

Challenges of Public-Private Partnerships



Syllabus and Reading Guide

<u>Semester:</u>	Winter 2015/2016
<u>Program:</u>	Bachelor of Arts in Political Science
<u>Chair:</u>	Governance of Innovative and Complex Technological Systems
<u>Module:</u>	Vertiefungsseminar, Steuerung Technischer Systeme
<u>Instructor:</u>	Dr. Stefan Verweij
<u>Time and Place:</u>	Tuesday, 10:00h-12:00h, FMA/01.19
<u>Start Date:</u>	October 13th, 2015
<u>Note:</u>	This course is in English

Description

This seminar series focuses on the topic of Public-Private Partnerships (PPPs),¹ an increasingly popular governance model through which complex public projects or programs can be developed. We will look into the current state of the art of PPPs, and study why developing complex projects via PPPs is promising but also very challenging.

For centuries, partnerships between the public and the private domains have aimed to deal with the governance of complex socio-technical issues. A historical example is the construction and maintenance of public road networks in ancient Greece and in medieval Britain. More recent examples include the development and operation of public utilities and services such as (green) power plants, rail networks and stations, hospitals, prisons, schools, water treatment facilities, space programs, and urban regeneration programs. The governance of such utilities and services is now more complex than ever, because it involves more and more interrelated and complicated technical and social components. Cooperation between public and private actors in a PPP organization is a promising model to deal with these issues, because both partners bring resources (such as knowledge, skills, and money) to the table that the other actor doesn't have. The idea is that 'two heads are better than one'. However, combining the public and private domains in a single organization is far from easy: public and private actors operate in different systems, with different and often conflicting values, practices, and institutional logics. This means that PPP organizations may be more complex than purely public or private organizations. Successful cooperation between public and private actors is therefore difficult to achieve. Sometimes PPPs are successful but quite often they are not.

In this hands-on seminar series, you will learn about PPPs, and why this is both a promising and challenging governance model for complex projects. You will do this by conducting a research project in which you analyze and evaluate the planning and implementation of a PPP project, based on which you provide recommendations for future PPP practice.

¹ In German: Öffentlich-Private Partnerschaften (ÖPP).

Course Objectives

There are various types of learning objectives, which can be hierarchically organized in six levels:² remembering (level 1), understanding (level 2), applying (level 3), analyzing (level 4), evaluating (level 5), and creating (level 6). This course covers the variety thereof, as detailed below.

<i>Level</i>	<i>Objective</i>
2. Understanding	Describing and explaining different theories about and manifestations of PPPs.
4. Analyzing	Identifying the promises of PPPs for the governance of complex socio-technical issues, and the challenges in their planning, implementation, and evaluation.
5. Evaluating	Evaluating the planning and implementation of a PPP project.
6. Creating	Formulating recommendations for the further improvement of PPP policies and practices for the governance of complex socio-technical issues.

Mandatory Course Materials

- Academic articles and book chapters, which will be made available through Virtual Campus or which are available via the University Library.

Further reading (non-mandatory):

- Hodge, Greve, and Boardman (2010). *International handbook on public-private partnerships*. Cheltenham: Edward Elgar.

Workload Estimation

<u>Workload:</u>	8 ECTS, 240 hours, 15 lectures
<u>Calculation:</u>	Class attendance (15x2h) approx. 30 hours
	Preparing classes (15x4h) approx. 60 hours (reading, making presentations)
	Research project approx. 150 hours

Contact Details

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<u>Speaking Hours:</u>	Tuesdays, 12:00h-13:00h

This syllabus may be subject to changes by the instructor

² See e.g. Kallenberg et al. (2014). *Leren (en) doceren in het hoger onderwijs*. Den Haag: Boom Lemma Uitgevers.

Research Project and Grading

To successfully conclude the course, you are asked to actively participate in the classes, to read the prescribed literature prior to each class, and to pass the final exam in the form of a report, written in proper English, about your research project. The report will be graded.

In the research project, all the different learning objectives of the course are covered. You are asked to analyze and evaluate a PPP project. Using your gained understanding of theories about and manifestations of PPPs, your analysis will identify the promises of your PPP for the governance of the complex issue in question, and the challenges encountered in its planning and implementation. Based on your analysis and on in-class comparisons of the different projects that are being studied, you will create a proposal for the further improvement of PPP policies and practices for the governance of complex socio-technical issues.

Substance of the research project: Public-private partnerships

In the research project, you will examine a Public-Private Partnership case. PPPs can be found in many fields such as transport, technology, water, prisons, health, and urban regeneration. PPPs have emerged throughout Europe and beyond, showing a wide variety of different forms. Some PPPs are characterized by close and informal cooperation between the public and private partners, whilst others may have formal contracts that draw clear and strict boundaries between the partners. Some PPPs involve large sums of money, and contracts that last for decades. For instance, the design, construction, and maintenance of the A15 highway that connects the port of Rotterdam (Europe's largest harbor) to the German hinterland involves around € 2 billion and will last until 2035. Other PPPs are much smaller and shorter-term (e.g. a fitness sport program to improve people's health in deprived neighborhoods). Public-private partnerships also have different government involvements, different numbers and types of partners which may or may not be from different countries, different sociopolitical and physical contexts in which they are planned and implemented, different goals and purposes, and so on and so forth. In short: there is a wide variety of PPPs. Of course, there are also common elements that allow us to identify a project as actually being developed through a Public-Private Partnership. Based on your reading of the literature, you will provide a definition of the PPP concept. On this basis, you select a PPP of your own choice.

Content of the research report

The research report will consist of the following parts:

- The introduction. This contains a brief, current background of the PPP policy and practice in the country of your selected project,³ thereby positioning your case and research report.⁴ The introduction also contains the research question. The broad research question is: to what extent and why are PPPs a promising governance model for dealing with complex socio-technical issues, and how might the planning and implementation of PPP projects be improved? You will need to specify this broad question to your specific research focus, and break it down into sub-questions to make it researchable.
- A theoretical discussion and framework. This covers at least (a) a discussion of the PPP concept and literature and your ensuing definition and/or typology, and (b) a discussion and

³ See for some 'example elements' of such a background description the article by Klijn (2009) in *Economic Affairs*.

⁴ PPPs occur in a variety of fields. You may want to focus your background description on the specific field of your choice (e.g. transport, energy, or prisons) because often different policies exist for different fields.

explanation of the promises of PPPs, and of the planning, implementation and evaluation challenges of the PPP type(s) that you distinguished. Within these requirements, you are free to emphasize certain aspects so as to focus your empirical analysis.

The framework should guide your analysis and evaluation. It needs to contain the main concepts in your study and also the relations between these concepts, so that it can inform the formulation of recommendations at the end of the report.

- Methods and data. Here you briefly report your research strategy for the analysis and data-collection.
 - Analysis and evaluation. In this part you:
 - Briefly introduce your PPP case, including a short timeline and the complex issue that the partnership seeks/sought to address, and you empirically describe it in terms of your theoretical definition and typology.
 - Identify and explain the promises [expected benefits, advantages; goals] of the PPP as envisioned by the governmental initiator(s) of the project.⁵
 - Evaluate the extent to which these promises materialized [outcomes, results].⁶
 - Identify and explain encountered challenges in the planning and implementation of the project that may explain any (partly) unrealized promises.⁷
 - Discussion and conclusions. This contains at least the answer to the research question (informed by the analysis and evaluation) which thus includes the recommendations. Your recommendations are informed by comparing your PPP case to the theoretical relations you discussed in the framework, possibly supplemented by a comparison of your case to other PPP types you distinguished, and/or by comparing your case to cases of colleague students.
 - A bibliography with the referenced literature and the empirical sources used in the research.
- There are no requirements regarding the length of the report; the quality of the content is the main determinant for a good research report.

Organization and planning

- You will have freedom to pursue your own interests with regard to the selection of the case. It is important, though, to select a case that is at least beyond the stage of initiation and planning (i.e. is being implemented), and about which sufficient information can be found.
 - The normal standards of good scientific conduct apply, inter alia with regard to plagiarism, and appropriate referencing to documents and literature.
 - You are expected to make visible use of relevant literature.
 - The deadline for the final report is **February 12th, 2016**. We will have two plenary discussions about the research projects. These allow us to identify gaps in your analyses, and to have cross-fertilization between students' research projects.
 - Week 9, December 8th. Send me your work no later than **December 4th**.
 - Week 16, January 26th. Send me your work no later than **January 22nd**.
- You can of course always drop me an [email](mailto:) or consult me during the classes or speaking hours if you have additional questions or need help with the research project.

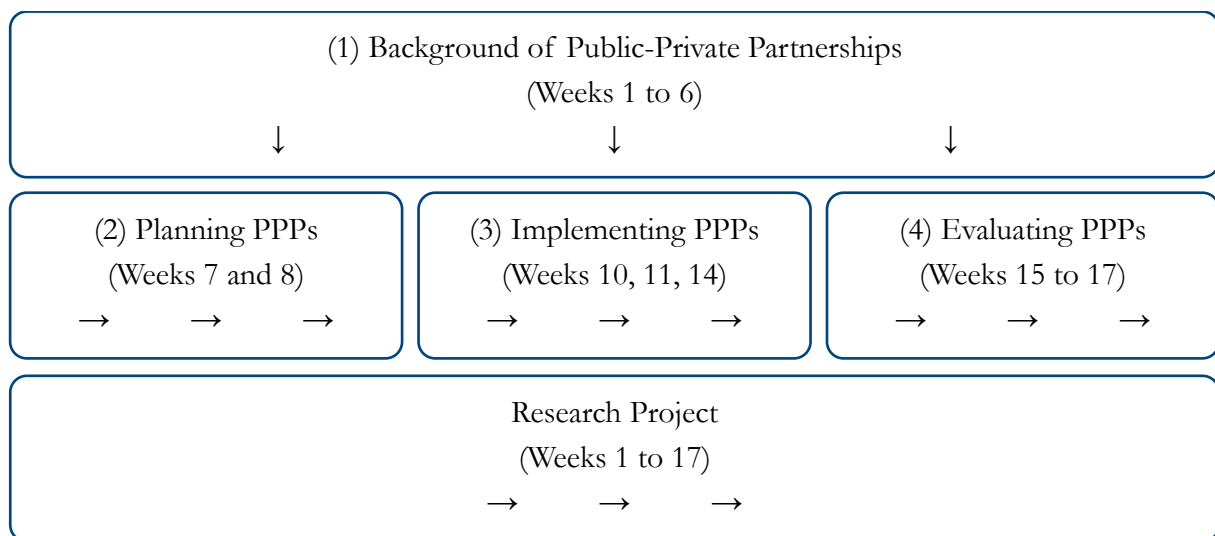
⁵ That is, the *raison d'être* for the PPP. You could e.g. look into the ex-ante evaluation – Public Sector Comparator (PSC) – of the projects, or other policy and/or project documents.

⁶ You could look into e.g. media coverage, evaluation reports, or other documents (<http://academic.lexisnexis.eu/>).

⁷ Ibid.

Program and Reading Guide

This program and reading guide briefly describes the content of each class. It also states the objectives for each class, and to which of the four course objectives (see above) these sub-objectives are primarily related. The reading guide offers a range of literature, intended to cover a variety of PPP aspects and examples that can inform your research project. Of course, you are not restricted to the prescribed literature, and are free to search for additional literature you may want to use in your projects. Some suggestions for further reading (non-mandatory) are also provided. The classes guide you towards the completion of your research, as shown in the figure below. The classes in the program are a mix of discussing literature with each other, and then directly working with it to use it in your research projects. Please note that you are expected to have read the below prescribed literature prior to the classes.



1. Oct 13th *Introduction*

This is the introductory session. We will talk about the content and goals of this seminar series and why the topics of this series matter in today's world. In addition, we will also discuss the administrative details of the program such as the planning, assignment, and grading.

2. Oct 20th *Why are PPPs so popular and where do they come from?*

The last few decades have seen an upsurge in discussions about and developments of Public-Private Partnerships. But why are PPPs so popular? And where can we find them? And are they really something new? In this class we will look into these questions, and aim to get a better understanding of what PPPs are.

Class objectives:

Level Objective

1. Describing historical origins and the current revolution of PPPs.
1. Describing the general properties of public-private partnerships.
2. Explaining why PPPs are popular governance arrangements.

Related course objective: 2.

Literature:

Grimsey and Lewis (2004). *Public private partnerships: The worldwide revolution in infrastructure provision and project finance*. Cheltenham: Edward Elgar. Part: Chapter 1.
Grimsey and Lewis (2004). *Public private partnerships: The worldwide revolution in infrastructure provision and project finance*. Cheltenham: Edward Elgar. Part: Chapter 3, esp. pp 41-54.
Bovaird (2004). Public-private partnerships: From contested concepts to prevalent practice. *International Review of Administrative Sciences* 70 (2), 199-215.

Further reading:

Yescombe (2007). *Public-private partnerships: Principles of policy and finance*. Burlington: Butterworth-Heinemann. Part: Chapter 1.

3. Oct 27th *Theories about PPPs: A variety of manifestations*

In the previous class, we gained a first understanding of what PPPs are. In today's meeting, we will continue our introduction of the PPP concept by taking a closer look at the various understandings and manifestations of PPPs, highlighting the diversity of the phenomenon, and providing a first basis for the theoretical framework of your research.

Class objectives:

Level Objective

1. Describing different PPP approaches and types, and their promises and challenges.
2. Explaining the differences between the approaches and types.

Related course objective: 2.

Literature:

Weihe (2008). Ordering disorder – On the perplexities of the partnership literature. *The Australian Journal of Public Administration* 67 (4), 430-442.
Klijn (2010). Public-private partnerships: Deciphering meaning, message and phenomenon. In: *International Handbook on Public-Private Partnerships*. Cheltenham: Edward Elgar.

Further reading:

Linder (1999). Coming to terms with the public-private partnership: A grammar of multiple meanings. *American Behavioral Scientist* 43 (1), 35-51.
Wettenhal (2003). The rhetoric and reality of public-private partnerships. *Public Organization Review* 3 (1), 77-107.

4. Nov 3rd *No class*

There is no class this week. You can use this time to start setting up your project and exploring cases and case data.

5. Nov 10th *Theories about PPPs: Economic aspects*

Last weeks, we already briefly glanced over some of the promises and challenges of PPPs. Partnerships are multifaceted phenomena, involving questions from psychology to law and everything in between. Above all, they are driven by economic and financial considerations. Therefore, today we will discuss some of the economic promises and challenges of PPPs by discussing an empirical example.

<i>Class objectives:</i>	<i>Level Objective</i>
	2. Explaining economic promises of PPPs.
	2. Explaining economic challenges in PPPs in terms of transaction costs and principal-agent relationships.

Related course objectives: 2 and 4.

Literature: Parker and Hartley (2003). Transaction costs, relational contracting and public private partnerships: A case study of UK defence. *Journal of Purchasing & Supply Management* 9 (3), 97-108.

Further reading: De Bettignies and Ross (2010). The economics of public-private partnerships: Some theoretical contributions. In: *International Handbook on Public-Private Partnerships*. Cheltenham: Edward Elgar.

6. Nov 17th *Theories about PPPs: Governance networks*

In the previous class, we talked about economic aspects of PPPs. Another important strand of literature discusses partnerships as networks for dealing with complex governance issues. Today, drawing from examples of PPP research that embrace the network perspective, you will be introduced to some of the main aspects of PPP governance networks.

<i>Class objectives:</i>	<i>Level Objective</i>
	2. Explaining main aspects of PPPs as governance networks.
	2. Explaining promises and challenges of PPPs as governance networks.
	2. Explaining why PPPs are popular governance models.

Related course objectives: 2 and 4.

Literature: Klijn and Teisman (2003). Institutional and strategic barriers to public-private partnership: An analysis of Dutch cases. *Public Money & Management* 23 (3), 137-146.
Van Gestel, Voets, and Verhoest (2012). How governance of complex PPPs affects performance. *Public Administration Quarterly* 36 (2), 140-188.

Further reading: Teisman and Klijn (2002). Partnership arrangements: Governmental rhetoric or governance scheme? *Public Administration Review* 62 (2), 197-205.

7. Nov 24th *Processes of PPPs: Planning 1*

From today, we start looking into the different phases of the PPP process. In this class, we examine the planning phases of projects, focusing on the public-private relationship. In particular: what are promises and challenges of (a) the early involvement of the private sector in plan development, and of (b) procurement in PPPs, once the green light for a project is given?

Class objectives:

Level Objective

2. Explaining promises and challenges of public-private cooperation in the plan development for the governance of complex issues.
2. Explaining promises and challenges of PPP procurement.
4. Identifying promises and challenges of public-private cooperation in plan development in your PPP project.

Related course objectives: 2 and 4.

Literature:

- Lenferink, Leendertse, Arts, and Tillema (2014). Public-private plan development: Can early private involvement strengthen infrastructure planning? *European Planning Studies* 22 (2), 323-344.
- Siemiatycki (2007). What's the secret? Confidentiality in planning infrastructure using public/private partnerships. *Journal of the American Planning Association* 73 (4), 388-403.

8. Dec 1st *Processes of PPPs: Planning 2*

An understudied but important aspect of PPP planning is stakeholder involvement; stakeholders to the project can influence the project's development. Therefore, it is important to consider them in project planning: how are stakeholders identified, and how are/should they be involved? Today, we look into these questions, and you will start mapping the stakeholders of your selected PPP case for your research project.

Class objectives:

Level Objective

2. Explaining promises and challenges of stakeholder involvement in the plan development for the governance of complex issues.
4. Identifying PPP project stakeholders and analyzing their (potential) influence in your PPP project.

Related course objectives: 2 and 4.

Literature:

- De Schepper, Dooms, and Haezendonck (2014). Stakeholder dynamics and responsibilities in public-private partnerships: A mixed experience. *International Journal of Project Management* 32 (7), 1210-1222.

Further reading:

- El-Gohary, Osman, and El-Diraby (2006). Stakeholder management for public-private partnerships. *International Journal of Project Management* 24 (7), 595-604.
- Verweij, Klijn, Edelenbos, and Van Buuren. (2013). What makes governance networks work? A fuzzy set qualitative comparative analysis of 14 Dutch spatial planning projects. *Public Administration* 91 (4), 1035-1055.

9. Dec 8th *Research project: Presentations and discussion*

In this class, you will present about your research projects thus far. Commenting on each other's concept reports, we aim to further our understanding of the complexity, challenges and promises of PPPs. We will also identify and discuss points of concern for the further development and successful completion of your research reports. The deadline for submitting your concept report is **December 4th**.

Class objectives:

Level Objective

3. Explaining the planning and implementation of the PPP projects.
4. Identifying and explaining the promises and challenges in the planning and management of the PPP projects.
5. Providing constructive criticism on the quality of each other's preliminary analyses.

Related course objectives: 4 and 5.

10. Dec 15th *Processes of PPPs: Implementation 1*

As we saw earlier, fundamental boundaries between the public and private partners challenge partnership. How can these boundaries be crossed or managed in such a way that the PPP achieves its goals? That is the topic of today's class.

Class objectives:

Level Objective

2. Explaining promises and challenges of public-private cooperation in project implementation for the governance of complex issues.
4. Identifying challenges to and promises of public-private cooperation in your PPP projects.

Related course objectives: 2 and 4.

Literature:

Van Marrewijk, Clegg, Pitsis, and Veenswijk (2008). Managing public-private megaprojects: Paradoxes, complexity, and project design. *International Journal of Project Management* 26 (6), 591-600.

Jones and Noble (2008). Managing the implementation of public-private partnerships. *Public Money & Management* 28 (2), 109-114.

Further reading:

Verweij (2015). *Once the shovel hits the ground: Evaluating the management of complex implementation processes of public-private partnership infrastructure projects with qualitative comparative analysis*. Rotterdam: Erasmus University Rotterdam. Part: Section 8.5.2.1.
Freely available at: www.stefanverweij.eu.

11. Dec 22nd *Processes of PPPs: Implementation 2*

Today, we will have a closer look at stakeholder management in the implementation of PPP projects. The position of stakeholders in implementation is different from their position in planning. You will map the stakeholders and the stakeholder management in the implementation of your project, which allows us to reflect upon the changing role of stakeholders through the PPP lifecycle.

Class objectives:

Level Objective

2. Explaining the importance of stakeholder management in project implementation for the governance of complex issues.
4. Identifying the stakeholder management practices in the project implementation of your PPP projects.

Related course objectives: 2 and 4.

Literature:

De Schepper, Dooms, and Haezendonck (2014). Stakeholder dynamics and responsibilities in public-private partnerships: A mixed experience. *International Journal of Project Management* 32 (7), 1210-1222.

El-Gohary, Osman, and El-Diraby (2006). Stakeholder management for public-private partnerships. *International Journal of Project Management* 24 (7), 595-604.

Further reading:

Verweij (2015). *Once the shovel hits the ground: Evaluating the management of complex implementation processes of public-private partnership infrastructure projects with qualitative comparative analysis*. Rotterdam: Erasmus University Rotterdam. Part: Section 8.5.2.2.

Freely available at: www.stefanverweij.eu.

12. Dec 29th *No class: Christmas & New-Year's Holidays*

There is no class this week but you might use this time to work on your research project. I advise you to not postpone your work on the research project to the final weeks; this will get you into trouble with the deadline.

13. Jan 5th *No class: Christmas & New-Year's Holidays*

See the note from the previous week.

14. Jan 12th *Processes of PPPs: Implementation 3*

In this third class on PPP implementation, we will have a closer look at two evaluations of the implementation of two different types of PPP projects. You are expected to have read the articles prior to class. In class, we will compare the two project analyses so as to draw lessons from this comparison.

<i>Class objectives:</i>	<i>Level Objective</i>
	4. Identifying challenges in the implementation of PPP projects.
	5. Evaluating the implementation of PPP projects.
	6. Proposing alternative approaches to PPP project implementation for the two respective projects.

Related course objectives: 4, 5, and 6.

Literature:	Verweij and Gerrits (2015). How satisfaction is achieved in the implementation phase of large transportation infrastructure projects: A qualitative comparative analysis into the A2 tunnel project. <i>Public Works Management & Policy</i> 20 (1), 5-28.
	Verweij (2015). Achieving satisfaction when implementing PPP transportation infrastructure projects: A qualitative comparative analysis of the A15 highway DBFM project. <i>International Journal of Project Management</i> 33 (1), 189-200.

15. Jan 19th *Processes of PPPs: Evaluation*

Given the heterogeneous and complex nature of PPPs, evaluating them is not as straightforward as it may seem. But if we want to know what kind of public-private partnerships work, under what circumstances, for whom, and why, we need to evaluate them still. In this class, we discuss some of the challenges of evaluating partnership projects, and reflect on those of your research projects.

<i>Class objectives:</i>	<i>Level Objective</i>
	2. Explaining the challenges of evaluation in and of public-private partnerships.
	4/5. Identifying the strengths and weaknesses of your PPP project evaluations.
	6. Proposing recommendations for PPP project evaluation.

Related course objectives: 2, 4, 5, and 6.

Literature:	Hodge (2010). Reviewing public-private partnerships: Some thoughts on evaluation. In: <i>International Handbook on Public-Private Partnerships</i> . Cheltenham: Edward Elgar.
	Lehtonen (2014). Evaluating megaprojects: From the 'iron triangle' to network mapping. <i>Evaluation</i> 20 (3), 278-295.
Further reading:	Jeffares, Sullivan, and Bovaird (2013). Beyond the contract: The challenge of evaluating the performance(s) of public-private partnerships. In: <i>Rethinking public-private partnerships: Strategies for turbulent times</i> . New York: Routledge.

16. Jan 26th *Research projects: Presentations and discussion*

Today, you will present about your research projects so far. The deadline for submitting your concept report is **January 22nd**. Your concept reports and presentations will be reviewed by your colleague students, so as to further improve them towards the completion of your research projects.

Class objectives:

Level *Objective*

4. Identifying and explaining the promises of and challenges in the planning, implementation, and evaluation of the PPP projects.
5. Providing constructive criticism on the quality of the project analyses and evaluations.
6. Discussing recommendations for more successful approaches to planning and implementing PPP projects.

Related course objectives: 4, 5, and 6.

17. Feb 2nd *Wrapping up*

In today's meeting, we will wrap things up and we address any remaining issues towards the completion of the research projects. The deadline for submitting your research reports is **February 12th, 2016**.