Reconceptualising Public Private Partnerships (PPPs) in global public policy

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Abstract
The paper provides historical outlook on different trends in PPPs in global public policy. The purpose of this paper is to reject the essentialist and neoliberal approach to PPPs by critically evaluating both normative and empirical arguments within existing literature. The paper finds that most of the existing literature looks at managerial, operational, functional and essentialist aspects of PPPs. Therefore, the paper argues that critical success of PPPs depends on its social value for the common good with an emancipatory outlook. The paper argues to move beyond functional aspects of PPPs and locate emancipatory possibilities within the praxis of global public policy. The paper draws its methodological lineages to nonlinear historical narrative around the concept and construction of the idea and language of ‘PPPs’. The paper follows discourse analysis (Fairclough, 2003) to locate the way in which PPPs were incorporated within the language of global public policy.

Keywords: Public Private Partnership, Theory, Practice, History and Global Public Policy

Introduction
The burgeoning literature on the concepts and history of Public Private Partnerships (PPPs) locates its relevance for budgeting and development planning in developed as well as developing countries. Such literature often draws out the advantages and disadvantages of these concepts with a strong focus on financial implications to shareholders. However, there appears to be less emphasis on the effects of these concepts and gaps between theory and practice of PPPs. This paper rejects essentialist and functional aspects of PPPs. It explores different dynamics of PPPs in theory and practice within global public policy.

The growth of Public Private Partnerships (PPPs) and their role in different development projects is not a new concept; however, there is renewed interest in the study of PPPs as a tool of economic development planning. Public debt is putting pressure on the state and governments around the world to engage with private capital or corporations for different social and economic development activities (Grimsey and Lewis, 2002; Pongsiri, 2002; Yong, 2010). It is considered as a panacea for the crisis ridden world economy, and its sustainable recovery depends on investment through PPPs. PPPs are legally binding contracts of working arrangements based on mutual commitment between public sector organisations with any organisation outside of the public sector (Bovaird, 2004: 200). In this way, PPPs are central to the political economy of global public policy and social welfare (Boardman and Vining, 2012).

The existing literature locates PPPs as cooperative and contractual partnerships between state, government and private organisations to share resources, risks and costs to perform certain responsibilities and tasks to achieve a common goal (Panda, 2016; Chinyere, 2013). Therefore, the success of PPPs is central to the success of public policy. The term “public-
private partnership” (PPP) is often defined broadly and ambiguously as a joint venture between a government and a private entity to undertake a traditional public activity together in capital intensive infrastructure development projects (Savas, 2000). Today, PPPs are becoming central to infrastructural development projects all over the world.

Efficiency, performance standards and value for money (VfM) are the three strategic objectives of PPPs in infrastructural development projects (Akintoye et al., 2003; Zhang, 2006). These strategic objectives and visions depend on the “public client’s overall strategic plan and mission objectives, private sector’s long-term development and payoff strategy, the general public’s requirements of quality public facilities and services” (Yuan et al., 2009:257). However, VfM is central to the strategic objective of PPPs (Akintoye et al., 2003; Henjewele et al., 2011). These strategic objectives are said to be achieved by the contractual agreements between the private and public sectors. Such partnerships play a major role in designing, constructing, financing, operating, maintaining, renovating and operating different public delivery systems (Bovaird, 2004). The most important models of PPPs are Design-Build-Finance (DBF), Build-Operate-Transfer (BOT), and Design-Build-Finance-Operate-Maintenance (DBFOM); there are many others (Zhao, 2011).

These contractual arrangements between private and public sectors were fashionable in economic development planning around 60 years ago, but the concept of PPPs has become a contested concept. They are considered to be a method of diluting political control over decision-making from the ‘traditional public administration’ perspective, and ‘new public management’ theories consider PPPs as a process of undermining competition between potential providers (ibid). They also create a culture of ‘vendorism’ (Salamon, 1995:103), which is dangerous for the state-citizenship relationship as it minimises the role of the state in the management of everyday life of the state and its citizens.

The language of PPP is ‘a loose term’ (Stern and Harding 2002:127), designed to hide strategies of the privatisation of public services by weakening the state and its capacity. Savas (2000) argues that “PPPs invite more people and organisations to join the debate”. However, PPP is ‘just a fashionable word’ (Gibelman and Demone, 1983; Bovaird, 1986; Kettner and Martin, 1989). Thus, Teisman and Klijn (2002), Stern and Harding (2002), Linder (1999), and Savas (2000), although writing from different perspectives agree on the broad conceptualisation of PPPs. Bennet and Krebs (1994) define PPPs as a form of cooperation between private and public agencies that work together with an objective of local economic development. Recent literature argues that good governance and social commitments are central to the success of PPPs (Ismail, 2013; Cheung et al., 2012).
In this way, PPPs are “just another catchy piece of terminology that governments would like to promote to keep off the attention of the more mundane contracting for public services arrangements” (Greve, 2003:60). Therefore, there is a call for the establishment of a United Nations PPP Centre to address challenges to PPPs, ensuring a long term flow of finance for investment in sustainable infrastructural development projects. The successes and failures of such international engagement for the expansion of PPP-led investment depends on understanding the history of PPPs and their conceptual linages in economic development planning.

**History of Public Private Partnerships (PPPs) in Economic Development Planning**

The history of PPPs can be traced back to the Roman Empire. The postal networks and highway systems were developed in the Roman Empire 2,000 years ago in Europe by following the principles of PPPs. The construction of fortified towns and villages in the south-western region of France during the 12th and 13th centuries was another example of the use of PPPs. The further expansion of public works concession programmes in canal construction, roads, public distribution, and transportation systems was developed with the help of PPPs in France during the 16th and 17th centuries. The industrialisation and urbanisation of Europe during the 19th century witnessed the growth of PPPs in the expansion of public networks in transport (railways, tramways, metropolitan), water supply and sewerage and energy. PPPs were used as a mechanism of expanding colonial business enterprises during the European colonialism in Asia, Africa and the Americas (Link, 2006). There was a reversal of the PPP trend with the growth of the welfare state in 20th century post-war Europe and in post-colonial countries in Asia and Africa, whereas PPPs were growing in the USA during and after the wars. Salamon (1987) described PPPs as the “Third Party Welfare State”, where governmental agencies form partnerships and fund private organisations to deliver public services (Oakley, 2006). The origin of ‘welfare’ in the USA is rooted in a combination of government and private action (Kramer, 1981).

PPPs have developed worldwide with the growth of liberalisation and privatisation of infrastructural development (World Bank, 2009:34-35). Therefore, the universal character of PPPs as experienced today is a product of neoliberal political economy of development planning. The neoliberal policies were promoted to dismantle the welfare state and expand market opportunities for private capital to accumulate profit (Brenner and Theodore, 2002; Kirk, 1980). The ‘Washington Consensus’ of the 1990s led to the dominance of neoliberalism as the universal ideology of economic policy making and development planning (Srinivasen, 2000; Williamson, 2000). As a result of this, states became an agent of the neoliberal market,
promoting the maximum involvement of the private sector in the provision of public services and infrastructure (Allen, 2007; George, 2004; Harvey, 2005; Whitfield, 2006).

The OECD (2008) brings together different states and governments for a market-led democracy. Another report (2005) outlines the practical application of neoliberal theory (OECD, 2005); in the name of efficiency PPPs were reintroduced and received universal character within the neo-liberalisation processes (IPPR, 2001; Osborne, 2000; Payne, 1999; Whitfield, 2001). PPP mechanisms are used by governments all over the world to intensify the neoliberal transformation of society and marketisation of state-led public services (Hodkinson, 2011; Monbiot, 2003).

However, the PPPs also play a major role in policy formulation, planning, design, coordination, implementation, monitoring and policy evaluation to resource mobilisation and management in contemporary development planning (Bovaird, 2004:202). Therefore, the advocates of PPPs argued that PPPs are central to address public infrastructure deficits and gaps within service delivery (European Commission, 2003; Payne, 1999). It was also argued that PPPs would help to expand innovation, increase efficiency, improve public services and promote value for money by higher productivity of labour, capital and other resources (Sparks 1998; Hall and Pfeiffer, 2000; Osborne, 2000; Price Waterhouse Cooper, 2005; Williamson, 2000).

However, the functioning and outcomes of PPPs reveal a worrying trend in terms of their failures, inefficiency in delivery of public services, lack of democratic accountability and poor value for money (Grubnic and Hodges, 2003; Murray, 2006; Pollock et al., 2002). It is also argued that PPPs are responsible for the growth of poverty and inequality. Therefore, there is huge opposition to the introduction and expansion of PPPs (Callinicos, 2003; George, 2004; Monbiot, 2000). Profit before people by commercialising public service delivery has become the central motto of PPP programmes. The practices of PPPs reveal that their primary objective is to ensure profit maximisation for adequate returns to private investors at the cost of public services. Operational and other risks of PPPs were also transferred to the state and government to manage (Hearne, 2006, 2009). The origin, growth and historical experiences of PPPs give insights into the theoretical and philosophical lineages of PPPs as a tool of economic development policy and planning.

**Theoretical Trends of Public Private Partnerships (PPPs)**

The Smithian philosophy of new public management provides a theoretical and conceptual foundation to PPPs around the ‘principal-agent theory’ and ‘transactions cost analysis’ (Halachmi and Boorsma, 1998). The twin approach of ‘principal’ (state and government) and the ‘agent’ (private organisations/capital) is a reductionist duality to understand the way PPPs
work in different environments. Similarly, the ‘transaction cost analysis’ of PPPs locate the PPP framework within hierarchies of the market and its networks (Williamson, 1975; Walsh, 1995; Ouchi, 1980 and Powell, 1990). It is very difficult to calculate the cost of PPP projects as costs incurred at both the design and operation stages of the projects are non-verifiable (Laffont, 2005; Estache and Wren-Lewis, 2009; lossa and Martimort, 2012). These two theoretical strands and their economic reasoning is based on efficiency and cost effectiveness of public service delivery. These two theories did not include social, economic, cultural, religious, legal, and political conditions under which contractual obligations of PPPs are carried out within a specific sector or context.

However, the functional and essentialist theorists of PPPs locate the collaboration as a ‘cost dumping’ and ‘benefits raiding’ mechanism (Lorange and Roos, 1992; Doz and Hamel, 1998). Such approaches to PPPs create an environment of trust deficit and a culture of accountability loss where PPPs fail to achieve their desired objectives. Therefore, governance theorists argue that PPPs need to conform to the norms of democratic accountability, and decision-making must be shared within partnerships and networks based on transparency (Bovaird et al., 2002; Bovaird, 2004; Newman, 2001). The success of PPPs depends on their theoretical approach to ‘holistic governance’, where partnerships between “organizations will help each other in the recognition of long-term reciprocity or status in the organizational community rather than immediate return” (Goss, 2001:114).

The strategic management literature locates PPPs as a risk reduction strategy of investment with long term returns (Dussauge and Garrette, 1999). Therefore, the Department of Transport (DOT), Government of USA, argued that private sectors should participate more in taking risk and sharing responsibilities (USDOT, 2004:193). The risk of any PPP projects “should be assigned to the partners who can best handle it” (Savas, 2000). In reality, however, the strategies of private corporations always focus on the ‘socialisation of risk’ and ‘privatisation of profit’. It is the state that takes responsibility to socialise risk; it also ensures the privatisation of profit with the help of its contractual and legal obligations. In this way, contemporary PPPs promote the idea of good governance (transparency, accountability, and rule of law) at a theoretical level; however, at the operational level, strategies and legal contracts are hidden under official secrecy laws and not available for scrutiny under a Freedom of Information Act. These challenges are inherent within the neoliberal theories of PPPs all over the world. This is because neoliberal theories promote PPPs as a risk reduction mechanism to maximise profit on a secure and long-term basis, where public service delivery becomes a secondary objective within public policy.
However, debates on the success and failure of PPPs (Hodge, 2004; Duffield, 2005; Bult-Spiering and Dewulf, 2008; Regan et al., 2011a, b) are reductionist by nature as they have failed to document the ideological foundations of PPPs as a concept. They have also failed to locate whether PPPs can be structured to achieve the goals of public policy (Yong, 2010). The praxis of PPPs has failed to achieve this goal (Liu et al., 2014).

**Conclusions**

The direction of global public policy within the context of PPPs is moving in a direction with two specific objectives. The first objective of PPPs is to privatise, maximise and consolidate profit; the second objective is to socialise risk by developing legal partnerships with the state. Such essentialist trends and functional aspects dominate even the normative literature on PPPs. As a result of this, the effectiveness is measured in terms of performance of PPPs and market logic. Therefore, it is important to have a fresh look at PPPs beyond the cost benefit analysis within the institutionalist framework of state and market. It is necessary to evaluate PPPs by looking at the history of their origin and growth. Its emancipatory contributions in terms of human development and social welfare remain elusive within the literature on PPPs.

Human development and welfare is critical to the success and effectiveness of PPPs. The future and sustainability of PPPs and their performance depend on achieving public policy objectives. Therefore, PPPs need to move away from the strategies of profit maximisation by socialising risk.

**References**


