Assessment methods for gaining efficiency within the financing process of Public-Private Partnerships

Modalităţi de evaluare a eficienţei finanţării proiectelor de investiţii în Parteneriatele Public-Privat

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Abstract

The paper aims to emphasize the role, as well as the importance and viability, of developing complex investment projects within Public - Private Partnerships, by analysing the previous experience of developed countries regarding this kind of associative structures. Assuming that some of the public - private partnerships are neither necessary, nor efficient, the paper presents an innovative methodology for assessing the efficiency of the investment projects, financed within Public - Private Partnerships, based upon a set of benchmarks, which are designed to provide objective and precise information about the subject in focus. Positioning each partnership in relation to specific benchmarks represents the main decision tool for building-up Public - Private Partnerships

Keywords: *Public - Private Partnership; efficiency; benchmarks; Local Action Groups; Eco-Efficient Spin-Off*

Rezumat

Prezentul articol evidenţiază rolul, importanţa, şi viabilitatea desfăşurării proiectelor de investiţii de dimensiuni mari în sistem parteneriat public-privat, pe baza experienţelor statelor dezvoltate în ceea ce priveşte sprijinirea proliferării acestor forme asociative de organizare. Întrucât nu toate parteneriatele public-private se dovedesc oportune, necesare şi/sau eficiente, articolul prezintă o metodologie inovativă de cuantificare şi evaluare a eficienţei finanţării proiectelor de investiţii în sistem parteneriat public-privat, pe baza unui set de indicatori de performanţă, capabili să furnizeze informaţii documentate şi pertinente în acest sens. Poziţionarea fiecărui parteneriat în raport cu valorile de referinţă specifice indicatorilor de benchmarking constituie fundamentul deciziei de realizare a parteneriatelor public-private.

Introduction

T he recent experience of developed European countries emphasizes that achieving the national development objectives, in terms of economic sustainable growth, depends on the national government ability to identify the most adequate tools and mechanisms aimed to ensure a simultaneous development both in public and private sectors. The discrepancies between the different development rates of those two main structures of a national economy are the main variables that generate either imbalanced situations or macroeconomic obstructions.

Under these circumstances, the paper aims to emphasize, by using a specific conceptual model, derived from strategic management field, the main options an industry or a national economy may use in order to assess and to quantify the efficiency of investment projects developed within Public - Private partnerships.

Public - Private Partnerships (PPPs) are associations between entities belonging to public environment (mostly central or local public authorities, as well as decentralised services and structures under their coordination) and private economic agents (such as local companies, corporations or joint-ventures) (Bovaird, 2004) which agreed to set up a organization, aimed both to support the implementation of large investment projects and provide favourable economic effects for all the partners involved.

The background of a Public - Private Partnership consists in the complementarities of partners (Wettenhall, 2003). On one hand, private partners are given the responsibility to use their resources and capabilities in order both to provide a public service and to ensure the operational capacity needed for developing complex investment projects. On the other hand, public institutions overtake the financial, technical and operational risks that may arise from the projects, becoming complementary with private partners' goals and expectations.

Theoretical and methodological approaches regarding Public - Private Partnerships

One of the most complex papers regarding Public - Private Partnerships, (Demirag et al., 2004), emphasizes four main dimensions related to this kind of association:

- Contractual dimension;
- Civic dimension;
- Management dimension;
- Strategic dimension.

Additionally, J. Brinkerhoff (2005) had stated and explained the fifth approach regarding Public - Private Partnerships, the political approach.

All previous dimensions, as stated before, are building-up the concept of Public-Private Partnership in a complex, revolutionary approach, which is totally different from the significance allocated to the concept of PPP at the end of the last decade.

Under the pressure of both economic and social continuous development, Public - Private Partnerships had been the subject of several iterative processes of business reengineering, that allowed the concept to evolve from emergent stages of complexity, such as industrial parks, where the involvement of public sector is almost inexistent and the competitiveness level is very low (Romanian Government, 2001; Romanian Government, 2006), to medium stages of complexity, such as Intercommunity Development Associations or Regional Economic Groups, where the common orientation of both public and private partners towards a well-defined goal is much more obvious. Nowadays, there are arising much more complex forms of PPPs, such as Local Action Groups or Eco-Efficient Spin-Offs, which aim to ensure an integrated sustainable development either to public and private partners and last, but not least, to the local community.

Local Action Groups (LAGs) are Public - Private Partnerships consisting of representatives of the public, private and civil sectors, located within a homogeneous rural area set up in order to accomplish a series of requirements regarding the structure of the covered territory. The mission of LAGs consists in developing and implementing an integrated strategy for developing the covered territory (European Commission, 2000).

LAGs are the most innovative form of building Public - Private Partnerships in rural areas (Romanian Ministry of Agriculture and Rural Development, 2009). LAGs are highly promoted by European Commission as a strategic option for developing the rural area within member states (Plumb & Zamfir, 2004), taking into account the multiple advantages of such an organization: structural flexibility, community involvement, NGO's involvement, local animation, and so on.

Eco-Efficient Spin-Offs are Public - Private Partnerships without independent legal personality, through which the state ensures the harmonization of European Union objectives with national law, in relevant areas, such as energetic

efficiency, sustainable development and/or environment protection, through research activities, targeted to enhance the economic efficiency of the operators in strategic sectors mentioned before. Eco-Efficient Spin-Off is an innovative concept in business literature, which has both elements of similarity and complementary in comparison with PPPs. In an Eco-Efficient Spin-Off the public authority is acting through a Regulator, like a university or a research centre, which is an essential component of a classical Spin-off.

The necessity and viability of developing an assessment model

Among several fundamental advantages of implementing investment projects within PPPs, the literature emphasizes some of them, especially those with a high impact upon large investment projects, such as:

- Ensuring financial, technical and operational capacity for implementing the project (Demirag, 2003);
- Developing the opportunity to directly involve the beneficiary in proper implementation processes, as well as developing the opportunity to exercise, at higher levels, the control and evaluation management functions;
- Ensuring risk division by transferring part of the financial and operational risks between partners (Wettenhall, 2003);
- Promoting effective management, according to market economy principles;
- Obstructing or even eliminating political interference in economic activity;
- Dividing transfer costs between partners;
- Minimising social costs of the project, as a consequence of keeping the cost and price parameters for materials and labour in the optimality margin; and so on.

The disadvantage of this method of project implementation is the existence of an constant conflict of interests between members of the PPP, consisting, on the one hand, of members belonging to the private environment, whose main objective is to maximize profits and enhance their business, and on the other hand, of the members of the public environment, that will pursue social, operational, budgetary and political objectives. Essentially, the success or failure of a Public - Private Partnership reduces to both parties' ability to strike a balance between their divergent goals and the desire to obtain the subordination of individual interests of each member to the final goal of the proposed project.

Under these circumstances, it becomes imperative to develop an evaluation and quantification model for assessing the effectiveness of investment projects developed within Public - Private Partnerships. The model has a three-dimension

architecture: the public sector the private sector and the civil society, as shown in Figure 1.

The general model of assessing the efficiency and effectiveness of investment projects developed within PPPs is organized on three levels of aggregation, which require a much deeper analysis:

- Microeconomic level, for each partner belonging to the private sector;
- Institutional level, for the new created entity;
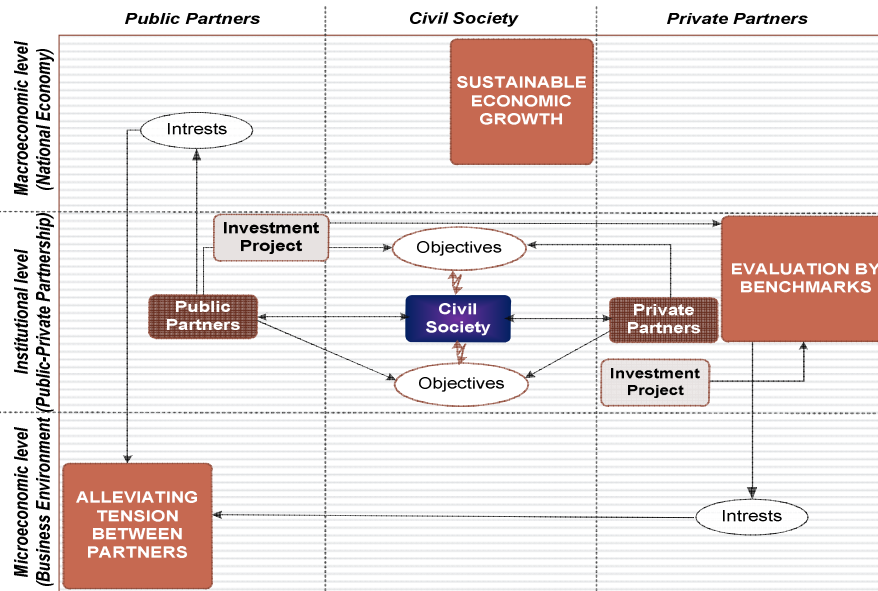- Macroeconomic level, for the public environment, as a whole.

Figure 1 General model for assessing the efficiency of investment projects, developed within Public - Private Partnerships

The background of the model emphasizes the divergent goals which had granted the involvement of each category of partners into the PPP structure, producing a so-called "conflict cloud" between them. Thus, solving the "conflict cloud" require involvement from civil society into the Public -Private Partnership.

According to the assumption of several authors, stating the fact that a Public - Private Partnership aims to satisfy the civil society's needs and expectations (Brown & Potoski, 2003), the integrated organisation acts like a buffer between the citizens and both the public and private environment. Usually, as shown in Figure 1, the civil society represents the social category that, even if it doesn't set up objectives within the PPP, is a very important stakeholder, whose objectives were the main reason that led to the association of public and private partners under a common initiative.

At microeconomic level, the general model for assessing the efficiency of investment projects, developed within Public - Private Partnerships harmonizes the diverging interests belonging to the public and private partners involved in the associative structure, by simultaneously adjusting their interests to the interests of every partner. The goal of the process lies in adjusting the maximum and minimum functions that characterize the interests of each partner, toward a central trend (or value), located in the so-called "comfort zone" (Frantz, 1992). Identifying the optimal point seems to be a long process, which needs permanent monitoring and assessment. Thus, as shown in Figure 1, the solution for eliminating the "conflict cloud" between partners' objectives is that of alleviating the tension between partners.

Taking into account the existence of several methods, techniques and practices for assessing the efficiency and effectiveness of a private investment project, which are completely different from those used for assessing the efficiency and effectiveness of a public investment project, it is necessary to assess and quantify both the efficiency and effectiveness of a PPP investment project by using a joint, general standard, aimed to reflect both the social and the economic efficiency. Under these circumstances, the assessment could be realized by using a carefully selected and adapted set of benchmarks, so that the results provided by the assessment process are both pertinent and objective. In fact, the results of the assessment process through benchmarking technique express the institutional efficiency of a project (in this case, the efficiency of the PPP through which the project is being implemented).

The last stage of the model consists in assessing the degree in which the project has met its objectives in a certain period of time. The objectives of the projects implemented through PPP initiatives should be, in a certain measure, the same for all partners, but they should not be divergent with any of the goals of each individual partner.

On the background of these general considerations, which describe a practical model of assessing PPP financed projects' efficiency; the paper aims to develop each of the previously identified levels by emphasizing the alternatives of ensuring a complex, objective and multidimensional process for a project implemented through PPP initiatives.

The efficiency of PPPs' activity and the assessment of complex investment projects financed through PPP initiatives, at microeconomic level

The divergent goals of the partners belonging both to public and private environment is the key factor that brings into question the necessity of assessing a project efficiency at microeconomic level, as a main condition for the success or failure of a PPP.

The entities belonging to private sector aim to reach a maximum objective function, consisting in maximising the economic benefits, as well as a minimum

objective function, consisting in minimising the operational risks, (Brown & Potoski, 2003), functions that should be simultaneously optimized during the existence of the PPP initiative. Given the risks associated to certain investment projects, it could be assumed that the partners belonging to private sector aim to reach the maximum net present value (NPV) in the first years of operating the investment, and afterwards, whenever this thing is possible.

In counterpart, the partners belonging to public sector aim to reach a minimum objective-function, consisting in minimising aggregate social costs, as well as a maximum objective-function, consisting in maximizing social benefits, (Brown & Potoski, 2003). The contradiction between those two functions is being emphasized in Figure 2.
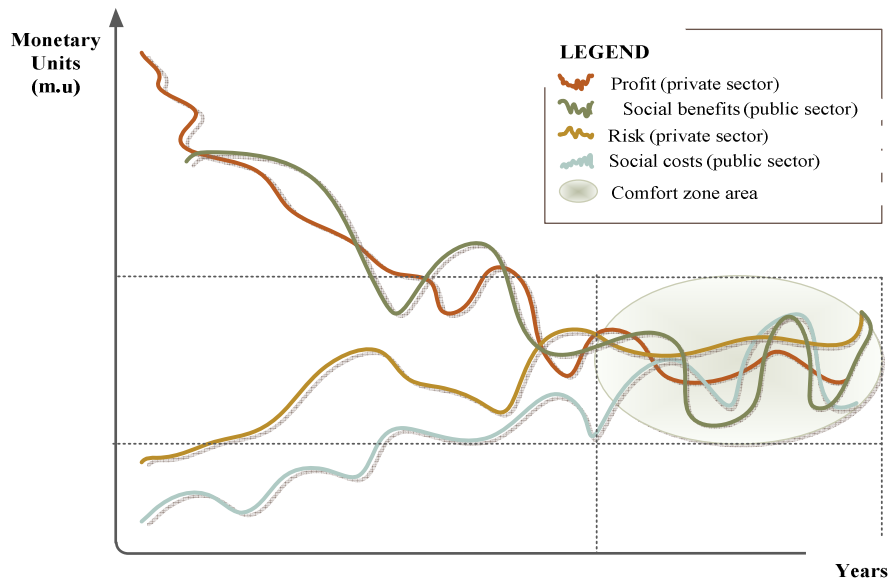

Figure 2 Harmonizing partners' interests within Public – Private Partnerships
Source: Milgrom & Roberts, 1992

The investment projects which are financed through a Public - Private Partnership initiative might be regarded as effective as long as the conflict between the two categories of interests belonging either to public or private partners are inside the comfort zone. In this case, the partnership reaches equilibrium, given the fact that the comfort zone is the conventional place where the project's indicators of economic and social efficiency and effectiveness are reaching an optimal level.

Under these circumstances, the Internal Rate of Return (IRR) reaches a level which should be high enough both to enhance the private partners' involvement and to convince them to overtake the project-associated risks. Simultaneously, the same

level of IRR should be low enough in order not to exceed the limits that delineate the government expenditure's optimality margin.

In many cases, the Net Present Value (NPV) of high social impact projects, which claim a quasi-exclusive involvement of public environment, is almost null or even negative, because, usually, the social benefits overcome the economic ones. Therefore, none of the profitability-targeted economic agents would assume implementing a public interest investment project by its own, unless public institutions provide a real and effective financial support. The NPV of an investment which is located in the comfort zone, is high enough to make the project attractive for the private environment and, simultaneously, as close to zero as possible, taking into account that the objectives pursued within such projects are primarily social objectives, not economic ones.

Figure 2 reveals the fact that maximum efficiency level of investment projects implemented within Public - Private Partnerships is being reached in the comfort zone, which is the area where the partner's interests are harmonized. The comfort zone usually involves low, yet positive levels of income and a certain period of time, during which the partners may harmonize their objectives (usually, the comfort zone is entered at the end of the implementation period and last until the end of the investment lifecycle).

Figure 2 also emphasizes that the comfort zone outcomes when the PPP has a certain age and the partners gather a certain experience together. This period of time may take up to 10 year, or even more. The investment projects implemented within Public - Private Partnerships usually reach a maximum of efficiency when certain conditions are met, such as:

- The PPP develops large investment projects;
- The projects' lifecycle overlaps a long period of time;
- The PPP partners have developed previous partnership relations.

Considering these aspects, experts don't recommend setting up Public - Private Partnerships either for small investment projects, or for non-repeatable investment projects. In order to ensure a proper functionality by providing maximum efficiency and effectiveness conditions for a PPP, the partners should assign their availability for a long-term partnership. Moreover, the partners should rely on each other and should negotiate the most adequate conditions under which each partner would adjust its own objectives in correlation with the partnership fundamental goals.

The institutional efficiency of PPP mechanisms

Identifying all the variables that may occur during a local or regional – targeted investment project is the key factor in the process of assessing the opportunities that may arise from financing the project at institutional level (Lowndes & Skelcher, 1998).

In this case, the methodology of assessing and quantifying the efficiency of investment projects which are developed and implemented within Public - Private

Partnerships should be more than a sequence of steps and decisional algorithms. The methodology should provide concrete tools for identifying both the economic and social impact, associated with each of every investment project.

According to the European reference model, the assessment of an investment project at institutional level involves the usage of a well-defined system of benchmarks, in order to emphasize the performances of the associative structure, by assessing both the manner and the efficiency of the project implementation process.

The benchmarks might be used for assessing the PPP's organising and operating performance, as well as for providing a pertinent quantitative analysis, by using adequate statistic, mathematic and econometric tools for the projects developed within the PPP.

Implementing a benchmarking assessment system involves several actions for developing the personal and professional skills and abilities for people involved in the associative structure, in order to achieve similar levels of performance in comparison with similar international systems.

Some of the benchmarks that are essential in assessing PPPs performance level are listed in Table 1.

Selective list of benchmarks used for assessing Public - Private Partnership initiatives at institutional level

Table 1

Benchmark		Reference Level	Benchmark Description
1	PPP's General Index of Efficiency	1,10 (according to this index, a project which is implemented within a PPP structure is assigned as efficient if the Internal Rate of Return is at least 10% higher than the case under which the project isn't implemented within a PPP structure)	This index is estimated as an average between the indexes resulted by dividing the Internal Rates of Return associated to investment projects financed through PPP initiatives to the same Internal Rates of Return, but associated to investment projects financed without involving a PPP initiative.
2	General Index of Competitiveness	1,00 (according to this index, a project which is implemented within a PPP structure is assigned as efficient if the social and economic parameters of the project are at least similar to social and economic parameters of similar projects developed by other PPP initiatives)	This index is estimated by comparing the social and economic performance parameters of the projects implemented within the PPP with the social and economic performance parameters of the investment projects implemented within similar PPP structures.

Benchmark		Reference Level	Benchmark Description
3	The Average Time for Preparing Investment Projects	1,10 (according to this index, a project which is implemented within a PPP structure is assigned as efficient if the average time for preparing the investment projects is at least 10% lower than the case under which the project isn't implemented within a PPP structure)	This index is estimated by comparing the time past from the moment in which a new project idea arose until the moment in which it is turned into practice if the project is implemented within a PPP structure and the same index for projects implemented without involving a PPP initiative.
4	Index of Closeness Between Leadership Functions and Operational Functions	6,00 (according to this index, a project which is implemented within a PPP structure is assigned as efficient if the hierarchical weighting average is above 6,00 employees for each hierarchical level)	This index is estimated by comparing the average number of persons involved in implementing a complex investment project within the PPP initiative and the number of hierarchical levels on which are distributed the project team members.
5	The Share of the Members with Managerial Duties in the PPP Members	20,00% (according to this index, a project which is implemented within a PPP structure is assigned as efficient if at most 20% perform managerial duties within the PPP organizational structure)	This index is estimated by comparing the number of partners that perform managerial functions, such as planning, organising, coordination, motivation or control tasks, according to their job description, with the total number of partners involved in a certain project developed within the PPP initiative.
6	Staff Turnover Index	+/- 10,00% (according to this index, a project which is implemented within a PPP structure is assigned as efficient if the staff turnover fluctuate with +/- 10% during a year)	This index quantifies the fluctuation of the staff which is involved in developing or implementing a investment project within the PPP structure during 1 year time.
7	Project Outsourcing Index	25,00% (according to this index, a project which is implemented within a PPP structure is assigned as efficient if the outsourcing percentage is at most 25% from the total budget of the project)	This index emphasizes in a quantitative approach, the ratio between the overall cost of contracts for goods or services provided by third parties, which are related to a certain project, and the total budget of the project.

Benchmark		Reference Level	Benchmark Description
8	Autonomy of Decision Index	13 (according to this index, a project which is implemented within a PPP structure is assigned as efficient if at least 13 of 18 principles for ensuring a rational organisation are being met)	This index emphasizes the capacity of the management staff to make decision accordingly to the declared mission, the objectives and the strategic options of the PPP structure. The index should be estimated by analyzing the organizational chart and by quantifying the number of principles of rational organisation that are met within the PPP.
9	Skill Diversification Index	85,00% (according to this index, a project which is implemented within a PPP structure is assigned as efficient if the PPP staff posses the necessary skills to perform at least 85% from the project activities)	This index emphasizes the share of the activities related to a certain investment project which could be performed by PPP qualified staff in the total amount of activities related to the analyzed project.
10	Citizens' Satisfaction Global Index	1,15 (according to this index, a project which is implemented within a PPP structure is assigned as efficient if there are certain elements that suggest at least a 15% citizen's satisfaction increase, in comparison with the level of citizen's satisfaction, if the project would have been implemented without a PPP initiative)	This index emphasizes the level of satisfaction perceived by the citizens with regard to the results of the investment projects which have been implemented within PPP initiative, in comparison with the same satisfaction level, estimated whether the project would have been implemented without a PPP initiative.
11	Goal Achievement Level	95% (according to this index, a project which is implemented within a PPP structure is assigned as efficient if at least 95% of the project's objectives are being achieved)	This index emphasizes the average of the ratios between the forecasted objectives of the project and the concrete results attained at the end of the implementation period of the project.
12	General Index of Budget Overcoming	5% (according to this index, a project which is implemented within a PPP structure is assigned as efficient if the final costs of the project exceed with at most 5% the financial forecasts)	This index emphasizes the average of the ratios between the costs that exceed the financial forecasts and the financial forecasts projected before the start of the project.

Benchmark		Reference Level	Benchmark Description
13	General Index of Delay	5% (according to this index, a project which is implemented within a PPP structure is assigned as efficient if the final number of days allocated to the implementation process exceed with at most 5% the number of days included either in the Gantt Diagram or in the CPM diagram)	This index emphasizes the average of the ratios between the number of days that exceed the estimated time for the project and the Gantt Diagram associated to the analyzed project.
14	Ideas Completion General Index	50% (according to this index, a project which is implemented within a PPP structure is assigned as efficient if at least 50% from the ideas generated inside the structure are turned into practice and converted in individual projects)	This index is estimated by comparing the number of project proposals assigned by the PPP members with the number of projects developed and implemented starting from those ideas.
15	Inter-Connectivity Index	95% (according to this index, a project which is implemented within a PPP structure is assigned as efficient if more than 95% of the staff involved in developing and implementing the project communicate to each other)	This index emphasizes the intensity for establishing relationships between different people involved in developing and implementing a project within a PPP structure.

The benchmarks listed synthetically describe a system of quantitative vectors capable to express the efficiency of PPSs' initiative.

Assessing both performance within a Public - Private Partnership, and efficiency of investment projects developed within PPPs by using a set of benchmarks is a wide practice with high applicability at international level, used for preserving the quality standards for an efficient activity within PPPs. Beside assessing the PPP efficiency, the benchmarks may also be used for assessing the performance of each member within the partnership.

The macroeconomic efficiency of PPP mechanisms assessed through the efficiency of financing complex investment projects

At macroeconomic level, assessing efficiency for investment projects financed through Public - Private Partnership initiatives involves a very sophisticated approach, given both the high complexity and variety of aspects which should be taken into account when analyzing an investment project from macroeconomic perspective.

Assessing macroeconomic efficiency for investment projects financed through PPP initiatives involves a bi-dimensional approach:

➢ The quantitative assessment, by using three aggregate benchmarks;
➢ The qualitative assessment, by using a set of subjective benchmarks, that show the utility level associated to the project which is being analyzed.

The model described above recommends establishing a quantitative analysis by using the benchmarks listed in Table 2.

Selective list of benchmarks used for assessing Public - Private Partnership initiatives at macroeconomic level

Table 2

	Benchmark	Reference level	Benchmark description
1	Macroeconomic Conformity Index	1,00 (according to this index, a project which is implemented within a PPP structure is assigned as efficient if the macroeconomic conformity index is as closest of 1,00 as possible, pointing out a balanced approach inside the partnership)	This index estimates the ratio between the degree of community objectives' completion as a consequence of creating the partnership and the degree of national objective's completion stated at the start of the partnership initiative.
2	Sustainable Economic Development Index	> 1,00 (according to this index, a project which is implemented within a PPP structure is assigned as efficient if sustainable economic development index is higher than 1,00 or at least equal to 1,00, showing up the improvement of the project social efficiency, by achieving the sustainable development – targeted goals)	This index estimates the ratio between the overall actual sustainable development-targeted results of a certain PPP investment project and the overall forecasted sustainable development -targeted results.
3	Cost-Benefit Index	~ 0,00 (according to this index, a project which is implemented within a PPP structure is assigned as efficient if the costs of implementing and operating the partnership initiative are negligible in comparison with the benefits associated with the PPP)	This index estimates the ratio between public/government expenditure with implementing and operating the PPP and the social benefits generated by the projects which are being developed through the PPP. The index involves harmonizing the assessment scales of both indexes that draw the ratio.

The macroeconomic quantitative analysis regarding the financing process of investment projects under PPP initiatives should be completed with a qualitative analysis, whose results are much more relevant with regard to the necessity, the opportunity or the viability of a PPP initiative, aimed to develop complex investment projects.

The background of assessing the efficiency of PPP's operational processes, as well as assessing the efficiency of the investment project developed within PPP initiatives, from a qualitative perspective, consists in identifying the partnership contribution to:

• Ensuring local development, as well as regional, inter-regional, national, international and transnational development (Teisman & Klijn, 2002);

• Ensuring sustainable development;

• Developing active policies and strategies for protecting the environment;

• Promoting eco-technologies;

• Promoting rationality principles in economy;

• Introducing and promoting new information and communication technologies within public environment;

• Promoting European Economic Community horizontal objectives regarding equal treatment, discrimination, equal opportunities, active aging, human rights (European Commission, 2000);

• Ensuring the principles of transparency and freedom of opinion and expression;

• Supporting entrepreneurship initiatives and stimulating business environment by attracting investors (Hewitt & Boardman, 2006), and so on.

Conclusions

In presence of neither viable nor efficient alternatives for implementing large investment projects, creating Public - Private Partnerships seems to be an easy solution for managing this process. Implementing investment projects within PPPs has several fundamental advantages, which recommend this solution as the most adequate method for developing a large investment project.

However, this method presents a major disadvantage generated by the existence of a constant conflict of interests between the PPP partners. While the partners belonging to private environment aim either to maximize their profit margins or to enhance the performance of their own business, the partners belonging to the public environment aim to optimize the social, political and budgetary objectives.

Under these circumstances, the model developed within the present paper might become a very useful tool for assessing and quantifying the efficiency of investment projects financed through PPP initiatives, on a three level architecture (associated to the public sector, the private sector and the civil society sector). For each of the levels stated above, the partners may develop specific assessment methodologies. The model could also be a very useful decision-making tool, for

ensuring a similar level of regional development for all the regions involved in the PPP initiative.

Once the model has been generated, new research perspectives are susceptible to arise, by analyzing, in an objective manner, both the limits and the opportunities related to developing new tools for assessing the Public -Private Partnerships efficiency. The main research directions that may be approached in further contributions, depending on the local and regional economic context, may refer to:

• Setting up benchmarks priority used for assessing the viability of certain investment projects. Optimizing the values of benchmarks used for assessing the efficiency of investment projects developed within PPPs is absolutely necessary, taking into account that the local optimum cannot be reached simultaneously for all the benchmarks, revealing different levels of optimality. In this case, aggregating benchmarks in order to identify the global optimum involves using economic and mathematic models from fuzzy theory, which are leading to a hierarchy of the benchmarks, depending on a specific given algorithm.

• Modifying the reference levels of the benchmarks depending on the PPP economic environment dynamics. The reference levels of the benchmarks are due to two main variables: the experience of developed European countries and the national macroeconomic background. The regional and local background is not a key variable because LAGs might have to deal with some significant disparities in comparison with the national average. Therefore, identifying new mechanisms for adjusting the reference parameters of each benchmark to the local or regional conditions is a high necessity initiative.

• Modelling the mathematic functions associated to each partners' minimum or maximum business objectives, for a correct identification of the margins of the comfort zone. The mathematic functions which may be associated to each partners' business objectives (maximum goal-functions or minimum goal-functions) are main variables upon which the decision-maker should apply either adjustment or simulation models, in order to identify the variation interval in which the functions' amplitude is minimal, so that the comfort zone should be correctly delimited.

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