

# PUBLIC-PRIVATE COOPERATION AS A LINK BETWEEN SOCIETAL NEEDS AND THE ACCOMPLISHMENT OF SUSTAINABLE DEVELOPMENT GOALS

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## **Abstract:**

*In contemporary economics, it can be seen how governments around the world tend to satisfy social needs by using more sustainable practices. Also, under the pressure of environmental degradation, more and more individuals in the private sector are interested in identifying solutions for sustainable development. Thus, a public-private partnership that collaborates with the government and the business world and adapts to economic, social, and environmental demands is essential for accomplishing the United Nations Sustainable Development Goals. The components of a public-private partnership must clearly define their goals, place an emphasis on the socioeconomic aspects of their policies, conduct a risk assessment that considers all of the key facets of sustainable development, including the economic, social, and environmental ones, and be conscious of the fact that placing too much emphasis on one aspect at the expense of the others can make it difficult for this type of partnership to maintain its enthusiasm, transparency, and involvement. Through this study, we aimed to conduct a literature analysis to describe the current status of research on the inclusion of sustainability in projects involving public-private partnerships and to identify any gaps that might be present in this area that might be useful for guiding future study and practice.*

**Key words:** Sustainability, Sustainable Development Goals, Public-private partnership, Collaboration, Risk.

**JEL classification:** O16, O43

## **1. INTRODUCTION**

The partnership's concept is based on the idea that government agencies must enlist the aid of other societal segments to offer commodities that promote sustainable development because they are unable to do so on their own (Bjarstig and Sandstrom, 2017). Businesses, governments, and charitable organizations are working together within partnerships to deal with the complexity of challenges related to sustainable development around the world because complex issues cannot be understood or resolved by a single organization; rather, it is essential to combine the expertise and resources of various stakeholders (MacDonald et. al., 2018). It is considered that both the private and public sectors can gain from pooling their knowledge, experience, finances, and other resources within a partnership process for more effectively producing common goods (Bjarstig and Sandstrom, 2017). In considering the reality that collaborative partnerships are more successful than individual players at resolving complex societal problems, the strength and significance of public-private partnerships stays there (Choi et al., 2020).

Several nations from all over the world supported the 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs) during the United Nations General Assembly in September 2015 (European Commission, 2023) which sets out a global plan of action "for people, planet and prosperity" (United Nations, 2023). The 17 Sustainable Development Goals and 169 targets, which cover all key areas of sustainable development, are at the center of the agenda. They are an ambitious, comprehensive project that calls for action from all nations and stakeholders to mobilize global efforts in partnership to meet the targets and objectives by 2030 (Berrone et al., 2019). The 2030 Agenda and the Paris Agreement on Climate Change are the basis for international cooperation on sustainable development (European Commission, 2023). The United Nations introduced the organization's sustainable development agenda, demonstrating an increased awareness by member states that the concept of sustainable development is the greatest

method for achieving a decrease in inequality and enhancing the quality of life worldwide (United Nations, 2023). Strengthening international collaboration for the Sustainable Development Goals is the sole focus of Sustainable Development Goal 17. Partnerships are essential vehicles for promoting and exchanging information, skills, and capital to support Sustainable Development Goals achievement, and as a result, they are viewed as a crucial cross-cutting tool for bridging the financial gap needed to reach Sustainable Development Goals (Rizzello and Kabli, 2020). Without the participation of private companies and public-private partnerships, sustainable development isn't going to be able to achieve, according to the United Nations and the world community (Marx, 2019).

## 2. THEORETICAL BACKGROUND

Even though the concept of "partnership" has a longer tradition and has been used in the area of international development for at least 50 years, it has recently become an "in vogue" term (Stott and Murphy, 2020). The idea of public-private partnerships (PPPs) has developed over the past 20 years and is currently asserted to have numerous benefits over the conventional bid-building technique (Osei – Kyei, 2019). Similar definitions have been presented by the Organization for Economic Cooperation and Development, which qualifies public-private partnerships as "long-term contractual commitments between the government and a private partner, under which the latter provides and finances services using a fixed asset, with the sharing associated risks" (OCDE, 2012), as well as the United Nations Sustainable Development Group which defines it as "a contract between a public sector authority and a private sector enterprise, in which a private part builds and assumes substantial financial, technical and operational risks for the project" (UNSDG, 2015). In literature, it is highlighted how the development of globalization and the complexity of societal problems have led to a more widely recognized conception of cooperation as "an association that brings together different sectors of society to put together diverse resources, capitalize synergies and share risks and rewards to achieve something they could not do alone" (Stott and Murphy, 2020). Public-private partnership encourages development increase, the efficiency of operations and construction, expansion of the regional economy, and increased level of service quality by integrating the skills, experience, and knowledge base of the private sector, a phenomenon that has increasingly attracted the attention of politicians, practitioners from industry and researchers (Khahro et al. 2021). Public-private partnership is essentially an institutional innovation that enables authorities and the private sector to work together for the long term to deliver infrastructure and services efficiently and with full endowment advantages (Chen, 2021).

Numerous researchers have noted that there is a connection between public-private partnerships and sustainable development, despite the lack of a generally acknowledged vocabulary. Various phrases, such as the following, can be found in research papers that combine public-private partnerships with sustainability: "public-private partnership sustainability", "sustainable public-private partnership", "public-private partnership for sustainability" and "public-private partnership for sustainable development" (Ma, 2022). Partnerships for Sustainable Development Goals (SDGs) are viewed as crucial governance tools to have a twofold impact on development: based on principles and goals (Pfisterer and Van Tulder, 2021). This type of partnership involves private individuals or organizations taking part in different stages or aspects of policy development, like creating a plan, discussing, providing resources, evaluating, or implementing policies. These partnerships play a significant role in helping to attain the Sustainable Development Goals. Public-private partnerships for sustainable development have been in operation for many years at all levels, from community to global (Marx, 2019).

## 3. RESEARCH METHODOLOGY

Through this study, we aimed to carry out a literature review to highlight the state of research on how to include sustainable development in public-private partnership projects and

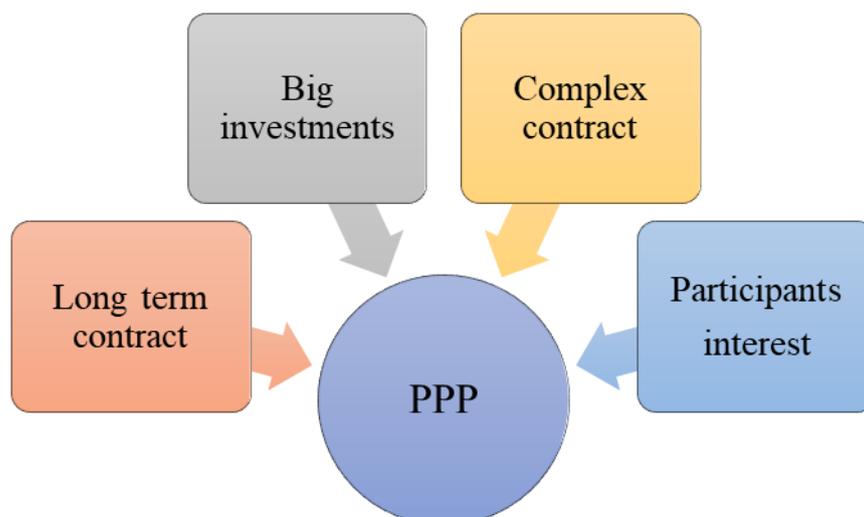
identify existing gaps in this field that can become directions for further research and practice. This qualitative method, of literature analysis, represents a valuable tool to observe the existence of researchers' interest in the public-private partnership that gives equal importance to the economic, social, and environmental aspects of sustainable development, contributing to sustainable development objectives achievement.

The Web of Science platform served as our primary knowledge source, and Google Scholar was our second choice. To carry out this research, we realize a search for works that have as their main subject "public-private partnership" and "sustainable development", limiting our search to articles. The decision to use the Web of Science Core Collection as the questioned database marked the start of the data examination on the Web of Science platform, without setting the timeframe to "all years" but focusing on the period 2013-2023. The phrases "public-private partnership" and "sustainable development" produced 1266 hits in a simple search throughout the previous ten years.

#### 4. RESULTS AND DISCUSSIONS

Behind studying the selected articles, increased interest from researchers can be observed in various issues that can influence the evolution of a public-private partnership that aims to deliver sustainable goods and services. The most pertinent of these are risks, interested parties, impact, and assessment models.

The risk is one of the most important issues that must be addressed when a public-private collaboration is first established. Risk can be defined as "an uncertain event or condition, the effect of which manifests itself either as a benefit or as a loss for the project's objectives and individual group or organizational specific objectives" (Mazher et al., 2022). Inadequate risk allocation and ignorance of success criteria are the main causes of public-private partnership failures (Khahro et al. 2021). The design of public-private partnerships involves multiple stakeholders at all phases, including the government, design and construction firms, financiers and technology providers, stakeholders (institutional, private, and international financial organizations), and users (Anopchenko, 2019), which implies various risks that must be shared equally between the parts who bring different capabilities, objectives, and perceptions (Bashar et al., 2021). Compared to traditional procurement methods, public-private partnership projects are riskier (Mazher et al., 2022), the main risk factors being highlighted in (figure no. 1)

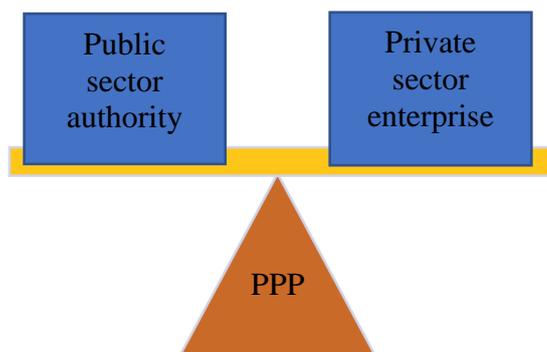


**Figure no. 1. The main risk factors in public-private partnership projects**

Source: own elaboration

Project risk events can be decreased and sustainable organization growth can be achieved by evaluating the sustainability risk level of public-private partnership (PPP) projects (Bai, 2017).

Another problem often identified in specialized literature is that of the parts involved in a public-private partnership contract, highlighted in (figure no. 2).



**Figure no. 2. The parts involved in a public-private partnership contract**

Source: own elaboration

The following organizations have a stake in the project and the power to affect it: "The public sector, which oversees the project and acts on behalf of society, deals with the total benefits of PPP projects, benefits that should include economic, social and environment in line with sustainability and the private sector which is more focused on profits through construction, financing, operation, and other contracted services, a coalition of powerful individuals but often in conflict" (Wojewnik-Filipkowska and Wegrzyn, 2019). The interactions between partners and their experience are viewed as essential to the achievement or collapse of public-private partnership projects, and the absence of knowledge and comprehension of public-private partnerships among stakeholders is one of the primary elements that complicates its management (Wegrzyn and Wojewnik-Filipkowska, 2022). Even though there is a general expectation that the government will encourage collaboration among stakeholders and perform as an interlocutor or a facilitator in their implementation, governments must have a more substantial part in carrying out the Sustainable Development Goals as well as encouraging various non-state players to assume responsibility for reaching the Sustainable Development Goals (Banerjee et al., 2020). The continual upkeep of partner commitment, as these partnerships frequently experience considerable enthusiasm and dedication from partners during the initial phases, but decline over time could endanger the partnership's continued existence and consequently its capacity to achieve its goals. This is an important obstacle to the achievement of partnerships with multiple stakeholders focused on sustainability (MacDonald et al., 2018).

Regarding the research methods used, after studying the selected articles, can be noticed the researchers' interest in the questionnaire and interview method. A significant number of papers have highlighted the findings from the distribution of surveys to experts in the area of public-private partnerships and conducting interviews with people belonging to well-defined categories as a level of knowledge in the field of public-private partnerships.

If we consider the existing shortcomings in studies regarding the integration of sustainability in public-private partnership projects, in the paper "Improving Sustainability Performance for Public-Private-Partnership (PPP) Projects", the researchers concluded that "are various efficient models for assessing the sustainability performance of different types of infrastructure projects, but there is little research examining how to improve the sustainability performance of public-private partnership projects" (Shen et al., 2016). Despite providing some examples of empirical insights into performance measurement in public-private partnerships, the academic literature has so far not provided an in-depth and systematic theoretical contribution to the issue (Esposito and Dicorato, 2020). In the paper "Risk Perception Gaps Between Construction Investors and Financial Investors of International Public-Private Partnership (PPP) Projects", the authors highlighted "the existence of few studies that analyze time-dependent risk perception according to the project's development phase. Risk is reduced, increased or transferred as the public-private partnership project develops, which has an impact on risk perception gaps between project stakeholders, so risk perception can vary by phase" (Park et al., 2020). Also, existing studies on the risk management of public-private partnership projects mainly focus on "exploring the impact of financial risks, but ignore

sustainability risks, which makes the concept of sustainability missing during the assessment of the risk level of projects in public-private partnership" (Bai, 2017) and the existing studies on risks in sustainable public-private partnerships focused only on "sustainability risk assessment, that is environmental and social risks, this being insufficient to respond to the complex nature of public-private partnership projects" (Bakhtawar, 2022).

In my opinion, future studies regarding the risks that may occur during a public-private partnership that aims not only to achieve specific results but also to achieve Sustainable Development Goals must realize an assessment of them considering all of the necessary components of sustainable development. Perhaps the economic risks have greater importance in an equation of the risks of public-private partnership projects, but without the inclusion of social and environmental risks in the equation, a correct result of the impact of the risks will not be obtained. Also, I consider future research on the consequences of taking into account only one type of risk and ignoring the others on the evolution of a sustainable public-private partnership to be opportune.

## 5. CONCLUSIONS

In this article I have emphasized the importance of the involvement of the public and private sectors in partnerships that aim, at the same time, to meet economic, social, and environmental needs. The research methodology suited the purpose of exploring the characteristics of public-private partnerships to achieve Sustainable Development Goals, the parts involved, and the main issues addressed in studies on the integration of sustainability in such projects.

I believe that the objective of surveying the literature that highlights the state of the study on the integration of sustainability in public-private partnership projects and identifying existing gaps in this field that can become directions for research and later practice was achieved. Scientific publications, research areas, and the temporal evolution of scientific interests were identified. The research results highlighted the most important issues addressed in the studies on sustainable public-private partnerships such as the risks, the parts involved, and the impact of such a contract, and identified the shortcomings regarding the integration of sustainability in public-private partnership projects related to time-dependent risk perception analysis, sustainability risk ignoring and performance improvement.

As a limit of the research carried out, it can be considered that the scientific material contains fewer articles than the total amount of publications connected to the public-private partnership to achieve the Sustainable Development Goals, identified only in the Web of Science and Google Scholar platforms.

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