

Evolving Public-Private Partnerships: Breaking New Ground to Prevent Illicit Activity and Harness Governance

Jon Huggins, Director, Oceans Beyond Piracy

Introduction

Initial attempts to stem the tide of Somali piracy were largely ineffective due to the ability of pirates to adapt new tactics or move their operations to unsecured areas. The large scale intervention of navies in 2009 did not curb attacks, nor did the initial industry adoption of the first versions of best management practices (BMP). Sustained success against piracy was not realized until multiple stakeholders were engaged, including the widespread use of privately contracted armed guards, and all actors were closely cooperating. This new approach closed any new avenues for pirate expansion. A number of partnerships were developed in this crisis environment to effectively coordinate these actions. These arrangements were never expected to be permanent – but would only last as long as the threat necessitated their use.

Traditionally, the private sector has not played an active part in multilateral cooperation mechanisms, especially those related to security threats. However, the Contact Group on Piracy off the Coast of Somalia (CGPCS), established in January 2009, has successfully brought together governments, international organizations, navies, industry associations and NGOs – work reinforced by the UAE Counter Piracy Conference held annually in Dubai since 2010. These initiatives have led to a number of informal public-private partnerships (PPPs) which will be analyzed below.¹ Described as “one of the most important multilateral success stories of this young century”² this paper argues that even after the CGPCS is gone, other maritime and land-based challenges could benefit from this type of public- private cooperation and joint action.

Are These Cooperative Actions Public-Private Partnerships?

There are several definitions of PPPs, showing the wide range of issues this concept covers. Perhaps the most relevant for this discussion has been provided by Kathryn Wightman-Beaven, Director of Global Corporate Responsibility at DP World who defines a PPP as when:

“Different parties bring different competencies, skills and vision to the table for a common mission. Often they set aside any differences to focus on a defined outcome. The nature of the partnership is one of sharing not only expertise and competencies but also risk, finances, accountability and responsibility. Typically a public-private sector partnership will involve government at either central or state level or an NGO/Not-for-Profit organization and a private sector entity”³.

Sometimes, but not always, a profit motive exists on the part of the private sector partner while the public sector partner often seeks to provide a public good that it is unable to finance on its own. This approach is emphasized by the US-based Center for Naval Analyses (CNA) in its definition of PPPs which states that *“Within a PPP, the public sector partner seeks to deliver a commonly agreed upon public good while the private sector partner expects to earn a profit from its involvement and investment.”⁴* In the case analyzed here, the normal profit motive for the private sector is outweighed by the “public good” which would be maritime security embodied by counter-piracy efforts and the protection of seafarers in the High Risk Area (HRA).

An important aspect to note from these definitions is the flexibility they offer participants in terms of their contribution, which may be tangible, such as money or capital, but also could be an “in-kind” contribution such as expertise, a commitment to specific actions, or an agreement to provide a service to the mutual benefit of all partners. Reasons for entering into a PPP can vary, but common for all is the emphasis on shared responsibilities and accountability, meaning participants expect reciprocity from their partners and that both sides uphold their end of the bargain. This becomes even more important if the PPP is more informal in nature, which, as will be shown below, has primarily been the case between counter-piracy stakeholders.

Summary of PPP definition:

Sector	Purpose	Contribution	Requirements for Success
Public	<ul style="list-style-type: none">• Provide public good• Solve a	<ul style="list-style-type: none">• Expertise, capital, commitment to action, provision of	<ul style="list-style-type: none">• Accountability• Trust

	problem	services or information	<ul style="list-style-type: none"> • Shared risk and commitment
Private	<ul style="list-style-type: none"> • Earn long-term profit • Solve a problem 		

Examples of Crisis-Focused Counter-Piracy PPPs

The expanded definition of PPPs stated above showed that having a common threat, a shared mission and a defined outcome can be sufficient incentive to bring stakeholders together in spite of divergence from traditional roles and responsibilities. In this case, governments, the shipping industry and civil society groups all shared the same mission: to solve the threat posed by armed criminals at sea. The following section, describes two examples of how informal PPPs were used to address maritime piracy during the period which can best be described as crisis response and mitigation.

Information Sharing and Reporting: The shipping industry, like any globalized industry, is fiercely competitive. Since sharing information about vessel positions, speed and destination is both time consuming (and therefore costly) and potentially sensitive (leaving the company exposed to loss of competitive advantage), shipping companies required a compelling reason to provide such information to naval forces or maritime information sharing centers. However, faced with the growing threat of maritime piracy, the shipping industry was incentivized to provide this information to official agencies in order to allow more efficient protection and response by naval forces.

For their part, navies were neither accustomed to sharing security advice and risk assessments with merchant vessels, nor to sharing information with law enforcement agencies. While there were examples of this type of cooperation in relation to specific threats such as drug-running (as in the case of the Joint Interagency Task Forces of the US Coasts) the information exchange conducted in the Indian Ocean set a new precedent in the number and diversity of nations and coalitions involved, and the huge geographic expanse that was covered.

Specific examples of information sharing between the shipping industry and the international navies and governments as part of counter-piracy operations should be mentioned, such as the Shared Awareness and De-confliction (SHADE) Mechanism, the Mercury chat system,

evidence sharing through access to released vessels for crime scene investigations, and vessel reporting to the United Kingdom Maritime Trade Office (UKMTO) and Maritime Safety Center – Horn of Africa (MSCHOA). These partnerships required individual stakeholders to establish new protocols and commit personnel and resources, and, although never named as such, are excellent examples of PPPs.

Protection of Shipping in the High Risk Area: In addition to sharing information, maritime stakeholders committed to a series of cooperative measures to manage and protect shipping that, absent a looming security threat, would have been considered onerous and expensive. These costs also came during an especially tight financial time for both maritime nations and the shipping industry.

For the shipping industry, these measures were mostly incorporated in the Best Management Practices (BMP) – which were first developed in 2009 – and included re-routing to avoid danger areas, increasing speed on transits through the High Risk Area, self-protection measures for high risk vessels, and the organization of convoys through the Gulf of Aden. Costs to industry also included hiring expensive armed security teams, and the construction of citadels for seafarer protection on at-risk vessels. Although OBP calculated that these measures cost the shipping industry around USD 2 Billion in 2013, up to 80% of vessels are still complying with most of these measures in spite of the decreased threat. The shipping lines' high rate of compliance had the effect of leveling the playing field resulting in zero competitive advantage for those involved.

For the larger naval states, the commitment to patrol and respond to acts of piracy was a huge commitment in both financial terms (OBP estimated this contribution at around USD 1 Billion in 2013) but also represented an opportunity cost where vessels could not be used to address other crises. At its height, the navy response amounted to between 20-30 ships committed from three coalitions as well as several “independent deployers”. In order to coordinate their activities with industry, navies established coordination mechanisms such as the SHADE process where navies and industry could discuss the coordination of patrols and convoys and practices that would improve the safety of vessels and efficiency of response. Navies also agreed to conduct risk assessments based on detailed check-in reports by industry to ensure that high-risk vessels could be closely tracked and supported.

The partnership established between industry and navies relied on a commonly shared mission and the willingness to provide expensive resources to a shared effort. Absolutely key to the continued cooperation was the shared understanding that each side would continue to commit resources to achieve a reduction in the threat of piracy. Again, while this is not commonly thought of as a PPP, it meets the criteria as described above.

Developing PPPs to Support a Long-Term Solution to Somali Piracy

We could reasonably expect that expensive cooperation and mitigation measures necessitated by an extreme and urgent threat would last only as long as the threat is present. When the perceived threat is reduced, there is a real risk that cooperation will cease. There are already signals by several counter-piracy stakeholders that they are either unable or unwilling to continue bearing the cost of their current levels of involvement. Based on the success of partnerships established during the height of the piracy crisis, and the fact that no single stakeholder could address the threat, it is imperative that some form of cooperative PPPs continue. At the same time, the current level of expenditure is clearly unsustainable and these partnerships must evolve into more cost-effective and long-term solutions.

Cooperation through non-crisis mechanisms: The experience gained from countering Somali piracy has shown that most, if not all, transnational problems are too complex for any one actor or sector to solve. The CGPCS is an example of evolving informal multilateralism that brought together stakeholders from the public and private sectors in a voluntary forum where issues of common concern could be discussed and PPPs were created. While the mandate of the CGPCS is specifically focused on Somalia-based maritime piracy and the mechanism was never intended to be permanent, it has provided a model that can be useful to replicate in other areas.

Illicit activity is unlikely to go away any time soon, but by bringing all relevant stakeholders together under a more long-term structure, we may prevent another crisis similar to that presented by Somali piracy. Based on the lessons learned from the CGPCS, such a structure should be issue-specific, inclusive and voluntary. Furthermore, in the process, we may see the creation of more PPPs and strengthened governance as a result of this cooperation and long-term commitment.

Evolution from crisis response to a “continued commitment for maritime security: At an estimated economic cost of between USD 22 billion and USD 28 billion between 2010 and 2013, and exposing thousands of seafarers to violence, Somali piracy has been an expensive example of the cost of reacting to an emerging crisis rather than having a system in place to prevent such an escalation. While even current levels of expenditure at an estimated \$3 billion per year are unacceptable for both the public and private sector, there is good reason to believe that the gains in information sharing and maritime situational awareness described above can be harnessed at a cost that is significantly lower than having to deal with another similar crisis in the future.

The definitions of PPPs emphasized a mutual commitment as a prerequisite for success. It is therefore recommended that relevant public and private actors jointly consider what their requirements for maritime security are and what their realistic long-term contributions could be. Based on the demonstrated vulnerability of commercial shipping and the fact that fragile and failing coastal states will continue to provide criminal safe-havens, it would be risky to return to a situation where the shipping industry and navies abandon this newly forged level of cooperation and trust. Accordingly, there should be a new emphasis on defining a continued – and shared – level of commitment to ensure that fragile gains in maritime security will not be reversed.

Fostering economic growth and increased governance ashore: When Somali piracy first emerged few, if any, maritime stakeholders would consider investing in Somalia, despite common agreement that a lasting solution should be shore-based and built on better governance and alternatives to piracy. However, and while not true in all areas, the improved situation on the ground has attracted attention to Somalia as a possible destination for investments. The extremely difficult conditions on the ground also make this a good example of an environment where the risk-sharing nature of PPPs may be very appropriate.

However, at the same time, the private sector has comparative advantages in several areas that are valuable to longer-term shore-based solutions to piracy, including expertise in business models of efficiency, agility and flexibility, and a higher risk threshold. The shipping industry is already at work in areas such as Bosasso and Berbera with contributions to projects aimed at training youth in vocational skills and artisanal fishing. However, the private sector at the same time requires a minimum level of security, and assurance that

contracts will be valid and will be upheld (i.e. governance) – which the public sector can help to provide.

Government development efforts tend to involve significant investments in complex projects, often without the benefit of prior hands-on trial and error experience. On the other hand, the private sector can take risks on smaller, scalable, initiatives. Those initiatives identified as successful could, in turn, become “pilot projects” to determine areas for larger scale follow-on investments by the public sector, or both sectors in partnership. Areas that might be suitable for this type of cooperation include development of port infrastructure, maritime resource utilization and supply chain management.

Conclusion

This paper has shown that informal PPPs played an important role in developing an effective response to maritime piracy. These partnerships developed ‘bottom-up’ from a shared sense of urgency when faced with a rapidly escalating crisis situation that exposed thousands of seafarers to violent attacks and the risk of being held hostage for months or years. Both public and private actors were able to derive benefits from these partnerships which resulted in further deepening of mutual trust and areas of cooperation. However, as the perceived threat posed by Somali pirates decreases, there is a risk that some partners will scale back on their contributions to these partnerships, which could provide an opportunity for piracy to have a resurgence.

Therefore, it is imperative that these same stakeholders begin to plan for lower-cost cooperation that can be sustained for the longer term. The formation of more flexible, and more cost-effective PPPs can ensure that the level of resources devoted to maritime security can be tailored to the threat – and avoid premature dismantling of important cooperative frameworks.

Endnotes

¹ Other lessons learned from this innovative cooperation mechanism can be found at the CGPCS Lessons Learned Project website: <http://www.lessonsfrompiracy.net/>

² Kelly, Tom. "Maritime Security, Sea Power and Trade." Speech, Newport, Rhode Island, March 25, 2014. Accessed September 12, 2014. <http://www.state.gov/t/pm/rls/rm/2014/223921.htm>

³ Wightman-Beaven, Kathryn. "Public-Private Partnerships (PPPs): Supporting Programs to Counter Piracy", 2012 UAE Counter-Piracy Conference Briefing Paper. Available at: <http://counterpiracy.ae/upload/Briefing/Kathryn%20Wightman-Beaven-%20Essay-Eng.pdf>

⁴ Warner, Lesley A., Julia V. McQuaid, and Hilary L. Zarin. "Public-Private Partnerships for Maritime Security Capacity- Building in the Gulf of Guinea." Center for Naval Analyses. September 2012. Accessed September 12, 2014. <http://www.dtic.mil/dtic/tr/fulltext/u2/a565800.pdf>

This article was commissioned by the Institute for Near East and Gulf Military Analysis (INEGMA) on behalf of the fourth United Arab Emirates Counter Piracy Conference, '**Securing State Recovery: Sustaining Momentum at Sea, Confronting Instability on Land**', organized by the UAE Ministry of Foreign Affairs in partnership with global ports operator DP World, held in Dubai on October 29-30, 2014. The opinions expressed in this paper are the views of the author only, and do not reflect the opinions or positions of the conference organizers. Content may have been edited for formatting purposes.

For more information, visit the conference website at www.counterpiracy.ae.