


Dynamics in Implementation of Public Private Partnerships

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ABSTRACT

Governments all over the world play a crucial role in the development of infrastructure and the provision of basic services to the citizens. With increasing population, urbanization, other developmental needs, the governments' ability to address public needs through traditional means is severely constrained. Due to this, new approaches and forms are being sought after and one such is through contractual agreements with the private sector commonly referred to as a public-private partnership (PPP). A PPP is a contractual agreement involving the private sector in the delivery of public services. PPP formations are effected by government support, economic uncertainties, market readiness, and organizational factors. Adopting a mixed methods approach, the primary data was collected through questionnaires, interviews, and secondary data from published reports and documents the objective was to explore the dynamics in the implementation of PPP agreements with focus on Namibia and enhance the knowledge to enable the government and private entities in dealing well with these factors.

KEYWORDS

Formation, Government, Implement, Infrastructure, Private Sector, PPP, Services

INTRODUCTION

The public services and infrastructure was originally provided by governments to the public through traditional procurement method. According to Osborne (2002), governments over the years acknowledged the fundamental role of infrastructure in promoting economic growth and poverty reduction. According to (Hodge, Greve, & Boardman, 2010; Klijn & Teisman, 2003), throughout the decades, governments worldwide introduced policies and regulations that support the formation of public-private partnerships (PPPs). In order to execute projects effectively and efficiently, governments worldwide enter into contracts with private enterprises to supplement public investments and provide public services. Many countries have shown an extensive development of PPP programmes, whilst others have remained sceptical (McQuaid & Scherrer, 2010). The development of infrastructure and provision of basic civil services is considered to an important public sector activity. Osborne (2005) points out that “partnership approaches received a widespread support from across the political spectrum including policy makers, official and local communities” (p. 10). Further, government debt reduction in many countries was the main motivation for governments to engage private sectors through PPPs in provision and development infrastructure, such as toll roads, schools, hospitals, car parks, and prisons (Liu, Love, Smith, Regan & Sutrisna, 2014). According to Boardman, Siemiatycki and Vinig (2016), PPPs acquire services for the government by means of private sector capital and expertise. Boardman, Siemiatycki and Vinig (2016) further state that on occasion, the private sector also provides the services that use the infrastructure, such as correctional services and clinical services.

DOI: 10.4018/IJPAE.2020010102

In Canada, federal, provincial and municipal governments have all employed PPPs. Public-private partnerships (PPP) are expanding fast as a means of acquiring infrastructure assets and public services, indicating a major shift in the association between the state and industry (Hashim & Sanni, 2014). According to Gidado (2010), PPP is unique in the sense that the private sector is engaged in the projects that the government would be interested in. PPPs are now one of the creative alternatives introduced by governments to enable the public sector to acquire infrastructure and offer chances for improvement of service delivery and assurance of better value for money (Ibanda & Ndandiko, 2010). Ferlie, Lynn and Pollitt (2005), describe PPP as the concept of combining government and private firm resources with the purpose of minimising risk and project capital injection. PPPs are attractive to various governments worldwide out of the necessity for new infrastructure (Boardman, Siemiatycki, & Vinig, 2016). Luanda (2013) states that countries have different perceptions towards PPPs, with the result that only developed continents are said to be fully exercising the PPP approach. According to Rosenau (2000), Western European countries were seen shifting the role of social welfare responsibility to the private sector through the PPP approach. In New Zealand, Scandinavia and Australia, the PPP approach is perceived as an approach that has created a disunion of the traditional way of the public social welfare benefit system.

However, PPPs in Africa and Latin America are only addressing small scale transactions just to meet the basic needs and the concept of PPP is new in Namibia. Rententia, Rial, Halstead, Funke and Pautz (2018) state that so far, experience in Namibian PPPs is limited to a few projects in the energy, water and sewerage sectors, and to a lesser extent in housing. The PPP unit at the Ministry of Finance identified potential PPPs and they are currently discussing with contracting agencies (Suneja, 2015). According to Luanda (2013), Namibia's economy is expected to grow significantly. Hence, the existing infrastructure will not be able to support the current and future growth in population and industry. Since the infrastructure set in 1960s, the country has seen little infrastructure development as well as insufficient maintenance. The resultant is that the energy and transport infrastructures cannot cope with the current industry and development phases and plans. As part of vision 2030, plans are for the expansion of the following infrastructure in Namibia: harbour ports, airports, telecommunication, railway, roads and power. Since independence in 1990, the Namibian government was the sole financier of the majority of infrastructure projects. A durable economic and developed infrastructure such as highways, energy, information technology and communication, harbours, airports, water, public health, sewerage, education, industrial research and testing facilities, and industrial parks create a critical requirement for economic growth and development. For this reason, the Government of Namibia through the cabinet in 2012 developed a PPP Policy as a platform for provision of infrastructure and services to the public. As per Namibia's PPP Policy, the government aims to recognize the significance of maximising PPPs as a tool for accomplishing its social goals of combating unemployment, empowerment of small and medium enterprises and combating economic inequalities. Suneja (2015) identified the key target sectors under Namibia's PPP Policy as transport, housing and energy. The government also intends to make institutional arrangements supporting health PPPs including the planned creation of a PPP subdivision under the Ministry of Health's Policy Planning and Human Resources Development Directorate. The PPP framework implemented in June 2017 comprises of three layers of management structures given Table 1 as per the Namibian PPP Act.

With this background, adopting a mixed method approach the objective herein is to explore dynamics in implementation of PPP agreements with focus on Namibia and enhance the knowledge to enable the government and private entities in dealing well with these factors.

RESEARCH METHODOLOGY

The study adopted the mixed methods research as a research design. The population consisted of all PPPs that are in the formation level in Namibia and snowball sampling technique adopted. This was the most suitable as the study involves the participation of individuals with the extensive knowledge

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