

**APPRAISAL OF PUBLIC-PRIVATE PARTNERSHIP IN  
PUBLIC TRANSPORT SERVICE DELIVERY: A CASE OF  
METRO MASS TRANSIT (MMT) LIMITED, GHANA**

**Richard Baah-Mintah\***

**Mohammed Saani Adams\*\***

**ABSTRACT**

The study was designed to examine public-private partnership in the provision of transport service in Ghana using the Metro Mass Transit (MMT) as a case study. The study employed descriptive and case study research designs. The convenience and the purposive sampling methods were used to draw 574 respondents made up of 540 passengers of MMT, 20 management staff of MMT and the 7 officials each from the 7 shareholders of the MMT Limited. Structured questionnaires were used to collect data from respondents. Percentages, frequencies and graphs were used to present the data. The outcome of the study revealed that to a large extent, the MMT (PPP) has some inherent prospects as identified by the users of the MMT transport services. The prospects according to the users included: affordable MMT transport fares and attractiveness of MMT buses. Nevertheless, the MMT is challenged in its operations. Prominent among the challenges were: untimely movement of buses, revenue leakages, loss of revenue and non-payment of dividends. Judging from the potentials of the MMT Limited it is recommended that pragmatic measures should be put in place to check revenue leakages.

**Keywords:** Public-private partnership, Public transport service, Metro mass transit limited

\* University of Cape Coast, Cape Coast-Ghana.

\*\* Office of the Head of Civil Services, Accra-Ghana.

## Introduction

Provision of transportation service is essential for life and is a catalytic force, both as an agent vital for economic growth and as an agent for economic decline where economic resources and conditions, as well as human endeavour, are insufficient (Blonk, 1979). The function of transportation is to carry people and goods from an origin to a destination within the shortest possible time and at the least cost. The provision of good transportation system has been the responsibility of governments all over the globe (Poku-Boansi, 2008). Much of this responsibility, however, is usually observed among governments in developing countries. The financing of public transport service by states, however, tend to increase their budget deficit (American Public Transportation Association, 2006; NEPAD/OECD Investment Initiative, 2005).

Ghana, as a developing country is no exception when it comes to the provision of transport services in the country. The government of Ghana has been the major provider of transport services during the colonial and the immediate post-colonial era. The first public transport system (rail lines) was developed in 1898 for the transportation of minerals to the ports for export (Metro Mass Transit, 2008). However, the first road transport service was provided by the Accra Town Council in 1927 and it was to provide services linking Accra to the mining and harbour towns (MMT, 2008). During the last two decades, various public transport services were instituted by the government to provide both urban and rural transport for its citizens. These transport services were entrusted in the care of State Owned Enterprises (SEOs) which operated as monopolies (Divestiture Implementation Committee (DIC), 2008).

Some of the transport services operated by government include the Omnibus Services Authority (OSA), City Express Services (CES) and the State Transport Corporation (STC). These state owned companies were not profitable while the government continued to spend money on their operations. The government, therefore, diversified STC and CES while OSA was liquidated (DIC, 2008; MMT, 2008). Public sector institutions in Ghana like most developing countries, failed in delivering and sustaining these services.

As most public companies fail to sustain their service delivery, governments in developing countries have adopted a new strategy to the operation of public services like energy and more especially, transport services. In the 1990s, public private partnership (PPP) was

adopted as the main strategy to providing public services (Osborne, 2000). The basis of New Public Management (NPM) was a reduction of public sector expenditure, and delegation of responsibilities to the private sector to provide public goods (Mitchell-Weaver and Manning, 1991).

The Asian Development Bank (ADB) describes PPP as a framework that engages the private sector as an important role for government in ensuring that social obligations and successful reforms are achieved. A strong PPP allocates the tasks, obligations and risks among the public and private partners in an optimal way (ADB, 2007).

Public private partnership (PPP) describes the relationship in which government works directly with private firms in formal or informal relationships through collaboration and cooperation to pursue common goals. Privatisation has become an instrument for institutional reform by which economic activity is transferred from the public to the private sector thereby reducing excessive government spending (Wettenhall, 2003). With regard to the aforementioned benefits associated with PPP, the government of Ghana, in 2003, partnered with the private sector to establish a Metro Mass Transit Limited (MMT), a public transport company. The government owns 45 percent shares while the private sector owns the remaining 55 percent (MMT, 2008).

Even though the expected benefits from PPP in public service provision are high, their impacts have measured below expectation in most developing countries. According to the United Nations Foundation, many of these partnerships fail or do not achieve their goals (UNF, 2003). This is supported by Ndandiko (2006) who argues that PPPs have worsened public service delivery rather than improving their efficiency. They are more costly and because of the huge capital investments, private partners have to charge more to make profits. In the educational sector for instance, PPPs have contributed to lower standards in education since the private partners adopted cost cutting strategies to become profitable (Nordtveit, 2005). It is against this backdrop that a careful and systematic enquiry is needed to examine public private partnership in the provision of transport service in Ghana using the Metro Mass Transit Limited as a case study.

## Literature Review

### Public-Private Partnership option

The substantial element of public-private partnerships is establishing a relationship between an authorised government body and a private company. Like any establish relation, each of the partners tries to derive benefit from the partnership. The negotiation and decision of establishing a partnership structure is based on the risk distribution. Depending on these risks distribution and allocation of key responsibilities, some sort of the public-private partnership agreement is signed. The contractual arrangement may range from service contracts, management contracts, leases operation and maintenance concession, as well as capital investments to divestiture and asset ownership (Gwénola, 2008).

### History of Public Transport Services in Ghana

In Ghana, the issue of modern transportation can be traced as far back as 1898 with the construction of rail line from Takoradi to Tarkwa for commercial exploitation of gold. This was followed by the creation of first major road linking Accra Harbour-new Jamestown and Dodowa to Larteh in 1905. It was purposed for the export of palm fruits.

By 1927, the then Accra Town Council began the operation of public bus services in Kumasi, Sekondi-Takoradi and Accra. As demand for transport services increased with time, government intervened by establishing bus companies such as the Omnibus Services Authority (OSA), State Transport Company (STC) and City Express Services (CES) with the prime aim of improving mobility of goods and people in the country. However, these companies could not fare well in the industries as government was compelled to divest STC and CES and to liquidate OSA in the 1990s.

Apart from these formal organisations, the informal sector has also since 1980s been involved in running public transport services in the Ghanaian economy. Some of the popular ones has been those under the Ghana Private Road Transport Union (GPRTU), M. Plaza, O.A. Transport Services and the Progressive Transport Union. According to the Urban Transport Project document of December 2007, the services provided by these private operators are usually poor. It further states that they are associated with long waiting, walking and travel times. Most of them, usually minibuses (trotro) are old and generally lack maintenance. However, more than

seventy percent (70%) of motorised persons in the cities of Ghana depend on them as their means of transport.

In March 2003, the Metro Mass Transit Limited (MMT) was incorporated as a limited liability company under the Companies code 1963 Act 179 to provide safe, affordable, efficient and reliable movement of commuters within metropolitan and municipal areas (Abdul-Azeez, 2009; MMT, 2008). It is a public private partnership between government (owning 45% shares) and private organisations (owning 55% shares). By the end of 2008, MMT operated a total fleet of 1066 buses and had transported 173 million people across Ghana (MMT, 2009). It has been faced with low returns of investment compelling government to set a committee in 2010 to investigate its activities over the past years. The committee's report presented to the Ministry of Transport, call on government to compel the management of MMT to pay back some percentage of the amount spent in acquiring its buses (MMT, 2010).

### **Objectives of Public Transport Services**

In line with the objectives of Ghana's Vision 2020, the key policy objective for the transport sector is to establish an efficient and modally complementary and integrated transport network for the movement of people and goods at least cost throughout the country. This general policy objective is further focused in the Gateway Programme, which identifies the important role of transport in Ghana's economic strategy of building its competitive advantage with the West African sub-region to attract industry and trade through utilising external, as well as domestic resources and inputs, to service external markets (Kwakye and Fouracre, 1998). At the urban level, the Urban Transport Project (UTP) among other things seeks to ensure that the improvements in urban transport services are sustained, especially through institutional reforms, adoption of cost recovery measures and the application of regular maintenance practices.

### **Evaluating Transit Service Quality**

According to Litman (2011) and Rood (1999), evaluating the service quality of transport providers refers to how the transit is perceived by those who use the system. In performing a thorough assessment of transport services requires a careful and systematic enquiry. Kenworthy (2008) and Rood (1999) have provided a comprehensive guidance on evaluating transit services quality from various perspectives. Key among the perspectives provided include:

- Reliability: how frequently service follows published schedules;
- Affordability: user costs relative to their income and other travel options;
- Aesthetics: appearance of transit vehicles, stations, waiting areas and documents;
- Comfort: how users feel safe, secure and relaxed; and
- Customer care: ability to accommodate diverse users including people with disabilities, baggage etc

In assessing the transport service delivery in developing countries, Amos (2004) argued that transport services that are privately owned and operated are widespread throughout developing countries, but governments' provision of the services to the public has been found to be disappointing in many countries. For instance, in Ghana, most of the buses allocated to the MMT are not operational (Poku-Boansi, 2008).

### Methodology

The study employed the descriptive and case study as the research designs. The population for the study was made up of all users of the Metro Mass Transit services throughout Ghana. Also included in the study were management and the shareholders of MMT. The simple random method was used to select three highly patronised routes: Kumasi –Sunyani, Kumasi-Obuasi, and Accra-Cape Coast and three least patronised routes: Circle- Sakomono, Ho-Kpeve and Takoradi-Mpohor. The purposive sampling technique and the convenience sampling technique which are all non-probabilistic sampling methods were used to sample 574 respondents to be included in the study. The sample was made up of 540 users, 20 management staff and 7 officials from the seven shareholders. Pre-test was carried out with the Kumasi Terminal to test the suitability of the instruments before the actual work was carried out. Structured questionnaires were used. In some instance however, questions were read to respondents who could not read and write. With the help of Statistical Product and Service Solutions (SPSS Version 16) and Microsoft Excel (2007), frequencies and percentage distributions, charts and graphs were generated for analysis.

## Results and Discussions

### Users evaluation of Metro Mass Transit Limited in the delivery of Public Transport services in Ghana

According to Litman (2011), the quality of services of transport services refers to the how the transit is perceived by users. Focusing on the performance of the Metro Mass Transit Limited in the provision of transport services under the PPP agreement, questions were set to assess the perception of users of the MMT transport services on the performance of the company. The total sample for the passengers was 540. Table 1 gives a detail account of passengers' perception with regard to the performance of the MMT bus transit services in Ghana.

In all the sampled users of the MMT transport services confirmed that affordable transport fares, good sitting arrangement, comfortability, reliability, competent drivers, good customer care, attractiveness of buses, and efficiency and sustainability of MMT were the prospects they identified with the MMT Limited. In Table 1, 71.7 percent of the respondents indicated that affordable transport fare was the most prospect that they found with the MMTL. This was followed by attractive buses (67.5%) and comfortability (65.8%). Indeed, affordable transport fare was the most prospect in that it was found out that the MMT buses charged 15 percent less than the fares charged by other private transport operators. This supports the finding by Rood (1999).

**Table 1: Passengers perception on the performance of MMT**

Statement	N	SA (%)	A (%)	U (%)	D (%)	SD (%)
Affordable transport fares	540	71.7	22.5	0.8	4.6	0.4
Good sitting arrangement	540	51.2	37.1	0.4	4.2	7.1
User comfort and security	540	65.8	19.2	1.3	9.6	4.2
Reliability	540	49.6	42.9	0.2	5.0	2.1
Competent drivers	540	42.5	16.7	27.1	9.2	4.6
Good customers care	540	45.4	26.3	5.0	7.5	15.8

Attractiveness of buses	540	67.5	3.3	0.4	11.3	32.5
Efficiency and sustainability of MMT	540	45.8	39.6	4.2	6.7	3.8

SA= strongly agree; A= agree; U= undecided or uncertain; D= disagree; SD= strongly disagree.

Source: Fieldwork, 2011

### Challenges that confront MMT

The study further sought to find out the challenges that confront the MMT in its delivery of transport services to the citizens of Ghana. In spite of the phenomenal contribution of the MMT transport services to the citizens of Ghana, it was found to be faced with some challenges. The challenges have been looked at from the point of view of passengers, staff of MMT and shareholders.

**Table 2: Challenges that confront MMT**

Statement	N	SA (%)	A (%)	U (%)	D (%)	SD (%)
<b>Passengers</b>						
Poor state of physical facilities at the MMT bus terminals	540	39.6	25.8	5.4	13.8	15.4
Inadequate information of users on ticket	540	65.1	24.0	1.7	5.4	3.8
Untimely movement of MMT buses	540	72.1	16.3	1.4	8.1	2.1
Inadequate entertainment facilities on MMT buses	540	63.3	17.2	1.3	13.5	4.7
<b>Staff of MMT</b>						
Revenue leakage	20	100.0	0.0	0.0	0.0	0.0
Revenue loss	20	100.0	0.0	0.0	0.0	0.0
High budget on Fuel	20	100.0	0.0	0.0	0.0	0.0



---

### Shareholders

Non-payment of dividends	7	100.0	0.0	0.0	0.0	0.0
--------------------------	---	-------	-----	-----	-----	-----

---

SA= strongly agree; A= agree; U= undecided or uncertain; D= disagree; SD= strongly disagree.

Source: Field work, 2011

It can be observed from Table 2 that poor state of physical facilities at the MMT bus terminals, inadequate information of users on tickets, untimely movement of MMT buses and lack of or inadequate entertainment facilities on MMT buses were the challenges identified by the passengers. Of these challenges observed by passengers, untimely movement of MMT buses was the major challenge as 72.1 percent strongly agreed to that statement. This was followed by inadequate information of users on tickets (65.1%), inadequate entertainment facilities on the buses (63.3%) and poor state of the physical facilities at the MMT bus terminals (39.6%). Management of MMT, however, identified revenue leakages through non-ticketing, fake ticketing and dead ticketing. Also revenue loss was one of the challenges from the management point of view due to fare differential and free ride for school children and the aged. Lastly, high budget on fuel was identified as one of the challenges of MMT in the managerial level. Non payment of dividends was, however, identified by the seven shareholders of the MMT Limited.

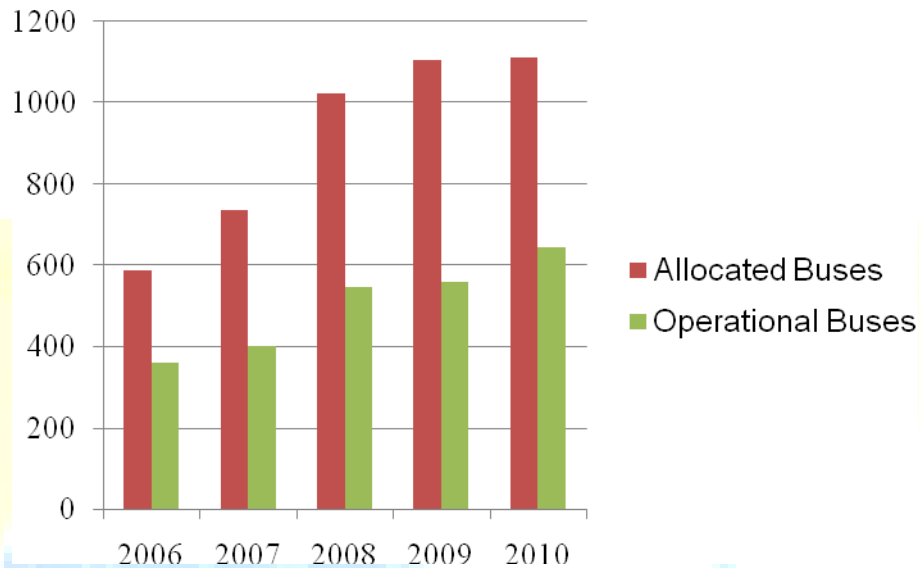
### Efficiency and sustainability of the MMT

The efficiency and sustainability of MMT was observed in the areas of the number of fleet and the profitability.

#### Number of fleet

In connection with efficiency, it was evident from the data gathered from the management of the MMT that the number of fleet they had kept on increasing over the period, 2004-2010. The increases in the number of fleet with the respective years can be seen in Figure 1 below. It can be observed from the figure that the number of fleet of MMT had showed a steady increase over the years. In the year 2006, MMT had 586 buses but this figure increased to 735 in 2007. In 2008 and 2009 the fleet was 1024 and 1105 and by December 2010 the company had 1111

buses. The study further revealed that out of these buses that MMT had at its disposal in these years, not all the buses were in operation.



**Figure 1: Trend in MMT Allocated and Operational fleet**

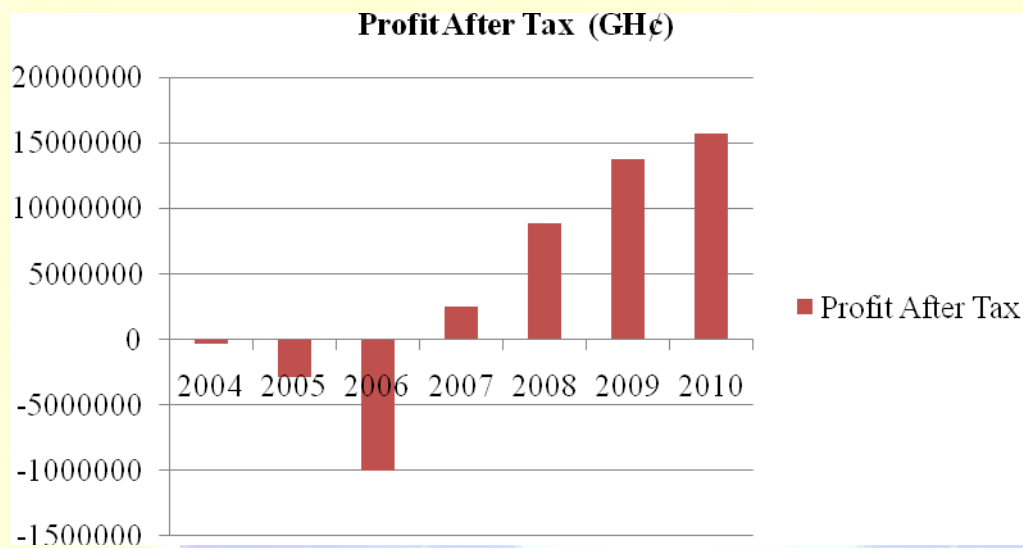
Source: Operation Department, MMT, 2011

It is evident from the figure above that the number of fleet that the MMT buses had over the five year period, 2006-2010 increased steadily. It can be observed, however, that not all the buses were operational. In 2006 out of the total of 586 buses at their disposal, 359 were operational whereas the difference, 227 were not in operation. In 2007, 735 busses were allocated to the MMT with 400 being operational. This was not different in the years 2008, 2009 and 2010 as out of the 1024, 1105 and 1111 buses allocated to the MMT 546, 560 and 643 were operational respectively. This supports the finding of Amos (2004). This situation goes a long way to negatively affect the efficiency, sustainability and operations of the MMT transport service.

### Revenue Mobilisation

Management even though conceded that there had been problems of revenue loss and leakages, there is has been some level of successes in profitability. Coming from a negative cash

flow from operating activities of GH¢2,970,925 in 2007, an improvement can be seen in 2008 and 2009 figures of GH¢8,063,408 and GH¢9,843,557 respectively. This is an indication that the current service structure being used under the cross-subsidisation concept could have helped in the company's financial sustainable operations. From the Figure 2, it is discernible that in the early years of its establishment, the MMT recorded losses. The MMT losses for the years 2004, 2005 and 2006 were GH¢368,726 GH¢286,054 and GH¢10,055,752 respectively.



**Figure 2: MMT Profit and Loss after Tax between 2004 and 2010** Source: MMT (2010)

However, the subsequent year saw the MMT enjoying profit. As can be seen from Figure 5, MMT recorded profit of GH¢2,498,027 in 2007 and GH¢8,888,085 in 2008. In 2009, MMT made a profit of GH¢13,733,030 whereas in 2010 a profit of GH¢15,732,097 was realised by the MMT. The realisation of profit in the year 2007 may be partly due to the reduction in the number of ride granted to school children which reduced from 6,345,841 in 2006 to 4,010,592 in 2007. Also, may be partly due to a reduction in loss of revenue due to fare differential which also decreased from GH¢12,186,771.8 in 2006 to GH¢9,909,148.51 in 2007. Informants also mentioned proper monitoring and evaluation as a contributory factor to this success.

## Conclusion and Recommendation

The outcome of the study clearly revealed that to a large extent, the Metro Mass Transit Limited has some inherent prospects as identified by the users of the MMT transport service. The prospects according to the users include: affordable MMT transport fares; sitting arrangements; comfortability; attractiveness of MMT buses; reliability; good customer care; professional competence of MMT drivers; and efficiency and sustainability.

The finding of the study indicates that the introduction of the Metro Mass Transit system in Ghana has numerous evident gains in terms of improving the current public transport supply. Nevertheless, some challenges have been identified that limit the contribution of the MMT in its endeavour towards proving reliable and sustainable transports services to the people of Ghana. Prominent among the challenges include: poor state of physical facilities at the MMT bus terminals and depots; inadequate information of users on tickets; revenue leakages; loss of revenue; high budget on fuel; poor infrastructure at depots and terminals; and non-payment of dividends.

In terms of its efficiency and sustainability, it can be concluded from the study that the number of fleet allocated to the MMT kept on increasing year after year even though not all the allocations were operational. The positive trend in its profitability also shows how promising the MMT is in its efficiency and for that matter its sustainability in the long run.

However, for efficiency and sustainability of the MMT services the following recommendations should be put into consideration:

- a. Efforts should be made by the Metro Mass Transit Limited to boost the infrastructural development and physical facilities at their various terminals and depots throughout the country. Terminals should be built in areas where there are not.
- b. Pragmatic measures should further be put in place to check revenue leakages due to dead ticketing, no ticketing and fake ticketing. The MMT can also resort to selling tickets in advance and also electronic ticketing to check revenue leakage. The “Operation Show Your Ticket” should also be strengthened.
- c. In terms of profitability, it is highly recommended that all effort must be put in place to check any act that tend to affect the profitability level of the MMT Limited. There should be proper monitoring and evaluation and other efforts that can help boost the profitability level of the company.

**Reference :**

- Abdul-Azeez I.A., Aworemi J.R., Olateju, OI (2009) 'Appraisal of the impact of team management on business performance: Study of Metro Mass Transit Limited, Ghana' International Journal of Business and Management, vol. 4, no. 12, pp. 186-193.
- ADB (2007). Benchmarking and data book of water utilities in India, Manila, Asian Development bank.
- Amos, P. (2004). Public and private sector roles in the supply of Transport infrastructure and services. New York: Transport Papers, Washington, D.C.: The World Bank Group.
- Blonk, W.A.G. (Ed.). (1979). Transport and regional development, Farnborough Hampshire: Saxon House Aldershort.
- Divestiture Implementation Committee (2008). Retrieved January 14, 2010, from <http://www.dic.com.gh/info/faq.html#6>
- Gwenola, M. (2008). Management contract in developing countries. Montpellier: AgroParisTech-Engref & Groupe SUEZ
- Gwilliam, K. (2006). Public transport in the Developing World-Quo vadis?, Washington D.C.:World Bank.
- Kenworthy, J. (2008). An international review of the significance of rail in developing more sustainable urban transport systems in higher income cities. World Transport Policy & Practice, 14 (2),
- Kwakye, E.A., Fouracre, P.R. (1998). Urban transport policy reform in Ghana, U.K.: Transport Research Laboratory.
- Litman, T. (2011). Evaluating public transit benefits and costs best practices guidebook, Canada, Victoria Transport Policy Institute.
- Metro Mass Transit (2008) .The establishment of MMT. Retrieved January 10, 2010, from [http://metromass.com/establish\\_mmt.htm](http://metromass.com/establish_mmt.htm)
- Mitchell-Weaver, C. & Manning, B. (1991). Public-private partnership in thirdworld development: A conceptual overview. Studies in Comparative International Development (SCID), 63 (4), 45-67

- Ndandiko, C. (2006). Private provision of public services in developing countries? Unpublished Ph.D dissertation, University of Twente, Netherlands.
- NEPAD/OECD Investment Initiative (2005). Investment for African development: Making it happen. Retrieved December 28, 2009, from <http://www.oecd.org/dataoecd/29/45/34843203.pdf>
- Nordtveit HD (2005). The role of civil society organizations in developing countries: A case study of public-private partnerships in Senegal. Unpublished Ph.D Dissertation, University of Maryland.
- Osborne, S.P. (2000). Public private partnerships: Theory and practice in international perspective, London: Routledge.
- Poku-Boansi, M. (2008). The determinants of urban public transport service pricing in Ghana - A case study of the Kumasi Metropolitan Area. Unpublished M.Phil thesis, KNUST, Kumasi.
- Rood, T. (1999). Local Index of Transit Availability (LITA). Retrieved, August 22, 2011, from <http://www.lgc.org>
- United Nations Foundation (2003). Understanding public private partnerships. Retrieved March 12, 2010, from [http://www.globalproblems-globalsolutions.files.org/unf\\_website/PDF/understand\\_public\\_private\\_partner.pdf](http://www.globalproblems-globalsolutions.files.org/unf_website/PDF/understand_public_private_partner.pdf)
- Wettenhall, R. (2003). The rhetoric and reality of private-public partnership. Public Organisation Review, 3 (1), March.