New Models of Collaboration for Public Service Delivery

Worldwide Trends

Working paper prepared by

Lise Préfontaine
Researcher, UQAM

Line Ricard
Researcher, HÉC

Hélène Sicotte
Researcher, UQAM

Danielle Turcotte
Research Professional, PIVOT research group

Sharon S. Dawes
Director, Center for Technology in Government

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Foreword

CEFRIO's "New Models of Collaboration for Public Service Delivery" research project is still in the early stages, but the research team has already conducted a preliminary review focusing on the status of knowledge regarding alternative public service delivery methods.

This working document summarises the findings of this first step. It should be viewed as a starting point rather than a conclusion. This document is therefore designed to be a draft which will be detailed and completed over the coming months. This document is a first draft that will be edited and completed during the coming months.

This report contains four sections. The first section is divided into two parts: a brief history that provides a better understanding of the contextual factors that have influenced government policies in terms of public service delivery; and a inventory of the trends in terms of solutions adopted by governments. The second section of the report defines collaboration within the context of public service delivery and delineates the boundaries of this interorganizational collaboration. The third section introduces a conceptual model for the study of new models of collaboration and briefly describes the success factors identified in the literature. The report concludes with an overview of the situation in Australia, the United Kingdom, the United States, Canada and a few developing countries and newly industrialised economies.

The main research team was composed of Professors Line Ricard, Hélène Sicotte and Lise Préfontaine as well as Research Professional Danielle Turcotte. Other members of the PIVOT Research Team participated in the research endeavour: Professors Mario Bourgault (École Polytechnique), Yves-Chantal Gagnon (ÉNAP) and Elizabeth Posada (UQAM), joined by Professors Andrée De Serres (UQAM), Luc Bernier (ÉNAP) and several students from the aforementioned universities. The segment on the United States was written by Center for Technology in Government Director Sharon S. Dawes.

Table of Contents

1. PUBLIC SERVICE DELIVERY

1.1 A brief history

During the first half of the last century, two World Wars contributed to significant government intervention and control of all national resources. Later on, public administrations further extended their protective role by gradually intervening in different economic, social, and cultural areas. The role of the «Welfare State» reached its peak in the decades that followed World War II.

By the 1980s, the administrative machinery of Government had become so heavy that its cost led to a progressive and significant indebtedness that forced industrialised nations to undertake major reforms of their public sectors (Aucoin and Savoie, 1998). These reforms consisted of a progressive disengagement of the state from various sectors of activity, such as natural resources management; it then refocused its mission around key sectors such as health, social security, employment and justice (Beauregard, 1994).

There are two main reasons why post-war taxpayers welcomed this change in the role of Government. On the one hand, taxpayers were overtaxed and as they saw their capacity to pay decrease, they pressured Government to shrink and to manage public property more efficiently (Guay, 1997). On the other hand, witnessing the transformation of the world economy due to a significant increase in information and communications technologies (ICTs) and market globalisation, taxpayers rapidly became sophisticated consumers and demanded that Government modernise and improve the quality of its own public service delivery methods (Éthier, 1994). In summary, three main factors have created huge pressure on the administrative machine to undertake in-depth reforms, that constitute a real reinvention of government (Heeks, 1999):

✓ A significant level of national debt
✓ IT growth and ensuing market globalisation
✓ Better informed and more demanding citizens.

1.2 Opportunities for Solutions

In response to these factors, several countries undertook to reform their Administrations (Peters and Savoie, 1998; Osborne and Gaebler, 1992). In the early 1980s, Great Britain, being avant-garde, initiated a vast movement of privatisation in order to disengage itself from various activities, in the areas of natural resources, transportation and communications, to name a few. In France, public infrastructure contracts were awarded to private enterprises for the management of natural resources such as water or electricity and the development of major construction projects.

In Canada, as in the United States, the movement towards privatisation was not as dramatic. The offloading of activities traditionally handled by Government rather took on the shape of sub-contracting and outsourcing among private-sector companies that took over partial or total responsibility for delivery of various public services (Donohue, 1989).

More recently, a trend to explore new models of collaboration for public service delivery, particularly public-private partnerships has emerged in both industrialised and developing countries (Heeks, 1999). As a result, governments are relying on private sector expertise, mainly in the field of IT, to design, produce, and operate effective and efficient public services. Several trends can be observed by looking at the solutions implemented by different countries:

A progressive disengagement of Governments in some sectors of activity
- Increased use of the private sector as partners of Government
- Public services largely supported by ITs

Further, these new methods of collaboration are unique not only because of the type of relationship that binds the private sector to the public sector, but also because of the sectors of activity involved. Public administrations are turning to new means of collaboration for activities that were, until quite recently, their sole domain as they lay at the very heart of the Government's mission. Clearly, within this context of diversification of service delivery methods, governments are moved to rethink their

way of doing business; they are seeking out ways of being innovative, effective and efficient to provide better services to their "clientele" within many areas of activity (Dobell and Bernier, 1997).

A research project[1] to be conducted over the next two years will examine these emerging and innovative models of public service delivery and attempt to identify their main critical success factors. This document is an integral part of the research process. It provides an overview of the current knowledge base in order to establish the foundations that should guide this study. The first section below defines the concept of collaboration for public service delivery. The next section introduces a conceptual model which incorporates critical success factors identified in the public administration and management literature. The last section of the report presents a brief overview of experiences in Canada, the United States, the United Kingdom, Australia and a few developing countries and newly industrialised economies.

2. DEFINING COLLABORATION

Collaboration for public service delivery refers to the reciprocal and voluntary support that two or more distinct public sector agencies, or public and private administrations, including non-profit organisations (NPOs), provide each other in order to deliver a "public" service, i.e. one that is part of the government mission.

Very often, this support translates into a formal agreement between the parties as to the purpose of their collaboration and the sharing of both tangible and intangible responsibilities, resources, risks, and benefits. As a general rule such formal written agreements are for a specific period of time and most often are presented in contract form.

Therefore, these "models of collaboration" generally present the following characteristics:

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[1] Cefrio research project on the "New methods of collaboration for public service delivery" conducted by the PIVOT research group.

6

- ✓ **A minimum of two distinct administrations,** one from the public sector, the other from the private, public or non-profit sector.
- ✓ **A formal written agreement** for a **definite term**
- ✓ **A common objective** aimed at the delivery of a public service.
- ✓ Shared responsibility consisting of shared **risks, resources, costs and benefits,** both tangible and intangible

Public-Public collaboration models include agreements between public agencies and can be classified into two main categories: horizontal and vertical. The first refers to agreements between two agencies or departments at the same level of government, while the second refers to intergovernmental alliances between local, provincial (state), or national administrations.

Public-private collaboration models present a greater diversity. Sub-contracting and out-sourcing are two common types. In these cases, Government retains responsibility for a service that is totally or partially operated by the private sector. However, public-private partnerships (PPP or P3) are emerging as the models of collaboration that trigger the most debate. They are distinct in that they focus on a sharing of resources, risks, and benefits across sectors. And while the service is public, as a general rule [usually], the funds are private. In certain models of collaboration, reciprocal support might even include the creation of a corporation, as in the case of mixed ownership corporations or regulated private companies. In both cases, Government hands over part of its management responsibilities while retaining enough control to ensure the protection of the public interest. This control is ensured by maintaining a controlling interest or through laws and regulations governing the activities of the corporation.

The diversity of collaboration models reflects the degree to which responsibility is shared, as well as the variety of potential partners from the public, private or non profit sectors. Inter-organisational collaboration for the delivery of public services

can be located conceptually on a continuum that ranges from government monopoly (no sharing) to privatisation (total transfer of responsibility) (figure 1):
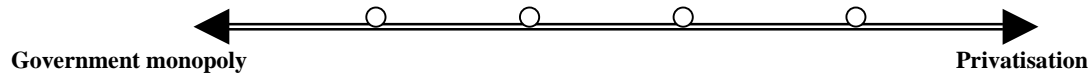

Government monopoly   **Privatisation**

Figure 1
[Range of Inter-organisational Collaboration for Service Delivery]

3. CRITICAL SUCCESS FACTORS OF COLLABORATION FOR PUBLIC SERVICE DELIVERY

Different factors affect the performance of these collaboration projects. These factors are related either to the project's macro, meso or micro environments, to the partners involved, to the collaboration process, to the project development process, and to the governance methods used to organise and manage the project. We have grouped these factors into five dimensions represented in the conceptual model illustrated in figure 2. A sixth dimension should be added--the performance level of the collaboration and the service delivery program that it operates. .
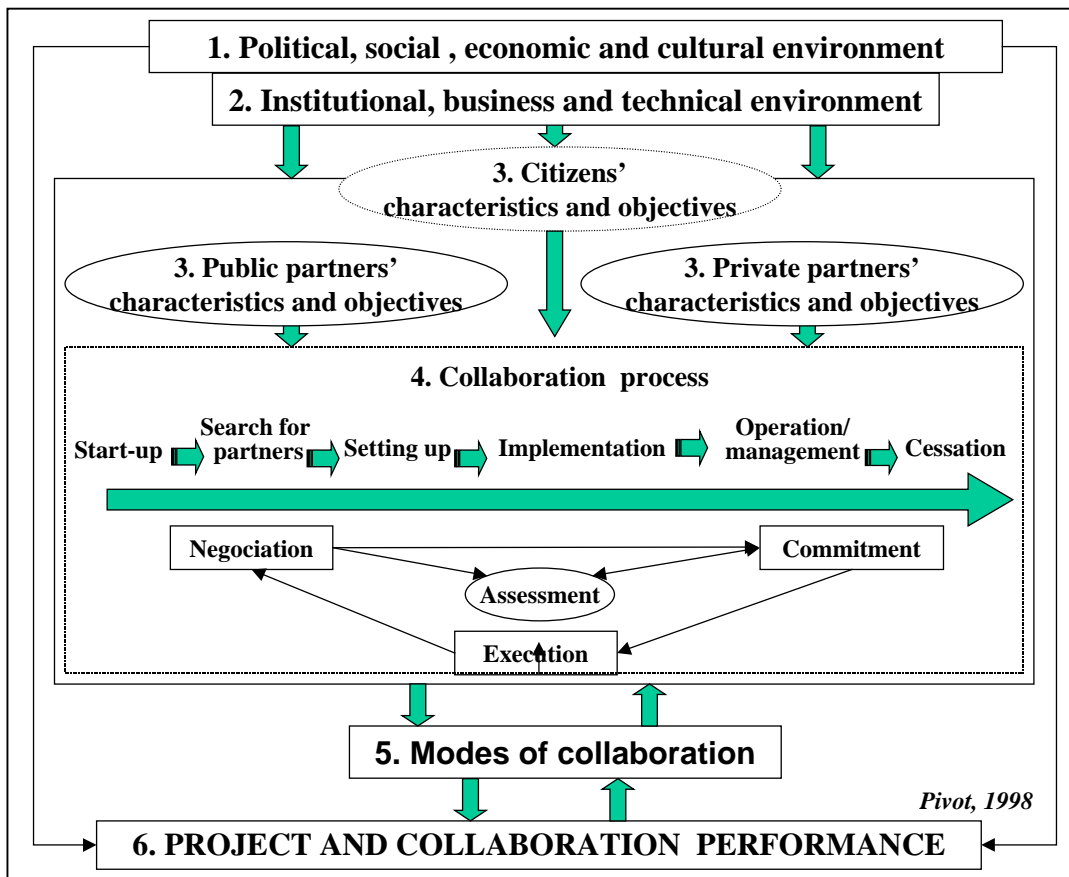
Figure 2
Conceptual Model of the New Models of Collaboration Research Project

The following sections present each dimension and identify the CSF associated with each [2].

3.1 First Dimension: Political, Social, Economic and Cultural Environment

This dimension warrants inclusion is crucial given the international character of collaboration in public service delivery experiences and the obvious interest in importing or exporting solutions witnessed elsewhere. Successful transfer requires the specific identification of political, social, economic and cultural factors inherent to each country.

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[2] References have been omitted throughout this section for the sake of conciseness; however, they are available from the author.

The past and current *political environment* of a given country impacts the environment (favourable or not) surrounding such collaborations just as it affects the institutional framework, its workings, and the programs set up to support or restrict such initiatives. The main aspects to take into consideration are as follows:

- ✓ **history** and more specifically certain milestone events such as wars, ideology, alliances, nationalism, implemented reforms, etc.
- ✓ **government in power -** its stability, adequacy of representation, legitimacy, dominant ideology, and its degree of centralisation or of decentralisation
- ✓ **institutions and public goods**, their nature and role
- ✓ **government policies** in social, economic, budgetary, technological and informational fields.

The social environment also includes some special features that will affect project selection and execution, as well as their relative success. They include, for example, the following factors:

- ✓ number of official languages and their distribution
- ✓ national average level of education
- ✓ population distribution in terms of age and territory
- ✓ social values: democracy, family, individual freedom, entrepreneurship and private enterprise, etc.

Some structural factors of the *economic environment* also impact directly the ability of government to operate collaboration projects at any given time. They are:

- ✓ employment and unemployment rates
- ✓ GDP, growth rate and inflation rate
- ✓ debt ratio and capital structure (debt and equity)
- ✓ level of modernisation and technical expertise, rate of penetration of ITCs and the national communication infrastructure

The cultural environment is closely linked to the three above-mentioned factors and would be difficult to present independently. A few aspects to take into consideration are:

distance between the citizen and the government, real or perceived
- ✓ social orientation - individualist versus collectivist
- ✓ roles of men and women within society
- ✓ Risk aversion in terms of social conservatism or liberalism
- ✓ Pace of life which provides an idea of the value given to time
- ✓ religious beliefs and practices

These 18 factors associated with the macro-environment are significant in two ways. First, they shape the most immediate environment of collaboration projects by specifically identifying their institutional, industrial and technological frameworks. Further, these characteristics are the major differentiating elements among nations. Overall, they provide the opportunity to more efficiently identify those macro-environmental factors that enable or inhibit collaboration for public service delivery as they allow the identification of conditions for transferring specific projects to other countries.

3.2 Second Dimension: Institutional, Business and Technological environment

This dimension deals with the more immediate environment of the collaboration project associated with the institutional environment or regulatory framework, the project's sector of activity or industry and the specific features of the technologies used (for projects where technology is a central element).

The institutional environment includes the nation's overall existing regulatory framework (policies, laws, regulations, procedure and standards). It directly affects the nature of the collaboration and impacts the risk associated with a specific project. It determines the nature and the importance of government intervention in various sectors of activity. These laws, regulations, and programs consist of:

- ✓ trade laws relating to brands, competition, and foreign trade; antitrust laws and laws regulating technological transfers; contracts and business collaboration
- ✓ laws regulating property ownership, their character and governance as well as foreign ownership, intellectual property rights: patents, licenses and copyrights
- ✓ laws dealing with citizens' rights such as a charter of human rights, laws regulating interest groups, protection of private information, electronic document identification and authentication
- ✓ procurement laws or laws dealing with public contracts
- ✓ level of enforcement
- ✓ other types of government intervention, including taxes, regulations, policies, grants, reforms, etc.

The project's business environment refers to the sector of activity or industry in which the project operates. The following aspects of this business dimension should be taken into consideration:

nature of the sector, its size and potential for growth; available skills

- ✓ sector structure, main players, competitors, professional and community associations, the possibility of transferring some assets on the basis of barriers to entry
- ✓ available financing and level of risk
- ✓ public service provided, its nature, universality; quality standards and criteria; substitute service and delivery methods; targeted clientele.

The technological environment plays a major role given the fact that projects included in the study use information and communications technologies (ITCs) as agents of change. The technological factors that should be considered are the following:

- ✓ nature of the technology, level of innovation, complexity, user-friendliness and reliability, maturity, strategic importance in terms of novelty and distance
- ✓ current level of ICT use in terms of availability and frequency of use
- ✓ existing technological infrastructure in government and industry as well as standards, compatibility, accessibility, etc.
- ✓ system security, integrity, confidentiality, authentication and pseudonomity, personal information

Together these 14 factors constitute the contextual elements that make up the "meso" environment of the collaboration project: the regulatory framework within which it will operate, the sector and the nature of the service provided, as well as the technology involved. Among other things, these elements help identify those activities and technologies that hold promise for partnership and set the conditions for successful transfer to other places or programs.

3.3 Third Dimension: Partners' Objectives and Characteristics

The third dimension establishes the basis for compatibility and complementarity of various partners by closely examining the objectives, motivations and characteristics of each.

The objectives and motivations of each partner, whether they are from the private or public sector or even service providers, will influence their involvement in the project and their expectations in terms of performance. The following factors carry some weight:

- ✓ nature of targeted objectives in terms of profit, strategic opportunities, risk reduction, cost sharing, training, service quality, economic development and public and general interests
- ✓ level of sharing of such objectives expressed in terms of psychological and strategic distance
- ✓ presence and participation of citizen-clients and interest groups that represent service recipients

The characteristics of each of the three types of partners involved in a collaboration project determine the nature and the intensity of their own participation and expectations vis-à-vis the project and its results. It is important to mention the following elements:

- ✓ organisational structure, culture and environment; the decision-making process specific to each partner
- ✓ partners' ability for adaptation, absorption, and basic skills
- ✓ organisational strategy and level of alignment of the project with this strategy
- ✓ leadership, relative power or partner's level of dependency
- ✓ past experiences with collaboration, involvement in business networks and networking
- ✓ partner's technological experience and skills
- ✓ differences in partners' profiles in terms of similarities and complementarity.

These ten factors provide the opportunity to draw each partner's profile and to verify compatibility in terms of their objectives, organisations, and past experience. Psychological, strategic, cultural and technological distance between partners exacerbates information asymmetry which can reduce effectiveness and aggravate problems.

3.4 Fourth Dimension: The Collaboration Process

The collaboration process develops in stages that each require the presence of specific conditions to ensure success. At each stage, the collaboration process evolves in such

a way as to ensure a negotiation / decision / action / evaluation process that takes into account the degree of project completion and the evolution of relationships among partners.

Each *stage completed within the collaboration project* contains its own risk or success factors. Factors pertaining to each stage of the collaboration project are presented below:

Stage 1: Start-up
- ✓ initiator's role, its leadership and implemented strategies.
- ✓ nature of the project, clarity of its definition and objectives, level of innovation, its strategic importance and universal appeal
- ✓ scope of the project, its complexity, duration, costs, and its international, local or national character.

Stage 2: Search for partners
- ✓ research process, fairness, transparency and freedom of choices
- ✓ leadership demonstrated through the ability to adhere to a single vision .

Stage 3: Project creation and start up
- ✓ number and type of partners selected
- ✓ complementarity of partners in terms of]resources and expertise
- ✓ type and content of agreement, especially the formal role of each partner and measurable objectives to achieve]
- ✓ leadership demonstrated through the ability to integrate the different perspectives.

Stage 4: Implementation
- ✓ presence of a "champion"
- ✓ support of upper management
- ✓ implementation team, its members, expertise, roles and powers
- ✓ communication with clients and their participation
- ✓ employee and union involvement
- ✓ training

State 5: Operation / management
- ✓ use of project management tools
- ✓ monitoring and co-ordination measures
- ✓ organisational and technical support

Stage 6: Termination of the project
- ✓ opportunities and conditions for withdrawal of a partner
- ✓ conditions for termination of agreement.

It is important to also take into consideration the factors related to the *negotiation / decision / action / evaluation process* that takes place during all the project stages as partners continuously interact and adopt appropriate co-management tools.

- ✓ planning and dividing up tasks
- ✓ characteristics of project team, its size, representativeness, power, experience, expertise, culture, and turnover of members
- ✓ collaboration management tools such as decision-making processes, problem resolution, co-ordination, formal and informal communication, monitoring tools and IT utilisation
- ✓ risk management tools such as lobbying, consultation with experts and use of external resources
- ✓ evaluation of goal achievement, negotiation cycle, goal updating and the nature of these evaluations
- ✓ climate of trust and equity

The 27 critical success factors listed above refer to project operations per se and to the collaboration process that supports such operations. Efficient management of relationships among partners and effective project management promote a climate of trust that can only contribute to the smooth running of the collaboration project.

3.5 Fifth Dimension: Models of Collaboration

At this stage, it is important to identify the specific features of the implemented collaboration model. It is defined by its mode of governance (which determines the power structure), by the very nature of the collaboration in terms of sharing responsibilities and benefits among partners and by the organisational methods or measures used for co-operative management.

The governance method refers to the power structure that governs collaboration among partners. The following factors need to be taken into consideration]:

- ✓ governance structure, description, degree of formality, level of centralisation and flexibility, and division of tasks
- ✓ environment, culture and relations among partners
- ✓ degree of citizen-client, employee and other interest groups' participation .

The nature of the collaboration determines the purpose of the collaboration and the sharing of responsibilities among partners. There are a number of crucial factors including:

- ✓ nature and scope of activities associated with the project: *Design, Build, Own, Operate, Lease, Transfer (DBOOLT)*
- ✓ sharing of political, legal, judicial, financial, ethical, environmental, commercial, managerial, liability and residual value risks
- ✓ sharing of direct benefits (revenues) and indirect benefits (savings) and expertise (training, showcase, future development)
- ✓ sharing of resources in terms of direct and indirect costs, and ownership rights
- ✓ relevance and equity

The organisational method defines the nature of the arrangements implemented to manage the collaboration project. The following factors need to be considered:

- ✓ financing method
- ✓ location of management team and service centre
- ✓ business and technological planning and monitoring measures
- ✓ monitoring and management process

evaluation, performance, rewarding, performance incentives
- ✓ means of communication and utilisation of ITCs to co-ordinate efforts

These factors define the particular method of governance chosen to implement and manage the collaboration project. In some cases, it involves a repetition of the factors listed in the previous dimension pertaining to the collaboration process. This dimension provides the opportunity to capture the uniqueness of the public service delivery method.

3.6 Performance of the Project and of the Collaboration Model

The performance of any collaboration project must be evaluated in two ways. Evaluating the performance of the collaboration model itself provides the opportunity verify if the method of governance was conducive to a spirit of collaboration and of trust resulting in turn in a feeling of satisfaction among all partners. Evaluating the performance of the service delivery focuses attention on the outcomes of the service program itself.

The collaboration model will be deemed effective if it meets the expectations of all the partners and of the citizen-clients. The following criteria or performance indicators need to be taken into consideration in order to perform this evaluation:

- ✓ compliance with government interests
- ✓ achievement of initial objectives of each partner
achievement of project objectives in terms of costs, deadlines, and quality of service
- ✓ equitable division of risks, benefits and resources
- ✓ respect of agreements among partners
- ✓ relationship of trust and reciprocity
- ✓ added value created for the partners
- ✓ partners' overall satisfaction

In terms of service delivery, clients and partners consider some criteria to be particularly significant:

- ✓ quality of service, reliability, responsiveness, appearance, cleanliness, comfort, friendliness, communication, courtesy, competence, accessibility, availability, speed and safety
- ✓ service costs
flexibility in terms of volume, speed, specifications and evolution capacity
- ✓ efficient use of resources and productivity
- ✓ innovation
- ✓ respect for public interest in terms of democracy, equity, accountability, transparency and accessibility
- ✓ global satisfaction of service providers

These various indicators allow for the assessment of collaboration project results in terms of achieving objectives as well as the satisfaction of each partner involved in the process.

Clearly, the factors listed herein under the five first dimensions of the conceptual model are not all equally important. Some context-dependant factors either encourage or repress the use of collaboration and help define, at least in part, the adopted mode of collaboration. Other factors, including those presented together in the 3rd, 4th and 5th dimensions directly impact the success of the collaboration project and the satisfaction of public and private partners as well as the satisfaction of citizen-clients, users or payers. We trust that this research project will help identify the critical

success factors common to all methods of collaboration and as well as those that are specific to particular methods.

4. CURRENT STATUS OF COLLABORATION IN SELECTED COUNTRIES

This section provides an overview of some innovative collaborations in the delivery of public services. A survey of 700 senior public managers from 12 countries produced a highly useful synopsis of the current situation and the future potential of public-private collaboration initiatives (The Economist Intelligence Unit and Andersen Consulting, 1999).

4.1 Australia

In the early 1980s, Australia went through a change of government that led to policies that promote new ways of doing business in the public sector. This movement intensified during the 90s with the privatisation of Telstra, the national telecommunications carrier. This was followed by a reform that encouraged decentralisation, the transfer of power from the State to the ministries, thus fostering greater autonomy among ministries and other public agencies. Government organisations were encouraged to take charge of their affairs and compare their performance with those of the private sector. They quickly adopted strategic management principles and charters to define the services delivered to citizens, whom they now perceived as "clients.". The government now plans to introduce the concept of accountability when it comes to evaluating public servants, which will help promote the efficiency of projects generated by the public sector.

In response to these changes, both levels of government, national and local, were forced to review their missions and began assigning to private enterprises those sectors of activity where the latter could outperform them. As the saying goes in Australia, if a similar service is featured in the Yellow Pages, this service is not part of the government's mission. A general belief that IT generates significant cost

savings explains why the ICT sector was the most affected by this policy even though this sector is not the focus of the government's basic mission. IT use enables the creation and growth of enterprises of all sizes, small and medium as well as large].

The initial objective of public agencies in undertaking projects of this type was to reduce costs. The success of the Defense Ministry in achieving this goal (reduction of costs by 35%) has triggered the development of other similar projects. However, the motivations behind the projects also include the search for efficiency, productivity, and service improvement.

The finest example of public-public collaboration in Australia is indisputably the 1997 creation of *Centrelink[3]*, a unique network that originally provided social and employment services. Today, over 70 services and products are available through its offices and there are even agreements that give local administrations the opportunity to offer their own services to the community

The government also adopted the *Develop Australia Bonds* program and issued tax-shielding bonds to support the infrastructure projects undertaken by the private sector. Thus, between 1992 and 1996, these projects accounted for a total of 29 billion Australian dollars which is a clear indication of the private sector's interest in such a collaboration strategy. In its search for solutions designed to reduce the size of public administration, the Australian government has also resorted to outsourcing. However, it cannot move faster than public opinion will allow and it must take into account the management capacity of its public employees to oversee such a dynamic set of relationships.

The Australian government is now experimenting with slightly more sophisticated forms of collaboration, mainly partnerships where suppliers are increasingly involved in the definition stage of projects, and it has adopted a strategic partnership formula encouraging suppliers to participate in the decision-making process. Since the

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[3] Visit http://www.centrelink.gov.au for more information.

partnership features a degree of flexibility, it is used for projects where performance criteria cannot be defined immediately, as the project outcome is not yet known. Efforts aimed at diversifying public service delivery in Australia are therefore numerous and place this country among the innovators in this area.

4.2 The United Kingdom

The United Kingdom is recognized as a pioneer in getting the private sector involved in public service delivery. The Thatcher government implemented a vast privatisation program in the early 1980s. In 1993, it launched its highly successful *Private Finance Initiative* (PFI) in order to speed up and facilitate public-private partnerships for infrastructure projects. The PFI enabled contributions to be made in the form of preferential loans, equity capital, asset transfers, and subsidiary work, and combinations of these methods. Agreements made in 1995-1996 were valued at 5 million pounds sterling.

More recently, the transformation of FPIs into PPPs led to a broadening of the partnership concept, adding flexibility to the FPI formula, which had been much criticised for its bureaucratic red tape and the very high costs involved for tenderers. As a result, the *Treasury Task Force*[4] was created and mandated to guide project managers through the bureaucratic maze in order to facilitate the development of their projects. The task force also supports new projects by providing a management guide and a series of cases illustrating the best public-private partnership practices.

The government is firmly engaged on the PPP track, favouring two formulas that are perceived as very promising: *joint ventures* and *wider markets*. Under the *joint venture* formula, both parties (public and private) invest in the project and share the eventual profits or losses, while the wider market formula focuses on marketing certain government-owned products using private-sector expertise in the particular field.

The information technology field is especially favoured and constitutes a unique category due to the characteristics associated with technological development projects. The projects underway are varied. They range from computerisation of the army's recruitment centre and training of the army's helicopter pilots, to computer and office technology services for the government and the takeover of employee recruitment and job search activities by the private sector.

Of course, collaboration is especially appealing because it reduces costs, but it also makes it possible for the public sector to focus on its core mission, while benefiting from private sector expertise in other areas. The public sector thus forges new alliances with the private sector and even adopts measures designed to improve these relationships. Consequently, the effort to create a true spirit of collaboration precedes all other project-related activities. The results observed are impressive, for the costs associated with public service delivery have dropped significantly and the quality of the services has increased.

4.3 The United States

> "In this fast-moving, fast-changing global economy -- when the free flow of dollars and data sustains economic and political strength, and whole new industries are born every day -- governments must be lean, nimble, and creative, or they will surely be left behind.... let us learn from one another, and make just, responsive, and responsible government a pillar of global strength and community."
>   --Vice President Al Gore, United States of America January 14, 1999[5]

This quote illustrates the seriousness of the efforts to reinvent American government over the past decade. Pressed by budget deficits, spending cuts, and public dissatisfaction with government performance, the US government introduced policies designed to downsize the public administration, make it more accountable, and improve its responsiveness and efficiency. This led to the adoption of policies like the

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[4] Visit http://www.treasury-projects-taskforce.gov.uk for all kinds of information concerning PPPs.
[5] Speech reproduced on the following site: http://www.21stcentury.gov/welcome.htm

1993 "*Government Performance and Results Act*", the 1996 "*Information Technology Management Reform Act*" and, the "*National Performance Review*" (now the *National Partnership for Reinvention*) under the Clinton presidency. States, cities, and other municipalities are also seeking to improve performance through new models of operation, including cooperation across agencies and sectors.

As it sought models capable of higher performance, the American government looked to its relationship with the private sector to explore new approaches. Early efforts focused on procurement reform and led to the introduction of more flexible purchasing and negotiating models that promote greater private-sector involvement in the decision-making process and focus on pay for performance based on result-oriented agreements. In some cases, private contractors are paid solely from the revenue they generate as a result of their work. One well-know example of this method was pioneered by the California Franchise Tax Board. The Department of Defense, which accounts for a huge share of the federal Government's acquisitions, has successfully explored several new procurement approaches, especially *partnering*, a process that focus on collaboration among suppliers.[6]

Beginning in the 1980s, and increasing throughout the 1990s, federal, state, and local governments began outsourcing non-core functions to private companies. These efforts began with outsourcing of support activities such as package delivery services and printing. They then evolved into much more complex outsourcing arrangements that involved larger administrative and service functions, including the most recent

experiment: outsourcing the entire IT operation of the City of San Diego. Additional IT projects are being developed in which the technical expertise and capital investment comes from the private sector, but control over the data resources remains in the hands of the government. State government information portals such as *Access Indiana* and *Virginia's VIPNet* are examples. In these case, the private partner derives its income from fees imposed on "premium" services. IT projects like these are increasing in number partly because the expertise is not always available internally, and because the private partner can move more quickly to take advantage of advances in technology.

Occasionally US governments engage in full privatization of more traditional governmental functions. For example, states have privatized prison construction and administration where private firms finance and build correctional facilities and may operate them as self-sustaining, even profitable, enterprises. These operations have met with mixed reaction because they involve the actual ownership of the prison, use of inmate labour and profits associated with it, and use of private employees to administer part of the justice system.

A common form of cooperation exists in the human services sector where government agencies engage nonprofit service organizations to deliver child welfare, day care, senior citizen programs, employment, shelter, and other services to people who are eligible for government-funded assistance. Most commonly, the government agency

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[6] Refer to the Web site http://www.acqnet.sarda.army.mil.acqinfo

contracts with the nonprofits for an agreed upon level or volume of services in a particular time period. In some cases, public agencies issue vouchers to eligible individuals which they may use to "purchase" services from the provider of their choice. The oldest US model of this kind is the educational benefit available under the "*GI Bill*," adopted after WW II, which pays a portion of tuition and fees to any accredited educational institution a veteran wishes to attend. Sometimes the government funds non-governmental service centers that assist particular segments of the community. Small businesses, for example, benefit from collaborations between the government and university-based *small business development centers* which offer education and advice to entrepreneurs throughout the US. Taxpayers and tax preparers benefit from the Internal Revenue Service e-file program that links private businesses with the federal agency in a quick-turnaround tax return process. Electronic benefits payments for public assistance and Food Stamps operate on a foundation of public-private cooperation involving welfare agencies and the US banking system.

In health care, *Medicare* and *Medicaid*, the government programs for the elderly and the poor, have always operated under public-private arrangements. Health services to these two groups are typically delivered by private and nonprofit practrioners and institutions, who are paid, at least in part, by these two tax-payer funded programs.

While most new models seek some synergy or cooperation among the sectors, some municipal governments are experimenting with direct competition. Under its *Competition and Costing Program*, Indianapolis encourages municipal employee

unions as well as private sector companies to bid on work for the city. The selection

is based on a direct comparison of the offerings on price and other considerations.

As these experiments develop and gain experience, they have generated important

public policy questions. Federal, state, and local governments are all seeking to

delineate the activity sectors where PPPs and other collaborative models are desirable.

Where these models are in development or operation, government officials and

members of the public continually question the proper roles and responsibilities of the

private partners and the accountability of the public agencies. While the federal

government has adopted a bold policy that anything which is not related to the

establishment of policies, budgets, or strategy may be considered appropriate for the

private sector, there has been no rush to radical change.

In short, public service delivery in the United States is caught up in a wide range of

experiments, some based on modest changes in traditional modes of operation and

some much more innovative in nature. The magnitude of the changes that are taking

place varies from one region to the next and efforts devoted by states like North

Carolina, California, and Virginia and federal agencies like the General Services

Administration, the Department of Defense, and the Internal Revenue Service are

especially notable. They have developed considerable expertise by experimenting

with PFI-style collaboration models existing in the United Kingdom as well as with

public-public and public-nonprofit collaborations which are meeting a certain degree

of resistance in other countries, like Canada.

4.4 Canada

Canada's experience in terms of collaboration for public service delivery, also referred to as "Alternative Service Delivery or ASD," is rather recent. The Canadian government officially confirmed its determination to undertake a program to change the management of its activities in 1997.

> "The Government will undertake its mandate in a spirit of collaboration
> and partnership with all its partners from Canadian society."
> (Speech from the Throne, September 24th, 1997).

More recently, in its action plan for the years 1999 to 2002, the Treasury Board Secretariat indicated that promoting innovation at the service level is one of its priorities. To achieve this goal, it plans to diversify service delivery methods and integrate approaches to service delivery, including partnerships with other ministries and levels of government or between the public, private and community sectors[7].

In addition to motivations linked to its difficult financial situation, the Canadian government recognises the need to develop collaboration as a means of allowing its local suppliers to acquire pertinent expertise and thus gain a foothold on the global market scene. If it neglects this aspect, not only will Canadian suppliers fail to compete in global markets, but they will be outdone by foreign companies on their own territory.

Even though citizens may be somewhat satisfied with public service delivery in general, market liberalisation and further development of new technologies are exerting growing pressure on the demand for change. Moreover, e-commerce, which is in full-scale expansion in the private sector, is also likely to influence the way of doing things in government. As a result, the Canadian government has begun to develop a more efficient model of service delivery. Although we still rely on traditional methods, new approaches based on collaboration with the private sector

have been introduced over the past few years. The government is currently exploring innovative partnership formulas emulating the experiments conducted in the United Kingdom. Thus, a federal-provincial-territorial task force is assessing the value of these formulas as they apply to highway construction. It should be noted however that the provinces have had a head start on the federal government as far as diversification of public service delivery methods is concerned.

The Canadian government's collaboration experience effectively began with the creation of major agencies like NavCan for air control management or the CFIA in the food inspection field, and it continued with the creation of partnerships[8] mainly designed for public infrastructure design, construction, and operation.

Transportation and the environment are the most dynamic fields. There are numerous partnership agreements for the construction of highways, bridges and other infrastructures, or for water treatment and waste management, and these account for more than 50% of all the collaboration projects carried out in the country. In this context, Toronto's Highway 407 project is considered a monumental achievement. The project met all of its objectives, with no budget overruns, and was completed ahead of schedule. Some people disagree with this point of view, claiming that the original operators were unable to meet their objectives. In their opinion, this explains the recent sale of the project to a private consortium whose partners include SNC Lavalin and the *Caisse de Dépôt*. Nevertheless, the project serves as a technological showcase for Canadian expertise and made it possible to export this know-how to Israel and the State of New York. The Confederation Bridge also deserves to be mentioned as an example. It involves a 35-year concession contract valued at close to one billion dollars. At the end of this term, the consortium, Strait Crossing Joint Venture Inc., will transfer ownership to the Canadian government.

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[7] The Web site http://strategis.ic.gc.ca is very interesting and it provides a lot of information about Canadian policy regarding public-private collaboration.
[8] The Canadian Council for Public-Private Partnerships (1998) lists over 300 of them in its directory.

Another innovative project worthy of mention is the construction of schools in Nova Scotia. As a result, the province will have a modern network of "connected" schools by relying on the private sector to design, build, finance and operate some thirty schools.

Other projects are especially interesting because of their innovative use of ICTs. In Quebec, for example, the *Commission de santé et sécurité au travail* (CSST) joined a private consortium to create an extranet linking major companies, hospitals, rehabilitation centres and CSST work accident victims in order to speed up the processing of claims. In Ontario, the Toronto Children's Hospital uses the Internet to provide information to young patients and their families, and to exchange patient information with other hospitals and clinics. The *ministère du Tourisme,* in collaboration with Bell and associated partners, set up a portal (project underway) to provide information and reservation services, while *Emploi Québec* has deployed a network of 3000 terminals that are accessible to job hunters. In New Brunswick, remote health services (telemedicine) are available in outlying areas in order to follow up on patients who have had major surgery in a regional hospital centre.

Canada's collaboration experience with respect to public service delivery is therefore interesting and diversified but according to Economic Development Canada (1998), it remains very pragmatic, with no firm direction or suitable regulatory framework. While governments do explore these opportunities and believe that they represent the path to the future, the movement is not universally supported. Certain projects have been severely criticised and it has been claimed that the private sector solely takes advantage of the benefits derived from such an approach. Furthermore, since the public is used to massive government intervention producing very satisfactory results, the urgency to act is not felt as intensely. Politicians and public officials are nonetheless convinced of the necessity to push forward and claim that the movement is up and running. Most of them are receptive to these experiments and several provinces are currently offering management guides in order to efficiently support the efforts of ministries, agencies and local administrations. Canada is therefore in the

learning stage, and in the near future, public policies will undoubtedly be issued to promote new collaboration methods and govern their application.

4.5 Developing Countries and Newly Industrialized Economies

In certain countries in Latin America, Africa, Asia and Eastern Europe, the global movement towards privatisation of public functions also gained momentum during the 1980s. In these countries, foreign investments are especially important in the more global context of developing a viable and prosperous private sector. Relying on partnerships and other modes of collaboration is therefore appealing, especially for the development of public infrastructures involving transportation, communications and the energy sector.

A case in point is that of Chile which, after privatising its telecommunications sector and most of its energy sector, recently launched a vast concession program to step up development of its road network and airports. The government assumes part of the risks associated with a project and guarantees a minimum amount of revenues. Mexico has teamed up with the private sector to build toll bridges and highways, while assuming some of the financial risks associated with the anticipated costs and benefits.

An important catalyst for the development of collaboration models for public service delivery is the presence of international organisations like the UN, the World Bank or the OECD that offer vast programs designed to support economic development, many of which promote collaboration. The UNIDO[9] SPX program (*Subcontracting & Partnership Exchanges*) which encourages subcontracting and industrial partnerships is an interesting example. Designed to support the creation and operation of an exchange centre for the benefit of organisations and businesses, the program was established as a means of providing not only a meeting place but also partner-

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[9] Visit http://www.unido.org for additional information.

assistance tools regulating supply and demand. More than 30 countries are registered and benefit from this service.

For most of these countries, these efforts to provide adequate public services must be accompanied not only by the proper economic and industrial policies but also by labour development programs, focusing especially on public sector employees. For the industrialised countries as a whole, new models of collaboration for public service delivery have proven successful. Innovative spirit on the part of the major players, public administrators, private-sector administrators and citizen-clients, will likely broaden the use of these collaboration models for public service delivery.

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