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PUBLIC PRIVATE PARTNERSHIPS

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Public private partnerships (PPPs or P3s) are among the organizational forms that originated in the rapprochement between governments and private enterprise. They involve contractual arrangements between governments and the private sector (Mazouz, 2009) to design, finance, produce, or operate public projects. Although these organizational forms vary with national governance systems, PPPs present common features that allow them to be defined as follows: by PPP we designate any long-term association between distinct public and private sector legal and administrative entities for the pursuit of ends they would not be able to efficiently, effectively, economically, or equitably attain on an individual basis (Mazouz, 2009; Mazouz, Facal, and Viola, 2008; Mazouz and Belhocine, 2008 and 2002; Mazouz, Facal, and Belhocine, 2005).

This PPP definition is managerial in nature because it simultaneously considers organizational structure, time scale, legal and administrative attributes, economic utility, political underpinnings, and implementation by public and private organizations.

- The hybrid character of PPP organizational structures is dictated by legal and administrative imperatives enabling the operationalization of projects that justify recourse to them
- The timeline of contracts between public and private partners places them in the category of sustained government actions and medium- or long-term private investments
- Mutual and formal (contractual) recognition of the differing missions and goals of government and private enterprise is a prerequisite to successful PPP project management
- The perceived legitimacy of PPPs is a function of the issues that anchor their legitimacy with institutions and the general public
- The goal of PPP contractual instruments is to deliver efficiency, effectiveness, economy, and equity

The complexity and diversity of organizational arrangements between governments and private organizations make the PPP concept polysemic. Under the term *public-private partnership*, authors generally include "a multitude of arrangements of varying complexity, from subcontracting and concession to outsourcing and oversight" (Mazouz, Belhocine, and Facal, 2005). However, the most comprehensive conceptual definitions of PPP go beyond their legal forms and emphasize the importance of institutional arrangements (Mazouz and Belhocine, 2002), the scope and nature of the relationship between partners (Chalmers and Davis, 2001; Brinkerhoff, 2002), as well as trust and mutual recognition of public and private aims (Mazouz, 2009; Wettenhall, 2007; Broadbent and Laughlin, 2003; Muetzelfeldt, 2001; Al-Homeadan, 2001; Guttman, 2001).

On the empirical level, PPPs operate under long-term contracts to provide infrastructure, equipment, production, or services to individuals or institutions. The structure of the partnership between one or more government organizations and one or more private sector companies incorporates shared responsibilities, risks, and benefits for each at every phase of the project (design, production, financing, and operation) (Mazouz, Facal, and Viola, 2008).

Among OECD nations, policy frameworks regulate PPPs but do not prescribe specific organizational configurations or management approaches (Mazouz, 2009). These policy frameworks seek to justify PPPs on grounds of optimal risk-sharing, the mobilization of private capital and expertise, the flexibility of hybrid intervention methods, the innovation capacity of private organizations, service delivery standards, achievement of results, economies of scale, and government accountability for the quality and cost of service delivery (Bernier, 2005).

Theoretical and empirical research conducted in OECD countries has emphasized the difficulties of PPP implementation. These difficulties arise from historical, ideological, and managerial factors, notably the lack of management frameworks that take into account differences in the strategies, attitudes, and conduct of public and private partners (Mazouz and Belhocine, 2008).

Study of PPPs intensified in the late 1970s. This was a time when movements to modernize public management were marked by liberal rhetoric (Jarvis, 1999 and 2002; Teisman and Klijn, 2002) and government initiatives encouraging the redefinition of the limits of how and what governments (Lacasse, 2003; Klijn and Teisman, 2002; Dwivedi and Gow, 1999) and communities (Dvay and Mazouz, 2008) could do. Persistent budgetary crises, sustained socioeconomic demands, and accumulated public debt eventually came to undermine traditional approaches to delivery of public services. Massive privatization by governments in the U.K. and New Zealand provoked a public outcry and led political decision-makers to look at new organizational configurations (Hult, 1987) and innovative ways to provide public services (Austin, 2000). Proposed reforms were meant to maintain public services to individuals, corporations, and communities while improving performance (Mazouz and Tardif, 2010). As exploration and experimentation with PPPs continues in various areas of public action, theorists and practitioners of the managerial methods used in the Western public sphere continue to reflect on these processes and results of their institutionalization (Giauque, 2009 and 2005; Ferlie et al., 1996).

Fierce academic debate has arisen in response to the spotty, controversial, and widely reported results achieved with these various forms of public-private rapprochement, which are often seen as instances of collusion between government authorities and corporations (Edwards and Shaoul, 2003). These arguments influence and will no doubt continue to influence research on and experiments with PPPs and for good reason: PPP institutionalization calls into question the ideological and economic basis of public action along with the organizational structures that underpin it and the supply strategies and operational processes of front-line public institutions (Giauque, 2009; Mazouz, 2009). The appearance of PPPs as new forms of organizing and coordinating government action constitutes a challenge to the ability of the (dominant) bureaucratic model to respond to new issues over the financing and operation of public infrastructure, facilities, and services (Campagnac, 2009a and 2009b) hitherto seen as social achievements and part of the state's role in maintaining social cohesion and the common good (Mazouz and Belhocine 2008; Rosenau, 1999; Zussman, 1999; Stephenson, 1991).

Looking at the major ideological foundations of PPPs (Kamienecki, Shafie, and Silvers, 1999) and the related economic issues, the latest empirical studies of PPPs reveal the inadequacy of contracts as legal coordination tools and draw attention to the potential significance of hybrid organizational configurations (Skelcher, 2007; Larkin, 1994) and management frameworks designed to confront operational difficulties and the varying degrees of complexity from one sector—or even project—to the next (Mazouz, 2009; Vining and Boardman, 2008; Dunn, 1999).

The definition proposed here originates in a conceptual framework developed from the results of empirical research ((Mazouz, Facal, and Belhocine, 2005; Mazouz, Facal, and Viola, 2008). This definition makes it possible to list and classify PPPs for management purposes by emphasizing stakeholder, structure, strategy, and process management as opposed to the management of partnership contracts, which are based on organizational configurations and institutional arrangements undertaken with a view to designing, conducting, financing, and operating projects in the general interest, for the common good, or to deliver public services through PPPs.

PPP management difficulties centre on decision-making, planning, coordination, control, governance mechanisms, coordination of governance systems, and integration of administrative processes as well as the management of timetables, costs, risks, and even potential conflicts. All these variables must be considered before a public-private contract is signed. For managers, the first step is to identify the issues that might justify recourse to a PPP in view of dealing with the management challenges associated with the specific risks of individual projects requiring a long-term partnership between public and private organizations. Put differently, PPP management involves considering the issues that legitimate a PPP, the management challenges and specific risks that will determine strategies, and the attitudes and specific behaviours of the partners involved in operational configurations where public interventions involve private corporations.

The empirical data available for PPPs in OECD countries have yielded a proposed typology distinguishing four PPP categories: situational, elementary, symbiotic, and forward-looking.

Situational PPPs

Situational PPPs are justified by the need for expertise and complementary financial and technological contributions. The public partner acts as contractor on the resulting project, while its managers see the PPP as a way to access the private partner's expertise, since the partner will have a more highly developed sense of the market and of the clientele's evolving needs. One example of a situational PPP is BonjourQuébec.com, a partnership contracted between Tourisme Québec and Bell Canada to develop and operate a tourism product information and reservation system (Dubé, Facal, and Mazouz, 2009).

Elementary PPPs

Elementary PPPs are contracted by government organizations to achieve their goals at lesser cost. They are justified by the quest for greater efficiency. In all case studies analyzed, it was found that this category of PPP was of interest to public partners that are very close to their target clientele and wish to provide public services as cheaply as possible while aiming for better quality. Such PPPs often involve contracts for the construction of public infrastructure (Préfontaine, Skander, and Ramonjavelo, 2009), the management of buildings, hotels, prisons, green spaces, recyclable materials, and household waste collection, or the delivery of certain types of care (Gaudron, 2009), and housing services awarded by ministries and public agencies to private companies (Véolia, Gepsa). Arguments in favour of such institutional arrangements centre on the need for organizational flexibility and cost savings combined with a desire to maintain public services in the general interest or for social cohesion. Insofar as public sector managers have clearly identified the required expertise and needs, partnership contracts may be the best management tool available (Bellais and Oudot, 2009). But in light of media coverage of failed elementary PPPs directly involved in daily lives of citizens, elementary PPP managers need to be conscious of the public's suspicions regarding their partnership initiatives with the private sector. The slightest financial difficulty, failure to adhere to specifications, or procedural deficiency affecting the technical fulfilment of a contract may have impacts on all PPPs. An example here is the case of the Metronet consortium, an equal joint venture involving the Balfour Beatty, Bombardier, EDF Energy, Thames Water, and WS Atkins groups, which entered a PPP with the London Underground. Its mandate to upgrade the London subway system turned into the kind of misadventure this PPP category is susceptible to. The consortium claimed that additional construction not covered in the partnership contract was required if it was to fulfil its contract on schedule and asked for £551 million in additional funding. The public partner in charge of the London subway system, the London Underground, refused to pay, citing management errors and dysfunction leading to inefficient and wasteful operation. Metronet argued that the additional work was not included in its partnership agreement. Analysis of available data on this PPP shows the difficulty of managing contracts that are essentially technical and relate to partner expertise. The success of elementary PPPs thus depends on the ability of public managers to maintain a climate conducive to ongoing negotiation, moderate power dynamics (particularly on major projects), manage conflicts of interest, and conserve public expertise.

Symbiotic PPPs

Symbiotic PPPs are motivated by converging partner values, missions, and goals. Commonly though not exclusively, this type of PPP brings government agencies together with foundations or community and philanthropic organizations over mutual interests and provision of "services to particular clienteles or that are responding to changeable situations or emerging needs" (Lister, 2000). Government managers look to nonprofit organizations when they find themselves unable to properly meet an emerging social need through a lack of resources, expertise, or specific understanding of the need or related practices. The collaboration between Québec's Ministère de l'Immigration et des Communautés culturelles and community organizations active in the field of settlement, social integration, and job market integration for new immigrants is a de facto symbiotic PPP. On the federal level, the Canadian government has for years used private community organizations and associations to implement its immigration policy. The symbiosis that characterizes this category of PPP means that partners truly depend on one another: community associations depend on financial support from government agencies for their very existence, while the results of government action depend on the ability of community organizations to launch viable projects to fulfil the underlying goals of public policy and programs. The symbiotic nature of these public and private relationships is not without risk. Government managers tend, rightly or wrongly, to allow excessive latitude to their partners in the interests of stabilizing the partnership over the medium and long term. Their main challenge is therefore to manage the compromise between support for the private partner and the duty of accountability, which is clearly their own specific responsibility.

Forward-looking PPPs

Forward-looking PPPs, also known as strategic PPPs, take their justification from projects of strategic interest for both a nation or government and large corporations. Often these corporations will be highly specialized in key sectors such as the economy, high finance, public health, defence, domestic security, space research, higher education and research, or scientific research. Forward-looking PPPs endeavour to reconcile the often diametrically opposed aims of private firms seeking high returns to justify their financial risk and government agencies seeking to secure sustainable competitive economic benefits for the population. One instructive example is the 2003 PPP entered into by the former Serbia and Montenegro, Croatia, and Bosnia-Herzegovina and UNESCO's higher education division and Hewlett-Packard Europe to fight the "brain drain." Higher education and scientific research agreements between African governments and UNESCO on one side and Microsoft on the other, or hydroelectric agreements with SNC-Lavalin are further examples. Likewise in the fields of information, security, and defence, the U.S. government seems resigned to increasing its reliance on forward-looking PPPs with Lockheed Martin, Northrop Grumman, Raytheon, and Bechtel in order to consolidate its military and geostrategic capabilities (Danet, 2009). Questions of governance and control are central to forward-looking PPPs, since these issues are linked to the perceived legitimacy of the agreement.

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