



## FEASIBILITY STUDY OF PUBLIC- PRIVATE PARTNERSHIP

Ieva MEIDUTĖ<sup>1</sup> ✉ and Narimantas Kazimieras PALIULIS<sup>2</sup>

<sup>1</sup> Department of Business Technology Management, Vilnius Gediminas Technical University, Saulėtekio al. 11, LT-10223 Vilnius, Lithuania  
E-mail: [ieva.meidute@vgtu.lt](mailto:ieva.meidute@vgtu.lt)

<sup>2</sup> Department of Business Technology Management, Vilnius Gediminas Technical University, Saulėtekio al. 11, LT-10223 Vilnius, Lithuania  
E-mail: [paliulis@vgtu.lt](mailto:paliulis@vgtu.lt)

Received 11 April 2011; accepted 3 June 2011

**ABSTRACT.** Public- private partnership may cover various forms of partnership, viz. as the property of the private sector in the state of municipal activities or information and consultations between the public and private sectors, also as an unconventional method of public procurement when the public and private sectors enter into a long-term contract on the establishment of public infrastructure or the provision of public services. The most important thing in implementing PPP projects is to properly draw up the contract between the public and private partners, which should explicitly state all terms and conditions, undertakings and liabilities, evaluate risks, determine the payment mechanism and dispute settlement procedure, etc. In order to reduce any risk associated with such projects, a proper legal framework should be developed, which would provide liabilities and undertakings of both parties of the project (the private and public sectors), and more information should be disbursed as to how such projects are being implemented, what the structures of financing are, and what the benefit of such projects is.

**KEYWORDS:** Public sector; Private sector; Collaboration; Partnership

### 1. INTRODUCTION

Recent years saw changes in the global market as well as changes in business and organisation of business; therefore, it is no wonder that other forms of business organisation, division of labour and financing emerge. One of such instruments is *Public- Private Partnership (PPP)*, which very often causes unreasonable resentment from the public resulting from the shortage of information. It is a rather new phenomenon that spreads quite rapidly. It is but natural that such circumstances cause lack of knowledge, especially in countries that are just starting to apply this form of financing. Therefore, information is sometimes

distorted, as the majority often identifies the manifestation of *public- private partnership* as the privatisation of state property (Zafirovski 1999; Thobani 1999). Meanwhile, it is basically the way of private- public partnership, which provides the opportunity to raise private capital for the provision of public services (De Lemos et al., 2000; Jun, 2010; Wibowo, 2006; Froud, 2003; Gallimore et al., 1997; Grimsey and Lewis, 2005; Shaoul, 2005; Abednego and Ogunlana, 2006; Ahmed and Ali, 2006; Skietrys et al., 2008; Meidutė, 2009; 2008a).

According to Zhang and Jia (2010), Chan et al. (2010), Iyer and Sagheer (2010), Edwards and Shaoul (2003), Leung and Hui (2005), Akintoye et al. (2003), the biggest problem is the

fear of the society that once the provision of public services is transferred over to the private sector, the latter will provide public services of a lower quality, the management control will be lost, etc.

However, the experience of many countries show that such threat is significantly reduced by a properly drafted contract between the state/municipality and a private company and the explicit definition of all liabilities and undertakings. This is determined by the division of liabilities and undertakings: the state pays to the private sector for services that are actually provided to the user and that meet the quality requirements defined in the contract, and provides sanctions on services of a poor quality (Pantelias and Zhang, 2010; Li et al., 2005; Roumboutsos and Anagnostopoulos, 2008; Eaton et al., 2009; Wang et al., 2000; Pessoa, 2008; Meng, 2002; Meidutė, 2008b). According to Chiara and Garvin (2008), such cooperation strategy may enable the private sector to more efficiently take over the functions that are not characteristic to the private sector.

According to Rausser and Stevens (2009), Omobowale et al. (2010), Kavanagh (2003), Kim (2006), Zhang (2005), Demirag et al. (2004), in many cases, the principal reasons behind the application of *public-private partnership* are as follows:

- limited financial resources and financial availabilities of the public sector;
- the growing need for the infrastructure of public services;
- need to improve the quality and to reduce the costs of public services, etc.

World practice shows (Jae-ho et al., 2010; Garvin, 2010; Vassallo, 2006; Tieva and Junnonen, 2009; Li, 2005; Barr, 2007; Demirag et al., 2004; Dixon and Pottinger, 2006; Birnie, 1999; Sobotka et al., 2008) that financial resources of the public sector are nevertheless limited, and public sector covers many fields and subjects of social activities that need

investments. Therefore, this instrument, viz. PPP, is used in the fields of activity that need much investing yet are very important for the society, such as the building and maintenance of roads, provision of the utilities, construction and repair of schools, hospitals, airports, bus and railway stations, prisons, power plants, buildings of public authorities, reorganisation of aquaculture and heat economy, etc.

## 2. THEORETICAL ASPECTS AND VISIONS OF PUBLIC- PRIVATE PARTNERSHIP

Activities of the public administration sector and public services provided for the society are continuously the focus of attention and are often the target of criticism. The traditional model of activities of public and local authorities provides that they generate services, develop infrastructure required for the provision of services, and provide services (Figure 1).



**Figure 1.** The traditional model of activities of public and local authorities

The characteristic feature of this model is that relatively the largest part of resources (including resources of the authorities themselves) is used up in the initial stage (the generation of services and the development of infrastructure). Therefore, in order to efficiently perform public administration functions, due consideration must be given to the fact that the state is incapable of financing all necessary projects, which leads to the delayed implementation, if any, of development projects of public services that the society needs.

World practice shows that under the permanent deficit of financial resources, one of the possible solutions is the involvement of the private sector (especially its financial and

human resources) in the process of public service generation and provision (Xu et al., 2010a; 2010b; Rausser and Stevens, 2009; Ke et al., 2010; De Lemos et al., 2000; El-Gohary et al., 2006). While dealing with the dualistic issue of public administration when with the shortage of financial and human resources the quality requirements for public services grow, it is but natural to start applying and developing a form of *public- private partnership*, which would enable to implement development projects over a shorter period of time than waiting for the budget to have and allocate the required funds.

From the theoretical point of view, the provision of public relations to the society leads to a new type of relationship. Public and local authorities traditionally assume full responsibility for services, their provision, infrastructure and its development, the territorial development, etc. Meanwhile, in the case of *public- private partnership*, the public sector delegates the provision of public services, which require large investment into the infrastructure, and certain associated risks to the private sector on a long-term basis, for the purpose of improvement of the situation (Chiara and Garvin, 2008; Dialami et al., 1999; De Lamos et al., 2000; Wibowo, 2006; Ginevičius and Krivka, 2010; Ginevičius et al., 2010; Fround, 2003; Li et al., 2005; Abednego and Ogunlana, 2006; Nisar, 2007; Meidutė, 2009). Thus, the State purchases services from the private sector rather than engages itself in the development of property and organisation of the provision of public services related to such property. This enables the State to spread the financial burden over a number of years, while periodical disbursements from the public sector and/or the payment effected by consumers for the service become the source of income of the private partner.

The application of the principle of *public-private partnership* becomes especially attractive during the economic crisis. The decline in

the purchasing power of consumers results in the reduction of the levels of activities in the private sector, lower tax collection, which naturally leads to the decrease of the State budget revenues. In such a situation a scenario develops where business reduces (is forced to reduce) its level of activities as a result of the decline in demand and shrinking of outlets. Meanwhile, the *PPP* principle would allow sustaining and even increasing the level of activities of some of the businesses, as the State does not invest into the development of public services during the initial period (this task is handed over to the private business sector instead) and gets involved into the process at a later stage. In such case, *PPP*-based projects would prevent from reducing the number of jobs the same (which is especially important during the economic crisis); on the contrary, the State would encourage to keep them or to create new jobs. In many cases this would allow the amortisation of adverse effects of the crisis.

According to Aziz (2007) and Wang et al. (2000), another significant advantage of such model is that the managerial experience of the private sector may enable it to implement projects quicker and with higher quality. The emphasis must also be given to the fact that private companies have their field of specialisation; they are more experienced in investing and have more opportunities to borrow from banks. All this affects the efficiency of such investments. Such partnership enables the partners to do what they know best, viz. *the private business shall develop infrastructure and provide services, and the public sector shall create favourable conditions and provide control.*

The following business practice is increasingly prevailing: business focuses its efforts and attention on its key activities, while outsources other activities that are not characteristic to yet necessary for that business. With regard to *public- private partnership*, we may say that, for the purpose of boosting the efficiency of its

activities, the public sector uses the principle of outsourcing, in a broad sense. In such case, the private equity company undertakes to provide quality public services in line with specifications set by the State, finances the renovation of State property or undertakes to build new buildings or other structures, assumes financial and technical risk. The public sector, in turn, controls the provision of services and makes fixed payments to the private company on a regular basis over the defined period (20–35 years), and provides adequate conditions at the initial stage for the efficient implementation of the project.

The concept of *public-private partnership* defines different principles of a possible partnership between the public and private sectors, which are subject to different contractual relations (concession, lease, public procurement, etc.). Currently, neither the global nor the European Union (EU) law (European Commission ..., 2003; 2004a; 2004b) provides for a common definition of *PPP* or establishes the specific form of *PPP* to be applied in each individual case. Also, there is no rule stating requirements for the implementation of *PPP*. The EU law does not specify whether public administrative authorities should carry out economic activities themselves or whether they should outsource it. It emphasises the expedience of allowing the development of various forms of *public-private partnership* and the necessity for Member States to regularly inform about the application of various forms of *PPP*, any related problems and possible solutions.

*The analysis of the EU legal framework (European Commission ..., 2003; 2004a; 2004b) regulating public-private partnership also reveals that all forms of PPP are considered to be public procurement or concessions. It is also noted that it was not necessary to adopt new laws regulating each possible type PPP contracts. Such approach is not entirely right and it causes quite a few problems, as public-private partnership projects are rather specific*

*and each of them has its own structure and relations with the operators, the application of the results as well as the expected benefits for the society are strictly defined.*

With much lacking in the EU legal framework regulating *public-private partnership*, different countries deal with specific issues by using different *PPP* models (Racky and Stichnoth, 2010; Ng et al., 2010; Jin, 2010a; 2010b; Dixton and Pottinger, 2006; El-Gohary et al., 2006; Akintoye et al., 2003; Birnie, 1999; Meng, 2002). Models differ based on the size of projects, the object of partnership, risk spreading and the structure of financing.

Different EU structures also apply different criteria to the development of *PPP* models in their documents. Different treatment and the diversity of forms of *public-private partnership* cause quite a confusion among legal provisions of *PPP*. Such a variety of the treatment of forms causes numerous problems for countries seeking to implement *PPP*-based projects.

Even though the *European Commission* claims (European Commission ..., 2003; 2004a; 2004b) that it is not necessary to draft laws, which would regulate *PPP* forms, however the foreign experience proves the need to more define the concept of *PPP*. It is also necessary to differentiate various concepts that are currently used, such as *concession*, *PPP projects*, *long-term lease*, *public procurement*, etc., because they define different ways of public private partnership, i.e. they are not adequate concepts.

On the one hand, the EU seeks to form the internal market that would guarantee free movement of goods and services, freedom of establishment, key principles of equal treatment, transparency and mutual recognition. On the other hand, it seeks that public administrative authorities enter into the most beneficial contracts possible when purchasing goods or outsourcing services or works. The implementation of this objective is supported by EU law

on public procurement and concessions. The Commission has adopted the Green Paper on public private partnerships and Community law on public contracts and concessions (European Commission ..., 2004a). Different rules apply when entering into public procurement contracts or granting concessions; therefore, EU law does not provide for a uniform procedure of the entry into contracts applicable to a specific *PPP*. General principles of the Treaty on European Union do not provide any legal clarity. *PPP* model is still not widely-known; therefore, in order to settle any doubts, explicit and transparent rules of conduct as well as knowledge of the field are required, especially focusing on operations of public operators and undertakings. However, it is acknowledged that the unification of practices of the Member States is inexpedient due to excessive variety of types of *PPP*.

Considering that differing international organisations distinguish different types of *PPP*, while individual states regulate different forms of such partnership, and seeking to unify the forms of *PPP*, the European Commission has grouped all forms of *PPP* used by Member States into the following major groups:

- *Public- private partnership* based solely on contractual links (purely contractual *PPPs*). They cover concessions as well as public works contracts, public supply contracts and public service contracts.
- Officially approved form of *public- private partnership* (institutionalised *PPPs*). They cover newly established firms with mixed capital and public undertakings, the control of which is taken over by the private sector.

Many authors (Chiara and Garvin, 2008; Jun, 2010; Leung and Hui, 2005; Wang, 2000) as well as public authorities recognise that the most successful and efficient form of *PPP* is the private finance initiative (*PFI*). Based on this initiative, the private sector invests a large amount of money into a certain object

(e.g. a hospital or a school building) during the first 3–5 years, while the public sector (e.g. a municipality) reimburses the amount to the private company by paying in instalments over 28–35 years. This form covers franchise and concession contracts by which the private sector assumes full risk and responsibility to provide public services in accordance with the predetermined specification, including the creation of the required infrastructure, operation of buildings and eventually required investments into renovation. In Europe, such private sector investments under *PFI* contracts amount to approximately 10–15% of all the investments into the public sector.

Public- private partnership projects may also be classified according to the level of public sector authorities that initiate such projects and are involved in them. Partnership can be implemented:

- at national level with one partner being a public authority; at a municipal level with one partner being a local authority;
- at international level when partnership projects involve several states.

### 3. PUBLIC- PRIVATE PARTNERSHIP IN LITHUANIA AND GLOBALLY

In order to ensure the provision of services or infrastructure, public administrative authorities at all levels are increasingly interested in the opportunity to cooperate with the private sector. The interest of cooperation in this field is partially due to the opportunity of public administrative authorities to draw from the practical experience of the private sector, first of all in order to boost the efficiency of partnership. On the other hand, this interest is related to the limited state budget. As it was mentioned before, different countries use different instruments for the implementation of *public- private partnership*, which is subject to the level of involvement of the private sector in the provision of public services.

European Union and other countries of the world widely apply the principle of financing the public private partnership in different fields. The experience of many foreign countries shows that public- private partnership may be highly beneficial to the society and the State, as during the implementation of such projects the private sector can provide public services, improve their quality, create, renew and efficiently manage assets required for the provision of public services by using its funds, experience and initiative. West European countries noticed long ago that the efficiency of *PPP* was determined by the harmony of the best characteristics of the public and private sectors, e.g. in Great Britain, the significance of the *PPP* method is especially obvious in the fields of healthcare and education (Demirag et al., 2004; Barr, 2007).

The majority of *public- private partnership* projects are carried out in Great Britain – the implementation of about 80% of infrastructure development projects use the *PPP* principle, while this principle is applied in about 60% of all projects carried out in the EU. Quite a few projects are carried out by Ireland, Portugal, Spain, France and the Netherlands; new Member States, viz. the Czech Republic, Hungary, Slovakia, Bulgaria, etc., as well as China and Taiwan rather actively commenced the implementation of projects. Poland is rather rapidly developing *PPP* projects in road building (Solino and de Santos, 2010; Zhang, 2005; Tieva and Junnonen, 2009; Vassallo, 2006; Meidutė, 2007; 2006; Yuan et al., 2010a; 2010b).

In Lithuania, different forms of *public- private partnership* (some of them regulated by general laws, others – by special laws) are implemented. The fact that the law of the Republic of Lithuania still fails to regulate the definition of *PPP*, the establishment of the forms/types of *PPP* is combined, and the formation and implementation of each of such form/type is subject to specific requirements poses a risk that partnership projects that are so important

for the society and for the State, will not be implemented or that their implementation will be inefficient as a result of insufficient regulation. There is also a danger that the public interest will not be properly represented during the implementation or that the entities of the public sector, which implement such projects, will apply incorrect laws (the ones that do not regulate *PPP* or that regulate other forms of *PPP*). The Lithuanian law regulates only one form of *public- private partnership*, viz. concession, even though the Law on Public Procurement can indirectly be attributed to this field (Meidutė, 2008a; 2008b). Other forms are either not regulated or regulated, albeit insufficiently, in general legislation (e.g. the Law on Investment). Standard procedure and rules of *public- private partnership* have not been developed. No coordination or supervision of *PPP* project is carried out at a national level; information about *PPP* projects implemented in Lithuania and abroad is neither collected nor filed, nor analysed.

It has to be admitted that the application of the *PPP* principle is insufficiently developed in Lithuania. Here, partnership projects are carried out at a municipal level. There are virtually no *PPP* projects implemented at a national level that would cover some sector of importance for the society and where the public sector would be represented by central authorities. However, recently public authorities started showing a visible interest in the opportunities offered by the application of the *public- private partnership* principle, viz. the National Audit Office of Lithuania has performed the state audit of *public- private partnership*; the Lithuanian Government has authorised the Central Project Management Authority to render methodological and consulting services on issues of granting concessions, the development and implementation of partnership projects; the Ministry of Transport and Communications of the Republic of Lithuania has initiated and carried out the feasibility study

of the modernisation of transport infrastructure using the *PPP* principle; the Ministry of Economy has been commissioned to coordinate the implementation of the Programme Fostering Public- Private Partnership.

We can identify the following key problems which cause the failure to foster wide application of the *PPP* principle during the implementation of projects:

- The absence of any clear and expedient political will for the development of public- private partnership;
- Legal regulation of a single form of public- private partnership, viz. concession;
- The absence of a public authority, which would be in charge of the development of the application of the public private partnership principle (some of the functions have been delegated to the Central Project Management Authority);
- There is virtually no publicity campaign, i.e. the society receives no information about the opportunities and benefits of public- private partnership.

Business representatives and experts emphasise that PPP processes are very slow in Lithuania and that public authorities lack understanding. Issues, such as the financing models of *public- private partnership* and undertakings of the parties, remain relevant and open.

In Europe, the European *PPP* Expertise Centre (*EPEC*) has been established; one of the principal goals of *EPEC* is to strengthen the organisational ability of the entities of the public sector to efficiently implement *PPP* projects. The said Centre seeks active cooperation with the European Investment Bank, Member States and candidate countries, and the European Commission. For the purpose of ensuring a clear and transparent process management of *public- private partnership* projects, the Centre draws on the experience of various countries, analyses positive and negative examples, provided recommendations to

authorised representatives of the public sector, enables them to become more actively and efficiently involved in *public- private partnership* projects. *EPEC* activities are aimed at reducing costs of *PPP* projects and increasing the project flow, as well as mutual benefit for the public and private sectors. *EPEC* is preparing guidelines for the implementation of the process of *public- private partnership* projects, which will be available for its member countries. The Centre emphasises that there is no single universal model; therefore, each country should find its best and most acceptable solutions for the implementation of *PPP* projects. According to experts, *public- private partnership* is a compromise solution aiming at efficient public private partnership.

#### 4. PUBLIC- PRIVATE PARTNERSHIP DEVELOPMENT OPPORTUNITIES

The principal goal of *public- private partnership* when implementing projects related to the development of infrastructure, urban area, etc., is to ensure high standards of public service, to create, maintain, renew and develop quality living environment. One of the key fields of urban management is to ensure the growth of quality of life, which is also determined by the level and quality of the provision of public services. Recently, a lot of attention in the EU is devoted to sustainable development. Efforts are made to ensure complex attitude towards lifestyle and quality of life. Public- private partnership has high potential in the development of transport infrastructure and urban areas. *PPP* projects related to the development of public services cover the following:

- definition of *public- private partnership* management policy and regulation system,
- performance and supervision of tender documentation and procedures,
- risk spreading,

- research and analysis of the added value,
- monitoring of procedures.

The following principal characteristics of such projects can be identified:

- the private partner undertakes not only to build/reconstruct but also to maintain objects of infrastructure;
- construction/reconstruction if financed with the funds of the private partner; therefore, the public partner does not need to make any large initial investment ;
- public service development objects (e.g. real estate) remain the property of the public partner or are transferred to the ownership of the public partner upon the completion of the project;
- payments made by the public partner to the private partner are linked not to the completion of construction/reconstruction works but to the compliance of real estate with certain technical characteristics over the entire project implementation period.

Investments into infrastructure are very important for the economic growth of the state and the cities/towns, for the quality of life, the reduction of poverty, access to education and high quality healthcare services (Racky and Stichnoth, 2009; Alam and Rashed, 2010; Sobotka et al., 2008; Leung and Hui, 2005; Zhang, 2005). However, public service development-related *PPP* projects still find it hard to make their way in Lithuania. The involvement of the private sector into the development of urban public services may result in the following:

- the provision of more efficient services;
- re-orientation of infrastructure for the purpose of satisfaction of service users and maintenance of lifecycle;
- shifting of the financial burden from taxpayers to the users of infrastructure;
- the use of new sources of financing/investment.

*Public-private partnership* is a rather complicated mechanism of project financing, and

its success depends upon many factors. Some of these projects implemented in various Member States or North American countries and Australia received rather controversial evaluation. It should be noted that *PPP* is not the magic bullet or the last recourse. The Commission notes that the consideration of each project must evaluate whether the partnership creates added value for that specific service or public work as compared to other possibilities, e.g. a possibility to enter into a usual contract.

The majority of scientists and practitioners agree that the private sector can be much more efficient in performing functions that are not characteristic to public authorities. *PPP* provides an opportunity for public entities to use the competence and instruments of private undertakings intended for spreading the risk over the public and private sectors (Dailami et al., 1999; Wibowo, 2006; Li et al., 2005b). And this can guarantee public services of a higher quality, contribute to their succession, reduce costs of the implementation of tasks and help save resources of the State that are insufficient for such activities. The successful implementation of public-private partnership depends upon many factors:

- the selected proper form of partnership,
- economic, legal, political and cultural environment,
- the coordination of interests of public and private partners,
- risk spreading and management,
- management of contracts between the public and private sectors,
- the proper mechanism for the control of the performance of the contract.

As it was mentioned before, Lithuania so far legally regulates only one form of *PPP*, viz. concession. Efforts to implement the provisions of the Law on Concessions by transferring isolated functions to the private business are very often resisted by the society, as there is an opinion that the society will be cheated by the transfer of isolated public administration functions to the private business, and that



concession often means corruption. The society is afraid that it will not receive the desired public services or that such services will be much more expensive.

World practice shows that *public- private partnership* projects are not always beneficial and necessary (Solino and de Santos, 2010; Pessoa, 2008; Zhang, 2005; Dixon and Pottinger, 2006). The selection of an improper form or object of *PPP* may result in the failure of the project. Then the blame will be put on the *private- public partnership* concept, the government and private investors. However, often no consideration is given as to whether the proper instruments were selected for the implementation of the product, whether the best *PPP* model was chosen or whether the *PPP* contract was properly concluded.

It stands to reason that the efficient legal normative framework must be developed in order to make *public- private partnership* more efficient. Rules and procedures of the initiation, preparation, consideration, approval and supervision of *PPP* projects must be clear to business, public sector authorities and to the society. This would provide preconditions for increasing the transparency and reducing the risk of projects.

Closer *partnership between the public sector and private business* in the development of public services creates preconditions for the reduction of costs of the transaction between the public and private sectors, the improvement of financial performance of the project and increase of the added value of the service or infrastructure. Finally, private business will draw from its competence and expertise and will help improve *PPP* project planning. The following is required for the purpose of efficient application of *PPP* models:

- to identify a problem that has to be solved;
- to set the expected outcomes;
- to accurately calculate potential costs;
- to determine whether the set outcomes

should be achieved by implementing a public private partnership project.

This means that a thorough analysis must be performed in each specific case. A systematic approach to the partnership is required in order to apply *PPP* models efficiently. It would cover all stages of public- private partnership projects, *from the initiation and the preparation of the project contract, design, construction and financing to the operation and maintenance by providing residents with conditions that would ensure the top quality of life*. Thus, efforts are made to coordinate investing and managerial skills in the design, construction and operation stages with the efficient and sustainable development as well as provision of public services. This would provide preconditions for public sector partners to provide users with a fully integrated solution of territorial development. For the purpose of integrated solutions, *public- private partnership* application policy should be formed and the regulation and management system must be set, which would ensure transparent and efficient involvement of the private sector in the development of public services. The strengthening of conceptualised capacities of authorities at various levels as well as *PPP* management-oriented structures would yield more and better projects. For the purpose of more efficient use of *PPP* opportunities, the principal goal would be to form an efficient system of the application of *public- private partnership*, to raise public awareness about the partnership, to provide consultations to each and every partnership entity at the national and municipal level.

For this purpose, the system would cover:

- *PPP* policy, management and regulation;
- public interest security standards;
- tender documentations and procedures;
- explicit provisions for risk spreading;
- analysis of the increase of the added value generated by projects;
- rational monitoring of procedures.

For the purpose of more efficient use of opportunities offered by *PPP*, public authorities would initiate the drafting and approval of normative documents, generate standard *PPP* project contracts targeting at the development of public services, develop the procedures and standards (rules and procedures developed in line with the best international practice and directives of the Commission) of public tendering, develop the dispute settlement mechanism at the national level that would quickly settle any disputes related to *public- private partnership* projects. Much attention would be devoted to the official policy, the environment of *PPP* projects and social security instruments related to the implementation of public service development projects, i.e. the state policy on the promotion, implementation and financing of *public- private partnership* projects and related financing, contracts and risk spreading would be established.

At the model level we can identify three key actors in the partnership:

- *public sector*,
- *private sector*,
- *society and citizens*.

The expected outcome is the efficient and smooth partnership between all the three *PPP*

entities. For this purpose, a model should be developed, which would provide preconditions for the implementation of partnership with maximum efficiency and minimum risk. It is well-worth emphasising the specific character of partnership projects with due consideration to the unique structure, contractual relationship, clearly defined application and the expected benefit. Several additional key aspects of *PPP* projects could be identified, viz. risk spreading and the respective division of powers and labour.

With due consideration to the identified factors and the specific aspects, the current situation in Lithuania, advantages and possible adverse factors of *PPP*, characteristics of urban development, a public private partnership model is proposed (Figure 2).

The model has been developed with due consideration to specific conditions and preconditions. First of all, partnership is based on contracts with the third person, while the *public- private partnership* process itself requires a lot of preparation and strict monitoring. Also, due consideration is given to the lack of required competence of the staff in the public sector and the necessity for the public partner to be involved in the securing the financing.

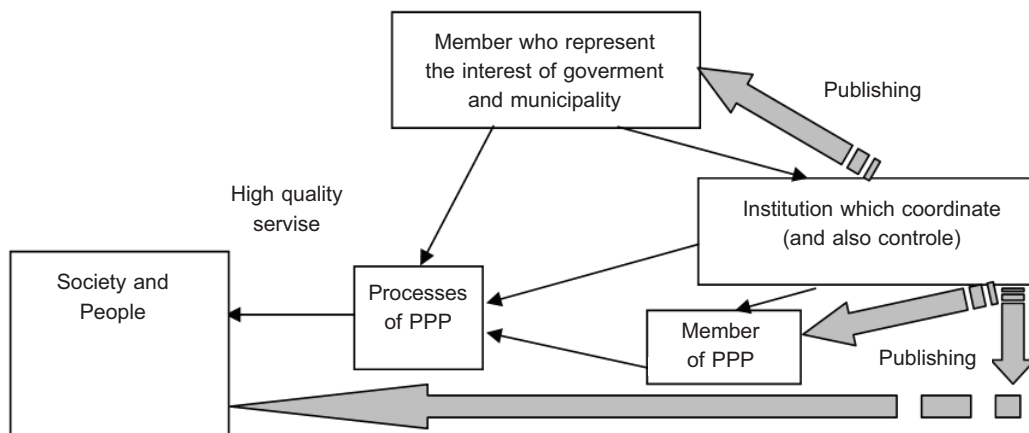


Figure. 2. Public- private partnership model

The partnership principle means that the private partner undertakes to construct (or reconstruct) and maintain urban development objects, while the construction or reconstruction is financed by the private partner; therefore, the public partner does not have to make any large initial investment. Assets remain the property of the public partner or are transferred to the ownership of the public partner upon the completion of the project/contract, and the private partner is interested in securing long-term revenues. This is associated with the use of assets in the provision of public services and their compliance with the established characteristics during the project implementation period rather than with the payment to the private partner by the public partner to carry out construction.

The development of the model included a systematic approach to problems. *On the one hand*, the model uses integral approach to project development, e.g. risk spreading, tendering procedures, processes, interactive proposal processes, etc.; *on the other hand*, a complex evaluation was given to the need to develop the team of highly qualified and experienced employees (with the help of training programmes, sharing of expertise among projects and authorities). Also, consideration was given to pooling resources and experience when dealing with issues related to the development of public services and when developing new initiatives, e.g. the application of *PPP* in public service development projects. Without any doubt, the key and the focal point of partnership is the society and citizens with their need for efficient and top quality public services.

All parties interested in partnership are united by processes, from the initiation and development of projects, public procurement and the implementation of the project to the provision of public services. It is expedient to group the interested parties into the following four groups: representatives of the state and

the public interest (the *Seimas*, the Government, public associations, etc.) – PPP participants (public administration institutions, business, financial institutions) – coordinating and regulating authorities (PPP agency and PPP council).

Partnership activities shall be coordinated by a PPP agency/service, which is provided with the status of an autonomous authority (e.g. an agency under the Ministry of Finance) and with the extended functions and liability. It would continuously collect, file, analyse and disseminate information about the implementation of *public- private partnership* in Lithuania and in the world, including any arising issues, new challenges, threats, etc. It would also collect methodological material that would assist those who wish to use the *PPP* principle. It would organise training for all interested parties. One of the paramount tasks would be to develop the methodology and standard procedures of the implementation of projects using the *PPP* principle. Furthermore, the agency shall provide assistance to all entities of *public- private partnership* in order to:

- efficiently and effectively implement co-operation models of *public- private partnership*, and provide technical assistance to entities involved in projects;
- strengthen the capacities and abilities of all entities involved in *public- private partnership* projects, and develop infrastructure required for the implementation of the partnership;
- carry out joint *public- private partnership* projects at the national as well as municipal levels, and for this purpose establish a database;
- share good practice of Lithuanian and foreign partnership;
- intensify the enlisting of potential private sector partners by developing the required infrastructure and promoting the Government expectations regarding the increase of the added value generated by projects;

- increase continuously the involvement of the private sector in the development of public services as well as in the development and management of the required infrastructure nationwide.

The agency shall monitor all stages of public private partnership projects, from the design, construction and financing to the operation and maintenance by providing the users in the public sector with high quality services, and shall participate in their management.

A new type of state and public expertise – the *PPP* council – shall be established. This council shall be the joint council of the representatives of public administration institutions – associations (business, lawyers', etc., and *NGO*) – scientific – financial institutions. One of its functions shall be to perform the expert examination of development directions of public services and projects where the partnership principle may well be used; also, the preliminary evaluation of *public-private partnership* projects, which should be performed by simulation. Simulation (including financial simulation) is one of the key parts of the *PPP* project, which shows the actual value of the project; helps evaluate the reliability of the project and its attractiveness to business; helps formulate tasks to suppliers more accurately; helps evaluate the suppliers' proposals better and make a rational decision.

State/municipality may plan to use resources of the private sector in the provision of public services and in the development of the required infrastructure. However, if the idea or the plans are not attractive to business, they will remain on paper (there are many such examples in Lithuania). In order to actively involve private business in the partnership process, attractive conditions must be offered. Cooperating parties must carry out activities that they can perform most efficiently. One of the most common targets of the criticism and negative attitude to the private sector (and not only) is the government bureaucratic procedures, which are not always transparent and

often consume much time and effort. Therefore, one of the conditions for being attractive to business would be the assumption of the completion of bureaucratic procedures (regulated and controlled by the government), liability and problem-solving by public administration institutions, which know them well and know how to deal with them. I.e. in order to increase the attractiveness of public service development projects for private business, the responsibilities of public authorities (central and local authorities and subordinated organisations) should be clearly regulated, e.g. the drafting and approval of special and detailed plans, redemption of land, acquisition of construction or modernisation permits, etc.; responsibilities of the private business (e.g. investment, design, construction or modernisation works, efficient project management, operator's functions, etc.) should also be regulated. Thus, each partner would do what it can do best.

Both the society and business have to perceive the benefits of partnership and to know the possible problems and threats. For this purpose, the system of building public awareness of the essence of the *PPP* principle, the benefits of its application, etc., should be developed and implemented. This can be assisted by a publicity campaign, which should be continuously carried out through the agency and the council. Proposed projects should be submitted for public consideration, the generated added value should be emphasised and all risks should be revealed.

The private sector (through public-private partnership) may start providing more efficient public services, to re-orient public services infrastructure by raising the satisfaction of service users and maintenance of the quality of life. The financial burden of *PPP* associated with the development of public services shall be shifted from taxpayers to the users, and new sources of investment shall be pulled in.

The following *PPP* procurement process might be a *possibility*: the agency shall publish proposals for the development of public

services. They shall state the initial selection criteria. During the *PPP* procedure, the eligible tenderers shall be identified. Having passed the initial selection procedure, the tenderers shall be invited to submit their detailed tenders. Tenders shall be rated according to the evaluation criteria (the Council shall be authorised to prepare the evaluation criteria and to compare the technical data of tenders); the highest- rated tenders shall be invited to proceed to the final stage of negotiations.

The agency (a public administration institute) shall issue notices on its websites or in the Official Gazette about the contract for a *PPP* project under implementation. The notice must state the name of the private partner (concessionaire) and the summary of the principal terms and conditions of the *PPP* (concession) contract.

The model provides preconditions for transparent and efficient implementation of *PPP* projects. The provided model clearly distributes cooperation and responsibility limits as well as points of interaction:

- The society and citizens receive quality services, and the provision of such services starts sooner than it would have if the services had been provided by the State.
- The public sector delegates the provision of public services, which require large investment into the infrastructure, and certain associated risks to the private sector on a long-term basis; buys only the service from the private sector rather than establishes property and organizes the provision of public services related to such property; has the opportunity to spread the financial burden of initial investments over several years rather than paying it as a lump sum.
- The private sector develops and provides public services. Periodical disbursements from the public sector and/or the payment effected by consumers for the service are the source of income of the private partner.

## 5. CONCLUSIONS

Public- private partnership may cover various forms of partnership, viz. as the property of the private sector in the state of municipal activities or information and consultations between the public and private sectors, also as an unconventional method of public procurement when the public and private sectors enter into a long-term contract on the establishment of public infrastructure or the provision of public services.

Foreign experience evidences that *PPP* projects should not be feared – they can be beneficial both to the State, which can raise the required funds over a short period of time and contribute to the project by paying in instalments spread over a long period of time, and to the residents who get services of a higher quality. The most important thing in implementing *PPP* projects is to properly draw up the contract between the public and private partners, which should explicitly state all terms and conditions, undertakings and liabilities, evaluate risks, determine the payment mechanism and dispute settlement procedure, etc. In order to reduce any risk associated with such projects, a proper legal framework should be developed, which would provide liabilities and undertakings of both parties of the project (the private and public sectors), and more information should be disbursed as to how such projects are being implemented, what the structures of financing are, and what the benefit of such projects is.

Foreign experience shows that, for the purpose of efficient application of the *PPP* principle, it is well-worth starting with relatively small and simple projects. It should be noted that quite a long time may pass (1.5 to 2 years) from the generation of the idea to the commencement of the implementation, especially at the initial stage of the application of *PPP* principles. Beside private funds (including bank loans), it is expedient to use budget

as well as EU funds for the financing of *PPP* projects. For the State/Government to be able to enjoy the benefits generated by *public-private partnership*, the following is required: laws, incentives for the entities of the private sector involved in partnership projects, legal procedures regarding *PPP* regulation of the development of urban infrastructure.

Lithuania so far fails to demonstrate any clear political will to widely use the *PPP* principle in providing public services, improve their quality, modernise and efficiently manage assets required for the provision of public services, also the activities of central authorities are still insufficient. As it was mentioned before, in Lithuania this initiative can be seen only at the municipal level. So far, Lithuania lacks political will to develop *PPP* projects. If the state policy for the development of partnership is formed, public administration institutions shall be motivated to apply *PPP* models. The generated complex model creates preconditions for transparent and efficient implementation of partnership projects in the field of the development of urban areas; moreover, this model and its modifications would create preconditions to expand partnership into other fields as well.

## REFERENCES

- Abednego, M. P. and Ogunlana, S. O. (2006) Good project governance for proper risk allocation in public-private partnerships in Indonesia, *International Journal of Project Management*, 24(7), pp. 622–634. doi:10.1016/j.ijproman.2006.07.010
- Ahmed, S. and Ali, S. (2006) People as partners: facilitating people's participation in public-private partnerships for solid waste management, *Habitat International*, 30(4), pp. 781–796. doi:10.1016/j.habitatint.2005.09.004
- Akintoye, A., Hardcastle, C., Beck, M., Chinyio, E. and Darinka Asenova, D. (2003) Achieving best value in private finance initiative project procurement, *Construction Management and Economics*, 21, pp. 461–470. doi:10.1080/0144619032000087285
- Alam, M. and Rashed, A. (2010) Delivering countywide cost-effective and better education services: the models of public private partnership (PPP), *Technics Technologies Education Management-Ttem*, 5(4), pp. 875–880. doi:10.1061/41109(373)125
- Aziz, A. M. A. (2007) Successful delivery of public-private partnerships for infrastructure development, *Journal of Construction Engineering and Management-ASCE*, 133(12), pp. 918–931. doi:10.1061/(ASCE)0733-9364(2007)133:12(918)
- Barr, D. (2007) Ethics in public health research: a research protocol to evaluate the effectiveness of public-private partnerships as a means to improve health and welfare systems worldwide, *American Journal of Public Health*, 97(1), pp. 19–25. doi:10.2105/AJPH.2005.075614
- Birnie, J. (1999) Private Finance Initiative (PFI) – UK construction industry response, *Journal of Construction Procurement*, 5(1), pp. 5–14.
- Chan, A. P. C., Lam, P. T. I., Chan, D. W. M., Cheung, E. and Ke, Y. J. (2010) Critical success factors for PPPs in infrastructure developments: Chinese perspective, *Journal of Construction Engineering and Management-ASCE*, 136(5), pp. 484–494. doi:10.1061/(ASCE)CO.1943-7862.0000152
- Chiara, N. and Garvin, J. M. (2008) Variance models for project financial risk analysis with applications to Greenfield BOT highway projects, *Construction Management and Economics*, 2(6), pp. 925–939. doi:10.1080/01446190802259027
- Chiara, N., Garvin, J. M. and Vecer, J. (2007) Valuing simple multiple-exercise real options in infrastructure projects, *Journal of Infrastructure Systems*, 13(2), pp. 97–104. doi:10.1061/(ASCE)1076-0342
- Dailami, M., Lipkovich, I. and Van Dyck, J. (1999) INFRISK: a computer simulation approach to risk management in infrastructure project finance transaction, Paper No. 2083, Washington D. C., World Bank. doi:10.1596/1813-9450-2083
- De Lemos, T., Betts, M., Eaton, D. and De Almeida, L. T. (2000) From concessions to project finance and the private finance initiative, *Journal of*

- Private Finance*, pp. 1–19.  
doi:10.3905/jsf.2000.320226
- Demirag, I., Dubnick, M. and Khadaroo, M. I. (2004) A framework for examining accountability and value for money in the UK's private finance initiative, *Journal of Corporate Citizenship*, 15, pp. 63–76.
- Dixon, T. and Pottinger, G. (2006) Lessons from real estate partnerships in the UK: drivers, barriers and critical success factors, *Property Management*, 24(5), pp. 479–496.  
doi:10.1108/02637470610710538
- Eaton, D., Akbiyukli, R. and Dickinson, M. (2006) An evaluation of the stimulants and impediments to innovation within PFI/PPP projects, *Construction Innovation*, 6, pp. 63–77.
- Edwards, P. and Shaoul, J. (2003) Partnerships: for better, for worse?, *Accounting, Auditing & Accountability Journal*, 16(3), pp. 379–421.  
doi:10.1108/09513570310482345
- El-Gohary, N. M., Osman, H. and El-Diraby, T. E. (2006) Stakeholder management for public private partnerships, *International Journal of Project Management*, 24(7), pp. 595–604.  
doi:10.1016/j.ijproman.2006.07.009
- European Commission (2004a) Green Paper - On Public-Private-Partnerships and Community Law on Public Contracts and Concessions – [Online] Brussels, European Commission, 30.4.2004 COM 2004 327 final. Available at: [http://eur-lex.europa.eu/LexUriServ/site/en/com/2004/com2004\\_0327en01.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/com/2004/com2004_0327en01.pdf).
- European Commission (2004b) A report on the functioning of public procurement markets in the EU: benefits from the application of EU directives and challenges for the future 03/02/2004 – [Online] Brussels, European Commission. Available at: [http://ec.europa.eu/internal\\_market/publicprocurement/docs/public-proc-market-final-report\\_en.pdf](http://ec.europa.eu/internal_market/publicprocurement/docs/public-proc-market-final-report_en.pdf).
- European Commission (March 2003) Guideline for successful public-private-partnerships – 2003. [Online] Brussels, European Commission. Available at: [http://europa.eu.int/comm/ regional\\_policy/sources/docgener/guides/ ppp\\_en.pdf](http://europa.eu.int/comm/ regional_policy/sources/docgener/guides/ ppp_en.pdf).
- Froud, J. (2003) The private finance initiative: risk, uncertainty and the state, *Accounting, Organizations and Society*, 28(6), pp. 567–589.  
doi:10.1016/S0361-3682(02)00011-9
- Gallimore, P., Williams, W. and Woodward, D. (1997) Perceptions of risk in the private finance initiative, *Journal of Property Finance*, 8(2), pp. 164–176. doi:10.1108/09588689710167852
- Garvin, M. J. (2010) Enabling development of the transportation public-private partnership market in the United States, *Journal of Construction Engineering and Management-ASCE*, 136(4), pp. 402–411.  
doi:10.1061/(ASCE)CO.1943-7862.0000122
- Ginevičius, R. and Krivka, A. (2010) The model of the integrated competitive strategy of an enterprise in oligopoly market, *Business: Theory and Practice*, 11(2), pp. 87–95.  
doi:10.3846/btp.2010.10
- Ginevičius, R., Petraškevičius, V. and Šimkūnaitė, J. (2010) The influence of market concentration on the results of enterprise commercial activities, *Business: Theory and Practice*, 11(3), pp. 185–193. doi:10.3846/btp.2010.21
- Grimsey, D. and Lewis, M. K. (2005) Are public private partnerships value for money?: Evaluating alternative approaches and comparing academic and practitioner views, *Accounting Forum*, 29(4), pp. 345–378.  
doi:10.1016/j.accfor.2005.01.001
- Iyer, K. C. and Sagheer, M. (2010) Hierarchical structuring of PPP risks using interpretative structural modeling, *Journal of Construction Engineering and Management-ASCE*, 136(2), pp. 151–159.  
doi:10.1061/(ASCE)CO.1943-7862.0000127
- Jae-ho, C., Jinwook, C. and Doo-Jin, L. (2010) Risk perception analysis: participation in China's water PPP market, *International Journal of Project Management*, 28(6), pp. 580–592.  
doi:10.1016/j.ijproman.2009.10.010
- Jin, X. H. (2010a) Determinants of efficient risk allocation in privately financed public infrastructure projects in Australia, *Journal of Construction Engineering and Management-ASCE*, 136(2), pp. 138–150. doi:10.1061/(ASCE)CO.1943-7862.0000118
- Jin, X. H. (2010b) Neuro-fuzzy decision support system for efficient risk allocation in public-private partnership infrastructure projects, *Journal of Computing in Civil Engineering*, 24(6), pp. 525–538.  
doi:10.1061/(ASCE)CP.1943-5487.0000058

- Jun, J. (2010) Appraisal of combined agreements in BOT project finance: focused on minimum revenue guarantee and revenue cap agreements, *International Journal of Strategic Property Management*, 14(2), pp. 139–151. doi:10.3846/ijsp.2010.11
- Kavanagh, B. T. (2003) The uses and abuses of structured finance, *Policy Analysis*, No. 479.
- Ke, Y. J., Wang, S. Q. and Chan, A. P. C. (2010) Risk allocation in public-private partnership infrastructure projects: comparative study, *Journal of Infrastructure Systems*, 16(4), pp. 343–351. doi:10.1061/(ASCE)IS.1943-555X.0000030
- Kim, J.-H. (2006) *Fiscal risk management in public private partnerships, presented in public-private partnership in infrastructure days*. Washington, D. C. Available at: <http://98.131.215.178/PPPMIS/ppp/otherareaspresentation/Fiscal-RiskMgt.pdf>
- Leung, B. Y. P. and Hui, E. C. M. (2005) Evaluation approach to public-private partnership (PPP) urban redevelopments, *International Journal of Strategic Property Management*, 9(1), pp. 1–16.
- Li, B., Akintoye, A., Edwards, P. J. and Hardcastle, C. (2005b) The allocation of risk in PPP/PFI construction projects in the UK, *International Journal of Project Management*, 23(1), pp. 25–35. doi:10.1016/j.ijproman.2004.04.006
- Meidutė, I. (2006) Main establishment conditions of logistics centre and its financing facility, *Transport and Telecommunication*, 7(2), pp. 364–374.
- Meidutė, I. (2007) Economic evaluation of logistics centres establishment, *Transport*, 22(2), pp. 111–117.
- Meidutė, I. (2008a) What is public-private partnership?, *Business*, 2, pp. 96–98.
- Meidutė, I. (2008b) The analysis of opportunities of public private partnership, *Current Issues of Business and Law*, 2, pp. 147–155.
- Meidutė, I. (2009) The analysis of opportunities of public private partnership implementation, *Business, Management and Education 2008: Research papers*, 1, pp. 129–138.
- Meng, X. (2002) Guarantees for contractor's performance and owner's payment in China, *Journal of Construction Engineering and Management-ASCE*, 128(3), pp. 232–237. doi:10.1061/(ASCE)0733-9364(2002)128:3(232)
- Ng, S. T., Wong, Y. M. W. and Wong, J. M. W. (2010) A structural equation model of feasibility evaluation and project success for public-private partnerships in Hong Kong, *IEEE Transactions on Engineering Management*, 57(2), pp. 310–322. doi:10.1109/TEM.2009.2037142
- Nisar, T. (2007) Risk management in public-private partnership contracts, *Public Organization Review*, 7(1), pp. 1–19. doi:10.1007/s11115-006-0020-1
- Omobowale, E. B., Kuziw, M., Naylor, M. T., Daar, A. S. and Singer, P. A. (2010) Addressing conflicts of interest in public private partnerships, *BMC International Health and Human Rights*, 10(19), pp. 8–20.
- Pantelias, A. and Zhang, Z. M. (2010) Methodological framework for evaluation of financial viability of public-private partnerships: investment risk approach, *Journal of Infrastructure Systems*, 16(4), pp. 241–250. doi:10.1061/(ASCE)IS.1943-555X.0000015
- Pessoa, A. (2008) Public-private partnerships in developing countries: are infrastructure responding to the new ODA strategy?, *Journal of International Development*, 20, pp. 311–325. doi:10.1002/jid.1416
- Racky, P. and Stichnoth, P. (2009) Recommendations for the contractual allocation of risks during the operational phase of PPP-school projects, *Bauingenieur*, 84, pp. 513–521.
- Racky, P. and Stichnoth, P. (2010) Development of a lifecycle cost classification system for the estimating of PPP-projects on the school sector, *Bauingenieur*, 85, pp. 482–490.
- Rausser, G. and Stevens, R. (2009) Public-private partnerships: goods and the structure of contracts, *Annual Review of Resource Economics*, 1, pp. 75–97. doi:10.1146/annurev.resource.050708.144233
- Roumboutsos, A. and Anagnostopoulos, K. P. (2008) Public-private partnership projects in Greece: risk ranking and preferred risk allocation, *Construction Management and Economics*, 26, pp. 751–763. doi: 10.1080/01446190802140086
- Shaoul, J. (2005) A critical financial analysis of the private finance initiative: selecting a financing method or allocating economic wealth?, *Critical*



- Perspectives on Accounting*, 16(4), pp. 441–471.  
doi:10.1016/j.cpa.2003.06.001
- Skietrys, E., Raipa, A. and Bartkus, E. V. (2008) Dimensions of the efficiency of public-private partnership, *Inzinerine Ekonomika-Engineering Economics*, (3), pp. 45–50.
- Sobotka, A. and Czarnigowska, A. (2008) Target costing in public construction projects. In: Skibniewski, M. J., Vainiunas, P. and Zavadskas, E. K. (eds.), *Proceedings of the 9<sup>th</sup> international conference “Modern building materials structures and technologies”*, Vilnius, Lithuania, Selected papers, Vol. 1, pp. 375–380.
- Solino, A. S. and de Santos, P. G. (2010) Transaction costs in transport public-private partnerships: comparing procurement procedures, *Transport Reviews*, 30(3), pp. 389–406.  
doi:10.1080/01441640903037941
- Thobani, M. (1999) Private infrastructure, public risk, *Finance and Development*, 36(1), pp. 50–53.
- Tieva, A. and Junnonen, J. -M. (2009) Proactive contracting in Finnish PPP projects, *International Journal of Strategic Property Management*, 13(3), pp. 219–228.  
doi:10.3846/1648-715X.2009.13.219-228
- Vassallo, J. M. (2006) Traffic risk mitigation in highway concession projects, *Journal of Transport Economics and Policy*, 40(3), pp. 359–381.
- Wang, S. Q., Tiong, R. L. K., Ting, S. K. and Ashley, D. (2000) Evaluation and management of political risks in China’s BOT projects, *Journal of Construction Engineering and Management-ASCE*, 126(3), pp. 242–250.  
doi:10.1061/(ASCE)0733-9364(2000)126:3(242)
- Wibowo, A. (2006) CAPM-based valuation of financial government supports to infeasible and risky private infrastructure projects, *Journal of Construction Engineering and Management-ASCE*, 133(3), pp. 239–248.  
doi:10.1061/(ASCE)0733-9364(2006)132:3(239)
- Xu, Y. L., Chan, A. P. C. and Yeung, J. F. Y. (2010a) Developing a fuzzy risk allocation model for PPP projects in China, *Journal of Construction Engineering and Management-ASCE*, 136(8), pp. 894–903.  
doi:10.1061/(ASCE)CO.1943-7862.0000189
- Xu, Y. L., Yeung, J. F. Y., Chan, A. P. C., Chan, D. W. M., Wang, S. Q. and Ke, Y. J. (2010b) Developing a risk assessment model for PPP projects in China - a fuzzy synthetic evaluation approach, *Automation in Construction*, 19(7), pp. 929–943. doi:10.1016/j.autcon.2010.06.006
- Yuan, J. F., Skibniewski, M. J., Li, Q. M. and Shan, J. (2010a) The driving factors of China’s public-private partnership projects in metropolitan transportation systems: public sector’s viewpoint, *Journal of Civil Engineering and Management*, 16(1), pp. 5–18.  
doi:10.3846/jcem.2010.01
- Yuan, J. F., Skibniewski, M. J., Li, Q. M. and Zheng, L. (2010b) Performance objectives selection model in public-private partnership projects based on the perspective of stakeholders, *Journal of Management in Engineering*, 26(2), pp. 89–104.  
doi:10.1061/(ASCE)ME.1943-5479.0000011
- Zafirovski, M. (1999) What is really rational choice? Beyond the utilitarian concept of rationality, *Current Sociology*, 47(1), pp. 47–113.  
doi:10.1177/0011392199047001005
- Zhang, X. (2005) Critical success factors for public-private partnerships in infrastructure development, *Journal of Construction Engineering and Management-ASCE*, 131(1), pp. 3–14.  
doi:10.1061/(ASCE)0733-9364(2005)131:1(3)
- Zhang, Z. and Jia, M. (2010) Procedural fairness and cooperation in public-private partnerships in China, *Journal of Managerial Psychology*, 25(5), pp. 513–538. doi:10.1108/02683941011048409

**SANTRAUKA****VIEŠOJO IR PRIVAČIOJO SEKTORIŲ PARTNERYSTĖS GALIMYBIŲ ANALIZĖ****Ieva MEIDUTĖ, Narimantas Kazimieras PALIULIS**

Viešojo ir privačiojo sektorių partnerystė gali apimti įvairias partnerystės formas: kaip privačiojo sektoriaus nuosavybė valstybės ar savivaldybių veikloje ar informavimas ir konsultavimas tarp viešojo ir privačiojo sektorių, taip pat kaip netradicinis viešųjų pirkimų būdas, kai sudaroma ilgalaikė sutartis tarp viešojo ir privačiojo sektorių dėl viešosios infrastruktūros sukūrimo ar viešųjų paslaugų teikimo. Vykdam VPP projektus būtina tinkamai parengti sutartį tarp viešojo ir privataus partnerio, kurioje turi būti vienareikšmiškai apibrėžtos visos sąlygos, įsipareigojimai, atsakomybė, įvertintos rizikos, atsiskaitymo mechanizmas, konfliktų sprendimo tvarka ir t. t. Siekiant sumažinti bet kokią su tokiais projektais susijusią riziką, reikia suformuoti tinkamą teisinę bazę, kuri numatytų abiejų projekto šalių – tiek privačiojo, tiek valstybinio sektoriaus – atsakomybes ir įsipareigojimus, bei teikti daugiau informacijos, kaip tokie projektai vykdomi, kokios finansavimo struktūros, kokia gaunama nauda.