



Governance of Local Government Performance: An Analytical Study of the Duality of New Public Management and Public-Private Partnership as a Mechanism for Developing Administrative Practices

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Abstract

This research offers a profound analysis of the interwoven and often conflicting relationship between two major paradigms that have fundamentally reshaped modern public sector reform: **New Public Management (NPM)**, serving as the core managerial philosophy, and **Public-Private Partnerships (PPPs)**, acting as the primary operational tool. The paper addresses a central research dilemma: how to effectively leverage this duality to construct a comprehensive and resilient governance framework. Such a framework must be capable of significantly boosting the performance of local authorities while simultaneously safeguarding the public interest amidst an era of increasingly complex interdependencies.

Utilizing a critical-analytical methodology, the study argues that the legitimate and successful deployment of PPPs is not solely dependent on adopting the efficiency-focused metrics and instruments derived from NPM. Crucially, it demands a vital and reciprocal integration with the foundational principles of transparency, citizen engagement, and social equity championed by the **New Public Service (NPS)** model.

The findings suggest that the successful modernization trajectory for local authorities necessitates the creation of a sophisticated, **Hybrid Governance** structure. This model must be meticulously engineered to reconcile the frequently divergent demands of **economic efficiency, democratic legitimacy, and the preservation of national sovereignty, particularly within the increasingly critical digital domain**. The article concludes by presenting concrete, implementable policy recommendations. These focus on strategic institutional capacity-building, the implementation of dual-loop oversight mechanisms (integrating both performance-based and community-driven accountability), and the proactive management of emerging strategic risks in a rapidly evolving global environment.

Keywords: New Public Management (NPM), Public-Private Partnerships (PPPs), Local Authorities, Public Governance, Performance Management, New Public Service (NPS), Digital Sovereignty, Hybrid Governance, Public Value.

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Introduction: Local Authorities at the Governance Crossroads

1.1. The Dual Mandate and the Pressure on Local Authorities

Local authorities are inherently positioned at the administrative interface closest to the populace, placing them at the nexus of converging and escalating pressures. On one hand, they face the mandate to satisfy the increasingly diverse and sophisticated needs of their communities—ranging from digital infrastructure provision and smart city initiatives to social welfare and environmental sustainability. On the other, they must execute this mandate within a context marked by heightened fiscal austerity and significant constraints on human capital [1]. This dual pressure—to deliver more complex services with fewer

resources—has necessitated a critical re-evaluation of traditional administrative models.

1.2. The Structural Limitations of the Weberian Model

The established administrative models, deeply rooted in the Weberian ideals of a centralized, rule-bound, and hierarchical bureaucracy, have clearly demonstrated their structural limitations in this demanding environment. Their inherent inflexibility and preoccupation with process over results have proven inadequate for navigating the speed and complexity of contemporary societal shifts [2]. The traditional model, while effective in ensuring stability and impartiality, often stifled innovation and lacked the responsiveness required to meet dynamic public demands. Consequently, public institutions globally have been compelled to undertake a critical search for alternative governance paradigms that are more effective, resilient, and adaptable.

1.3. The Academic Landscape: Divergent Reform Paradigms

The vast body of administrative scholarship has extensively explored the modernization of local government, though often from distinct and sometimes isolated viewpoints.

1.3.1. The Rise of New Public Management (NPM)

Seminal works by scholars such as **Christopher Hood** [3] and **David Osborne and Ted Gaebler** [4] were pivotal in defining and popularizing the core tenets of NPM. They advocated for injecting market-style mechanisms into the public sector, positioning NPM as the definitive remedy for the perceived crisis of bureaucratic unresponsiveness and inefficiency. The core tenet was to shift the focus from inputs and processes to outputs and outcomes, treating citizens as "customers" and promoting competition and managerial autonomy.

1.3.2. Counter-Paradigms: NPS and the Neo-Weberian State (NWS)

Conversely, a substantial current of critical scholarship introduced powerful counter-paradigms. **Christopher Pollitt and Geert Bouckaert** [5] introduced the **Neo-Weberian State (NWS)**, which aims to re-professionalize the state and reassert its strategic capability while maintaining a focus on performance. More normatively, **Janet and Robert Denhardt** [6] championed the **New Public Service (NPS)**, which offers a caution against reducing public administration to mere market logic, forcefully re-centering the role of the "citizen" (rather than the "customer") in the governance process and emphasizing public value creation through collaboration and dialogue.

1.3.3. The Operational Tool: Public-Private Partnerships (PPPs)

Concurrently, the specialized field of **Public-Private Partnerships (PPPs)** has been subjected to intense academic and policy scrutiny. Researchers like **Graeme Hodge and Carsten Greve** [7] and **E. R. Yescombe** [8] have provided detailed analyses of PPP mechanisms, their complex financial architectures, and their intricate frameworks for risk allocation. However, a persistent tendency in the literature has been to examine these potent concepts—NPM, NPS, and PPPs—in relative isolation.

1.4. The Critical Research Void and Central Question

The critical research void that this study seeks to address lies in conducting a holistic and integrated analysis of the dual and interdependent relationship between NPM and PPPs. This investigation transcends a simple efficiency-based evaluation to scrutinize this relationship through the combined lenses of **democratic governance, the generation of public value, and the emerging threats to national sovereignty in the digital era**—a complex intersection that has yet to receive adequate, unified scholarly attention.

Therefore, this paper articulates a central research question:

How can the inherent duality of New Public Management and Public-Private Partnerships be effectively utilized to forge an integrated and robust governance framework for updating managerial practices and improving the performance of local authorities, while simultaneously identifying and mitigating the profound risks associated with the potential neglect of the public interest and fundamental democratic values?

1.5. Core Hypotheses and Methodology

To guide this inquiry, the study is underpinned by two core hypotheses:

1. The isolated implementation of NPM principles, such as "Value for Money" or "performance measurement," remains largely theoretical rhetoric unless activated and operationalized through tangible mechanisms like PPPs, which translate these concepts into contractual obligations. Conversely, engaging in PPPs without embedding the performance-driven culture and stringent oversight functions promoted by NPM transforms them from an innovative tool into a high-risk, potentially ineffective, and financially hazardous instrument.
2. The enduring success of PPPs as a sustainable tool for local development cannot be achieved by relying solely on NPM's efficiency-driven framework. Their long-term viability and social legitimacy are conditional upon their systematic infusion with a parallel legitimacy framework derived from the principles of New Public Service (NPS). This infusion is essential for securing public trust through radical transparency, meaningful citizen participation, and the unwavering protection of the public interest.

The study employs a **critical-analytical methodology**, which involves not only describing these concepts but deconstructing them, systematically contrasting their underlying assumptions, and deducing the complex logical and causal connections between them to construct a more nuanced understanding.

2. Part I: The Theoretical and Conceptual Framework

2.1. Section 1: New Public Management: From Inception to Post-Modern Paradigms

The emergence of NPM was not a random occurrence but a paradigm shift catalyzed by a powerful blend of historical, economic, and intellectual forces. It constituted a direct and vigorous response to the perceived failures of the long-established Weberian bureaucratic model.

2.1.1. Historical Context: The Crisis of the Weberian Model

The post-World War II era saw the dominance of the "Welfare State" model, built upon a vast, professionalized administrative apparatus structured according to the tenets of hierarchy, clear division of labor, and strict adherence to formal rules [8]. While this model ensured stable and universal service delivery, its structural weaknesses became acutely evident under the pressure of the economic turbulence and stagflation of the 1970s. These crises exposed its intrinsic flaws: institutional rigidity that stifled innovation, a systemic lack of focus on performance outcomes in favor of process compliance, escalating operational costs, and a distant, often paternalistic, relationship with the citizenry. The perceived "crisis of government" provided fertile ground for radical reform ideas.

2.1.2. Intellectual Foundations of NPM: Public Choice and Agency Theory

NPM's intellectual foundation was drawn from several influential schools of thought that provided a robust theoretical critique of the traditional state:

Public Choice Theory

Most famously associated with **James Buchanan** [9], Public Choice Theory applied the principles of neoclassical economics to the political and administrative spheres. It posited that public actors (politicians and bureaucrats) are not selfless servants of the public good but are, like their private sector counterparts, **rational individuals motivated by self-interest maximization** [10]. This premise led to the conclusion that only the introduction of market-based competition and the empowerment of consumer choice could effectively discipline their behavior and align it more closely with the public interest. This provided the

philosophical justification for privatization, contracting out, and the introduction of quasi-markets within the public sector.

Agency Theory

Originating in financial economics, Agency Theory offered a powerful analytical framework for redefining the relationship between the state and its administration. It framed this relationship as a contract between a "**principal**" (the public or their elected representatives) and an "**agent**" (the public administration) [11]. It highlighted the challenges of **information asymmetry** and **moral hazard**, suggesting that precisely defined, performance-based contracts and clear financial incentives were necessary to ensure the agent acts faithfully in the principal's best interest. This theoretical lens strongly supported the NPM focus on performance measurement, output controls, and the use of contracts to govern service delivery.

2.1.3. Core Principles and Mechanisms of NPM

The resulting NPM philosophy, a synthesis of these concepts, can be summarized in a set of core, interrelated principles that fundamentally reshaped local government administration:

NPM Principle	Description and Impact on Local Governance
Steering, Not Rowing	A clear delineation between strategic policy-making (steering) and operational management (rowing). This led to the creation of semi-autonomous agencies and the contracting out of service delivery, often through PPPs.
Emphasis on Results	A shift from focusing on inputs and processes to quantifiable Key Performance Indicators (KPIs), outputs, and outcomes. This introduced a managerial culture focused on efficiency and effectiveness.
Introduction of Competition	Promoting competition both within the public sector (e.g., internal markets) and between public and private service providers to drive down costs and improve service quality.
Private-Sector Techniques	Widespread adoption of private-sector management tools, including strategic planning, performance-related pay, and a "customer service" orientation, viewing citizens as consumers of public services.
Value for Money (VfM)	An overarching commitment to the rational deployment of resources to achieve the optimal blend of economy, efficiency, and effectiveness. VfM analysis became the standard justification for procurement decisions, including PPPs.

Source: Prepared by the researcher based on the previous information and data.

2.1.4. The Critique and the New Public Service (NPS) Counter-Narrative

Despite its global spread and undeniable influence, NPM has been the subject of profound and sustained criticism. Scholars have convincingly argued that its singular pursuit of economic efficiency often **marginalizes, or even actively undermines, fundamental public service values** such as equity, social justice, and democratic accountability [12]. The reduction of the citizen to a mere "customer" was viewed as a particularly problematic simplification, stripping the relationship of its political and civic dimensions and ignoring the citizen's role as a co-owner of the state and a participant in democratic deliberation.

In direct response, the **New Public Service (NPS)** paradigm emerged. Championed by scholars like Denhardt and Denhardt [6], NPS contends that the government's primary function is not to "steer" markets but to **"serve" the public by fostering coalitions and facilitating collective problem-solving**. It posits that the fundamental operational mechanism of public administration should be dialogue, deliberation, and collaborative consensus-building, rather than market competition. It emphatically re-centers the "citizen" and the collectively defined "**public interest**" as the ultimate determinants of administrative action, underscoring the public manager's role as a **steward of public trust**.

2.1.5. The Post-NPM Era and the Imperative of Hybrid Governance

The sequence of cascading global crises in the 21st century—from the 2008 financial crisis to the COVID-19 pandemic—has spurred the emergence of what is often termed the "**Post-NPM Era**" [13]. This does not imply a complete rejection of NPM's contributions, but rather an evolution toward more sophisticated, **hybrid models** that seek to reconcile the competing demands of efficiency and legitimacy.

Prominent models include:

- **The Neo-Weberian State (NWS):** Seeks to integrate NPM's efficiency focus with a renewed emphasis on the traditional Weberian values of professionalism, impartiality, and the state's strategic capacity .
- **New Public Governance (NPG):** Focuses on network management, collaboration, and the co-production of services across public, private, and civil society actors, with the ultimate goal of generating **Public Value** [14].

This shift toward **Hybrid Governance** is the central challenge for local authorities, requiring them to balance the instrumental rationality of NPM with the normative rationality of NPS/NPG.

2.2. Section 2: Public-Private Partnerships: From an Executive Mechanism to a Complex Governance Tool

PPPs are commonly defined as long-term contractual arrangements between a public entity and a private entity, under which the private sector is entrusted with the **Design, Build, Finance, Operate, and Maintain (DBFOM)** of a public asset or service. This arrangement involves the private partner assuming significant risk and receiving a performance-linked reward .

2.2.1. The Multifaceted Rationale for PPPs

The rationale for employing PPPs is multifaceted and can be interpreted through the distinct perspectives of the governance paradigms:

Perspective	View of PPPs	Rationale and Evidence
NPM	The Quintessential Instrument.	PPPs are the logical culmination of NPM's reform agenda, viewed as the primary vehicle for achieving superior efficiency and Value for Money (VfM) through private finance discipline and risk transfer .
NPS	A Tool of Caution.	PPPs are deemed justifiable only if they can be demonstrably proven to generate net Public Value—a holistic concept encompassing positive social, ethical, and democratic outcomes. Legitimacy hinges on absolute transparency and continuous community participation .
Post-NPM/NPG	A Pragmatic Strategic Tool.	PPPs are recognized as an established feature of the contemporary governance landscape. The focus shifts to nuanced strategic deployment, directing private investment toward national strategic priorities (e.g., green infrastructure, digital access) .

Source: Prepared by the researcher based on the previous information and data.

2.2.2. PPPs as the Operationalization of NPM Principles

PPPs serve as the **operational bridge** that translates the philosophical tenets of the NPM movement into tangible administrative practice, particularly in local government:

- 1 **Realization of Competition:** The mandatory competitive tendering process inherent in PPP contracts ensures that the public sector obtains the best possible offer, aligning directly with the NPM principle of introducing competition to drive efficiency.
- 2 **Results-Based Performance Measurement:** A core feature of PPPs is that public sector payments to the private partner are strictly linked to pre-defined **Key Performance Indicators (KPIs)**, such as service availability, output quality, or user satisfaction. This contractual mechanism enforces the NPM focus on outcomes over inputs.
- 3 **Risk Management and Transfer:** A key justification for PPPs is the transfer of risks (e.g., construction cost overruns, operational inefficiencies) to the private sector, which is presumed to be better equipped to manage them. This mechanism directly supports the NPM goal of achieving **VfM** by reducing the public sector's exposure to financial volatility.

2.2.3. Value for Money (VfM) Assessment and Risk Allocation

The concept of **Value for Money (VfM)** is central to the NPM justification for PPPs. VfM is achieved when a PPP project is able to generate cost efficiencies, reduce project time, and enhance quality compared to traditional public procurement [15].

VfM analysis typically involves a quantitative comparison between the cost of a PPP and a hypothetical **Public Sector Comparator (PSC)**, adjusted for the differential allocation of risk. The core principle of risk allocation is that **risk should be assigned to the party best able to manage it** [16].

Risk Category	Typical Allocation in PPPs	Rationale
Construction Risk	Private Sector	Private sector has greater expertise in managing construction timelines and costs.
Operating Risk	Private Sector	Private sector incentives are aligned to maximize efficiency and minimize operational costs over the long term.
Demand/Revenue Risk	Shared or Public Sector	Often shared, but can be retained by the public sector for essential services (e.g., hospitals) where demand is guaranteed.
Force Majeure Risk	Shared or Public Sector	Risks outside the control of either party (e.g., natural disasters) are typically shared or retained by the public sector.

Source: Prepared by the researcher based on the previous information and data.

However, the complexity of these long-term contracts, often spanning 25-30 years, means that local authorities require high levels of **contractual and financial expertise** to ensure that the risk transfer is genuine and that the VfM is realized over the project lifecycle [17].

3. Part II: Critical Analysis of the Duality and Requirements for Hybrid Governance

3.1. Section 3: The Dialectical Interplay of NPM, PPPs, and NPS

The relationship between NPM and PPPs is not one of simple dependence, but a complex **dialectical interplay** that requires the intervention of the NPS model to achieve a sustainable and legitimate balance.

3.1.1. The Operational Necessity of the NPM-PPP Duality

As hypothesized, NPM principles remain largely theoretical without the operational mechanism of PPPs. NPM provides the "why" (efficiency, VfM), and PPPs provide the "how" (contractual enforcement, risk transfer).

- **NPM as the Logic Frame:** NPM provides the economic and methodological rationale for PPPs. It justifies them by focusing on efficiency and competition. Without this frame, PPPs risk being perceived merely as a means to circumvent budgetary constraints or as veiled privatization.
- **PPPs as the Operational Activator:** PPPs operationalize NPM's principles. For instance, the NPM concept of "performance" is only enforceable because PPP contracts specify clear, measurable KPIs and penalties for non-compliance. Without this contractual rigor, the performance focus of NPM would quickly erode into bureaucratic complacency. Conversely, engaging in PPPs without the stringent oversight and performance culture promoted by NPM can lead to catastrophic financial and service failures, as evidenced by numerous international case studies where public sector capacity was insufficient to manage the complex contracts [18].

3.1.2. The Role of NPS as a Legitimacy and Public Value Factor

The singular focus of the NPM-PPP duality on efficiency and VfM often leads to the neglect of crucial public values, creating a **legitimacy deficit** at the local level. The NPS model is crucial for mitigating these negative externalities and ensuring that PPPs generate genuine **Public Value (PV)**.

NPS Requirement	Mechanism for Infusion into PPPs	Impact on Local Governance
Radical Transparency	Proactive, open publication of all tender documents, PPP contracts, financial reports, and operational performance data on a centralized, accessible platform [19].	Builds public trust, reduces the risk of corruption, and allows for external, civil society oversight.
Meaningful Citizen Participation	Involving citizens and civil society in the initial design phase of the project and in the definition of non-financial KPIs (e.g., environmental impact, social equity, accessibility).	Ensures the project generates genuine Public Value that aligns with community needs, moving beyond mere economic efficiency.
Focus on Public Value	Evaluating PPPs not just on VfM (NPM) but on their contribution to social justice, equity, and environmental sustainability (NPS). This requires a dedicated Public Value Assessment (PVA) framework [20].	Transforms the partnership from a purely commercial transaction into a tool for sustainable community development and democratic renewal.

Source: Prepared by the researcher based on the previous information and data.

3.2. Section 4: Emerging Strategic Challenges: Digital Sovereignty and Hybrid Governance

The rapid pace of digital transformation, particularly in the context of smart city initiatives, imposes new and complex challenges on local performance governance, especially concerning PPPs.

3.2.1. The Challenge of Digital Sovereignty

Digital Sovereignty is defined as the capacity of a state or local authority to exercise full control over its data, digital infrastructure, and the rules governing the digital space within its jurisdiction [21]. In the age of digital services, local authorities increasingly rely on PPPs for critical infrastructure, such as cloud computing, big data analytics, and 5G networks.

- **The Risk of Digital Dependency:** The reliance on global hyperscalers (e.g., AWS, Google Cloud) in digital PPPs can lead to the **transfer of control over sensitive public data** outside national or local boundaries. This raises profound concerns regarding data security, compliance with local privacy laws, and the ability to make independent decisions about critical infrastructure [22]. The case of Barcelona, which actively established new data sovereignty clauses in its public contracts, highlights the growing local government response to this challenge [23].
- **The Strategic Imperative:** Digital sovereignty is no longer merely a national security concern; it is a fundamental aspect of local governance. Loss of control over data can compromise the integrity of public services and erode democratic autonomy.

3.2.2. The Imperative of the Hybrid Governance Model

The complexity of modern public service delivery—balancing efficiency, legitimacy, and digital control—makes reliance on a single governance model (NPM or NPS) untenable. Local authorities must develop a sophisticated **Hybrid Governance** model that integrates the strengths of all three paradigms .

Dimension of Hybrid Governance	Focus	Contribution to Local Performance
Managerial (NPM)	Operational Efficiency and Contractual Rigor.	Ensures cost-effectiveness, timely delivery, and measurable performance through strict contract management.
Democratic (NPS)	Legitimacy, Public Value, and Citizen Trust.	Ensures services are equitable, accessible, and aligned with the collective public interest through participation and transparency.
Strategic (NWS/NPG)	State Capacity and Digital Control.	Maintains the state's strategic oversight, prevents the erosion of core public functions, and safeguards digital sovereignty over critical data and infrastructure [24].

Source: Prepared by the researcher based on the previous information and data.

Success in this hybrid model requires a "**Dual Institutional Capacity**": the ability to manage complex contracts and financial models (NPM/PPPs) alongside the ability to engage in open, democratic dialogue and build public trust (NPS).

4. Part III: Proposed Framework and Policy Recommendations

4.1. Section 5: The Proposed Integrated Governance Framework for Local Performance

To operationalize the Hybrid Governance model, this study proposes an integrated framework centered on a **Dual-Loop Oversight Model** and strategic institutional capacity building.

4.1.1. The Dual-Loop Oversight Model

Effective governance of PPPs requires moving beyond a singular focus on contractual compliance (the NPM loop) to include a continuous assessment of public legitimacy (the NPS loop).

Loop 1: Performance-Based Oversight (NPM Focus)

- **Focus:** Operational efficiency, contractual adherence, and quantitative VfM realization.
- **Mechanisms:** Quarterly performance reviews, quantitative KPI monitoring (e.g., service availability rates, cost per user, project completion time), and financial/operational audits.
- **Goal:** To ensure the private partner meets its contractual obligations efficiently and that the public

sector achieves the expected VfM.

Loop 2: Community-Driven Oversight (NPS Focus)

- **Focus:** Social legitimacy, equity, public value generation, and qualitative service outcomes.
- **Mechanisms:** Citizen satisfaction surveys, community review boards, independent social impact assessments, and monitoring of qualitative KPIs (e.g., accessibility for vulnerable groups, environmental impact).
- **Goal:** To ensure the project aligns with the broader public interest and maintains democratic accountability and trust.

Integration and Feedback: The model mandates that the findings from both loops must be integrated into the decision-making process. For example, a project may show high efficiency (Loop 1 success) but low citizen satisfaction due to inequitable access (Loop 2 failure). This requires a feedback mechanism to trigger contract renegotiation or service delivery adjustments, ensuring that efficiency does not come at the expense of public value.

4.1.2. Requirements for Strategic Institutional Capacity Building

The successful implementation of Hybrid Governance and the Dual-Loop Model hinges on the local authority's **institutional capacity** [25]. This capacity must be strategically built across three critical areas:

1. **Contractual and Financial Capacity:** Local government staff must possess advanced expertise in **complex contract engineering, risk assessment, and financial modeling**. This is crucial to avoid the information asymmetry that often favors the private sector during negotiation and to ensure that the risk transfer is genuine and the VfM analysis is robust.
2. **Digital and Sovereign Capacity:** Given the rise of digital PPPs, local authorities must build internal expertise in **data security, cloud governance, and big data analytics**. This reduces total dependency on the private partner for critical digital functions and ensures the local authority retains the capacity to audit and control its own data infrastructure, a key element of digital sovereignty [26].
3. **Participatory and Dialogue Capacity:** Staff must be trained in **facilitating meaningful community dialogue, managing citizen expectations, and effectively integrating public input** into the design, monitoring, and evaluation of PPP projects. This capacity is essential for activating the Community-Driven Oversight Loop and building the social legitimacy required for long-term project sustainability.

4.2. Section 6: Implementable Policy Recommendations

To translate this theoretical framework into practical action, the following policy recommendations are proposed for local authorities engaging in PPPs:

1. **Mandatory Public Value Assessment (PVA):** Before any PPP project is approved, a mandatory PVA must be conducted. This assessment must go beyond the traditional **VfM analysis** to systematically evaluate the project's anticipated social, environmental, and democratic impact. The PVA should be publicly disclosed and form a core part of the project's justification.
2. **Establishment of an Open PPP Registry:** Local authorities should establish a centralized, publicly accessible digital platform (an Open PPP Registry) for the proactive disclosure of all key project documents, including the full contract, risk allocation matrix, financial model summaries, quantitative and qualitative KPIs, and all audit reports. This recommendation directly addresses the NPS principle of radical transparency .
3. **Inclusion of a "Digital Sovereignty Clause" in Contracts:** All PPP contracts involving digital infrastructure or data processing must include a clear **Digital Sovereignty Clause**. This clause should mandate that sensitive public data is stored and processed within the national/local

jurisdiction, and that the local authority retains the non-negotiable right to audit, inspect, and assume control over the critical digital infrastructure in case of emergency or contractual failure .

4. **Development of a "Citizen Charter" for Performance:** Local authorities should co-create a "Citizen Charter" for each major PPP project with civil society organizations and community representatives. This charter would clearly define the expected service standards from the user's perspective, including accessibility, equity, and responsiveness. This charter would then serve as the primary source of qualitative KPIs for the Community-Driven Oversight Loop.

Conclusion

The governance of local government performance in the 21st century is defined by the complex duality between the efficiency-driven philosophy of New Public Management and the operational mechanism of Public-Private Partnerships. This study has argued that a successful and sustainable path forward requires transcending this narrow duality by systematically infusing it with the normative principles of the New Public Service model, resulting in a sophisticated Hybrid Governance framework.

The proposed framework, centered on the Dual-Loop Oversight Model and strategic Institutional Capacity Building, offers a practical mechanism for local authorities to reconcile the competing demands of economic efficiency and democratic legitimacy. By proactively managing the emerging strategic risks, particularly those related to Digital Sovereignty, and by making Public Value the ultimate measure of success, local governments can transform PPPs from high-risk financial instruments into powerful, legitimate tools for sustainable community development and enhanced public performance

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