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Cooperation between Local Actors in
Investment Projects.
Evidence from Italian Utilities

Giuseppe Cappiello, Università di Bologna

Paola Garrone, Politecnico di Milano

Paolo Nardi, Università Bocconi

Agenda

- Cooperation between local actors in investment projects (CLAIP)
- Research objectives
- Literature and conceptual model
- Methodology and sample
- Empirical results
- Conclusions and further research

Collaboration between local actors in investment project (CLAIP)

- CLAIP: multi-organizational arrangements
 - Temporary (non equity) collaborative agreements
 - Utility, local governments, users associations (citizens and business), suppliers, environmental associations...
 - Structure and organization heterogeneity
- ...targeted mainly to the early stages of infrastructure project
 - “High-level design” activities: needs assessment, planning / timing, size and location choices, siting / permitting...
 - Critical to meet the infrastructure demand (Ostrom et al. 1993, Agranoff & McGuire 2001, OECD 2007)

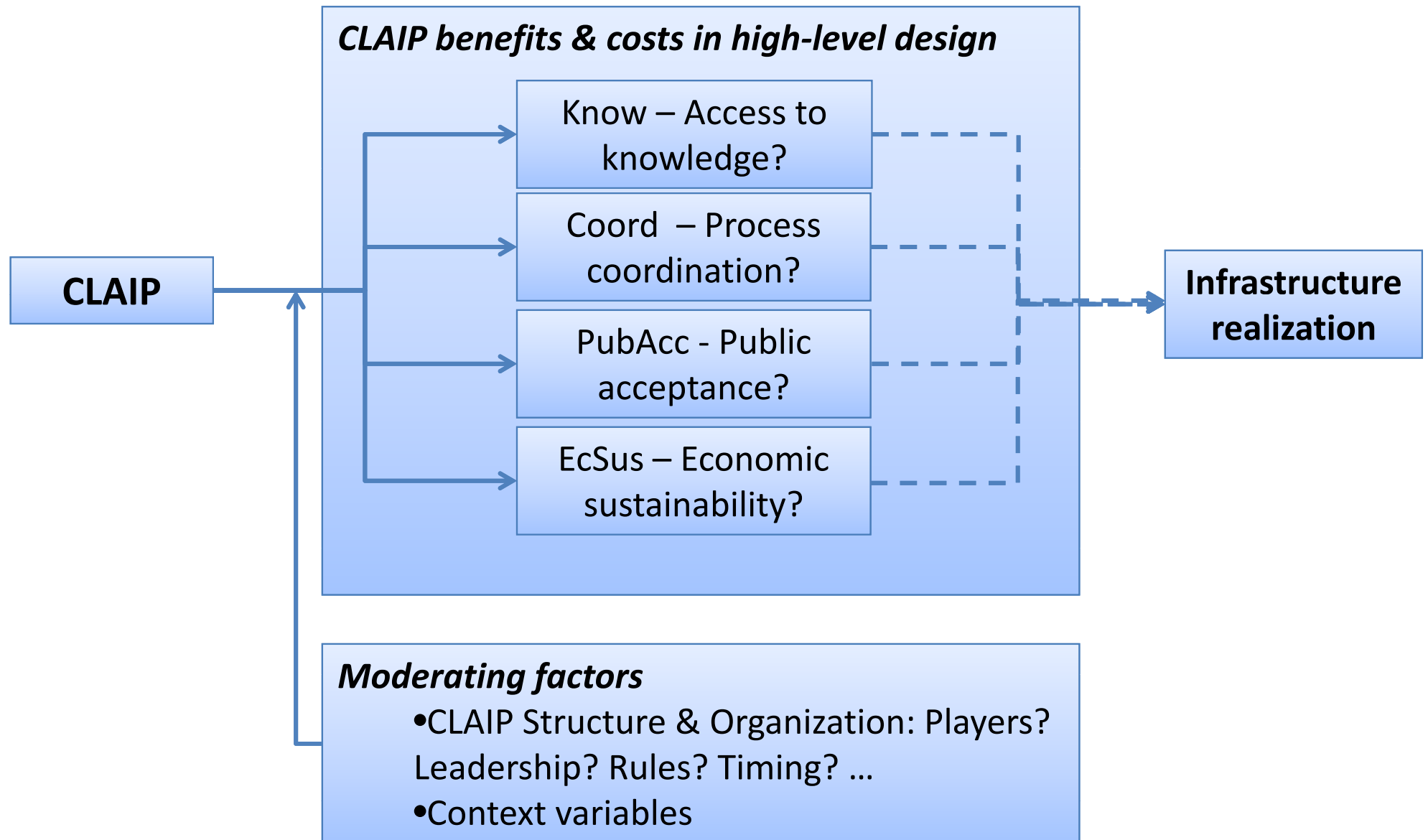
Research objectives

- Exploration of CLAIP benefits & costs and characteristics
 1. Does CLAIP improve the planning-to-delivery process?
 2. Which structural and organizational features allow to draw the most from CLAIP?
 3. Is CLAIP uniformly effective or does it play different roles in different contexts?
- ... perceptions and opinions of experienced utility managers

Literature and conceptual model

- Transactions costs in high-level design activities
 - Utilities have strong technical / operating competencies ...
 - ... other key resources spread among independent players
 - (Ostrom et al. 1993, Vajjhala and Fischbeck 2007 ...)
 - Knowledge about *time-* and *place-specific* user needs and urban, geographic and environmental characteristics
 - Siting rights, public acceptance, interconnection agreements, supply of technologies, ...
- CLAIP v. arm's length contractual relations
 - Collaborative “groupware”
 - (Ostrom et al. 1993; Agranoff, 2008; Agranoff & McGuire, 1998; 2001; 2003; OECD 2007)

Conceptual Model



Methodology

- Preliminary analysis
 - 14 interviews to managers of Italian utilities, 5 CLAIP cases
- Survey among managers of Italian utilities
 - 33 questions on CLAIP benefits & costs and CLAIP structure & organization (Likert-scale)
 - 85 returned questionnaires (450 sent; 19%)
- Main limitation: Subjective perceptions and one party view. However
 - cautions taken to limit the impact of subjectivity
 - unavailable public information on CLAIP
 - information depth (how does CLAIP act?)

Sample

- Firm characteristics
 - Urban and suburban transport (67%); Water (33%)
 - Municipally-owned/partially privatized (91%); Private (9%)
 - 500,000+ users (29%); 150-500,000 (54%); ...
- Manager characteristics
 - CEO (55%); Operations manager (24%); ...
 - Engineering (46%); Business studies (17%); ...
 - 15+ yrs sector experience (57%); ...

Empirical analysis

- Answers to individual questions on CLAIP benefits & costs and CLAIP structure & organization
 - Descriptive statistics
 - Selection of more consistent items
 - benefits and costs (Cronbach's alpha 0.729): 13 items
 - structure and organization (Cronbach's alpha 0.631): 13 items
- Synthetic indicators
 - Principal component analysis
 - benefits and costs: 4 factors
 - structure and organization: 5 factors
 - Tests on mean differences: are size, ownership and CLAIP experience significant antecedents?

CLAIP benefits and costs – Answers to individual questions

<i>Items</i>		<i>Sample mean</i>
Planning alternatives emerge better if the project is shared	Know	3.93
CLAIP help spread correct information about systems and technology	Know	3.78
CLAIP simplifies the authorization and permitting process	Coord	3.76
CLAIP offers extra important information for feasibility analyses and planning	Know	3.75
If citizens are involved in CLAIP through their representatives, they will have less objections	PubAc	3.73
CLAIP is fundamental for identifying compensations, if necessary	PubAc	3.64
An investment cannot be planned effectively without involving the local actors	Know	3.57
Resorting to the CLAIP system reduces the economic risks of the project	EcSus	3.50
...

Likert-scale: 1-5, from strongly disagree to strongly agree

CLAIP benefits and costs – Antecedents (mean differences)

factor	experience of CLAIP			size			ownership		
	yes	no	diff	large	small	diff	public	mixed	diff
CLAIP									
... creates knowledge useful for the project			ns			ns			ns
...reduces the economic risk and simplifies the process			ns			ns	-0.026	0.282	-0.308*
...transfers knowledge towards users and back			ns	-0.069	0.374	-0.444 *			ns
...is complex, namely due to environmental opposition			ns				0.034	-0.378	0.4133*

CLAIP structure and organization – Answers to individual questions (sample means)

	<i>Items</i>	<i>Sample mean</i>
Struct	Local governments should take part in CLAIP	4.34
Struct	If utility is owned by local stakeholders investment is encouraged	3.91
Org	CLAIP requires informal meetings	3.91
Struct	Consumer representatives should be involved in CLAIP	3.77
Org	If CLAIP length is predefined negotiations will be more successful	3.67
Struct	Local environmental associations should be involved in CLAIP	3.48
Org	CLAIP leadership should be taken by local governments	3.43
Struct	It is wise to limit the number of local governments involved	3.36
Org	CLAIP processes should be given a formal structure	3.34
Struct	Local business associations should be involved in CLAIP	3.31
...

Likert-scale: 1-5, from strongly disagree to strongly agree

CLAIP structure and organization – Antecedents (mean differences)

factor	experience of CLAIP			size			ownership		
	yes	no	diff	large	small	diff	public	mixed	diff
C. has to include local stakeholder among partners			ns	-0.109	0.590	0.700***			ns
C. has to include environmental associations	-0.068	0.368	0.436*			ns	-0.063	0.688	0.752***
C. has to include business ass.			ns			ns			ns
C. has a merely advisory capacity and its length has to be short			ns	0.094	-0.507	0.601*			ns
C. has to be informal			ns			ns			ns

Conclusions and further research

- CLAIP: institutional arrangement to govern high-level design activities
 - Promotes knowledge creation and transfer
 - Strengthens coordination (siting, permitting, ...)
 - Fosters relations / negotiations with residents
- ... has its own costs and organizational issues
 - Is complex to manage
 - Mainly informal agreements and advisory functions?
- Further research
 - Sample extension (industries and interests), search for objective indicators, ...