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A Qualitative Analysis of the Workings of Public-Private Partnerships in the Democratic South Africa since 1994: A Socio-economic and Infrastructural Development Perspective

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ABSTRACT The main objective of this paper was to analyse the functionality and performance of public-private partnerships (PPPs) in the new democratic South Africa. The study identified four characteristics of a functional and performing PPP, namely, (a) commitment; (b) hard- work; (c) clear intentions and expectations; and (d) honesty and trust and used them as a basis for analysis. The analysis adopted a qualitative exploratory approach and used qualitative data collection methods such as participant observation; in-depth interviewing; qualitative document study; qualitative case study, as well as qualitative data analysis techniques such as qualitative content analysis and qualitative case study analysis, to collect and analyse data. Purposive non-probability sample extracted from the population of participating government departments and was used for the purpose of this study. The analysis established that the functionality and performance of PPPs in South Africa could not be ascertained precisely due to the lack of commitment and hard-work; clear intentions and expectations; and dishonesty and mistrust from the part of both partners alike. On the basis of the findings, the study suggested the *commitment and hardwork; the clear intentions and expectations ; and the honesty or trust PPPs* model, that it is believed, if properly implemented, could lead to the improvement of the functionality and performance of PPPs in the country.

INTRODUCTION AND BACKGROUND

The need for public-private partnerships in socio-economic and infrastructural development cannot be over-emphasised. In recent years, private sector participation in the funding and financing of government projects through what is known as Public-Private Partnerships (PPPs) has emerged increasingly popular as a way of procuring and maintaining public sector infrastructure in South Africa. This phenomenon has manifested itself through a variety of infrastructural development undertakings that include, but are not limited to: (a) transport, roads, bridges, tunnels, railways, ports, and airports; (b) social infrastructure such as hospitals, schools, prisons, human settlements, and housing provision; (c) public utilities such as water supplies, waste water drainage, waste disposal and treatment; and (d) government offices and other accommodation and other specialised services such as communications networks and/or defense equipment. The goal of this article is to review the general policy issues which arise for the public sector in considering as to whether to adopt the PPPs procuring route, and the specific application of this policy approach in PPPs contracts. The article attempts to suggest a systematic and integrated model to financing and funding PPPs within the public policy framework.

In pursuit of this goal, the article adopts a qualitative paradigm to analyse the functionality and the performance of Public-Private Partnerships within the South African context. This means that qualitative data collection methods such as participant observation, in-depth interviews, document study and case study will be employed as well as qualitative data analysis techniques such as content analysis, document analysis and case analysis. Four characteristics of a functional and performing Public-Private Partnership, namely, (a) trust; (b) commitment; (c) cooperation; and (d) hardwork, had been identified and are used as a basis for this analysis.

Description of the Problem

In democratic South Africa, district municipalities try to provide services to all local residents on the basis of fairness, justice, equity, and equality. The provision of such services becomes a fruitful exercise, particularly when it is ideally carried out in the functional realm of developmental governance. However, Phago and Malan (2004) caution that:

It is well-known that municipalities are not only under-resourced, but they are also challenged with regard to their institutional capacity to deliver basic fundamental services—especially so in a just and equitable manner.

The implication of this is that a variety of effective and equitable alternatives of service delivery mechanisms must be unearthed, tested, and implemented with the view to assist policy-makers in service delivery and infrastructural development. It is on the basis of this understanding that this article defines public-private partnerships as one of many effective and efficient service delivery mechanisms, and attempts to analyse their functionality and performance in contributing towards service delivery and infrastructural development in South African local government.

Theoretical Overview

Historically, the term "Public-Private Partnership" (PPP) seemed to have originated in the United States, initially relating to joint public and private funding for educational programmes, and then in the 1950s to refer to similar funding for utilities, but came into wider use in the 1960s, to refer to public-private ventures for urban renewal. It was also used to refer to publicly-funded provision of social services by non-public sector bodies, often from the voluntary sectors, as well as public funding of private-sector research and development in fields such as technology. In the International Development domain, the term was used when referring to joint government, aid agency and private-sector initiatives to combat diseases such as AIDS and malaria, introducing improvements in farming methods, and promoting economic development (Yescombe 2007).

In respect of the provision of public infrastructure Yescombe (2007) argues that there is probably a universal agreement that the state has to play a role in the provision of public infrastructure on the grounds that:

- The private sector cannot take account of 'externalities'—that is, general economic benefits –and therefore public sector intervention is required. Without such intervention infrastructure which has to be freely available to all ('public goods') will not be built, especially where this involves networks such as roads or services such as street lighting;
- Competitive provision of infrastructure may not be efficient, and a monopoly provision requires some form of public control. Even where competition is possible, the public sector should still provide 'merit goods'—that is, those that would otherwise be underprovided (such as schools, as the rich could pay for private schools but the poor would get no education); and
- Infrastructure requires a high initial investment on which only a very long term return can be expected. It may be difficult to raise private capital for this investment without some public-sector support. It could thus be argued that infrastructure be provided by the public sector where competitive market pricing would distort the behaviour or leads to loss of socio-economic benefits.

History suggests that there are two ways for state to intervene—either by direct provision or by facilitation of private-sector provision (whether through regulation, tax subsidy, or similar incentives, or by contract). For example, the use of private capital to finance or fund economic infrastructure (for example, transportation) has been of long standing. It was however, during the nineteenth and the twentieth centuries' that the state took over the responsibility, mainly from religious or private charity, for the provision of much needed social infrastructure such as schools and hospitals. Evidently, public-private partnerships may definitely be considered as the modern way of facilitating private provision to help meet an increased demand for public infrastructure (Yescombe 2007).

Public-private partnerships can be viewed as any action purported to rely on the agreement of actions in the public and private sectors and also contributes in a significant way to improving the economy and the quality of life of the country's citizens. It is a process that incorporates: cooperation in working and acting together; people and organisations in the public and the private sectors for mutual benefit; and mobilisation of a coalition of interests drawn from more than one sector in order to prepare and oversee an agreed strategy for socio-economic regeneration in a particular country. This translates to the fact that public-private partnerships represent collaboration among business, nonprofit organisation, and government in which risks, resources, and skills are shared in projects that benefit each partner as well as the community at large.

THE NATURE OF PUBLIC-PRIVATE PARTNERSHIPS IN SOUTH AFRICA

The introduction and the utilisation of PPPs in South Africa can be clearly explained in terms of three dimensions, namely: (1) the historical perspective; (2) regulatory perspective; and (3) legislative, policy, and institutional perspective.

Historical Perspective

In South Africa, the idea of Public-Private Partnership emerged from the process that led to the development of a document titled "Framework for Restructuring of Municipal Service Provision", which was undersigned by South African Local Government Association (SALGA), the Congress of South African Trade Unions (COSATU) and the then Minister of the Department of Provincial and Local Government, Honorable M V MOOSA (on behalf of the government), on the 1st day of December 1998, at Cedar Park, Johannesburg. At that time, it was understood that the objectives of this exercise were to seek ways and means to capacitate local municipalities to effectively deal with a myriad of socio-economic and infrastructural backlogs inherited from the apartheid government, and to see how the private sector can be roped in to assist in this discourse (Department of Provincial and Local Government 1998).

To consolidate this framework it was alluded that the Government, Cosatu, and SALGA signed a record of understanding on the 2nd of October 1998, which was an attempt to resolve the then impasse that resulted from the National Economic Development and Labour Council (NEDLAC) process, between the parties with regard to the restructuring of municipal services. In terms of this record of understanding the objectives, principles, and processes for restructuring was developed into a framework together with the principles for a regulatory framework. Finally, a framework was established, which then guided and contributed to the overall approach to local government restructuring and the Municipal Services Partnerships (MSPs) process in the country (van Donk et al. 2008).

Regulatory Perspective

The Municipal Service Partnership Regulatory Framework provides for Public-Private Partnerships regulatory measures. In terms of this framework, all service providers (both public and private), must be subject to a regulatory framework within which services should be delivered. Moreover, there are specific regulations that apply specifically to private sector providers to ensure that private companies are not able to make unreasonable profits out of service delivery. To enhance this proposition, Beall et al. (2005) point out that:

The essence of Breaking New Grounds (BNG) is structured around the imperatives of maximising the benefits accruing to citizens and households from state programmes/instruments in economically, spatially and community-empowering formats. Proposed in the plan is the construction of socio-institutional technologies and modalities that facilitate and enable dynamic partnership formation configured and deriving from developmental engagement of markets (vertical) with the horizontal networks of community organisations that builds and/or draws from social capital, that is, partnerships rooted in radically different social ecologies from the recent past. Again, though, and similar to the weaknesses of neat policy constructions, second-decade-style 'South African developmentalism'-as policy and process- is an ambiguated project not unrelated to its straddling of competing conceptions of governance praxis; its inability to connect politics, society and economics in pro-poor ways; and the partial and incomplete institutionalisation of progressive state-civil society linkages.

It must be noted that this regulatory framework contain clauses that must be adhered to, to ensure for the effective, efficient, affordable, accountable and environmentally sustainable service delivery and infrastructural development. Regulatory measures applicable to all providers (public and private) include but are not limited to:

- ***Provision for a Lifeline Tariff**:* which ensures that all have access to basic levels of services delivery and infrastructure (for example, a tariff structure such as a progressive block tariff that allows for a situation of cross-subsidisation between the poor and the rich, urban and rural areas, industry and residential areas, and commercial farming and rural communities is commendable;
- ***Limit on Tariff Increases**:* This to ensure that tariff setting for service delivery and

infrastructure complies with the parameters set by norms and standards prescribed by national government and the Municipal Services Partnership Framework, and also ensures that the price of new connection is appropriately and properly controlled;

- ***Standards and Specifications of the Work to be Carried Out:*** This is important for establishing minimum standard of service delivery and infrastructure development that the provider is required to provide. Such PPP contracts should comply with the norms and standards set by national government and must include issues such as: (a) description of work to be done; (b)method and frequency of work and the response time(representing the maximum amount of time allowed between a problem being identified and being fixed); (c) timing of work and any requirements or restrictions on when work is done, standard of work, standards of service to be provided, and improvement in the service that must be effected over time (with a timeframe worked out—for example lower rate of leaks, universal metering, and proper billing); (d) jobs that must be done in addition to the main work, security measures, cost effectiveness, key performance indicators (such as number of jobs created, affirmative business enterprises, training provided, money retained in the community, introduction of community labour based on construction methods, using local labour, plant, and material where possible, optimisation of the use of Small Medium and Micro Enterprises (SMMEs) in the project, maximisation of possible opportunities for long term job creation in local communities, and performance against Reconstruction and Development (RDP) objectives; and (e) equipment and materials to be used, facilities to be provided, qualifications for employers , emergency cover and standby teams, and special events that need to be dealt with. Sadly, Gray and Larson (2003) lament the fact that: These embryonic initiatives and cooperative governance endeavours were neither sustained nor extended to other critical stakeholders;
- ***Investment Requirements:*** Details of investment required must be transparently developed and prioritised, preferably in the Integrated Development Plans (IDPs) that municipalities are constitutionally mandated to draw up;
- ***Environmental Standards:*** Service delivery and infrastructure development must be undertaken in an environmentally sustainable manner and active measures must be taken to prevent any pollution. It is naturally expected that a municipality's IDP must incorporate an environmental management component and that in its bid, a private company must at least indicate as to how it will comply with the IDPs' requirements pertaining to the issues around environmental health and cleanliness. In this respect, Todes (2004)argues that:
  The underlying theme of developments in environmental law is sustainable development. Planning tools such as IDPs tent to treat the theme of environmental sustainability inadequately. More importantly, however, although they may incorporate sustainability principles, they fail to influence the on-going practices at project level.
- ***Employment Conditions and Workplace Restructuring:*** In this respect, open and transparent appointment policies, processes, and procedures which incorporate affirmative action and employment equity must be in place and adhered to at all times, and high standards of employee health and safety must not be compromised and must be duly implemented. Employees must receive on-going training and skills development in a manner which is consistent with national legislation. More importantly trade unions must be accorded the recognition that they deserve and there must be a genuine consensus between the employers' and employees' representatives to enter into collective bargaining processes. Finally, employees' representatives (trade unions) must be fully consulted prior to any introduction of appropriate technology which might affect job security. Nel et al. (2011) submit that:
  The purpose of the Labour Relations Act, Act 66 of 1995 is to advance economic development, social justice, labour, peace, and a democratisation of the workplace by fulfilling the primary objectives of the Act which are to realise and to regulate

the fundamental rights of workers and employers in the Constitution Act, Act 108 of 1996.

- ***Financial Issues and Institutional Arrangements:*** It is expected that financial records and transactions must be transparent and be open to public scrutiny subject to total consultation with workers and the community. In terms of the existing law, there must be broad participation in the prioritisation and setting up of budgets. In the case of private providers, they must ensure their budgets are in accordance with and in compliance to the priorities for service delivery as set out in municipal IDPs, and the contract must provide for sufficient checks and balances to ensure that the private sector allocates sufficient funds to effectively fulfill their contractual obligations and that the monies are spent appropriately. In the area of institutional arrangements, the government and/or the municipality must have sufficient authority to ensure for proper compliance, monitoring, evaluation and review of targets and processes. Moreover, there must be a need to clearly define the roles, responsibilities, functions and powers of government, the private sector, and other social partners in the contractual arrangement. Fowler (2003) reiterates that:
  PPP as an important instrument for service provision cannot be overstated. In one of the challenges facing municipalities in South Africa, the complementary role of the private sector is one of the key aspects that would contribute positively towards the socio-economic and environmental upliftment of local communities in South Africa. However, private sector involvement should not be regarded as a panacea to all the problems facing service delivery by South Africa and her municipalities. In contrast, government and her municipalities should not be seen as a service provider of all services to all residents, but rather as a service facilitator and/or enabler in that the socio-economic and environmental development could be proliferated through the implementation of PPPs projects.
- ***Protection against Conflict of Interest, Disputes, and Penalty Clauses:*** With regards to the protection against conflict of interest it has been agreed that the code of conduct governing both government and municipal councillors and officials must be applicable with the proviso that it will adequately regulates conflict of interests. A transparent dispute resolution mechanism must be spelt out in both the regulatory framework and contracts to deal with disagreements arising between the partners in the PPP relationship and, finally, a system to deal with penalties for non-compliance should be established within the Municipal Service Partnership Regulatory Framework and contracts.

Regulatory Measure specific to the Private Sector Companies

It is expected that private sector companies engaged in PPP arrangements with government must meet a range of different contractual obligations that include, but not limited to:

- ***Ownership of Assets:*** In respect of this arrangement the government and municipalities are expected to retain ownership of infrastructure assets of core services. Infrastructure assets used by the private company during the contract must be transferred back to the government or municipality at the end of the contract. However in certain instances the government or the municipality can choose to sell or lease these assets, in which a transparent process should be put in place to deal with different cases. Measures should also be introduced to allow for effective protection against asset stripping, and when service is transferred back to the government or municipality, it must be transferred as a going concern, with the assets in a state of good repair and maintenance, and at no cost to the government or municipality.
- ***Regulating the Financial Aspect, Social Reinvestment and Investment Obligations:*** There must be limits to the rate of return that companies make, and in addition, the government or the municipality must not guarantee certain profit for the private company and must not be held responsible if the company does not achieve its desired rate of return for reasons outside the contractual obligation or responsibility of the government or municipality. In respect of

social reinvestment, this could include a provision that a certain amount of money be invested in the service. The International Republican Institute (1998) presents the view that:

there is a difference in the proportion and mode of private sector participation, which has the ability of influencing government or municipal objectives by attracting private sector investment in government or municipal administration and management. Alternative Service Delivery mechanisms are options and means available to government or municipal decision-makers to address the service delivery backlogs. In the area of investment obligations, the contract must spell out in detail what investments are required and a time frame for these investments. Moreover, penalties must be put in place in the event that the private company does not meet its obligations.

- ***Disqualification of Companies, Company Responsibility for Costs, Right to Information, Full Disclosure of Information, and Company Guarantee***: There must be a schedule specifying the conditions of corruption under which companies will be disqualified, and non-compliance with laws regulating labour relations in South Africa, and those International Labour Organisation agreements which South Africa supports, will disqualify companies prior to the bidding process. The company must bear the costs relating to the monitoring of the contract and the amount of the costs borne by the company will depend on the type, size, and complexity of the contract. The government or the municipality has a duty to its constituency to give service users, employees and other organisations a full report on the operation of the company in relation to the service being provided. Within the context of the Republic of South Africa's Constitution Act, Act 108 of 1996, the Labour Relations Act, Act 66 of 1995, and other relevant legislation, the government or municipality must have access to amongst others, the following information on the service provided: (a) financial record relating to the service; (b) existing and planned international and national contracts; and (c) company structure including information on all stakeholders. Service users and employees and their organisations should have a right to information on the Constitution and other relevant legislation. The company must put aside a certain amount of money as a performance guarantee. However, if the company does not comply with its contractual obligation the government or the municipality should be able to use the guarantee to ensure that government or municipality can make alternative arrangements to allow the service to continue to be provided. At the end of the contract the guarantee will only be returned to the company if the service is transferred back to the government or municipality as a going concern, the assets have been maintained to the agreed standard, and the company has fulfilled all its obligations and duties. This guarantee must be kept in a separate account or trust fund, for which separate audited statements must be prepared. The money cannot be accessed by either the company or the government/municipality for any other purpose except the purpose outlined above.
- ***Reporting to the Government/Municipality:*** the company must report on a regular basis to the government/municipality regarding its performance and whether it is meeting the performance criteria. This reporting must include information pertaining to: (1)what and where it has invested and whether it is meeting its investment timetable/targets; (2) improvements to the infrastructure and quality of service it is providing; (3) labour conditions; (4) the savings that it is effecting; and (5) the profit it is realising

Legislative, Policy, and Institutional Perspective

The South African Law defines a public- private partnership as a contact between a public sector institution/municipality and a private party, in which the private party assumes substantial financial, technical, and operational risks in the design, financing, building and operation of a project. Various pieces of legislation and policies that outline the vision of a functional public-private partnership had been put in place. In the early part of the new democratic South Africa, the Reconstruction and Development Programme (RDP 1994), instituted by the African National Congress (ANC) provided policy guidance to the current government, and according to Levin (2004), RDP policy focuses on meeting key issues including satisfying the needs of the people, human resource development, economic development, and democritising the state and society. RDP as a policy document was generally regarded as a developmental instrument that was meant to achieve stated goals within the context of the South African environment. International realities compelled the South African government to reassess particular policy directives, and in 1998, the Growth, Employment, and Redistribution (GEAR), was adopted as policy framework. The vision of this policy centered on the facilitation of a competitive fast growing economy which creates enough jobs for all work seekers, a redistribution of income and opportunities in favour of the poor, a society in which sound health, education, and other services are available to all, and an environment in which homes are secured and places of work are productive.

Stacey (1997) highlights that the search for alternative service delivery mechanisms is a result of factors such as low productivity, poor financial management, inadequate risk management, and soft budget constraints. Similarly, the White Paper on Local Government (1998:94) clearly points out specific principles that need to be considered pertaining to decision-making on service delivery. These principles include: accessibility of service, affordability of service, quality of product and service, intergraded development of service, accountability of service, sustainability of service, and value-for-money. In 1997, the Cabinet approved the appointment of an inter-departmental task team to develop a package of policy, legislative and institutional reforms to create an enabling environment for PPPs. Pioneering PPP projects were undertaken between 1997 to 2000 by the South African National Road Agency for the N3 and N4 toll roads, by the Departments of Public Works and Correctional Services for two maximum security prisons, by two municipalities for water services, and by the South African National Parks for tourism concessions.

Drawing early lessons from these projects and from international experience, a Strategic Framework for PPPs was first issued in terms of the Public Finance Management Act, Act 1 of 1999. By mid-2000, with technical assistance funding from USAID, the PPP unit was established in the National Treasury with five professional staff drawn from both the public and the private sectors. The National Treasury's PPP unit currently comprises some seventeen professional staff that is allocated projects depending upon each individual sector expertise and interest. This list of sectors includes fields of health; energy; water; transport; ICT; tourism; waste; accommodation; education; budget support; contract management; project development facility; business development; and international relation, reflects current government priorities, which of course, change from time to time. Overarching considerations include Black Economic Empowerment and the essential elements of PPP (namely: affordability, value-for-money, and transfer of significant financial, design, technical, and operational risks to the private sector). All PPP staff actively participates in policy formation and PPP training.

Vision, Mission, and Values of the PPP Unit of the National Treasury

Vision

The vision is to facilitate and enhance quality public service delivery by being a catalyst for efficient, effective, and value-for-money best practice solutions.

Mission

This mission is:

- To enable the National Treasury and provincial treasuries to effectively regulate PPPs;
- To drive PPP by deal flow by identifying project opportunities that yield value for all stakeholders;
- To provide technical assistance to public institutions through project feasibility, procurement and management; and
- To promote an enabling environment for PPPs by:

(a) Facilitating certainty in the regulating framework;
(b) Developing best practice guidelines;
(c) Providing training;
(d) Disseminating reliable information; and
(e) Driving Black Economic Empowerment in PPP.

Values

The PPP unit subscribes to the following values:

- Fairness;
- Empowerment;
- Professionalism;
- Integrity; and Passion.

Other legislative measures pertaining to PPPs in South Africa include the Constitution of the country which provides that when the organ of the state in the national, provincial and local sphere of government, or any other institution identified in national legislation contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective. Municipal Finance Management Act 56 of 2003 which expands and extends accountability to the sphere of local government and local audit committees. Public Audit Act 25 of 2004 which governs external audit in the public sector. Promotion of Administrative Justice Act 3 of 2000 which secures and realises the right to administrative action that is lawful, reasonable, and procedurally fair. White Paper on Transforming Public Service Delivery 1997, Income Tax Act 58 of 1962, Value Added Tax Act 89 of 1991, White Paper on Municipal Service Partnerships 2000, and Preferential Procurement Act 5 of 2000, Supply Chain Management Policy and The National Treasury Regulatory Framework are also having impact on the functionality and performance of PPPs.

Statement of the Problem

Key Problem

Even though there are sound legislative, policy, and institutional arrangements pertaining to Public-Private Partnerships in the country, the functionality and performance of PPPs remain unsatisfactorily

Sub-problems

Underlying this key problem might be the following sub-problems:

- The commitment and hard-work from the part of the partners ;
- The intentions and the expectations of the partners; and
- The honesty and the trust of the partners.

Research Questions

Following from the above key problem and its sub-problems, the following research question are raised:

- What is the commitment and hard-work level of the partners?
- What are the intentions and expectations of the partners? and
- What is the honesty or the trust level of the partners?

Research Objectives

The research objectives are presented thus:

- To explore the commitment and hard-work level of the partners;
- To explore the intentions and expectations of the partners; and
- To explore the honesty or the trust level of the partners.

Population

Description of the Population

The population of this study is the National Treasury which is responsible for managing South Africa's national government finances, taking into account that supporting efficient and sustainable public financial management is fundamental to promoting economic development; good governance; social progress; and a rising standard of living for South Africans. Chapter 13 of the Constitution mandates National Treasury to ensure transparency, accountability, and sound financial controls in the management of public funds. National Treasury is also constitutionally mandated to promote government's fiscal policy framework, to coordinate macroeconomic policy, and intergovernmental financial relations, to manage the budget preparation process, to facilitate the Division of Revenue Act, which provides for an equitable distribution of nationally raised revenue between national, provincial and local government, and to monitor the implementation of provincial budgets. As mandated by the Executive and Parliament, National Treasury will continue to support the optimal allocation and utilisation of financial resources in all spheres of government to reduce poverty and vulnerability among South Africa's most marginalised. Over the coming years National Treasury priorities include increasing investment in infrastructure and industrial capital, improving education and skills development to raise productivity, improving the regulation of markets and public entities, and fighting poverty and inequality through efficient public service delivery and expanded employment. According to McBurney (2001):

a population is the sampling frame which represents the totality of persons, events, organisation units, case records or other sampling units with which the research problem is concerned.

The Organisational Structure of the National Department of Finance

The organisational structure of the Department of Finance, South Africa is presented in Figure 1.

Description of the Sample

Barker (2003) states that a sample comprises of elements, or a subset of the population considered for actual inclusion in the study, or it can be viewed as a subset of measurements drawn from a population in which we are interested. Sampling is studied in an effort to understand the population from which it was drawn. Alternatively, a sample is small portion of the total set of objects, events, or persons from which a representative selection is made.

In this study a non-probability purposive sample consisting of a variety of infrastructural development projects from the Public-Private Partnership unit of National Treasury was used to explore the functionality and the performance of Public- Private Partnerships in the country. The PPP unit in National Treasury came into being in April 1997 when the Cabinet approved the appointment of an inter-departmental task team to develop a package of policy, legislative, and institutional reforms to create an enabling environment for public-private partnerships. Pioneering PPP projects were taken between 1997 and 2000 by the South African National Road Agency for the N3 and N4 roads; by the Departments of Public Works and Correctional Services for two maximum security prisons; by two municipalities for water services; and by South African National Parks for tourism concessions. Drawing early lessons from these projects and from the international experience, a strategic Framework for PPPs was endorsed by cabinet in December 1999, and in 1st April 2000, Treasury Regulations for PPPs were first issued in terms of the Public Finance Management Act (Act 1 of 1999). By mid-2000, with technical assistance from USAID and other partners, the PPP unit was established in National Treasury with five professional staff drawn from both the public

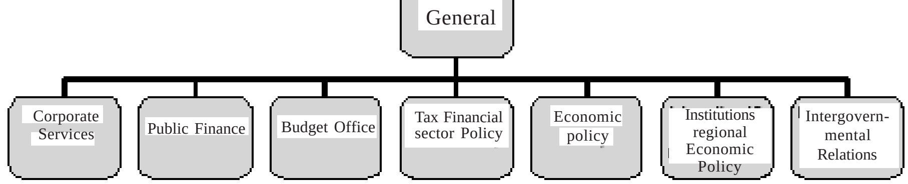

Fig. 1 The organisational structure the Department of Finance 2012
Source: Department of Finance: South Africa (2012)

and the private sector. The values central to this PPP unit include, but were not limited to: fairness; empowerment; professionalism; integrity and passion. Currently, National Treasury PPP unit comprises of some seventeen professional staff that are allocated projects depending upon individual sector expertise and interest. The list of sectors includes: health, energy, water, transport, Information and communication technology, tourism, waste, accommodation, education, budget support, contract management, project development facility, business development, and international relations

All these reflect current government priorities, which of course, change from time to time. Overarching considerations include: Black Economic Empowerment (BEE), and other essential elements of PPPs, namely, affordability, value-for-money, and transfer of significant financial, design, technical, and operational risks to the private sector. Of essence is that all PPP unit staff actively participates in policy formation and PPP training.

The Sample of the Study

The selection of the sample was made in such a way that some of 'closed' PPP projects that were initiated and supported by National Treasury PPP unit and those that were 'closed' in terms of the Treasury Regulation 16 and Municipal Projects registered under the Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA) for the period 2010-2012 were included in this analysis. The following projects served as focus point for this study:

- Projects Ikhwezi (2009)and Mthombo(2012-2020): PetroSA (Department of Energy and Minerals);
- Limpopo Textbooks Fiasco (2012): Department of Basic Education;
- R4.2-billion Probe in Low Cost Housing by the Minister(2011-2012): Department of Human Settlements; and
- Gauteng e-toll project (2012): South African National Road Agency Limited (SANRAL): Department of Transport

Presentation of the Sample

The sample is presented in terms of Table1. In terms of Table1, 10 project managers, 10 PPP project partners, 10 community members were interviewed on Ikhwesi and Mthombo PPP projects of the Department of Energy and Minerals under the auspices of PetroSA. In respect of the Limpopo Textbooks PPP project under the Department of Basic Education, 10 project managers, 10 PPP project partners, and 10 community members were interviewed. Similarly, with regards to the provision of low cost housing PPP project under the Department of Human Settlements, 10 project managers, 10 PPP project partners and 10 community members were interviewed. Finally, in respect of the Gauteng e-toll PPP project under the Department of Transport (South African National Road Agency Limited), 10 project managers, 10 PPP project partners and 10 community members were interviewed. All in all 120 respondents participated in the study.

Table 1: The sample

Department	*PPP project name*	*Department's PPP project managers*	*PPP project partners*	*Community members*	*Total*
Department of Energy and Minerals (Petro-Sa)	Ikhwezi and Mtombo	10	10	10	30
Department of Basic Education (Edusolution)	Limpopo TextbooksFiasco	10	10	10	30
Department of Human Settlements	Provision of Low Cost Housing	10	10	10	30
Department of Transport (South African National Road Agency Limited)	Gauteng e-toll	10	10	10	30
Total		40	40	40	120

METHODOLOGY

Data Collection

Participant Observation

This is a research procedure that is typical of the qualitative paradigm as it necessitates direct contact with the subject of observation. In this procedure, the researcher was involved in the one-continuum ranging from total involvement on the one hand and total observation on the other. This allowed the researcher to decide beforehand on the role he intended to take in the inquiry since the decision affects the total process of the inquiry. The researcher spent lengthy time observing participants in their natural setting in their workplaces (Neuman 2000).

In-depth Interviewing

This is a predominant mode of data collection in qualitative research. All interviews are interactional events and interviewers are deeply and unavoidably implicated in creating meanings that resides within participants. The researcher engaged in this mode of knowing that interviewing the participants involves description of the experiences, as well as involving reflection on the description. After lengthy uninterrupted period of preliminary interviews, the researcher prepared a detailed open-ended interview schedule and then conducted in-depth interviews with the respondents (Krueger and Casey 2000).

Qualitative Document Study

The researcher used a variety of non-personal documents such as minutes of meetings, agendas, internal office memos, newspapers, magazines, and government's legislative and policy documentation, with the knowledge that if these documents are studied and analysed for the purpose of scientific research, this method becomes operational. Government publications, relevant journal articles were used to amass relevant data (Ritchie and Lewis 2003).

Qualitative Case Study

The researcher is of the view that a descriptive or factual statement makes a claim about what really is the case. Subsequently, there are various kinds of descriptive statements that allow the researcher to distinguish between types of descriptive statements according to the following dimensions: the number of cases covered by the description; the number of variables included in a description; and the levels of measurement. Cases lodged with the different departments included in the sample, and having contribution to make, were secured and studied for the purpose of this analysis (Leedy and Ormrod 2001).

Data Analysis

Qualitative Content Analysis

Content analysis is define as a process of identifying patterns and themes of experiences participants bring to the study, what patterns characterise their participation, and what patterns of change are reported by and observed in the participants (Patton 2002).Content analysis played an important role in this study as it involves detailed and systematic examination of the content of a particular body of material for the purpose of identifying themes, patterns and even biases. The contents of relevant documents secured during data collection were subjected to a rigorous analysis through this technique. The same is true with the information gathered from interviewees' responses.

Qualitative Case Study Analysis

This is an intensive investigation of a single unit or an examination of multiple variables (Babbie and Mouton 2001). This technique has been used in this study as it takes multiple perspectives into account and attempts to understand the influences of multilevel social systems of subjects' perspectives and behaviours—the defining characteristic of this technique is its emphasis on an individual. Relevant cases in the sampled national departments were assimilated and their relevance to the study cautiously scrutinised to assess their contribution.

Findings

The findings are presented thus:

In respect of three stated objectives, the study revealed that:

- ***Commitment and Hard-work Level of the Partners***

In all PPP projects sampled for the study neither the commitment nor the hard-work levels of the partners could be clearly ascertained as both partners lacked the strategic direction for their respective involvement, hence the entire PPP processes failed;

- ***Intentions and Expectations of the Partners***

Similarly, the study found that in all projects sampled, the intentions and the expectations of the partners were not viable and sustainable, as both partners had different and sometimes conflicting intentions and expectations; and

- ***Honesty or Trust Levels of the Partners***

There were high levels of dishonesty and distrust among the partners, which occasionally led to a string of fraudulent and corrupt activities that are still the order of the day.

RESULTS AND DISCUSSION

The results of this analysis indicate amongst other that any partnership relationship, particularly public-private partnership based on lack of clear commitment and hard-work; questionable intentions and expectations; and lack of honesty or trust between the parties, can constitute a recipe for disaster. On the basis of these findings the article suggests the *Commitment and Hard-work; the Clear Intentions and Expectations; and the Honesty or Trust PPPs* model, that it is believed, if properly a implemented, could lead to the improvement of the functionality and performance of public-private partnerships in South Africa.

Presentation and Description of the Suggested PPP model

This suggested PPP model is presented in Figure 2

Description of the Suggested Model

A= This suggests that in any functional and performing PPP relationship, the presence of clear commitment and hard-work from partners remains key central features.

B= This suggests that the role of carefully well-thought off intentions and expectations from partners cannot be underestimated in any PPP arrangement.

C= This theme asserts that sustainable and viable levels of honesty and trust are fundamental requirements for any functional and performing PPP relationship.

The solid arrows suggest that there is a systematic, coordinated and integrated interaction amongst these elements that cannot be compro-

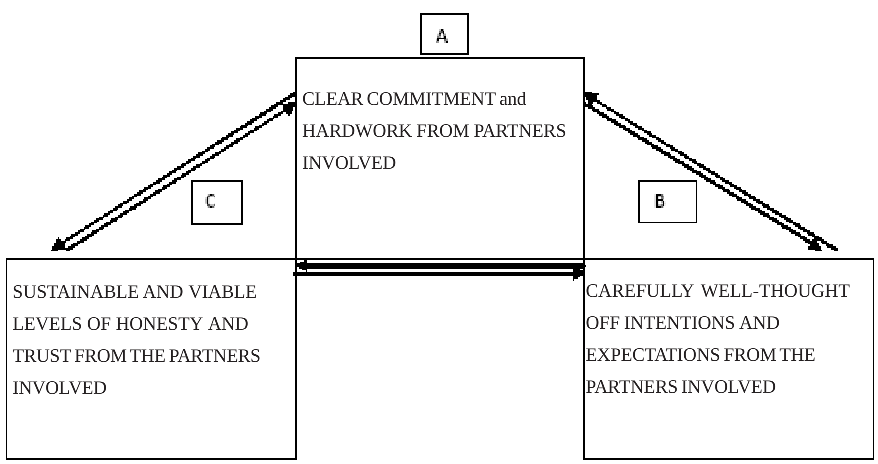

Fig. 2. Suggested PPP model

mised in any way before, during and after the PPP process has been launched and undertaken.

CONCLUSION

The article presents a qualitative analysis of the functionality and performance of public-private partnerships in the democratic South Africa that focuses largely on the socio-economic and infrastructural developments. It identifies pertinent themes of a functional and performing public-private partnership, namely: (a) a clear commitment and hard-work with clear vision; (b) a carefully well-thought of intentions and expectations; and sustainable and viable levels of honesty and trust and used them as benchmark basis for this analysis. Qualitative data collection methods and qualitative data analysis techniques were employed in analysing the workings of public-private partnerships in the country. The analysis revealed that the country was in a state of despair due to lack of functional and performing PPPs that can adequately address the socio-economic and infrastructural challenges that if faces. From these findings, the study recommends and suggests the *commitment and hard-work; the clear intentions and expectations; and the honesty and trust PPPs* model, and maintains that if properly implemented, the could lead to the improvement of the performance of PPPs in the country.

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