

Public Sector’s Organizational Structure for Successful Public-Private-Partnerships in Construction

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Abstract

Depending on the type of the project, the type of the partnership, and the particularities met in the host country, Public-Private-Partnerships (PPPs) present different characteristics, which despite, a certain level of procedural similarities lead to worth-noticing differences in the implementation of Public-Private-Partnerships and consequently to various levels of success. This paper investigates the parameter of the organizational structure of the public sector involved in PPPs in construction aiming at: a) identifying and collectively present the critical properties that public sector organizations should possess, and b) determining the minimum requirements that it must satisfy, in order to achieve successful PPPs. A thorough review of public sector agencies involved in PPPs is conducted and presented including application examples and data that prove deficiencies and best practices, worldwide, in order to define the respective strengths and weaknesses in delivering construction projects through PPPs. One of the main conclusions is the essential role of a PPP Unit to the delivery of successful PPPs. Based on this finding, an organizational structure for the public sector is proposed that corresponds to the basic requirements that should be met, in order to succeed in developing PPPs.

Keywords

Public-Private-Partnerships, Public Sector, Procurement, Construction, PPP Unit

1. Introduction

Public-Private-Partnerships (PPPs) can be beneficial in multiple ways for the public entities involved. While the primary goal is the delivery of a project or service at a specific level of quality with a reduced participation of the host government in the funding and developing scheme, PPPs may, also, provide: a) technological innovation, b) mutual cooperation with the private sector, c) economic growth and raise of investments, etc. Therefore, successful PPPs are more than projects or services executed on time and within budget with less risks for the public partner; they are rather a tool for development in multiple levels.

In order to gain the benefits from PPPs, the public sector needs to: a) have a clear plan and specific expectations from the partnership, b) cooperate closely and successfully with the private sector, c) be organized appropriately, in order to facilitate the delivery of the project, and d) have a central organization that coordinates and supervises the public agencies involved. Furthermore, successful PPPs are based on: a) transparency of procurement procedures, b) political and governmental support, and c) clear allocation of risks and responsibilities to the stakeholders involved (EASSD, 2007).

In EASSD (2007), it is argued that no single approach for a successful PPP can be applied with regard to the public sector’s organization, because each country’s deficiencies or failures are largely due to the