P3 and the “porcupine problem”

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“A number of porcupines huddled together for warmth on a cold day in winter; but as they began to prick one another with their quills, they were obliged to disperse. However the cold drove them together again…”

Arthur Schopenhauer (1851/1964:226)

Introduction

In Schopenhauer’s parable, the animals arrive at a solution by maintaining a safe distance from one another, and as a result, while their mutual need for warmth is only moderately satisfied, they do not get pricked.

In recent decades, the private, public and social/civic sectors have developed strategies of rapprochement and concertation in the name of greater efficiency, effectiveness, and economy. Indeed, public-private partnerships (PPP or P3) have been shown to reduce administrative and operations costs by some 20 to 50% in public transportation projects (Roy 2003). In other areas, P3 have had mixed performances: great successes, mediocre results, and major failures.

It is therefore important to understand the causes and sources of such successes and failures, and to develop the basis for some protocols that would tend to increase the probability of positive outcomes. This is a tall order for a short paper.

Public-private partnerships – be they bipartite or multipartite – clearly pose a porcupine problem that needs to be resolved somehow. The completely different logics and mechanics of coordination that underpin private, public and social organizations may, if properly harnessed, lead either to impressive synergies, innovation and higher productivity, or to a good deal of waste. But to make the highest and best use of P3s, one must elicit the conditions for the best warmth/prickliness ratio.

Many have chosen to resolve the porcupine problem by walking away from it: vilifying the P3 process entirely, and damning it as fundamentally contre-nature. Others have uncritically embraced this new form of mixed organization, and have been in denial vis-à-vis the substantial evidence that it has often failed miserably. A third group (to which we belong) has felt that the benefits of P3s can be substantial, but that they cannot be obtained unless certain conditions are met.

This paper analyzes the porcupine problem posed by P3s, and suggests a workable set of conditions that promise some value adding, and as little pricking as possible: moderate warmth and safe distance.
Section 1 sets the stage for the discussion by briefly defining the different sorts of integration mechanisms at work in the economy, polity and society, and by illustrating the ways in which they can be combined. Section 2 presents some basic economics and politics of the P3 process, some features of the different stages in that process, and a short primer on the centrality of well-executed contractual arrangements. Section 3 deals very briefly with the strong ideological opposition that has been mounted against such arrangements in some “progressive” circles. Section 4 derives some lessons from our examination of a wide range of experiences in Canada and abroad, and suggests some levers that might be used to ensure a much greater probability of success for P3s. The conclusion tries to explain why the debates around P3s have been so unenlightening, and have developed such a fundamentalist tone.

1. Integration mechanisms and institutional metissage

Governments cannot necessarily dispatch, solo, the complete range of tasks associated with the provision of all public or mixed public/private goods, in the most effective, efficient and economical way. Many state monopolies have come under attack for their ineffectiveness, inefficiency and lack of innovativeness. Some forms of partnering with the private or social sectors have been shown to produce better results for taxpayers. As a result, reform-minded (and cash-strapped) governments have extended the concept of contracting out to a wider range of public activities, and significantly expanded the scope of the work done in partnership with other sectors (Bettignies and Ross 2004).

a. These partnerships are hybrid arrangements that have been quite varied in terms of the targeted results, the geographical terrain encompassed, and the range of rationales of their instigators (Vaillancourt Rosenau 2000). The public activities that are involved range widely as well: from infrastructure to the re-engineering of both ‘clean’ services (such as civil air navigation or revenue collection) and ‘dirty’ ones (e.g. water, sewage, and energy), to experimenting with de-institutionalizing persons with intellectual disabilities, and increasing collaboration with the voluntary or cooperative sectors on a variety of fronts.

These arrangements have been designed to take maximum advantage of the relatively better performance, for certain tasks, of the different basic integrating mechanisms at work in the different sectors: quid pro quo exchange (market economy), coercion (polity), and gift or solidarity or reciprocity (community and society).

The first arrangement is based on price and non-price competition, and provides robust incentives likely to generate pressure for productivity and innovation, but may be plagued by opportunism and shirking, especially if the metering of the “product” or of the final outcome is difficult. The coercive approach would appear to economize on coordination costs, but may lack the flexibility to adapt to local circumstances. The third family of arrangements is diffuse, and appears fragile, because it is heavily built on good will, but it may be most effective when trust is imperative, and the need to mobilize strong commitment matters a great deal.
Kenneth Boulding proposed a simple conceptual scheme to map out this institutional and organizational landscape (Boulding 1970). He depicted a socio-economy as an amalgam of organizations and institutions more or less dominated by one or another of these integrating mechanisms, with each mechanism in its purest form being connected with one of the apexes of a triangle, and all the inner territory representing organizations and institutions embodying different mixes of these integrative mechanisms. Supply and demand forces are the key mechanisms in the private/market domain (B); in the public/state domain (C), coercion and redistribution provide the rules; and cooperation, reciprocity and solidarity are the integrating principles in the social/civil society domain (A) (Figure 1a).

b. Symmetry among sectors need not be the rule: A, B, and C may have different valences for different countries or for different parts of the same country. And the three sectors need not maintain the same valence and a similar weight through time.

There was a strong push toward an increased relative weight of C in advanced democracies with the growth of the Welfare State, and the greater importance of the public sector in the aftermath of the Great Depression and the Second World War. More recently, over the last thirty years, there has been a vigorous counter-movement of privatization and deregulation that has caused a reduction in the size of C, a growth in the size of B, and a reverse shift of the boundaries (Paquet 1996-97).

There has also been a tendency for the new socio-economy, attempting to cope with ever more complex problems, to require a mobilization of more diversified enabling resources, thus triggering the emergence of an ever larger number of mixed institutions and organizations, blending these different mechanisms so as to provide more effective signposts and orientation maps in a new confused and confusing world.

The proliferation of such mixed institutions has generated a new concentration of arrangements at the core of the Boulding triangle (Laurent and Paquet 1998). One may stylize this development via a series of emerging concentric circles within which there are different degrees of institutional métissage (Hubbard and Paquet 2002), as depicted in Figure 1b.
2. **The political economy and contractual nature of the P3 process**

P3s as a particular form of such institutional metissage can best be stylized from three complementary perspectives: first, as a *mega-community process* involving divergent interests and developing partnerships based on trust, in which parties may jointly pursue somewhat different objectives (Gerencser at al 2006; Otazo 2006; Ramonjavelo et al 2006); second, as a number of *phased activities* that go from the initial decision to enter into contractual relations with a partner or many partners, all the way through tender and evaluation, and selection of partners, designing, building and operating facilities (Carson 2002); third, as a *contractual arrangement* defining the role of each party to the partnership, their duties and responsibilities, their portion of the burden of risk and of the value added generated, and the nature of the co-governance process (Kooiman 2003).

a. The first perspective draws attention to P3s as complex processes based on a mega-community – i.e., “a public sphere in which organizations and people deliberately join together around a compelling issue of mutual importance, following a set of practices and principles that will make it easier to achieve results” (Gerencser et al 2006). This entails a requisite amount of both trust (institutional, interorganizational, and interpersonal) and social capital.

In practice, Gerencser et al have identified four critical elements for a thriving mega-community: (1) understanding the problems to be resolved, the necessary players and partners, and the ways in which they affect one another; (2) the strong leadership and the presence of partners in a listening, learning and understanding mode; (3) designing and customizing of suitable cross-sector arrangements; and (4) experiments, learning from them, and effective collective monitoring of progress.

People and groups potentially affected by, or involved in any P3, are by definition players in the mega community. For all of them, their interests in it (and views of it) will tend to be framed by the mindset that dominates the culture in good currency in the socio-economic context. Their opinions will evolve to some extent as time passes, and will change to a greater or lesser degree as a result of external influences.

Partners have quite different expectations. In the private sector, the main interest is the profitability likely to ensue if additional efficiency and effectiveness are value adding through P3s. From the public sector point of view, even though the public good is readily invoked, bureaucrats, elected officials, political opposition, and the unionized public service may have diverse interests, and may not see things the same way. This is bound to have an impact on the nature of the negotiated contracts. The not-for-profit mindset is no more univocal. Board members, paid permanent staff, and volunteers may pursue different objectives that will shape their direct involvement and choices in P3s.

The media also play a special kind of role as opinion-molders, to the extent that they influence the frames of reference of both the mega-community and the particular actors, and help to shape their perspectives.
b. The second perspective relates to the different phases in the construction, negotiation, and management of P3s.

The simplest representation of the array of possible arrangements is the one suggested by the Canadian Council for Private-Public Partnerships, which co-relates the degree of involvement of private partners (but one may add easily social partners also) with the degree of risk they shoulder.

**Figure 2 - P3 risk versus private spectrum**

This very linear and simplistic representation of the very complex P3 process has the merit of identifying a range of possibilities: from organizational arrangements where the participants are engaged in a minimal way as sheer suppliers of particular goods and services, to arrangements where the partners engage in the totality of the procurement and delivery of some public good or service, to arrangements through which the public sector completely relinquishes responsibility for the production and delivery of public services to independent private or social entities.

A more complete view would also take into account the broad social environment within which the key stakeholders are nested, the mega-community of stakeholders, and the different challenges each of the phases (from opting for P3s to the design/build/operate phase) brings forth: a high degree of understanding, trust, and legitimacy in the mega-community, the choice of the right organizational form and of the right partners, the recognition that the different phases (choice of instrument, request for tenders, negotiation of the agreement, monitoring of the operations, etc.) may call for arrangements of different sorts, the right capacity to do and to learn, a rigorous management of the partnership, and some external evaluative framework capable of acting as a fail-safe mechanism (Aubert and Patry 2003).

A more complex representation might be that the P3 game is the combination of two sub-games.
The first is a *cognitive game* meant to provide the coordinating guidance likely to ensure as high a productivity quasi-rent as possible. This may take the form of either cost reduction and/or a better level of service. These results are meant to be achievable through a variety of ways: better incentive-reward systems and motivation, taking advantage of field experience, economies of scale, better risk management, more innovation, etc. This in turn generates a productivity quasi-rent – i.e., a surplus ascribable to a more effective allocation of resources.

The second is a *distributive game* meant to generate the most fruitful way of sharing the proceeds among partners, so as to ensure the viability and resilience of the arrangement.

While waste upstream is often reduced through a robust competition amongst potential suppliers, at the time of request for tenders, this does little to determine how the quasi-rent will be allocated among the partners once the contract is signed, unless these issues are explicitly addressed in the contract. The looser the arrangements, the more possibility for opportunistic behavior there will be, and therefore the more trust will be required.

This struggle over the sharing of costs, risks and profits generates additional costs of renegotiation / bargaining if a contract is not ‘complete’. And since complete contracts are often not feasible (because of all sorts of contingencies generating instability and uncertainty that are truly not predictable), there is a substantial possibility that these additional costs will become very heavy, and that the allocation of both risks and quasi-rents will in turn generate much unfairness and therefore much inefficiency.

Thus Scott Carson has underlined the importance of three important *ex ante* tests of viable P3s: (1) value-added to all partners being quite visible in the early phases of the process, and the realization by all partners that mid-stream changes are always extremely costly; (2) cost effectiveness of the time and resources used in the tendering and negotiation phases of the process; (3) fairness in the distribution of the productivity quasi-rent and of the risks that can be expertly assessed by third parties (Carson 2002).

The third perspective focuses on the contractual arrangement *per se*. Its role is to ensure goodness of fit among a complex context, a diverse mega-community, intricate design-building-operations, and an effective inquiry/monitoring/learning/dispute resolution system. The nature of the contractual arrangement is meant to ensure effective, transparent, fair, legitimate, and creative co-governance.

The motivations for entering into P3s may be economic and financial, managerial or strategic. For example, it may be ascribable to the fact that the public sector can no longer adequately finance all public projects (Drummond 2006). It may also be that the public sector expects to realize significant cost efficiency measures. Or it may be an attempt to shift the risk burden away from the taxpayers to the private partners. It may also be a way to cope with expertise deficiencies: more recently, there has been a deeper intermingling of public, private, and civic expertise to create P3s that are focused on creating or re-engineering complex, expensive, technologically-sophisticated systems (e.g., revenue collection across several government departments and agencies).
In any of these cases, the nature of the contractual arrangements calls for negotiations by very competent experts. This has been the cornerstone for the successes of P3s in many countries: developing common objectives, clear delineation of inputs, risks, and returns, precise definition of the responsibilities, authorities and risks, robust arrangements for risk shifting, strong and quick dispute resolution mechanisms, etc.

It entails a much stronger design, selection and contract negotiation apparatus on the part of public sector agencies than that which is often in place. But when such expertise is in place, in an increasing number of complex cases, joint-solution procurement (enabling the collaborative design of a wider range of options, and proceeding in stages where the measured capacity and competence of possible partners is realistically assessed) is preferred over traditional procurement in which government determines the solution to a problem and provides vendors with detailed specifications.

With regard to the most complex of these arrangements (those involving the design, building and operation of major infrastructure – bricks and mortar, or technology-rich systems), the choice is not between the traditional approach and P3, but between P3 and deferring projects indefinitely, as a result of public financial and competence constraints. Since those projects are often large in scale, capital intensive, require technical capabilities that exceed public sector capabilities, and are usually attached to identifiable revenue streams, they are initiatives that are the most amenable to P3s. It is not surprising that they have been the most popular.

Such projects – especially the bricks and mortar kind - have acquired a good reputation from some studies showing that they have been able to deliver an average saving of 17% as compared to conventionally procured public sector schemes (Burleton 2006:iii). An added advantage of such P3s is that the public sector partner is usually immunized against any cost overrun in the construction phase (since it has no responsibility for it) and often against cost overruns in the exploitation phase (since the revenue stream depends on the availability and use of the facilities).

Because of their long-term nature, their scope and sophistication, infrastructure projects are, however, vulnerable to miscalculations and to changes in the socio-technical context.

Consequently, contractual arrangements must ensure constant monitoring and evaluation of the process in order to detect any mishaps or flaws very quickly, and develop a protocol to ensure that differences of opinion can be resolved quickly. This is the foundation of effective social learning (Aubert et al. 2005).

Finally, there is a need to ensure that fail-safe mechanisms are in place in order to avoid sabotage in the form of frivolous delays engineered by parties to the agreement who hope to gain from delay tactics. Such failsafe mechanisms are meant to kick in when the usual protocols of dispute resolution fail, and if, in the view of dispassionate third parties, further delays in resolving the unresolved questions would endanger the project in significant ways. In such matters, the optimal amount of coercion in P3s is not zero.
3. The ideological opposition to P3s

However difficult it might be to forge the mega-community, to establish clearly and realistically that a quasi-rent really exists and can be captured, to develop the requisite capabilities and the appropriate policy and contractual instruments to do so, and to put in place the required monitoring/evaluation/learning mechanisms to allow the arrangements to be modified smoothly as circumstances and issues evolve – the major hindrance to making use of P3s is not of a technical nature: it has to do with the ideological opposition of the chattering classes to such arrangements, an opposition that has been widely echoed in the media.

Even though it may be established that P3s might be economically and financially desirable – and might even provide a better quality and more responsive service – such arrangements remain highly suspect for citizens who have been brainwashed for half a century by a culture of entitlements generated by the Welfare State.

Two recent books are interesting révélateurs of the depth of ideological revulsion vis-à-vis P3s especially in Quebec (Boismenu et al 2004; Rouillard et al 2004). In both books (referred to hereafter as the B and R books) there is a rejection of the idea that the state might be regarded as simply “un vulgaire prestateur de services” (R86).

Indeed, a certain Hegelian-flavoured metaphysics haunts both books: the state (always spelled with a capital S) is regarded as the fundamental societal “organism” with moral purposes that transcend those of its individual citizens (Paquet 2005).

Therefore, depending on the coefficient of Hegelianism harboured by the authors, tinkering with the state is perceived as less or more a case of lèse-majesté. For the soft Hegelians (the B book), there is more to the state than service provision, but this does not prevent one from legitimately seeking more efficiency and effectiveness in alternative non-state delivery systems. For the hard Hegelians (the R book), any tinkering with any aspect of the state sphere that may reduce its scope or ambit can only be regarded as an impoverishment of governance.

Both books (although to a different extent) are led to take a particularly critical aim at the P3 component of the Charest strategy for re-engineering the Quebec state.

In the B book, the tone is skeptical. It is fairly argued that “la montagne a accouché d’une souris” (B56). The authors’ view might even be interpreted as not necessarily opposed to P3s, but rather unimpressed by the way in which the Charest government is going about this strategy. There is no denial that P3s, under the right conditions, might help solve many problems, even though it is felt that the Charest government may be too timid and that its top-down clumsiness might leave much scope for discontent and sabotage by the permanent public servants who are threatened by such arrangements.

In the R book, the tone is acerbic. The opposition to P3s is fundamental. It is asserted in a peremptory way that none of the winning conditions exist, and that none of the promises
in terms of gains in efficiency and effectiveness, accountability and quality assurance in the provision of public services can be realized. All this is “un discours illusoire et insidieux” (R108), “une chimère” (R115). Nothing is proved or disproved here, nor is there any need to do so: we are in the world of dogma.

The attack by the R book on P3s in general is not entirely groundless. Indeed, P3s are not automatically a success. Some winning conditions are necessary for P3s to work, and these are not always in place. What makes the argument somewhat toxic is that the authors presume, without any proof, that such conditions can never be realized.

The ideological underpinnings of this position are clear: if one were to allow for the possibility of such collaborative governance, the very sacred nature of the state would be eroded, and its metaphysical dominium thereby questioned - an act of heresy that cannot be entertained.

Other critics are less strident (Flinders 2005). Their comments have to do with the fact that P3s might potentially tie the hands of future governments (e.g., by requiring future contractual payments), and thereby raise challenges of accountability, transparency and legitimacy.

(i) With respect to accountability, there is no doubt that “(d)evolving authority over decision-making and public expenditure to non-elected partnerships creates the need for new and robust forms” of accountability (Flinders 2005: 229) that may be more complex, more horizontal, and softer, and may appear less satisfactory for taxpayers.

Such concerns can be over-stated, however, and are easily repaired. Moreover, in the area of water and wastewater utilities, for example, credible observers have talked about “the myth of public sector accountability” in traditional arrangements, and said that “(w)hile municipal accountability may sound good in theory, it rarely works in practice” (Brubaker 2003: 24). There is no reason to believe that the genuine difficulties cannot be overcome by effective contracting and monitoring, together with third-party evaluation and adjudication in case of disagreements.

(ii) With respect to transparency imperatives, the concerns are clearly over-stated: optimal transparency is not necessarily maximal transparency (Juillet and Paquet 2002) and transparency concern cannot be allowed to trump commercial confidentiality. Some information must be kept private for legitimate business reasons. It is a matter of balance that, in most cases, can also be resolved satisfactorily by effective contractual arrangements.

(iii) As for legitimacy, there is no reason to believe that effectively, reasonably and fairly negotiated partnership contracts cannot be defended in the court of public opinion. In fact, Canadians are already on board: the Canadian Council for Public-Private Partnerships reports that 6 of 10 Canadians (and 55% of public service union workers) support P3s (CCPPP 2004). Of course, not surprisingly, there is a good deal of variation in the public support by region, and by type of service.
For example, support for P3s is estimated as significantly higher in Saskatchewan (three to one) than in Toronto (just over half), while it is estimated, understandably, to be lower in the field of water treatment in Ontario than elsewhere.

However ill founded the ideological opposition to P3s may be, it has acquired legitimacy in labour unions and so-called “progressive” and state-centric quarters: this has been especially strong in the recent debates in Quebec (Aubert and Patry 2005) but it has led governments, at all levels throughout the country, to shy away or pull back from such arrangements at the first sign of controversy (Burleton 2006).

The fact that poor contractual arrangements, ascribable to incompetent negotiators, have plagued many of the early exercises in P3, has also been put to good use by P3 opponents (Mehra 2005). As a result, P3s have developed in Canada at a rate that is a great deal slower than has been the case in the UK or other European countries.

4. Lessons learned and winning conditions

a. In order to better categorize the root causes of the difficulties experienced by P3s (and consequently, to better gauge the families of prerequisites likely to be worth focusing on when attempting to ensure as high a probability of success as possible) we have stylized the overall P3 process in four modules sketched in Figure 3.

![Diagram of P3 process as four modules](image)

Module I pertains to the environment in which the P3 is embedded. It refers to the sort of sociological basis on which one can build: the level of trust and social capital that facilitates relationships among potential partners, the buy-in of the different stakeholders, the carrying capacity of the contextual institutions, as well as the ideological climate and the organizational culture that is present. It connotes the degree of connectivity and the organizational texture of the environment. Without a supportive infrastructure, the mega-community will not crystallize around reasonable potentialities, or will collapse with the first crisis or two.
This explains why relational capital is so crucial (especially at a time when potential partners, deciding whether or not to opt in, take into account things like reputation and other intangibles) and why venomous media reporting may poison the well and ruin the projects. It also underlines the need not only to obtain support from the mega-community at the time the project is launched, but also to maintain and sustain it with continuous action all through the P3 process.

Module II deals with the requirement for a credible gauge of the valued adding and of the nature of the risk sharing involved in the collaborative arrangements. Even if it is not possible to foresee all the possible eventual situations that may materialize, one needs to be able to scope the project sufficiently well that the orders of magnitude involved are relatively credible. This sort of informational base must quickly come to complement and supplement the trust capital that has allowed the partnership discussion to emerge.

If the costs, value-adding and risks are not gauged in a reasonably accurate way, if the prospective sharing of these is not reasonably sound and perceived as fair, and if the complementary capabilities brought to the project by the different partners are not adequately recognized \textit{ab ovo}, then again, the arrangement is unlikely to proceed very far or to be robust.

Module III relates to the refinement of the process design and the development of contractual arrangements (both formal and informal) that will embody the contours of suitable arrangements to the degree possible (but often with strategic penumbras penciled in). This entails not only the definition of the roles and responsibilities of all parties, but also the choice of instruments, and the array of contingency plans that will kick in, in certain eventualities.

Since there is no way to write a totally complete contract envisaging all the possible eventualities, nor to presume that the rules in place will apply unambiguously to all possible circumstances, a suitable contract requires the provision for effective and rapid modification protocols and dispute resolution machinery, and some fail-safe mechanisms when all else fails. Co-governance cannot work if such mechanisms are not in place, even though they may be rarely or never ever used.

Module IV focuses on the central importance of continuous monitoring including by credible third parties, effective and intelligent evaluation, and the existence of mechanisms through which the collaborative organization will learn through revising not only its instrumentalities and means but also its objectives and broad orientation as the project proceeds, and experience reveals that the original plans might prove inadequate or less useful than had been originally anticipated either because of changes in the environment or in the project itself.

Indeed, this fourth module feeds into the other three, and constitutes the basis of the process of social learning.
b. Effective social learning, that is crucial to a successful P3: (1) would enable experience to feed into the mindset of the mega-community and allow the community transform its views, (2) would lead to a more refined and credible view of both rents and risks, and therefore to revisions of the early estimates, and (3) would allow modifications in the provisions of the contracts accordingly.

But this entails that there exist loci where the requisite discussions can be held.

One of the great weaknesses of the P3 process is both a poor understanding of the nature of such required discussions and deliberations, and the lack of the requisite places where such deliberations can be carried out. As a result, blockages quickly ensue, and viable P3s collapse for lack of safe places where the challenges generated by shocks in the environment or by unforeseen developments can be discussed, and appropriate adjustments be arrived at.

Some of this may take the form of dispute settlement or fail-safe mechanisms, but, in the main, deliberation sites must be provided on a continuous basis for the mega-community.

Unlike experts whose framework is solely technical, citizens and other members of the mega-community form opinions by integrating facts and values. P3s must presume that context and circumstances may change, and that there must be provision for people’s views on tough issues to be aired and discussed, for reframing to occur, and for decisions to ensue.

Such discussions evolve through three stages – consciousness raising, reconciling proposed actions with basic values, and leaders deciding and acting to resolve the issue. A diagram that Rosell and Yankelovich have used is quite useful.

Figure 4 - The Rosell-Yankelovich social learning process

Of the three stages, Rosell and Yankelovich argue that the second is the hardest, being “driven less by information, and more by feelings, values and moral convictions” (Rosell and Yankelovich 2006) (one might add ideology), and one that people will avoid if they can. This suggests that finding effective ways to stimulate the mega-community’s crystallization (with its interpersonal, interorganizational and institutional trust base), and then sustain it, is not going to be easy. But ignoring this social learning challenge, and hoping that all dysfunctions will fix themselves organically, is a recipe for failure over the long haul.

c. If our analysis holds water, a number of modest general propositions would appear to be warranted. They do not provide the key to always-successful P3s, but they identify a number of important pressure points where effective action might be possible. One of the key differences between our list and the ones provided by other observers is that it gives more attention to context, communications and learning loops.

It has been our diagnosis that P3s have been wrongly interpreted as matters that can be handled solely through technical and legal strictures. The literature has failed to take note of the context of modern policy and regulatory development. As Carl Taylor has reminded us (1997), the development of a policy or regulatory initiatives must meet four challenges: is the proposal put forward technically feasible? socially acceptable? can it be implemented with the negotiated help of all the relevant and necessary partners? and is it socio-politically not too destabilizing?

The undue concern with the conditions for technical and legal feasibility alone has led too many groups interested in P3s to ignore the other three challenges. This has proved disastrous in many cases.

From our point of view, the success of P3s obviously depends on sound technical feasibility and competent legal contracting, but the major sources of failure are elsewhere. The winning conditions and useful levers are mainly relational, and they require a most important capital of trust, and a most effective communication apparatus.

The eight modest general propositions that follow (two for each of the four modules identified above) are not presented as a panacea, but as a checklist that should be kept in mind. Failure on any of these fronts may be regarded as an omen of P3 failure to come.

**Proposition Ia**

*P3s require an aggressive pro-active and sustained communication strategy to ensure that all the stakeholders are fully informed and immunized against ideological sermoning.*

This is the fundamental requirement to ensure the crystallization of the mega-community, and the nesting of the P3 in a network of supporting relationships. It is also a way to ensure the maintenance of the trust and social capital required for the P3 to thrive.
Finally, it is the only way to counter effectively the toxic effect of the ideological and interest groups attacks on these better ways to despatch public service.

Proposition Ib

*P3s do not only require effective communications, but active and creative negotiations to obtain and sustain the buy-in and active collaboration of all the key players in order to give some tonus to the mega-community*

It is one thing to obtain the *nihil obstat* of stakeholders, and quite another to engage them actively in a process of collaboration. Unless one is able to mobilize the mega-community’s capital of trust, and to negotiate the requisite moral contracts commensurate with a culture of collaboration, the P3s will not survive to the first mishaps. This means that more than legal guarantees are required: it entails the development of a robust culture that will help deal with the unforeseen.

Proposition IIa

*P3s must be built on credible evaluations of the value added by the collaborative agreement.*

One of the fundamental weaknesses of any potential P3 is the unrealistic appraisal of what might reasonably be expected from the venture. Not only do unreasonable expectations poison the relationships, but they are condemned to generate resentment and lack of credibility as results materialize, and to significantly erode the legitimacy of the arrangement within the broader mega-community.

Proposition IIb

*P3s must ensure a fair sharing of risks and profits*

The fair sharing of profits and risks is the foundation of P3s. Any arrangement based on unfairness can only breed distrust and disloyalty, as events reveal that the arrangement was based on deception. Whatever reason might have led one party to use stratagems to lure another party into a structurally unfair deal, it can only lead to a collapse of the deal, and to a long term deterioration of relations.

Proposition IIIa

*P3s will not succeed if it turns out that the choice of instrument was poor or if the process and the contract capturing its spirit are poorly designed*

There are important project design and legal dimensions to P3s. If P3 is not an organizational form suitable for the task at hand, little can be done to salvage the project. In the same way, if neither the design of the project nor the legal contract is competently drawn up, P3s will crumble under their own weight.
Proposition IIIb

*P3s must be closely, expertly and flexibly managed*

Although the contract is the central instrument in a P3, there can never be a complete and perfect contract that has envisaged all possible contingencies. Consequently, the effective management of a P3 contract is extraordinarily important. Project management skills are therefore essential; otherwise the arrangement is bound to founder on a mountain of minute contentions that will bring it down.

Proposition IVa

*P3s must build in the provision for credible and effective continuous external evaluation*

Whatever care is put into developing the mega-community, in choosing the right partners and instruments, in nurturing these relationships, in designing the process and contract aptly and managing it well, little can be accomplished to ensure that the P3s are on course unless one has been careful to put in place mechanisms of continuous external evaluation. This monitoring system will provide the necessary feedback to identify any mishap early, and it will be essential if social learning is to prevail. Moreover, such sources of continuous external information and appraisals will also help in guaranteeing legitimacy for the P3s in dealing with the mega-community.

Proposition IVb

*P3s also require effective dispute resolution and fail-safe mechanisms*

Despite the immense care in defining the setting and in monitoring the progress of the P3 process, disputes are bound to arise. These disputes require some external reference point or source of evaluation that can be used to bring the different parties to settle their dispute, and if no settlement emerges, some fail-safe mechanism or arbiter must be envisaged that would be empowered to ordain some form of settlement.

**Conclusion**

The terrain of public-private-social partnerships is plagued by the multiple meanings of partnership label, by ideological referents, and by the paucity of meaningful evaluation of the thousands of experiments carried out throughout the world (Vaillancourt Rosenau 2000; Marty et al 2006). As a result, ideology and presumptions are having a field day.

Until such time as a richer conceptual framework is put in place, most of the case studies are simply too disparate to elicit a robust perspective on P3s. In dealing with P3s, we are still at a stage of development akin to the one stage where biology still classified animals according to the number of their legs.

Although no canonical set of rules that would lead automatically to successful P3s is available yet, at least our provisional framework may help to identify what would appear
to be the main sources of failure. This sort of pathology of organizational forms may not be inspiring but, in this field, as in many others, it provides a point de départ (Paquet 2004).

Even if mixed institutions and organizations have blossomed, and if these blended institutions and organizations often perform better than pure ones, this is still not a view in good currency. The Canadian mindset would appear to be trapped in a time warp: ever since Jane Jacobs’ book of 1992, the Ottawa clerisy has been mesmerized by the argument put forward in this book that any form of organizational metissage can only generate “monstrous hybrids” (Jacobs 1992).

This is a view that is entirely unwarranted.

But the anti-metissage theology still prevails in “progressive” circles. Even if blurring and blending have now acquired intellectual credibility (Thacher and Rein 2004) and P3s are more and more widely used at all levels of governments (and with great success) all around the world, the view that P3s impoverish governance because it reduces the size of the state or corrupts any search for the public good remains in good currency.

Fortunately practice need not wait for theory or ideology to grant permission to act. One may therefore expect that the current wave of interest in using P3s will continue unabated, and that our modest general propositions (and those of others working in the field) may help to avoid a few disasters, although it may not completely resolve the “porcupine problem”.

However, if our central argument about the importance of the mega-community is accepted, it becomes clear that this is where the battle against the fundamentalists will be won: (1) by a better dissemination of information about the successes of P3s in a large number of terrains, and (2) by an effort to persuade the mega-community that one does not need to have a theoretical answer before engaging in an experiment.

P3s may be one more case where even if the problem remains intractable in theory, it can be resolved in situated policy practice (Schön and Rein 1994).

References
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