

Public-Private Partnership Projects in Canada: A Case Study Approach

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Abstract : Public-private partnerships (PPP) arrangements have emerged all around the world as a response to infrastructure deficits and the need to refurbish existing infrastructure. The motivations of governments for embarking on PPPs for the delivery of public infrastructure are manifold, and include on-time and on-budget delivery as well as access to private project management expertise. The PPP formula has been used by some State governments in United States and Canada, where the participation of private companies in financing and managing infrastructure projects has increased significantly in the last decade, particularly in the transport sector. On the one hand, this paper examines the various ways used in these two countries in the implementation of PPP arrangements, with a particular focus on risk transfer. The examination of risk transfer in this paper is carried out with reference to the following key PPP risk categories: construction risk, revenue risk, operating risk and availability risk. The main difference between both countries is that in Canada the demand risk remains usually within the public sector whereas in the United States this risk is usually transferred to the private concessionaire. The aim is to explore which lessons can be learnt from both models than might be useful for other countries. On the other hand, the paper also analyzes why the Spanish companies have been so successful in winning PPP contracts in North America during the past decade. Contrary to the Latin American PPP market, the Spanish companies do not have any cultural advantage in the case of the United States and Canada. Arguably, some relevant reasons for the success of the Spanish groups are their extensive experience in PPP projects (that dates back to the late 1960s in some cases), their high technical level (that allows them to be aggressive in their bids), and their good position and track-record in the financial markets. The article's empirical base consists of data provided by official sources of both countries as well as information collected through face-to-face interviews with public and private representatives of the stakeholders participating in some of the PPP schemes. Interviewees include private project managers of the concessionaires, representatives of banks involved as financiers in the projects, and experts in the PPP industry with close knowledge of the North American market. Unstructured in-depth interviews have been adopted as a means of investigation for this study because of its powers to achieve honest and robust responses and to ensure realism in the collection of an overall impression of stakeholders' perspectives.

Keywords : PPP, concession, infrastructure, construction

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