Lo Turco, Celeste Cecilia (2009): The field of security. Public private partnerships
doi: 10.7396/2009_2_G

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Public private partnerships

How can we define Public private partnerships (PPP)? Which are PPPs’ benefits and constrains? The article presents a general overview of Public Private Partnerships with a special focus on the field of Security. More precisely it introduces the general features of the different types and forms of Public Private Partnerships, the difficulties in finding a predetermined and univocal definition of Public Private Partnerships. Furthermore, on the basis of the related benefits and constrains, it considers the necessary conditions in order to foster and to promote successful PPPs with a special reference to the Security field. General recommendations and specific suggestions are presented in conclusion.

1. HOW TO DEFINE A PUBLIC PRIVATE PARTNERSHIP (PPP)?

1.1. TOWARDS A DEFINITION OF PUBLIC PRIVATE PARTNERSHIPS

Defining a Public Private Partnership is not an easy undertaking owing to the institutional complexity characterizing their multiple aspects especially within the Member States and their multifarious activities. Currently, there is still an on-going debate concerning how to define PPPs precisely. The lack of information on the topic, concerning both the definition of PPPs and their constituent elements has lead the Public Private Partnership Alliance, an organization established in 2001 within the United Nations Economic Commission for Europe (UNECE), to prepare the guidelines on the subject of good governance in PPPs for improving the awareness, the capacity and the skills of the public sector in developing successful PPPs in Europe.

1.2. GENERAL FEATURES OF PUBLIC PRIVATE PARTNERSHIPS

Some scholars consider PPPs a new kind of governance framework that will eventually replace the traditional way of contracting out public services through competitive tendering. Others see PPPs as a new concept in public management, designed to replace older bureaucratic procedures through the involvement of private sector actors in the delivery of public services. Moreover, PPPs are considered to represent practices of discursive arrangements, typified by joint working relationships between public and private sectors. In the broadest sense, PPPs can cover all types of cooperations characterising the interface between the public and private sectors to deliver policies, products, services and infrastructures. They can also be loosely defined as cooperative institutional arrangements between public and private sector actors.

Concomitantly, public private partnerships are becoming popular modalities of public service delivery within Europe, with models varying across Member States, in accordance with national legal frameworks and functional requirements. It can generally be asserted that public-private partnerships have emerged as a consequence of institutional reform within mixed economies, prioritizing collaboration and dialogue as a modality for public
service delivery. PPPs within the delivery of public services have become a global phenomenon, which have generated considerable interest among a range of actors from public, private and third sectors. In the field of Security we can find successful examples of PPPs in Airport Security Management, in Major Events and Sport Infrastructures Security Management such as Olympic Games and Stewarding System at Stadiums. They could be also considered as: “innovative methods used by the public sector to contract with the private sector, bringing their capital and its ability to deliver projects on time and to budget, while the public sector retains the responsibility to provide these services to the public in a way that benefits the public and delivers economic development and an improvement in the quality of life.” PPPs combine the best of both worlds: the private sector with its resources, management skills and technology and the public sector with its regulatory actions, protection of public interest, achievement of value for money and overall efficiency within PPPs. There are various types of PPPs established for different reasons, across a wide range of market segments and functional requirements. Notably, distinctions between the various forms of PPPs should be understood on the basis of the differential allocations of risk within such arrangements and the allocation of responsibilities among partners.

1.3. POSSIBLE DEFINITION OF PUBLIC PRIVATE PARTNERSHIPS

Accordingly to the above considerations, we can consider the following definition as one of the most complete and satisfying definitions of Public Private Partnerships, as it is presented in the 2008 UNECE Guidebook on Promoting Good Governance in Public-Private Partnerships.

“A PPP is a partnership between the public sector and the private sector for the purpose of delivering a good or a service traditionally provided by the public sector. PPPs recognise that both parties have certain advantages relative to the other in the performance of specific tasks. Allowing each sector to operate on a specialized and functional basis ensures that public services can be provided in the economically most efficient manner.”

2. GENERAL BENEFITS OF PUBLIC PRIVATE PARTNERSHIPS IDENTIFIED ALSO IN THE FIELD OF SECURITY

We can say that generally speaking the benefits related to a successful public private partnership are the following:

• Financial innovation: possible minimal financial commitment from Government and possible access to alternative private sources of capital. Contracts are awarded for a sufficient period to allow a private partner a return on the initial investment.
• New “design” for rules of risk sharing, risks could be assumed by private partners.
• Reduced duplication of efforts and achievement of goals not achievable as a single sector/organization. Increase of knowledge and exchange of information and best practices. Faster completion of the projects than with traditional methods, due to the increase of available resources, innovative solutions and to less bureaucracy.
• Return on visibility and image for all the stakeholders engaged within PPPs in terms of networking on an international level and Corporate Social Responsibility (CSR). Exploration of possible future markets and more effective use of current business opportunities.
• Benefits specifically related to the infrastructures are the increased outcomes.
in terms of: ‘on time’ and ‘on-budget’ delivery of projects. ‘On time’: the private partner could be strongly motivated to complete the project as early as possible to control its costs to enable the flow of payments to commence. ‘On-budget’ delivery of projects: the payment scheduled is fixed before construction commences, protecting the public from exposure to cost overruns.

3. GENERAL CONSTRAINTS OF PUBLIC PRIVATE PARTNERSHIPS PRESENT ALSO IN THE FIELD OF SECURITY

Furthermore, in view of having a comprehensive general overview of all the aspects of Public Private Partnerships, after having considered the PPP related benefits, we should now take into consideration the PPP related constraints. Amongst others, these are some of the PPP related constraints occurring also in the field of Security.

• Country and specific sector related constraints.
• High legal & financial expenses: long tendering period and high transaction costs.
• Lack of an effective institutional environment both on a local, national and international level and of a clearly oriented mind-set and attitude towards sharing resources and working in a synergistic manner.
• Lack of public standardized evaluation tools to boost competition among private companies that could lead to the risk of a decrease in the level of quality and efficiency in the services provided by the private sector.
• Lack of an effective pre-coded channel of communication between public and private sectors, both on a local and national level, that leads to a lack of information regarding international and national projects. Lack of trust and reciprocity in the relationships among constituents.
• Difficulty to predict future & political consequences.

4. GENERAL CONSIDERATIONS AND RECOMMENDATIONS ON PUBLIC PRIVATE PARTNERSHIP

4.1. GENERAL CONSIDERATIONS

On the basis of the analysis of PPP related benefits and constraints, it can be argued that PPPs constitute a significant mechanism for improving overall economic competitiveness within the public service industry and its affiliation with the field of security. In considering an overarching aim of achieving better involvement from the private sector within the global public service industry in the field of security, this evaluation considers it necessary to develop a common language in order to build capacity and an effective mutual project environment based upon trust, things in common and mutually agreed protocols. In the light of these institutional observations it could be argued that all stakeholders engaged within PPPs will benefit by reflecting upon the principles of establishing a learning environment conducive to critical reflection while committed to effective security reforms. We should also take into consideration that PPPs require considerable time to formulate, implement and produce visible results that are mutually rewarding for all participants engaged in cooperative ventures.

4.2. CONSIDERATIONS REGARDING THE PPP MODEL

Moreover, in view of fostering the general expansion of the PPP model to other sectors and more specifically to that of security, Governments should focus on refining their administrative capacities, including their evaluation tools, to ensure that PPPs allocate risks to the parties that
are best suited to manage them. These proposals will also require Governments to adequately consider the benefits of involving the private sector in providing public service while paying due diligence to their expectations from such cooperative forms of working. In building upon the findings of this evaluation, the following diagram outlines a conceptual model that can be used for the structuring of PPP evaluation from an institutional perspective.

Although PPPs within the field of security are seemingly characterized by public and private relations, it is problematic to consider such relations independent from the broader institutional environment and the related field of security. Moreover, the conceptual model indicates the importance of policy and regulatory environments in shaping local, regional, national and international approaches to security. Similarly these environments involve other actors (NGOs, Charities, Research Institutes, Think Tanks, Academia, Lobbyists, Professional Institutions, Chambers of Commerce, Citizens etc.) that fall outside of the traditional concept of PPPs and their associated governance frameworks. In moving forward, the findings of this evaluation would support the claim that to achieve efficacy and worthwhile performance through the implementation of PPPs within the field of security, it is essential to undertake substantial ex ante research.

In support of the work-load allocation of any given project it is necessary to adhere to an overarching structure while understanding its contingencies. Below is an outline of the thematic areas constituting a project-driven process, that can be considered when structuring and evaluating PPP projects within the field of Security:

- defining the objectives of a particular procurement,
- formal bidding process,
- project implementation,
- post project monitoring and evaluation.

The environment scanning proposed by the three thematic areas within the conceptual diagram will help structure the understanding of actors of the current security environment and the importance currently afforded to security within each different country. Once the data across all three areas have been gathered that consider scope of actors involved in procurement, regulation and policy (both currently and historically) it is possible to move forward in analysing similarities and differences within various national institutional environments as a means of establishing methodical comparisons and an effective transnational model of PPPs for security. This endeavour is likely to lead to an increased awareness of the necessity for cooperation between private and public sectors through standardized protocols and institutionalised communicational channels in order to achieve the overarching goals concerning security.
It is also important to appreciate the general needs of the security environment that require the private sector to take a more proactive stance within partnership arrangements and the broader security industry, requesting them to establish preventive measures to enhance overall security governance, not only during major events. One of the winning arguments to foster effective PPPs is determined by whether the private sector is able to identify and analyse the needs of the public sector in the nascent stages of project design. This is expected to better the position of the private organization, to tailor and design its products and services, to respond to future public tenders in the field of national and public security. Despite these observations, both public and private sectors have developed a co-dependency in cooperating with each other and increasing awareness of the benefits emerging from such cooperative endeavours.

4.3. RECOMMENDATIONS FOR PUBLIC PRIVATE PARTNERSHIP IN THE FIELD OF SECURITY

Nowadays there is an increasing awareness of the importance of building a consolidated channel of communication that is able to create a permanent and well-tested platform for the exchange of information and best practices in the field of security. The establishment of a knowledge transfer platform is envisaged to permit the constant real-time updating of data exchange among different sectors and their related actors. Building an effective and well-tested platform for communication between public and private sectors can also have a positive effect by streamlining legal constraints that are considered to represent obstacles for the effective exchange of sensitive information. This cooperative process is concerned with the establishment of trust within project-driven relationships, providing mutual benefits for both sectors and engaged actors. Based upon trust, public efficiency and support, the private sector could improve its cooperation by providing the Public Sector with better-tailored information pertaining to all details of prospective events and the possible presence of “soft targets”. Doing so, will enable the formation of a “virtuous circle” between actors, leading to an expected increase in public efficiency made possible by the detailed gathering of information undertaken by that private sector partner. Currently there exists an increasing perception among public and private actors, that suggests that private sector actors and their organizations are compelled to search for cooperation and for special protection by the public enforcement especially when listed as soft target. An example of this is the request of special protection for the Main Sponsors and VIPs at Major Events such as the Turin Winter Olympic Games 2006, the various G8 meetings, the religious events such as the Pope visits. In this regard we can say that the main challenges are found in the transformation of the “ad hoc” process into a more defined and standardized one, to be used on a continual systemic basis as opposed to merely reacting to up-coming Major Events.

The support of the private sector and civil society is crucial to maximize the effectiveness of such large-scale events.

Mounting global attention concerning security at Major Events should not solely justify the necessity of assuring what is considered overall success but should always balance and maintain the daily security-related requirements and govern-
ance within various socio-economic communities. This requires significant dialogue and concerted efforts to promote the sharing of information between public and private entities avoiding unwanted additional bureaucracy. However, there are still some obstacles requiring further efforts concerning: establishing effective channels of communication, sharing of knowledge and best practice and ensuring the maximization of resources. One of the possible solutions to bridge this gap and overcome the mutual distrust that has historically characterized public and private relations is to incorporate the support of a facilitator or liaison between different institutional sectors. It is envisaged that the facilitator is able to communicate and understand both languages and mutual requests of each respective party while occupying a neutral position within the PPP arrangement. The neutral position occupied by the facilitator or liaison entity will also ensure that all activities are fundamentally outcome and project focused, assisting in the setting of deadlines and assignment of various project roles and related tasks. Finally, in building mutual trust it is anticipated that the development of a shared language concerning relevant security issues requires a common language and one voice for mutual goals.


Further Literature and Links

http://www.hm-treasury.gov.uk.

VOCABULARY

shared language  
gemeinsame Sprache