

Public-Private Partnerships for the Provision of Port Infrastructure: An Explorative Multi-Actor Perspective on Critical Success Factors*



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Abstract

Public-private cooperation on the level of project finance, and provision of large-scale infrastructure projects, is increasing on the global level. This paper uses a multi-actor analysis, in order to explore the critical success factors (CSFs) for sound implementation of public-private partnerships (PPPs) in the port context, and to determine the diverging opinions of stakeholders with regard to the importance of these CSFs. The results indicate that eight CSFs are of superior importance in port PPPs: the concreteness and preciseness of the concession agreement, the ability to appropriately allocate and share risk, the technical feasibility of the project, the commitment made by partners, the attractiveness of the financial package, a clear definition of responsibilities, the presence of a strong private consortium and a realistic cost/benefit assessment. The

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reason for their importance is their deal-breaking character, which can lead to a total failure of PPP projects during the early stages of project conception.

Key Words : Public-Private Partnerships, Port Infrastructure, Critical Success Factors, Stakeholder, Industry Expertise

I. Introduction

Port infrastructure contributes to a country's economic development by reducing shipping time and costs, and by providing access to foreign and domestic markets¹⁾. As global trade volumes increase, and transnational/global players emerge in certain parts of the shipping market, the demand for sufficient hinterland and port infrastructure increases²⁾. The latter is endorsed by the recent initiation of numerous large port infrastructure projects worldwide³⁾. Such projects require large capital expenditures, often forcing public sector actors to search for sources of funding outside the public sphere. Governments, governmental entities and public enterprises have therefore started to look for private capital in order to implement infrastructure projects, and to provide services previously situated within the scope of the public sector⁴⁾.

This shift towards public-private arrangements for infrastructure provision, are part of a larger cyclical evolution within which the funding and procurement of transport infrastructure shifts from more, to less private involvement⁵⁾. Yet, in addition to raising traditional critical and recurrent questions on the need for large up-front investments required in such projects, the longevity of the infrastructure assets, and their sunk cost characteristic; there are also more tacit elements involved. These tacit elements are the division of risks and responsibilities amongst public and private partners, issues pertaining to the project's ecology, and the project success as perceived by different stakeholders involved⁶⁾.

1) Rappa(2014); Wiegmans(2002)

2) Wiegmans(2002); Pallis(2008); Olivier(2005)

3) IFC(2012)

4) De Lemos(2000)

5) Estache and Serebrisky(2004)

6) Daniels(1996); De Schepper, Dooms, and Haezendonck(2014)

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