Taking Stock of Public–Private Partnerships and Private Finance Initiatives Around the World
ACCA wishes to commission research with policy and/or practical relevance that addresses the following key issues.

- Under what conditions are public–private partnerships (PPPs) and private finance initiatives (PFIs) the best options for delivering public services and key infrastructure projects?

- What is the impact of the financial crisis on the take up of PPP/PFI schemes around the globe and what is their potential long-term future?

- Have some of the earlier PPP/PFI schemes delivered real value for money in terms of performance and costs?

- What lessons can be learnt from project management and delivery?

- How should PPPs/PFIs be accounted for?

Accordingly, ACCA’s Research Committee invites expressions of interest for funding from researchers internationally for projects that focus on the issues outlined in this call. From these, a preferred bidder will be identified and invited to submit a full tender to undertake the study.

ACCA is making GB£25,000 (equivalent) available through this initiative to support an internationally-focused research project. The project is expected to start in late February 2010 and be completed within twelve months.

**BACKGROUND**

There is a significant history of drawing on the private and voluntary sectors to deliver public services across Anglo-Saxon economies. Countries such as the UK, New Zealand, Canada and Australia have led the way in the development of PPPs over recent decades. Today PPPs are an important part in expanding public infrastructure throughout the European Union (EU), especially in the former accession countries of Central and Eastern Europe. Although mainly adopted in the developed world, this type of public procurement is attracting the interest of other economies; for example, China and the Czech Republic have both sought advice from the UK on PPPs/PFIs.

PPP’s have delivered changes for public services such as hospitals, schools, transport, waste facilities and climate change infrastructure etc. In the UK alone significant achievements have been reported. For example, 50 new hospitals have been built in the past 10 years and the recent ‘building schools future programme’ is aimed at rebuilding and renewing every secondary school in England over a 10-15 year period. Adrian Bull, managing Director of Carillion Health published in ‘Public and private: partners in the public interest’ that PFI has transformed the infrastructure of the NHS in the UK.1 In education, too, he reported the positive experience of PPP’s, making a significant impact on educational outcomes such as addressing poor examination performance (although there are mixed feelings about this claim).

It is not yet clear what the long-term impact is of the financial crisis on PPP/PFI schemes. The problems appear not so much the risks within PPP schemes, banks have generally become comfortable with these, but of more concern is bank liquidity as well as their confidence to lend, creating so-called ‘rationing’ by banks of finance available for PPPs. Until the liquidity issue is resolved and confidence returns, it looks as though a number of deals will be on hold. The current economy is also causing delays to financial close on deals. These problems, coupled with the uncertainty surrounding public sector finances around the globe, mean that public sector organisations and the private sector may be less likely to want to commit to longer term deals.

A great amount has been published about PPP and PFI over the past two decades and PPP and PFI deals have continually been readjusted and lessons learnt, not least the accounting treatment of them. In the UK the question of whether the schemes should be on or off balance sheet has been hotly contested. The UK Office for National Statistics (ONS) estimated that reclassification ‘on balance sheet’ would increase public debt in the UK by £5 billion (2006).2 If the public sector takes on the risk of ownership, the PPP/PFI becomes a finance lease, which would be classed as a capital spend by the Government with an imputed loan by the private sector to Government to finance it.

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Much of the debate has focused on whether PPPs/PFIs deliver the best value for money. The European Commissioner for Regional Policy, Danuta Hubner, has argued that ‘projects where the private sector provides only finance may not represent the best value for money, as the public sector may be able to procure finance on better terms. Greater efficiency may be generated for example, where one party is responsible for the design, construction, and management and financing as an integrated package’. However, this has to be balanced against the continuing dissatisfaction in the traditional approaches to public sector service delivery, particularly in Europe and the UK.

A significant amount has been written about the skills that are required to deliver major PPP/PFI programmes together with guidance on good practice. At a PFI conference in June 2009 the NAO reported that ‘project management skills were improving in the public sector in the UK’. However, the NAO still had some broader concerns regarding the absence of commercial skills within the sector. This often results in a lack of challenge at key points during a project’s life. At worst this results in over optimism with programmes failing to deliver what they had set out to achieve. Although there is a lot of written material there is always scope to learn the lessons from international best practice, in particular how issues such as building capacity and developing skills have been addressed.


ACCA’S RESEARCH INTEREST

ACCA invites expressions of interest for research projects that address – from a policy and/or practice perspective – the key issues outlined below.

The questions raised under each key issue represent only a selection and are merely examples of questions that could be explored. Our aim in issuing a call for expressions of interest rather than full research proposals is to allow researchers to draw innovatively on existing knowledge to submit research outlines in any areas relevant to the aim of this call.

The project is expected to start in February 2010 and be completed within one year (February 2011).

UNDER WHAT CONDITIONS ARE PPP/PFI SCHEMES THE BEST OPTION FOR DELIVERING PUBLIC SERVICES AND KEY INFRASTRUCTURE PROJECTS?

• What evidence is there to suggest that PPP/PFI schemes anywhere in the world help to deliver better services/outcomes over and above other conventional procurement methods?
• What evidence is there to suggest that PPP/PFI schemes help to deliver sustainable outcomes for public services?
• Which countries have adopted other innovative procurement methods which have had proven results?
• Why are PPP/PFI schemes predominantly focused on infrastructure?
• What are the examples of successful PPP/PFI schemes?
• What are the examples of poor practice and lessons learnt?

WHAT IS THE IMPACT OF THE FINANCIAL CRISIS ON THE TAKE UP OF PPP/PFI SCHEMES AROUND THE GLOBE AND THEIR POTENTIAL LONG-TERM FUTURE?

• What is the current landscape of implementing PPP/PFI schemes worldwide?
• Is PPP/PFI in different states of development around the globe?
• What are the key differences and similarities in implementation?
• What impact is the financial crisis having on deals?
• Is there a sea change by Governments to pursue PPP/PFI?
• Is there a difference in the mix between conventional public procurement and PFI/PPP for investment?
• What impact is the financial crisis having on the cost of capital of schemes?
HAVE SOME OF THE EARLIER PPP/PFI SCHEMES DELIVERED REAL VALUE FOR MONEY IN TERMS OF PERFORMANCE AND COSTS?

- Are the costs and benefits of PPP/PFI being adequately assessed?
- How effective are public services at monitoring value for money?
- What are the examples of PPP/PFI schemes which are improving public service outcomes?
- Is there any evidence to show that greater efficiencies are achieved by integrating finance, design and construction and the management of a project into a single package?

WHAT LESSONS CAN BE LEARNT FROM PROJECT MANAGEMENT AND DELIVERY?

- What are the strengths and gaps in skills for delivering significant PPP/PFI programmes, and are they different or similar around the world?
- What is good practice project management, execution and delivery for major PPP/PFI schemes, and is it transferable around the globe?

HOW SHOULD PPPS/PFIs BE ACCOUNTED FOR?

- Is the current accounting treatment of PPP/PFI schemes sufficiently transparent?
- How are public liabilities accounted for around the world and what are the differences, eg are they included as part of a Government’s national debt?
- The choice of discount rate is critical in assessing the benefits of a PPP/PFI scheme over a long period of time. What can be considered good practice and what lessons have been learnt?

ESSENTIAL ELEMENTS

The successful application will include:

- international relevance – ie findings will have relevance in more than one country. Successful applications will provide support for the country choice
- a practice and/or policy-relevance
- an ability to produce recommendations for the accounting profession
- outputs directed at policy and professional stakeholder groups
- a completion date (ie all deliverables submitted) within one year from February 2010.

OUTPUT

Outputs from the project will include:

- an interim report in September 2010, which identifies emerging issues that can be used to inform an ACCA presentation at the World Congress of Accountants in November 2010, plus a meeting with ACCA Project Panel members (generally conducted by telephone or video conference)
- a final report, including executive summary that can additionally stand alone
- an article for ACCA’s bi-annual journal for accounting and finance professionals, and
- a presentation to ACCA’s Public Sector Policy Committee.

METHODS

ACCA will consider all methods although the successful project will employ appropriate method(s) in relation to the research objectives.

COLLABORATIVE PROJECTS

These are welcome, but must demonstrate the value added by the partnership in terms of the research aims and objectives, expertise, dissemination, opportunities, and impact of the project.

Research projects with a multi-disciplinary approach are particularly encouraged.

LOCATION

Projects will be considered from applicants based anywhere in the world.

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4. The final report will provide material and analysis capable of helping ACCA make informed policy recommendations to governments, policy makers and standard setters as well as the accounting and finance profession as a whole. The final project report will be capable of being published by ACCA, will be subject to independent peer review and will remain under ACCA’s editorial control. The final draft report is to be submitted to ACCA within a maximum of twelve months from the start date of February 2010, for peer review.
FUNDING

Under this initiative, ACCA’s Research Committee has set aside up to a total of GBP25,000 (equivalent) to support one research project.

Applicants are requested to note that:

• reasonable costs to buy out teaching time will be considered

• the research project supported as part of this call will be funded by ACCA through CAET (Chartered Accountants Educational Trust), which is a registered charity. As such, university overheads are not funded; neither does CAET pay any percentage of full economic costs

• applications must comply with all funding guidelines issued by ACCA’s Research Committee, a full listing of which is available from: www.accaglobal.com/research

• at least two meetings with the ACCA Project Panel will be required: one at the outset of the project and another at interim reporting stage, which are generally held by telephone or video conference

• ACCA expects to support one internationally-focused research project from the maximum of GBP25,000 equivalent set aside for this initiative

• reasonable travel, accommodation and subsistence expenses relating to dissemination activities (see output section of this call for more information) will be paid for by ACCA and need not be included in research costs

• the project is expected to start in February 2010 and be completed by the end of February 2011.

Full information about applying for research support from ACCA can be found at www.accaglobal.com/publicinterest/activities/research/funding

FUNDING DECISIONS

This initiative is being overseen on behalf of ACCA’s Research Committee by a project panel, whose members will make shortlisting decisions as well as recommendations for funding to ACCA’s Research Committee.

The final funding decisions will be made by ACCA’s Research Committee, who will draw from the recommendations made by the project panel, and whose decisions are not negotiable.

ACCA’S PROJECT PANEL

Panel members comprise:

• Jane Broadbent, Vice-Chair, ACCA Research Committee

• Dean Wescott, Chairman, Public Sector Committee, ACCA

• Steve Priddy, Director of Technical Policy & Research, ACCA

• Gillian Fawcett, Head of Public Sector, ACCA

• Caroline Oades, Head of Research, ACCA

• Barbara Grunewald, Senior Research Officer, ACCA

• Expert panelists to be appointed.

TO APPLY

In the first instance, expressions of interest should take the form of an outline statement, on not more than two sides of A4, indicating:

• the scope and rationale of the proposal

• the likely research methods to be deployed

• the approximate amount to be requested

• the expected impact and outcomes of the research on policy AND practice.

Enquiries and expressions of interest should be directed to ACCA’s Senior Research Officer, Barbara Grunewald.
barbara.grunewald@accaglobal.com

The deadline for expressions of interest is GMT 12midnight on 31 October 2009. Submissions received after this deadline will not be considered.
**TIMETABLE AND KEY DATES**

**w/c 5 October 2009**
Call for expressions of interest issued, internationally.

**31 October 2009, 12 midnight GMT**
Deadline for receipt of expressions of interest, submitted electronically, to barbara.grunewald@accaglobal.com

**w/c 23 November 2009**
Initial Panel short listing decisions advised; invitations for research proposals issued to selected researchers.

**6 January 2010, 12 midnight GMT**
Deadline for receipt of full proposals from shortlisted applicants, submitted electronically using the ACCA research application form, to barbara.grunewald@accaglobal.com

**w/c 18 January 2010**
Presentations by shortlisted applicants to Panel members.

**w/c 25 January 2010**
Final decision advised.

**No later than w/c 22 February 2010**
Contract signed and project start date.

**w/c 20 September 2010**
An interim report submitted, which identifies emerging issues that can be used to inform an ACCA presentation at the World Congress of Accountants in November 2010, plus a meeting with ACCA Project Panel members (generally conducted by telephone or video conference).

**February 2011**
Final draft report delivered to ACCA.

**2011**
Presentation at ACCA-hosted events.

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**ACCA – THE SPONSOR**

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants, supporting 131,500 members and 362,000 students throughout their careers, and providing services through a network of over 80 offices and centres. We use our expertise and experience to work with governments, donor agencies and professional bodies to develop the global accountancy profession and to advance the public interest.

Augmenting ACCA’s strong position in a worldwide market is ACCA’s well-respected research programme, generating high-profile, high-quality, cutting-edge research with international focus, wide dissemination and strong emphasis on public policy influence and practical value. This research programme underpins ACCA’s Royal Charter, which confirms ACCA’s commitment ‘to advance the science of accountancy, financial management and cognate subjects’. Additionally, it adds value to our members and students, contributing to ACCA’s reputation and influence worldwide.