Beyond the financial logic: realizing valuable outcomes in public-private partnerships in Flanders and Ontario

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Abstract
The value of public-private partnerships (PPPs) has typically been sought in financial and budgetary benefits. In both research and practice, important aspects of non-financial value have remained under the radar. This article discusses four “white raven” PPPs that have shown rather atypical results in terms of their physical outcomes—design, contextual fit, and multifunctionality. We argue that despite the increasing role of private sector actors, public sector clients fulfill a key role in delivering value. A strong sense of ambition and vision, in combination with a solid coordination on the part of the client, helps deliver projects that go beyond mere financial perks and deliver true social value. These elements have largely been overlooked in previous research, which has often focused on financial, legal, political, and managerial capacities of government actors.

Introduction
Over the past few decades, governments have increasingly welcomed private financiers and investors to take care of the provision of public infrastructure (Ashton et al., 2012; Castree, 2008; O’Neill, 2013). Consequently, the popularity of public-private
partnerships (PPPs) has grown. A public-private partnership forms a specific approach to infrastructure provision in which the private sector finances a project, takes on an expanded role for facility design, construction, financing, operations, and/or maintenance, and bears a considerable amount of risk. PPP proponents argue that by making private sector experts responsible and holding them contractually accountable for their project tasks, taxpayers will get better value for their money (Hodge, 2010). In addition, PPPs have been used to keep major infrastructure investments off the public balance sheet (Hodge and Greve, 2007). As infrastructure can be bought now and paid for at a later stage, PPPs are a “mega credit card” for cash-strapped governments.

Against the backdrop of the predominant financial and budgetary motivations, many examinations and evaluations of PPP have been aimed at whether projects are delivered on time, on budget, and in line with predefined specifications. Numerous academic contributions exist on risk allocation (Bing et al., 2005; Carpintero and Petersen, 2015), value for money (Pollock et al., 2007; Siemiatycki and Farooqi, 2012), transaction costs (Hart, 2003; Reeves, 2008), private sector profit margins (Shaoul et al., 2006; Vecchi et al., 2013), and financial accounting (Stafford et al., 2010). Relevant non-financial results have remained under the radar, though. Very few scholars have addressed the promises, pitfalls, or actual impact of PPP in regard to its physical outcomes. However, such aspects as design, a project’s fit in a specific area, and the degree to which it serves multiple functions do have strong social value to communities.
The aforementioned lacuna is worth investigating for two reasons. First, the dominance of financial factors in PPP practice creates challenges for the achievement of social objectives. In the wake of an increasingly influential role of profit-oriented private consortia in the delivery of public services, it may become more difficult for governments to defend or promote social values (see for instance Raco, 2013). Secondly, and somewhat paradoxical to the former reason, PPP can actually create opportunities for delivering social value and help governments achieve more than just financial benefits. For instance, the long-term commitment of private sector partners, combined with a retreating government, could raise a sense of responsibility among the former actors (Heurkens and Hobma, 2014). It is important to further explore these venues because PPP is about long-term commitment, rigid contracts that are not easy to amend once they have been signed, vital investments, and vast amounts of money. More than in other (traditional) types of project development, in PPP trajectories governments need to act prudently for the sake of a meaningful social impact.

The potential of PPP regarding the achievement of non-financial benefits has been recognized by the European PPP Expertise Centre (EPEC, 2011). Moreover, in 2014 the European Union launched new procurement rules that put more emphasis on quality, environmental considerations, social aspects, and innovation (EU Press Service, 2014). The attention for different understandings of value is clearly increasing. However, the question remains how governments actually manage to break the pattern
in which financial considerations are dominant. In this article, we scrutinize four PPPs that can be considered “white ravens” as we aim to acquire an understanding of how, in some cases, actors are able to create atypical projects relative to the institutionalized bias toward financial matters. We thus contribute to the debate on how to make PPP more valuable in different terms, namely focusing on its physical outcome.

The article starts with an account of how narrowly value is generally understood in PPP. Following that, we discuss a different way of perceiving value. On the basis of an international case study we explore how, against all odds, new conceptions of value are gradually getting off the ground in jurisdictions where historically there has been a focus on the money side of the equation. We look at atypical cases in the value for money-oriented Canadian province of Ontario and the largely off-balance-sheet inspired PPP practice in the Flemish Region in Belgium. The main argument is that public sector clients fulfill a vital role in influencing the value that is achieved through partnerships. In contrast to many scholars that have criticized private sector involvement per se when it comes to urban or infrastructure development, we zoom in on the pivotal role of public sector partners in considering more than financial aspects if great projects are to be realized. We emphasize that the client sets the bar and requires a clear vision, as well as coordination skills, if a PPP is to deliver not only financially, but also socially.

Public-private partnership: today’s narrow conception of value
While a generally accepted understanding of public-private partnership is lacking due to its conceptual ambiguity (Bovaird, 2010; Weihe, 2008), an often-applied contemporary definition of PPP is that it is a form of project finance in which the private sector handles the upfront costs for the provision of public infrastructures. Additionally, a PPP involves a long-term infrastructure contract with a tight specification of outputs (Hodge and Greve, 2010). In the most typical delivery model, a single private concessionaire is contracted to design, build, finance, and often also maintain (DBFM) an infrastructure asset on behalf of a government. In this article, we focus on this contractual type of PPP.

PPPs have been developed for a variety of reasons. Two of the most popular rationales illustrate the bias toward narrow conceptions of value: (1) value for money and (2) off-balance-sheet financing. The first rationale relates to the assumption that the private sector acts more efficiently than the public sector. Private companies with their own money at stake are believed to have a better track record of managing projects, and involving them heavily in all stages of infrastructure provision is therefore expected to incur better value for taxpayers’ money (Grimsey and Lewis, 2004). Over the past two decades, there has been considerable debate on what value for money actually means, whether public-private partnerships live up to the expectations regarding value for money, and on how value for money assessments are conducted (see Bain, 2010;
Coulson, 2008; Hodge and Greve, 2013; Pollock et al., 2007; Reeves, 2013; Regan et al., 2011; Siemiatycki and Farooqi, 2012, to mention but a few examples).

The second popular motivation for PPP, off-balance-sheet financing, is of a political nature. The payment systems of many DBFM projects include availability fees: as soon as an infrastructure asset has been delivered and operates in compliance with the specifications, a government (i.e. the client) starts paying periodically recurring fees to the private concessionaire. These fees cover the maintenance, but also the design, construction, and financing. Therefore, to a great extent, the government pays for the services delivered on a credit card basis: infrastructure can be bought now and paid later. In addition, as long as a sufficient amount of risk is being transferred to the private concessionaire, the outstanding payments need not be marked as public debt. It is the private concessionaire who has taken care of the financing, and formally speaking the government is not a debtor, even though it is tied to a fee payment system which covers the full cost of the project of concern. This somewhat misleading character of PPP has been criticized by both scholars and practitioners. It could lure governments into the direction of closing deals for nothing but budgetary reasons (McQuaid and Scherrer, 2010; Vining and Boardman, 2008; Willems and Van Dooren, 2016).

Bearing in mind the predominance in PPP practice of the motivations discussed above, the value of partnership deals has typically not been sought beyond financial and budgetary gains (see e.g. Da Cruz et al., 2013). Furthermore, as we look at Hodge and
Greve’s list of possible motivations that governments have used for their PPP endeavors (2013), it is difficult to find objectives that are related to other forms of value than typical efficiency goals like risk reduction and on-time and on-budget delivery. Recent years have shown a gradual trend toward different conceptions of value, though. We elaborate on this in the next section.

**Seeing value differently: looking at physical outcomes**

We briefly addressed in the introduction that the value PPP could create in social terms has remained remarkably unexplored over time. Nevertheless, Jeffares et al. (2013) argue that there is great potential in applying a wider definition of PPP performance so that governments and communities can reap higher benefits. Likewise, Siemiatycki (2013) advocates pursuing genuine societal value in PPP trajectories and breaking through the traditional pattern of financial logic, as in creating something that would not have been possible without public-private collaboration. Vining and Boardman (2008: 14) champion a “comprehensive social accounting” of PPP, as its effectiveness and desirability depend on its “ability to meet the needs of society as a whole, that is, whether the social benefits of [PPPs] are likely to be higher (or are actually higher) than government provision” (see also Globerman and Vining, 1996). Their argument aligns with Benington’s definition of public value as something that “extends beyond market
economic considerations, and can also encompass social, political, cultural and environmental dimensions of value” (Benington, 2010: 45).

While the aforementioned calls for more socially-oriented understandings of value in PPP trajectories can easily be offset against the traditional financial conceptions of value, there is a lack of empirical understanding of what these new understandings encompass and how they come about. Scholars have addressed the importance of the public interest, democratic accountability, and process management toward delivering PPP projects, and have expressed criticism on how governments have been dealing with these aspects (see e.g. Forrer et al., 2010; Landow and Ebdon, 2012; Ortiz and Buxbaum, 2008). However, neither these nor other contributions have looked explicitly at what contractual PPPs deliver in terms of physical outcomes. This gap is striking, as we argue that there are at least three key physical elements to how the final product is perceived and experienced: (1) the look and feel of delivered projects (i.e. design), (2) their relationships with and embeddedness in the environment, and (3) the different functions they offer. In the remainder of this section, we introduce the debate on these themes and explain their importance toward creating social value.

Design

Design is an important feature of the value of an asset. There is no point in creating something that does not work well for everyone, nor looks good nor lasts long.
Nevertheless, design has been playing a limited role in PPP processes. Architects, designers, and engineers struggle with the fact that in a typical DBFM project they do not have a formal, direct relationship with the end user. Instead, they need to team up with the financier and the contractor (Barlow and Köberle-Gaiser, 2008). This could have a negative impact on the design of the projects that are delivered; corporate interests may interfere with initial goals that were once set by the public client. The result could be a discrepancy between the end user’s wishes and the final product.

Furthermore, the strong emphasis in PPP on financial matters could incur design that is below par in terms of esthetic appeal and innovation. While no systematic analyses exist on how many design awards are won by DBFM projects in comparison with traditionally procured projects, on the basis of a qualitative study Van den Hurk and Siemiatycki note that architects and designers “have to be cognizant that they may have to park their big-A architecture at the door” in PPP trajectories (2015: 28). The reason is that clients want to constrain project costs and therefore apply different standards. This challenge contravenes the potential of PPP to deliver design of great quality. More than any other procurement approach, the DBFM model requires private sector experts from various disciplines to collaborate while preparing their bids, so one would expect that better or novel ideas are developed.

*Contextual fit*
In general, DBFM projects have not been lauded for their contextual fit in the environment in which they are constructed. While there is integration across the different phases of an asset’s life cycle, this is not necessarily the case across sectorial boundaries. The procurement of projects often takes place within a sector-specific public agency and does not extend to adjacent units. Therefore, chances are that developments remain standalone efforts that are isolated from or at odds with their environment, both socially (e.g. relative to a community) and physically (e.g. relative to the surrounding landscape).

An increasing number of contributions has been addressing the potential of PPP to connect with the social and physical environment and improve the inclusiveness of partnership deals on this matter, though. Lenferink et al. (2013: 18) write about the “scope dimension [which] considers the inclusion of other socio-economic functions in … infrastructure development.” Furthermore, Heeres et al. (2012) observe a gradual transformation from traditional line-oriented planning towards area-oriented approaches in Dutch motorway planning (see also Busscher et al., 2013). Initiatives like these incorporate landscaping and context-sensitive design in projects that traditionally used to not consider these kinds of issues. They thus create a shift from a narrow project focus to a wider area perspective, which allows them to better incorporate various needs, demands and opportunities and build up relationships with traditionally external worlds. However, there is still a lack of evidence that PPPs achieve these targets.
Scholars have focused on such isolated endeavors as engineering infrastructure projects, and how they are managed, without explicitly taking into account how these are embedded in their environments (Akintoye and Beck, 2009; Greve and Hodge, 2013).

**Multifunctionality**

Finally, and partly related to the former aspect, we discuss the potential of DBFM projects to exceed the common rationale of building single-purpose projects and opening the door to *multifunctional initiatives* instead. Strikingly, while DBFM projects are generally large projects with at least 50 million euro of capital cost—and often a multiplication of that value—they are typically developed for single-use purposes, e.g. railway tunnels, motorway passages, or hospitals. There is often only one user on the public side of the contract, even though the size of these deals should easily enable the involvement of additional actors, and create opportunities for achieving economies of scale and combining the use of the asset that is to be delivered. Lenferink et al. (2013) have explored the potential of PPP toward enabling a transformation from monofunctional to multifunctional development (see also Arts, 2007). In a recent article, Roberts and Siemiatycki (2015) explain in depth a meaningful partnership that fits the description of a mixed-use project; a condominium tower that incorporates a school facility. Their case shows that PPP *can* lead to interesting multifunctional outcomes. However, scholarly contributions like these remain scarce and leave much to
be explored. Furthermore, earlier work on PPP which has discussed aspects of multifunctionality often applied a different understanding of PPP. Many planning scholars have looked at so-called public-private alliances or network structures, rather than the newer, contractual type of partnerships we discuss in this article (see e.g. Codecasa and Ponzini, 2011; Edelenbos and Teisman, 2008; Klijn and Teisman, 2003).

**Methods**

In order to answer the question how considerations other than financial value come about in PPP, we conducted a multiple case study (Eisenhardt, 1989). We scrutinized four projects that have been argued to perform exceptionally well in at least one of the three aspects of value that we discussed in the previous section—design, contextual fit, and multifunctionality.¹ As such, these projects have distinguished themselves from other PPPs within their jurisdictions, and it seems they have evaded the dominance of the financial logic. Flyvbjerg would qualify the selected projects as atypical cases, making them particularly useful in revealing “more information because they activate more actors and more basic mechanisms in the situation studied” (2006: 229).

Two of the selected projects were realized in the Belgian region of Flanders: “A11 Bruges” (road infrastructure) and “Tondelier” (urban regeneration). The other two were developed in Ontario, Canada: “Bridgepoint Hospital” and “Pan Am Athletes’

¹ These four projects were selected on the basis of media coverage and comments made by respondents.
Village/Canary District” (urban regeneration). We selected projects in these regions for a number of reasons. First of all, both Flanders and Ontario have shown a significant proliferation of PPP over the past two decades. There is a difference between the two areas in that more (sizable) contracts have been closed in Ontario, but both jurisdictions have housed a PPP policy strategy since the early 2000s, after a number of PPP projects had already been procured in the 1990s. As of today, approximately 100 PPPs have been established or have entered the preparation phase in Ontario (CCPPP, 2015). An exhaustive overview of Flemish projects is lacking, but there are more than enough of them—at least 35—to be able to make a distinction between what is common and what is exceptional.

The second reason to select projects in Flanders and Ontario relates to off-balance-sheet financing or value for money being the main drivers for PPP in these jurisdictions. In the Flemish Region PPP has long been popular in light of the opportunities it creates for off-balance-sheet financing. In fact, it is often argued that it has more or less been the only motivation for Flemish governments to embark on PPP—although these governments have never publicly announced this motivation (De Boeck and Van Horenbeek, 2015; Martens, 2015; Willems and Van Dooren, 2016). Therefore, Flanders offers an interesting background against which we can offset the

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2 In the remainder of the article, we will mainly refer to the fourth project as the Pan Am Athletes’ Village.
exceptionality of two Flemish PPPs that have clearly paid attention to other issues than off-balance-sheet financing. In contrast, Ontario is seen as a leading actor when it comes to delivering infrastructure PPPs, particularly because it has been conducting value for money assessments for a considerable time now (Garvin and Bosso, 2008; Infrastructure Ontario, 2015a; Siemiatycki, 2015). Yet, this approach does not necessarily consider the physical outcomes of PPP either. It is said to put so much emphasis on value for money assessments (i.e. risk allocation) that other opportunities are overlooked (Loxley and Loxley, 2010).

We have conducted our research following three steps. First, we identified for each project its special features and classified these within the threefold typology of design, contextual fit, and multifunctionality (i.e. the dependent variables). An overview of the indicators used is provided in Table 1. The indicators are based on our earlier discussion of the dependent variables. In the second step, we scrutinized how special features came about in each case (i.e. the independent variables). This part of our analysis consisted of a coding exercise in which we inductively reported the barriers and enablers as they were mentioned in our data and then categorized these into themes (Gibson and Brown, 2009: 127–144). In the third step, we compared the findings of the four cases in order to deduce common patterns.

Insert Table 1 about here.
Our collection of data consisted of two pillars: interviews and documents. In 2014 and 2015, we conducted semi-structured interviews with 29 PPP experts who had either been directly involved in one of the selected projects or were able to reflect on the projects due to their PPP expertise (see the Appendix for an anonymous overview). An array of topics was discussed during the interviews, including (but not limited to) the roles and responsibilities of architects and designers; the actor constellation; conceptions of value; sustainability; innovation; exceptional projects versus common projects; and the impact of PPP in planning and social terms. Interviewees were encouraged to bring in examples of personal experiences and information outside the predefined scope. The interviews were recorded, transcribed, and then subjected to a qualitative content analysis. Additionally, we analyzed both public and non-disclosed project files (e.g. tender documentation and contractual agreements) and media reports. The analysis of these data helped us improve our understanding of possible evolutions in how value is defined and created in PPP. Table 2 depicts an overview of the data collection.

Insert Table 2 about here.

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3 Two respondents were not recorded during the interview.
Outliers in Flanders and Ontario

In this section, we describe each of the four selected projects by discussing how they can be considered “outliers” relative to other contractual PPP projects within their jurisdiction. Following the line of our argument, the focus is on the physical outcomes of the projects. Table 3 provides background information on project characteristics. Table 4 depicts an overview of aspects of design, contextual fit, and multifunctionality in the selected projects.

Insert Table 3 about here.

A11 Bruges

The A11 Bruges will be a highway section in the Belgian coast region, south of the port of Zeebrugge. It has been under construction since 2013 and is planned to become operational in 2017. Highway projects are generally seen as public infrastructure endeavors which leave limited room for aspects of spatial quality (let alone design issues). However, within Belgium the A11 Bruges is seen as a project which distinguishes itself from many others due to its contextual fit, i.e. the way it is integrated in the characteristic Flemish scenery. As the A11 “cuts” through this landscape, the aim is to strengthen typical scenic features by building this road. Explicit attention has been paid to embedding the new road into the environment and keeping the landscape as
open as possible. The efforts exerted to do so are reflected in a number of outcomes, such as tunneled or sunken highway sections and narrow viaducts with long bridge spans. Furthermore, existing linear elements, such as tree rows and ditches, have been integrated in the design and are either retained or extended.

The A11 Bruges project also shows some interesting design features, including the use of noise-reducing asphalt pavement and bridge expansions. Furthermore, measures are taken toward ecological sustainability, for instance through the construction of wildlife passages and new ecological habitats. The project is not scoring particularly high on multifunctionality, which is unsurprising for a line infrastructure project. Still, A11 Bruges is seen as a successful, and certainly not obvious, example of integrating technical, scenic, and ecological elements into a traditional engineering project. The general message behind the design is to truly experience the scenery while driving on the highway.

**Tondelier**

Tondelier concerns the regeneration of a former gas plant site. The identity of the project leans on the site’s industrial heritage. Two tall gas towers are being renovated, as is a former wheat milling factory that will be converted into an apartment building. In doing so, the historic value of the area is being preserved. In addition to these renovation works, several new buildings are constructed in order to create a new,
predominantly residential neighborhood in the city of Ghent. The construction works are ongoing (fall 2016); the first construction phase will be completed in 2017, and the entire project will be finished by 2024. Apart from heritage preservation, sustainability measures form a key focal point of the project. For instance, many of the new buildings will be highly energy efficient buildings.

Tondelier is located between two existing neighborhoods: Rabot and Blaisantvest. It is an explicit objective that Tondelier catalyzes a socio-economic upgrade of these two neighborhoods. In this vein, the planned developments of retail and parks are considered to be conducive to the existing services in the area. Moreover, during the construction period the residents of surrounding neighborhoods can profit from temporary services that are offered on the former gas plant site, such as an urban farm and various sports pitches. Once completed, the Tondelier site will contain well over 500 dwellings; a large new park and an expansion of the existing Rabot Park; office and retail space; and various social centers, including a sports hall, a nursery, and a youth community center. The area will thus serve residential, commercial, and social objectives.

*Bridgepoint Hospital*

The new Bridgepoint Hospital went into operation in the spring of 2013. It is argued to be a state-of-the-art medical facility that is designed to provide care for people with
multiple complex and chronic health conditions. Compared to the old Bridgepoint Hospital and many other hospitals, among other things the new hospital provides more living and therapy space, more natural daylight, and more patient lounges. Important elements of design are in features that contribute to the “public openness” of the building, such as the rooftop terrace and various retail shops, and in the building’s high score on sustainability measures. Furthermore, a historic jailhouse has been preserved and integrated in the new building.

As for the contextual fit of Bridgepoint Hospital, there is increasing anecdotal evidence that it has been fulfilling a significant role within Toronto’s Riverdale Neighborhood. Not only does the building itself serve as a meeting place for the community, its green spaces and public gardens are well integrated with the adjacent Riverdale Park and Lower Don Trail. This brings us to the aspect of multifunctionality. In addition to its healthcare function and its social value to the neighborhood, The new hospital includes a Collaboratory for Research and Innovation and is in a teaching partnership with the University of Toronto. To conclude, the facility has been widely lauded for being more than a typical hospital building where patients come and go. It has distinguished itself from other hospital PPPs in Ontario by winning awards in design excellence.

*Pan Am Athletes’ Village/Canary District*
Toronto’s Athletes’ Village was developed to host athletes and team officials during the 2015 Pan/Parapan American Games. Part of the assignment was that it would be converted into a mixed-use neighborhood (i.e. the Canary District) after the Games, thereby revitalizing the West Don Lands—a long-neglected area east of Downtown Toronto. The design of the area has been critically acclaimed for its “coherent diversity”, meaning that every building has an individualized expression that adds to the integrated urban fabric. In addition, the neighborhood has been developed following a philosophy of sustainability. Many buildings contain environmentally responsible and sustainable features, and public green space is abundant. The development has won a variety of design and project management awards.

The Pan Am Athletes’ Village is a neighborhood in itself, with its own structure and its own community. Nevertheless, the project is embedded in a wider context as it is part of a major redevelopment program of the Toronto waterfront. Transit, bike, and pedestrian routes have been created in order to connect the area with adjacent neighborhoods. Furthermore, the look and feel of the Pan Am Athletes’ Village relate to the massing and material used in the nearby Distillery District. Finally, the new neighborhood fulfills a wide range of functions. It provides residence to students; it has a community center that can be used for recreational purposes and an Aboriginal Community Health Centre; it offers affordable ownership and rental housing; and it has a retail promenade. The Pan Am Athletes’ Village is generally seen as a successful
project as it expresses standards of excellence in various elements, from its public spaces and streets to the interiors and exteriors of its buildings.

Insert Table 4 about here.

**How valuable physical outcomes are created: a cross-case comparison**

The objective of this article is not to deliver an exhaustive list of factors that guarantee valuable physical outcomes of PPP projects. Instead, we aim to spark debate by taking account of the whys and hows of the “white ravens” and referring to these cases as we present our argument that one of the most important factors toward achieving value is the vigilance and rigor of public sector partners. In this section, we focus on two related elements that were present in each of the four projects we analyzed: (1) a clear vision and/or ambition of the client and (2) a strong coordinating role of the client. We elaborate how these two elements contributed to creating opportunities toward the achievement of more than financial value, and we bring in examples from the four projects to support our claims. The general argument is thus that the client fulfills a vital role in determining a project’s chances of success in terms of going beyond the traditional financial conception of value—and that there is much more to making PPP successful than simply involving private sector resources and waiting for great solutions to happen.
The client’s vision

A first point that we found to be important for the success of each of the four selected projects relates strongly to the vision and the ambition of the client in regard to achieving non-financial benefits. That is, the client’s aiming at a specific valuable physical outcome and the dedication to achieve that goal. In some projects this vision was present more explicitly than in others, as visions can be expressed in various ways. First of all, we came across strong visionary expressions of dedicated leading individuals and project teams on the public sector side. Our respondents indicated that these individuals and teams were able to sell their plans and lift their project to a higher level. As an example, various respondents made a most explicit reference to the chairwoman of the board of the Bridgepoint Hospital (Respondents O1, O2, O4, and O6). They characterized her as a “powerhouse” (Respondent O2) whose favorite line during the PPP process was as follows: “Can the building inspire wellness?” (Respondent O1). Similar references to high ambitions were made to the public sector teams who led the Pan Am Athletes’ Village project (Waterfront Toronto, a public organization operated by the city of Toronto and the province of Ontario) and the Tondelier project (a team of public officials based at the city of Ghent) (Respondents O8, O9, and F8).

In the remainder of this article, we use the terms “vision” and “ambition” interchangeably.
Second, public sector clients’ ambitions can be laid down in visions of public organizations that act on a “higher” level in the metaphorical sense of the word. For example, the city of Ghent initiated a city-wide policy aimed at realizing sustainability targets. Hence, the idea to use a specific sustainability instrument in the procurement process of the Tondelier project was not developed by Tondelier’s project team; instead, it was a hierarchical instrument that was imposed through municipal policy (Respondent F7). Similarly, the two Ontario projects are to be seen in light of a provincial policy titled “Build a Better Tomorrow”. This framework is linked to a public infrastructure investment plan that ensures public ownership of core assets—e.g. hospitals, schools, and water and wastewater facilities (Infrastructure Ontario, 2007, 2011b).

Finally, in all four cases we observed that official project and tendering documents, such as environmental impact assessment (EIA) reports and project definitions, included specific ambitions related to neighborhood building (Pan Am Athletes’ Village), pioneering healthcare (Bridgepoint Hospital), achieving sustainability (Tondelier), or meticulously embedding a project in its physical environment (A11 Bruges). Flemish respondents emphasized that in the A11 Bruges project many high-impact decisions regarding public value had already been made before the client announced the tendering procedure, and had been incorporated in the project definition and the output specifications (Respondents F2 and F3). While this approach limited the design freedom of the private bidders considerably, it also
signified the client’s clear focus on specific ambitions and the commitment to these ambitions. As for the other three projects, the respondents also referred to cases in which mandatory requirements were set as early in the process as possible, and in which the client was very clear about its requirements—to such extent that sometimes private bidders felt limited in their possibilities to bring in their own ideas.

In sum, in all four cases, the clients were clear on their high ambitions and particularly specific in terms of the physical outcomes they pursued. In some cases these ambitions may have been expressed more explicitly compared to other cases, but in all of them the client looked beyond mere financial considerations. In line with this argument, we refer to Respondent O4 who argued that “it is up to the vigilance of the final client to make sure that they get what they want.” This quote brings us to the importance of the coordinating role of the client.

Coordination: prescriptions and incentive mechanisms

Our second main point toward explaining how valuable physical outcomes come about in PPP relates to coordination, as in the organization of the process toward the achievement of specific objectives. In the procurement phase, coordination was executed in various ways, for instance through the design approach, tendering procedures and criteria, design review panels or compliance teams, and specific regulatory instruments. We discuss a number of examples to explain these points.
A similarity across the four cases was that the client explicitly requested value in terms of physical outcomes. While this observation may seem closely related to our argument on a client’s vision and ambition, it goes further than that since it refers to a particular action of the client: in order to obtain valuable physical outcomes, the client actively steered the PPP process by either imposing highly prescriptive designs or plans, or by incentivizing market parties to come up with desired solutions. This dichotomy between prescribing and incentivizing can be illustrated by Bridgepoint Hospital and the A11 Bruges. In the Bridgepoint Hospital project, competing proponents were to base their hospital design on a highly prescriptive design exemplar that had been developed by the architecture team of the public sector client (Respondent O2). The use of a design exemplar is generally seen as an unusual approach in a PPP trajectory, as the typical argument is that competing consortia should instead have many degrees of design freedom so that they can come up with innovative proposals. The fact that the design of Bridgepoint Hospital has been widely lauded counters the argument that design freedom is an indispensable success factor. At Bridgepoint, according to several respondents the standards of excellence imposed by the client actually contributed to the making of a successful design.

5 In Ontario, this team is typically called a “Planning, Design and Compliance” (PDC). The PDC team sets guidelines and performance requirements for the bidding consortia.
In the A11 Bruges project, the procuring authority avoided being prescriptive. Instead, respondents explained that the combined use of output specifications and the 25% evaluation weight on integrated design (which included design quality as well as social and ecological sustainability) motivated private consortia to “continue improving the reference design provided” (Respondents F2). Respondent F3 stressed the importance of using incentive mechanisms like these as he aptly stated that as long as the client does not reward bidders that go the extra mile in terms of delivering great design, bidders will not exert that extra effort. The award criteria on integrated design worked as an incentive mechanism, as did a bonus model for energy efficiency that was developed by the procuring authority. The client also motivated bidders to incorporate thoughts on sustainability by asking them to include a sustainability note in their proposals. Bidders were offered plenty of leeway when it came to the type of measures they could propose.

The other two cases illustrate that strategies of prescribing and incentivizing can be combined. In the Pan Am Athletes’ Village project, the client imposed high standards on the sustainability of the buildings and requested a minimum level of certification regarding energy efficiency and technology.6 On the other hand, incentive

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6 This certification would be based on a green building certification program called “Leadership in Energy and Environmental Design” (LEED). LEED standards must be achieved by all PPP projects in which Infrastructure Ontario is involved these days.
structures were developed to elevate the quality level of the designs that would be submitted as part of the bids. One of the respondents argued the following:

What they did for the PanAm Village was that they said: ‘Design has a value. In terms of points, in terms of the calculation.’ … [I]t was the first PPP project that had a much higher value given to design. … I think this one might have been as high as 30 percent. (Respondent O7)

In this vein, Respondent O9 referred to “shaping bidding behavior to respond to the performance criteria. … You make it very, very clear to the industry that we are looking for very good design as a critical component of success for this project.” Another feature of the Pan Am Athletes’ Village project that respondents addressed repeatedly was the role of a design review panel. This panel was established by Waterfront Toronto in regard to the revitalization of the entire waterfront district. In the Pan Am Athletes’ Village project it monitored the design of the project and sometimes had to defend the client’s take on it against views of others involved in the process (Respondent O8).

In the Tondelier project we also observed examples of prescribing and incentivizing. Sustainability considerations were a key issue in this urban renewal project; a sustainability assessment tool was used in order to evaluate how well the

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7 This is 30 percent as opposed to 25 percent or less in most PPP projects.
bidding private consortia scored on sustainability. This assessment tool comprised ten sustainability categories, such as integrated design, water, energy, livability and accessibility, and society and economy. The instrument was prescriptive in that it imposed minimum criteria on the incoming bids. Yet it was also used as an incentive mechanism in the bidding process. The winning bid did not only get the highest score in total, but also on the element of sustainability. Significant weight had been put on the sustainability element in the bid evaluation process, as the client sought to shape bidding behavior—cf. our findings on the A11 Bruges and the Pan Am Athletes’ Village. In addition, in the contractual agreement a clause was included which obligated the winning consortium to achieve in practice the exact same score on sustainability as it had promised to deliver in its best and final offer (BAFO)—even though a touch of flexibility was included by giving the consortium leeway in how it would deliver its promise. The consortium was allowed to pick and choose from a wide range of sustainability measures.

To conclude, we stress the importance of coordination on the part of the client, both through prescribing and incentivizing. Since all PPP projects are coordinated through prescription and incentive structures to a certain extent, this finding might bring up the question why not all PPP projects are successful in achieving broader value outcomes. We think that the four cases analyzed are extraordinary in the diligence that was put in coordination activities. Whereas Bridgepoint was almost fully coordinated
through prescription, A11 had mainly put mechanisms into place that stimulated the private consortia. None of the cases expected that broader value would just come up without explicitly asking it or stimulating it. Hence, in addition to high ambitions, strong coordination by the public client is important in going beyond the financial logic.

**Conclusion**

In the world of PPP, a gradual change seems to be occurring in that non-financial conceptions of value are gaining traction and actually getting off the ground projects. The aim of this article has been to look into how, in some cases, actors are able to deliver projects with a rather exceptional result in terms of their design, contextual fit, and/or multifunctionality. We examined four “white raven” projects that achieved such outcomes where it was unlikely that they would do so. Each case showed a prominent, vigorous role of the public sector partner. As such, the study offers important insights into the essential role of public sector clients in influencing the physical results of assignments they hand over to private sector consortia.

Two elements were particularly present in each project. One of them was an outspoken vision or ambition of the client all the way through the process. By being explicit about their desires and proclaiming a clear message on their projects, contracting authorities made clear that their motivation was to provide more than just another on-time, on-budget PPP product. Each project was either embedded in a larger,
programmatic policy and/or was built around an appealing theme. The second element that stood out in each project was a strong coordinating role of the authorities. Public sector clients strictly remained in charge of the situation by using a range of instruments. Some of these tools incentivized or prescribed courses of action. Others were put to use in order to monitor the situation and make sure that private sector partners would stick to the plan.

Previous research has addressed at length the importance of government capacity in closing PPP deals. Scholars have been biased toward emphasizing knowledge on contracting, financing, negotiating, setting output specifications, and the like (Ashto et al., 2012; Brown and Potoski, 2006; Joaquin and Greitens, 2012; Kaka and Al-Sharif, 2009; Koontz and Thomas, 2012). Our argument hints at the fact that delivering valuable and attractive projects requires more than just government capacity in financial, legal, political, or managerial departments. Delivering great projects, as opposed to common or just acceptable projects, requires ambition and strong visions of the outcome. These findings support the notion that while organizational structure and form are important to the performance of a project (e.g. the division of responsibilities and the rules of the game), managerial factors such as leadership, interaction, and capacity building are decisive (cf. Agranoff and McGuire, 2001; Kort et al., 2016; Roberts and Siemiatycki, 2015).
To our knowledge this article is pioneering in that it explicitly addresses the importance of ambitions aimed at non-financial value, and the way these ambitions are enforced, to achieving better outcomes. This is a form of vigilance that has hitherto received little attention. It gives rise to new sorts of questions that focus on more subjective sides of the story: what about the ideas that underlie the project, what about the content of these ideas, and the way they are presented? And: what about the commitment of the parties involved, primarily the client, to realizing those ideas? Following the relevance of (the enforcement of) ideas in the four cases studied in our analysis, these types of questions deserve further academic attention.

This article recognizes the pivotal role of public sector actors in determining the success of a contractual PPP in terms of social value through its physical impact. Critics contend that private sector involvement *per se* puts this type of value at risk due to the fact that commercial interests enter the arena (Raco, 2013). Nevertheless, the four cases analyzed in this study prove the opposite in that the public sector partners dominantly watched over their ambitions and coordinated the PPP process accordingly. It strengthens the findings of Heurkens and Hobma (2014), who argue that there is still plenty of opportunity for public partners to be decisive in settings in which private interests are abundant. This nuanced picture of the relevance and consequences of private sector involvement in spatial development is not common in the planning literature.
Our argument sets the stage for a debate on how PPP could deliver products that go beyond the conventional and are rather exceptional instead. It thus could serve as a starting point for future studies on this matter, and paths of theoretical generalization can be taken. Further research could be conducted in the same jurisdictions and then incorporate both common and exceptional PPP projects in a comparative analysis. Furthermore, as we have discussed a variety of project types in this article (a road, a hospital, and two urban regeneration projects), it will be interesting to see whether the findings hold if one controls for sector characteristics. Finally, our contribution discusses very recent projects and does not take into account how governments may have changed their vision on PPP over time, let alone how both public and private sector actors have learned to work in PPP settings and developed tools and techniques to extract more (or a different type of) value from projects than in the early days. For instance, Regan et al. (2011: 367) argue that “procurement policy in Australia has moved away from strict lowest-tender selection criteria to value for money.” While that change does not incorporate the physical understanding of value applied in this article, it does indicate the need to bear in mind that motivations and managerial approaches change over time—also within particular projects (cf. Edelenbos and Teisman, 2008). Therefore, it would be interesting to conduct a longitudinal study on whether visions on value in PPP have evolved over time, and if that is the case, how and why this evolution took place.
List of sources that are mentioned in Table 4, which has been separated from the manuscript:


Insert Appendix about here.

References


Infrastructure Ontario (2012b) *Financial close - Legacy backgrounder. West Don Lands waterfront project accelerates community’s development and provides new infrastructure. Toronto.* Available from:


