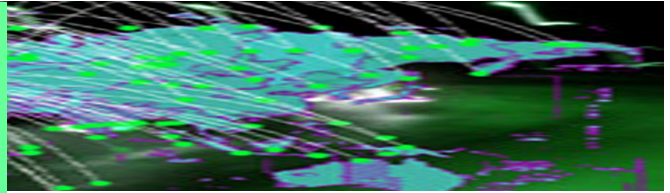


PUBLIC PRIVATE PARTNERSHIPS



Over the past two decades, political and public service leadership around the world has included the forging of innovative arrangements described as public-private partnerships (P3s). Although the term P3s is often applied only to collaborative arrangements between public organizations and business firms, it is also interpreted more broadly to cover public sector partnerships with a wide range of organizations outside of the public sector, including such entities as community, voluntary and non-governmental organizations (NGOs). Since the term is sometimes used loosely to refer to virtually all types of interaction between the public and private sectors, a brief definition is required.

What Constitutes a P3?

A partnership can be defined as the pooling of resources like labour and money by organizations that share decision-making power, risks, and benefits in the pursuit of compatible objectives. It is this sharing that distinguishes a P3 from other relationships between the public and private sectors, including the traditional contractual arrangement whereby a public organization pays for the delivery of products or services. However, many P3s are formalized by a contract. Scholars have classified P3s in various ways, but partnerships involving power-sharing are often termed “real,” or “collaborative,” partnerships, whereas those involving a sharing of only work or resources are described as “operational” partnerships. P3s vary greatly in their purposes and participants.

Purposes

P3s can be used to pursue a remarkable range of objectives, including promoting economic productivity, developing physical infrastructure, improving service, reducing costs, and assisting poor and disadvantaged persons. In Tirupur, India, a P3 was established to improve water and sewage services to residents, while at the same time assuring local industry of a reliable source of water. P3s in the form of “electronic partnerships” have become important for governments that require private sector investment for effective exploitation of information and communication technologies. In Singapore, the government’s regulatory agencies have partnered with the childcare industry and parents in a nation-wide electronic government initiative to provide better childcare facilities and services.

Participants

Another major benefit of P3s is that they can involve a wide range of participants, including all types of public organizations at all orders of government, business firms, non-profit organizations, NGOs, pressure groups, and labour unions. An award-winning partnership in India brought together public servants, politicians, NGOs and philanthropists to meet the challenges of gang wars and terrorism in Tiruchy City. There are also “international” P3s that include such partners as individual states, international financial institutions, private sector organizations, and NGOs. The Canadian Wildlife Service of Environment Canada and the United States Fish and Wildlife Service have partnered to administer the North American Waterfowl Management Plan through joint ventures with provincial, territorial and state agencies, as well as with private conservation organizations, business organizations, and individuals. Bangladesh is notable for partnering with NGOs to promote development in rural areas. There are also many partnerships between international donors, such as the World Bank, and nongovernmental development organizations (NGDOs). The World Bank Institute has worked with several partners, including NGDOs, to deliver management training to women entrepreneurs.



The Road to Successful P3s

Effective political and public service leadership is central to creating and sustaining successful P3s. Partnering can be a difficult and complicated enterprise requiring rigorous planning, development, implementation, evaluation, and even provision for termination. Public organizations should not enter into P3s without a thorough examination of the likely costs and benefits. Any checklist of advice for successful P3s will include such factors as the need for:

- sufficient benefits for all of the partners;

- close attention to the terms and conditions of the initial agreement;
- careful consideration of financial, human resource and legal implications;
- thorough risk assessment, and
- continuous communication among the partners.

Barriers to Successful P3s

The number and nature of obstacles to successful P3s depend largely on the P3s' purposes and participants. A P3 that aims to promote economic development by partnering with several actors who have varying degrees of expertise and resources will be much more difficult to establish and maintain than a P3 that has a narrow purpose and a few participants. Common challenges for most P3s include ensuring that:

- participants remain accountable to their own organizations;
- the government is open and transparent about its partnership agreements;
- the government is fair and equitable in selecting the organizations with which it partners, and
- private sector organizations do not exploit partnerships to the disadvantage of taxpayers.

The challenge to political and public service leaders is to advance their organization's objectives by overcoming such barriers to the creation and implementation of P3s.

Guidelines for Successful P3s

Advice on surmounting barriers to successful P3s can be found in the following references.

European Commission. *Guidelines for Successful Public-Private Partnerships*. Brussels:

Directorate-General Regional Policy, European Commission, 2003. Available at http://ec.europa.eu/regional_policy/sources/docgener/guides/pyp_en.pdf.

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Readings

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Osborne, Stephen P. *Public-Private Partnerships: Theory and Practice in International Perspective*. London: Routledge, 2000.

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