

THE FOUNDATIONS OF A SUSTAINABLE PARTNERSHIP

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ABSTRACT

Partnerships are being proposed at all levels in South African society, but especially in the development field. Currently the so-called "public private partnerships" (PPPs) are being proposed by especially government. However, the basis on which such partnerships are founded and the conditions required for them to be sustainable have yet to be explored and documented.

The background and context of partnerships is explored and some definitions examined. The essential elements of a partnership are documented. Using a case-study some attitudes and pre-conditions for the establishment of workable, sustainable partnerships are suggested. These include the notion of declared self-interest and ways in which such self-interest can be put on the table and harnessed for the good of the partnership. The importance to any partnership of the parties' self-interest being declared and acknowledged is explored.

Some of the underlying principles are examined and the implications explored. In order to maximise the benefits and minimise the dangers of a partnership it is suggested that parties seeking to establish a partnership should begin by declaring their self-interest.

The conclusions drawn are tentative and based upon experience rather than on empirical testing. It is suggested that each partnership should be approached on its own merits and its success or failure will depend on factors rather other than hard and fast rules or contracts.

INTRODUCTION

Partnerships are here to stay, whether we like it or not. They are to be found in almost every sector: in education, in health, even in the prison services! This paper is an attempt to explore some of the reasons for this and therefore try to understand some of the issues surrounding them as well as the benefits and pitfalls, especially with reference to enhancing environmental management and sustainability.

The context, or "Why partnerships?"

Partnerships are proliferating, not just in South Africa, but around the world.

International context

The 1992 Rio Earth Summit and its programme of action, Agenda 21, both of which built on the seminal report, "Our Common Future" produced for the United Nations by the Commission on

Environment and Development led by Norway's Prime Minister, Gro Harlem Brundtland, have led to the growth of a new paradigm for development.

The three key themes which underpin this new paradigm are

- *Economic growth is not sufficient, and can in fact be detrimental, without appropriate linkages to the human, ecological, ethical and social dimension;*
- *Governments operating alone are not sufficient, and can at best be ineffective, at worst detrimental, without empowering, building and working with the skills and resources of other sectors; and*
- *Sustainable development is a global imperative for action in every nation and at every level of society, not just in developing nations and poor communities (Nelson, 1996).*

The diagrams in Figure 1 below, developed by Ismail Serageldin and Andrew Steer in the office of the World Bank's Vice President for Environmentally Sustainable Development (ESD), shows the relationship between the interdependencies and the linkages.

In box 1 the ESD triangle as it traditionally understood is shown. The three imperatives in development, economic, ecological and social are interdependent on each other. This interdependence is given expression in the linkages shown in box 2 below.

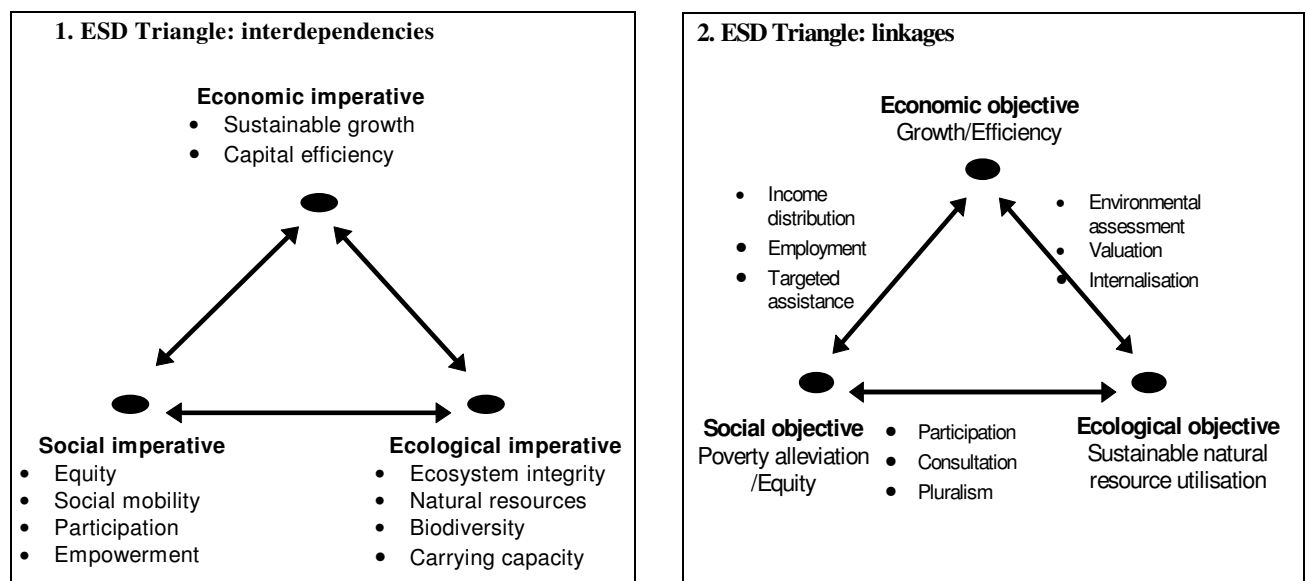


Figure 1: Diagrams showing interdependencies and linkages between the environmental sustainability imperatives (based on Serageldin and Steer, 1994)

The main thrust of this new paradigm is that development is a collaborative effort, requiring government, social institutions and business to work together in order to achieve economic, social and ecological objectives. Sustainable development is therefore achieved when these three imperatives are in equilibrium. The linkages between them are shown in block 2 of Figure 1 above. A criticism of this model is the exclusion of institution building or capacity. For the sake of completeness this should be included in the Social imperatives and objectives.

South African experience

In South Africa we have seen a number of partnership proposals being made by the state in an attempt to address the problems of development delivery.

The state is facing these delivery problems because of the model it has adopted, ie that delivery should happen as close to the ground as possible. This is reflected in the preamble to the Municipal Structures Act which states, *inter alia*, that:

there is fundamental agreement in our country on a vision of democratic and developmental local government, in which municipalities fulfil their constitutional obligations to ensure sustainable, effective and efficient municipal services, promote social and economic development, encourage a safe and healthy environment by working with communities in creating environments and human settlements in which all our people can lead uplifted and dignified lives [own emphasis] (Local Government: Municipal Structures Act, 1998).

A related motivation for the use of partnerships is the government's commitment to an empowerment agenda. This has created a view that public participation in governance **and** delivery is essential. The emphasis given to public participation in many of the procedures outlined in newly enacted legislation illustrates this.

However the state has come up against severe constraints in the application of this model of delivery at the level of the municipality. One of the most severe is the lack of resources at local level. Local governments, or municipalities, have to find expertise and resources which they just do not have. The Department of Public Works, for example, acknowledged this in a media release last year, saying:

The public fiscus alone falls short in addressing the immense challenges of infrastructure delivery, necessitating a range of public/private partnerships critical to both delivery and maintenance (Department of Public Works, 1999).

This explains the attempt to address the problems of delivery by transferring the responsibility to PPPs, although it should be noted that this vehicle has to still to be proven.

Some definitions of partnerships

If then partnerships are seen to be so critical to delivery and maintenance how do they contribute? How can a partnership be defined?

The Prince of Wales Business Leaders Forum (PWBLF) defines partnerships as:

a voluntary alliance in which individuals, groups or organisations agree to: work together to fulfil an obligation or undertake a specific task; share the risks as well as the benefits; and review the partnership regularly, revising their agreement as necessary (Nelson, 1998)

Public-private partnerships have been similarly described by Intelligent Transport Systems, a commercial firm in the USA engaged in providing technologically advanced traffic control and information systems. However, they put the emphasis on the outcomes rather than on the form of contract, defining the partnership as:

An arrangement of roles and relationships in which two or more public and private entities coordinate/combine complementary resources to achieve their separate objectives through joint pursuit of one or more common objectives (ITS, 2000).

In South Africa the Department of Public Works views partnerships in the following way:

A PPP, like any other partnership, is a common endeavour to create an outcome that benefits all parties - in particular to promote a win-win outcome for the established and

emerging sectors, for the workforce, for professionals, for public and private sector clients and for ordinary South Africans as the ultimate beneficiaries (Department of Public Works, 1999).

Each of these definitions suggests factors that make partnerships effective:

- each partner plays a distinct role;
- each partner brings complementary resources to the endeavour;
- the endeavour has a common objective; and
- all parties benefit.

These characteristics are examined in greater detail below in relation to a project for which a partnership would have been a suitable vehicle.

A CASE STUDY

This recent project, which was NOT run as a partnership, is presented as a case study from which it is possible to draw some lessons and illustrate some of the benefits and pitfalls of partnerships.

Outline of the project

The project was an Environmental Impact Assessment (EIA) of a proposed low cost housing development. The client was the provincial government; the beneficiaries were to be people living in an overcrowded informal settlement some distance from the town. The area has been incorporated into the town, but is separated from it by several kilometres of farmland. A site for a low cost housing development had been identified by the housing authorities and purchased. The proposed site adjoins an existing, previously developed suburb which would be characterised as “low-cost housing”.

Process

The project was approached in the normal way, beginning with a Plan of Study for Scoping which was submitted to the authorities and approved. The scoping exercise began with an advertisement in the local press and interviews with the local authority and civic organisations. A public meeting was held which was extremely well attended and at which a number of polarised positions became apparent.

Issues

This process unearthed a number of issues which were likely to be contentious. Some of these were that

- the site is host to Red Data (ie endangered) species,
- the land is geo-technically unsuitable, being very stony, and therefore will be expensive to service,
- the site is located at the headwaters of a river that drains onto a premier tourist beach,
- overall there is an urgent need for housing, especially low cost housing, and
- the initial site process to procure the land was perceived to be inappropriate.

Unstated self-interests

Reflection, later, on the experiences and the process as it unfolded has convinced me that each of the role-players was acting in their own (unstated) self-interest. On the surface the affected communities were polarised around two issues: the need for housing at any cost vs the need to preserve genetic bio-diversity. This was, however, a manifestation of a more complex dynamic with racial undertones.

- The predominantly white town dwellers wanted to prevent the development, on their doorstep, of low cost housing which potentially reduce the value of their properties.
- For their part the potential home owners were pursuing the need for housing even at the risk of negative impacts on the site.
- The potential beneficiaries had also become determined to occupy this site and no other on the

basis that it was their right to choose and the objections to the site were racially motivated.

The other players were also pursuing their own interests.

- The housing authorities were anxious for the development to proceed as they had already spent over R2m on acquiring the site.
- The consultant wanted to get the job done as cleanly and quickly as possible and a report submitted so that s/he could be paid.
- The local nature conservation officials wanted to ensure that the principles of the National Environmental Management Act No. 107 of 1998 (NEMA) with respect to the preservation of bio-diversity were adhered to.
- The developer wanted to ensure that the development went ahead at the lowest possible cost to preserve his profit margin.

There were, however a few other role-players who were not immediately apparent, each with their own self-interest to be pursued.

- The local authority was anxious to ensure that the development, which would be incorporated into their municipality on completion, would not add to their service burden and so were insisting that the development include services up to their standards, ie water-borne sewerage, tarred roads, street lighting, etc.
- The consultants employed by the housing authority in the site selection process had an interest in protecting their professional integrity and were anxious to justify their recommendations.
- The housing department officials who had motivated the purchase of the land were equally anxious to justify their actions and recommendations.

Outcomes

Despite the best attempts of all the role players an outcome which is mutually agreed has not been possible. None of the parties involved are prepared to compromise on their positions. The matter has to be settled by a decision by the authorities which will mean one group will win and another lose.

How a partnership would have helped

If this project had been tackled as a partnership between the housing authority, the developer, the consultant and the affected communities it may have been possible to avoid a stand-off ending in a quasi-judicial process. The authorities now have to make a decision which will please some and not others.

A mutually beneficial outcome would have been greatly helped if each of the parties had been able to state their particular self-interest at the outset. In this way the housing authority's interest in applying available funding; the neighbouring community's interest in maintaining property values; the beneficiary community's interest in obtaining low cost housing; the developer's interest in making a profit could have been acknowledged and catered for; the bio-diversity interests could have been negotiated; and the other interests addressed.

Using this case study as a basis each of the elements of a partnership will now be examined.

MEMBERSHIP OF THE PARTNERSHIP

Membership of a partnership needs to be considered very carefully. In terms of the definitions given above it would seem that a good criterion for suitability would be: "the ability to bring a complementary resource to the endeavour."

Generally speaking the partners will come from one or more of the following sectors:

- community structures;

- government;
- the private sector; and
- organs of civil society.

Community structures

In a public-private partnership the role of the community is generally that of beneficiaries, and it is vital. This is not just because it is the politically correct thing to do, but also because it is only by including the beneficiaries in the project from inception to completion that the criterion of “benefiting all” can be met. In this particular case it would have been useful to have the local Ratepayers Association as well as the beneficiaries’ Residents Association as members of the partnership.

Government

The inclusion of government in a public/private partnership is an issue that requires careful negotiation. As a branch of government is often the initiator of the partnership its inclusion is a given. What is more interesting is what other spheres or organs of government should be included besides the initiator. In the case outlined above the government structures which could have been included were the provincial Housing Department, the local Municipality and the provincial Nature Conservation Department.

The private sector

The private sector is sometimes referred to as the corporate sector. This implies that it is only the large corporations and multinationals which can become involved in private/public partnerships. While it is acknowledged that the large corporations and multinationals often have more resources, in terms of cash, which can be devoted to a partnership, smaller firms should not be ignored. Particularly in South Africa, at our current stage of development, it is often the smaller firms which are able to respond quickly and flexibly to the changing needs of a development project.

In the case discussed above the private sector would have been represented by the developer, the consultants responsible for the initial site selection and the consultants appointed to do the EIA.

Civil society

The NGO sector is probably the most difficult sector to define in terms of public/private partnerships. South Africa has a history of activist organisations which represented various aspirations and political ideologies. Many of these NGOs were built around single issues. However this tradition is not as strong in the field of the environment. The implications of this for any private/public partnership are that the choice of NGO(s) to join the partnership requires strategic thinking. In some cases it may be advisable to include all those NGOs who select themselves to be part of the project. In others it may be necessary to negotiate just exactly which interest a particular NGO will represent in the partnership.

The bodies important in the case being considered here would have been the local wildlife or environmental society, and possibly representatives of the chambers of commerce or industry. The latter’s contribution could have been around issues such as employment opportunities, proximity to shopping and other factors to be considered in the location of low-cost housing.

The next question to be addressed is how these different members operate in the partnership.

REPRESENTATION IN THE MANAGEMENT OF THE PARTNERSHIP

The parties to the partnership have to be represented by individuals. The nature and quality of the contribution any individual makes to the management of the partnership will be a reflection of the

extent to which they understand and interpret the representative nature of their role. In addition the representative should be in a position to articulate the interests of the group that s/he represents.

Community structures

Beneficiaries

In the South African context the most obvious representatives appear to be the most articulate persons, such as the clergyman, a teacher or the person with the best established business enterprise. It is worth spending time and effort in exploring carefully with the beneficiaries the way in which they will choose, elect or appoint their representatives. In this way the person with the best understanding of the issues surrounding the project and who best is in touch with the aspirations and needs of the community can be selected.

Traditional leaders

In the province in which I live this whole issue is made even more complicated by the need to consider very carefully the role of traditional leaders. Including them in an unnuanced way can be problematic. Whatever one's views on traditional leaders and their place in South Africa they are an important constituency and ignoring them can be fatal to a project. In the case discussed above traditional leaders were not involved. If they had been it would have been necessary to include them, but on a basis that was clearly understood and accepted by all the parties.

Government

An interesting issue is who represents the government in a partnership; elected politicians or officials? Politicians can help to ensure that political will is established and brought to bear and they can often help to access resources and "grease wheels". Officials on the other hand provide a level of expertise and insight that politicians may not be able to. Officials often know which levers to pull and who really wields power and authority and can therefore ensure delivery / implementation. This can be crucial to the success of a partnership. In the case described above it would have been helpful to have both a political and an official representative. The political representative's role would have been to ensure that the government's mandate to deliver development was advanced. The officials could have played a role in ensuring that the technical feasibility of the project on that particular site was fully taken into account.

The private sector

The private sector is probably the easiest in which to distinguish suitable representatives. The individual who represents the firm in the management of the partnership would normally be nominated by the firm concerned. In the case being discussed here representation in the management of the partnership would have been from the project management of the developer, the consultant responsible for the EIA and the consultant who had done the initial site selection.

Civil society

NGOs must be seen as separate from "the community". While it is acknowledged that NGOs are community based, they are often staffed or represented by experts or people who have at least a greater experience and knowledge of the issues. Their contribution to the partnership is therefore not the same as that of community representatives. The choice of individual to represent the NGO, like that of the private sector, is normally the prerogative of the NGO itself. In the case being discussed here a local member of an environmental NGO with local knowledge of the local environment would have been enormously helpful.

WHAT MAKES A PARTNERSHIP WORK

Each partner plays a distinct role

In any partnership it is essential that the roles of the partners are clearly established at the outset. This means that the project being embarked on must be clearly described and the detailed tasks teased out and listed. There should be no confusion about who is going to do what and when. This may mean that a lot more time is spent on planning a project, but the effort is worth it in terms of clarity and the protection of relationships from unnecessary strains and stresses. It is often at this stage that possible problems are ignored.

A model describing the roles played by the different sectors has been developed by the Prince of Wales Business Forum (Davies, 1998) in which the following are defined:

- **Public sector:** Providing the foundations of equity, justice and peace keeping through LAW. This is achieved by the application of regulations, physical infrastructure, social infrastructure, safety nets, peace and protection.
- **Business:** Providing the foundations of economic growth and development through TRADE. Business brings employment, human resource development, supply chain, setting standards, social investments, provision of goods and services to the partnership.
- **Civil society:** Providing the foundations of liberty, responsibility and self-expression through SOCIAL COHESION. Civil society's contribution is that of education, legitimisation, service delivery, culture, individual development and self-expression.

In the case study presented above the various role players' contributions would have followed the same general classification. Thus the public sector, in the form of the provincial housing authority and the local municipality, would have been responsible for ensuring that the physical and social infrastructures were in place. The business sector would have provided goods and services in the short term with the possibility of employment and human resource development later in the project. The role of civil society would have been that of providing education, especially around the environmental concerns, ensuring that conditions were created for individual development in the form of opportunities for homeownership, and most importantly a legitimisation of the entire process.

These roles are distinct, but complementary, and should not be confused with the resources which each partner brings to the endeavour. For example the public sector may well supply resources in the form of partial financing which is used to create jobs. The role of employer is however that of business or the private sector.

Each partner brings complementary resources to the endeavour

Partnerships succeed where the resources brought to bear on a project are complementary. The roles played largely define these resources. Cash or financing are a major resource which may come from any or all of the partners or from an outside source such as an international donor agency. The non-cash resources however are equally important. A useful matrix showing potential resource contributions is shown in Table 1 below.

Table 1: Table showing potential non-cash resource contributions from the three sectors.(Source McManus, 1998)

RESOURCE	SECTOR		
	Public	Business	Civil society
People	Secondees Admin support	Secondees Admin support Employee volunteers	Volunteers Admin support
Relationships	Policy makers PR opportunities	Other businesses Marketing opportunities	Community level Media opportunities

RESOURCE	SECTOR		
	Public	Business	Civil society
		Suppliers	
Expertise/skills	Technical Project development	Technical Project development Training Management	Monitoring Project development Training Facilitation
Information	Statistics Legal issues	Market analysis Forecasting	Local knowledge Social conditions
Physical	Office space Venues for events Transport Equipment	Office space Venues for events Transport Equipment	Office space Venues for events Transport

The precise resource, cash and non-cash, to be contributed by each of the partners will be the subject of negotiation between them. The way in which this is negotiated is discussed later in this paper.

The endeavour has a common objective

Setting the objective(s) of the partnership is an important part of the process. A partnership is usually built around a core objective identified by the lead organisation. This objective will often be advertised, but the members of the partnership and their representatives may approach the project from entirely different perspectives. Their interpretation of the objectives is likely to be very different. It is essential that a mechanism is found to ensure that all the members share the same understanding of the objective(s) and subscribe to the core principles.

In the case described above the objective was the provision of low-cost housing. All parties agreed that it was necessary, the dispute arose around where and therefore when this would be delivered.

All parties benefit or meeting self-interest

The glue that holds any partnership together is that all parties must benefit from the partnership. The best way to ensure that all parties benefit is to apply the notion of enlightened self-interest. Enlightened self-interest is a concept that falls on a continuum between Altruism at one pole and Greed at the other. Its importance is that it lies at the fulcrum between these two extremes as illustrated in Figure 2 below.

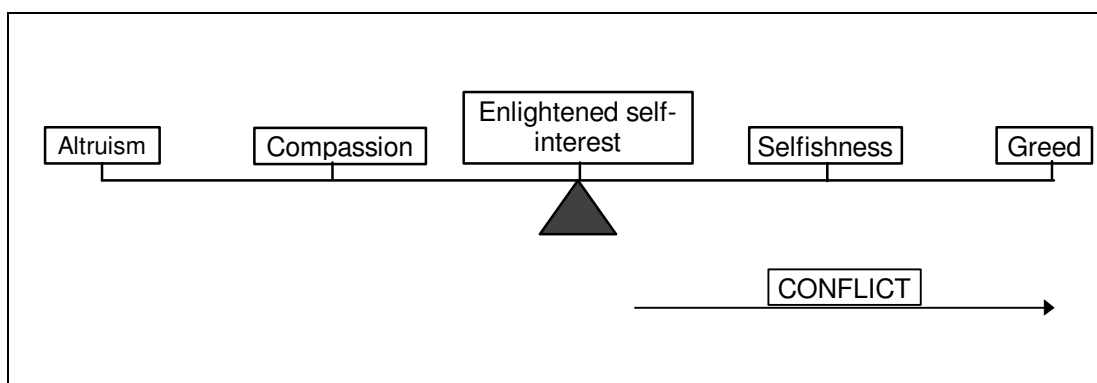


Figure 2: Diagram showing the self-interest continuum (adapted from Evans, 2000)

The quality of meaningful engagement is crucial to public private partnerships as it is what distinguishes them from the corporate social investment. Enlightened self interest is the realisation

that

. . . individual interests are best served by mutual co-operation. Accordingly, self-interest without social interest is misguided. So is social interest without self-interest. Always putting others first leads to resentment or a martyr attitude. People who believe they are acting purely in the interests of others are dangerous. By denying (to themselves) that their own self-interest is involved, such people may justify all types of manipulative and controlling behaviour toward others (Froggatt, 1997).

BENEFITS OF PARTNERSHIPS

The benefits of public private partnerships for government have been detailed by the Economic Commission for Europe (ECE) who distinguish between fiscal, economic, technological, social and political benefits (ECE, 1998). To illustrate this some of the potential benefits in the case described above are suggested below.

Fiscal benefits

In the case described above the fiscal benefits would have been the use of over R2m of public money on the purchase of a site whose suitability was assured.

Economic benefits

The economic benefits would have been speed of delivery and greater efficiency in delivery.

Social benefits

Social benefits would have included: meeting people's needs; raising living standards; improving the environment; balancing social and commercial priorities; and focusing resources. All of these would have accrued in the case been discussed.

Political benefits

Political benefits would have included increased stability and a reduction in racial friction.

Environmental benefits

The threatened Red Data species would have been identified early on and a workable solution found to preserve the bio-diversity while allowing the provision of housing to proceed.

CONCLUSION

Public-Private Partnerships are new in South Africa and are currently only considered appropriate for very large infrastructure projects. However there is no reason why the same principles should not be applied to smaller projects.

For a public-private partnership to be sustainable however, it is necessary that all the parties enter into the partnership with a clear understanding of their role and contribution. Furthermore, a partnership between such different sectors and organisations will only work where the interests of each of the parties is stated, understood and accepted by the others. This allows each member of the partnership to work openly to maximise their own benefit. The result is therefore likely to be more acceptable and so more beneficial to all concerned. In the case described above a win-win outcome could have been possible instead of the stand-off which was the outcome of the traditional approach.

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