

Summary (dissertation of Arno Eversdijk, June 2013)

Choosing Public-Private Partnerships in Dutch Infrastructure Projects

For a quarter of a century (1986-2011) Dutch governments had a preference for Public Private Partnerships (PPPs). This study describes PPPs as a temporary collaboration for the duration of a project or contract, between one (or more) public organisation(s) and one (or more) private organisation(s), in a determined form of partnership aimed towards the realisation of a public product or the performance of a public service, with shared partnership risks, shared partnership results and equal say. Most Dutch coalition agreements during that time put forward a diverse range of politically motivated arguments in favour of PPPs. However, despite the political ambition in favour of PPPs demonstrated in those national (political) coalition agreements between 1986 and 2011 the implementation of PPPs for the delivery of infrastructure projects has been cautious. Why this slow progress? Answering that question requires to uncover the underlying reasons for that cautious approach. A serious look at the literature on PPPs shows that our understanding of the motives for and considerations behind public sector decisions on PPPs with respect to individual projects is incomplete. This study aims to take a significant step in filling that knowledge gap.

Sometimes cabinet members, provincial executives and municipal executives invite substantial private involvement to achieve their policy objectives, however this is not always the case. It appears that considerations and decisions regarding private involvement are not consistent. Further analysis shows that there is variation between policy areas in the form of partnership used for PPPs. The 'contractual' form of PPP arrangements dominates the infrastructure policy area, while the other main form of PPPs, such as an 'alliance' or the 'true partnership' form, is often found in the area or regional development policy.

Alliance PPPs involve consultation and joint planning commitments made between public and private partners at an early stage in the project lifecycle. It is a form of PPP with a focus on early interaction, collaboration and risk sharing between the parties. It appears that area development requires such an alliance approach. The contractual form of PPPs is less far-reaching, and allows governments to retain more responsibilities as well as more capabilities.

Dutch public policy documents indicated that PPP would be particularly useful for making the most of private sector creativity and encouraging innovation. However, not all infrastructure projects require innovation as many projects contain high levels of routine and repetition. Innovation implies uncertainty, an aspect that not all organisations involved in projects (including banks) are keen on. In fact most parties want to reduce uncertainty. Nevertheless, there was and still is an increasing public preference for PPPs. Particularly with infrastructure projects to be delivered using the contractual form of PPP. Why is this the case?

Research question

The central research question of this study can be divided into three sub questions:

- a. *What were the decisions made by national governments (ministers) and other decision-makers involved in PPPs between 1986 and 2011 for or against the use of PPPs for infrastructure projects?*
- b. *In the case of decisions in favour of PPPs, which form of PPP was chosen, and why?*
- c. *What were the motives for decision-making in infrastructure PPP projects in comparison with area development projects?*

This study focuses on PPPs used for national infrastructure projects. In addition, it compares them with two PPP-projects in the area development sector. The study will investigate the decisions made by politicians (including ministers, provincial and municipal executives) and civil servants in determining the use of PPPs for national infrastructure projects.

Two types of research were carried out to answer the research questions: an exploratory qualitative study and a number of in-depth case studies. The exploratory study has three components. First, an analysis of consecutive Dutch governments' ambitions towards PPPs and the development of their respective motives behind using PPPs. Second, an analysis of civil servants' ambitions towards PPPs and the internal barriers that existed during 25 years (1986-2011). This part of the study is based on internal policy documents, original project data and interviews with relevant policy makers at the national level.

Third, an analysis of the application of an analytical document, the Public Private Comparator (PPC), used within decision-making processes of PPPs for national infrastructure projects between the year 2000 and 2010. The PPC is a Dutch decision instrument to determine whether a PPP will achieve value for money in the delivery of the public service. Value for money can mean either higher quality for the same amount of money, or the same quality for less money.

The case studies consist of further analyses of the decision-making process associated with infrastructure projects. This includes a re-evaluation using the PPC and in addition an intergovernmental perspective of the choice for or against PPP. The following questions guided us: what preferences do key players have, how do they position themselves, and which factors (motives and power) make the project develop the way it does?

Research expectations

In this PPP research project a range of expected results ('hypotheses') were drawn up based on a study of relevant literature. We will not go into all of those, but concentrate on some important expectations.

The key expectation of this research project is that there have been many infrastructure public-private projects since 1986 at the national level, due to strong pressure from the national government, from the Dutch Parliament, from special Commissions advising the national government on PPPs, and from the private sector. The expectation was that PPP policy aimed at infrastructure projects (with particular responsibility for the consecutive Ministers of Transport and Water Management) would be successful. After all, the system of pre-eminence of politics over the civil service requires loyalty from the latter. In other words, if government takes the lead in deciding on a PPP, the relevant members of the civil service will follow its lead and implement PPP.

This expectation correlates with the presumption of arguments made for applying PPPs to reduce the size of government, and to gain a smaller Rijkswaterstaat (RWS). Rijkswaterstaat is an executive agency of the Dutch Ministry of Infrastructure and the Environment (since 2010), and responsible for the design, construction, management and maintenance of the main infrastructure facilities in the Netherlands on behalf of the Minister and State Secretary. PPPs would enable Rijkswaterstaat, as the government organisation most involved in infrastructure policy, to reduce in size. More PPPs will therefore lead to a smaller civil service.

We expected therefore that infrastructure would be realised by applying PPPs, but in which form? The ‘alliance’ form of PPP is the preferred form of partnership according to academic literature. This form is focusing on benefiting from the creativity and innovation, with all parties working towards a common goal. The preference for the alliance form of PPP, also regarded as true PPP, is based on the idea (read: expectation) that this form has flourished in reality, both in the case of area development and infrastructure projects such as road, bridge and tunnel construction.

These two expected research results are not confirmed in this study. Apparently, expectations of PPPs have been too optimistic during the period covered in this study. One could say that the period between 1986 and 2011 was one of much PPP talk and less PPP action.

We will take a closer look at both expectations below.

Public ambitions regarding PPPs

A number of infrastructure projects have been delivered using a PPP, although the initial development of PPPs in 1986 and later has been hesitant. In those years a ‘PPP Knowledge Centre’ (part of the Ministry of Finance) offered limited support to help establish a pro PPP position among senior managers and other public servants of Rijkswaterstaat. Up to 2010 Rijkswaterstaat was part of the Ministry of Transport and Water management. The ability of an outside agency to shift opinions seems limited. Due to subsequent Cabinets, who insisted on the necessity of PPP from 1986, and because of pressure from elsewhere such as from Parliament and the private sector, further implementation of PPPs became unavoidable. The pressure was simply too high. There were some PPP successes, but in the end, the total number of infrastructure

PPP projects over the whole period of 25 year was rather modest. In that period, Rijkswaterstaat ‘produced’ nine infrastructure projects on a PPP basis, of which two were railway construction projects and seven road infrastructure projects. It is therefore easy to understand why the Dutch Parliament maintained pressure on Cabinet members to implement more PPPs.

This leads to the following question: why were there such a modest number of projects using PPP? Not all ministers saw promoting PPPs as a key objective. Ministers work with different political objectives, but tend to see PPPs primarily as a technical response, a means to an end and not as a goal in itself. For instance, the Minister of Transport and Water management who was in office between 2007 and 2010 did not focus on how projects were executed, but focussed on final objectives, such as the kilometres of road constructed or traffic flow. For provincial and local government authorities’ public-private partnerships also appeared to be an ‘implementation issue’ as case studies showed. Mobilising support to reach policy objectives had priority. These objectives could be achieved with and sometimes without private sector involvement. Members of Parliament, ministers, regional government executives and civil servants involved in the decision-making process appeared to base their decisions on different considerations to those mentioned in official policy documents when deciding to use PPPs. Provincial and local governments do not just, or not at all, consider the financial benefits of PPP. A focus on the financial benefits of PPPs is more typically a Cabinet objective influenced by the economic situation when government budgets are constrained, or by political and ideological perspectives that tend to favour the private sector (in Dutch known as ‘markt, tenzij’).

The slow pace with which PPPs were implemented at the national level was caused by the opposition and internal resistance against PPPs at Rijkswaterstaat, the lack of the required knowledge and expertise within Rijkswaterstaat and the lack of governmental interest. The latter was due to the high cost and long preparation and procurement period required for tendering a contractual form of PPP such as a DBFM agreement (Design, Build, Finance and Maintain). DBFM is a public-private agreement, for a period of sometimes twenty years or much longer, where the public client engages a private sector consortium to design (D), build (B), maintain (M) and finance (F) the development, delivery and operation of an asset or service. Politically, Ministers would therefore reap hardly any benefits for their efforts during their term in office. An example will make this clear.

In 1999 the Minister of Transport made the decision to develop the N31-Wâldwei road (in the province of Friesland) using a PPP arrangement. This was the first PPP project for Rijkswaterstaat. The next Minister of Transport was the responsible minister who signed the DBFM- contract. Finally, it was a third minister who officially opened the new road in 2007.

An identical situation existed on the second PPP project, where the Minister of Transport decided to use a PPP arrangement for the construction of the Second Coentunnel (in Amsterdam). This DBFM contract was not signed until the subsequent minister had taken office in the ministry. At the time of completion of this study the Second Coentunnel has not yet been completed, but a new Minister of Transport had already succeeded the former minister. It is clear that while a political coalition agreement may mention the desirability of PPP, ministers are unable to both initiate and reap the benefits of the PPP during a single term in office.

The view of civil servants on PPP

There are also further limiting variables regarding PPPs that are specific to the infrastructure sector. Initially the senior managers of Rijkswaterstaat and its regional managers had a certain level of hesitation towards implementing PPPs. Established ways of operating, expertise and value judgements of other contracting models were ingrained. Moreover, it appeared that old conventions and traditions restricted the implementation of PPPs. Furthermore, a national ‘PPP Knowledge Centre’ was part of the Ministry of Finance and therefore external to the Ministry of Transport. For this reason, the PPP approach was seen as the odd one out and the Ministry of Transport did not ‘welcome’ this approach.

Moreover, there were also many opportunities at the regional management levels of Rijkswaterstaat with decision-making powers to make their mark. This took the focus away from PPPs. Some civil servants squarely regarded the introduction of PPPs as an attempt to undermine Rijkswaterstaat. However, according to former senior civil servants, that particular point of view became untenable after a while. Responsible senior managers of Rijkswaterstaat took control (after the Minister of Finance made his uncompromising views clear in 2002) by allowing experiments, bringing in expertise from the United Kingdom, and establishing an internal ‘PPP Knowledge Pool’ at Rijkswaterstaat. In addition, external pressure from the Dutch Parliament, from advisory Commissions and from the private sector continued to give PPPs a chance. This helped the launch of PPPs, which was done gradually, after 2000.

The various governments’ ambitions regarding PPPs were therefore only partially realised. At no stage was there a majority in the Dutch Parliament supporting the idea that the number of PPP projects was too small and the Minister of Transport should step down. There was no reason to doubt the results of PPP policies. How many is too many, and how many is enough? In a parliamentary democracy it is ultimately for Parliament to decide. However, the United Kingdom, for example, undertook a larger number of PPP projects than we do in the Netherlands.

PPP policy as ‘multi-motive policy’

Various national governments promoted a PPP policy, but with different rationales or arguments. As a result, the arguments in favour of PPPs have become more and more diverse over the past 25 years (1986-2011). This could have been necessary because the policies did not speak for themselves. A continually updated vocabulary was

required to promote the PPP policy. It was not clearly apparent that the PPP approach was inherently beneficial, or it was not perceived as such, but instead it became tied in with a shifting view on the role of government, with changing ‘sensitising concepts’. A change of arguments was repeatedly required to justify the inclusion of the PPP arrangements in government policy documents. Those changing justifications of PPP policy were adapted following the economic situation and the ideological currents in society. As a result, PPPs could be adapted to multiple political ideas in time and used in different circumstances. It became a useful instrument to show good intentions, for example in political coalition agreements.

As mentioned above there was increasing and constant pressure from different perspectives needed to establish PPPs: from the Parliament, commissions and the private sector. It appeared also necessary for senior civil servants to put their weight behind PPPs. An internal ‘PPP Knowledge Pool’ was set up to increase the pressure and to overcome resistance.

Preference for a contractual form of PPP

What were the arguments for choosing a special form of PPP? The alliance form of PPP was able to thrive in area development projects, but not in infrastructure projects. In the sectors involved in area development there was still a need to share creativity and innovation, and an aim for synergy through partnerships, going beyond mere financial benefits. Infrastructure projects on the other hand were often much more straightforward than area development projects. They did not require such synergy and creativity. For this reason the ‘alliance’ form was rarely chosen in infrastructure projects.

One could argue that the alliance form of a PPP is the ‘true’ PPP, but this appears to be a myth when looking at national infrastructure projects over the past 25 years (1986-2011) in the Netherlands. Instead of the alliance form, the national government (or in reality their mandated decision-makers) tended to prefer the contractual form (DBFM), basing their decision on the application of the PPC. A PPC made a comparison between different public-private partnerships, namely between the contractual form of a PPP (DBFM) versus a more traditional one such as Design and Build (DB). DBFM became Rijkswaterstaat’s favoured PPP choice for infrastructure projects. Why did it have this preference? According to the PPC analysis, this is the most far-reaching form of a PPP. The PPC was therefore a technical instrument that steered decisions in the direction of this contractual form.

Another question to answer was: did the PPC also consider wider benefits, apart from financial ones, of the ‘alliance’ and ‘contractual’ form of PPP? This research project makes it clear that the alliance form was not considered for Dutch infrastructure projects. Alliance PPP’s never had a real opportunity in the PPC considerations as further analysis of all infrastructure PPC’s between 2000 and 2010 shows. That situation was never questioned because Parliament did not have access to the PPC’s.

Furthermore, the PPC focuses on financial benefits and disregards other benefits. From this, it is reasonable to conclude the PPC had its limitations, and still has. Furthermore, a contractual PPP is easier to manage at a national level and it maintains public responsibility to a larger degree. The risk of policy debacles is largely kept at bay. Moreover, public executives and civil servants did not show much confidence in an alliance form of PPPs. They preferred to avoid risk taking, because they thought highly of their own expertise and wanted legal certainties. Furthermore, the Dutch Parliament can and will always take steps to hold ministers responsible. In this case, it is best for civil servants to be in charge of their own destiny. These matters present a different set of obstacles for the establishment of the alliance form of PPP.

This allows us to conclude that DBFM (as a ‘contractual’ form of PPP) was, and still is, favoured by Rijkswaterstaat for infrastructure projects. We can describe this choice as dynamic conservatism: Rijkswaterstaat leaned towards PPPs, but did not make a complete shift.

What was the magic ingredient of DBFM as a contractual form of PPP? The straightforward answer is that it tends to be the form of PPP with the least impact on public governance responsibilities and it carries the fewest uncertainties, financially or otherwise. By applying this contractual form of PPP, it becomes possible to arrange as much as possible internally. Rijkswaterstaat could specify their requirements to the DBFM partner and require the DBFM partner to deliver to those requirements. The requirements can include things such as product or service standards, contractual responsibilities or delivery times. However, it was found that overly specific requirements can restrict innovation of the private sector, while that ability to innovate is an important aspect of the PPP approach.

This suggests a further argument: the national governments in the Netherlands were not really geared to establish PPPs during the 25 years (1986-2011). Without parliamentary pressure or further pressure from advisory commissions such as the Ruding Commission there would have been no PPPs. In fact, PPPs were only considered where the pressure to do so was overwhelming and insurmountable. The former director of the ‘PPP Knowledge Pool’ at Rijkswaterstaat made the statement that there was a constant need for him to convince people and big efforts were required to set things in motion. The director-general of Rijkswaterstaat also had to make a conscious decision to take a difficult path towards the establishment of the political solution of a smaller Rijkswaterstaat and more PPPs according to the ‘the market, unless’ principle. This is the policy where the private sector (‘the market’) is involved extensively unless a far-reaching involvement brings no benefits to government or is not desirable for them.

Going beyond financial considerations

What was the main factor or argument if there was a tendency towards PPPs, but decisions needed to be made in concrete cases? Financial benefits are regarded officially – in public documents – as the most important requirement for a (national) government when deciding whether to use a PPP. Dutch policy makers used the

‘financial added value principle’, according to the Ruding Commission in 2008. At Rijkswaterstaat such ‘added value’ or ‘value for money’ is assessed using the PPC instrument. The PPC has been firmly established in the decision-making process since 2005 when the application of the PPC became compulsory at the national government level. The PPC provided the Ministry of Transport with an instrument to rationalise its decisions regarding PPPs.

How did the application of the PPC work out? Using the PPC until 2011, in half of the infrastructure projects the public decision leads to applying PPPs. In other words, in half of the projects the PPC result leads to the conclusion: ‘no PPP’. Some projects were still not considered suitable for a PPP even if the PPC-findings suggested it would be financially beneficial. Between 2005 and 2011, there were projects that would deliver financial benefits by using PPP, but in approximately sixty percent of these projects it did not lead to a PPP being used. This means that in those projects the PPC concluded in favour of a PPP, but a PPP was not chosen. Financial arguments appear to be important, but apparently not decisive in all cases.

What was the decisive factor in the end? Analysis of all infrastructure PPC’s carried out until 2011 shows that financial benefits were of minor importance. This was the case when the expected time saved with DBFM was insufficient, when the financial burden of all maintenance activities was deemed too small for the private contractor, when the private optimisation in terms of cost and execution of the infrastructure project was considered insufficient, when there were political deadlines to be met, and when the required know-how on DBFM was considered insufficient. It appears that even after the introduction of a compulsory PPC there were still opportunities available to stop a PPP. The case studies in this research shed more light on those opportunities.

The case study of the road construction project on the N31 at De Haak around Leeuwarden (in the province of Friesland) illustrates how in the case of a financial benefit according to the PPC, Rijkswaterstaat still decided against using a PPP because of the dominant opinions of local and provincial government authorities, who were against a DBFM. Their aversion was related to earlier experiences with the N31 Wâldwei project. In this case, there was also a clash between the current PPP policy at Rijkswaterstaat and the economic policies of Friesland’s provincial government. This latter government preferred smaller, short-term contracts, such as DB to stimulate local and regional employment and economic development within the province. The large-scale DBFM projects in contrast generally tend to attract the larger national or even international construction firms, and reduce the opportunities for regional and local companies.

This example demonstrates that not only within a central government, but also between several Dutch government levels, different interests, arguments and motives influence the decisions for or against a PPP. This complicated a successful implementation of a national PPP policy even more.

Therefore taking an intergovernmental perspective on PPPs is particularly useful in understanding the decision-making process for or against using a PPP. Looking at the PPC's in isolation is also insufficient to explain the stagnation of the national PPP policy. Case studies are a necessary addition to a more wide-ranging exploratory qualitative study.

The added value of PPC

Although the outcome of a PPC, expressed in a percentage, is regarded as the foundation of a public sector choice for or against using a PPP, those actively involved in the PPC process described this instrument as a 'multi-button panel', a 'black box' or a 'wishing well' open to interpretation with possibilities to steer and influence the outcome. This requires a further analysis of the PPC and poses the question: what can we conclude about the quality of the PPC instrument?

Based on an analysis of more than twenty PPC's made up until 2010, we can conclude that although we should not overestimate the benefits of the PPC for decisions regarding a PPP, it does have its merits. The PPC aims to rationalise public sector choices regarding PPPs, however in the end the added value for a PPP remains an 'educated guess' or an expectation. We also discovered that the application of the PPC has its limitations. The PPC findings appear (inter)subjective, and the results partly depend on the ideas and assumptions about the PPP amongst those carrying out the PPC. Furthermore, there are qualitative judgements of differences between DBFM and a traditional project which are insufficiently specific to the project. Moreover, there are insufficient variations in forms of PPPs (only DBFM and DB) taken into consideration by the PPC. In addition, there is a high level of uncertainty about the added value for financial figures produced by the PPC's.

Despite these conclusions, the PPC should not be abolished because it provides decision-makers with a starting point on which to base further considerations. However, some changes need to be made to the way the PPC is carried out. This could include more involvement of independent PPP experts and an increase in the forms of PPPs. The downside of those changes would lead to an increase in manpower.

Do governments operate differently in different sectors?

Although the arguments of governments for choosing a particular form of PPP differ between the infrastructure sector and the area development sector, it appears that the basic considerations in the decision-making process are in essence the same. Due to their public and social responsibilities, which they keep and are not transferred to private sector partners, public decision-makers persist in their attempts to maintain authority, influence and have control over their own projects. In both 'contractual' PPP and 'alliance' PPPs it remains possible to legally define the separation of public and private responsibilities and to maintain public sector influence. This is particularly the case with the contractual form of a PPP. Authorised civil service decision-makers do therefore aim to secure such legal definitions.

Although the contractual aspect is specific to the contractual form of PPP arrangements, according to the literature, it also played a role in all ‘alliance’ case studies.

The promises of PPP

For those infrastructure projects in the Netherlands where a choice was made in favour of a PPP the first results are now visible. Rijkswaterstaat initiated five road construction PPP-projects up to 2011. Two of these projects (N31-Wâldwei and A2-Hoogge-legen) were completed before the deadline and within budget. The other three projects were still in the construction phase at the time this research report was completed (halfway through 2012). With this result PPPs follow the idea of the researcher Bent Flyvbjerg, who argues that the use of PPPs (i.e. far-reaching private sector involvement) has a positive effect on the controlled implementation of larger infrastructure projects.

Some aspects of these results require further clarification. It cannot be denied that DBFM has led to earlier completion of a number of infrastructure projects, and to the availability of the road sooner than expected. At the same time, it should be clear that these effects are grounded in financial incentives embodied in DBFM agreements, which are primarily incentives for the private DBFM contractor. Early completion does not occur automatically. It has to be demanded and does not come free of charge. Such incentives could also be included in less long-term partnership agreements.

For years the political and social expectations of PPPs, inextricably linked with the spread of neo-liberal tendencies to seek more private sector involvement in the public services and arrangements, have been overly optimistic. Furthermore, in public policy practice there is still a (constant) glorification of the added value of PPPs.

To clarify this point, government actors tend to see the potential benefits of PPPs through rose-tinted glasses. PPP-enthusiasts at the national government level claim that the Netherlands has made savings and financial benefits of hundreds of million euros using DBFM (both with infrastructure and government real estate). There is however no scientific evidence yet for a causal relationship between savings and DBFM. There have also been other causes leading to reduced costs. For instance, public tender procedures of DBFM contracts are competitive. This condition causes a reduction in costs, irrespective of the form of partnership used for the project.

Not only the assumed reduction in project costs, but also the expected returns are questionable. The expected financial added value disappears when the costs of legal and financial-economic consultancy is included in the PPC analysis. This is not the case now. Furthermore, changes in contracts and inflation during the life span of a DBFM contract can cause further reductions in the expected financial benefits than originally calculated by the PPC. Whether a DBFM really produces financial benefits (as estimated in the PPC's) cannot be fully ascertained for about twenty years. By that time, the Netherlands will have seen five or six new (national) Cabinets.

Although the first results seem positive in terms of project management (like cost reduction and early completion), and these are rhetorically exploited, the case studies also showed that there are some negative effects and risks. The negative effects of PPPs are not widely discussed in academic literature. The negative effects have a harmful effect on the operation of the public sector in the Netherlands.

The effects of PPP

Normally civil servants advise their Minister and the State Secretary (the cabinet members). However, it appears that even after 25 years there is insufficient legal and financial knowledge about PPPs available at Rijkswaterstaat, or at the provincial or local government level to do this for PPPs. The required knowledge is often located within private consultancy firms that has to be hired in. From this point of view, there is still progress to be made by the public actors when dealing with a PPP. Due to the focus of using PPPs to reduce the size of Rijkswaterstaat, it appeared necessary to hire expertise on PPPs and the required manpower externally, although it seems that the process of reduction in size and expansion was not balanced.

A second focus of attention is avoiding a national budget that is set 'in stone'. Why? Budgetary motives have been the dominant justification of PPP since its introduction a quarter of a century ago. This is evident from political coalition agreements and parliamentary minutes. Various Cabinets, Members of Parliament and Commissions emphasised the necessity to invest in infrastructure projects, realising at the same time that the required public funding was not available. PPPs became the buzzword to make those investments with alternative means, through private sector (pre-) financing of projects. The contractually secured availability compensations in DBFM-agreements are included in future annual national government budgets and that means that they are spread out over time. However, there should still be financial leeway for future Ministers of Transport to invest in infrastructure. Having a large number of DBFM-projects may not result in inflexibility of the national budget.

We also found that social responsibility lags behind the public sector. Only the contractual responsibility is 'shared' between public and private partners. As a consequence levels of bureaucracy increase, especially with the alliance form of PPPs. Why? PPP presents governments with a leadership paradox. Although government control becomes more distant, fully conforming to the central ideas of the PPP, it seems difficult for government actors to completely let go of their control because they maintain the social responsibility for the project. This was confirmed in the case studies. Cabinet members (at the national level) and regional government executives will therefore keep trying to maintain influence and control over the completion of their project. Ultimately, the Cabinet members will be held responsible by Parliament for their role and the (financial) progress of the project. The same applies for provincial and municipal executives. They are held responsible by provincial or city councils.

To be able to do this (and keep doing it), we observed that in the case of regional ‘alliance’ PPP projects (area development) consultations and various kinds of meetings are established between the civil servants, who are representing the responsible politicians in the public-private organisation, and those who are politically responsible. Politicians remain outside those organisations. The additional forums created, do not exist in case of more traditional project organisations. For this, establishing an ‘alliance’ PPP also requires additional contractual agreements about procedures and rules surrounding (legal) decision-making. Moreover, the governance structure becomes more complicated because the decision-making capabilities are shifted from internal to external and the direct influence of a government executive or parliamentary control will reduce.

In short, in contrast with the experience that the size of government can be reduced by applying PPPs, it is observed in this study that PPPs increase bureaucracy and may reduce the influence of a representative democracy. This first observation of increased bureaucracy is surprising, because it does not fit the overall ideology of the PPP approach. After all, the idea was that more private sector involvement would stimulate the efficiency and the effectiveness of the public sector and help the quest for a reduction in bureaucracy. This second observation is at least remarkable.

Although the observed effects apply strictly to the area development case studies, and do not therefore directly concern Rijkswaterstaat’s current practice, they do call for further research. Rather than getting bogged down in pie in the sky visions on the ‘alliance’ form of PPP or ‘true partnership’, policy-makers and decision-makers in the infrastructure sector should consider these research observations. After all, even the contractual form of PPPs (DBFM) will become routine.

