

A review of studies on Public–Private Partnership projects in the construction industry

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Abstract

Public–Private Partnership (PPP) in construction is gaining in popularity. Although papers published in major journals have documented real cases of PPP projects, there appears to be a lack of systematically summarizing what they have already provided. Consequently, this paper reviewed PPP studies published in the six top journals in the construction field. The objectives are to compare and contrast the findings of the studies so as to provide insights for directing further PPP research and improving the existing practices of PPP projects. To achieve the review objectives, studies were first classified as either empirical or non-empirical. Empirical studies were further grouped under three themes: risks, relationships, and financing. Non-empirical studies were grouped under five themes: financing, project success factors, risks, and concession period. Suggestions for further research are risks, financing, contractual agreements, development of PPP models, concession periods, and strategies in choosing the right type of PPP.

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1. Introduction

Public–Private Partnership (PPP) projects have caught researchers' attention since this kind of project was introduced in the construction industry. Many researchers have attempted to improve the operation of PPP projects by identifying key aspects of these projects (e.g. Erridge and Greer, 2002; Grimsey and Lewis, 2002; Li et al., 2005b). Though the PPP approach was widely implemented in the late 1990s, private investment in public infrastructure can be traced back to the 18th century in European countries. A notable example is the concession contract that supplied drinking water to Paris. In the 19th century, further similar cases were added from not only the European community (e.g., the Suez Canal and Trans-Siberian Rail-

way, as well as canals, turnpikes, and railroads in Europe) but also their American and Asian counterparts (e.g., United States, China, and Japan) (Kumaraswamy and Morris, 2002).

Since 1997, the PPP approach has been heavily utilized in England (Winch, 2000). Specifically, private companies have so far been involved in facilities development, including designing, financing, construction, ownership, and/or operation of a public sector utility or service (Akintoye et al., 2003a,b). In China, on the other hand, it is foreign firms or international financial institutions rather than domestic institutions that have been involved in PPP projects (Luo et al., 2001). For example, the most successful PPP project in China perhaps is Laibin B power station in Guangxi in 1997.

In fact, there are many forms of PPP, which include the outright privatization of previously state-owned industries (Ng, 2000) and contracting out of services (Efficiency Unit, 2005a). The latter includes services to be performed by private firms, such as refuse collection and cleaning and the

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