Guest editorial

Public–private partnerships: potentials, prospects, pitfalls and precautions

Private participation in the provision of public infrastructure and services has a long history dating back to the days of the Roman Empire. However, during the last few decades, PPPs began to proliferate as a specific form of such provision. However, the verdict on PPPs is still a mixed picture. This special journal issue brings together several papers addressing a variety of issues within PPPs. It covers reviews as well as reports varying levels of success of PPP projects around the world. It represents a critical milestone in the quest to review the demonstrable potentials and prospects of PPPs, and identification of areas for improvement.

In the opening paper of this special issue, Jayasuriya, Zhang and Yang present a review on the challenges of PPP project and provides recommendations for future directions. Covering an extensive array of publications produced over the last decade, they find several areas that are to be identified as challenges and thereby sets the scene well for the rest of this special issue.

Marinelli, presenting an evaluation of the road projects in Greece using interviews with key project members identifies several areas of weaknesses and provides recommendations for improving the future projects. Her research offers a holistic perspective to PPP project management as it sheds light to the problems encountered by the Greek PPP programme as a whole and incorporates the experience gained at the contracts’ renegotiation.

Dabarera, Perera and Rodrigo report on an attempt to identifying a PPP model that suites the contemporary issues of road construction in Sri Lanka. Given the increasing attention paid by the government of Sri Lanka to use PPPs as a vehicle for infrastructure procurement, this is a timely piece of research. Using a mixed method approach, they suggest built-operate-own and transfer as a well-suited route; but observe that the mere selection of this route alone may not deliver the intended results.

Zhao and Ying present a conceptual framework to assist decision makers in identifying an appropriate decision supporting method (DSM) to evaluate PPP contract types in a structured manner. Using a systematic literature review, they present a conceptual framework that can accommodate client characteristics when selecting DSM in a PPP context.

Chileshe, Kavishe and Jefferson provide a critical insight into the policy and regulatory framework factors and pitfalls in the delivery of Tanzanian public–private partnerships (PPP) within the context of affordable housing. Reporting from data collected from a range of stakeholders, they highlight a range of factors and current pitfalls, thereby providing valuable insights on how the future improvements should be streamlined.

Sensitivity to fluctuations in interest rates is a significant risk of PPP projects. Pellegrino, Carbonara and Costantino attempt to address this by developing a methodology for setting the optimal value of the interest rate cap, the maximum interest rate above which the private investor will obtain reimbursement from the government. Optimal interest rate cap will balance the private sector profitability needs and the public sector’s fiscal management interests. Using data from a road project in Soothern Italy, they offer vital insights for the policy maker called to define the suitable forms of guarantees as a way of mitigating the interest rate risks of PPP projects.

Araujo, Piña, Aidar, Coelho and Carvalho report from the electricity sector in Brazil. Through a study of multiple case studies, they provide recommendations and guidelines for implementing PPP projects in a similar context.

As a response to the growing body of literature indicating the lack of expertise in managing PPP-related projects within the public sector, Umar, Zawawi and Abdul-Aziz,
seeks to explore the skills required for effective contract management of PPP projects over their contract duration. Using a global survey of over 200 PPP experts, they present a number of areas that require attention in terms of developing the skills necessary for the successful management of PPP contracts.

Given the well-recognised need for an effective coordination mechanism among various stakeholders throughout the project life cycle of large-scale PPP projects, the paper by Zhang and Tan presents an insight into how this may be achieved through the leading small group (LSG), a distinctive informal Chinese institution for coordination among various public agencies. Using an in-depth case study, the paper provides a rich picture of how the LSG functions during the various development phases of the Yangzhou Teda Waste-to-Energy project, and provides directions for further improvement.

Hartwell, Upadhyay and Sourani focus on the vital area of life cycle management of PFI projects. Reporting from the education sector use of PFI route which is the popular form of PPP in the Kingdom, they highlight the need for a cultural shift from short- to long-term profit maximisation and service provision by the use of life cycle management, and emphasise the need for use of applications such as big data for such projects.

Oliveros-Romero and Aibinu using expert interviews from Chile and Australia explores the use of ex post impact evaluation of PPP projects. This study confirms the absence of thorough methods for evaluating the impact of PPP projects thereby highlighting a key gap in knowledge, and suggest several directions for addressing it.

Diverse nature of the papers indicates severe limitations in contemporary PPP practices, and also in knowledge. Together they highlight the need for assuring viability of PPP projects in terms of financial and socioeconomic perspectives in addition to their technological viability. Reporting from several countries covering a number of sectors, we hope that this special issue offers significant insights into the currents status of the PPPs and also offer directions for shaping policy, programmes and research in future.

We would like to extend our sincere thanks to all authors who submitted the papers and to the reviewers for their valuable contributions to make this special issue a success.

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