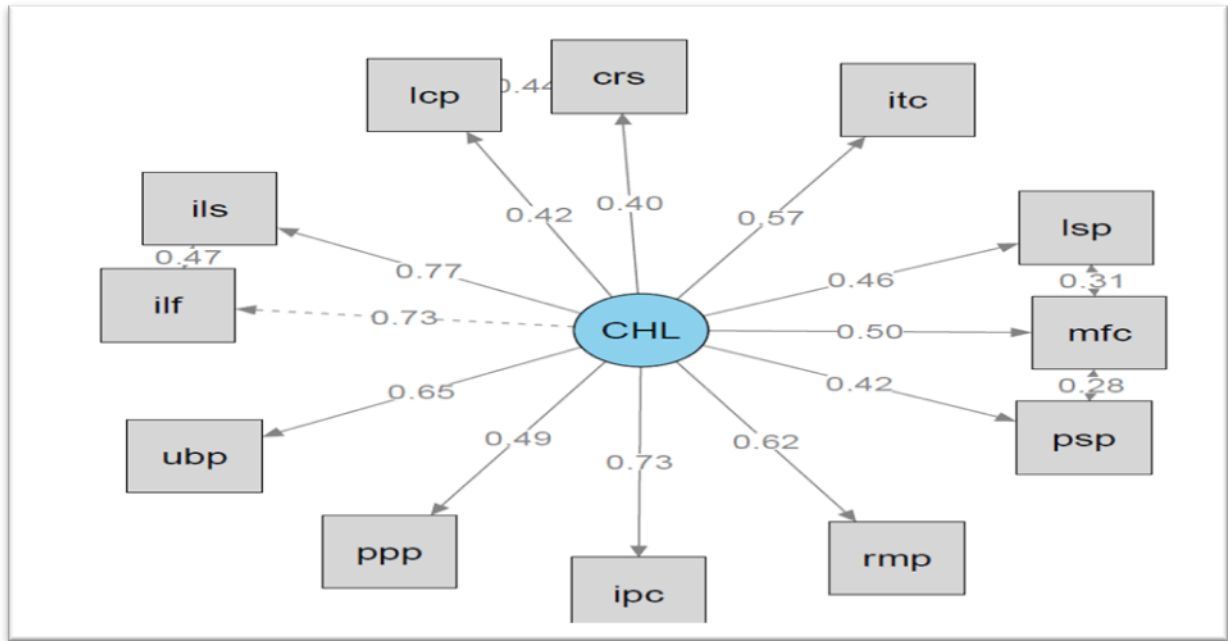


Figure 1: Challenges of Public-Private Partnership (Source: Survey December (2024)).

Whereas, ilf= Funding constraint, = limited stakeholders' awareness, ipc= poor communication, ubp= slow bureaucracy, rmp= poor risk management, itc = weak contract administration capacity, ppp= Private partners lack of experience, crs= Corruption, lcp= Lack of competition, psp= Inadequate project management capacity, mfc= Private partners finance capacity, lsp= lack of subsidies.

As the interview result from one of the private sector participants indicated "in PPP implementation the major challenge was fulfilling 30% of the project cost as it was a prerequisite to get land and loan from banks. Due to this challenge private partners faced lag in schedule which might affect the project overall schedule. The result of the interview strengthened the findings of the survey result which indicated funding as a major constraint in which with a standardized factor loading of 0.773 funding appears the most serious challenge affecting PPP

success.

#### 4.1.2 Opportunities of implementing Public-Private Partnership in the housing sector of Addis Ababa

As indicated in Table 2 above presents the results of a latent variable analysis for the construct of "Opportunity" within the context of PPP projects. The analysis examines a set of measured variables and their corresponding estimates, standard errors, test statistics, and significance levels. Specifically, the table reports the estimated parameter values, standard errors, z-values, p-values, lower and upper bounds of the 95% confidence intervals, and the overall standard deviation for each measured variable. These variables include PPP policy, PPP proclamation, political stability, risk management, enabling situation for private partners, and participatory feasibility study.

Table 2: Opportunities of Public-Private Partnership Engagement

Variables	Estimate	Std.Err	z-value	P(> z )	ci.lower	ci.upper	Std.lv	Std.all
CFI=0.96, TLI=0.93								
PPP policy	1.000	1.000				1.000	0.933	0.832
PPP proclamation	1.018	0.091	11.245	0.000	0.841	1.196	0.950	0.810
Political stability	0.856	0.094	9.100	0.000	0.672	1.041	0.799	0.647
Risk management	0.790	0.104	7.583	0.000	0.586	0.994	0.737	0.549
Enabling condition	0.391	0.086	4.565	0.000	0.223	0.559	0.364	0.341
Participatory feasibility study	0.556	0.092	6.067	0.000	0.376	0.736	0.519	0.446

$$\text{Opportunity} = 0.83\text{policy} + 0.81\text{proclamation} + 0.65\text{stability} + 0.55\text{risk} + 0.45\text{feasibility study} +$$

### 0.34enabling conditions

Model fit indices: CFI = 0.964, TLI = 0.939, SRMR = 0.036, degree of freedom = 15, and 203 sample sizes, in which the model fit indices were above the minimum threshold so that it indicates the model was well fit.

The results demonstrate the statistical significance of these measured variables in relation to the underlying latent variable "Opportunity". Variables with higher standardized coefficients (Std.lv) are more strongly associated with the latent construct. For instance, PPP policy (Std.lv = 0.933) and PPP proclamation (Std.lv = 0.990) exhibit the strongest relationships with the Opportunity construct. The model fit indices provided at the top of the table suggest an adequate fit of the confirmatory factor analysis model. Specifically, the Comparative Fit Index (CFI = 0.964) and the Tucker-Lewis Index (TLI = 0.939) exceed the commonly recommended threshold of 0.90, indicating a good model fit.

Additionally, the SRMR value of 0.036 is below the recommended cutoff of 0.08, further supporting the model's goodness of fit. The reported sample size of 203 is considered sufficient for conducting this type of multivariate analysis, as it meets the general guideline of having at least 10 observations per estimated parameter. As indicated in Table 2 above, the latent variable opportunity was evaluated by six measured variables. The P-value for all the variables was  $P(>|z|) = 0.000$  and the result was significant. The result of the standardized factor loading for PPP policy and PPP proclamation were 0.832 and 0.810 respectively indicating both variables strongly correlated with the latent variable opportunity. In addition, the standardized factor loading for political stability was 0.647 indicated the presence of moderate correlation with opportunity. Furthermore, the result of the standardized factor loading for risk management, and participatory feasibility study were 0.549 and 0.446 respectively indicating the presence of weak correlation with the latent variable opportunity. Finally, the standardized factor loading for enabling situation for private partners was 0.341 and unacceptable.

In addition, as shown in Figure 2 below, pppc stands for proclamation, psp means stability, esp is enabling condition, fsp means feasibility study,

ipr means risk, and PPPP represents enabling policy framework. The factor loading of policy was 0.830 having strong correlation with opportunity, and the factor loading of an enabling legal-framework was 0.810 implying there was strong correlation between opportunity and the measured variable proclamation. The measured variable with a very low factor loading was 0.34 implying the ease of doing business or an enabling condition was an area which requires much improvement. The PPP institutions of Addis Ababa has to enhance the in-office service delivery so that private partners have to get fast approval, issue of building permissions need to be facilitated, and supports to obtain local and imported materials needs to be swift. The findings indicated that PPP policy and proclamation are creating an opportunity to create partnership between the public and the private sector.

In the same way, the result for political stability and risk management were moderate indicating the requirement of intervention. However, participatory feasibility study and enabling condition were weak and, issue of the ease of doing business and creating attractive situation needs more improvement. The analysis of the interview results highlighted the commitment of the government in opening up the public sector to the public sector through partnership is a great opportunity. This intention further strengthened by putting in place PPP proclamation, regulation, and directives creating an opportunity for the private partner to invest in the public sector. It is a great move to look in to the potential of the private sector while letting us to make business while cooperating with the public sector in the development initiatives. The quantitative result was corroborated by the interview result in which the opening up of the government for the private sector to partner with the public sector by itself an opportunity and above all the presence legal frameworks to reinforce the government intention is a good opportunity for the success of PPP in Addis

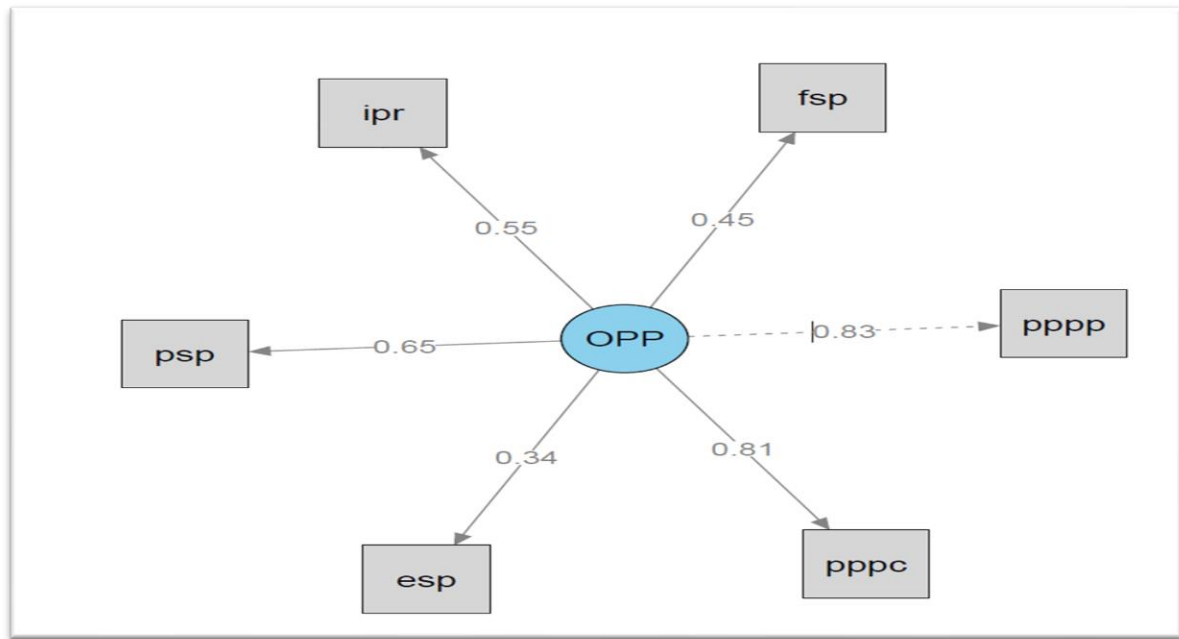


Figure 1: Opportunities of PPP Housing (**Source:** Survey December, (2024).  
the implementation of the project.

#### 4.1.3 Stakeholders' engagement

It is the participation of all the parties affected by

Equation:

Stake Holders Engagement = 0.889 commitment + 0.711Project initiation + 0.85 Access to information + 0.712 Stakeholder's participation. Model fit indices: CFI = 0.986, TLI = 0.957, degree of freedom = 2, and SRMR = 0.022 and the result of the indices shown the model fit was a good fit

As Table 3 below depicted all the measured variables had strong correlation with stakeholder's engagement. The result of the measured variable public officials' commitment had strong correlation with stakeholder's engagement and access to information respectively having a standardized factor loading of 0.89 and 0.85. In the same way,

the results of the stakeholder's engagement in the project initiation, and stakeholder's engagement in the implementation phase had a standardized factor loading of 0.71 both. The result indicated the measured variables explained effectively the latent variable stakeholder's engagement.

Table 3: Stakeholders Engagement into PPP for Housing

Measured variables	Estimate	Std.Err	z-value	P(> z )	ci.lower	ci.up- per	Std.lv	Std.all
Project initiation	1.000	1.000				1.000	0.890	0.711
Commitment	1.294	0.113	11.460	0.000	1.073	1.516	1.151	0.889
Access to information	1.169	0.105	11.160	0.000	0.963	1.374	1.040	0.850
Stakeholders' participation	0.939	0.099	9.487	0.000	0.745	1.133	0.835	0.712

**Source:** Survey December, (2024).

As indicated in table 3 above the p-value  $P(>|z|) = 0.000$  for all the measured variables was significant and we reject the null hypothesis stating the measured variables had no significant effect on

the PPP success and accept the alternative hypothesis stating proper stakeholders' engagement in the initiation and implementation phase, public official's commitment, and access to information

had a positive impact on the PPP success. The results of the estimates for public officials' commitment and access to information as stated in Table 3 above an increase in public official's commitment and access to information had a significant impact on bringing improved stakeholders' engagement in PPP. The results of the standardized factor loadings shown in Table 3: was above 0.712 for all the measured variables. There was strong correlation between the latent variable stakeholder's engagement and the measured variables. Therefore, the findings indicated that to

Table 4: Project Initiation and Management

Leadership	Estimate	Std.Err	z-value	P(> z )	ci.lower	ci.upper	Std.lv	Std.all
collaboration in housing	1.000				1.000	1.000	0.896	0.713
Proper feasibility study	1.163	0.147	7.895	0.000	0.874	1.452	1.042	0.852
Risk identification and sharing	0.726	0.103	7.041	0.000	0.524	0.928	0.651	0.529
Capacity to identify deliverables	1.194	0.171	6.974	0.000	0.858	1.529	1.070	0.985
professional staff	0.624	0.096	6.511	0.000	0.436	0.812	0.559	0.474

**Source:** Survey December (2024)

Model fitness: CFI = 0.939, TLI = 0.817, degree of freedom = 6, and SRMR = 0.051 the result indicated the model was good fit.

The results of analysis as depicted in Table 4 indicates that the p-value were significant with a result of  $P(>|z|) = 0.000$ . The estimates for the capacity of identifying deliverables and proper feasibility study were significant. In addition, the estimates result lies in the 95 percent Confidence interval indicating the model was good fit. In addition, the factor loadings for leadership capacity to identify deliverables was 0.985 almost a perfect correlation. Whereas the result for the feasibility study was 0.852 implying the presence of

Table 5: Financial and Economic Situations

Variables	Estimate	Std.Err	z-value	P(> z )	ci.lower	ci.upper	Std.lv	Std.all
Demand for houses	1.000				1.000	1.000	0.902	0.799
Real-estate market profitability	1.166	0.096	12.162	0.000	0.978	1.354	1.051	0.801
Availability of loan	1.156	0.098	11.784	0.000	0.963	1.348	1.042	0.781
Availability of incentives	0.923	0.091	10.165	0.000	0.745	1.101	0.832	0.690
Minimum profit guarantee	0.889	0.090	9.860	0.000	0.712	1.066	0.802	0.673
Cost effective construction technology	1.069	0.096	11.131	0.000	0.881	1.257	0.964	0.745

**Source:** Survey December, (2024).

enhance stakeholder's engagement improved access to information, public officials' commitment and stakeholder's participation in all the project phases guarantee PPP success.

#### 4.1.4 Project initiation and management

LSP = 0.985 deliverables + 0.852 feasibility + 0.713 Collaboration + 0.529 Risk + 0.474 Professionals

strong correlation, and the partner's interest towards PPP in the housing sector also had a strong standardized factor loading. However, with regards to assigning professional staffs in the PPP implementing partners offices had weaker correlation.

#### 4.1.5 Financial and economic situation of the PPP projects

Equation

$FES = 0.799 \text{ Demand} + 0.8 \text{ Profitability} + 0.781 \text{ loan} + 0.69 \text{ incentives} + 0.673 \text{ Minimum profit guarantee} + 0.745 \text{ technology}$

Model fit: CFI = 0.945, TLI = 0.909, SRMR = 0.046 and degree of freedom = 15. The result of the model fit indicated the model was a good fit.

As shown in Table 5 above the p-value for all the variables were  $P(>|z|) = 0.000$ ; the result for all the measured variables showed statistically significant factor loadings. The standardized factor loadings for the presence of demand, and real-estate profitability was 0.799, and 0.801 respectively indicating the presence of strong correlation between the variables and the financial situation encouraging partnership to happen between the public and the private sectors. In the same way, the result of the analysis indicated that for minimum profit guarantee, incentives, and cost-effective construction technologies the standardized factor loadings were above 0.673 which was moderate correlation with enabling economic situation for the partnership to happen in the housing sector if fulfilled. As indicated in the graph

iap stands for incentive, ifs stand for presence of loan, ipr means demand, ivh is about viability, imp is minimum profit guarantee, chd means technology, and iap stands for incentives. The result of the quantitative data as indicated in Figure 3 above almost all the constructs had a moderate result which tells the economic factors were moderately favors PPP housing implementation. This finding was in contradiction with the results of the interview which stated that the financial situation specially becomes a major challenge for the private sectors to engage in to PPP as securing the minimum amount pf money required to start the construction process after engaging in to partnership.

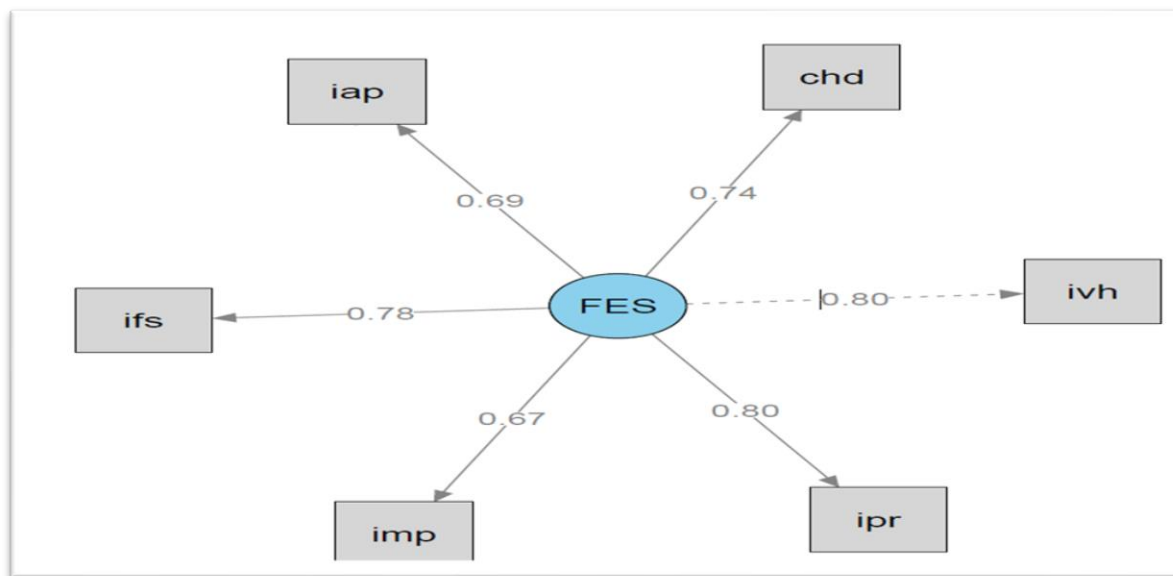


Figure 2: Finance and Economic Situation (Source: Survey December (2024)).

The interviewee response indicated that changes exhibited at the national level in Ethiopia for instance the change in the macro-economic policy directly affected the agreed and signed contracts. This was because of the fact that following the policy change exchange rate goes up leading to increase in the cost of the construction materials. Besides, the 1357/2024 real-estate proclamation of Ethiopia prohibited sale of housing units before accomplishing 80% of the project which is against private partners plan of fund mobilizing

from the potential buyers. In addition, the capacity of commercial banks to provide large sum of money in terms of loan is limited. Therefore, the result of the survey did not support by the findings of the interview. The reality seems in favor of the findings of the interview.

#### 4.1.6 Legal and institutional frameworks

Effective institution and enabling legal framework are fertile grounds for PPP to be successful, and if not, failure is inevitable. The result of the study conducted from the survey data presented

as follows.

Model fit: Comparative Fit Index (CFI) = 0.954 Tucker-Lewis Index (TLI) = 0.920, SRMR = 0.052 and degree of freedom = 18. The result indicated the model was a good fit.

The sample size was 203 and survey data was collected from the partners engaged in the Public-Private Partnership in the housing sector in Addis Ababa City Administration. As shown in Table 5.6 below, the p-value was 0.000 implying the result for the measured variables showed statistically significant standardized factor loadings. The standardized factor loading for capacity of Table 6: Legal and Institutional Framework

the institution to identify, share and mitigate risks were 0.774, the result for institutional transparency was 0.758 and the legal framework and the institutional capacity to engage stakeholders in the PPP process was with a standardized factor loading of 0.720 which were a moderate correlation with latent variable legal and institutional framework.

Variables	Estimate	Std.Err	z-value	P(> z )	ci.lower	ci.upper	Std.all
PPP Policy	1.000				1.000	1.000	0.467
Clear legal framework	0.762	0.126	6.040	0.000	0.515	1.009	0.322
Legal framework ensure transparency	0.761	0.178	4.271	0.000	0.412	1.110	0.327
Political stability affects PPP success	0.956	0.232	4.130	0.000	0.502	1.410	0.378
Financial laws affect PPP success	1.401	0.268	5.220	0.000	0.875	1.927	0.544
Clear risk allocation an opportunity	1.774	0.292	6.085	0.000	1.203	2.346	0.774
Stakeholders' engagement affects PPP success	1.761	0.296	5.947	0.000	1.180	2.341	0.720
PPP institutions-maintained transparency	1.610	0.266	6.050	0.000	1.089	2.132	0.758

**Source:** Survey December, (2024)

However, the results, as indicated in Table 6 above the standardized factor loading for enabling policy, clear legal framework, ensuring transparency, political stability, and financial laws affect PPP success, were 0.467, 0.322, 0.327, 0.378, and 0.544 respectively. These results were a clear indication of the presence of bottlenecks in implementing PPP in the housing sector. "The interview from the public institutions puts the measures taken with regards to the legal frameworks was creating an enabling condition bring the policy direction to practice. Although this by itself is not sufficient enabled public institutions to initiate PPP projects and procure to get resources from the private sectors to bring development in the public institutions. However, the interviewee admits that there are gaps in the PPP proclamation for instance issue of delegation, and lack of the targeted incentives to encourage the private sector in investing through PPP arrangement." The result of the in-

terview corroborated the finding of the survey result in which five out of the eight constructs set to measure the legal framework shown the presence of gaps in the legal framework seeking attention of the policy makers.

## 4.2. Discussions

### 4.2.1 Challenges of Public-Private Partnership in the housing sector

The result of the model fit indices indicated the model was good fit and explained the correlation between the measured and latent variables. It revealed that funding constraint found to be the major challenges of the housing provision (Satyanarayana and Mohanasundaram, 2024). The result shown constraints in funding were a major obstacle to the success of Public-Private Partnerships. This assertion was reinforced by interview data, which pointed out that the challenges related to limited capacity of banks to provide loan, high



interest rates, weak institutional capacity, and absence of priority in offering loans for real estate were considerable. This finding was in line with the prior work on the rise of PPP in the public sector affordable housing project (Damoah et al., 2020).

Furthermore, the involvement of stakeholders in PPP projects was constrained at various levels. This had led the project to miss the advantages of incorporating end users' interest and support which might affect the projects sustainability. Despite the negotiation and signing of contracts by the PPP partners, critical elements such as risk identification, the establishment of mitigation strategies, and the equitable sharing of risks based on capacity and prior experience were not adequately addressed. This oversight could jeopardize the success of the project, potentially might lead to renegotiation to renegotiation and subsequent delays. This result aligns with the findings of Batjargal and Zhang, which indicated that unless PPP partners engage in negotiations from a position of equality or ensure a competitive procurement process, disputes may arise, leading to renegotiation and inevitable delays that could adversely impact project costs and compromise affordability (Batjargal & Zhang, 2021:4).

One of the primary obstacles encountered by the Public-Private Partnership in the housing sector was the inadequacy of communication with the private partners. The partners, Addis Ababa PPP Contracting Offices and the private parties did not regard as equal entities, which was against the consented and signed agreement to work collaboratively towards a shared goal. Thus, it is advisable to depart from the traditional government-private partner relationship, as the parties were aligned in their objectives. The failure to uphold a cooperative relationship and to share updates regarding the project's status, as noted in the findings of Damoha et al., ultimately had a negative effect on the project's overall success (Damoah et al., 2020).

The findings indicated a moderate correlation between the measured variable bureaucracy and the latent variable challenge in Addis Ababa PPP implementation in the housing development. To enhance the effectiveness of PPP within the housing market, it is imperative for public institutions to reduce bureaucratic impediments. This is necessary as the public sector seeks to harness resources, technology, and expertise from the pri-

mate sector, which can help avoid delays and facilitate quicker engagement.

However, if bureaucratic challenges are not mitigated, there may be a decline in private sector involvement in PPP and an increase in service and infrastructure delivery costs. This observation aligns with the interview findings, indicating that in certain instances, the private sector experienced delays in commencing the construction process due to delayed land delivery. The finding corroborated by the finding of a study entitled "Politics, Bureaucracy and Corruption in Public Procurement in Emerging Economies", which stated the interplay of bureaucracy and corruption poses significant threats to the integrity of public services (Peter Adoko Obicci, 2024). The findings suggest that inadequate risk management resulted in risks being unilaterally assigned by one party rather than being negotiated and shared among all stakeholders.

Furthermore, the financial stability and expertise of certain private partners involved in PPP were unreliable, which contributed to delays in the initiation of the construction projects. The finding agreed with a result of the study conducted entitled "Critical Analysis of Risks Factor" by Ampratwum (Ampratwum et al., 2023:20). These might affect the goal of achieving affordable housing and profit for the public and the private sector respectively. Conversely, the analysis revealed that factors such as insufficient competition, and the absence of subsidies have effect in determining the number of private partners in PPP was not substantial which was inconformity with findings of study conducted in Zambia (Zulu et al., 2023).

#### **4.2.2. Opportunities for implementing Public-Private Partnership**

The establishment of the PPP policy and proclamation has created a significant opportunity for collaboration between the public and private sectors in addressing the challenges of housing provision, as well as fostering investment prospects for private enterprises. However, the results of the interview highlight that the current policy and proclamation require refinement by incorporating delegation to the regions and federal institutions to shorten the extended bureaucracy as well introducing targeted incentives. The finding agrees with the study entitled "PPP in Tanzania" stating policy and regulation created enabling condition for PPP partnership with the introduction of improvement in the legal frameworks

(Kavishe et al., 2018). As the findings corroborated by the study of Ritika Batra (Batra, 2022) it requires to enhance mechanisms that encourage more attractive proposals from the private sector, alongside the necessity of providing guarantees and empowering local administrative entities to operate independently with reduced regulatory constraints. Similarly, there exists a moderate correlation between political stability and the latent variable of opportunity, suggesting that the prevailing peace and stability in Addis Ababa have fostered an environment conducive to private investment in housing construction. The finding agrees with study entitled “Peace, Justice and Inclusiveness” which stated the importance peace to ensure sustained development (Hope Sr., 2020).

#### **4.2.3 Stakeholders’ engagement**

The engagement of stakeholders in Addis Ababa city was primarily confined to the private and public sectors, which were the only parties involved in the agreement. It has limitation in bringing the end users of the houses in the initiation, planning and during the implementation phases it was characterized by limited participation which was confined between the private partners and the PPP institutions. Therefore, without the active participation of residents in the process, stakeholder engagement remains incomplete. This finding is consistent with the findings of previous research, which advocated for comprehensive efforts to involve all relevant stakeholders (Oroniyi K. T. et al., 2024).

#### **4.2.4. Project initiation and management**

The assessment conducted in Addis Ababa city indicated that the feasibility study was carried out successfully, with risks identified and deliverables distinctly articulated in the contractual agreement. In this regard, the PPP agreement for housing construction was appropriately executed. However, the interview findings revealed that the identification and allocation of risks were performed by a single party, which is inconsistent with PPP principles and may lead to challenges from one of the parties, potentially resulting in delays. Moreover, the results underscored that the professional staff tasked with managing the PPP did not adequately meet the required experience and qualification. The findings align with the research conducted by (Batjargal & Zhang, 2021)

which suggests that inadequate institutional capacity has hindered the success of PPP. Furthermore, it emphasizes the importance of a capable institution, characterized by its legitimacy, the trust it fosters, and its ability to deliver effective outcomes.

#### **4.2.5 Financial and economic situation of the PPP projects of the housing development of Addis Ababa**

The finding indicted Addis Ababa is experiencing a significant demand for affordable housing, presenting a lucrative investment opportunity for the private sector while simultaneously highlighting the public sector's substantial backlog in providing affordable housing. According to El-Bialy (2022) research, the effectiveness of PPP is contingent upon the project's profitability for the private partner, which can be achieved by enhancing capacity through a shared objective and ensuring a balance of interests between both parties.

Furthermore, the real estate market offers a profitable business opportunity, particularly through arrangements that facilitate Public-Private Partnerships. The result of the survey data revealed that the housing development lacked incentives. This finding suggested that the Public-Private Partnership legal framework did not facilitate the creation of incentives rather focused on fostering collaboration between the public and private sectors, which is insufficient on its own. The results are consistent with the research conducted on the subject, which indicates that innovative incentives within Public-Private Partnerships can enhance effectiveness. Specifically, when efforts aimed at value addition are proportionately incentivized, there is a notable increase in both effectiveness and the engagement of private partners (Batra, 2022). Cost efficiency in Public-Private Partnerships plays a crucial role in stabilizing construction of houses. By employing cost-effective approaches, private partners enhance affordability, which in turn guarantees their profitability which is in line with study conducted by Qing (Qing, 2023).

#### **4.2.6 Legal and institutional frameworks as an opportunity**

The analysis demonstrated that improper risk identification, mitigation strategies, and risk sharing in the PPP housing development sector in

Addis Ababa posed significant challenges. The parties did not engage in discussions concerning the risks, opting instead to move forward with construction process as they prefer securing the chance of partnering with public sector might open another door of opportunity. Additionally, risks assigned by the city without negotiation could cause delays stemming from subsequent renegotiations or may give rise to disputes. Research conducted by Okoro et al., (2023) emphasized that effective risk management requires a collaborative effort from both parties; neglecting this aspect could result in failure. The institutional capacity of Addis Ababa PPP offices exhibited a range of outcomes. On one hand, it successfully prepared the feasibility study, drafted the contract agreement, engaged in the Public-Private Partnership, and initiated the construction process, with some houses already being delivered while ensuring institutional capacity.

Conversely, in conformity with study of Casady & Peci, (2021:1962) there were instances where delays in the timely provision of land to the private PPP partner and unaddressed risks highlighted the institution's limitations, which could potentially jeopardize public interest in the future. The findings suggested that the existing legal framework lacked provisions for delegation, necessitating intervention from the Federal PPP Directorate General in certain instances. This intervention could potentially be avoided if the entities involved were empowered to assume full accountability, thereby facilitating a more efficient business environment and reducing bureaucratic delays. Additionally, the absence of clearly defined incentives within the legal framework presented a considerable challenge which was in line with studies (Akomea-Frimpong et al., 2023).

In general, the findings indicated that the presence of an enabling condition. These are the political commitment to instill PPP as a housing financing mechanism, the presence of the legal and institutional frameworks is an opportunity for enhancing PPP as a housing financing mechanism. However, the critical challenges like bureaucratic delays, weak institutional capacity, non-transparent procurement, and lack of incentives shadows the potential of PPP- as a housing financing mechanism.

## 5. Conclusion and Recommendations

### 5.1 Conclusion

This study examined the opportunities and challenges of Public-Private Partnerships in housing development of Addis Ababa; utilizing institutional theory as a framework. The findings revealed the presence of political commitment to engage the private sector, enactment and practicing the legal frameworks, and establishing the PPP institution are opportunities (standardized factor loading of 0.832). In addition, the availability of serviced land is serving as an equity contribution. However, several key challenges were identified that threaten the effectiveness of these partnerships. Specifically, funding constraints (factor loading of 0.73), weak institutional capacity (loading of 0.63), and inadequate risk management strategies (loading of 0.623) pose significant barriers to successful implementation.

These results corroborate existing literature that highlights similar challenges in developing contexts, where insufficient political commitment and unclear risk-sharing mechanisms often undermine PPP initiatives (Almarri and Boussabaine, 2023; Shah et al., 2024). Thus, enhancing institutional capacity, integrating targeted incentives, transparent procurement, proper risk identification, and fostering improved stakeholder engagement are essential for unlocking the potential of PPPs in addressing the housing development crisis in Addis Ababa City Administration.

### 5.2 Recommendations

To address the identified challenges effectively, the following specific, actionable, and feasible Recommendations are proposed:

#### Short term recommendations

- **Ensuring Transparent Procurement-** The City Administration benefits from the value obtained from the market in competitive way. Therefore, private partners have to engage in transparent open bid; this minimizes the risk of renegotiation, delays and failure of the project.
- **Capacity Building-** Investment in institutional capacity building is crucial. The government should establish comprehensive training programs to enhance the skills of public sector officials in PPP management. This includes training on principles of PPP, risks associated to PPP, public-sector Comparator, and value-for money for engaging with private partners.
- **Stakeholder Engagement:** The government should foster greater engagement among all stakeholders by facilitating regular communication and collaboration throughout the

PPP process. Implementing platforms for dialogue such as stakeholder forums or working groups can help align public officials' goals with private partners, thus fostering a shared vision for housing development.

- **Risk Management Strategies:** It is imperative to develop comprehensive risk management frameworks that clearly delineate responsibilities and potential risks between public and private entities. The establishment of standardized risk-sharing agreements, combined with dispute resolution mechanisms, will enhance trust and transparency, reducing the potential conflicts.
- **Feasibility Studies:** Prioritize participatory feasibility studies before the initiation of housing projects. It should be designed to engage all stakeholders in assessing the proposed project's viability, addressing concerns, and ensuring that the housing needs of the community are met. By implementing these Recommendations, the Addis Ababa City Administration can enhance the effectiveness of PPP in housing development, ultimately contributing to alleviating the housing shortage in the city.
- **Long term recommendations Policy revision:** The Ethiopian government should revise the existing PPP proclamation to incorporate targeted incentives that align with the value

captured from PPP. This revision should focus on tax breaks in the form of tax deduction, exemption or providing it in the form credit. Besides, subsidies that would encourage private sector investment in housing projects, making partnerships more appealing to private entities. This could be by providing some percentage of the initial investment (part of the 30%).

## Limitations and Future Research Directions

This study is not without limitations. First, the reliance on self-reported data from stakeholders may introduce bias, as respondents may have subjective views on the effectiveness of PPP. Additionally, the study focused on Addis Ababa, which may limit the generalizability of the findings to other regions in Ethiopia or to different developing countries. Future research should explore longitudinal studies to assess the impacts of implemented PPP on housing development. Furthermore, examining case studies from other countries that have successfully navigated similar challenges can provide valuable insights and alternative strategies that could be applied in the Ethiopian context. Expanding the research to include the perspectives of residents affected by PPP housing projects could also enrich the understanding of their true impact on communities.

## Disclosure statement

No potential conflict of interest was reported by the author(s).

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