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Public-Private Partnership: A New Policy to Ameliorate the Quality of Public Utility Services to the Public

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PUBLIC-PRIVATE PARTNERSHIP: A NEW POLICY TO AMELIORATE THE QUALITY OF PUBLIC UTILITY SERVICES TO THE PUBLIC

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ABSTRACT

Objective: The paper aims to determine why the government resorts to partnerships with the private sector, in addition to the advantages and disadvantages of the public-private partnership system, and explain the types and forms of public-private partnerships.

Theoretical Framework: This paper presented the concept of partnership and the reasons for partnership with the private sector. It also presented the types of partnerships with the private sector and, more specifically, the different BOT systems.

Method: The study relied mainly on the descriptive approach to understand the concept of partnership, determine the forms of partnership between the public and private sectors, and the types of partnership with the BOT system. The study also relied on the analytical approach in analyzing the advantages of the partnership system between the public and private sectors and identifying the defects and challenges facing the partnership systems between the public and private sectors.

Results and Discussion: The partnership between the government and the private sector is not a path strewn with roses. Many challenges must be faced, and for the partnership to work as desired, the conditions and components discussed in this research must be met, which are factors in themselves.

Research Implications: This paper examines the role of public-private partnerships in enhancing the performance of public utilities and reducing the cost of providing services.

Originality/Value: This study contributes to the literature by explaining the role of public-private partnership contracts in Egypt and the United Arab Emirates, presenting their definition, advantages, disadvantages, challenges, and legal framework.

Keywords: PPP, B.O.T., public procurement, contracts, Egypt, United Arab Emirates, sustainable development goals (SDGs).

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9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

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1 INTRODUCTION

In light of the developments and changes that the world has witnessed during the past two decades and the change that has occurred in the role of the state (Forrer *et al.*, 2010; Zhang, 2017; Custos & REITZ, 2010), especially after the collapse of the socialist model and its failure to achieve development (DATTA, 2009; Bagal, 2008; Liu *et al.*, 2015), in addition to the fact that the state needs significant financing to establish massive projects (Srivastava, 2010), as well as the spread of the call towards turning to market mechanisms and allowing. There is room for the private sector to become a key development partner (Officer, 1978), whether through privatization or partnership programs with the private sector (Barral & Haas, 2007).

The concept of partnership between the government and the private sector has gained tremendous popularity worldwide in recent years (Budäus & Grüb, 2007; GREILING & HALACHMI, 2012), especially in light of modern trends of administrative development and reform (Prashanth, 2011; Loxley, 2013; Gaffey, 2010), which focus on separating policymaking from service provision (Kumar, 2008), improving the quality of public services, and raising the level of government performance (Enders, 1988).

As a result, public-private partnership programs have spread (Yang *et al.*, 2013), which take multiple forms and are widely used globally, especially during the last two decades (Van Gestel *et al.*, 2012), as a means of raising efficiency of public service delivery (Makovšek, 2013), especially in light of the inability of the state's financial resources to meet the increasing needs of citizens in various areas of public services at different levels—the expected quality and efficiency, in addition to the shortcomings of the state's administrative apparatus (Makovšek, 2013; Gawel, 2017; Singh, 2018).

The partnership between the public and private sectors has many unique aspects distinct from any other relationship (Ayoob, 1972; Dornbusch, 1982; Heeley, 2011). Therefore, we will first present the various concepts of partnership and the reasons for resorting to this type of contract. Then, we will present the different forms of it. Finally, we will show the difficulties obstructing the partnership process and the conditions necessary to establish an effective partnership between the public and private sectors.

2 METHODOLOGY

This study aims to introduce the concept of partnership in general and partnership between the public and private sectors, in addition to focusing on the advantages and disadvantages of partnership between the public and private sectors, about the public sector aspect. Not only that, but the study also seeks to define the forms of partnership between the public and private sectors and to focus on the types of partnership in the BOT system.

The study relied mainly on the descriptive approach to understand the concept of partnership, determine the forms of partnership between the public and private sectors, and the types of partnership with the BOT system. The study also relied on the analytical approach in analyzing the advantages of the partnership system between the public and private sectors and identifying the defects and challenges facing the partnership systems between the public and private sectors.

The research problem of the study was as follows:

To what extent does the public-private partnership system help improve the quality of public utility services?

The sub-research questions were as follows:

a) What is the concept of partnership?
b) Why do you resort to partnerships with the private sector?
c) What are the advantages and disadvantages of the public-private partnership system?
d) What are the types and forms of public-private partnerships?

3 THE CONCEPT OF PARTNERSHIP

The issue of choosing between the state and its economic role, the private sector, and the role of the market is no longer an issue currently up for discussion (Raquel & Andrade, 2010; Strauss, 1995; Gabriel Tati, 2005). Instead, the question has become about how to properly integrate the roles of both the state and the private sector in a way that contributes to creating an effective partnership between them (Guevara, 2015). The state and the private sector have a significant and vital role in economic activity and in achieving development, such that neither can replace the other and play its role nor can one be canceled while undermining the role of the different sectors (Beckers & Klatt, 2009).

Therefore, it is necessary to expose the different concepts of partnership through exposure to partnership in the units responsible for supervising this process in many countries (MENDEL & BRUDNEY, 2012). Then, we briefly review the importance of the partnership between the government and the private sector and the reasons for taking this dangerous step (Ravallion, 2010).

3.1 THE CONCEPT OF PARTNERSHIP BETWEEN THE GOVERNMENT AND THE PRIVATE SECTOR

The late Prime Minister Turgut Ozal first used this term in English in the early 1980s. Partnership is not a legal term (Zapatrina, 2018). There have been many definitions in the context of the partnership between the government and the private sector (Officer, 1976), and these definitions have come to reflect this concept in which each party complements the other (Roy & Gupta, 2011). There are many definitions, and we present some of them:

The Dubai government has defined it as " one of the forms of cooperation between the public and private sectors through which arrangements are made whereby the public sector can provide public social goods and services by allowing the private sector to provide them instead of the public sector providing them itself, that is, directly” (Pratap, 2014).

The British Committee for Public-Private Partnerships defined it as: “a risk-sharing relationship between the public and private sectors based on a common ambition to achieve a desired goal of the country’s public policy.” (Koonan & Sampat, 2012).

In Ireland, the Central Partnership Unit of the Department of Finance has defined partnerships as follows: “A contractual arrangement between the public sector and the private sector with clear identification and agreement of common objectives between the parties for the delivery of an asset of a facility or provision of a service, which could otherwise be provided or procured." in the traditional manner through the public sector." (Oguanobi *et al.*, 2010).

The Central Unit for Partnership with the Private Sector of the Egyptian Ministry of Finance defined it as: "A contractual agreement between a public authority (the client) and a private company (the partner) that extends for a long period (10-20 years or more) to create assets and provide services related to them. Under this agreement, the partner must implement the investments and be responsible for the design. The client defines its requirements by specifying the desired outputs and results specifications but does not specify (or approve) the detailed engineering aspects. Payment is made to the partner during the period of operation through fees Periodically obtained from the customer, or obtained directly from the consumer, or a combination of the two methods in certain types of public services." (Zwick, 2020).

The law regulating the participation of the private sector in infrastructure projects, services, and public facilities defines the participation contract as: "a contract concluded by the administrative authority with the project company and under which it undertakes to carry out all or some of the work of financing, constructing and equipping infrastructure projects and public facilities and providing their services or financing and developing these facilities." (Heldeweg & Sanders, 2013). "With a commitment to maintain what is being built or developed, and to provide the services and facilities necessary for the project to become fit for use in production or to provide the service regularly and frequently throughout the contract period." (Lee, 2016).

Article (1) of the order issued on 7/17/2007 in France also defined participation as "administrative contracts under which the state or one of the public institutions grants to third parties the establishment of a project for a limited period during the period of consumption of the investment, or by the agreed upon financing terms, financing of non-profit investments." (Ibem, 2011) Material, projects, or the supply of equipment necessary for the public facility, the establishment and financing of projects or equipment or their maintenance, exploitation, and management, and every other obligation related to the public facility associated with the public person's exercise of the task assigned to it (Papell & Prodan, 2006), and the contracting party with the management body shall ensure authority over the public projects expected to be established." (Schachter *et al*., 2017).

From reviewing the previous definitions, it is clear that the partnership between the government and the private sector indicates a contractual relationship between a government entity and a private organization (Cheng, 2010), according to which all resources and capabilities are mobilized (Bartik *et al*., 2020). Both returns and risks are shared between the two parties to the contract (Van Garsse *et al*., 2017), aiming to provide a public service or establish a facility or any other facilities for the public benefit (Van Garsse *et al*., 2016). Partnership, in this sense, is not an unequal relationship as is known in administrative contracts (Grossman, 2012). Still, on the contrary, it is a complementary relationship between the two parties, where the public and private complement each other to provide a public service of higher quality and lower cost (Degenhart & Wessel, 2015).

In this sense, partnership is considered a type or form of privatization in its broad sense (Madell, 2010), except the possibility of the public organization contracting to provide the service with another non-profit or governmental entity (Jeroen & Lane, 1992), partnership in this sense is very close to the concept of attribution to others, which is defined as " A public organization responsible for providing a public service contracts to provide all or some aspects of the service with another entity, whether that entity is a private sector, a non-profit sector, or a government entity." (Liu *et al*., 2015).

Looking at the narrow meaning of privatization, which involves the direct sale of government-owned assets, we find that partnership, according to this perspective, differs from privatization in that it keeps projects, facilities, and services under public ownership.

Looking at the previously mentioned definitions regarding partnership (Gawel, 2017), some distinguish between it and privatization, and some consider partnership one of the forms of privatization (Liu *et al*., 2015; Loxley, 2013; Enders, 1988). The National Partnership Council in the United States does not differentiate between privatization and collaboration (Singh, 2018;

Zapatrina, 2018). On the contrary, the National Partnership Council in Canada, the Central Partnership Unit in Ireland, and the European Economic Commission of the United Nations distinguish between partnership and privatization (CHENG, 2010; Papell & Prodan, 2006; Schachter *et al.*, 2017).

3.2 REASONS FOR THE TREND TOWARDS PARTNERSHIP WITH THE PRIVATE SECTOR

Many countries, especially developing countries, need more efficiency in performing public service facilities and infrastructure (Jeroen & Lane, 1992; Van Garsse *et al.*, 2017). This is due to many issues governments face in managing public facilities, such as needing more technical expertise (Zwick, 2020), low wages and employment, lack of independence, and lack of mechanisms (Beckers & Klatt, 2009). Practical combating corruption and other reasons have led to the governments of these countries being faced with two options: reform and treatment of problems (Pardi, 2017). In contrast, the second option is the participation of the private sector in providing public services, with the negatives and positives it represents (Riad, 2000).

Therefore, in the context of rationalizing the role of the state to exercise its essential functions with high efficiency (Clarke, 2014), many developing countries have entrusted infrastructure projects to the private sector capable of managing and operating these projects as a sign of economic maturity (D'Angelo *et al.*, 2006), especially after the success of many countries of the developed world in involving the private sector in providing infrastructure (Miranda, 2007).

The reasons and motivations for private sector participation in infrastructure projects are summarized as follows (bin Mohd Noor & bt Mohd Yunus, 2014; Noor *et al.*, 2014; Cotula, 2007):

1. The weak efficiency of government administration and its public sector in managing public utility facilities, which was reflected in the high cost of public services with the deterioration of the level and quality of the service provided (Daradkeh, 2013), and thus, citizens' dissatisfaction with the public services provided to them in the areas of public utilities

and infrastructure, which can be avoided with the sector's participation (Singer, 2016). The private sector, whether in owning, operating, or managing these facilities, is due to its efficiency on the one hand and the presence of competition on the other hand (Fales *et al.*, 1973);

2. The great importance of infrastructure facilities, as they are a significant driver of economic growth and international competition (Paredes & Sánchez, 2004) and given the vast investments that infrastructure facilities need (Brown, 1976), especially in light of the state's weak financial resources (Khatchadourian, 2008), in addition to administrative insufficiency factors, improving and increasing the efficiency of infrastructure facilities will only be possible through effective participation with the private sector (Guevara, 2015);
3. Reducing the financial burden placed on governments to meet the increasing demand for public utility services and products by finding alternative sources of financing from the private sector, which contributes to reducing public spending (Ayoob, 1972);
4. Private sector participation in infrastructure projects is an essential means of attracting private investments, whether national or foreign (Singh, 2018);
5. Transfer of advanced technology from abroad through foreign investors (Gawel, 2017);
6. Transferring modern management methods and techniques, whether from the national or foreign private sector (Custos & Reitz, 2010);
7. Reducing the time and cost required to establish new facilities and capacities (Forrer *et al.*, 2010);
8. Transferring the risks and burdens of projects to the private sector that can best bear and manage those risks (Barral & Haas, 2007);
9. Improve efficiency in enterprise operations and quickly respond to consumer needs (Liu *et al.*, 2015);
10. Increasing the role and participation of the private sector in these areas (Kumar, 2008), which is described as a natural monopoly (Loxley, 2013), helps create competition between private companies (Yang *et al.*,

2013), which reflects positively on the service users or consumers (Singer, 2016);

11. The private sector enjoys the flexibility to move, take advantage of opportunities (Heeley, 2011), make decisions, and respond quickly to urgent problems (DATTA, 2009), all of which the government administration lacks (Gabriel Tati, 2005);
12. The possibility of employing many workers in these projects (Guevara, 2015), whether during the construction or operation phase (Beckers & Klatt, 2009), positively impacts the state's economic activity (Ravallion, 2010);
13. Increasing tax collections (Loxley, 2013) provides additional financial revenues for the state (Mendel & Brudney, 2012);
14. Although all of the above represent advantages offered by public-private partnership programs (Officer, 1976), these advantages are not pure, meaning that many obstacles must be faced to reach an effective partnership between the government and the private sector (Loxley, 2013).

3.3 THE IMPORTANCE OF PARTNERSHIP BETWEEN THE GOVERNMENT AND THE PRIVATE SECTOR

The partnership seeks to benefit from the technological, financial, administrative, and marketing expertise and capabilities of the private sector on the one hand while maintaining project ownership as public ownership on the other (Datta, 2009). This is for projects whose ownership the state deems necessary to maintain public ownership (Officer, 1976; Roy & Gupta, 2011), given that they represent strategic importance or affect broad sectors of society (Zwick, 2020; Oguanobi *et al.*, 2010; Heldeweg & Sanders, 2013). Therefore, the various types and forms of partnership between the government and the private sector mostly revolve around public service projects and infrastructure facilities (Papell & Prodan, 2006).

The importance of the effective partnership between the government and the private sector is based on many factors and reasons that can be summarized in two main factors (Schachter *et al.*, 2017), the first of which is the importance of the continued role of the state considering the market economy, which is represented in supervision and monitoring performance to ensure the quality of the service provided (Bartik *et al.*, 2020), protect competition, and facilitate (Loxley, 2013). The interaction of market forces, monitoring monopolies, protecting market participants, and controlling specifications. The second factor is the importance of the role played by the private sector in economic activity considering the global, regional, and local economic and political transformations (Grossman, 2012), as the private sector has become, at present and in the future, playing an essential and significant role in stimulating economic growth and in the process of economic and social development. This is based on the large volume of economic activity of the private sector and the size of the workforce it employs (Datta, 2009), in addition to other factors that push toward strengthening and developing the partnership between the government and the private sector (Madell, 2010).

What increases the importance of the partnership between the government and the private sector is that the World Bank, the International Monetary Fund, and the United Nations - through its development program - have adopted programs for partnership between the government and the private sector (Degenhart & Wessel, 2015) as an essential part of economic reform through liberating the financial resources of countries to improve the infrastructure sectors (Jeroen & Lane, 1992). Basic and social programs, or to reform government administration (Loxley, 2013), as international institutions praised the importance of partnership programs in improving the efficiency of governments and attracting private investments, whether national or foreign (Berg *et al.*, 2023), as well as their contribution to increasing growth rates and creating job opportunities, or for political reform because it involves redefining the role of the state in light of The developments the world is witnessing (Jinbo Song *et al.*, 2016), with the private sector assuming the most significant role in achieving economic growth on the one hand, and the diminishing role of governments in interfering in productive activity and services on the other hand (Guasch *et al.*, 2006), and the diminishing role of governments in intervening in productive activity and services on the other hand, represents the practical application of a change in the concept and method (Ziegler, 2011). The government's exercise of authority, which means that the idea of government management and exercise of authority has developed, both theoretically and practically bustards adopting the principles of governance (Datta, 2009), a concept whose implications are not limited to the administrative and economic aspects only, but extend to include the system of democratic values known in Western societies in terms of strengthening Participation, activating the role of civil society, and the related promotion of some values (Wolswinkel, 2017) such as transparency, empowerment, oversight, accountability, and integrity (Paredes & Sánchez, 2004).

Also, the partnership between the government and the private sector is considered a component of the general system of governance (Miranda, 2007), which in turn is regarded as one of the pillars of development (Clarke, 2014), that system that shows or diagnoses how power and accountability are distributed and exercised (Galera & Soliño, 2010), and which has received increasing attention from private writings as a determinant of growth and development (Vornicu, 2016). These writings recognize that good policies result from good governance (Emeka, 2008). An excellent public system of governance requires a fundamental shift in the role of the state versus a change in the roles of actors and stakeholders in development (Loxley, 2013), as achieving successful growth and sustainable development requires concerted and cooperative efforts from all sectors and groups in Society (Fu & Zhang, 2010), because among the reasons for the lag behind countries of the Arab region behind those countries with better economic performance is the marginalization of the role of development parties and sectors in society (Baloro, 1986), in addition to the unbalanced distribution of power between the government, the private sector, and civil society (du Marais, 2018).

From the above, establishing a partnership between the public and private sectors has become necessary for sound economic management (Ferk *et al.*, 2019). These developments coincided with the arrival of the era of knowledge and the rapid dissemination of information (Van Garsse, 2018), and citizens began to demand prompt access to higher-quality services (Gab-Leyba

& Laporte, 2015). Society's ability to express its opinions through civil society organizations increased (Martimort & Straub, 2016).

4 TYPES AND FORMS OF PARTNERSHIP BETWEEN THE GOVERNMENT AND THE PRIVATE SECTOR

A trend has recently emerged in many industrialized and developing countries to explore new cooperation models in providing highly efficient public services to meet citizens' needs and satisfy their desires, especially partnerships between the public and private sectors (Herwitz, 1957; Horwitz, 1974). The importance of these new models of partnership is due not only to the type of relationships between the private sector and the public sector but also to the nature and type of activity that is the subject of the partnership (Becker, 1988), including sectors that, until recently were at the core of the government's jurisdiction, the most important of which are the areas of infrastructure (Ferk *et al.*, 2019).

Participation of the private sector in infrastructure projects does not necessarily mean that the private sector owns those projects (Galera & Soliño, 2010). The scope of the relationship between the public and private sectors is broad enough to accommodate the two industries together in different ways and patterns (Singer, 2016), which fall between two poles: public utilities owned and managed by the state on the one hand and private companies on the other (Burnett, 2014). Another side between these two poles lies the partnership between the public and private sectors, which takes a variety of forms and models of cooperation (bin Mohd Noor & bt Mohd Yunus, 2014), as the diversity of forms and models of cooperation reflects the extent to which ownership of assets and management is transferred from the public sector to the private sector (Ferk *et al.*, 2019), and the associated transfer and transfer of financial, commercial and technical risks from the public sector to the private sector (Schachter *et al.*, 2017).

Below, we present some of the images and forms of partnership between the public and private sectors as follow:

4.1 SERVICE CONTRACTS

This type of contract consists of assigning the private sector to carry out part of the tasks of a company belonging to the public sector in exchange for a specific amount agreed upon between the state and the contracting company (Galera & Soliño, 2010). According to this system, the entity entrusted with providing the service is directly responsible for performing specific tasks such as operation and maintenance, providing specialized technical labor, operating information systems, issuing and collecting invoices, or performing other functions assigned per the contract's terms (Srivastava, 2010). This method of involving the private sector aims to reduce the burdens borne by public sector management to carry out its basic tasks better and reduce the inflation of labor used to improve the financial conditions of public sector institutions and the quality of services they provide (Liu *et al.*, 2015). This method assumes that the private sector possesses experience, specialization, and high efficiency (Gaffey, 2010).

Under the service contracts, the public entity retains full responsibility for operating and managing the entire facility (Loxley, 2013). Still, it contracts with the private sector to provide services such as meter reading, bill collection, and maintenance (Beckers & Klatt, 2009). The duration of these contracts ranges between one and three years, and service contracts are considered necessary in cases where the facility does not have workers trained to operate advanced equipment or when it is better economically in terms of costs rather than hiring these workers (Mendel & Brudney, 2012). Examples of this type of contract include establishing a contractor company (Zapatrina, 2018). The Arabs operate and maintain the Helwan sewage station, which the Greater Cairo Sanitation Facility owns (Liu *et al.*, 2015). Likewise, many village councils in Damietta have contracted with private engineering companies to operate the sewage units owned by those councils (Heldeweg & Sanders, 2013). In this system, performance standards can be imposed to which the party to whom the contract is assigned adheres in a way that may be better than applying them to workers (Ibem, 2011).

To achieve greater efficiency from this type of contract, contracts should be made under competitive bidding, in which the private sector and public bodies participate (Gaffey, 2010). In some countries, the public body maintains a work group to compete with the private sector and replace the private contractor in the event of failure (Liu *et al*., 2015) on his mission due to labor, financial, or other problems (Van Gestel *et al*., 2012).

4.2 MANAGEMENT CONTRACTS

Management contracts are represented by a contractual agreement through which a public institution contracts with a private company to manage this institution (Schachter *et al*., 2017; Degenhart & Wessel, 2015; Van Garsse *et al*., 2016; Van Garsse *et al*., 2017). This contract leads to the transfer of management rights only to the private company and not the ownership rights that remain in the possession of the public sector (Heldeweg & Sanders, 2013). This method is used to activate losing companies in a way that contributes to increasing their market value when offered for sale (Liu *et al*., 2015).

Within this system, the role of the private sector is more significant than service contracts, as it undertakes the bulk of operating responsibilities, service management, and daily decision-making without bearing any risks related to ownership (Van Gestel *et al*., 2012). At the same time, the facility maintains its right to ownership of assets and make strategic decisions, as well as the facility remains responsible for investment spending to establish new units or expand service, i.e. (Roy & Gupta, 2011), management contracts would shift only operation and maintenance responsibility for the owned units to the private sector (Gaffey, 2010).

Such contracts usually extend between three to five years, in which the government is obligated to pay a certain amount to the entity entrusted with the management while granting it full authority to enable it to carry out its responsibilities (Loxley, 2013). The financial compensation that the government is obligated to pay is essentially specific fees (Enders, 1988), which are not related to the level of profits achieved by the company but are received by management even if the facility suffers a loss (Yang *et al.*, 2013). However, the contract may include more incentives for higher efficiency (Prashanth, 2011).

Management contracts are a practical alternative if the government's primary goal is to improve the facility's technical capacity and efficiency or to prepare and pave the way for greater participation by the private sector (Gawel, 2017; Aboelazm, 2023c). However, suppose one of the government's goals is to obtain financing from the private sector for new investments (Kumar, 2008). In that case, management contracts are not a good alternative as they leave the responsibility for financing investments to the government (Zhang, 2017).

Accordingly, the main advantage of the management contract for the state is that it allows it to retain ownership of the project and overcome the problem of administrative insufficiency by obtaining the best administrative expertise (Srivastava, 2010).

4.3 LEASE CONTRACTS

Leasing involves a private contractor paying a sum to a public owner in exchange for the exclusive right to operate production facilities without responsibility for financing the primary investments while bearing all commercial risks (Srivastava, 2010; Aboelazm, 2023b). Under the leasing system, a private sector company leases the facility's assets from the government, bears responsibility for operation and maintenance, and receives income from operating the facility (Kumar, 2008).

Under this system, the government remains responsible for planning and financing (Barral & Haas, 2007), arranging the necessary funding (Gawel, 2017), and coordinating this with the employment programs carried out by the private sector (Zhang, 2017).

It is possible to distinguish between two basic leasing contract types: operating and capital or financial leasing contracts (Barral & Haas, 2007).

For operational lease contracts, the lessee exploits the assets of the leased facility, provided that the lessor assumes responsibility for providing maintenance service (Kumar, 2008), which is considered when estimating the lease payments' value. The operating lease contract covers a specific period that usually does not extend to the end of the expected life of the facility's assets leased (Zhang, 2017; Aboelazm, 2023a).

Capital (financial) leasing covers a period that extends to the end of the expected life of the facility's assets (Zhang, 2017). Hence, the lessee appears to own the facility and is responsible for maintaining its assets (Srivastava, 2010), which is considered when estimating the rental value (Gawel, 2017).

In leasing contracts, the government (lessor) remains responsible for investing in fixed assets and servicing debt (Kumar, 2008); as for the lessee, i.e. (Heldeweg & Sanders, 2013; Oguanobi *et al.*, 2010), the service provider, it is usually the responsibility to finance working capital and replace assets with a short economic life (Liu *et al.*, 2015; Aboelazm, 2002b). Therefore, the period covered by the contract ranges between 6-10 years (Noor & Yunus, 2014; Singer, 2016), meaning it is relatively long to be consistent with the appropriate recovery period for those investments (Zhang, 2017). The tenant usually collects the fees directly (Barral & Haas, 2007), provided that he supplies an agreed-upon percentage to the public authority as rent. The tenant's profit is represented by the difference between the total revenues collected (Liu *et al.*, 2015), the total cost of operation and maintenance (in the case of a capital lease), and the rent paid (Noor & Yunus, 2014). Thus, any savings from improving efficiency shall be the tenant's share (Gawel, 2017).

In general, the leasing system is the most appropriate when there is a need for more efficient operation and no urgent need to finance new investments (Barral & Haas, 2007). It is also seen as the first step toward greater private-sector participation through the other forms we will discuss (Liu *et al.*, 2015; Aboelazm, 2022a), especially granting concessions (Kumar, 2008).

4.4 OWNERSHIP TRANSFER CONTRACTS

This contract transfers ownership (Barral & Haas, 2007; Martimort & Straub, 2016; Gab-Leyba & Laporte, 2015). The private sector becomes the owner and responsible for the public facility (Jinbo Song *et al.*, 2016; Berg *et al.*, 2023; Aboelazm, 2021). Still, at the same time, it is subject to a regulatory body from a competent government agency or from a body contracted by the state to carry out this regulatory authority by what is determined by the state's policies and relevant laws and legislation, to ensure the quality of service that is provided (Noor & Yunus, 2014; D'Angelo *et al.*, 2006). It is provided and always adheres to the specified standards to protect citizens, consumers, and all sectors of society (Ferrari *et al.*, 2016; Savvides, 2016).

4.5 CONCESSION CONTRACTS

The private partner under the franchise is not only responsible for operation and maintenance (Linzer, 1981; Bonell, 1992; Aboelazm & Afandy, 2019), but responsibility also extends to financing investments; ownership of the assets remains with the government, and the right to use their returns again after the end of the concession, which extends for a period ranging between 25-30 years (Van Garsse, 2018).

A contract governs the concession and sets controls such as the level and quality of service, investment mechanisms, tariff determination for beneficiaries, and dispute resolution methods (Pratap, 2013).

It is worth noting that concessions have a long history in infrastructure projects, and this system has now spread in some developing countries (Adly, 2014). The main benefit of the concession is that it transfers all responsibilities of operation, maintenance, management, and investment to the private sector (Gab-Leyba & Laporte, 2015), which means a higher level of efficiency in all activities of the facility (PRATAP, 2013). On this basis, the concession becomes an attractive alternative in the event of a need to expand the scope of the service and improve its quality without financing. Necessary for the government (D'Angelo *et al.*, 2006). However, it must be noted that concessions result in a long-term monopoly on providing the service by the entity that wins the concession (Martimort & Straub, 2016). Therefore, it is necessary to establish controls that will ensure the success of the concession in distributing its benefits fairly among the concessionaire, which is represented by Achieving an appropriate return and the consumer's right to obtain good service at low prices (Savvides, 2016).

It should be noted here that ownership under concession contracts is public property, and this status remains for the facility subject to the concession (Berg *et al.*, 2023).

4.6 B.O.T. SYSTEM

Under the B.O.T system, the investor usually finances builds and operates a new project (Daradkeh, 2013). Under this system, the private sector undertakes the project's design, financing, and construction while retaining the right to operate and manage for an agreed-upon period, after which it is transferred to the state (CHENG, 2010; Noor & Yunus, 2014). During the contract period, the private sector sells the service to the consumer or the consumer (Noor *et al.*, 2014; Savvides, 2016). Directly or to state-owned facilities, on the basis that the cost is plus a profit margin, where prices are structured in a way that allows for cost recovery and a reasonable return for the investor (D'Angelo *et al.*, 2006).

As some administrative jurisprudence indicates, the B.O.T. contract is the first letter of Build Operate Transfer, which means build, operate, and transfer (Berg *et al.*, 2023).

The B.O.T system cannot be considered an innovative system in its entirety (Ferrari *et al.*, 2016), as its roots go back to concession contracts (Daradkeh, 2013), which were widespread in France and other countries in the late nineteenth and early twentieth centuries, including Egypt (Riad, 2000), where the Suez Canal is considered one of the famous examples of concession contracts at the end of the century (Riad, 2000; Noor *et al.*, 2014).

This system is close to other systems, which are as follows:

4.6.1 Build, own, operate, and transfer (b.o.o.t) contracts

These contracts allow the investor to build the project, erect its structure and equipment, and own it temporarily through the project company, provided that the government is limited to supervising the establishment and operation during the concession period. After the end of this period, the project returns to public ownership (Cotula, 2007).

4.6.2 Construction, interim ownership, financial leasing, and financing (B.O.L.T) Contracts

This type is valid for establishing projects requiring machinery and capital equipment. It is also suitable if the company supervising the project cannot operate it, so it leases it to another company to operate and manage it during the concession period, or the government leases the project in exchange for a usufruct right and a return it obtains (Jinbo Song *et al.*, 2016).

4.6.3 Build, own, and operate (B.O.O) Contracts

These are contracts concluded between the government and the investor or investors to establish, establish, and own a project through a concession company that supervises the operation (Korobkin, 2003). This type of project does not end with its transfer to public ownership, but after the expiration of the specified period, the concession is renewed, or the project ends due to the end of its life span (GUASCH *et al.*, 2006; Burnett, 2014; Ziegler, 2011; Gonçalves & Gomes, 2012). If it remains, the state must compensate the owners for the ownership shares according to the evaluation of the project's assets and liabilities if it refuses to renew the contract (Singer, 2016). The government has the right to contract with others to manage the project through submitted bids from which the best one is selected. In all cases, the government gets a percentage of the revenues generated by the project in exchange for granting the concession and supporting the project before various parties (Vernon, 1967).

4.6.4 Design, Build, Finance and Operate (D.B.F.O) Contracts

In these contracts, the government agrees with the investor to establish an infrastructure, infrastructure, or public facilities project based on the technical conditions and designs that the government determines for an investor through its advisory bodies (Bogdanowicz, 2015). The investor is responsible for spending on establishing the project and supplying it with machinery, equipment, and appliances (Guasch *et al.*, 2007). He is responsible for searching for financing from a bank and operating the project (Khatchadourian, 2008). According to the controls set by the government after the concession period, the government receives the land in exchange for a percentage of the revenues in exchange for granting the concession (Wolswinkel, 2017). The government can renew the concession or grant it to another investor while compensating the project owner appropriately (Faber & Brown,1980).

4.6.5 Build, Transfer and Operate (B.T.O) Contracts

This type of contract means that the government contracts with the investor to build the project or public facility and then relinquishes his ownership to the government (Fales *et al.*, 1973). This concludes another contract with him to manage and operate the project during the concession period in exchange for obtaining operating revenues. Therefore, the government has considered the project's owner from the beginning (Paredes & Sánchez, 2004).

4.6.6 Build, Lease and Transfer (B.L.T) Contracts

In these contracts, the government contracts with the private investor to build the project or public facility and rent it to him for some time, during which the investor receives revenues in exchange for paying the government the rent for the project (Veeser, 2009).

4.6.7 Modernization, Own, Operate and Transfer (M.O.O.T) Contracts

The government contracts with the investor to develop the existing facility or infrastructure project in these contracts. The investor here did not create the project (Graells, 2012). Still, his mission is limited to developing it technologically in exchange for owning it. At the same time, he manages it and obtains its revenues if he transforms the project with the development it has achieved after completion. Concession period (Miranda, 2007).

4.6.8 Renewal, Own and Operate (R.O.O) Contracts

The government contracts with a private investor to renovate a public project that needs that support, whether in terms of buildings, machinery, equipment, devices, foundation, means of transportation, etc. (Clarke, 2014), in exchange for the investor owning the project, operating it, and receiving its revenues, provided that the government gets from him a return for transferring ownership. The project from her to him (Galera & Soliño, 2010).

4.6.9 Build, Finance and Transfer (B.F.T) Contracts

This type of contract depends on the private sector's initiative to provide the necessary financing to establish an infrastructure project (Vornicu, 2016). Then, the state pays the cost of the funding to the private sector in installments (EMEKA, 2008).

4.6.10 Lease, Training, and Transfer (L.T.T) Contracts

Based on this type of contract, the private sector finances the establishment of the project and the training of state workers. Then, the project is leased to the private sector (Fu & Zhang, 2010).

4.6.11 Building, Lease, and Transfer (B.R.T) Contracts

This type of project has a unique nature derived from the specificity of the benefit achieved for the public (Baloro, 1986). This specificity is linked to the place of return generated from it, as the project is based on its ability to rent (ports, river restaurants, highways) (Ferk *et al.*, 2019).

4.6.12 Modernization, Own, Operate, and Transfer (M.O.O.T) Contracts

This type of contract requires the investor to modernize one of the public facilities or primary projects and develop the project's technology according to the latest international standards (du Marais, 2018). The investor becomes the temporary owner of the projects operated during the concession period, either by himself or through a third party (Van Garsse, 2018). At the end of the concession, the ownership of the project is transferred to the state (Gab-Leyba & Laporte, 2015).

Table 1

The Types of Partnership in the Public Utility Contracts

B. O. T	Build - Operate - Transfer	The private sector undertakes the project's design, financing, and construction while retaining the right to operate and manage for an agreed-upon period, after which it is transferred to the state.
B. O. O. T	Build - Own - Operate - Transfer	It is distinguished from the primary type in that ownership of the project is temporarily transferred to the implementing party.
D. B. F. O	Design - Build - Finance - Operate	After the agreement, the project implementer shall design, finance, and operate it on his initiative.
B. L. T	Build - Lease - Transfer	It remains the legal property of the state, and the project implementer rents it from it and returns it to it after the lease period ends.
L. R. O. T	Lease - Renovate - Operate - Transfer	The implementing agency leases a project, renovates it, operates it, collects its revenues, and returns it to the state after the lease period ends.
B. T. O	Build - Transfer - Operate	It relates to a project the state establishes and hands over to the private sector to operate and manage while collecting its returns and profits.
B. O. O	Build - Own - Operate	With the state's approval, the private sector undertakes the design, construction, and management, and the implementing agency owns the project. This arrangement is suitable for temporary projects that become worthless after a period, akin to privatization or ownership without return.
M. O. O. T	Modernize - Own - Operate - Transfer	This type is used in an existing project intended to be modernized and developed using technology unavailable to the state. The project executor owns it, with the proceeds divided between him and the state until they are returned.
R. O. T.	Rehabilitate - Own - Operate - Transfer	This type is used in faltering projects, where the private sector restructures, owns, and manages

		them and returns them to the state at the end of the period.
R. O. O	Rehabilitate - Own - Operate	This type is used in faltering projects, where the private sector restructures, owns, and manages them, and the project still needs to be returned to the state.
B. O. R	Build - Operate - Renewal of Concession	The concession contract for the project established and managed by the private sector is renewed, and it includes a promise to renew on the same conditions or other conditions specified in the pledge.
B. T. L	Build - transfer - Lease	The private sector undertakes the project's construction, which the state owns, and then leases it from it.
D. B. O. T	Design - Build - Operate - Transfer	The private sector will design, build, and operate the project, which will be returned to the state.
B. O. L. T	Build - Own - Lease - Transfer	The private sector builds the project, owns it for the rental period, and then returns it to the state.
D. P. B. L. T	Design - Promotion - Build - Lease - Operate	The private sector designs, promotes, builds, and leases the project from the state for a period and then returns it to it.
P. B. O	Purchase - Build - Operate	Like privatization, the private sector buys a project created by the state, operates it, and does not return it to the state.

Source: *Author*

4.7 ADVANTAGES OF B.O.T CONTRACTS

Reducing the burden on government resources, as the private sector bears, under these contracts, the financing, construction, and operation of some critical facilities, which leads to the state devoting itself to the most important public projects and facilities, which allows the state to direct treasury resources more to social sectors that do not have direct economic returns and profits (Brown, 1976). Such as the education and health sectors, without a budget deficit (Linzer, 1981).

Increasing the private sector's participation in the management of infrastructure projects leads to faster implementation and cost savings because the private sector is keener on achieving these than others (Bonell, 1992).

Financing infrastructure projects through the private sector leads to obtaining the latest modern technologies required to establish these projects, which significant companies own (Pratap, 2013; Ferk *et al.*, 2019; Baloro, 1986).

Private sector participation creates new job opportunities, as construction may take three to five years (Baloro, 1986). In addition, establishing such facilities in new remote areas expands the residential area and creates an industrial base by providing roads and bridges, Electricity, and water stations. Airports would encourage residential, industrial, and tourist urbanization (Gab-Leyba & Laporte, 2015).

On the other hand, this type of participation with the private sector accelerates the establishment of development projects (Adly, 2014). This leads to more foreign currencies being transferred from abroad to Egypt to finance these projects (D'Angelo *et al.*, 2006; Riad, 2000).

4.8 DISADVANTAGES OF B.O.T. CONTRACTS

Implementing B.O.T contracts requires a stable and appropriate economic and political climate, which is difficult to achieve, especially in some developing countries where political conflicts are often at their peak, revolutions, demonstrations to improve economic and social conditions, etc (Martimort & Straub, 2016).

Allowing foreign companies to invest in and control significant projects (infrastructure) negatively impacts national sovereignty and economic stability (Becker, 1988).

Some projects with the B.O.T system impose fixed financial burdens on the government over the years of the project, represented by the government's commitment to purchase a minimum of the project's products, whether they benefit from or not (Hartwig, 1966). The government's control over the various stages of the project is diminished, and thus, there is a lack of assurance that the project conforms to local standards and specifications (Horwitz, 1974). Regarding designs, specifications, and labor (Herwitz, 1957).

Concluding B.O.T. contracts for an extended period is extremely dangerous because such an agreement would restrict generation after generation (Veeser, 2013). In B.O.T. contracts, the government often guarantees the investor against losses, and there are no corresponding guarantees that these projects will benefit the government and citizens (Pardi, 2017).

Some B.O.T. contracts may include a condition of legislative consistency. This condition is intended to prevent the state from changing the legislation under which the contract was concluded, meaning that the contractor remains subject to the law under which the contract was concluded. A clear example is if the texts related to taxes are changed by increasing them during implementation (Vornicu, 2016; Miranda, 2007; Korobkin, 2003). If the contract contains a text of legislative stability, the agreement absolves the contractor from paying the emergency increase (Jinbo Song *et al.*, 2016; Fales *et al.*, 1973).

5 CONDITIONS FOR EFFECTIVE PARTNERSHIP BETWEEN THE GOVERNMENT AND THE PRIVATE SECTOR

Given the inability to rely on government spending alone in establishing public services and infrastructure projects, the last decade has witnessed support and encouragement from developing countries (Fales *et al.*, 1973) - and even industrialized countries - for the participation of the private sector in financing, establishing, and operating these projects, to design and build infrastructure facilities and services more efficiently and cost-effectively (Korobkin, 2003). Less, and promoting social development and national projects in a way that ultimately helps raise the standard of living and achieve the desired development rates (Daradkeh, 2013). The trend toward partnership between the government and the private sector in areas of public benefit takes work. On the contrary, it faces many difficulties (Savvides, 2016). It is always accompanied by a heated debate at all levels of the country concerned, given that it touches on an essential aspect of daily life. The private sector's undertaking to contribute to infrastructure projects is complex, surrounded by obstacles and problems (Bogdanowicz, 2015). On the contrary, the experience in its current sense is relatively recent, and the private sector is nascent. Its financial capabilities are limited compared to the vast investment needs required by the infrastructure sectors, not to mention the problem of correcting the prices of public services and the sensitivity of some infrastructure sectors such as (electricity, gas, water, transportation, etc.) (Paredes & Sánchez, 2004), and the fear of assigning them to the local or foreign private sector and making them a monopoly of the private sector that will not take into account the social and humanitarian importance of these sectors (Gab-Leyba & Laporte, 2015).

Before discussing the conditions that must be met to establish an effective partnership between the government and the private sector (Martimort & Straub, 2016), it is necessary to illuminate the most significant obstacles and challenges facing the partnership process so that the conditions for an effective partnership can be determined objectively (EMEKA, 2008).

5.1 DIFFICULTIES AND PROBLEMS OF PARTNERSHIP BETWEEN THE GOVERNMENT AND THE PRIVATE SECTOR

The most significant difficulties of private sector participation in infrastructure projects are as follows:

1. Infrastructure projects are of large sizes, require enormous investments and high sunk costs, in addition to their modest revenues during the first years of operation, and thus are characterized by long payback years (EMEKA, 2008), which prompts investors to request guarantees from the government regarding future revenues (Becker, 1988), such as the public utility's commitment to purchase the quantities Produced by the project at agreed-upon prices. Therefore, distributing the risks associated with infrastructure projects between the state and the private sector is vital for both the state and investors who want to achieve an adequate return on their capital, allowing costs to be covered and a reasonable profit to be achieved (Martimort & Straub, 2016);
2. Most infrastructure projects are of strategic importance. They are often products of the local mitt (Paredes & Sánchez, 2004), and their revenues are denominated in local currency, which sometimes makes them unattractive to foreign investors, given the currency exchange market and convertibility risks (Khatchadourian, 2008);

3. Infrastructure projects have some characteristics that must be considered when addressing the issue of private sector participation in infrastructure projects (Ziegler, 2011). The most prominent of these is the natural monopoly of these projects, which necessitates the state's need to secure and protect consumers from any possible abuses by the private monopolist (Burnett, 2014);
4. The presence of the natural monopoly characteristic of infrastructure projects, which is accompanied by huge investments and the increase in fixed costs compared to variable ones (economies of scale) (GUASCH *et al.*, 2006), in addition to the presence of high sunk costs, all of this stands in the way of competition. In the presence of these characteristics (Korobkin, 2003), natural barriers arise (Jinbo Song *et al.*, 2016). In the face of the entry of new producers, for a new product to succeed (Cotula, 2007), it must take a large share of the market from the first moment to cover the vast fixed costs in a way that enables it to reduce production costs like what the monopoly producer achieves (Ferrari *et al.*, 2016);
5. Reducing risks and the need for guarantees on investment in the infrastructure sectors (Berg *et al.*, 2023), as among the most significant obstacles that are often mentioned regarding the participation of the private sector in infrastructure projects in developing countries is the lack of an opportunity to enter the market and the weak interest and motivation of the private or private industry (Noor & Yunus, 2014). Foreigners to bear commercial and political risks in infrastructure activities, as the risks associated with undertaking those activities should be balanced with the potential returns and with independence in decision-making (Cotula, 2007; Jinbo Song *et al.*, 2016), as the private sector seeks to be reassured that revenues are sufficient to cover costs (Korobkin, 2003; GUASCH *et al.*, 2006; Burnett, 2014), while achieving a reasonable profit or return commensurate with The size of the risks (Ferk *et al.*, 2019; du Marais, 2018; Linzer, 1981), in addition to the fact that the nature of investments in these sectors is characterized by a long-term recovery period (Gab-Leyba & Laporte, 2015; Adly, 2014; D'Angelo

et al., 2006), so investors in them need more guarantees than in any other industry (Van Garsse, 2018), and the best guarantee for these investments is the presence of an excellent organizational structure based on legal and legislative foundations and supported by a robust political commitment (Bonell, 1992; Van Garsse, 2018; PRATAP, 2013), in addition to the presence a stable economic and political climate (Baloro, 1986; Ferk *et al.*, 2019; du Marais, 2018; Linzer, 1981), and clarity of the rights and obligations of both the government and the private partner, which contributes to reducing those risks (Gab-Leyba & Laporte, 2015; Adly, 2014; D'Angelo *et al.*, 2006);

6. Social problems resulting from potential price increases (Berg *et al.*, 2023);
7. The institutional and regulatory framework's weakness is represented by the laws, regulations, and rules governing these projects' work framework (Riad, 2000; Martimort & Straub, 2016);
8. The extent of the state's credibility regarding private sector participation in these areas and transparency in implementation (Becker, 1988; Hartwig, 1966);
9. Ensuring the continued regular performance of those benefits and providing services in quantity, quality, and appropriate price (Horwitz, 1974; Herwitz, 1957; Veeser, 2013). For example, what entity guarantees the flow of drinking water or electrical energy from a facility owned by the private sector? Close supervision by the state of the guarantees in the contract concluded between the government and the private sector and applying provisions for reward and punishment will ensure the efficient performance of these benefits (Pardi, 2017);
10. The decision-making environment in public sector units, in general, and developing countries, in particular, is characterized by several characteristics that negatively affect the productive efficiency of these units (Noor & Yunus, 2014). The goals must be more apparent (Baloro, 1986; Ferk *et al.*, 2019; du Marais, 2018; Linzer, 1981). In the presence of external influences, the goal becomes maximizing public benefit (Ziegler, 2011; Gonçalves & Gomes, 2012; Aboelazm, 2024a). It is a goal

characterized by ambiguity, as there is a broad scope for defining and interpreting public benefit, which is united by many factors that differ in importance from one project to another and even for the same project from one time to another (Singer, 2016; Vernon, 1967).

In addition to the above, the regional conference of the "Good Governance to Serve Development in the Arab Countries" initiative pointed out several challenges facing establishing an effective partnership between the government and the private sector, which we summarize as follows:

a. Psychological factors that hinder the development of the partnership include difficulties, a lack of clarity in the legislative environment, and a lack of clear policies and visions at the state level (Bogdanowicz, 2015; Guasch *et al*., 2007; Aboelazm & Ramadan, 2023);
b. Financial goals and profit considerations prevail over social considerations in the private sector (Ziegler, 2011; Gonçalves & Gomes, 2012; Singer, 2016);
c. The weakness and modesty of foreign investment in Arab countries and the weakness of financial markets (Noor & Yunus, 2014);
d. The dominance of public or private monopolies (Khatchadourian, 2008; Wolswinkel, 2017);
e. Due to weak training, Government officials lack awareness of ways and methods to develop an effective partnership between the government and the private sector (Faber & Brown,1980; Fales *et al*., 1973);
f. The complexity of government procedures discourages investors from participating in the projects offered to them (Paredes & Sánchez, 2004; Veeser, 2009; Brown, 1976);
g. In addition to these difficulties, there is another major obstacle of great importance - especially in developing countries - and the low efficiency of government administration represents this obstacle (Graells, 2012; Miranda, 2007; Clarke, 2014), its lack of strategic vision, as well as the lack of technical, economic, and legal expertise to establish a fruitful partnership with the private sector, in massive projects such as infrastructure sectors (Galera & Soliño, 2010; Vornicu, 2016; EMEKA, 2008; Fu & Zhang, 2010). This was stated in a study issued by the

International Labor Organization, which emphasizes the importance of this problem (Baloro, 1986; Ferk *et al.*, 2019; du Marais, 2018; Linzer, 1981). That study concluded with an important conclusion that it may be better for the World Bank and international bodies and agencies to assist and support these governments, build their capacity, and raise their efficiency instead of inflicting collective punishment on their citizens. Those countries privatize their public facilities due to the weakness of their corrupt governments (Bonell, 1992; Van Garsse, 2018; Pratap, 2013).

5.2 CONDITIONS FOR EFFECTIVE PARTNERSHIP BETWEEN THE GOVERNMENT AND THE PRIVATE SECTOR

Despite the problems and difficulties facing establishing an effective partnership between the government and the private sector (Gab-Leyba & Laporte, 2015; Adly, 2014; D'Angelo *et al.*, 2006), as previously stated, these difficulties can be overcome and confronted through the following:

5.2.1 It is necessary to clearly define the partnership's reasons and purpose from the beginning

The availability of this condition is considered of utmost importance in determining the appropriate form or alternative for the partnership (Noor & Yunus, 2014). Suppose the goal is to provide specialized technical labor, raise the efficiency of operating facilities, and improve the product or service quality without pumping new investments. In that case, service and management contracts may be the best alternatives (Riad, 2000; Martimort & Straub, 2016). In this case, and if there is a need to pump considerable investments to expand the scope of the service and improve its quality in the absence of the necessary funding from the government, concession contracts and B.O.T systems are the best options available for partnership between the government and the private sector. If there is a need to obtain revenues without transferring ownership, as well as the need for more efficient operation, the rental system is the appropriate option (Becker, 1988; Hartwig, 1966).

Suppose the goal is to bring advanced technology and management expertise and obtain foreign financing to develop an existing facility (Horwitz, 1974; Herwitz, 1957; Veeser, 2013). In that case, establishing a joint company with a foreign partner becomes the appropriate alternative (Pardi, 2017).

Also, if the primary goal of the private sector's participation in the management, operation, and ownership of infrastructure facilities that governments have monopolized for long periods as public monopolies is to create a competitive environment that achieves for members of society a good and advanced level of these services (Noor & Yunus, 2014), in addition to achieving economic efficiency in exploiting community resources, then the appropriate climate must be created (Korobkin, 2003). Conditions must be made to establish successful partnership relations with the private sector, especially in developing countries where the social dimension is one of the most critical factors affecting stability and development (GUASCH *et al*., 2006). In this case, the fragmentation of the monopolized activity, whether by vertical separation (i.e., in the production chain, physical infrastructure, and services arising from it) or horizontal separation (i.e., division on a geographical or regional basis) (Jinbo Song *et al*., 2016), may be an appropriate arrangement for the requirements of activating competition (Daradkeh, 2013).

5.2.2 Create a competitive atmosphere

This means an open market and fair competition (Degenhart & Wessel, 2015; Madell, 2010; Jeroen & Lane, 1992), confirmed by all global expertise and experience (Van Garsse *et al*., 2016; Grossman, 2012). Partnership projects are subject to fair and open competition and the transparency they enjoy (Van Garsse *et al*., 2017). The complex equation or balance is achieved through competitive bidding between reducing the cost for taxpayers' service users and achieving an appropriate return for the private sector; a tight competitive system would accomplish that equation (Cheng, 2010; Bartik *et al*., 2020).

It is known that most infrastructure sectors are characterized by a natural monopoly due to the significant investments in these sectors (Papell & Prodan, 2006; Schachter *et al.*, 2017), the high sunk cost, and the difficulty of new supp Difficulty in the market (Heldeweg & Sanders, 2013; Lee, 2016; Ibem, 2011). Given the sensitivity of the infrastructure sectors, as they affect the daily life of large sectors of society, in addition to being characterized by the characteristic of natural monopoly, failure to create and create a competitive climate in these sectors results in converting the public monopoly into a private monopoly, and if there are some infrastructure sectors in which Difficulty introducing difficulty of competition into the market to which it belongs (Oguanobi *et al.*, 2010; Zwick, 2020). There should at least be competition in the market through bidding during the contracting stage to provide the service or commodity (Roy & Gupta, 2011; Pratap, 2014; Koonan & Sampat, 2012). If the primary goal of the private sector's participation in infrastructure projects and public utility services, Which governments have monopolized for long periods as public monopolies, is to create a competitive environment that provides members of society with a good and advanced level of these services (Officer, 1976), in addition to achieving economic efficiency in exploiting community resources (Ravallion, 2010; Zapatrina, 2018). The appropriate climate and conditions must be created to implement procedures for private sector participation in the public utilities and infrastructure services sector, especially in developing countries (Beckers & Klatt, 2009; MENDEL & BRUDNEY, 2012), where the social dimension is considered one of the most critical factors affecting stability and development, including the presence of political will (Strauss, 1995; Gabriel Tati, 2005; Guevara, 2015). The market structure and the possibilities of creating competition must also be looked at, along with creating a standard or guide for competition to regulate the market (Raquel & Andrade, 2010).

5.2.3 Availability of a legislative and legal framework

The legislative and legal framework plays a vital role in confronting the difficulties and challenges we referred to regarding the partnership between the government and the private sector in providing public utility services. Constitutional or legal restrictions may hinder this approach (Heeley, 2011).

It is necessary to issue a unified law to regulate the private sector's participation in financing, establishing, and operating these projects, provided that this law considers the following aspects:

1. Establishing the general legal framework regulating all forms of private sector participation with complete clarity and without ambiguity (Dornbusch, 1982);
2. Establishing rules regulating private investment in all economic, service, and public facilities while removing all restrictions imposed on the private sector in those projects (Ayoob, 1972);
3. Determine the central and local authorities, entities with the right to contract, and entities responsible for issuing licenses for private sector participation (Singh, 2018);
4. Creating the appropriate mechanism for selecting the investor through effective competitive procedures consistent with the nature of these projects (Gawel, 2017).

The Egyptian legislator issued Law No. 67 of 2010 regarding partnership with the private sector, including all previous aspects. In addition, the UAE legislator also issued a new law for public-private partnerships under Federal Law No. (12) of 2023 regulating partnerships between the federal public and private sectors.

It is essential to point out the recommendations made by the regional conference of the "Good Governance to Serve Development in the Arab Countries" (Makovšek, 2013) initiative regarding establishing effective partnership relations between the government and the private sector, which we summarize below:

1. Formulate clear policies, especially the partnership issue, and precisely define the role of the government and the private sector, considering ease and clarity in concepts (VAN GESTEL *et al.*, 2012);
2. Developing the legal and regulatory framework for the partnership, ensuring the stability of policies and regulatory rules while forming and

strengthening agencies responsible for formulating policies for the partnership (Yang *et al*., 2013);

3. Develop appropriate mechanisms for consultation between stakeholders, especially beneficiaries of public services, considering people with special needs (Enders, 1988);
4. Enhancing transparency when assigning activities and projects to the private sector through:
5. Declaring a clear state policy while strengthening commitment to fair, constructive, and fair competition rules (Kumar, 2008);
6. Selection of suppliers according to competitive rules and procedures announced to all, emphasizing equal opportunities (Gaffey, 2010);
7. Provide obvious information regarding tenders and give companies sufficient time to study and submit offers (Loxley, 2013);
8. Enhancing cooperation and exchange of experiences between countries regarding partnership projects between the government and the private sector and learning from leading countries in this field (Prashanth, 2011);
9. Enhancing cooperation and exchange of experiences between countries regarding partnership projects between the government and the private sector and learning from leading countries in this field (Greiling & Halachmi, 2012);
10. Develop an information system to disclose and disseminate methods and techniques for successful partnership models (Budäus & Grüb, 2007);
11. Providing a mechanism for oversight and follow-up and disseminating successful experiences (Barral & Haas, 2007);
12. Providing unique training programs for public employees (Officer, 1978);
13. Determine the conditions and qualifications and monitor their availability in concluding government contracts (Srivastava, 2010; Abdul Rahman, 2004).

6 CONCLUSION

From all of the above, it is clear that the partnership between the government and the private sector is not a path strewn with roses. Many challenges must be faced, and for the partnership to work as desired, the conditions and components discussed in this research must be met, which are, in their entirety, factors. Institutional at the macro level. It is worth noting an important point that should be emphasized, which is that for a partnership relationship between any parties to be successful, each party must be fully aware of the goals and desires of the other party. The success of the partnership relationship, therefore, depends on the ability of the partnership parties to achieve the combined goals for which the partnership process was undertaken. It is not conceivable that one of the partners will achieve gains while the other will achieve losses. The partnership between the government and the private sector to provide public services to citizens should achieve gains and benefits for all parties: the government, the private partner, and the citizen for whom the partnership process was carried out.

It is also worth noting that despite the growing trend towards increasing the role of the private sector in infrastructure projects, the state’s role must be acknowledged, as the state will remain responsible for achieving justice between the groups and individuals of society. The success of partnership programs requires the state's active role in several areas, such as forming efficient national cadres, developing legislation, ensuring neutrality, transparency, and integrity in applying that legislation and concluding contracts, providing a healthy competitive environment, and enhancing means of community participation. The state's role becomes increasingly important, especially in developing countries, where the state continues to have a significant role in providing infrastructure and development and public services to ensure fair distribution and the fight against poverty.

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