DOI 10.5281/twist.10049652#638
CC BY NC SA
TWIST, 2026, Vol. 21, Issue 4, pp. 88-99

TWIST

Journal homepage: www.twistjournal.net

Public–Private Partnerships and Service Delivery Improvement in Local Government

A Critical Analysis of Municipal Capacity Constraints

Masa Sylvester Motadi
Afrocentric Governance of Public Affairs (AGoPA),
North-West University,1174 Hendrick van Eck, Vanderbijlpark, 1911, South Africa

Abstract
South African municipalities face persistent service-delivery pressures arising from ageing infrastructure, financial distress, technical skills shortages and weak governance. Public–Private Partnerships (PPPs) are often presented as mechanisms for mobilising private finance, expertise and innovation, yet their success depends heavily on municipal capacity. This article examines how technical, financial, administrative, legal, procurement and governance constraints influence the ability of PPPs to improve local government service delivery. A qualitative secondary-research design was adopted, using a structured literature review and thematic content analysis of 27 academic and institutional sources published between 2020 and 2025. The review identified three major themes: the conditions under which PPPs support infrastructure renewal and service improvement; the municipal capacity weaknesses that undermine project preparation, affordability, risk allocation, contract management and accountability; and the reforms required to strengthen municipal PPP performance. The findings show that PPPs can improve access, efficiency and lifecycle management, but they do not automatically produce public value. Weak project preparation, limited professional expertise, poor financial management, unstable leadership and inadequate monitoring can shift risks back to municipalities and reduce accountability. The article recommends multidisciplinary PPP capacity, stronger intergovernmental support, standardised tools, independent performance audits, meaningful community participation and project selection based on long-term public value.

Keywords
public–private partnerships, local government, service delivery, municipal capacity, contract management, infrastructure governance, South Africa

INTRODUCTION

Background

The local government in South Africa plays a critical role in its constitutional and developmental system. Municipalities should provide democratic and accountable government, facilitate socio-economic development, create safe and healthy environments, and ensure sustainable service delivery. According to the Department of Cooperative Governance (2021), municipalities are close to communities and thus play a crucial role as agents of development and service delivery. They provide water supply, sanitation, electricity transmission, refuse collection, municipal roads, storm-water drainage, local transportation, and land-use management. The importance of the provision of those services lies in the fact that the reliable services affect public health, well-being of households, business activities, and social inclusion. Thus, the municipal mandate includes not only the provision of the services but also planning for expanding communities, maintenance of the infrastructure, addressing the issues of inequality, and engaging communities in decision making. Consequently, efficient delivery requires sound institutions, skilled personnel, stable leadership, and financial resources. In other words, municipal government becomes an agent of development and service delivery.

Nonetheless, despite its mandate, the service delivery in South African municipalities is inconsistent. The South African Institution of Civil Engineering (2022) mentions that the public infrastructure is in poor condition due to aging assets, late renewal, and poor maintenance. Besides, the Department of Cooperative Governance (2021) points out that weak governance, lack of skills, financial pressure, and infrastructure failure occur regularly in the municipality. Finally,

National Treasury (2025) identifies the weaknesses in governance, institutions, financial management, and service delivery as reasons of underperformance in municipalities. Those challenges manifest themselves in water interruptions, spills of sewerage, unreliable electricity, poor condition of roads, failures in waste removal, and delayed projects. While the access to some services has been improved, the national success does not exclude inconsistencies between municipalities and communities. Wealthier and urban municipalities have sufficient revenues and technical systems, while poorer and rural municipalities suffer from high costs of services and weak local economy. Consequently, the municipal performance should be evaluated through the lens of coverage, reliability, quality, affordability, and equity.

People started to be concerned about the problems within municipalities as those became evident. Auditor-General South Africa (2026) claims that the situation with the local government should be considered alarming. According to Pholoma et al. (2024), the unstable coalition government can disrupt administration, cause delays in decision-making process, and lack continuity in metropolitan municipalities. Meanwhile, Shongwe and Meyer (2023) show that ineffective monitoring and evaluation prevent good financial management and ability of the leaders to address service delivery failures. Consequently, the dissatisfactions of communities are not a reaction to isolated breakdown of services but to repeated experiences with interruptions of services, delays in repair works, poor communication, and inability to hold somebody accountable. Therefore, the protests against service delivery and decreasing trust show the emergence of the gap between constitutional expectations and real experiences of the communities. As a result, there is a need to consider delivery models able to provide finances, specialized knowledge, and technical systems. Public Private Partnership (PPP) has been considered as a solution, though it should comply with public duties and community needs.

PPPs are long-term contractual relationships through which the public organization and the private entity collaborate in providing infrastructure or related services through the allocation of resources, responsibilities, risks, and returns. Ramolobe and Khandanisa (2024) claim that PPPs can assist in facilitating sustainable development at the local level by combining public authority and private capabilities. Sebitlo, Mbara and Luke (2022) indicate that PPPs may provide access to finance, technological skills, innovations, and life-cycle management when public organizations experience investment constraints. Different from conventional procurement that usually implies paying for the completion of an asset by the contractor, the PPP implies payment for performance for a long time, and may imply design, finance, construction, operations, and maintenance. PPPs differ also from outsourcing implying transferring a limited activity and from privatization implying full transfer of an asset to the private entity. Service level agreements may regulate performance but do not involve the creation of a long-term partnership and allocation of finances and risks.

In the case of South African municipalities, PPPs may contribute to overcoming the backlog of the infrastructure, but it should be noted that PPPs are challenging agreements rather than solutions. Awuah (2023) notes that efficient PPP delivery implies the governance of risks, performance measurement, and oversight throughout the lifecycle of the project. Ajam (2025) demonstrates that complex supply chain requirements and administrative burdens may lead to delays in the process of procurement and increase implementation costs. Ngxesha, Langton and Mafini (2024) reveal that information exchange, trust, and collaboration are essential for the performance of the supply chain. Municipalities require engineers, analysts, lawyers, procurement specialists, project managers, and systems of contract management able to evaluate the affordability, the value for money, and risk transfer. In cases of poor capacity, unrealistic demand forecasting, poorly prepared agreements, dependence on consultants, poor enforcement, and liabilities are possible. Under those conditions, private participation will shift costs without improving public value. PPPs cannot solve municipal failures in service delivery automatically; their efficiency depends on municipal abilities to design, negotiate, implement, regulate, and monitor the partnership.

Research Problem

Despite the possible efficiency of PPPs in mobilizing private funding and competence, most South African municipalities are still giving services which are not efficient, reliable and consistent. As stated by National Treasury (2025), there exist inadequacies in governance capacity, institutional capacity, financial management and service delivery system in municipalities. In the view of Murwirapachena and Nyamazunzu (2024), performance of financial management in the government and inter-governmental transfers are related to access to sanitation. This means that the effectiveness of the PPPs depends on the availability of the resources and their use. The inadequacy in the public sector capacity is in relation to the lack of engineers, financial experts, lawyers and project managers who can help in identifying projects, conducting feasibility studies and making cost analysis for affordability purposes.

It becomes a great challenge when one takes into account the fact that PPPs require financial modeling, risk assessment, procurement and contract management. According to Sebitlo, Mbara and Luke (2022), limited institutional capacity and the approval process are some of the challenges facing the PPP practice in South Africa. As indicated by Ajam (2025), the supply chain requirement may increase the cost and complexity of the procurement in municipalities. In case the government is unstable, the rate of changing officials is high and there exists ineffective monitoring systems, it becomes difficult to enforce the agreement and performance of the private firms will go unchecked. It leads to some challenges including delay, high transaction cost, improper risk transferring, changes in contracts, cost of affordability and poor transparency.

Research Questions

Main Research Question

To what extent do municipal capacity constraints influence the effectiveness of Public–Private Partnerships in improving service delivery in South African local government?

Sub-Research Questions

1. How and under what conditions do Public–Private Partnerships contribute to service-delivery improvement in South African municipalities?
2. What technical, financial, administrative, legal, governance and contract-management capacity constraints affect the implementation and performance of municipal PPPs in South Africa?
3. What measures should be adopted to strengthen municipal capacity and improve the contribution of PPPs to sustainable, accountable and equitable service delivery?

Significance of the Study

This paper offers a critical analysis of PPPs by focusing on the municipal capacity and not automatically taking the involvement of private companies as a solution for improving performance. Ramolobe and Khandanisa (2024) note that collaboration will help deliver sustainable development at the local level, but the benefits of this process will be possible only in case of trust, cooperation and proper institutions. This paper is important for municipalities, municipal managers and municipal councils because it identifies the capabilities that need to be developed before starting partnerships. At the same time, it will be helpful for National Treasury, Government Technical Advisory Centre, Department of Cooperative Governance and provincial departments to understand where assistance, standardised instruments and control are necessary. Private infrastructure partners may get the necessary information on their roles in project planning, decision-making and contracting process. Communities will be of primary importance here as they will face negative consequences of unaffordable, unreliable and unaccountable services.

This paper makes an important contribution to the practice of implementing PPPs as it provides guidance on how capacity-building, feasibility assessment, improved procurement and contract management can increase the public value of partnerships. Awuah (2023) highlights the importance of risk governance and measuring the performance of partnerships. Ngxesha, Langton and Mafini (2024) highlight the role of information sharing, stakeholder trust and collaboration in enhancing the performance of municipalities' supply chain management. This paper is useful for the policymakers as it allows providing differential assistance depending on the financial and technical situation in the municipalities. For the researchers, it helps understand the link between PPP governance and the local institution capacity and service delivery results.

LITERATURE REVIEW

Conceptualising Public–Private Partnerships in Municipal Service Delivery

Public-Private Partnership is a contract that lasts for a period of time whereby the public organization and the private partner cooperate in the provision of the infrastructural development or other kinds of services. According to Ramolobe and Khandanisa (2024), PPP is the collaboration of the parties involved whereby the aim of the PPP is the utilization of private money, innovative approaches and expertise while the objective is to serve the public interest. Municipal PPP is a PPP in the municipality while the service delivery partnership is a wider type of partnership involving community organizations, public institutions and nonprofit organizations. The procurement approach usually separates the operation from the construction of the infrastructure and provides for the payments of certain inputs or assets. In contrast, PPP normally employs payments based on the performance criteria, service output and the continuous existence of the infrastructures. However, it should be noted that in the PPP process the role of governance becomes larger than in the case of the procurement due to the complexity of the process.

The process of outsourcing involves the delegation of the activity to someone else without the sharing of risks. The management contract involves the delegation of the management but at the same time the ownership and the financing of the project. The concession involves the management and the earning of income from the certain service while the build-operate and transfer contract involves the construction, management and the handing over to the government after some years. The privatisation involves the delegation of ownership or control. As stated by Sebitlo, Mbara and Luke (2022), the PPPs are characterized by the risk sharing, maintenance and service level agreement. Furthermore, according to Sesele (2023), the PPP should be effective because of its social, public and private implications. Thus, PPP is the delivery system.

The South African Local Government Service-Delivery Context

Among the obligations that should be fulfilled by the municipalities are the provision of basic services, development, and social inclusion. Actually, as noted by the Department of Cooperative Governance (2021), most municipalities in South Africa cannot fulfill their developmental duties because of the governance problems, shortage of skilled workforce, budgetary problems, and inadequate management of infrastructure. Basic services, including the provision of water, sanitation, electricity, waste disposal, roads, and transportations, are important since any malfunction can affect health,

households, and economy of the area. Urbanization and rapid population growth increase demand and, at the same time, existing infrastructure requires improvements and expansion. In such cases when infrastructure network was established for small populations but now serves a bigger number of individuals, there are many backlogs. As it was mentioned by the South African Institution of Civil Engineering (2022), infrastructure in various sectors has some gaps regarding aging facilities and maintenance. Among the factors that can contribute to the deterioration of infrastructure services, Wall (2025) indicates the shortage of skills, limited budgets, inefficiency of information systems, and governance failure.

The quality of infrastructure services provided by the municipalities does not differ between regions. As stated by Matimolane (2025), water supply in the Limpopo region depends on governance, inequality, and environmental problems, whereas Kuhlengisa et al. (2024) find out the disparities in the implementation of indigent policies in different types of municipalities. In addition, Murwirapachena and Nyamazunzu (2024) indicate the connection between financial performance of the municipality and government transfers in terms of improved sanitation in the cities. Collection of revenue becomes impossible in those regions where poverty and unemployment rates are high, but in the poorer areas there is a greater need and increased cost of infrastructure services per capita. Moreover, as it is stressed by the National Treasury (2025), municipal distress is associated with poor financial condition, bad auditing results, poor maintenance, and institutional weakness. The repetition of interruptions and poor response result in dissatisfaction of citizens and mistrust towards the authorities.

Municipal Capacity Constraints and PPP Performance

Technical and Project-Preparation Capacity

The process of PPP project planning includes the following stages: identification of potential needs, identification of output, and analysis of feasibility of the projects. Inability to forecast, calculate the life-cycle cost, and analyze the feasibility of the projects is one of the limitations in the PPP framework as suggested by Sebitlo, Mbara & Luke (2022). The lack of engineers, infrastructure planners, and project managers can cause challenges in these areas. Siebritz et al. (2021) suggest that capacity of the city depends on data and technical capacity.

Financial and Commercial Capacity

Municipal PPP projects need proper assumptions concerning the sources of income as well as tests for affordability and assessment of the financial burden. National Treasury (2025) says that a majority of the municipalities suffer from poor financial position, weak income management, and poor asset management. This leads to reduced creditworthiness as well as challenges in developing bankable projects. According to Murwirapachena & Nyamazunzu (2024), service delivery outcomes have a relationship with the performance of the municipalities. The officials require the knowledge of private financing models, contingent liabilities, tariffs, and payment schemes before approval.

Legal, Procurement and Contract-Management Capacity

PPP Procurement is the adherence to laws of public nature and complex transactions. According to Gumbu (2024), procurement and stakeholders' participation provide the basis for effectiveness and legitimacy of collaboration on infrastructure construction. The bureaucratic procedure related to municipal supply chains leads to delays and increased costs, as it is mentioned by Ajam (2025). Planning and control problems of municipal supply chains are identified by Zindi and Sibanda (2022). Lack of knowledge of legal issues can cause unclear criteria of performance and inefficient risks and disputes management. Nevertheless, seeking help from outside parties can assist in making the agreement, but it will hinder the adaptation to changes.

Governance and Institutional Capacity

As a result of the nature of PPP which involves a lot of politics and administration, any problems related to governance will definitely have an impact on the performance of PPP. As stated by Pholoma et al. (2024), instability of the coalition agreement will lead to problems including poor budgeting, administration, and service delivery. Poor practices in monitoring and evaluation will lead to poor financial management and inefficiencies in making adjustments. Poor distribution of duties, governance, procurement, and high turnover of personnel will negatively influence institutional memory. As pointed out by Ngxesha, Langton and Mafini (2024), information sharing and collaboration of all parties involved should be taken into consideration to ensure efficiency of municipal logistics operations. Failure to accountability and participation of citizens means that PPP fulfills its contract, but fails the citizens.

Theoretical Framework

Institutional Capacity Framework

The Institutional Capacity Framework accounts for differences in municipal outputs due to the same tool used by each. The capacity goes beyond just numbers of staff to include skills of the people, technical expertise, funds available, organizational system, leadership, decision-making structure, intergovernmental relations, and practices of governance. According to Siebritz et al. (2021), the knowledge, information, and role played by institutions increase the capacity of municipalities. Similarly, Moagi & Nhede (2025) connect professional local government management to competence, administration, ethics and strong institutions. Applying this theory to PPPs involves asking if municipalities can assess the

right projects, conduct feasibility studies, develop balanced contracts, risk management, performance monitoring and enforcement. It treats capacity as an organizational factor rather than a personal one.

The theory further stresses the coordination in the whole process throughout the entire project life cycle. National Treasury (2025) identifies governance, sound finance, institutional administration, and service delivery as pillars of sustainable municipality. Specialists with skills cannot produce good results when council meetings have delays, departmental functions are not synchronized, and monitoring bodies receive false information. Ngxesha, Langton & Mafini (2024) prove that the sharing of information and cooperation with stakeholders improve supply chain functions in municipalities. In such cases, legal, engineering, financial, and social engagement functions need to coordinate. This framework can differentiate between temporary consulting and permanent capacity of the municipality.

Principal–Agent Theory

The principle-agent approach has been applied to help to supplement the capacity theory and understand the connection between the municipality and the private company. The principle-agent theory perceives the municipality as a principle since it has preserved its role as the provider of public goods while the private company as the agent undertakes contractual transactions. According to Sesele (2023), the efficiency of PPP is dependent on the balance of interests of society, state, and private individuals since they are distinct because of the fact that the municipality values cost, access, and public goods, while the private companies need to make profits. Asymmetric information emanates from the fact that the agent has more information regarding cost, performance, and risk. Incomplete contract.

Application to the Study

Collectively, the theories illustrate how institutional capacity influences control over private delivery. Capacity enables the principal to define the service specifications, evaluate the proposals, comprehend financing arrangements, evaluate the output, and apply sanctions. The Principal-Agent Theory illustrates what happens if the principal does not have the necessary capacities: the private sector will benefit from its information advantage, poor service performance cannot be proved, and changes in the contractual agreements could be to the advantage of the private partner. Capable municipalities can make use of performance-linked payment systems, reporting and risk allocation to achieve coordination of incentives. Incapable municipalities may allow risk allocation but continue to be accountable if critical services are not delivered.

South African Legislative and Institutional Framework for Municipal PPPs

Municipal PPPs are governed within the context of multi-level legislative framework. The Constitution establishes objects and services that must be delivered by local authorities, while the Municipal Systems Act is concerned about the decision-making on service delivery, community participation and municipal administration. The Municipal Finance Management Act governs financial matters, procurement and long-term agreements. Finally, the municipal PPP legislation includes considerations of the feasibility, affordability, value-for-money and risk transfer aspects. As Gumbu (2024) states, procurement legislation plays an important role in the protection of the interests of all stakeholders involved in infrastructure partnership projects. However, as Jam (2025) illustrates, municipal supply chain legislation may raise significant administrative problems caused by either overlapping of the provisions or the lack of administrative capabilities. In other words, the legislative framework is created to protect the state budget, although its effective implementation depends on the ability of the institution to do so. The evaluation of fiscal affordability, service provision, legality and appropriateness of the risk transfer concerning the benefits of the arrangement to the citizens is needed.

The National Treasury is responsible for financing and PPP issues; the Government Technical Advisory Centre could help in the transaction process. The Provincial Treasuries and Departments of Cooperative Governance oversee the process and could also give assistance in cases when there are difficulties related to financial problems or lack of capacity in municipalities. The local supervision is performed by municipal councils, Municipal Public Accounts Committee and municipal internal auditing offices; external auditing will increase the transparency of municipal operations. Consultation with the community is required because the municipal PPP projects might affect the tariff, the quality of service and budgeting process. According to Ngxesha, Langton & Mafini (2024), the exchange of information and stakeholder trust is important for the efficient municipal supply chains. National Treasury (2025) stresses the necessity of the clearly defined intergovernmental roles, assistance and supervision. Effective supervision needs proper documentation, reports, and allocation of responsibilities among municipal officials and councillors, provincial bodies and national supporting agencies. The system provides the necessary safeguards, but the approval processes, reports and division of responsibilities might slow down the process. Simplification will eliminate duplications, but not at the cost of affordability, transparency and public accountability.

Empirical Evidence and Identified Literature Gap

The recent research gives an ambiguous perception of PPP value. According to Ramolobe and Khandanisa (2024), partnership helps in promoting sustainable development of the area through cooperation and use of available resources and skills. However, Sebitlo, Mbara and Luke (2022) note the limitations of South African PPP practice, caused by the lack of capacities, institutional issues and poor implementation. Sesele (2023) states that the infrastructure partnership should be evaluated in terms of balancing social, state and private interests and not merely on the accomplishment of the

assets. Awuah (2023) adds that the risk management system and the indicator of the performance are important factors to control the costs, schedule and the service outcome. Thus, all the researches encourage private participation, provided that the process of the project's preparation, implementation and monitoring is credible. Efficiency becomes conditional.

Another stream of research devoted to the municipalities describes the challenges connected with the processes of procurement, financing and accountability. Ajam (2025) highlights the problems in the process of administration; Zindi and Sibanda (2022) identify the supply chain problems. Moreover, Pholoma et al. (2024) link the political instability to the administrative and service problems. Also, Shongwe and Meyer (2023) reveal the gaps in the monitoring systems. However, the majority of the literature researches the benefits of PPP, the infrastructure financing or municipal failure separately. There are very few papers which analyze these topics together. This article seeks to fill the existing gap by linking PPP effectiveness to the capability of the municipality to plan, procurement, supervise and stay accountable during the whole process of contracting.

METHODS

Search Strategy

A qualitative secondary research approach using a structured literature review and content analysis was used in the study. It was appropriate for the article because it focused on patterns, convergences and divergences in previous literature rather than gathering primary data. The searches were done on works published between January 2020 and December 2025. The searches were concluded on 13 July 2026. Scopus, Web of Science, Google Scholar, ScienceDirect, Emerald Insight, Taylor & Francis Online, SpringerLink, Wiley Online Library, SAGE Journals and Sabinet African Journals databases were searched. Relevant theses and dissertations from accredited South African universities' repositories were also consulted. Other sources searched included the websites of the government and institutions such as the National Treasury, Government Technical Advisory Centre, Auditor-General South Africa, Parliament, Department of Cooperative Governance, South African Local Government Association, Development Bank of Southern Africa and Statistics South Africa. Page et al. (2021) note that transparency is achieved by having a reproducible search strategy and a comprehensive list of sources of information used. Therefore, a search log was maintained which documented database used, search date, search strategy, filters used, number of records and comments on their relevance. Reference lists of the eligible studies were checked to find further sources and citations were used to find more recent articles. Each source.

Search Terms

The search terms were generated from the topic, research questions, and key concepts in the literature. The main search string was: ("public-private partnership" OR "public private partnership" OR PPP OR "municipal partnership") AND ("service delivery" OR "municipal services" OR "infrastructure delivery") AND ("local government" OR municipal* OR municipality) AND ("institutional capacity" OR "municipal capacity" OR "technical capacity" OR "contract management" OR governance) AND ("South Africa" OR "South African municipalities"). Some other possible searches include "municipal PPPs" AND "service delivery"; "PPP governance" AND "South Africa"; "municipal capacity" AND "infrastructure delivery"; "local government" AND "contract management"; "PPP risk allocation" AND municipalities; and "municipal service delivery" AND "private sector participation". Where allowed, truncation was performed, but quotation marks ensured that phrases were searched for exactly. Limitations were imposed such that only English-language studies published from 2020 to 2025 were sought. Search terms were modified according to the database syntax without altering their meanings.

Inclusion Criteria

Inclusion criteria were publication between 2020 and 2025, the use of the English language and relevancy to the research question being asked. Pertinent sources were those which discussed PPPs, partnerships in municipalities, private participation in public service delivery, local government and infrastructure or municipal capacity. Technical, financial, administrative, legal, procurement, governance or contract management limitations were pertinent. The literature review consisted of peer-reviewed academic journal articles, academic books and book chapters, theses, dissertations, and conference papers. Government department reports, audit entity reports, Parliamentary reports and development organization reports were also pertinent sources. South African literature was prioritized although literature from other African countries or other developing nations on the same topic was included if there were lessons learned in regard to municipal governance. Ajam (2025), Gumbu (2024) and Sebitlo, Mbara and Luke (2022) all dealt with procurement issues, PPP regulation and implementation conditions pertinent to the article. Each source must have provided sufficient information for analysis purposes and not just discuss PPPs and service delivery.

Exclusion Criteria

Articles prior to the year 2020 have been left out, along with any duplicate articles or those that were not available in English. Newspaper articles, blogs, editorials, marketing materials, or non-academic webpages were not considered acceptable sources. Articles that had no direct relation with municipal services or municipal capacity have been excluded, as well as articles focusing on the national PPP programs which were irrelevant for local government. Articles that lacked methodology, concepts, and analysis have been left out following the full text screening of sources. Unverifiable sources, incomplete citations, and sources having no clear authorship have been omitted.

Study Selection Process

For the study selection, the procedure involving identification, screening, eligibility, and inclusion as described by the PRISMA 2020 guidelines was used. According to Page et al. (2021), systematic reviews require reporting on the flow of records through each stage and justifications for the exclusions. The identified studies were imported into the reference management file, and duplicates regarding title, author, year, and digital object identifier were checked. After elimination of duplicates, the titles and abstracts were screened against the topic, research questions, and inclusion criteria. Relevant studies then went through the full-text assessment. The screening checklist was used to register whether the source is included or excluded and the primary justification, which might include irrelevant municipalities, unsuitable publication dates, poor analytical value, and unverifiable sources. Thus, the final evidence base was made up of 27 sources that fulfilled all the criteria for performing the thematic analysis. Since the search log could not be used for verification purposes, the data on identification, duplicates, and exclusions could not be invented. Accordingly, Fig. 1 should be filled based on the verified search log before publishing, but the number of 27 should be kept as the inclusion total.

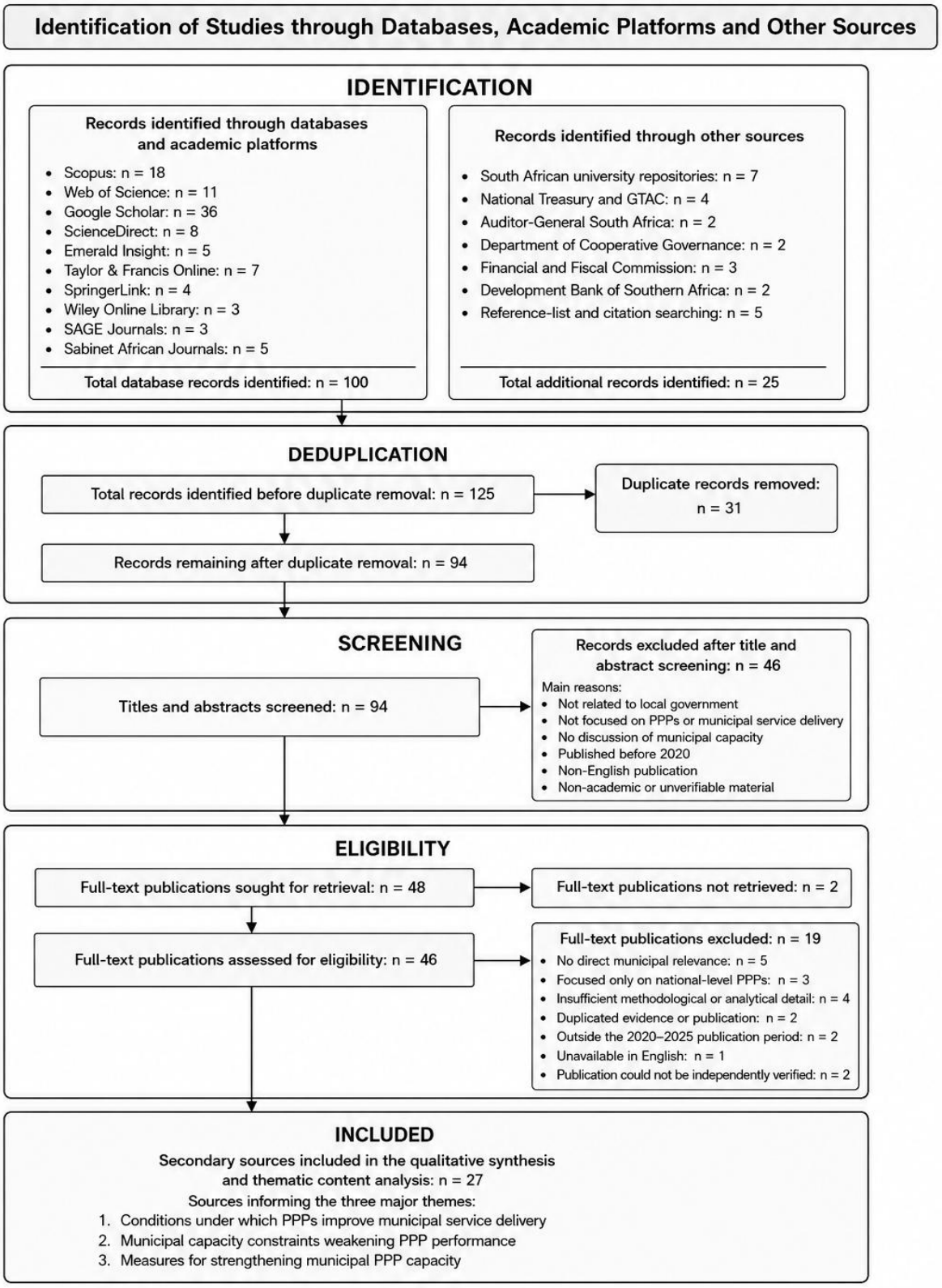

Fig. 1 PRISMA Flow Diagram for Identification and Selection of Sources

Quality Appraisal

Each source was assessed regarding relevance, clarity of objective, transparency, credibility of evidence, adequacy of analysis and congruence between evidence and conclusions. In terms of peer-reviewed research, the design, data sources, methods of analysis and conclusion drawn from the evidence were analyzed. The government reports were assessed in terms of institutional legitimacy, transparency, origin of data and adequacy of analysis. Relevance to South Africa was also assessed because the applicability of evidence collected from other contexts might not apply to the municipal setting. Numerical rating was not done. Rather, source appraisal guided how each source would be weighted during the synthesis process.

Data Extraction, Analysis and Thematic Synthesis

A structured matrix for extraction was created to structure the data from the 27 sources included in this review. It captured the author and year, title of the work, journal or institution, country of origin, research design, data source, target group or topic, PPP sector, municipal capacity constraint, service-delivery outcome, key results and relevance to the research questions. This process was conducted per source in order to minimize errors of transcription and interpretation. Thematic categories reflected the nature of the research as focused on municipal financial and technical capabilities, procurement and contract management, governance and participation and outcomes of service delivery. Peer-reviewed research and official reports were distinguished since they are different regarding their purpose and methodology.

Thematic content analysis of the extracted data was performed next. According to Braun and Clarke (2021), thematic analysis does not consist in simple counting of repeating keywords but in active interpretation. Each source was studied carefully and passages relevant to the research questions were coded. At the initial stage of coding, the following codes were identified: infrastructure financing, technical capabilities, project preparation, affordability, procurement, risk allocation, contract monitoring, leader continuity, accountability, participation and capacity building. The codes which had something in common were grouped into thematic categories which generated three main themes: conditions under which service delivery improves, municipal capacity constraints affecting PPP performance and ways to strengthen municipal capacity in PPPs. In turn, each of the main themes was divided into three subthemes in order to account for differences in the evidence. Contradicting evidence was not excluded from consideration. Analysis was guided by Institutional Capacity Framework and Principal–Agent Theory in order to make it possible for the study to interpret the mechanism by which municipal capacity affects control, risks and accountability and service delivery.

RESULTS AND DISCUSSION

Overview of Thematic Findings

The content analysis of the secondary data identified the sub-research questions into three broad categories. Three important themes have been found through analysis: the circumstances where Public-Private Partnership can lead to better municipal services; the capacity shortages which make implementation and performance difficult; and the steps needed for the creation of competent municipal actors. Each theme resulted in three sub-themes. In all sources, it has been seen that private involvement brings about advantages like finance, professional expertise and discipline. But these benefits need proper preparation of projects, reasonable financing, clear contract terms, and sound administration and supervision. The variations between municipalities suggested that there is uneven capacity, not no capacity. Thus, the results should be considered as related and not independent: weak finances restrict affordability, lack of technical expertise hampers contract enforcement, and bad governance stops remedy actions.

Major Theme One: Conditions Under Which PPPs Improve Municipal Service Delivery

Private Finance, Infrastructure Renewal and Expanded Service Access

The first sub-theme examines the possibility of using PPPs in order to attract private investment to the purpose of expansion of infrastructure and provision of services in case the budget of local government does not allow such expansion. Ramolobe and Khandanisa (2024) note in their work that the model of the partnership allows uniting the public mandate and private capital and expertise for development of communities. Also, Sesele (2023) notes that infrastructure PPPs will have the ability to balance well the interests of public sector, community and investors. According to the Financial and Fiscal Commission (2025a), the potential of infrastructure PPPs consists in attraction of extra finance but the selection and fiscal evaluation of projects are important issues. Such potential is relevant since the deterioration of infrastructure was observed according to the report of South African Institution of Civil Engineering (2022). It can be seen from the evidence that private finance of PPPs works well when the project meets genuine need and responsibility for maintenance exists. It is inappropriate to use private funding as an alternative to planning, infrastructure management and prudent budgeting of municipalities.

Private finance of the project includes some obligations that cannot be covered within political or budgetary cycle in which the agreement is achieved. According to Wall (2025), the problem of deteriorated infrastructure is caused by lack of skills, information, maintenance, financial and governance capabilities. Under such circumstances the payment of PPP becomes impossible. Murwirapachena and Nyamazunzu (2024) find that financial performance of the municipality and transfers from the intergovernmental level impact the access to improved sanitation and prove that the expansion of services depends on fiscal capabilities of the municipality. Project, which seems feasible during its evaluation process,

may become expensive due to the decline in revenues, resistance to tariffs or erroneous estimate of demand. Municipality should evaluate the cost of private financing, compare it with conventional financing of the services, budgetary risks and development priorities.

Technical Efficiency, Innovation and Lifecycle Performance

The second sub-theme revolves around the practical importance of the private sector. Sebitlo, Mbara, and Luke (2022) posit that transport PPPs might foster technical skills, investment and asset performance; however, little utilization is witnessed in South Africa. As stated by Awuah (2023), it is crucial to have the indicators in order to measure the risks, performance and monitor. In Siebritz et al. (2021), the ability of the municipality is the information and the people who can understand the information. All this results in the integration of the processes such as design, construction, operation, and maintenance through one structure. However, the integration of the processes is not enough evidence of efficiency. The municipality needs to define the output, evaluate the proposals, deliver services and deduct payment in case the criteria are not achieved. Innovation by the private sector has public value if it increases reliability, maintenance, accessibility and lifecycle cost. Technical efficiency is the result of this process but not the inherent aspect.

Affordability, Equity and Public Value

The last one is the presence of such a sub-theme, which suggests that the matter of improvement in service delivery needs to be considered from the standpoint of the aspects of affordability, accessibility, and public value, rather than asset completion. The evidence about the presence of spatial disparities in the municipal fiscal system, which means that there are different starting points for each of the municipalities, is provided by Financial and Fiscal Commission (2024a). The clash of the concepts of cost recovery and household affordability is shown by Financial and Fiscal Commission (2024b). The differences in the implementation of indigent policies by municipal categories are demonstrated by Kuhlengisa et al. (2024), which could affect the provision of free basic services. Water insecurity in Limpopo caused by the problems of governance, infrastructure inequality, and environment is shown by Matimolane (2025). The evidence presented above contradicts the assumption of automatic improvement in service delivery under the establishment of a PPP. There could be situations when the PPP results in increased production but excludes poor people from it due to tariffing and coverage issues.

Major Theme Two: Municipal Capacity Constraints that Weaken PPP Performance

Technical Skills and Project-Preparation Weaknesses

Firstly, it should be noted that there is the issue of limited capacity for technical and project preparation. In accordance with the Department of Cooperative Governance (2021), there is an issue of skills shortage, inadequate infrastructure and instability of local government. As Wall (2025) says, insufficient skills, inaccurate data and poor maintenance contribute to the destruction of the infrastructure. As Moagi and Nhede (2025) point out, inability to professionalize municipal management leads to insufficiency, continuity and administration. The above-mentioned issues affect the PPP process even before the procurement process starts. First, the municipalities must understand the requirements of the project, its demand, the environmental and social impact, costs of the project and possibility of implementing it. The bad project planning may cause inappropriate projects that lead to unexpected results and unrealistic expectations due to absence of risk analysis. Consultancy may help to deal with some urgent problems; however, it does not let learning process take place.

Financial, Procurement, Legal and Contract-Management Constraints

The second limitation stems from fiscal vulnerability along with the problems related to procurement processes and legal framework. National Treasury (2025) identifies revenue management, financed budgets, asset management and supply chain performance as the key factors for the sustainability of municipal administration. National Treasury (2026) notes ongoing financial constraints faced by the local governments, limiting the ability of many municipalities to make sustainable commitments. According to Ajam (2025), compliance requirements involve additional costs and delay within municipal supply chains. Zindi and Sibanda (2022) define poor planning, lack of skills, political interference and poor co-ordination as the barriers to procurement. Thus, it is clear that PPP project preparation takes place in constrained systems. Weak financial modelling may conceal unaffordability issues while poor procurement planning may cause additional delays and reduce the bidders' confidence. A municipality may conduct commercial negotiations without having a proper financial baseline, established needs and sufficient experience to validate the assumptions made by the private partner.

According to Gumbu (2024), the comprehensive procurement process regulations are needed in order to ensure the interests of all stakeholders in the partnerships for infrastructure provision. The issue is not in regulation but rather in the mismatch between high regulatory standards and inability of the municipalities to use them properly. Lack of sufficient legal and commercial expertise may result in poorly elaborated project outputs, inappropriate risk allocation, ineffective remediation measures and poor variations control. This issue becomes critical when formal risk transfer does not correspond to the actual risk bearing. The private partner may be responsible for construction, demand and operational risks but the municipality will still have to interfere if such failure poses a threat to the quality of provided services, people's safety or vulnerable population groups. Therefore, contract management capabilities should go beyond simple

conclusion. The officials need to monitor performance, resolve disputes, analyze the requests for refinancing or variations and get ready for potential distress, termination or hardbacks of the services.

Governance, Leadership, Monitoring and Public Participation Weaknesses

Thirdly, there is the issue of the governance context in which the PPP contract is to be performed. According to Auditor-General South Africa (2026), among 257 municipalities, only 39 got the unqualified audit in 2024-25, while others had financial statements with material misstatements. Instable coalitions have negative effects on budgeting, tenure and service delivery in metropolitan municipalities as described by Pholoma et al. (2024). According to Shongwe & Meyer (2023), poor monitoring and evaluation lead to poor financial management and delayed responses. Good governance and its connection with the experience of housing delivery of residents are highlighted by Marawu & Utete (2025). Besides, participation is claimed to be procedural without any impact on decision-making process as described by Ndlovu & Muringa (2026). Hence, even though PPP is properly designed, it might fail due to frequent changes in leadership, lack of transparency, poor monitoring and lack of influence of citizens on prioritizing the projects. Governance capacity is one of the essential elements of PPP contract performance.

Major Theme Three: Measures for Strengthening Municipal PPP Capacity

Professionalisation and Multidisciplinary Municipal Capacity

The first sub-theme of reform is stable, multi-disciplinary capacity of the municipality. According to Moagi and Nhede (2025), merit, integrity, skills and professional development are key ingredients in building professionalism in local governments. As stated in the Department of Cooperative Governance (2021), institutional capacity is vital for sustainable performance. For the municipality implementing PPP, it will need the involvement of engineers, planners, finance experts, procurement experts, lawyers, environmental experts, project managers and community engagement officials all at once. Capacity building should not be one-off training, but should go towards funding, retention, succession planning and accountability through the life cycle of the project. Consultants may offer advice, but there should always be the capacity within the municipality to question assumptions, maintain records and hold people accountable even when consultants move out. PPP units are justifiable if there are enough projects, while small municipalities will need to share services. Professionalization will make the municipality an informed public principal and not just an expert purchaser.

Intergovernmental Support, Standardisation and Knowledge Systems

On the second sub-theme of the government of the country and provinces, it appears that increased capacity at subnational level is needed for infrastructure-driven development, states the Financial and Fiscal Commission (2025b). The National Treasury (2025) points out the necessity for improved clarity of roles and responsibilities between governments, and intervention and capacity building in terms of municipal context. Sebitlo, Mbara, and Luke (2022) appeal to coordination improvement and easier PPP process. This kind of support is supposed to include the application of standard feasibility tools, model clauses, risk allocation framework, affordability framework, transactional advice and peer learning. Standardization can reduce excessive expenses without replacing project-based assessment. According to Siebritz et al. (2021), capacity-building depends on data, interoperability and knowledge sharing. The municipalities need to be provided with feasibility studies, contract variations, performance reports, lessons learned in one easily accessible source. Government intervention and assistance become particularly efficient when they contribute to building municipal capacity and not when they carry out municipal functions continuously.

Accountability, Participation, Risk Management and Performance Monitoring

The last reform sub-theme comprises controls that will ensure the protection of public interest all throughout the PPP life cycle. Awuah (2023) suggests risk indicators and success criteria along with performance review. Ngxesha, Langton and Mafini (2024) prove that information exchange, trust and cooperation increase municipal supply chain performance. Ndlovu and Muringa (2026) highlight that it is necessary that the participation will influence decision-making, rather than being just formal procedure. Municipalities need to disclose project justification, feasibility results, service criteria, performance results and reasons for substantial changes in the contract terms, where possible under reasonable confidentiality restrictions. The participation of communities should be ensured already during the needs assessment and proceed through tariff development and service assessment. Technical and financial audit by independent party will be able to verify claimed efficiency, risk management and service delivery benefits. This would be helpful for the control by the councils and the judgement of citizens about whether partnership works on priority issues.

Accountability requires consequences and institutional learning. Auditor-General South Africa (2026) highlights that ineffective prevention, and implementation will negatively affect municipal results. Marawu and Utete (2025) show that accountability and responsiveness determine citizens' perception of service delivery. Shongwe and Meyer (2023) demonstrate that there is no use of monitoring when it does not lead to any actions. PPP contracts should specify responsible people, reporting frequency, escalation mechanisms, remedies and grounds for renegotiation or termination of the contract. There should be some consequences for performance failures, such as penalties or restructuring. Councils' evaluations should consider affordability, fairness, risk profile and service delivery rather than only compliance. PPPs will benefit the municipalities only if institutions are competent to control finance, performance and citizen interests from planning through to delivery.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

In this study, there was analysis conducted on the effect of capacity constraints at the municipal level on the enhancement of the role of Public-Private Partnership in the delivery of service in the local government in South Africa. From the findings made, it is evident that the efficiency of PPP depends on the capacity of the municipality to plan, manage, and monitor PPP, not necessarily the private sector. To start with, PPP may contribute in many ways such as financing, technical knowledge, innovation and lifecycle management but only up to a certain extent in relation to affordability, equity and needs of the local community. As noted by Ramolobe and Khandanisa (2024), the potential contribution of PPP could be enormous. At the same time, Sesele (2023) argues for balancing of interests of all the stakeholders - public, communities and investors. Secondly, inadequate project planning, financial management, procurement and legal and contractual management may make the value-for-money approach difficult to achieve and pass risks back to the municipality. This is in agreement with the opinion of Sebitlo et al., (2022). Thirdly, the success of PPP depends on professional management, intergovernmental collaboration, public involvement and monitoring. In conclusion, PPPs will not save municipalities from problems. They can contribute to better service delivery only up to the capacity of the local public institutions.

Recommendations

Cities require PPP and contract management teams which must possess skills in engineering, finances, laws, procurement, project management and community engagement. Training should be specialist-based and ongoing. Assistance by National Treasury and the Government Technical Advisory Centre should be based on the city's population, capacity and fiscal health. Feasibility assessments should establish the feasibility of the demand, affordability, value for money and fiscal risk. Preparation of standard templates, clauses, risk register and risk measurement procedures should be done while allowing for some flexibility for local conditions. Risk should be allocated to the party best equipped to manage it and contracts should have measurable service delivery and affordability indicators. According to Awuah (2023), there should be indicators of risk and performance. The practice of independent technical and financial audits should be made a mandatory part of the process with any shortcomings being corrected. Communities should be engaged from the needs assessment phase through tariffs review and performance monitoring. Cities should maintain records, develop succession plans and maintain institutional memory. Collaboration within governments should define roles and avoid fragmented support. Ngxesha, Langton and Mafini (2024) report that exchange of information and collaboration by the stakeholders improves the performance of municipal supply chain. Finally, the cities should choose PPP projects because of their public value not temporary relief from budget pressure.

Suggestions for Future Studies

Further research should be done to analyze successful and unsuccessful municipal PPPs to find out the capacity conditions for varying results. Comparing research can be conducted for metropolitan, district and local municipalities as their budget bases and personnel vary. PPPs can be studied separately in the fields of water, sanitation, waste management, electricity, and transportation. Research can be done longitudinally in relation to affordability, amendments in contracts and services delivered. Community experience, perspectives of private partners, impact of political instability on PPPs can be investigated further. An assessment framework should be created for measuring municipal PPP capacity.

REFERENCES

1. Ajam, T. (2025) 'Supply chain management administrative burdens: A case study of five South African municipalities', *Journal of Local Government Research and Innovation*, 6, article a206. doi:10.4102/jolgri.v6i0.206.
2. Auditor-General South Africa (2026) *Consolidated General Report on Local Government Audit Outcomes 2024–25*. Pretoria: Auditor-General South Africa.
3. Awuah, E. (2023) 'Enhanced key success indicators of a risk management framework for public-private partnerships smart city projects', *Journal of Contemporary Management*, 20(2), pp. 89–122. doi:10.35683/jcman1068.216.
4. Braun, V. and Clarke, V. (2021) 'One size fits all? What counts as quality practice in (reflexive) thematic analysis?', *Qualitative Research in Psychology*, 18(3), pp. 328–352. doi:10.1080/14780887.2020.1769238.
5. Department of Cooperative Governance (2021) *State of Local Government Report 2021*. Pretoria: Department of Cooperative Governance.
6. Financial and Fiscal Commission (2024a) *Investigating the Local Government Fiscal Framework and Spatial Inequalities*. Cape Town: Financial and Fiscal Commission.
7. Gumbu, T. (2024) 'Procurement rules governing public–private partnerships for infrastructure in Zimbabwe and South Africa: A stakeholder analysis', *Comparative and International Law Journal of Southern Africa*, 57(1), pp. 1–30. doi:10.25159/2522-3062/14994.
8. Kuhlengisa, I.R., Masiya, T., Lubinga, S. and Maramura, T.C. (2024) 'An examination of the perception of variations in the adoption of the National Framework for Municipal Indigent Policies', *Journal of Infrastructure, Policy and Development*, 8(14), article 9307. doi:10.24294/jipd9307.

9. Marawu, N.M. and Utete, R. (2025) 'Exploring the lived experiences of citizens on the effects of good governance practices on housing service delivery: A case study of four municipalities in South Africa', *SN Social Sciences*, 5, article 115. doi:10.1007/s43545-025-01154-1.
10. Matimolane, S. (2025) 'Climate, governance, inequality, and the elusive promise of water access in Limpopo Province, South Africa: An integrative review', *Local Environment*, advance online publication, pp. 1–22. doi:10.1080/13549839.2025.2596716.
11. Moagi, L. and Nhede, N.T. (2025) 'Exploring the challenges of professionalising local government management in South Africa', *Administratio Publica*, 33(1), pp. 89–106. doi:10.61967/adminpub.2025.33.1.5.
12. Murwirapachena, G. and Nyamazunzu, Z. (2024) 'Government transfers, municipal financial performance, and access to improved sanitation in urban South Africa', *Development Southern Africa*, 41(3), pp. 610–627. doi:10.1080/0376835X.2024.2352070.
13. National Treasury (2025) *A Strategy to Address Municipal Performance Failures: A Sustainability Perspective*. Revised March 2025. Pretoria: National Treasury.
14. Ndlovu, J. and Muringa, T.P. (2026) 'Rethinking public participation in South Africa's local governance system: A systematic review', *Cogent Social Sciences*, 12(1), article 2604320. doi:10.1080/23311886.2025.2604320.
15. Ngxesha, C.N., Langton, I. and Mafini, C. (2024) 'Municipal supply chain performance through information sharing and stakeholder collaboration', *South African Journal of Economic and Management Sciences*, 27(1), article a5543. doi:10.4102/sajems.v27i1.5543.
16. Page, M.J., McKenzie, J.E., Bossuyt, P.M., Boutron, I., Hoffmann, T.C., Mulrow, C.D., Shamseer, L., Tetzlaff, J.M., Akl, E.A., Brennan, S.E., Chou, R., Glanville, J., Grimshaw, J.M., Hróbjartsson, A., Lalu, M.M., Li, T., Loder, E.W., Mayo-Wilson, E., McDonald, S., McGuinness, L.A., Stewart, L.A., Thomas, J., Tricco, A.C., Welch, V.A., Whiting, P. and Moher, D. (2021) 'The PRISMA 2020 statement: An updated guideline for reporting systematic reviews', *BMJ*, 372, article n71. doi:10.1136/bmj.n71.
17. Pholoma, M., Lubinga, S., Masiya, T. and Madumo, O.S. (2024) 'The influence of unstable coalition governments in Gauteng metropolitan municipalities', *Journal of Local Government Research and Innovation*, 5, article a195. doi:10.4102/jolgri.v5i0.195.
18. Ramolobe, K.S. and Khandanisa, U. (2024) 'The role of public–private partnership in achieving local government sustainable development', *Africa's Public Service Delivery and Performance Review*, 12(1), article a816. doi:10.4102/apsdpr.v12i1.816.
19. Sebitlo, O.K., Mbara, T. and Luke, R. (2022) 'The state of South Africa's public–private partnership practices in transport projects: Problems and potential', *Journal of Transport and Supply Chain Management*, 16, article a733. doi:10.4102/jtscm.v16i0.733.
20. Sesele, M. (2023) *Assessing the Effectiveness of Infrastructure Public-Private Partnerships*. DBSA Working Paper Series WP/2023/02. Midrand: Development Bank of Southern Africa.
21. Shongwe, B.R. and Meyer, D.F. (2023) 'Challenges in the implementation of monitoring and evaluation systems for sound financial management: The case of Nkomazi Local Municipality', *Journal of Contemporary Management*, 20(2), pp. 1–26. doi:10.35683/jcm23021.213.
22. South African Institution of Civil Engineering (2022) *SAICE 2022 Infrastructure Report Card for South Africa*. Midrand: South African Institution of Civil Engineering.
23. Siebritz, L.-A., Desai, A., Coetzee, S.M. and Cooper, A.K. (2021) 'Capacitating local governments for the digital earth vision: Lessons learnt from the role of municipalities in the South African spatial data infrastructure', *International Journal of Digital Earth*, 14(12), pp. 1897–1917. doi:10.1080/17538947.2021.1998680.
24. Wall, K. (2025) 'Primary causes of the condition of public sector fixed infrastructure in South Africa', *Acta Structilia*, 32(1), pp. 63–90. doi:10.38140/as.v32i1.9383.
25. Zindi, B. and Sibanda, M.M. (2022) 'Barriers to effective supply chain management: The case of a metropolitan municipality in the Eastern Cape', *Journal of Local Government Research and Innovation*, 3, article a54. doi:10.4102/jolgri.v3i0.54.