



The Impacts of Infrastructure PPPs on Public Sector Capacity in Developing Countries

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- PPP definition
- PPPs have helped public sectors overcome 2 constraints for infrastructure development in short term:
 - ❖ Lack of Public Capital
 - ❖ Lack of Public Sector Capacity
- But what are the long term impacts on capacity?

Illustrative cases

❖ Implementation of an Facilities Management system in Abu Dhabi



- ❖ Important to build public sector capacity with private interaction
- ❖ Difficult of doing this successfully

❖ Consultant working for the South African National Treasury



- ❖ Difficult to retain public sector capacity once it is built
- ❖ Continued dependence on private sector

Observed Problem

- PPP definition
- PPPs have helped public sectors overcome 2 constraints for infrastructure development in short term:
 - ❖ Lack of Public Capital
 - ❖ Lack of Public Sector Capacity
- But what are the long term impacts on capacity?
 - ❖ To what extent is there a growing dependence?
 - ❖ In which ways can PPPs increase Public Sector Capacity?
 - ❖ Which contractual arrangements maximize capacity building?

Points of Departure

■ Public Sector Capacity Defined

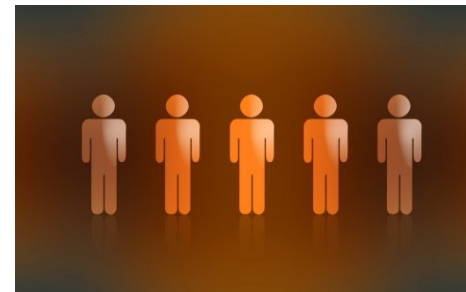
1. Functional definition:^a

- Strategic Capacity
- Executive Capacity
- Political Capacity



2. Level definition:^o

- Human Level
- Organizational Level
- Institutional Level



^a Lindley (1975), Howitt (1977), Grindle (1997), Polidano (2000)

^o Grindle & Hilderbrand (1995), Franks (1999), Levy (2007), Grindle (1997)

Points of Departure

■ Impact of PPPs?

1. Functional definition:

- Strategic Capacity
- Executive Capacity
- Political Capacity



2. Level definition:

- Human Level
- Organizational Level
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Addressed in:¹

- Changing role of Government
- New Public Management
- New Governance
- Role of intermediaries

¹ Savas (1987), Hood (1991), Osborne & Gaebler (1992), Mody (1996), Kaul (1997), Wallin (1997), Salamon (2002), Van Slyke (2003), Batley & Larbi (2004), Brown & Potoski (2006), PPIAF (2007), Farrugia et al (Forthcoming)

Points of Departure

■ Impact of PPPs?

1. Functional definition:

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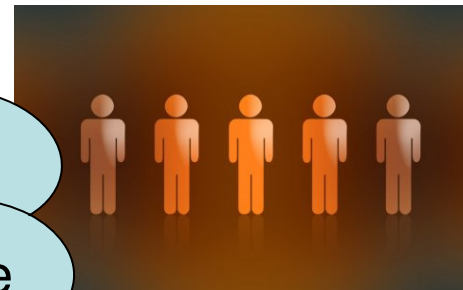
2. Level definition:

- Human Level
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Partially addressed in:²

- Contracting Literature
- Private Outsourcing Literature
- Development Literature



² Kotabe (1990), UNDP (1993), Lei & Hitt (1995), Cox (1996), Cohen & Wheeler (1997), Lawther (1999), Gilley & Rasheed (2000), Milward & Provan (2000), Wallis & Dollery (2002), Van Slyke (2003), Van Slyke & Hammonds (2003), Harland et al (2005), Brown & Potoski (2006).

Gaps in the Literature

- Level definition questions:

- ❖ Impacts at the **human** level:

- Managerial staff retention
- Skills transfer

- ❖ Impacts on public **organizations**:

- Work process
- Technology employed
- Management styles
- Incentive structures
- Network development

- ❖ **Institutional** impacts:

- Corruption
- Creditworthiness
- Social Capital



Research Questions

1. How do infrastructure PPPs impact public sector capacity?
 - ❖ Human level
 - ❖ Organizational level

2. Which attributes of PPP arrangements increase the likelihood of building public sector capacity?
 - ❖ Contractual attributes
 - ❖ Public authority attributes

Research Plan

- Exploratory research
 - ❖ 5 - 6 in-depth case studies
 - ❖ Water and Roads projects
 - ❖ Focus on Local/Regional Government
 - ❖ Ethnographic interviews and field observations
 - ❖ Cross-case comparison



Eisenhardt (1989), Miles & Huberman (1994), Spradley (1979), Yin (2003)

Predicted impact

- Make Public Authorities more informed when entering a PPP agreement
- Help public sector choose arrangements that strengthen capacity



Questions?