ISSN 1605-2021

লোক-প্রশাসন সাময়িকী
Lok Proshason Samoeeky
সংখ্যা: ৬১/ *No. 61*
অগ্রহায়ণ ১৪২০/ডিসেম্বর ২০১৩
Agrahayan 1420/ December 2013

Community Participation: An Essential Third Leg for Balancing PPP Tripod

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Abstract: *Providing public service is traditionally a domain of public sector. However, private sector is also an important actor now in this province under a special type of contractual arrangement popularly known as Public Private Partnership (PPP). In the recent past, PPP has been increasingly embraced by the governments around the world to overcome their budgetary constraints and to bring in private sector innovations and managerial efficiency to provide better services for the society. Despite its considerable success, in many cases PPP fails to deliver expected outcome and is criticized for providing expensive, inappropriate and inaccessible service for the beneficiaries. PPP is also criticized for limiting public accountability and transparency, creating risk of distortion of well-designed expenditure plan of the government and, more importantly, involving political and democratic cost. Among other reasons, lack of participation of community is acknowledged as one of the major causes behind these drawbacks of PPP. Rationally, it is expected that participation of community can overcome or at least minimize the downsides. It is found that community participation has been flouring and has significant impact on appropriateness and ownership of services provided by PPP project. However, the concept is still incoherent in practice and the results are inconclusive that demands a proven framework containing element of community participation in PPP. dwellers.*

Background and Context:

It is the public sector that traditionally provides funds for public infrastructure and services. The private sector is also now involved in the provision. The practice which is known in different names in different countries and jurisdictions such as 'Private Finance Initiative' (PFI) in the UK and Malaysia (Beh, 2010), 'Privately Financed Projects' (PFP) in Australia and 'Public Private Partnership' (PPP) in Australia (NSW Treasury, 2002), Hong Kong, Malaysia, Bangladesh etc, was initiated in Britain and then proliferated to other parts of the world.

The uniqueness of the concept entails a special type of partnership between public and private sectors covering any contractual relationship

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between the government and the private sector to build an infrastructure, develop a production facility, procure an asset or deliver a service. PPP usually involves creation of assets and services through the private sector financing and ownership control for a specific period. It encompasses economic and social infrastructure and typically includes both a capital component and an ongoing service delivery component. Government usually contributes through the provision of land, capital work, risk sharing, revenue diversion or purchase of the agreed services (NSW Government, 2006) while the private sector infuses money and technology.

The earlier PPPs were encouraged by the government and development agencies as a substitute for scarce state capital. They aimed at expanding the pool of infrastructure capital, improving the efficiency of utilities and extending the reach of markets into non-core public service delivery. However, the objectives of contemporary PPP programmes transcend this purview. It is considered as an answer to 'both government and market failure, combining the advantages of the private sector-innovations, access to finance, knowledge of technologies, managerial efficiency, and entrepreneurial spirit - with social responsibility, environmental awareness and local knowledge of the public sector' (Koppenjan & Enserink, 2009, p.285). It envisages to provide better value for the community (NSW Treasury, 2002; Victorian Government) through mutuality and complementarity of the public and private partners and the synergies produced out of the partnership.

Unsurprisingly, the PPP has been embraced by the governments as a favourite tool to overcome its budget constraint in meeting the requirement of the society. In return the PPP delivers better services for the community through: (1) integration and synergies of design, building, financing, operation, and maintenance, (2) innovation, re-engineering, and more efficient management, (3) efficient allocation of risks to the parties who are best able to manage, (4) whole-of-life cost calculation, and (5) more intensive exploitation of assets (Demirag, Dubnick & Khadaroo, 2004; Partnership for Prosperity, 1997 as cited in Zhang, 2005; Grimsey & Lewis, 2007). A cross section of evidence from the Netherlands, Australia, Pakistan and Indonesia covering water projects, hospitals, prisons, small rail and road projects show that in all the cases value for money gain is substantial i.e. between 9 and 16 per cent (Grimsey & Lewis, 2007). In Britain, it shows that seven of the first eight PFI roads remain value for money despite reducing the discount rate in calculating Public Sector Comparator (PSC) from 8 per cent to 3.5 per cent. The developing countries like Malaysia has changed its landscape and enhanced the quality of services in public sector in which private investment played a crucial role.

Some Downsides of PPP and Way Forward:

However, many PPP initiatives fail to reach the full potential in delivering desired services to the citizens in effective way. PPP in many cases proves to be expensive and inaccessible for the poor, to provide redundant service, restrict service users from using cheaper and traditional service options and engage the community into long-term undesirable contractual agreements. 'Cochabamba' water project in Bolivia is one of the examples which emerged as highly expensive for the beneficiaries. There, residents have to spend one third of the annual income on water after completion the PPP project (Peet, 2003). Private financing proves to be expensive for users even in developed countries like the UK and Spain, and rather proves beneficial for the construction industry, operators and their financial backers (Acrete, Shaoul, Stafford & Stapleton, 2010).

PPP also limits access of the marginalized people to the services - 'the basic rights to public goods' by imposing user fee which is often off-limit to poorer section of citizen (Brinkerhoff & Brinkerhoff, 2011). In addition, PPP curtails the access of citizen to other cost-free options. For example, the legislations of City Link Toll road in Melbourne and Cross City Tunnel in Sydney limit the access to surrounding toll-free roads and commuters are driven to PPP project to make PPP deal a success in term of economic return (Johnston, 2010).

Moreover, the availability of PPP fund can create a risk of distortion of well-designed expenditure plan of the government (Hodge, 2006). Government becomes attracted to the project in which private initiative is available ignoring the priority areas which are less attractive by the private sector. PPP also locks the community into a pattern of service which is deemed inappropriate in long-term (Ball & King, 2006).

PPP also draws criticism for limiting public accountability and transparency (Hayllar, 2010; Watson, 2003), and involving substantial political and democratic cost (Flinders, 2005). Accountability is seriously challenged in PPP arrangement as PPP projects bear complexities of managing horizontal relationship in public sector in one hand, the long term nature of PPP arrangement and multiplicity of contractual dimensions make the accountability mechanisms more vulnerable (Forrer, Kee, Newcomer, Boyer, 2010) on the other. In addition, the long-term nature substantially diminishes the democratic accountability (Hood, Fraser & McGavery, 2006). In a democratic system parties are voted to state power only for four to five years after which they have to get fresh mandate for continuing the office. But, a PPP project usually lasts for around 30 years and there is no way back for the citizen to reconsider their decision on voting, when the project falls short of fulfilling the expectations in the mid-way of its operational life. Transparency in the PPP process is not also out of question as there is considerable absence of disclosure of meaningful information for the citizen due to commercial sensitivity (Johnston, 2010). As a whole, PPP arrangement is detrimental to democratic accountability and acts as a deterrent to disclosing meaningful information to the stakeholders (Hood, Fraser & McGavery, 2006).

Scholars suggest numerous as well as divers ways and strategies to offset or mitigate the downsides of PPP. For example, Khan (2010) outlined a number of measures namely, subsidy to the poor, comprehensive and clear terms of contracts to minimise disputes and finally enforcement of contract by an effective regulatory authority to overcome the downsides.

His propositions are basically concerned with the states which are short of finance, have limited capacity for negotiation, and lack proper regulatory framework to tame PPP. The issue potentially can be more critical in the poor governance countries where, in addition to capacity constraint, corruption is also rampant. In this kind of situation PPP can be tool for privatising the benefits and nationalising the cost (Acrete, Shaoul, Stafford & Stapleton, 2010). The situation demand alternative measures which can supplement the role of the government. This essay particularly endeavours to focus on one of such ways i.e. participation of community or citizen which, if ensured, can contribute to enhance effectiveness of PPP projects significantly.

Participation of community in PPP is usually ignored or at least given less than due importance that believes to contribute to stifling ultimate outcome of many PPP projects. The phenomenon is well described as 'lack of publicness' in Public Private Partnership. Examining PPP policies and projects in the Hong Kong Special Administrative Region of the People's Republic of China, Hayllar (2010) demonstrated that government frequently disregarded public view and excluded meaningful participation of the people. As a result, PPPs failed to garner support of the community and deliver expected service. Rather they got burdensome for the citizen by engaging the state for long term contractual engagement for not so essential services.

The Cross City Tunnel in Sydney shows similar phenomena. The project lacked participation of community and availability of meaningful information for the citizen. As a consequence, the project suffered from poor citizen's trust and ownership, and opening of the tunnel generated serious controversy and community discontent. Moreover, the project showed that this kind of project can serve the government's interest by undermining the interest of the citizen keeping the latter in dark (Johnston, 2010). As a whole the project demonstrates that public interest can be left out in this kind of projects. In both cases there was substantial absence of community participation that consequently undermined appropriateness of delivered services.

Beh (2010), in outlining the way forward to overcome the pitfalls of PPP in Malaysia, felt that absence of good governance practice in PPP arrangement can undermine the legitimacy of and trust in PFI institutions and ultimately fail it to achieve the policy goals. Moreover, in less developed countries, the success of PPP particularly depends on transparent communication and participation of stakeholders (Brynard, 1995 as cited in Mubangizi & Gray, 2011). As a whole, failure to involve potential stakeholder invariably leads the PPP projects to conflict of interest and even ultimate failure (OECD, 2007).

Conversely, participation of community can play a significant role in reducing the distortions and offsetting the downsides or at least to minimise them in PPP project in a number of ways. Firstly, community participation in PPP can ensure necessary transparency of the project should there be a mechanism for the community to participate in the very decision making process of the project. Secondly, in the same way, it can increase the appropriateness of the services through voicing concern of the community while making decision and executing the plan. Thirdly, participation of community can also reduce possibility of 'cream skimming' as the community becomes shareholder and receiver of the profit. It compensate the loss of community incurred due to overpaying in one hand, it will reduce inordinate profit-making desire of the private partner on the other hand as the profit is ultimately to be shared with the community. Fourthly, it minimises the risk of deviation of contract as the community can play the role of watchdog and act as a formidable pressure group. Fifthly, may be most importantly, it supplements the diminished political accountability through ensuring direct accountability to the beneficiary. As a whole, it participation of community ensures equitable, accountable, responsive and appropriate service for the community.

Community Participation in Public Service Provisions:

Rationally, the international organisations and NGOs constantly pursue the notion of participation as the most important elements of good governance and there are increasing practice of more participatory governance throughout the world. The World Bank particularly includes participation of all stakeholders as one of the six principles in its guidebook on 'Promoting Good Governance in Public Private Partnership' (Mostafa, 2010).

In practice, participation of community or citizens is evident in both developed world like in the UK, the European Union and Australia, and in the developing countries like South Africa and Thailand. A number of reforms have been undertaken in the UK centred on the ideas of community participation and engagement. The initiative taken in the State Government of Queensland, Australia is even more exemplary (Reddel & Woolcock, 2004). The Queensland Government put partnership and citizen engagement at the centre stage of government's rhetoric. The approach can be better illustrated in the word of Premier Beattie who says-

There is......an emerging service delivery model involving governments working in partnership with communities to determine needs, devising strategies for meeting these needs, implementing activities consistent with these strategies and ultimately monitoring results. The emphasis is on community empowerment and not on traditional functional program delivery.

In compliance with this imperative the government undertook a number of measures like community cabinet, community renewal program and Cape York Partnerships which showed substantial progress in making participatory governance and enhanced community satisfaction.

Similar mode of community participation is found in South Africa's 'Izimbizo' (or traditional forums) approach. Izimbizo engages the community and leaders from government including deputy president, ministers, premiers, and local government officials in interactive meetings in the locality. The programme is designed as an effective means to ensure community participation in decision-making and enhance service delivery and citizen's access to the services. The approach is also proved effective in making the government accountable. Ultimately all these participation enhance the access to and appropriateness of the services and bring satisfaction for the community.

Community Participation in PPP:

Likewise, community participation in PPP, though limited until now, is not uncommon and has been flourishing exponentially. The success stories of this partnership are found in quite diverse areas like health service, irrigation and even conservation and ranges from limited consultation to participation in management and service delivery. The most common form of participation is predominantly limited to consultation with an exclusive set of people such as (Executing PPP in India is an example) academics, consultants, think-tank, NGOs, professional agencies and in some cases Residential Welfare Association (RWA). Many of these consultations are to fulfil the mandatory provision of the Terms of Reference (ToR) of the projects and pushed by international financial institutions and donor agencies. The downside of the participation is its exclusiveness. There is complete absence of the participation of the poor and the marginalized of the society in the consultation process.

There are also evidences of wider and more engaging participation of the community in infrastructure development. For example, Tamil Nadu Urban Development Fund (TNUDF) is a case where community participated in raising the fund for infrastructure development. The community raised as much as one fourth of the total cost of the project through contribution of the community. The model was appreciated by World Bank and other development agencies. But ultimately the model experienced unwillingness to pay by the well-offs in the society and that supports the issue of lack of inclusiveness.

Franceys and Weitz (2003) showed more inclusive participation of the community. They undertook a study in 10 Asian countries to investigate the roles and interaction between the public sector, private entities and the civil society in serving the urban poor with water supply, sanitation and solid waste management. They found a limited but value adding service to the poor with better quality at lower price coming out of public-private-community partnership.

The case studies showed primarily a pattern of public-civil society partnership where non-profit organisations, i.e. NGOs are filling the void of absence of large networked public infrastructure.

They cited example of Waste Concern, a NGO, which is working in Dhaka which has 55 percent of its population living below the poverty line and half of these poor lives in slums and shanties with very limited access to water supply, sanitation, solid waste management facility and other services. Waste Concern provides technical assistance in the formation of waste management committee and technical know how of waste management and income generation out of that.

The second pattern of partnership they found is on occasion without public involvement and where small private enterprises take advantage of a public bulk supply without any agreement or payment.

The third pattern found in the case study was involvement of the public and private sector in the form of mainly BOT arrangement where the poor of the society are served by default without any formal engagement of the poor or the society in particular.

But all these above-mentioned patterns lack true nature of public private community partnership. The first pattern can be best described as public-civil society-community partnership where profit making private sector is missing. In the second pattern there is absence of formal relation between public and private sector. The third pattern misses the participation of the community and the formal relation of the society with the other two.

The fourth pattern found in the case study has all three actors of public private community partnership. For example, in Metro Manilla, Philippines, private sector enters into a 25 year concession arrangement with the government to provide sanitation and water services. Manila Water one of two private companies introduced group tap and community-managed water connections for the poorer sections of the residents. Group taps designed for two to five households where users for a cluster and share the cost of usage. Community-managed water connections characterized by introduction of a metered master connection, allows the community to organize and manage water distribution to the residents of the area through individual or shared connections.

However, despite involvement of public, private and community in the fourth pattern, the participation of community falls short of essence of partnership which contains the elements of 'deciding together' and 'acting together'. There is absence of deciding together in terms of service planning in the said public private and community partnership.

It can be concluded from the preceding discussions, the provision of community participation has already made in-road to PPP arrangement and demonstrated, though not inconclusive, its potential to enhance appropriateness and ownership of PPP delivered services. However, the concept is still incoherent in practice which might be due to absence of a universal model incorporating the community into PPP arrangement. Whatever the reason is, PPP can not afford to ignore engagement of community or citizen for the sake of delivering desired benefits for the society, especially during the era when citizen's participation is increasingly taking centre place in any government decision.

Conclusion:

There is rapid proliferation of PPP practices worldwide and the governments are increasingly adopting the arrangement to substitute its scarce state capital. PPP was particularly welcomed by the government for expanding the pool of infrastructure capital, improving the efficiency of utilities and extending the reach of markets into non-core public service delivery. The objectives of contemporary PPP programmes even transcend this boundary. It is now considered as an answer to 'both government and market failure combining the advantages of the private sector-innovations, access to finance, knowledge of technologies, managerial efficiency, and entrepreneurial spirit - with social responsibility, environmental awareness and local knowledge of the public sector

So far, PPP initiatives attained proven standing in delivering better services for the community through integration and synergies, innovation and re-engineering, efficient allocation of risks, whole-of-life cost calculation, and more intensive exploitation of assets. However, many PPP initiatives fail to reach the full potential in delivering desired services to the citizens. PPP projects in many cases prove to be expensive and inaccessible for the poor, to provide redundant service, restrict service users from using cheaper and traditional service options, and engage the community into long-term undesirable contractual agreements. It also diminishes transparency and accountability including accountability in-built in democratic system.

Naturally, there are numerous propositions to overcome these drawbacks of PPP. But, most of them rely on the capability of the government which is inherently fall short of competence to tame its private partner. One of the options which has potential to supplement government's poor ability is incorporation of community or citizen in the PPP arrangement.

In practice, community participation is no longer a new phenomenon in PPP. Communities are involved in consultation process during formation phase of PPP project, and they are also engaged in forming capital and providing services. With varying degrees, these participations increase the ownership of the community, improve quality of services and enhance responsiveness. However, what is more noticeable here is the incoherent pattern of participation and inconclusive results of the practices that warrants a proven framework of PPP containing the element of community participation.

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