RESEARCH AND EVALUATION

Development and Distortion of Malaysian Public-Private Partnerships – Patronage, Privatised Profits and Pitfalls

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This article examines the politicisation of systemic patronage and privatised profits in the development of Public-Private Partnerships (PPPs) in Malaysia. Issues associated with inadequate regulatory frameworks, control, accountability and poorly managed risks, demonstrate that much more effective reforms are required to reduce further pitfalls, to protect public interests and to uphold the integrity of the public service and government. The adoption of a transparent procurement and evaluation system will be a challenging task if public and investor confidence is to be built up and strategic partnerships in the complex web of governance and administrative relationships in the governance of PPPs are to be developed effectively. Finally directions of reform and lessons learnt are suggested.

Key words: public-private partnerships, patronage, public interest, accountability

Public–Private Partnership (PPP) arrangements may be seen as new forms of governance and legitimacy involving both public and private sectors with increased interdependencies (Teisman and Klijn 2002; Osborne 2000; Smith 1983). For many countries pursuing development, the search for private investment, and in particular within a public-private scheme, is proving critical. This article assesses the Malaysian situation and explores the extent to which the public interest is protected in relevant PPP schemes. If the protection of the public interest is to satisfy the public in Malaysia, under what PPP arrangements will the public best be served? As suggested elsewhere, debates about public values or the public interest in the Malaysian context may be disadvantaged due to the difficulties faced in framing the argument (Bozeman 2002).1 It is, therefore, interesting to examine the promises associated with serving the country’s public interest against the convergence of different political and business interests as these constitute a web of administrative relationships that embroil many partnerships of differing purposes and capacities. The first section of this article examines the development of PPPs that have been associated with the politicisation of patronage and privatised profits. Concerns about key limitations and risks are also raised. In the second section, the article suggests possible directions for reforms to improve the effectiveness of measures that seek to better protect the public interest while still taking advantage of the availability of private capital.

In Malaysia, infrastructure PPPs are used mainly for projects in public transport, roads, waste management facilities, water and wastewater services. However, problems in policy formulation and implementation, as well as with corruption, supervision and a lack of access to investment capital, have affected PPP growth. As in other countries, political accountability and risk management also are major issues in such endeavors.

The complex involvements and intertwining of politics, patronage and profits can distort the development of PPPs and this is illustrated by several Malaysian PPP cases. The article also seeks to assist in creating a greater awareness of the many real and theoretical damages, costs and problems associated with PPPs so as to help
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