

Public-Private Partnerships in International Development Cooperation: Avoiding the Pitfalls to Make a Difference

Dr Kattie Lussier, Ph.D¹

Abstract: PPPs in international development cooperation can be challenging due limited capacities in the country, weaknesses in terms of policy and legislative frameworks, differences in mindsets, values, work ethics and hierarchical structures as well as cultural issues. These can lead to misunderstandings and implementation problems. However, a careful assessment of the situation on the ground, stakeholder analysis and needs assessment can help to identify potential bottlenecks and address capacity constraints that could slowdown operations. A sound understanding of local power dynamics and work practices can help to put in place an exit strategy which will enhance the projects' sustainability. Making sure that goals and objectives are understood in the same way by all partners, establishing an ongoing and respectful dialogue between them, as well as transparent implementation and monitoring mechanisms can also contribute to the PPP's success and increase the likeliness to make a difference in the lives of those in needs.

Keywords: Public-private Partnership; International Development; Capacity Development; Needs Assessment; Cultural Differences

I. INTRODUCTION

The concept of partnership has long been central to the development discourse. However, the terms of such relationships, the actors involved and the contexts in which partnerships take place have evolved over time to gain prevalence in a wide range of sectors and describe a multitude of interactions (Osborne, 2000). The term public-private partnership (PPP), for instance, has been defined in various ways but central to its numerous interpretations lies the fundamental principles of collaboration for a shared goal or mutual benefit and the creation of added value through complementary actions. It can therefore be understood as a cooperative endeavour between the public and private sectors which builds on the expertise, resources and strengths of each partner in a way that best address clearly defined public needs. This entails an appropriate allocation of resources and a fair distribution of risks and rewards (McQuaid, 2000; Canadian ppp council, undated).

The assumption underpinning PPPs in international development cooperation is that by involving different sectors, the scale and types of resources are increased. PPPs are therefore expected to improve the quality of public services in low income countries through the transfer of knowledge and expertise, skills development, innovations, or technical support from the private sector's partners to the national actors (ADB, 2008). However, as in any undertaking, great rewards do not come without risks and since PPPs are complex ventures, considerable design, implementation and monitoring capacity is generally required from the local state partners in order for the benefits to be realised (Genevois, 2008). In some parts of the world, this can be problematic and actions need to be taken from the early stages of the PPP in order to avoid predicaments.

II. THE CAPACITY CHALLENGE

While firms and businesses are getting increasingly experienced in operating jointly with the public sector in high income countries, working in low income countries entails a whole new range of challenges and, for new comers, could easily be compared to navigating in uncharted waters. Indeed, capacity constraints on the ground combined to administrative, legislative, and information obstacles can make the implementation of PPPs more difficult. Development issues are often interrelated and overlapping. As such, PPP undertaken in aid assisted countries often require a multifaceted approach from combined public and private actors in order to be efficient and effective. Moreover, limited government capacity and weaknesses in terms of policy frameworks and bureaucracy may translate into a loss of accountability in delivering public services. This is because people on the ground may not have the level of knowledge and skills or the attitudes and beliefs that are expected from their international counterpart. States with relatively limited experience with the private sector and with contracting procedures may also be exposed to financial risks and quality challenges (ibid).

That said, one could be misled in making quick assumptions about government capacities in aid assisted countries. Some officials are highly educated and sometimes more efficient than their counterparts in high income countries. A careful assessment of the situation on the ground, stakeholder analysis and needs assessment can help to determine the best persons to work with and identify the bottlenecks that may hamper activities.

III. CULTURAL AND VALUE DIFFERENCES

Another frequent hurdle, which needs to be considered from the onset, relates to cultural and value

Dr Kattie Lussier, Ph.D, Hankuk University of Foreign Studies
107, Imun-ro, Dongdaemun-gu, Seoul, 130-791, Korea
k_lussier@hufs.ac.kr

differences. To be successful, PPPs must be based on mutual respect and, ideally, reciprocal trust. This is difficult to achieve unless the different actors understand each others' reality and the reasons behind their actions. Mindsets and approaches to work are often very different in aid assisted countries and can even vary from one part of a country to another with significant differences between cities and rural areas. Time, for instance, is valued differently across the world which has implications on how deadlines are perceived and dealt with. Outsiders often under estimate the extent to which cultural dimensions affect power structures and work practices. This may lead to misunderstandings, unnecessary delays, and irritation. A sound understanding of local hierarchy and work ethics can enable the foreign partners to plan more accurately, reduce risks of conflict, identify aspects of the project which require negotiations and ultimately increase productivity. When working abroad, a lot of the frustration comes from trying to influence parts of a system that won't move on their own accord. Unless one identifies the person that can set things in motion, stagnation and repeated administrative setbacks are likely to be experienced. For this reason, establishing connections with reliable local private actors can prove particularly useful. Listening to and building rapport with local staffs can also be very important.

IV. ADMINISTRATIVE AND LEGISLATIVE CONSTRAINTS

Obviously, it is important to be aware of the relevant laws in the country where the PPP takes place. However, in some nations, legal and regulatory frameworks are far from being transparent and predictable. For example, regulations may change frequently or not be enforced. In some cases, laws may even contradict each other's. These difficulties may, sometimes, be exacerbated by a lack of coordination between state institutions, bureaucratic delays and even corruption. It is also frequent to be confronted with contradicting, inaccurate or simply missing information. Consequently, it is advisable to compare sources of information, conduct your own preliminary research, strengthen partner's capacities and develop, in collaboration with all partners, a supportive regulatory and legislative framework for the PPP (PPPUE, 2006).

PPP failures are often attributed to a lack of clarity in the definition of the goals (McQuaid, 2000). When the backgrounds of the key actors are very diverse, goals and objectives may be interpreted differently resulting in misunderstandings and possible conflict. Moreover, PPPs often bring together parties with differing structures, practices, philosophies, motives, and technical capacity. This can lead to power imbalances within the partnership with more powerful actors dominating decision making. It is therefore essential to clarify understandings and roles from the start and establish transparent implementation mechanisms in order to dissipate any appearance of hidden agenda and sustain trust over time.

V. AVOIDING THE PITFALS

The success of a partnership is gauged by the extent

to which the agreed upon objectives are met, and the sustainability of the interventions. It implies economic returns to the private sector within a medium- to long-term period, long-term arrangements to address financing risks, and most importantly, local stakeholders' capacity and commitment to ensure continuous project implementation and the maintenance of the infrastructure put in place. This requires a careful design that takes into account, from the very beginning, the exit strategy which will be used at the end of the project and careful monitoring throughout the implementation phase. It is essential, for instance, that the public partner keeps a copy of the plans and other technical documents that will enable them to maintain and repair infrastructure and equipment in the future. It is also important to take a broad approach to capacity development in order to make sure that there are, in the country, people able to assist the partners when necessary after the completion of the PPP.

The importance of proper needs assessment and stakeholders' analysis cannot be understated. Similarly, the partnership should be inclusive and take into account the characteristics of all partners in the assignment of roles and responsibilities. Differences in terms of professional languages, organizational cultures and procedures, as well as decision-making processes and criteria should be discussed from the onset in order to avoid ambiguity and misunderstandings.

VI. CONCLUSION

PPPs in international development cooperation are distinct from those implemented in high income countries because of their mandate to improve service delivery for the less endowed segments of the society. Poor, marginalized and vulnerable people's needs and reality must therefore be understood if PPPs are to make a difference on the ground. Joint resources pooled through partnerships can compensate for state deficiencies in terms of financing, accessibility, and quality of services thus enabling PPPs to relieve governments from the burden of capital spending and allowing them to free up resources and allocate funds to other development priorities. However, undertaking projects in low income countries is challenging and for partnerships to be fruitful they must be based on mutual respect and understanding.

REFERENCES

- [1] Asian Development Bank. 2008. *Public-Private Partnerships (PPP) handbook*. Manila: Asian Development Bank.
- [2] Canadian Council for Public-Private Partnership., <http://www.pppcouncil.ca/> accessed September 10th 2015.
- [3] Genevois, I., 2008. Can and should public private partnerships play a role in education?, IIEP Working Document. Paris: UNESCO.
- [4] McQuaid, R., 2000. The theory of partnership, in: *Public-Private Partnerships: Theory and Practice in International Perspective*. London: Routledge, pp. 9-35.
- [5] Osborne, S., 2000. *Public-Private Partnerships: Theory and practice in international perspective*, First. ed., London: Routledge.
- [6] PPPUE. 2006. *Global Toolkit on Pro-poor Municipal Public-Private Partnerships*. UNDP.
- [7] The World Bank. 2004. *Making Services Work for Poor People*. Washington: The World Bank.