

# TRANSPARENCY IN PUBLIC–PRIVATE PARTNERSHIPS: NOT SO BAD AFTER ALL?

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Scholars' criticism of transparency in public–private partnerships (PPPs) often focuses on 'external' transparency, that is, the extent to which internal information is visible to the outside world. However, to achieve external transparency, *internal* transparency – the availability and inferability of information for the public procurer and the private party – is crucial. In this article we analyse input, process, and output transparency from three different perspectives (institutional, cognitive, and strategic) in four PPPs in the Netherlands. We conclude that input transparency is high, but process and output transparency less so. Moreover, output transparency has gained importance in PPPs. Whether this is problematic depends on the PPPs' institutional environment. In some partnerships the desired output is uncontested and predetermined by clear standards in the institutional environment, whereas other PPPs deal with contested output norms, decreasing the partnerships' transparency. These results nuance the current debate on the lack of transparency in PPPs.

## INTRODUCTION

There has been a rise in hybrid forms of governance (Bovaird 2004; Brandsen and Pestoff 2006; Skelcher and Smith 2014). One important category is public–private partnerships (PPPs) in which public organizations transfer to private firms the risk and responsibility for realizing public service delivery (e.g. Bovaird 2004). PPPs are popular since they are thought to increase the efficiency of public service delivery. However, scholars observe that when private parties carry out public tasks, a strong tension exists between efficiency and the democratic requirements of openness (Siemiatycki 2007; Willems 2014). PPPs have indeed been attacked for their lack of transparency (e.g. Grimsey and Lewis 2002; Estache 2003; Hood *et al.* 2006; Papadopoulos 2007; Willems 2014). Altshuler and Luberoff (2003) and Hodge (2004), for example, argue that partnerships provide only limited opportunities for transparency and that the available information is misleading, inaccurate, or inadequate. In addition, Hood *et al.* (2006, pp. 40–44) argue that supervision is lacking and performance measurement does not provide the necessary information. This results in a 'lack of meaningful data' that, moreover, is difficult for politicians and civil servants to understand.

When private organizations become responsible for public service delivery, transparency is important for the public and external stakeholders to assess an organization's internal workings and performance (cf. Heald 2003; Gerring and Thacker 2004; Grimmelikhuijsen 2012; Meijer 2013). Scholars often focus on 'external' transparency, that is, the extent to which organizations are visible to the 'outside world', such as the general public or media (e.g. Hood and Heald 2006). However, to achieve external transparency in PPPs, we argue that *internal* transparency is necessary. We consider internal transparency to be a process in which a public party in the partnership should provide clarity about its expectations to the private partner and, reciprocally, the private partner should provide insight on its performance to the public counterpart. In PPPs it takes

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two to be transparent. Although it is possible to achieve a state of external transparency without this internal transparency, for instance when information is leaked to the press or when pressure groups force disclosure, we can reasonably assume that by studying the internal transparency in PPPs we gain insights into how external transparency can be achieved.

That said, apart from its assumed relationship with external transparency, internal transparency is crucial because it allows procurers to assess whether the private party is competent and acting in the public interest. PPPs thus establish a typical principal–agent situation and transparency is needed to make sure the interests of the principal and agent are aligned (Ferejohn 1999). The alignment of private to public interests is particularly relevant because the interests of private and public parties might diverge.

Although previous studies of PPPs have provided valuable insights into their lack of transparency, these studies have two main shortcomings. They have not rendered a full account of the various types of transparency that have been distinguished in the academic literature about transparency. In addition, these studies have mostly described the degree of transparency in PPPs without offering an explanation of why it is lacking. Instead, we develop a holistic analytical framework that also provides an explanation for the possible lack of transparency.

For this purpose, we adapt and apply a framework that helps to map and understand transparency in PPPs (Heald 2003, 2006; Grimmelikhuijsen and Welch 2012; Meijer 2013; Michener and Bersch 2013). To *map* transparency our framework analyses specific types of transparency: input information, process information, and output information (Heald 2006; Grimmelikhuijsen and Welch 2012). To *explain* transparency, we employ three analytical perspectives: institutional, strategic, and cognitive (Meijer 2013). The most important advantage of using this framework is that it combines a reductionist and holistic approach. While ‘reducing’ the complexity of transparency to three types allows us to describe specific dynamics for each type of transparency, the three perspectives allow us to analyse in greater depth and to explain the complexities within each type of transparency. We assess this framework empirically with the following research question: *To what extent do public–private partnerships provide internal transparency and how can the extent of transparency be explained?*

## **PUBLIC–PRIVATE PARTNERSHIPS**

The term PPP may refer to many different types of public–private cooperation. Hodge (2010), for example, distinguishes the following five types: partnerships as institutional cooperation for joint production and risk sharing; partnerships as public policy networks; partnerships for civil society and community development; partnerships for urban renewal and downtown economic development; and partnerships as Long-Term Infrastructure Contracts (LTICs), including infrastructure and utility building projects. This article addresses a specific and very popular type of LTIC known as Design–Build–Finance–Maintain–Operate projects (DBFMOs) (e.g. Bult-Spiering and Dewulf 2006). We focus on DBFMOs since the responsibility and risks for the design, construction, maintenance, operation, and finance of public infrastructure and public service delivery is fully transferred from the public procurer to a private consortium (e.g. Bult-Spiering and Dewulf 2006), and this is one of the most pervasive types of PPP. The relevance of transparency becomes even more pointed because what were once public

responsibilities are now in the hands of a private consortium, and transparency is a way of keeping public and private interests aligned (cf. Ferejohn 1999).

This integral transfer of responsibilities (from design through to operation) over a long period of time is fundamentally different from traditional procurement in which the procurer remains responsible for the separate project tasks, and this difference increases the importance for public procurers of transparency in DBFMO projects. These projects consist of three phases: a preparation phase during which the public procurer defines the output specifications and financial and technical contract aspects; a realization phase during which the consortium constructs the public asset; and an operational phase during which the consortium provides public services (Reynaers 2014).

Three decades of New Public Management (NPM) reforms have spawned new forms of governance. Scholars do not agree on whether PPPs are also a manifestation of NPM. Whereas some suggest that partnerships enable governments to control service delivery to a far greater extent than is the case with privatization (e.g. Peat and Costley 2001, p. 71), others argue that the term PPP is nothing more than an alternative word for privatization (Hall *et al.* 2003, p. 2). Whether PPPs are fundamentally or merely semantically different from privatized organizations, both forms are attacked for an alleged lack of transparency.

For instance, Estache (2003) concludes that privatization fails in terms of transparency because of a lack of regulatory oversight, inadequate ways of collecting data, and the absence of quantitative models that help governments to compare and measure private performance. In the context of PPPs, Papadopoulos (2007) warns that there is a decline in supervision and involvement by public officials. Hood *et al.* (2006, pp. 43–44) suggest that even if there is sufficient regulatory oversight and supervision, politicians or public servants fail to understand the highly complicated contractual arrangements. In a similar vein Grimsey and Lewis (2002, p. 246) observe: ‘Even those with considerable financial expertise may have trouble comprehending their meaning and significance. Yet many of the user groups are laymen. To what extent the information can reasonably be made explicable to the unsophisticated user is another challenge for the accounting treatment of PPP/PFI contracts.’

In contrast to the suggestion that organizational manifestations of NPM lack transparency, Hirsch and Osborne (2000) understand the introduction of private sector techniques as a way of increasing transparency. Tools such as performance measurement and the use of output indicators are considered to provide politicians and the public with more information about public policy, allowing for better decision making and thereby enhancing the legitimacy of the state (e.g. Osborne and Plastrik 1998).

## TRANSPARENCY

Transparency in the NPM discourse mostly focuses on the output side of policies. The extant literature on transparency recognizes that it is broader than just policy output and that transparency has to do with the extent to which an entity reveals to external stakeholders relevant information about its own decision processes, procedures, functioning, and performance (Gerring and Thacker 2004; Welch *et al.* 2005; Curtin and Meijer 2006; Grimmelikhuijsen 2012; Grimmelikhuijsen and Welch 2012; Meijer 2013). External transparency can be instrumental to various other desirable goals, such as accountability (Heald 2003), reducing corruption (e.g. Hood 2001), or increasing trust and legitimacy (De Fine Licht *et al.* 2014; Grimmelikhuijsen and Meijer 2014). The merits of transparency have been discussed at length, and more recently critical assessment shows that we can have ‘too

much of a good thing'. For instance, too much transparency can in fact damage public trust (Worthy 2010; Grimmelikhuijsen 2012) or performance (e.g. Power 1994). That said, it is commonly agreed that a certain degree of external transparency is needed to engender some sort of accountability and to allow critical scrutiny by the outside world (Hood 2001; Hood and Heald 2006).

However, in order to achieve this external transparency, internal transparency is necessary. We define this as the availability of information to public procurers about the technical and financial project parameters and service-level expectations. In order to provide internal transparency, procurers should provide clarity about their expectations to the private partner through contracts and output specifications, while private partners should provide insight to the public counterpart on its performance by performance monitoring and information sharing.

One crucial component in the definition of transparency is the availability of information. We use two conditions developed by Michener and Bersch (2013) to specify what is meant by the availability of information. Availability does not simply mean that information is visible or accessible to a person or stakeholder, but also that it can be understood correctly. Hence, information is transparent when there is 'visibility' of the information, and if that information allows the inferring of accurate conclusions from it ('inferability').

Prior research has shown that transparency occurs in various forms. We will therefore look at the visibility and inferability of information within these types of transparency. Heald (2006) and Grimmelikhuijsen and Welch (2012) identify different types of transparency: (1) input transparency; (2) process transparency; and (3) output transparency.

We acknowledge that these types of transparency are a simplification of reality and cannot always be completely separated out in practice. However, the recognition of certain types – as they may appear from the outside – is helpful as a conceptual tool to recognize and map transparency in PPPs.

*Input transparency* concerns the degree of openness about the steps taken to reach a decision and the rationale behind the decision (e.g. De Fine Licht *et al.* 2014). Democratic decision making transparency has traditionally been a cornerstone of accountability. It provides citizens with relevant information about decisions that affect them, and allows them to check whether these decisions are in line with acceptable norms or election promises. Another way in which input transparency can be operationalized is in terms of budget or financial inputs (cf. Heald 2006). For instance, providing information about how much of the budget will be spent on a certain policy may be a way of increasing input transparency (e.g. Heald 2003, 2006).

*Process transparency* refers to the information disclosed by governments during the process, that is, when the policy, or in our case PPP, is actually carried out. For instance, process transparency might reveal what measures are adopted, how problems are supposed to be solved, how policies will be implemented, and what implications they will have for citizens and other affected groups (e.g. Grimmelikhuijsen and Welch 2012). For example, many government organizations have websites on which they present their policy plans containing proposed measures to combat pressing problems such as pollution or crime.

*Output transparency* is closely related to the idea of performance measurement and the disclosure of these data to an outside stakeholder. The importance of policy outcome transparency has been catalysed by the growing emphasis of NPM-like reforms on policy results (Pollitt and Bouckaert 2004). A great deal of literature has focused on performance measurement in the public sector (Power 1994; Van Thiel and De Leeuw

2002). The main – but contested – idea behind output transparency is that public organizations can attain measurable results that can be made transparent to the public and/or other stakeholders and that this leads to better performance through increased outside scrutiny.

The separation of the various types of transparency provides the first building block in our framework for analysing transparency in PPPs. Our framework was based on a reductionist approach to transparency since these three types simplify the complex reality in which transparency is shaped. To be able to acknowledge the full complexity of transparency, three perspectives will be used to analyse them and provide a more holistic framework of analysis. Basing his approach on theories of complex decision making (e.g. Koppenjan and Klijn 2004), Meijer (2013) developed three perspectives that can be used to explain transparency:

1. The institutional perspective: the setting and rules in the environment of organizations affect transparency, and set standards for it. However, these standards can also be changed because of transparency, or a lack thereof.
2. The strategic perspective: transparency is affected by the political and strategic considerations of relevant actors, but it also affects their game. For instance, information that is favourable to one party will be disclosed to strengthen the legitimacy and power of this party.
3. The cognitive perspective: several aspects of transparency such as organizational capacity, cognitive uncertainty about information, and framing of information can be distinguished in this perspective (Meijer 2013). For instance, transparency can be affected if there is a high degree of uncertainty about what information means or how it should be interpreted.

## TRANSPARENCY OF PPPS

So far we have mentioned three types of transparency and three perspectives on it. But what does internal transparency look like in PPPs? We conceptualize internal transparency in PPPs as the availability (visibility and inferability) of information to public procurers about the technical and financial project parameters and service-level expectations (cf. Michener and Bersch 2013). We investigate both conditions by assessing the extent to which: (1) information is available/visible to the public procurer; and (2) whether it allows the public procurer to monitor, that is, to infer accurate conclusions. PPP projects provide several tools that, in theory, help the procurer and the consortium to jointly provide input, process, and output transparency.

Examples of input transparency are the contracts that indicate the technical and financial agreements made. In addition, we consider performance monitoring to be a form of process transparency because monitoring is an instrument that creates transparency while the project is in process, that is, it keeps track of the tasks that a consortium sets out to do. Output transparency concerns the visibility and accuracy of output specifications. The output specifications that indicate the expected level of performance of a consortium provide for transparency in relation to output, such as the amount of waste water that needs to be purified or the level of hygiene in a detention centre cell (Reynaers 2014). Table 1 summarizes how the three forms of transparency are applied in PPPs; each type of transparency will be analysed from an institutional perspective, a strategic perspective, and a cognitive perspective.

TABLE 1 *Transparency in PPPs*

Type of transparency	Application to PPPs
Input transparency	Visibility and inferability of information on the project's financial and service-level parameters, established prior to the actual construction and service delivery in contracts
Process transparency	Visibility and inferability during the process obtained by performance monitoring and monitoring of expenses
Output transparency	Visibility and inferability of output specifications about expected level of performance, provided by output specifications

## METHODS

### Design, case selection, and description

This study adopts a multiple case study approach (N=4) and aims at 'recognizing patterns of relationships among constructs within ... cases and their underlying logical arguments' (Eisenhardt and Graebner 2007, p. 25). Comparing cases clarifies whether findings derived from a single case are particular or 'consistently replicated by several cases' (p. 27). The study of transparency in PPPs should include all three project phases of a PPP (preparation, realization, and operation), given that the extent to which transparency is provided might very well differ within the different project phases. By the time of case selection only the following four projects met the requirement of having gone through all three stages.

The first is a highway project that involves the widening of a highway and the construction of an aqueduct between two cities in a Dutch province. The procurer signed a 20-year contract in December 2003 with a consortium that is responsible for designing, constructing, financing, maintaining, and operating the road. The scope of the contract covers the design and construction of the road; the maintenance of the road, crash barriers, borders, trees, public gardens, lighting, tunnels, and viaducts; and the operation of a bridge, an aqueduct, and its pump cellar.

The second project is a detention centre which in the Netherlands is used to accommodate people who have been denied access at the border, as well as illegal immigrants who refuse to return to their country of origin. The procurer signed a 27-year contract in March 2008 with a consortium that is responsible for the construction and operation of the detention centre. It has capacity for 576 detainees and contains 95 offices, a visitor centre, and 210 parking spaces. The consortium provides infrastructure such as cameras and fire alarms that support internal safety and security, and delivers groceries and food for detainees. Under no condition is the consortium allowed to have direct contact with the detainees.

The third project is a waste water project and covers the construction and operation of the largest purification installation in Europe, located in the Province of South Holland. The procurer signed a 30-year contract with a private consortium that is responsible for the construction of the purification installation and the actual purification process.

The fourth and final project is the renovation and operation of accommodation for the Dutch Ministry of Finance. The procurer signed a 25-year contract with a consortium that is responsible for the design and implementation of the actual renovation. The scope of the contract also includes catering, cleaning, sports facilities, bike rental, waste management, energy supply, and elements of security. Table 2 summarizes the case characteristics and number of interviewees for each case.

TABLE 2 *Case characteristics and number of respondents*

	Highway	Detention centre	Waste water project	Ministry of Finance
Product	Construction and operation of highway (infrastructure)	Construction and operation of detention centre (utility service building)	Construction, renovation, and operation of water cleaning installations (infrastructure)	Renovation and operation of (utility service building) Ministry of Finance
Respondents:	State: 12 Consortium: 5 External: 1	State: 9 Consortium: 2 External: 0	State: 4 Consortium: 5 External: 3	State: 10 Consortium: 8 External: 7

Our selection was intended to serve the purposes of both internal and external validity. The fact that all cases are Dutch strengthens the internal validity: the cases are more easily compared because they occur in the same domestic context. In addition, DBFMO partnerships are used in many other countries and selecting such partnerships is therefore thought to be beneficial for external validity.

### Data collection

Sixty-six people were interviewed, representing both actors from the procurer's and the consortium side, and external advisers such as lawyers and technical experts (see table 2). All respondents have been, or still are, directly involved in one or more phases of the project. We selected cases that represented the two main categories of PPPs: infrastructure projects and utility service building projects (for a similar approach, see Willems 2014).

The aim of the interviews was to uncover respondents' experience with transparency during the different phases of the project. The interviews were conducted between September 2010 and March 2012 and had a semi-structured character (see the appendix for details). The interviews began with questions about the background of the interviewee, such as his or her function and their role within the partnership project. The interview then progressed in line with the different project phases. For example, if an interviewee had been involved from the beginning of the project, they were first invited to reflect on the preparation phase in terms of transparency followed by questions on their experience with transparency in the construction and operation phases.

### Analysis

The data analysis consisted of a '[p]rocess of organizing data into categories and identifying patterns (relationships) among categories' (McMillan and Schumacher 1993, p. 479), also known as coding, which refers to the labelling of text fragments (Boeije 2005). The analytical framework provides the following codes for categorizing the interview data: strategic input, strategic process, strategic output, cognitive input, cognitive process, cognitive output, institutional input, institutional process, and institutional output. The analysis started with the 'within-case analysis', which means that each case was analysed separately they were compared (Eisenhardt 1989, p. 540). Citations used in the findings section represent the general findings, except when it is explicitly stated that citations represent an atypical finding.

## FINDINGS

### Input transparency

Input transparency concerns the availability and accuracy of information on the projects' financial and service-level parameters, established prior to the actual construction and service delivery. The analysis of input transparency is structured according to each transparency type – institutional, strategic, and cognitive.

#### *Institutional: Degree of obligation associated with institutional environment*

Various institutional characteristics of PPPs provide opportunities for facilitating input transparency. First is the intensive preparation phase during which the procurer is obliged to develop the projects' financial and service-level parameters. In all four projects, procurers and consortium members experience a greater administrative burden in PPPs when compared with traditionally procured projects. Although perceived to be challenging, the preparation process facilitates and increases input transparency in comparison to traditional projects. A public servant highlighted this point:

We had to think about everything much more than in traditional projects. Those output specifications; you get scared when you see them. You see service-level expectations for the tiniest things written down there.

The formulation of the projects' financial and service-level parameters not only provides more precise insight into what has been agreed upon; it also provides insight into mistakes made by either the procurer and/or the consortium. An external adviser explained:

Traditionally, if mistakes were made public servants could simply say that circumstances had changed and the mistakes weren't seen as mistakes. But now, if you make a stupid mistake it's very transparent.

A second institutional characteristic facilitating input transparency stems from the long-term and integrated character of the projects which forces procurers to prepare the projects from their very inception until their termination. A public servant illustrated:

Normally we think three to four years ahead and then see what happens . . . Now, I have to think very carefully about what I want and that makes the start of the project far more transparent in terms of direction, deadlines, content, and costs.

The findings show that the institutional characteristics of PPPs, such as the preparation of the project parameters and the long-term and integrated project character, facilitate – or even increase – input transparency when compared with traditional projects.

#### *Strategic: Degree of dispute over the projects' financial and service-level parameters*

During the different project phases, the degree of dispute over the projects' financial and service-level parameters fluctuates. During the preparation phase, input transparency is perceived to be high because, after negotiation between the procurer and contractor, formal agreements are laid down in the contract. However, the degree of dispute on these agreements seems to increase once they are put into practice during the realization and operation phases. For example, during the operation phase consortia provide services for which the service levels are defined in the contract. These levels, however, contain a margin of interpretation, and consortia as well as procurers try to exploit this. A public servant from the detention centre project illustrated the point:

We asked for food irrespective of religion or philosophy, and we spoke about vegetarian and halal food by way of illustration. Jewish people want kosher food and these meals are much more expensive. The consortium



says that we did not explicitly ask for kosher meals and that they therefore will not deliver them without any financial compensation. So based on what we have in writing, you might argue kosher meals are included. But you can also argue otherwise because we did not explicitly ask for kosher food. So the output specifications are interpreted differently. And we do not know who should pay for these meals.

Hence, ambiguity regarding the financial and service-level parameters influences strategic behaviour and fosters conflict.

### *Cognitive: Degree of uncertainty about the projects' financial and service-level parameters*

Although the obligation to lay down agreements prior to the realization and operation of the project facilitates transparency, the density and complexity of this information causes uncertainty about the projects' financial and service-level parameters after contract closure, given that those responsible for the development of these parameters leave the project after contract closure. As a result, the degree of uncertainty increases. A respondent described it thus:

We have a contract, bills, and pages full of maps but when people leave, knowledge disappears. Not only knowledge of things that we agreed upon but knowledge about the way in which we do things here.

With regard to the financial aspects of the projects, certainty about the accuracy of financial calculations declines during the realization and operational phases of the partnership. Although the long-term financial planning delivers transparency over a 25-year period, the sustainability of these calculations and their accuracy do not seem to be guaranteed. A respondent explained:

It's a big puzzle with a lot of variables and uncertainties. There are many smart guys looking at these calculations ... My experience is that in many projects they have miscalculated completely. Especially with regard to technical aspects. And if you make that mistake with PPPs, you bear the consequences for 25 years.

Hence, although the availability of information is facilitated by institutional demands, this does not provide transparency per se at the cognitive level given the density and complexity of this information and the unpredictability of future financial implications. Table 3 summarizes the findings for input transparency for each perspective.

### **Process transparency**

Process transparency concerns the availability and accuracy of monitoring activities on performance and expenditure. The analysis of process transparency is structured per transparency type – institutional, strategic, and cognitive.

TABLE 3 *Summary of findings for input transparency*

<b>Institutional</b>	Input transparency is facilitated by clear institutional demands such as the long-term and integrated character of the project that led to the formulation of financial and service-level parameters
<b>Strategic</b>	The degree of conflict over the financial and service-level parameters increases during the realization and operational phases, when margins of interpretation are too wide
<b>Cognitive</b>	The degree of uncertainty on the financial and service-level parameters increases after contract closure because of an information overload and improper information management

***Institutional: Demands from the institutional environment about monitoring of performance and expenditure***

In PPPs, consortia are obliged to monitor their performance and to share monitoring reports with the procurer throughout the realization and operation phases. In addition to the monitoring tasks of the consortia, procurers carry out tests when considered necessary. In all four cases procurers are satisfied with the obligation to monitor performance, especially because such methods are rarely used in traditional projects. A public servant illustrated this point:

The fact that we have to show monitoring reports is much more transparent than before. In traditional projects, we normally don't even have a monitoring system. We just suppose that everything is OK.

The integrated and long-term character of PPPs requires careful registration of contractual adaptations and resulting costs which, in comparison with traditional projects, seems to facilitate process transparency. Since payment from procurers to consortia depends on performance in terms of the output specifications, every service or product not included in the initial scope of the contract is charged and recorded separately. Whereas in the past a verbal agreement may have been sufficient, in PPPs procurers do not accept this way of doing things because they are bound to the scope of the contract, implying an increase in process transparency. As a consortium member put it:

If we deliver extra work or the procurer wants something else, we have to write it down in the contract and we have to say how much it will cost them. Previously we didn't do that.

Not only does this registration of extra work and related costs provide transparency, it creates financial awareness of the costs of contractual changes too. A public servant responsible for the management of one contract made the point:

Forty clocks. How much can that cost? Well the consortium calculates as follows: good materials, batteries that have to be changed by someone, 50 screws, plugs, a hole in the wall, we have to change summer and winter time so that during 25 years makes 20,000 euro. We become more aware of the costs involved but I still don't think it has to cost that much.

Hence, institutional characteristics such as performance monitoring and the long-term and integrated project character facilitate or even increase process transparency in comparison to traditional projects.

***Strategic: Degree of conflict over monitoring of performance and expenditure***

Although performance is monitored and monitoring reports are shared with the procurer, this does not guarantee the accuracy of the monitoring activities or reports. With the exception of the waste water case, procurers and consortia are in conflict over the credibility of the monitoring and reports. A contract manager illustrated:

On paper everything is correct, but how can they explain that we sometimes apply the same test and get different outcomes? When we confront them with the contradictory reports of third parties their response is to say that the third party doesn't understand how it works so their figures don't make sense.

Despite the fact that consortia and procurers work together on the creation of the monitoring system, in none of the cases does it directly provide the level of transparency expected because systems to monitor the process were hard to implement. In the Ministry of Finance case, for example, the monitoring system that in theory would allow the consortium to measure performance appeared not to have been implemented as intended. As a result, performance could not be measured. These irregularities with respect to monitoring were partly attributed to the lack of attention paid to the

development of the monitoring system. A public servant from the Ministry of Finance illustrated the point:

It took a while before we got the monitoring plan that we asked for and that plan was never approved. When they did finally produce the monitoring plan, we found several mistakes had been made. And now you see that the consortium is having difficulty because of inaccuracies in the financial calculations.

There are case differences with respect to the accuracy of monitoring. In the waste water case and the highway case, throughout the different project phases procurers have been satisfied with the monitoring provided by the consortium. In the waste water case, in particular, the consortium appeared very willing to provide as much transparency as necessary with respect to the construction and operation in order to satisfy the procurer and to establish a reliable reputation. A consortium member of the waste water case argued:

We welcomed the procurer's control mechanisms because this had to be a successful project. We saw a possible new market in front of us. So we were happy with all of their control and feedback.

In contrast, the procurers of the detention centre case and the Ministry of Finance were less satisfied. As a contract manager from the detention centre argued:

They [the consortium] have too little control over performance monitoring. Most of the time we tell them what is going wrong whereas they should be able to manage that themselves. The idea is that we no longer have to tell them what is wrong. Their system should tell them. But the reality is that we sometimes still need to take them by the hand to show them that they have not understood the contract.

The differences in perceived process transparency may stem from the nature of the highway and water case projects – both being infrastructure projects. In infrastructure cases procurers and the consortium use a set of generally accepted quantitative output specifications about what constitutes high quality. In comparison, the utility service buildings are qualitative and much more contested and therefore more ambiguous to interpret.

### *Cognitive: Degree of uncertainty about monitoring of performance and expenditure*

The monitoring reports facilitate transparency in the sense that information on performance is registered and shared. However, the availability of this information does not lead to transparency per se, given that procurers are not always able to interpret, exchange, and safeguard this information in a meaningful way, and this leads to uncertainty. In the words of a contract manager:

... all the reports from the consortium make a big book. Yes, it is information, but I think it is information overload. But that is what happens with projects that last 20 years or even longer.

Similarly, procurers are not always able to determine whether consortia calculate costs that have been paid for in the initial bid. A contract manager said:

Right now we have problems with the way in which the consortium calculates its prices for extra work ... Even when we take a closer look at the calculation I can't tell you how they came up with the price.

Uncertainty with respect to these costs makes it difficult for procurers to establish whether PPPs deliver savings for the public purse. Similar to input transparency, institutional demands facilitating process transparency do not per se lead to transparency at the cognitive level, given the lack of knowledge or experience with interpreting process-related information on the part of the procurer. Table 4 summarizes the findings for input transparency for each perspective.

TABLE 4 *Summary of findings for process transparency*

<b>Institutional</b>	Clear obligations from the institutional environment, such as the obligation to monitor performance and expenses, facilitate process transparency during the realization and operational phases
<b>Strategic</b>	Inaccuracy of measurements, performance reports, and improper implementation of monitoring systems lead to conflicts concerning process transparency. Conflicts and lack of transparency seem to occur especially in utility service buildings when compared with infrastructure projects, because of lack of accepted monitoring standards
<b>Cognitive</b>	Uncertainty about the monitoring of performance and expenditure is experienced because of the complexity of monitoring information or the lack of information

### Output transparency

Output transparency concerns the availability and accuracy of output specifications. The analysis of output transparency is structured according to transparency type – institutional, strategic, and cognitive.

#### *Institutional: Degree of obligation associated with the institutional environment*

In PPPs, output specifications are used to indicate what output is expected. While output specifications facilitate output transparency, their use can come at the cost of less input transparency. For instance, where traditionally used input specifications specify *how many* cubic metres of sand should be used, output specifications only specify *what* outcome the procurer expects, such as ‘a four lane road’. Civil servants experience this focus as opaque in comparison to traditional projects. A public servant illustrated the point:

When we sign the contract we do not know what they will deliver exactly. We know what we have agreed upon in output terms, but what that will look like in practice remains quite vague.

However, the shift from input to output steering is still considered to provide sufficient transparency to enable consortia to live up to the procurer’s expectations. A contract manager argued:

You have to accept that it is simply impossible to write down everything that’s going to happen over the next 25 years. Output specifications are perhaps not as transparent as inputs, but transparency is never guaranteed when the future is involved. We have tried to think about future scenarios but the future remains unpredictable.

In sum, respondents indicate that there is an increasing emphasis on output transparency in terms of what is expected from the consortium. Given that PPPs tend to run for many years, it is hard to predict how the obligations and expectations in the institutional environment of the PPP might change, and that ultimately puts limits on output transparency.

With respect to the ambiguity of the output specifications, there are differences between utility service buildings and infrastructure projects. In the water treatment case, for example, the technical character of the operational phase that only consists of purifying a certain amount of waste water allows for the use of quantitative output specifications, providing relatively little room for interpretation. On the contrary, the more complex and user-dependent the operation, the less quantifiable the output specifications are. As one respondent put it:

We just have quantitative national norms. Everything is measurable. So that is relatively easy ... In PPPs concerning public utility buildings [e.g. a school, or a detention centre], the perception of the user is very

important. The users judge whatever the consortium does. Some like the coffee, others do not. In this project, you don't have that user involvement. It is much more objective. We measure the quality of the water that enters and the quality of the water that goes back into the sea again.

Overall, output transparency brings out some interesting differences between our cases. In the two infrastructure cases, outputs are relatively easy to define because of the institutional environment formulating some clear norms about what constitutes a 'good highway' or 'safe water': safety regulations and scientific standards are quite clear. Respondents therefore report a high level of transparency on this point. In the utility service cases, the environmental demands are ambiguous and much more subjective. As a result, a lower level of output transparency is reported.

***Strategic: Degree of conflict over output specifications***

Although the output specifications provide indications for the expected outcome, they are often interpretable in different ways, and are a cause of dispute between procurers and consortia. As a contract manager explained: 'Those output specifications are very broad and you can interpret them very differently.' Consequently, procurers have not always been satisfied with the way in which consortia interpret the specifications.

Overall, procurers find it difficult to find an ideal balance between specifying too little or too much. As a contract manager from the detention centre case put it:

Take the example of material for personal hygiene. If you say that you want them to deliver a toothbrush and soap but you do not write down that you want towels, then you do not get towels. It is better to ask for the materials to wash and dry yourself with because then they cannot refer to specific products that you have listed. There is a lot of discussion about that, some lasting about a year and a half. But we just don't win these arguments.

This means that public procurers try to formulate output specifications strategically and they are sometimes deliberately kept vague to avoid potential blame in the future. The same goes for consortia that deliberately avoid being too specific in their offer during the preparation phase so that the procurer is not able to confront the consortium with any concrete promises on their part.

***Cognitive: Degree of uncertainty about output specifications***

The output specifications facilitate transparency in the sense that procurers note in writing what output is expected. However, procurers have little experience of writing output specifications and this does not facilitate transparency. It may lead to ambiguous output specifications and uncertainty over the expected output on the side of both procurer and consortium. As an interviewee put it: 'The output specifications are by no means perfect but it was the first project. It was a process of trial and error.'

The output specifications contain quantitative norms for technical requirements such as the thickness of windows and the amount of salt and sugar meals may contain. The output specifications, however, also contain norms that are more ambiguous. It seems that the more ambiguous output norms are, the more uncertainty arises on the exact meaning of the output specifications. An interviewee argued:

How can I describe how dirty something can be? I can write something down, but what does it mean? On each window, there can only be a specific amount of fingerprints. That is a norm, but it is so difficult to do something with that in practice.

Table 5 summarizes the findings for input transparency for each perspective. As is the case for input and process transparency, institutional demands facilitating output

TABLE 5 *Summary of findings for output transparency*

<b>Institutional</b>	The use of output specifications facilitates output transparency seemingly at the expense of input transparency. Guidelines provided by regulatory agencies provide clear technical specifications and standards for output specifications for the infrastructure projects
<b>Strategic</b>	Multi-interpretable output specifications are a source of disputes. The technical nature of outputs in infrastructure PPPs leads to less dispute between public procurers and private actors about transparency. The output of utility service buildings is more user-dependent and leads to dispute
<b>Cognitive</b>	The more ambiguous the output norms, the more uncertainty arises on the exact meaning of the output specifications. The clear nature of the output standards in infrastructure PPPs leads to less cognitive uncertainty about output information. The output of utility service buildings is user-dependent and therefore leads to uncertainty about the meaning of information

transparency do not per se lead to transparency at the cognitive level, given the lack of experience in formulating output specifications and the sometimes inevitable use of multi-interpretable output specifications.

## DISCUSSION

The aim of this article is to assess and explain to what extent PPPs provide internal transparency. Contrary to theoretical expectations, we found that PPPs can provide transparency, and that PPPs embody a shift towards a *different type* of transparency, namely output transparency. Input transparency appears to be achieved rather easily and unambiguously, but becomes less important once the partnership is in operation. There seem to be increasing problems with transparency as the PPPs progress and complexity increases along the way. Once a PPP is in operation, output transparency is used to keep track of the consortium. The public procurer has an incentive to specify the expected output (e.g. 'build a four-lane highway'), however, instead of keeping track of precisely *how* this should be constructed.

Whether output transparency is problematic depends on the institutional environment in which a PPP is embedded and the subsequent complexity of the output. Based on the cross-case analysis, we found variations in transparency between infrastructure and utility service PPPs. The procurers of the detention centre and the Ministry of Finance building experienced less output transparency in comparison to the procurers of the highway and waste water projects. This difference might be explained by the use of quantitative monitoring standards used in infrastructure PPPs that are often imposed by regulatory agencies. Moreover, because of their technical and uncontested nature they are easier to interpret compared to the qualitative data in the utility PPPs. In particular, when the output depends on rather subjective parameters, such as user experience, it is more difficult to infer conclusions about its performance. For instance, there is much less debate and uncertainty concerning water quality as there is a great deal of scientific knowledge about that and there are standards governing it. On the other hand, what constitutes a 'good service' in a detention centre is much less clear, subject to stronger debate and in the end leads to concerns about the state of transparency. So, if standards have been developed in the relevant institutional environment of a PPP, for instance by regulatory agencies, they are more or less automatically and unambiguously adopted by the partnership.

We also analysed the three types of transparency employing an institutional, cognitive, and strategic perspective. We found that problems with transparency arise especially between the institutional and cognitive perspectives. For example, output transparency is facilitated by providing clear output specifications, but often a lack of cognitive understanding of what constitutes the ‘output’ of a PPP causes either inaccurate information and/or information that is not interpreted correctly, especially when there are no clear standards in the institutional environment of the PPP. Hence, the inferability of the output information (Michener and Bersch 2013) is low. This lack of inferability fuels battles in terms of input, process, and output transparency from the strategic perspective. The lack of transparency observed from the cognitive and strategic perspectives seems to be strongly related to the *institutional characteristics* that a PPP is embedded in. As explained above, the water and highway partnerships have been relatively successful in establishing uncontested and comprehensible specifications that foster output transparency. Clear and measurable standards were available to the consortium, which means that their procurers were able to understand and interpret information (cognitive perspective) and, related to this, there was little room for strategic manoeuvring (strategic perspective).

The first contribution to the debate on transparency in PPPs is that our results partly go against an idea that is taken for granted: collaboration in PPPs is highly problematic for transparency (e.g. Bloomfield 2006; Papadopoulos 2007). It is true that the complexity of the financial underpinning of the project frustrates transparency in the sense that those supposed to understand the agreements are not always able to do so (Grimsey and Lewis 2002; Hood *et al.* 2006). Our comparative case study of two infrastructure and two public service partnerships shows that this is true to an extent, but that any lack of information or the inaccuracy of information *depends on the type of transparency*. For instance, complex services, such as running a detention centre, are subject to uncertainty about the institutional environment which leads to internal conflict and cognitive uncertainty about what constitutes the ‘correct’ output transparency. Altogether this leads to lower levels of transparency being experienced. On the other hand, when output standards are clear and established in the institutional environment (e.g. ‘water quality’), then output transparency is pretty unproblematic.

The emphasis on output may raise some new issues with transparency. Most importantly, the increased focus on output transparency can lead to unintended strategic behaviour on both sides of the partnership (e.g. Power 1994; Van Thiel and De Leeuw 2002; Bevan and Hood 2006) which may affect how ‘open’ or ‘democratic’ a PPP is in practice. Once output indicators have been established, consortia will try to adhere to them with the risk of disregarding other important democratic indicators on the input and process side of transparency. Indeed, some forms of input transparency seem to be neglected. For instance, transparency of decision making is never mentioned by respondents, whereas this is seen as an important means to assess how decisions were made and how various stakes and deliberations were weighed against each other (Grimmelikhuisen and Welch 2012). One – admittedly tentative – consequence may be that the shift of tasks away from the public realm into PPPs may not be problematic for transparency in terms of PPP outputs, but it may come at the cost of input-related forms of transparency, impeding democratic accountability in the long term.

Our second contribution relates to the transparency debate. Most of the transparency literature focuses on transparency as a relationship between the internal organization and external stakeholders (e.g. Hood and Heald 2006). This is one of the few studies to look at internal transparency as a relationship between two organizations within a partnership.

The relationship between internal and external transparency is supposedly close, but how exactly they are related has hardly been explored by scholars. It is supposed that internal transparency is required for proper external transparency. For instance, if a public procurer or, in another case, head of department does not have information available about the performance or input of a private party, it will be much harder to reach a state of external transparency. This article shows that the internal component is important, but the exact relationship between internal and external transparency needs further exploration.

## CONCLUSION

Our overall conclusion is fairly optimistic, but with a substantial critical note. Transparency in PPPs may not be as problematic as previously assumed in the literature, but it may become more problematic because we found a fairly strong emphasis on output transparency. In those PPPs where there are unclear demands from the institutional environment about the output specifications of a partnership, the result is cognitive uncertainty and strategic behaviour that hampers the transparency of the PPPs. There are also indications that input-based transparency is being neglected.

Procurers responsible for managing PPPs should be aware that PPPs have these limitations when it comes to transparency, since output specifications are often ambiguous and more monitoring does not always lead to accurate information. Obtaining transparency throughout the different project phases therefore requires procurers to play an active and critical role. A lack of transparency in PPPs is as much the responsibility of the public procurer's as it is the private consortium's.

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## APPENDIX: INTERVIEW PROTOCOL

1. What is, or has been, your exact role in this project, and in which project phases have you been involved?
2. How did you organize the process of formulating the financial and technical specifications?

3. To what extent have you cooperated with the consortium/procurer during this process?
4. Have you experienced any problems during this process?
5. To what extent have you cooperated with the consortium/procurer during this process?
6. Were you satisfied with the amount and quality of information written down in the contract?
7. How did you organize the process of formulating the output specifications?
8. Have you experienced any problems during this process?
9. To what extent have you cooperated with the consortium/procurer during this process?
10. Were you satisfied with the amount and quality of information written down in the output specifications?
11. How did you organize the process of monitoring during the realization and operation phase?
12. To what extent have you cooperated with the consortium/procurer during this process?
13. Have you experienced any problems during this process?
14. Were you satisfied with the amount and quality of information provided?
15. To what extent were the contract and output specifications useful guidelines?
16. Have you experienced any problems in that respect?