



JOINING FORCES

Metropolitan governance & competitiveness of European cities

“Governance - public / private arrangements
at city region level”

KRAKOW - Seminar Working Document
12, 13 & 14 October 2009



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PART 1

1. INTRODUCTORY NOTE TO THE THEME: “GOVERNANCE – PUBLIC/PRIVATE ARRANGEMENTS AT CITY REGION LEVEL”

Local political relations are mostly over the sole activities of municipal authorities because *power relations are spread* among public, private, and voluntary stakeholders. This is one aspect of the difference between *government* and the wider term of *governance*.

Another side of specification is the multilevel character of governance in general. As far as provision of public functions is concerned, it means *inter-governmental relations* focusing on interactions between different levels of government. It is clear in financial relations, where sources come from different levels required addition every time to realize inter-municipal goals.

Therefore, city regions can be described as umbrellas, gathering and covering different levels of public authorities and many types of non-public actors at the same time. Intergovernmental, non-governmental, and private involvement in supplement of public functions may be well-developed *at a city region scale* realizing opportunities with potentially a good chance. It is important to determine which are the driving forces behind the overall city-region cooperation processes: how far are private and voluntary players involved in common policies, how they are steering policy options and involving in processes.

1/ The context of the problems scrutinized

In mixed economies of West-European countries public corporations accounted a particular proportion of the economy, while private ownership was predominant. State ownership is strongly focused on public utilities, in the maintenance and development of which local governments have a crucial role. In definite periods nationalization can also be an instrument for regional policy, especially in deprived areas, encouraging economic, and investment activities.

Under the neo-liberalism privatization was preferred also in these infrastructural areas of economy. Solutions were diverse: from pricing, contracting out to selling-off. In this sector private ownership does not mean necessarily to neglect any influence of public policy on provision of services.

The weight and extent of private involvement in public functions depends on the tradition of the different countries. Levels of public ownership or influence of public policy using variable instruments within the mixed economies are rather different from one country to another: It was relatively moderate in the US, and more extensive by early 1980s for instance in France. However, later on, the tendency turned to privatization in that decade and in the 1990s. It was a general progress; however the extent of radicalism was different country by country, depending on policy preferences. Comparing with either former tradition or comparatively privatization of public functions became very radical in countries of the former Soviet block. A large transfer of property has been implemented there for the last two decades.

After the enthusiasm for this new public management in the early 2000s, the role of private investors and entrepreneurs became more variable. Conditions of cooperation between public and private stakeholders are prepared more deeply. Mechanisms of controls and

clear contracting rules are more widespread. Paying attention to the conflicts of interests, new preferences were highlighted in public management, like openness, accountability. It means a really new period of symbioses between the public and private sectors (adding NGOs as third ones). This new stage can also be recognized in newcomer countries of the EU, where critics against rapid and radical privatization also culminated in economic fields of more general realized public involvement, like city infrastructure, etc.

Apart from emphasizing country-specific features, sequencing of the historical process is also a relevant variable from the point of view of changing private involvement. Privatization used to be a mainstream movement, but now it does not seem to be at all. Populism of neo-liberalism fell down earlier, however a new chapter in influential policy of governments might be opened by the financial crises at the end of 2008. It cannot be said as nationalization, but a relatively deep involvement was introduced in some of the traditionally private economic sectors like banking, car industry, etc.

In any case, one can observe a general trend for more involvement of private stakeholders in local governance, whatever country is considered. On the other hand private stakeholders are more and more recognising that the absence of city-region management of services of general interest is potentially endangering their competitiveness; they understand that dealing with mobility issues (with the rise of traffic congestion problems for example), but also with education and R&D activities, and more generally with issues related to the quality of life for their working forces cannot be seriously done but at city-region level. This is the reason why we have seen for some years in many cities a growing commitment from private and voluntary players to encourage the development of city-region arrangements ("Initiativkreis Ruhr", "Comité Grand Lille", "Highbury summits" in Birmingham, etc.)

Our key question is whether there is any specific at city-region levels in the long discussed issue of governing public-private relations. As we agreed upon earlier capacities of these areas are very important to define their possible roles. Do recent changes have any impact on local strategies for the near future?

2/ Some fields of public-private linkages at city region scale

Public-private partnership is quite a broad issue for discussion. We may neglect problems of specific investments, because these have already been discussed under other topics of the working group like knowledge economy, and will be discussed in the framework of attractiveness and competitiveness. Contractual relationships can also be dropped now. These types of processes take a complex separate subject in connection with public procurements. Now, it seems to be enough to concentrate on the aspects influenced by city-regional scale, i.e. cooperation between public and private or non-profit sectors. How are they involved in public actions?

(Development)

In order to realize large and globally relevant projects it is necessary to bring together all the key players in the public, private, voluntary and community sectors. This process is very unique in each situation. It is realized in some extent out of the particular city government. The aim is not only to achieve results faster, but sometimes to get rid of own barriers. Cooperation aspects are realized in a very wide sense in successful cases.

(Operation, maintenance in provision of public services)

Existing public functions in city-region are working under mixed control and influence of social sectors. From the point of view of every day life it is hard to make a distinction between administratively local services and economic services like transport, logistics, or vocational education. Public, private and voluntary linkages cannot be cut because of these intensive interactions. Private sector engagement is crucial not only in big investments, but also in the delivery of a new way of working at the city region level. We can associate very different things from this situation, like fees for payable public services, civil controls, city marketing, etc. All of these are in order to link city region to other poles of the global world and compete with aspiring poles to keep this position.

(Processes)

Partnership arrangements are prepared rigorously through traditional ways like strategic planning, development projects, cultural actions, etc. However, framework for common activities can be more various and flexible depending on circumstances and abilities. Mechanisms and techniques are really various and therefore very challenging to newcomers to this arena of competition. The share of responsibility between public private and voluntary sector players in the process can also vary a lot from one city to another.

In sum, city-region is not simply a phenomenon of administrative cooperation among territorial authorities, but a flexible and always changing framework of common activities of public, private, and voluntary actors linking together on a wider regional basis. To efficiency of this collaboration it is also important to be an international recognition of capacity of the area as a unit or pole for outside initiatives to its direction.

3/ What are the instruments and how are they working?

The role of city-region is very non-administrative in this issue. It can be said governance in a wider meaning of the word. We are looking for non-traditional, not necessarily institutional, successful solutions. Here are some examples on possible subjects for studying.

3.1. Private involvement in public development in city-regional scale

Urban regeneration/development companies have a critical role in leading major projects across the area. How do urban regeneration efforts contribute to the economic performance of the city-region? Speeding up urban renewal may be implemented by maximising the market potential of key sites or/and by addressing the need for housing market renewal.

3.2. Public involvement in private development/re-development in city-regional scale

It is quite typical to strengthen existing industries and develop new ones based on the unique assets of the infrastructure, skill base, and track record of technological innovation. These efforts provide the catalyst for further dialogue especially with the national government and other partners both locally and regionally. How can these solutions be typified in particular cases?

3.3. Institutional frameworks for cooperation

What economic performance linkages and flows are there with private and voluntary stakeholders in the wider region as a whole and among other city regions nationally or

internationally? This cooperation may generate efforts particularly by raising aspirations, improving educational performance, or tackling unemployment.

- a) What kind of public institutional solutions are initiated to enhance links with the business sector, like a cabinet, committee, board, etc? The policy aim can be promotion and acceleration of enterprise in the region, increasing the wellbeing of residents and encouraging more people to visit, live, and work there.
- b) Who are the partners, what kind of semi-representation is working from the side of private or voluntary sectors?
- c) What kinds of problems are arisen while these institutions have been established or managed? Are there conflicts in day-to-day operation?

3.4. Less formal or informal mechanisms for collaboration

How does business sector representation work in cooperation with public bodies? In what extent are these linkages informal? How do initiatives start to work in particular case?

4/ Methodology

According to our common method in the working group, all partners are asked to prepare a brief note on their own situation. The package of information might be a basis of our discussion in Krakow or later on. Please feel free to add what you think would be important to know for all of us about your case or omit what seems to be irrelevant. As regularly, each note should not be longer than 3 pages in this format.

2. CONTRIBUTIONS FROM PARTNERS

2.1. Brno

2.2. Brussels-Capital Region

2.3. Burgas

2.4. Eindhoven

2.5. Florence

2.6. Krakow

2.7. Lille Metropole

2.8. Seville

2.1. Brno

A Public Private Partnership (PPP) is a partnership between the public and private sector for the purpose of delivering a project or service traditionally provided by the public sector. Public Private Partnership recognises that both the public sector and the private sector have certain advantages relative to the other in the performance of specific tasks. By allowing each sector to do what it does best, public services and infrastructure can be provided in the most economically efficient manner.

13.8.2009 - The PPP model would change practices of officials in case of public procurement projects worth billions

Today's topic of the daily *Hospodářské noviny* dealing with the public procurement projects in the Czech capital will certainly be attractive not only for the readers, who are professionally interested in PPP projects, but also for the wide public. The most powerful officials at the municipal council, who make the decisions about infrastructure projects in the capital worth billions of crowns, are connected with entrepreneurs. In case of contracts, about which they later on decide in tenders, the original (resulting from the competition) prices are increase during their realisation, so Prague needlessly wastes billions of crowns, when all these contracts are added together. The reader certainly has the right to ask: "How is that possible? Isn't there a way to prevent such practices?" The answer is simple. "The PPP model would change practices of officials in case of public procurement projects worth billions".

1/ What kind of public institutional solutions are initiated to enhance links with the business sector, like a cabinet, committee, board, etc? The policy aim can be promotion and acceleration of enterprise in the region, increasing the wellbeing of residents and encouraging more people to visit, live, and work there.

At the beginning of 2008, an investor care program based on the experience from other countries and regions was introduced. The program is based on consideration that an investor, for whom good conditions for expansion are created, will very often implement it on the territory where he is currently located. Communication is the main activity crucial in relation to investors. At any time any company can address a specific person who will help to find a solution to their problems, whether it is establishing contacts with the city representatives, or initiating cooperation with a particular expert or a company. Another activity is represented by regular meetings of the city representatives with investors and key institutions. Within this meeting, not only the plans of the city for its future development are being discussed, but there is also an occasion for feedback during an informal buffet.

2/ Who are the partners, what kind of semi-representation is working from the side of private or voluntary sectors?

Key partners are the representatives of companies situated at strategic locations such as the Cernovice Terrace, the Technology Park, and the Spielberg Office Centre. Brno, with its six public and six private universities, is also distinctive for a close relationship and a regular cooperation with the academic sector.

Examples of cooperation with a non-profit sector are various activities of the Brnopolis Project for Creative People and the *Vaňkovka* Civic Association.

Brnopolis is an open Brno community of people in creative professions, and interested in international city development. The non-profit apolitical initiative invites and exchange

opinions and experience through this moderated weblog, as well as face-to-face informal meetings held through the Open Coffee Club, which meets in over 80 cities around the world. Vařkovka Civic Association (VCA) is an association of natural and legal persons. VCA's aims were adjusted in the following ways: seeking new roles for abandoned industrial areas and devastated places, so-called brownfields, contributing to environmental protection by supporting education of residents and the identification of members of the local community with their place of residence, protecting the environment and landscape through revitalizing the built environment and limiting unnecessary development of open spaces, protecting the environment in the urban landscape, especially in public spaces.

3/ What kinds of problems are arisen while these institutions have been established or managed? Are there conflicts in day-to-day operation?

There is no such an institution.

4/ How does business sector representation work in cooperation with public bodies? In what extent are these linkages informal? How do initiatives start to work in particular case?

Besides the chambers of commerce (Regional Chamber of Commerce of South Moravia, Brno Regional Chamber of Commerce, American Chamber of Commerce), with which the city is working at the formal level (e.g. Council for Economic and Social Agreement of the Czech Republic), there are also other activities introduced this year. Among them, the most important is the Concept of the Economic Development of the City. The concept has been created in cooperation with approximately fifty experts from public, academic and private sectors who have suggested how to improve the competitive strength of the city in the areas of marketing, human resources, and also territorial and spatial conditions of the South Moravian metropolis. The After-care program for investors has already been mentioned above.

2.2. Brussels-Capital Region

1/ Private involvement in public development in city-regional scale

1.1. One example at city-region scale: wastewater treatment plant

In 1990, the Brussels capital Region and the Flanders Regions agreed on a water treatment management plan with the construction of two water treatment plants in the South and in the North of Brussels. The first station in the South was built in 2000 and the second one, which is the biggest one, is operational since 2007.

A private / public arrangement was proposed for this second plant. The Private society chosen was Aquiris – a consortium led by Veolia Water – and it had to work on the conception, the realization, the financing, and the exploitation of the plant. A concession of 20 years was fixed by the Region. After those terms the plant will be retroceded to the Region without compensation.

In December 1997, the Brussels Capital Region published a European calls for candidates to take part in a public concession. In April 1999, the Region published the tender document. A year later, Aquiris submitted its bid and in 2001 applications for permits (environmental, demolition and construction for bank collectors, and the plant) were submitted. Between 2002 and 2003, it obtained all the necessary permits and in October 2006, the construction of the plant was finished and inaugurated in March 2007.

The wastewater plant serves 22 local authorities: 16 located in the Brussels-Capital Region 6 in the Flanders Region (see figure 1). Until now it is one of the biggest PPP in the water sector in Belgium.

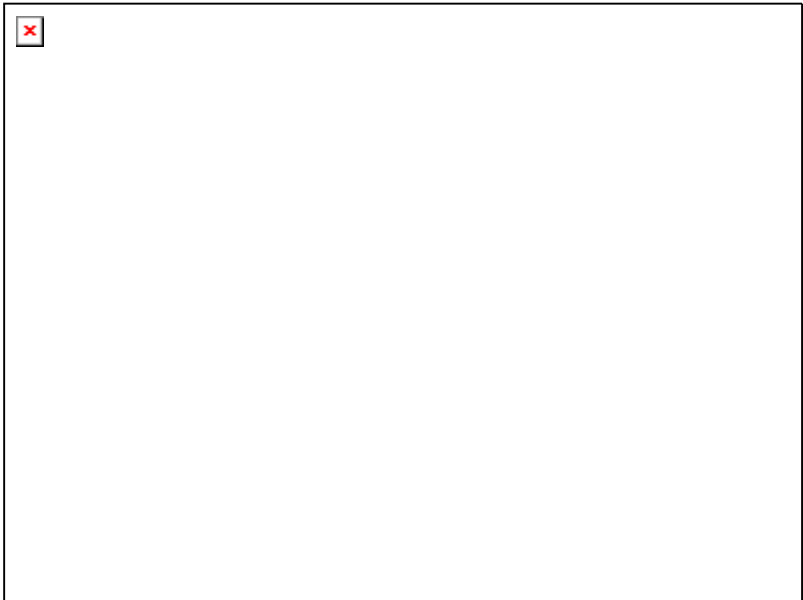


Figure 1 - One example at city-region scale: wastewater treatment plant (Source: Aquiris)

1.2. One example of a lack of cooperation at city-region scale: The Heysel Exhibition Park

The Heysel ashelf is located in the North of Brussels. It is an area where two International exhibitions were organised in 1935 and 1958. Due to its historical importance and an easy access by public transports or ring road, this district is nowadays a strategic location for:

- Congresses and exhibitions: the century palace built in 1935 is now used for exhibitions. In total there are 12 exhibitions areas covering 22ha. There is also Trade Mart Brussels, which is a permanent business-to-business centre, with 3000 shops for fashion and Interior professionals.
- Tourism with the Atomium (1958), a planetarium and Mini Europe (a park with miniature models of famous European buildings).
- Sport, concerts and events with the Heysel stadium (1930)

The Region of Brussels and the City of Brussels, which is the owner of the ground, have agreed to develop the construction of a shopping center through public and private arrangements to be found.

However a competition exists between the shopping Centre which should be constructed in the Heysel site and another shopping centre which will be soon built in the Flanders Region, no far away from the Heysel. Both regions don't cooperate for these projects which will cause competition between the centres instead of one prosperous centre for the Brussels Metropolitan Region.



Figure 2:
Localisation Heysel (source:www.atomium.be)



Figure3:
aerial view (source:www.fond-ecran-image.com)

1.3. One example of cooperation in the Brussels Capital Region: Brussels Capital Region Development Agency

In the 60s', due to anarchic commercial property development in the historical city centre (a movement called "Brusselization"); some districts were destroyed to build-up high infrastructures. The wealthy population migrated to the suburbs leaving a lot of buildings abandoned. In order to stop this movement and to attract new inhabitants to the city centre, in 1974 the Brussels Regional Development Agency (BRDA) was created with two missions: economic expansion and urban regeneration.

The BRDA's urban regeneration mission consists of producing housing units for middle-income inhabitants in districts lacking residential construction with the goal of keeping inhabitants in the Region or bringing them back to it. At the beginning, the production of

housing was totally financed by the Region but soon it appeared that the public authorities were not able to afford it alone. The BRDA was asked by the Regional government to develop projects in partnerships with the private sector.

What was the process until 2007? The BRDA was the ground's owner. It cleaned the ground and called for candidates. It selected the best project and created with the company selected a mixed society (Société d'Economie Mixte) to realise the project. A convention for the feasibility and the realization was signed and a description of the accommodation was done. The BRDA subsidized the project until 30%. The advantage of this PPP was, according to the BRDA, the flexibility with procurement procedures. But in 2007, the European Court of Justice of the European Communities in a judgement declared that the mixed companies had to fulfil the procurements procedure rules.

The BRDA is now looking for others kind of PPP such as call for projects, co-financement or PPHP (Public Private Households Partnerships).

2/ Public involvement in private development in city-region scale

2.1. One example of cooperation at city-region scale: the cooperation agreement on interregional mobility of workers

In 2005, a cooperation agreement was signed between the Regions of Brussels, Flanders, and Wallonia in order to foster the interregional mobility of workers. Following this cooperation agreement, an action plan was signed in 2007 between the Flemish and Brussels Public unemployment Offices to deal specifically about Brussels and its metropolitan area.

In the Brussels-Capital Region the unemployment rate is quite high, about 20%, whereas in the Flanders Region the unemployment rate is lower, about 8%. At the moment when the action plan was signed, there were 1000 jobs offers in the metropolitan area of Brussels for 6000 possible candidates in the Brussels-Capital Region. The idea behind this action plan is to improve exchange of information about job possibilities in the metropolitan area for inhabitants of Brussels and promote job dating meetings between companies located in the metropolitan area and inhabitants of the Brussels-Capital Region. After one year, it is estimated that 1700 persons from Brussels have found a job in a company located in the metropolitan area.

2.2. Two examples of involvement of the public for economic expansion in the Brussels-Capital Region

Even if those two examples are developed only in the Brussels-Capital Region, it could be interesting to develop them at the metropolitan level.

a) The Brussels Regional Development Agency (BRDA)

The BRDA is also a tool for economic expansion with 42 well-situated sites. Enterprises could find industrial spaces, business centres and warehouse services if they fulfil several criteria's concerning activity sector, density of existing employment or jobs to be developed, subcontracting in the region, research, and development. It also proposes real estate structures binding companies to high schools or universities in order to accommodate university spin-offs with affordable conditions. Furthermore, it has developed a network of 8 Business centres located in deprived area in order to promote the socio-economical development and the entrepreneurship in those neighbourhoods.

b) Brussels Enterprise Agency: a platform to other Brussels institution

Created in 2003, its mission is to be "the leading public contact entity" for Business people in the Brussels Capital Region. Contrary to the BRDA which is specialized in terms of services and structures, BEA guides the entrepreneurs to the most suitable institution or partner to help him/her to consolidate his/her project. In fact, the BEA is a "platform to other Brussels institutions" and gives advices on several fields: launching an economic activity, technological and organisational innovation, subsidies, Brussels town planning or environmental regulations, international technological partnerships etc...

It has developed a tool called EcoSubsiBru gathering information about the different public subsidies for Brussels' enterprises and the institutions were they could find a concrete assistance.

3/ Frameworks for cooperation

3.1. Le comité de concertation (Committee of dialogue)

At the Federal level, le comité de concertation (the committee for dialogue) is the main institutional framework for cooperations between the Federal State and the Regions and between the Regions themselves. For the moment, it is the place where most of the agreements concerning the metropolitan area of Brussels can be negotiated. It is composed of the Ministers of the Federal State, the Communities, and the Regions. They discuss subjects or projects requiring collaboration between various levels of powers and subjects that must be verified as regards to the various competences. It usually meets once a month.

It has to follow the progression of cooperation agreements between the various entities, and to publish cooperation agreements where the federal state is involved.

3.2. A vision from the Brussels-Capital Region government: the International Development Plan

In order to take much more advantages of the international position of Brussels, the previous regional government (2004-2009) decided to develop an International Development Plan (IDP) for Brussels. The plan was presented to the members of the Regional Parliament in October 17th 2007.

It aims to develop an international positioning strategy thanks to the qualities and forces of Brussels. It focuses on 2 main priorities namely a global city marketing strategy and the construction of international infrastructures in 10 development poles of the Region. To finance those infrastructures, it is proposed to develop public private partnerships. The involvement of the two other Regions is as well mentioned in the plan.

To improve these public and private cooperations, the government pointed out in the plan the need to recruit a project manager to analyse partnerships' offers from the private sectors and the need to analyse the feasibility of the creation of an express line between Brussels and its international airport located in Flanders.

In June 2009, the new elected government agreed on the necessity to carry on with the development of an international dimension for Brussels and agreed on the implementation of a global city marketing strategy and the development of infrastructures in the area of the

Heysel through a PPP system (see point 1.2.). It also pledged for an increasing cooperation at the metropolitan level.

Public / private cooperation is thus an emergent wish at city-region scale but an action plan for metropolitan cooperation has to be developed for the future.

3.3. The initiative from the business sector: the Business Route for Metropolitan Brussels

With the wish to cope with the Brussels internationalisation, the business sector from the three regions decided together to propose their vision for the future of the city region in a document named "the Business Route for Metropolitan Brussels".

This Business Route for Metropolitan Brussels was promoted by the three l organisations representing the business sector of the 3 regions:

- BECI for Brussels-Capital Region
- VOKA for Flanders Region
- UWE f for Wallonia Region

with the support and cooperation of the FEB, the National organisation representing the enterprises in Belgium.

In 2007, the 3 organisation asked to BAK Basel Economics, a foreign well-known institute specialised in urban studies, to make a benchmarking study of the situation of the Brussels metropole area with 14 others European metropolis. Between November 2007 and January 2008, 120 CEOs were involved in a survey about their vision of the future of the Brussels Metropolitan Region. Finally between Mars and June 2008 150 CEOs took part in one of the 10 thematic workshops in order to elaborate thematic visions and actions. The final document was presented in November 2008.

More specially on the public / private arrangements, we can point out from the "Business Route for Metropolitan Brussels" that the business sector is keen to be more involved in the development a city marketing strategy at metropolitan level in order to attract tourists and business travellers. It proposes also to rationalise the communication towards the foreign investors, especially to attract investments from emerging and BRIC countries.

2.3. Burgas

1/ European legislation

The Public private partnership (PPP) is a phenomenon, originated in the necessity of solving complex infrastructural problems. The term public-private partnership ("PPP") is not defined at Community level. According to the European legislation and Eurostat, the term refers to forms of cooperation between public authorities and the world of business, which aims to ensure the funding, construction, renovation, management or maintenance of an infrastructure or the provision of a service.

The main regulatory mechanisms on the territory of the Community are Directives, approved by the relevant EU bodies. They are insufficient for the fully unifying of the PPP forms in the member states, because of their sovereign right to formulate and implement own policy in accordance with the range of economic development.

PPP are grounded on the EC Treaty principles as well as on secondary legislation and are indirectly disciplined by:

- Directive 2004/17EU
- Directive 2004/18/EU
- Green paper "Public procurement in the European Level"

2/ National legislation

2.1. Concession Law – State Gazete 36, May 2, 2006. Bulgaria's law on concessions has provided a basic framework to facilitate the granting of concessions and the execution of concession agreements. The recent development of more detailed and specific legislation, in particular in areas such as telecommunications and energy, has meant that the significance of the law on concessions itself has diminished. This article explains the development of the law and examines its interaction with other relevant legislation. It also considers a number of obstacles presented to potential investors under the current regime.

2.2. Regulation for applying the concession law (requirements or preparing financial and economic analysis).

2.3. Procurement procedure Law - In June 1999 Bulgaria adopted the Public Procurement Act, which follows closely the provisions of the relevant EU legislation. The new public procurement law applies to governmental bodies and companies engaged in certain business activities (water, electricity, gas and heat generation and distribution; exploitation of oil, gas and coal mines; sea and air ports and other terminals; public transport; telecommunications and postal services). Objects of public procurement contracts shall be:

1. supply of goods through purchase, lease, rental, with or without the option to buy, or hire-purchase, as well as all other preliminary activities concerning the usage of the goods such as installation, testing of machinery and equipment and others;
2. provision of services;
3. works, including:

(a) execution or engineering (design and execution) of works;

(b) execution or both the design and execution by whatever means of one or several building and installation works under Annex 1 hereto, related to the construction, redevelopment, remodelling, maintenance, restoration or rehabilitation of buildings or construction facilities;

(c) engineering and execution by whatever means of one or more activities involved in the realization of a building work corresponding to the requirements specified by the contracting

authority, such as predesign investigation, design, organization of construction, supply and installation of machinery, plant and process equipment, preparation and commissioning of the project.

2.4. Methodical Instructions for PPP of Ministry of Finance

2.5. Municipal Programme of PPP for realization of small scale development projects

- General conditions
- Application form
- Financial agreement

3/ Necessity of realization of public privet partnership projects at local, regional and metropolitan level:

- Need to attract additional resources for building and exploitation of infrastructure
- Diversity of the services supply according to citizens' needs
- During the next years large scale infrastructure projects will be built with public (national and European) resources at local ,regional and metropolitan level
- Pre-feasibility study for applicability of PPP- the municipality has a leading role, but often it doesn't have enough capacity and resources
- The need of clearly defined necessities of the municipality, which could be satisfied with private capitals with well defended public interest and clear benefits for the private sector
- A clear position of the management team of the municipality for the possibility a certain infrastructure project or service to be restored/ built/ managed by PPP
- Support from the local community

4/ Role of the public-private partnership in Burgas

As a rule the public sector has limited available financial resources and experiences serious difficulties in securing new resources for increasing capital expenditure. Public-private partnerships can solve the problem exactly by providing financial resource much to the relief of the already loaded municipal budget. On the other hand, the advantages of public-private partnerships are not limited solely to financial benefits. They can also include shortened implementation periods, distribution of risks between the public and private sectors, improvement of the service quality and streamlining of public management.

The modernisation and integration of a number of public services, development of the urban and improvement of the ecologic environment require the joint capacities and efforts of the public and private sectors for the maximisation of the set targets. On this basis, Burgas Municipality has initiated a series of projects, related to the building of a modern industrial, commercial, sports and social infrastructure.

5/ PPP in Burgas

In accordance with the Vision for Development for the period 2007-2013, Burgas Municipality must become "an attractive living, working and holiday area with balanced and sustainable economy, providing a high living standard and allowing for personal growth".

The main municipal objective is formulated along the same line – "To provide an attractive living environment to the population and create conditions for the turning of Burgas

Municipality into a strategic, economic and cultural centre in the Black Sea area” to be achieved by means of:

- rapid local economic development through investment in the physical and human capital;
- turning Burgas into an European port city with developed fish and tourism industries and modern agriculture;
- improving the standard of living and the attractiveness of the living environment.

In the process of its economic development, modernisation of infrastructure sites and municipal activities, Burgas Municipality is in need of ongoing modernisation and finding of alternative solutions in the public services sphere. Such needs require the application of innovative methods for the structuring and funding of huge infrastructure projects for streamlining the cooperation between the public and private sectors and establishing effective and efficient public-private partnerships.

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6/ Identified areas for realization of PPP project:

6.1. Tourism

- Balneology holiday zone in Atanassovsko Lake Area
- Aque Kalide-Thermopolis-Sport
- Island of Sveta Anastasia
- Protected Area “Bakarlaka”

6.2. Municipal property management, construction and investment

- Super Burgas
- Administrative building of Burgas Municipality, territorial directorate Vazrazhdane
- Building of Northern Industrial Zone of the town of Burgas
- Building of high-technology park near the town of Bulgarovo
- Construction of parking lots
- Maintenance of subways
- Construction of Passenger Bridge
- Concession of bus stops

6.3. Education

- Construction of sports school and dormitory in the residence district of Meden Rudnik
- Energy efficiency and building of renewable energy sources on school premises
- Kindergartens

6.4. Healthcare

- Construction of Medical Centre in the residence district of Meden Rudnik
- Construction of Municipal Hospital Complex and Hospice

6.5. Social care:

- Daily centre for people suffering from Alzheimer's disease and senile dementia
- Daily centre for disabled children
- Old people's home with bedridden patients' unit

6.6. Sport

- Swimming and sports complex Slaveykov
- Chernomoretz Arena

6.7. Water supply and sewerage

6.8. Solid and specific waste

7/ Potential PPP projects.

AQUE KALIDE-THERMOPOLIS-SPORT



The project corresponds to the policy of Burgas Municipality, related to the formulation of unified concept for the development of tourism. The purpose of this project is to transform the Burgas Baths, located 15 kilometres to the northwest of Burgas in the village of Vetren, whose current utilization can be described as not enough adequate, into a zone for daily and weekly holiday making. The expansion of the resort area is envisaged together with the rehabilitation of the existing sports facilities and swimming pool and construction of a

sanatorium for disadvantaged children, as well as renovation and reconstruction of the recreation zone, comprising of swimming pool, sports facilities and information centre. The municipality envisages the restoration and preservation of and provision of access for citizens and visitors to the discovered pre-Romanic archaeological remains.

The main cultural site is the well-known in the past town of Aque Kalide-Thermopolis, founded in the beginning of II century by the Roman Emperor Trajan near the famous antique Temple of the Three Nymphs - protectors of healing springs.

The project further envisages restructuring, rehabilitation and acquisition of new terrains in order to establish conditions for the development of tourism in all of its directions: holiday, balneology and cultural.

Investment opportunities

- renovation and reconstruction of the recreation zone, including pool and sports facilities;
- restoration and preservation of archaeological and historic monuments and establishment of information centre

Appropriate PPP model

Concession (of already existing facilities) Design-operate contract (of new facilities) Finance-build-operate-transfer contract (of new facilities)

ISLAND OF SVETA ANASTASIA



The purpose of this project is to make the island of St. Anastasia an attractive tourist destination. The island was granted the status of natural and archaeological reserve in 2001.

The plans for the development of the island include rehabilitation of the existing infrastructure - quay, church, monastery, and construction of a museum.

The reconstruction of the ship-anchoring facilities for facilitating the access of tourists and visitors has also been planned. The reconstructed buildings will be used for

providing various services and entertainment to tourists in accordance with a preliminary agreement. At the moment the territory is still state-owned but Burgas Municipality has applied before the state in order to transfer the management to the local authorities. The investment opportunities under this project include:

- rehabilitation of existing infrastructure - quay, church, monastery;
- construction of a museum;
- reconstruction of ship-anchoring facilities;
- provision of various types of entertainment and catering services to tourists.

Appropriate PPP model

Concession Finance-build-operate-transfer contract

SUPER BURGAS



The project envisages the construction of a public access zone (PAZ) in the city part, encompassing the sea, railway and bus stations, and aims to turn Burgas into a logistics and transport centre and integral unit of the trans-European transport corridors through the creation of favourable conditions for the competitiveness of sea port services, beneficial terms and infrastructure for the development of tourism, expansion of the park and industrial terrains on the municipal territory, provision of balanced development and cooperation between

sea port areas and urban zones and raising the number, type and quality of provided services - custom's, border, agent, broker, courier, postal, financial, cultural and entertainment, taking into account the environmental impact/The planned public access zone is a group of

investment projects, put together into a concept, which comprises public interests to the full and includes:

PART 1 “TRANSPORT INFRASTRUCTURE”:

stage 1 - development of architectural concept design of the entire PAZ;

stage 2 - development of working development design of each part of the territory and securing communication connections between them;

stage 3 - implementation and realisation of all activities related to the construction of the separate project parts;

PART 2 “CITY CENTRE AREA” (CCA):

stage 1 - transformation of the CCA into a tourist and recreation zone and its functional binding with PAZ Burgas;

stage 2 - restructuring of the transport infrastructure in the CCA and redirect. ■ ing the traffic along detour roads;

stage 3 - restructuring the CCA to meet the aesthetic and functional expectations of the public.

The realisation of the PAZ project will guarantee the completion of the activities for the expansion and modernisation of Burgas Seaport in accordance with the latest updates to the port general plan.

The project will secure a connection with Trakia Motorway - transport junction “Western entry of the Port Complex”, measuring 2,000 metres in length.

The construction of the port infrastructure sites within Super Burgas allows for the establishment of public-private partnerships with the following investment opportunities:

- the construction of terminal 2□ of Burgas Seaport and new eastern pier envisages the participation of the private partner as concession for port services and that of the public as external loan funding, maintenance of the leading infrastructure, aquatory and navigation facilities and general infrastructure upkeep;
- the construction of the passenger terminal with business centre at port Burgas-East envisages the participation of the private partner as vote concession and that of the public as maintenance of the leading infrastructure, aquatory and navigation facilities, development of technical project and joint construction of the business centre and attraction and recreation zone;
- the construction of terminal 1 as expansion of Burgas Seaport envisages the participation of the private partner as concession for port services and vote concession for the expansion and that of the public as maintenance of the leading infrastructure, aquatory and navigation facilities, downward expansion of the leading infrastructure and general infrastructure upkeep;
- the construction of container terminal 4 at Burgas Seaport envisages the participation of the private partner as vote concession for port services and that of the public as external loan funding, maintenance of the leading infrastructure, aquatory and navigation facilities and general infrastructure upkeep;
- the rehabilitation and building of new infrastructure at port terminal Rossenetz-Burgas envisages the participation of the private partner as concession for seaport services and that of the public as maintenance of the leading infrastructure, aquatory and navigation facilities and downward expansion of the leading infrastructure and aquatory

Appropriate PPP model

Establishment of joint-venture company.

8/ Municipal Programme of PPP for realization of small scale development projects

The Municipal Programme of PPP was approved by the Municipality council- Burgas with decision Protocol № 45/01.03.2007. It foresees through encouraging citizens' involvement and applying the mechanism of PPP to be realized development projects regarding municipal property. The programme is directed towards the realization of development activities, planting and maintenance of residential districts, the terrains around block of flats, and ways to different estates on the territory of Burgas municipality.

The Financial sources and resource insurance – Municipal budget (75%), co-financing of physical and juridical person, donations, contribution in kind and labour (25%).

The Programme was initiated in June 2008. with the assignment of 10 financial agreements and till the end of 2008, 8 of them were successfully finalized. For the year 2009 in the municipal budget are provided 300 000lv.

2.4. Eindhoven

1/ Public Private Partnership

"Public Private Partnership (PPP) is an innovative way of public policies, where the objective:" the same quality for less money or more quality for the same money is pursued. Public Private Partnership fits into the modern government, which is introduced to market the performance of public duties, without neglecting its responsibility. For Public Private Partnership to public and private parties to contract for a public task, while maintaining their own goals and responsibilities."

The purpose of Public Private Partnership is to achieve added value and efficiency gains. This is within reach if government and industry do what each thing they are best at. Public Private Partnership means for both parties. To create new business opportunities in an expanding market, it can also help them to a commercially attractive project. The government can save money or achieve a higher quality end product the same quality for less money. These may include infrastructure projects such as building roads, bridges, tunnels and railway tracks, but also the development of an industrial area, construction of a hospital or the construction and operation of a business complex to be executed as PPP project.

The biggest difference between traditional and innovative contracts that are used in Public Private Partnership is clear when we compare them:

Traditional contract forms

Characteristic of the traditional form of contract is the strict separation between design, construction and operation. The public party (the principal) is in this case responsible for the integration of these components. Each part will be the independent party in the public market put. In this well in filling the public aware of the many party implementation processes. The first shows a public party designs. Once the design is finished, examine the public a party builder to carry out the design. After completion of the execution party examines the public yet another party for maintenance The facility management is self care or partially outsourced to individual parties The public party pays the bills and provides the funding.

Innovative contractual (as in PPS)

The innovative and integrated contracts are a shift to take the risk to public functions and private parties: they have the responsibility for linking the design, construction, operation and in many cases, financing and maintenance. Such Design, Build, Maintain, Operate and Finance (DBMFO) activities are outsourced in a package. This gives the party executive (often a consortium) the ability to properly coordinate all aspects to vote. Instead of the product (e.g. a business), is now providing the service centre (demands and wishes of users). The public fails to pay the consortium a fee per service provided. Contracted to provide that the party does not pay if the public service is not delivered or not. Given the financial arrangements will be the executing party to make every effort to provide the service agreed. This is possible because the party executive (often involving multiple organizations) the opportunity from the very beginning sufficient expertise to pool and excellent services to achieve this This is exactly the added value created by Public Private Partnership.

What are the conditions for a successful PPP project?

Public Private Partnership can be both public and private interest benefits. It does require a business establishment of the state and an active involvement of private parties. Business

and government trust each other (yet) enough and are not used as (full) partners a seat. That must change.

- Output of goals

The government can focus on core tasks, while the market focuses on the project. It is important that the market also will be enabled to deliver value. The government must encourage creativity and not all details of the project before making commitments, thus the market is reduced to performer.

- Wide scope

Not only in determining the product should be given space for an ownership of the market, including the delineation of the project, the scope, the government must establish the boundaries too tight By integrating different (parts of) projects is sometimes a better alignment, thereby create added value.

- Mutual interest

The benefits of Public Private Partnership for the government are clear: a project can gain in quality if the government at an early stage private parties to consult on the best way to achieve a certain goal As projects are implemented efficiently, the savings can be used to implement other projects.

What is the value of PPPs?

- The (semi-) public party can fully concentrate on its core tasks.
- A high quality solution is promoted
- Private parties are inspired to continue to perform
- Exploiting synergies
- Efficiency in the implementation
- The principal is not liable for all risks
- The client does not ensure funding
- The broadening of the financial media in the operation

What are the pitfalls of PPPs?

- Alleged loss of flexibility in long term
- PPS change existing responsibilities and decision-existing
- The complexity of knowledge and preparation time

For Who?

PPS Network Netherlands serves the public parties and thanking the following groups (usually free) to provide adequate information on PPP field:

- Municipalities
- Provinces
- Education and care
- Housing
- Central government
- National umbrella
- Independent Administrative Organs (ZBOs)

Here are the following projects and distinct segments:

- Share property
- Housing
- Care
- Hospitals
- Medical Centres
- Wellness (nursing / care homes)
- Infrastructures / Amenities
- Area Development
- Combination Projects

2/ What are the experiences of the Eindhoven region?

The Eindhoven Region is an organization that is primarily an organizer of 21 municipalities and is not intended to implement. On the territory are both the asset rich (rich and poor roads as military training grounds) and the province (provincial roads) as the water boards (water) and communes. The Eindhoven region formulates the common policy of the municipality at the time the 21 municipalities that request it. Besides the Eindhoven region is performing its statutory duties in the areas of transport, economy, tourism, housing and spatial planning.

Construction of highways and recreation grounds

At the request of the local region, the SRE two lands purchased for sand winning. In the eighties, the land and mining area were two large ponds totalling 20 acres created. These pools were subsequently took the Aqua Best beach and E3 (named after the highway). In the cities and the countryside was increasingly in demand for outdoor recreation. It was decided two ponds to be developed by private parties. These places the parties on these grounds and buildings were operating the field At Aqua Best in over the years and invested over three million in the E3 beach over one million Both swimming pools receive one million visitors annually. Recently decided to divest the two regions and selling to the current managers It loses its last Eindhoven Region PPP project.

Brainport Avenue

Along the A2 is a completely new industrial zone built with a mix of green and according to principles consistent with recent views on energy saving and cradle to cradle. It should consist of a number of sustainable businesses in green zones linked by a slow lane with numerous amenities. It is thought to include the slow lane to use for energy.

The size of the Brainport Avenue is so big that this thought is in a public private cooperation to come. We have a number of studies and a preliminary business case is developed. The Eindhoven region in this process will take on the coordination.

International school

A quality improvement and the impact of international education in the region: that is what the city of Eindhoven with the business wants to achieve. To increase the likelihood of success is decided by the new International School Eindhoven PPP to gain experience. That is good for the school and good for the town. Since 2002 the municipality of Eindhoven is to actively cooperate with the international education industry in the region at a higher level. The current two schools, one primary and secondary schools, each located on opposite sides of town. Soon there is an international campus that can compete with the international education TopTech other regions offer, predicts project Ton Tindemans of Eindhoven.

This is because even if the Dutch Eindhoven region TopTech knowledge of sufficient level to attract and retain not only because they must choose their field for this region, is Tindemans. "The additional facilities to match it should be thick in order. This region as a logical choice for knowledge workers to settle, that's what makes a strong commitment to Eindhoven."

Three pillars:

- A Task Force consisting of city, school and businesses have a plan, based on three pillars.
- A new administrative structure: the current international schools are to merge.
- A curriculum for education: the content of international education.

The physical school, the campus, the appearance and facilities for sport and culture that go with them: It is a school for 800 to 1000 students with more flexibility in future housing. Such a project, the current educational standards far above, says Tindemans. He estimates the

total project cost of € 30 to 35 million. At fundraising is now under development. Through the group of Eindhoven council members who were at the orientation on the chances of PPP for the international community is the school became a pilot for PPP. Tindemans: "We were a little bit in the traditional way away, but we have left."

The efficiency advantages of PPP would be happy to collect and Eindhoven will learn from this project. Hence from various sectors (Real Estate, Urban Development, Finance) of the municipal organization professionals to join the project. To bring in knowledge and to gain experience for any subsequent projects.

International allure: The new international school construction will not occur. The monument to the Constant Rebeque barracks, the buildings around a patio, will be transformed to campus is of international standard. The European tender for this should end this year to start. Preparations for this are in progress. This will involve carrying out a comparison between traditional procurement and PPP by using the Public Private Comparator (PPC). A similar survey has been done at a higher level, says Tindemans. "It was clear that PPPs can have benefits. I can hardly imagine why the PPC now penalize the project. But if so, then we should reconsider it."

Added value

Clear about what the added value of PPP and the weaknesses of the current plan above table. These are the goals Tindemans mind with the PPC. These results are available late August. So they can be processed timely in the tender documents.

This also happens with the experience of the Montaigne Lyceum in Den Haag. This first PPP School in the Netherlands has experience with PPPs in the schools sector. Tindemans likes to use these experiences. It enables him pitfalls to avoid costly and time saving because the wheel does not need to be reinvented. Tindemans: "Fortunately we can make use of standards developed in response to the Pilot Montaigne. I hope thereby to a good balance between costs and revenues from this first experience for PPP Eindhoven. Cost, quality and learning impact for the municipality by the PPS, which are our main goals."

If the fundraising is completed for the project positively, may this year the start of procurement. The International School Eindhoven opens its doors in summer 2009.

3/ The national government and PPP

What are the advantages of PPPs?

Public-Private Partnership (PPP) may provide advantages for both government and industry. By industry earlier involvement in projects, the government can derive maximum benefit from the knowledge and creativity of the market and are therefore better solutions. Market players will have the room for clever ideas to market and improve their work processes (innovation). PPS allows for better risk sharing. The government no longer bear all risks. The risks are allocated to the party that they can best manage. PPP may in some cases lead to an acceleration of projects, because the business agreements signed between government and businesses to encourage parties to speed. It is not more infrastructure for less money, but more efficiency and to a better solution for an acceptable price.

What projects is via PPP?

The Ministry of Transport and Works has experience in the construction of the High Speed Line South (HSL-Zuid, the largest PPP to date in the Netherlands) and the motorways A59 and N31, which it cooperates (e) with the business.

Currently running:

- the PPP tender for the second Coentunnel and the PPP procurement for the project A4 Delft-Schiedam
- A15 Maasvlakte-Vaanplein and A2 Maastricht are prepared.

What is the most common form of PPP?

Design Build Finance and Maintain (DBFM) is the most common form of PPP. The government pays the principal and investment project, for example the construction of infrastructure, in a contract to a private party. This is usually a consortium of different players. The contract regulates design, construction, financing and maintenance. The contract is different, but to weigh about fifteen years.

The government formulates the functional requirements and an image of desired outcome of the project, such a highway or a railroad. Market players within a given budget can own one in their eyes achieve optimal and efficient design. They can cost of the project term (maintenance) better essential element in the PPP contracts for the financing of the construction of the project by the private partner, the consortium. The government pays the consortium during the use phase of the road or railway line as it meets the agreed requirements.

Thus the PPP contract requires the HSL of the consortium Infrasppeed the infrastructure of the HSL-South for 99 percent of the time available. In return the government pays a periodic fee to the consortium called availability. Plus the most risk contractually transferred to Infrasppeed. PPS-This form is also called 'concessions' called.

Public-private partnerships

This new contract is needed. Public-private partnerships are one of the possible types of contract between the government and the market. The principle of 'market unless' means that RWS tasks traditionally performed themselves in construction, management and maintenance of roads and waterways, are transferred to the market. Rijkswaterstaat prescribes how things should work, but leaves the design and / or designing the solution to the market. This requires good cooperation between the government and the market.

PPP

Public-Private Partnership (PPP) is the most far-reaching form of cooperation between the government and the market. The direction of a project and the final outcome, such as maintaining or building a road or a viaduct, remains in state hands. The implementation is done as much by market. Sometimes the contractor is fully responsible for design, construction, management and maintenance and financing of the project. Such contracts could have duration of 20 or 30 years.

Advantages of PPP

Rijkswaterstaat works increasingly with PPP. Rijkswaterstaat and the market have now both benefited from:

- PPP projects are often completed faster. Partly because they often remain within budget.
- PPP With the players are partly responsible for the entire process, from beginning to end. They know where they stand, and think together about solutions to their way of working themselves fill.
- By construction and management to the same parties continue to outsource the creators responsible for the use and maintenance in the long term. The ideas must therefore use and durable.
- The implementation is outsourced. Rijkswaterstaat so fewer people can equal or better quality.

Outsource or not?

Why are not all outsourced jobs? A number of management, including licensing and traffic shall in any case Rijkswaterstaat. For the other tasks which are carefully weighed by a public-private partnership can be outsourced and what not.

Added value

For work or projects that are outsourced are looking RWS whether there is market at an early stage in the plan making process. The outsourcing to the market is not always better or cheaper: the PPP contracts can be complex. Also more time and money to a project that way to spend. The benefits must therefore outweigh the disadvantages.

PPP Knowledge Pool

The new way of working requires a new approach to stakeholders. Market participants have different roles and responsibilities and must adapt. This also applies to employees of Rijkswaterstaat. Instead of executive assistants perform work RWS now more and more control over the projects. The PPP Knowledge Pool of Rijkswaterstaat helps employees and market to this change.

Current projects

- A10/A5/A8: Second Coentunnel and Westrandweg
- A12: road widening Utrecht - Veenendaal
- A15: broadening Maasvlakte - Vaan Square
- Planstudie Ring Utrecht
- Amersfoort A27/A1: planstudie Utrecht - junction Eemnes - Amersfoort
- Innovative projects for quieter road

4/ Politics

The current coalition and the views of the individual political parties (whether or not the government) offers a broad basis for PPP solutions. Some snapshots often inter-related in-focus points in the coalition:

Innovation Possible promotion of innovative technologies will be in procurement by the government are included. Government position as a launching customer will be strengthened. Innovation focus: care, energy and water management. PPP promotes creativity because truly value incurred previously untapped synergies now be realized. Through a close collaboration between different disciplines in the private parties can better propositions to be made public.

Mobility & Infrastructure

Several focus areas were identified:

- Randstad Urgency Program: accessibility offensive
- Development as overflow for Lelystad Airport Schiphol
- MIRTO tackle overdue maintenance lines
- Widen road corridor for people and freight and the establishment of links
- Reprioritization benefit of the region through the Mobility Paper
- Strengthening regional economic development resources for additional access

PPP is an important contribution sound projects faster and more effectively realized. Thus including the concatenation of various initiatives and plans parties and thus better integrated, financially speaking, attractive performed.

Housing

Common theme: understanding and exploiting related. Quality of living environment and improve energy efficiency achieved.

- Targeted programs to address the most vulnerable (disadvantaged) areas.
- By including the investment in good housing and affordable housing. Property ramp up production from 80,000 to 100,000 units per year.
- Barrios' generation resistant "make greater variety of housing with new concepts for increasing care needs.

Care

Hospitals get more space for themselves a more active investment policy.

Additional funding for nursing: In dialogue with practitioners to promote new concepts

The financial separation of 'live' and 'care' is hereby stated explicitly promote entry of new (private) to encourage players. In General: Further rollout of the concept of 'Social Enterprise' which explicitly calls for greater linkage of government initiatives and private capital

Sustainable environment

Furthermore there other issues and initiatives which are closely linked to the above topics:

- Building on the strong tradition and innovation "Waterland"
- Accelerated introduction of new, clean technologies
- Transition to one of the most sustainable and efficient energy supplies

Measures taken include the so-called "MEP system" to make renewable energy competitive, investments in energy efficiency of existing housing stock, strengthening of the dike along the coastal areas, the program "Space for the River ': All concrete formulated opportunities for PPP.

Development of urban and rural areas

- Note Area: This is the position and responsibility of the local and provincial government newly defined.
- MAP infrastructure, space and transport: Develop national landscapes / Mainport Schiphol / North and South Wing / Development Almere / Development ZO Brabant / Northern Ontario

Political parties, individual positions

PPP-after some initial reluctance, all major political parties currently seen as a highly efficient route to reach more quickly. It is the view similar to that of PPP Network Netherlands: PPS deployment where possible and if not obviously inadequate or non-PPP projects potential. The currently prevailing political formulation is this: PPP, unless.

2.5. Florence

The EC point of view

The Green Paper of European Commission on public-private partnerships (n. 237 - 2004) defines PPP as a form of cooperation between public authorities and enterprises aiming to finance, build, manage or renew infrastructures or services.

The Green Paper on PPP has opened a debate on how to enforce the European *acquis* in national laws concerning public contracting to private actors.

Italian regulation on PPP

The Italian general contract code (D.L. 163/2006) defines PPP as “contracts which object is one or more activities such as projecting, building, managing and maintaining of a public activity or utility or provision of a service and, in any case, that regards total or partial private funding of these activities (...)” (3 par. 15-ter.).

Examples of PPP contracts by that law are:

- contracting out (in that case the concessionaire has both to manage the activity and to exploit it economically, generally for 30 years);
- project financing (this contract has the compulsive condition of public-private funding feasibility);
- global contracting (a global contractor fund public activities in advance and receive the money back when the work has been done);
- public-private joint ventures.

PPP in Florence

Florence Municipality has a long experience in creating private and public partnerships for governance of city-region functions as well as for infrastructures building.

There are at least 2 example of PPP concerning the governance of city-region function or, at least, the impact at city-region level of the PPP realizations: the tramway system and the governance of Florence Airport (other example could be that of the Mukki Milk Station or that of the Project Financing on Cemetery of Florence).

1. Tramway system

The Florentine metropolitan area, physically created by an urban and economic sprawling process, is characterized by an high degree of commuting flows and, consequently, by an high level of air pollution, noise and space congestion. In order to overcome these phenomenons, the Municipality of Florence and the 10 municipalities of its urban belt planned to create an integrated system of metropolitan sustainable mobility based on public transport. Their main aim is to promote a progressive dismissal of private means of transport.

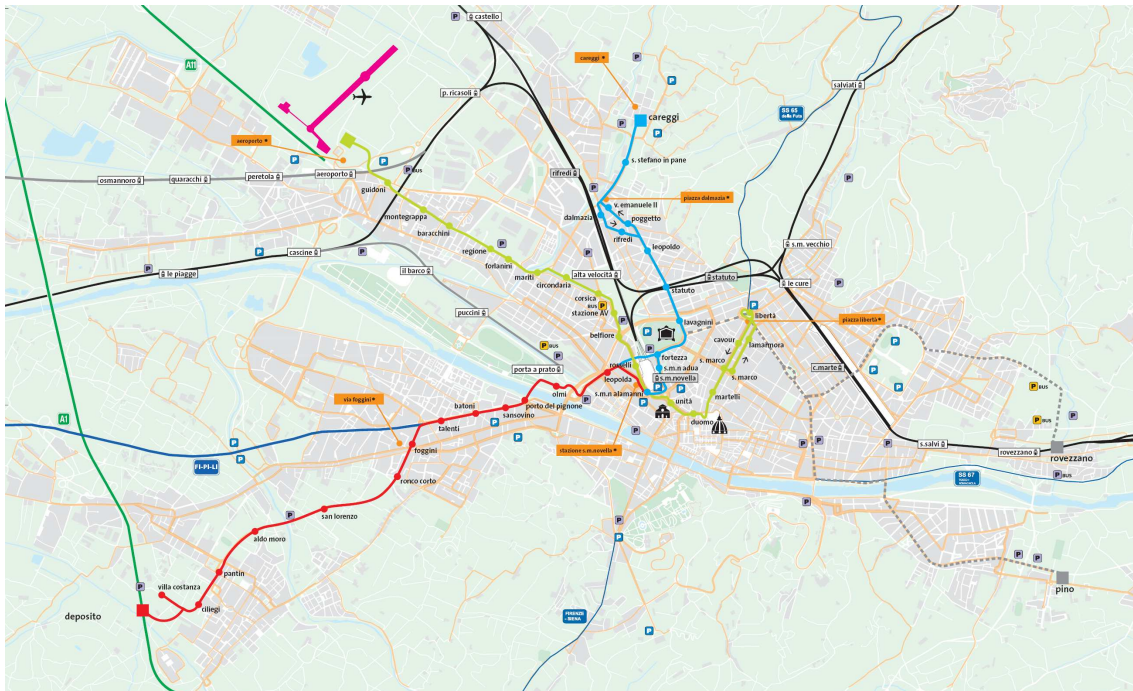
Studies on Florence mobility system led to the identification of a network of tramways as the best solution for Florentine metropolitan area. When all lines of the tramway network will be implemented, Florence will be endowed of about 40 km of new railways that will connect the historic city-centre with the main neighbouring municipalities of the metropolitan area (Scandicci - Campi Bisenzio - Bagno a Ripoli - Sesto Fiorentino).

The three lines of tramway are also projected to be integrated in a more complex public mobility system interconnected with railway network nodes (such us the main train station, the new high speed train station, Porta a Prato regional station) and with bus network. That

system would create connection from the peripheral urban areas to the main functional attractors (hospitals, airports, universities). Tramway would also reduce noise and air pollution and would increase the general quality of life.

The lines of the new tramway system are three:

- line 1, from Florence central station to south-east side of Florence metropolitan area (Scandicci City Centre);
- line 2, from the Airport of Florence to Florence centre;
- line 3, from the main Hospital to the west side of metropolitan area.



In 2003, the construction of Line 1 (we experienced at the LSG was held in Florence in February) had been assigned by an integrated tender process to a PPP led by Ataf (Florentine Area Transport Company). Tramway's PPP is composed by the Consorzio Cooperative Costruzioni (mandatory), the Ansaldo Breda Spa, the Ansaldo Trasporti Sistemi Ferroviari Spa, the CIET Spa, the Consorzio Toscano Costruzioni Scarl and the Dicos Spa. The total cost of the project amounted to 254.787 million euros has been shared between the Region of Tuscany, Municipalities of Florence and of Scandicci, and the Ministry of Infrastructure, Ferrovie dello Stato, TAV.

Differently from Line 1, line 2 and line 3 will be built by using a project financing scheme. Following the procedure of law, on 20 June 2005 Municipality of Florence and other public authorities assigned the concession of the work to the Soc. Tram di Firenze Spa. The agreement regards the design, the construction, and the partial funding of lines 2 and 3. Furthermore, this convention binds Soc. Tram di Firenze SpA to carry out the management of the entire tramway system.

The total cost of Lines 2 and 3 will reach 379.587 million euros. The funds provision scheme is defined in the Memorandum of Understanding signed by the Ministry of Transport, FS, TAV, Tuscany Region, Province of Florence and Municipality of Florence (24 April 1997) and in its the Procedural Agreement (3 March 1999). Funding is shared between the Municipality of Florence, the Ministry of Infrastructure, and RFI (Rete Ferroviaria Italiana).

The term of work and entry into service is planned for 2012.



2. The airport of Florence

Florence Airport (FLR) was inaugurated in the early '30s and is dedicated to the great Florentine explorer and cartographer Amerigo Vespucci. It is located just 4 km from the city-centre of Florence, in an area called Peretola located between Sesto Fiorentino and the Castello area. It is also called Peretola Airport, from the name of the neighbourhood where is located.

Despite the huge tourist flows, the airport of Florence has the size of a city airport. Nevertheless, it offers domestic and international connections and it maintains efficient airport services.

The shares of Airport are owned by 9 main partners: Aeroporti holding (private company 33,4%), Meridiana (private flight carrier 15%), Florence Chamber of Commerce (public 13,7%), Sogim spa (private company, 12,1%), Banca Toscana (private, 4,9%), Prato Chamber of Commerce (public, 4,1%), Municipality of Florence (public, 2,1%), Fondiaria-Sai (private, 2%).



Since 2003 the airport management is entrusted to ADF Spa (Aeroporto di Firenze) that holds also the function of equipment maintenance and planning. Since ten years, ADF is building new infrastructures and is creating new services in order to increase the airport passengers' capability and to foster the local tourism. As stressed during the LSG in February, nowadays ADF has two projects: 1) to enlarge the airport as a way to increase economical occasion for

the metropolitan area and 2) to connect better travellers to the city and local citizens to the airport.

The examples described above are cases of formal partnerships regulated by law. Other kind of PP cooperation experienced in Florence are less formal because they lay on community of purposes much more than on contracts or mere sponsorships. It is the case of functional recoveries of public buildings by banks foundations in order to create new spaces for public services provided by public authorities or by associations on their behalf (such in the case of a former school facility Leopoldine in Piazza Santa Maria Novella helped by Ente Cassa di Risparmio).

The Ente Cassa di Risparmio di Firenze is a foundation of banking origin, born after the application of so-called Amato Act (218/90). Since April 1992, the Board of the Ente Cassa contributes to the development of the local society by intervening where there are market failures or where social needs are not satisfied efficiently by the public actor.

As already happened in the Leopoldine's case, in next year the Ente Cassa would finance with about 4000.00 million Euros the functional recovery of an abandoned area towards the creation of the Museum of the XXth century.

2.6. Krakow

Public-Private Partnership: Formal Conditions

Public-Private Partnership (PPP), or the provision of public utility services by private entities, has been regulated by the Polish law in the area of the form of co-operation between private businesses supported by private capital and the public sector at all administrative levels. That instrument of infrastructure development and of the provision of general utility services through such infrastructure constitutes an advanced form of capital investment in the public sector in the majority of countries. However, it is only starting to gain importance in Poland.

Under the PPP system, communes (or municipalities, the lowest of the three levels of public administration in Poland) can – if not forbidden by other regulations – carry out all of their tasks relating to local public affairs in the form of PPP. The Polish PPP law determines the most important provisions of the Contract. According to Art. 7.1 of the PPP Law, a private partner undertakes under the Contract to carry out a project for consideration, and bear the related expenditures in whole or in part. A public entity undertakes to co-operate so that the goal of the project could be achieved, in particular by making own contributions.

The 2005 PPP Law had been hardly used, mainly due to the imposition of numerous restrictions on the project implementation under the PPP formula. Therefore, it was necessary to introduce new regulations allowing to develop co-operation between public and private entities. In December 2008, a new Law was approved, based on five principles, as follows:

- Free shaping of partnership between public and private entities,
- Protection of the most important public interest,
- Protection of justified private interest,
- Protection of the public debt,
- Compliance with the EU law.

Institutional Support for PPP: Małopolska Region

a) The **Małopolska Agencja Rozwoju Regionalnego S.A.** [Małopolska Agency for Regional Development] conducts its operations intended to support the implementation of PPP projects. The Agency prepared a list of offerings and proposals for joint activities between the metropolitan public and private business sectors. Specific tasks that are planned to introduce in the Kraków Metropolitan Area are the following:

- Regional Centre for Sports and Education in Dobczyce
- Construction of Blocks of Flats within the PPP Framework
- Investor's Services Centre in Kraków, Centralna Street)
- Exhibition and Sports Hall at Czyżyny, Kraków
- Congress Centre in Kraków
- Construction of a Sports Hall, together with a Sports Centre for the Disabled
- Reconstruction and Adaptation of a Communal Building for Cultural Purposes
- Construction of Underground Car Parks in Kraków
- Construction of an Indoor Swimming Pool at Świątyniki Górne

b) **Good PPP Practice Competition**

One of the actions intended to support the PPP projects, carried out in co-operation with the Małopolska Agency for Regional Development, is the national competition organized by the Investment Support of the Good PPP Practice Competition for the Best PPP Project. The Competition gives an opportunity for public authorities to obtain specific support for their capital investments and promotes the winning projects during an international capital investment forum.

The purpose of the Competition is to prepare model projects in various areas. In 2009, the winner in the category of sports and recreation infrastructure was the municipality of Kraków for their Project called "Expansion of the Kolna Sports and Recreation Centre." The Project concerned upgrading of the Centre initiated in 2000 by the development of the following: white-water canoeing route, with technical facilities, and a sports hall and a swimming-pool hall, with expanded technical infrastructure and access roads. The Project carried out under PPP will be composed of the following components: furnishing of a modern hotel building, construction of sports fields with accompanying infrastructure, construction of tennis and squash halls, sports hall facility management, parking lot management, conducting promotional and marketing campaigns, project financing, and consulting and legal services (Source: "Good PPP Practice"¹, Summary of the Three Years of the Competition for the Best PPP Projects").

Private Involvement in Public Development on the City/Regional Scale

Revitalization projects are carried out in Kraków. Some of them are designed to be financially supported by PPP co-operation. The current Kraków Revitalization Document (a local revitalization programme) indicates that the areas of diverse central utility functions, such as the Old Town, the Kazimierz Borough (Old Jewish Quarter) and the surrounding communities, could be associated with funds subjected to particular quarters and used for the modernization of buildings and solving local problems regarding parking spaces. Such funds could be supported by loans and the property owners' resources.

Among the completed revitalization projects, one of the best examples of PPP implemented in the 1990's has been the former "Solvay" Soda Chemical Plant revitalization project. The respective activities were conducted on the land which was heavily degraded by industrial operations and pollution. A high level of self-financing revitalization activities was especially important in that project. The majority of the resources (68%) of the total amount allocated for land reclamation of the former "Solvay" Plant originated from the Małopolska Agency for Regional Development which managed the whole area revitalization. Other main sources of financing included the sale of real estates owned by the former company, the sale of scrap, leasing of land and buildings before final development, and the sale of services and process heat until the company's boiler house was closed. The receiver's income reached 20% of the whole revitalization project expenditure. The remaining funds were obtained from the Environmental Protection and Water Management Funds used for the reclamation of sedimentation reservoirs and the Zakrzówek Quarry. Besides its participation in the modernization of the local transportation system, the Commune of Kraków did not contribute any resources to the transformation process, although its support included streamlining of the issuance of Planning and Building Permits (Domański, 2000).

¹ <http://www.inves.pl/publikacja3lata.pdf>

References:

Domański B., 2000, Restrukturyzacja terenów przemysłowych w miastach, [w:] Rewitalizacja, Rehabilitacja, Restrukturyzacja, ed. by Ziobrowski Z. Ptaszycka Jackowska D., Rębowska A., Geissler, Kraków, Instytut Gospodarki Przestrzennej i Komunalnej Oddział w Krakowie.

2.7. Lille Metropole

1. Formal public private partnerships

France has a long tradition of public private arrangements in the delivery of services of general interest. This is particularly the case through the “concession model” in sectors like water supply. This tradition could partly explain the fact that unlike the UK for example, France has not developed innovative public private partnerships in the 1990s. Following the “decentralisation law” (1982) and the consecutive increase in local authorities responsibilities, some evolutions can be seen in the recent years leading to the development of more public private partnerships.

Today, and for what concerns local authorities, three main types of formal public private arrangements can be observed in France:

Delegation of public services to the private sector (délégation de service public)

For a fixed period, a local authority transfers to a private company the management and delivery of a specific service respecting precise legal conditions and according to detailed quality and price objectives. The remuneration of the private company is based on its operating profit; if necessary, a balanced budget can be guaranteed by a fixed operating grant from the local authority. The private company takes thus the financial risks of the operating under the control of the public authority, which is fixing the evaluation methods. In most cases, the local authority remains investor and owner of the infrastructure. Delegation of public services is set up for water supply, public transport, and waste management...

Example

In Lille Métropole, the management of public transport is delegated to **Transpole** (a subsidiary of Keolis, one of the major public transport operators in Europe). It is responsible for the management and the development of the transport network following the strategy developed by Lille Métropole Communauté urbaine (inter-communal authority).

Mixed Investment companies

The SEMs (sociétés d'économie mixte – mixed investment companies) are technical tools used by local authorities. They were created to enable exemption from rules governing public management. The local mixed investment company is defined as a legal entity under private law combining both public and private capital in order to manage an activity that is directly or indirectly related to the general interest. The local authorities (or inter communal bodies) must hold more than half of the issued capital –up to a limit of 80% - and of the votes in deliberative instruments of the company.

SEMs are in charges of service delivery, urban schemes, urban regeneration and major facilities development and/or management.

Example

SAEM Euralille is an urban development mixed investment company.

It was created in 1990 in order to lead the operational development of a new district (Euralille) on a 120 hectares site in the heart of the agglomeration between two railway stations, Lille Flandre and Lille Europe used by the HST. The aim was to erect a new centre combining accessibility, services and business by way of forms largely inspired by the “modern” movement (the “tertiary turbine” sought by Pierre Mauroy former Prime Minister and mayor of Lille).

The SAEM Euralille is composed of a team of planners who manage all the technical and legal components of the ZAC (zone d'aménagement concerté –urban development area) based on the French style operational urban development. The SAEM is in charge of following up the programme, marketing and promoting within the economic investors and property developers, transferring of building right, leading financial and administrative matters of the project.

The SAEM is composed of the public sector (54%) represented by Lille Métropole Communauté urbaine, several communes, Region, Departement, Chamber of Commerce and private sectors (46%) represented by SNCF, Caisse des depots et consignation and different banks.

Other examples of planning mixed investment companies:

SAEM ADEVIA: urban regeneration in the coal mining area

SAEM SORELI: urban regeneration in Lille and development of Euratechnology Park

SAEM de la Haute Borne: urban development of the Haute Borne Technopolis Park – Villeneuve d'Ascq

SAEM Ville Renouvelée: urban regeneration, development of the “Union site”-Roubaix, Tourcoing

Examples of SEMs, which manage public facilities:

The **SAEM Lille Grand Palais** is in charge of the Lille Grand Palais (congress centre) management and development.

The **SAEM Triselec** is in charge of waste management in Lille Métropole.

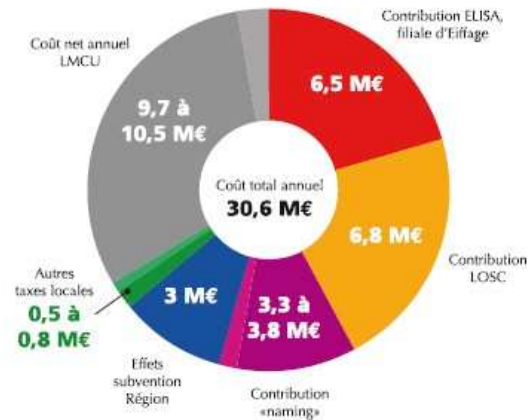
“Contrat de partenariat “(based on the British “Private finance Initiative” model)

Implemented by law in 2004 « the contrat de partenariat » allows public authorities to contract with private sector for the financing and management of major infrastructures. On the other hand, the private partner receives payment provided by public partners and/or users of the service. Therefore, the financial investment is shared between private and public sector.

Example

This type of contract is implemented to finance and manage the **Grand Stade**, currently under development.

The total investment is about 324 millions € financed by Elisa (Eiffage Lille Stadium Arena in charge of the construction and the management for 30 years of this infrastructure) through its equity (60 millions €) and bank loan and public subventions (National state, Region Nord Pas de Calais). At the end, Lille Métropole has to pay Elisa about 10 millions by year corresponding to precise commitments to be fulfilled by the manager. After 30 years, Lille Métropole will become full owner of the facility.



2. The role of the chambers of commerce and industry

Chambers of Commerce and Industry are specific partners for the economic development of a territory. They are public bodies that represent the interest of businesses, to promote local companies both nationally and internationally and deliver services to them.

Membership of the chamber of commerce and industry is compulsory for each company in the territory covered by the Chamber. A specific tax is paid by companies to fund the chamber of commerce and industry, which are governed by a council composed by business representatives and chaired by one of them.

They are also involved in different public private arrangements through shareholding in mixed investment companies, services delivery and public infrastructures management (airports, ports, industrial and economic development zones...) but also training centres and high schools management.

Example: management of the Lille Lesquin Airport

The decentralisation law of 2005 has allowed to transfer the property of the airport from the national state to the Region and Lille Métropole. They have decided to delegate the management to a private company. The Sogarel which brings together The Chamber of Commerce and Industry Grand Lille (61%), Veolia Transport (34%) and Sanef (5%) was chosen.

Example: SupInfocom Group, a high school of the Valenciennes CCI.

The SupInfocom Group is an entity comprising several institutes of digital creation, federated by the Chamber of Commerce and Industry of Valenciennes. These include:

- SupInfocom which trains high-level computer graphic artists and digital directors
- SupInfogame which trains professionals, to ensure them a fast integration in the video game industry (game designer, project manager, graphic designer...)
- ISD (Institut Supérieur du Design) which offers courses with specialisation in Product Design, Transportation Design and Digital Design through a 5 year programme

The world renowned group has currently three campuses; two are in France (Valenciennes, Arles) and one in India.

A recent law (2009) requires CCI to gather together in order to reach a certain critical mass and to share services with the Regional Chamber of Commerce and Industry. At the Lille metropolitan scale, there are now 3 chambers of commerce. The mismatch between the CCI perimeters and the institutional perimeter of inter-municipal bodies (and thus the Lille metropolitan area) involves difficulties for the promotion and the recognition of the territory.

3. Competitiveness clusters

In the European context of support for competitiveness, a national strategy for competitiveness clusters was launched by the French government, via the DATAR (Prime Minister Agency for Regional Development) which brings together a broad range of companies, and research centres, with support from the public sector and each focused on a specific technology field.

It is an original support for partnership initiatives between companies and institutions to built concrete links between regional development and planning policies. Each competitiveness cluster is led by an independent structure gathering the involved partners (companies, Universities, public and private research centres, multi-level training organisations) and supported by local and regional authorities.

Today, five competitiveness clusters have been selected within the Lille metropolitan area and reflect the specificities of the territory.

- "Up-tex" (innovative textiles)
- "Nutrition Health and Longevity" (health medicine, food and biotechnology).
- "Distributic" mass retailing and e-services
- "MAUD" (new applications between foods, chemistry and materials)
- "I-Trans" (transport system)

It can also be noticed the involvement of local and regional authorities to support specific innovative "niches" led by independent structures as development agencies.

Example:

Digiport is a development agency located in the Euratechnology Park. It is in charge of development of information and telecommunication technologies and e-business. It helps companies and local authorities to integrate new technology in their projects. It is also an incubator for new projects and helps companies to integrate Euratechnology Park

Cd2e

cd2e's mission is to favour the creation and development of activities in the environmental sector. Cd2e develops its actions on the basis of the partnership with different actors of regional development and all the organisations involved in the creation and development of businesses. It helps companies in their development projects (feasibility, design, and creation) and provides personalised expertises. It promotes regional know-how internationally, ensures economic intelligence on the sector, increases the transfer of cutting-edge technologies and favours the creation of public private partners (support for innovative programmes such as the creation of manufacturing chains for eco-materials or the creation of eco-materials database...)

4. Specific initiatives

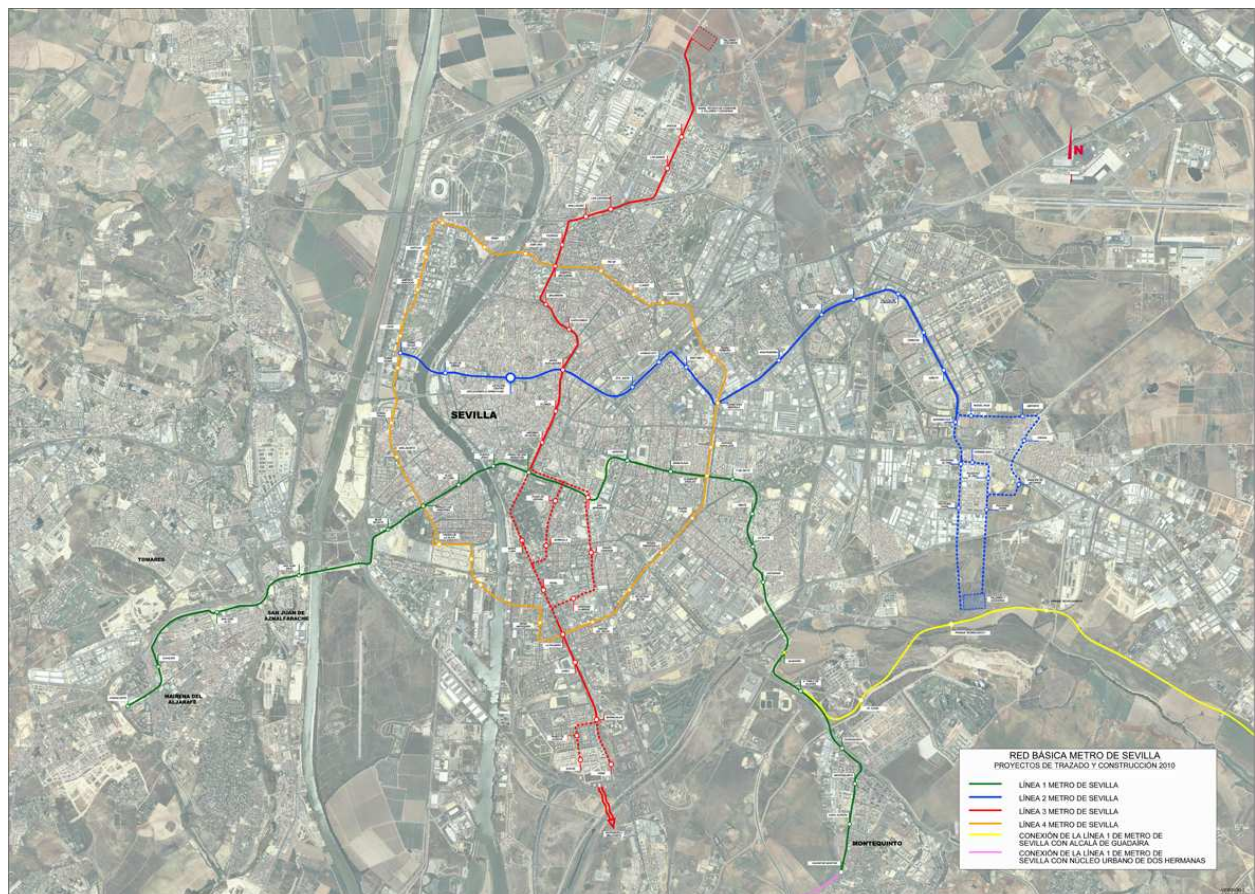
The “Comité Grand Lille” is an informal body created in 1993, which brings together some 700 business and industrial leaders, academics, artists, NGO representatives and politicians from the Lille Metropolitan area. The idea is to provide civic and business leaders with an opportunity to commonly develop strategic thinking about the future of the city region. Within the committee are discussed and promoted possible actions to improve the Greater Lille image and position as a major European centre – actions take place in such fields as culture, tourism, education entrepreneurship and international partnerships. One of the committee’s first actions was to put forward the successful bid for Lille to be the official French candidate city for the 2004 Olympics. It was also supported “Lille 2004, European Capital of Culture”.

2.8. Seville

PPP: learning from the Metro de Sevilla case

The regional government of Andalusia (Junta de Andalucía) carries out an active public transport policy in the metropolitan area of Seville, towards the establishment of a sustainable mobility system. The plan for the building of a subway network, which was adopted in May 2002 by the Junta, is a central element of this policy.

As a first step towards the completion of the 4-line network, the Line 1 was inaugurated in 2009.



The projected Seville subway network

Source: <http://www.metrodesevilla.org>

Line 1 establishes a direct link between the capital and two key areas of the metropolitan area: the Aljarafe (west) and the municipality of Dos Hermanas (south-east). Line 2 will follow an East / North-west axis, connecting several Seville districts, while Line 3 will cross the capital from North to South. Line 4 is a project of circular line inside Seville.

The Line 1 project, which was funded by the Junta de Andalucía with the participation of the municipalities of Seville, Dos Hermanas, San Juan de Aznalfarache and Mairena del Aljarafe and the Central government, was developed in a public-private partnership framework. The design, building and operation of Line 1 were allotted through a 35-year administrative

concession to Metro de Sevilla, a consortium of five companies (Dragados, Sacyr, GEA 21, CAF and Tussam).

This first experience has however brought difficulties, which has led the partnership to reconsider its options for the development of the rest of the subway network. Currently, the system of administrative concession is likely to be left aside for the building and operation of Lines 2, 3 and 4.

Critics have focused on the insufficient public control over the company's activities, although the concession agreement did include provisions about the supervision and the inspection of Line 1. Such a lack of control allegedly failed to prevent delays and unexpected difficulties.

As a first consequence, the Junta de Andalucía decided to acquire 25% of Metro de Sevilla's shares in order to control the management of the company and make sure everything was done to respect the programmed schedule. This shift in the regional government's position responded to claims from the opposition groups, who had demanded greater control from the start of the Line 1 project.

From the regional government's point of view, public-private partnerships remain a valid model for large infrastructures and are still an option to the rest of works to be achieved to complete the subway network. However, due to the experience of Line 1, it is still unclear which system will be used. In Cataluña for instance, the regional public administration usually opts for a private involvement limited to the operation stage and keeps total control of the building process. Meanwhile, the new legal framework for regional public-policy making makes it possible for private capital to participate in such projects. This allows public authorities to "share the burden" of heavy investments, a relief particularly relevant in the current time of public deficits, even though periods of economic crisis are not favourable to private heavy investments.

Obviously, this general context and its impact on the availability of funds pose a serious challenge to the programming of the projects of Lines 2, 3 and 4, whose plots, including alternative routes, are currently in the public presentation process after two years of elaboration.

3. SYNTHESIS OF THE THEME

“GOVERNANCE – PUBLIC / PRIVATE ARRANGEMENTS AT CITY REGION LEVEL”

In its investigations, the Working Group did not concentrate on public-private partnership (PPP) as such, but rather focused on the role the private sector can play in metropolitan governance, or the management-side of private mechanisms for public purposes at city-region levels. However, in order to be more specific, we should start by differentiating between the various meanings of PPP arrangements in public management.

Partnership can be a framework and / or a method for service delivery at different government levels. New Public Management focused very much on business involvement in service provision. At the beginning, cost saving was the key motivation, or ethos of this choice of policy options. In the French system, the delegation of public services has a long tradition of sui generis development, however in a similar direction. Specific forms of public-private contracts, such as concession agreements and others (especially “affermage”, “régie intéressée”, “gérance”) have been working since the 19th century. These public administrative instruments have played a very important role in the French regime to raise awareness of the importance of economies of size, and quality standards in the provision of particular services. It may also be a key element these days in a wider European context, i. e. to find the spatial relevance of any economic involvement in fulfilling, social functions or getting benefits from a higher level of urban-based service provision.

Another aspect is based more on traditional Public-Private Partnerships, which are firmly entrenched as delivery mechanisms for infrastructure projects across many sectors in a number of European countries. Properly structured, PPPs are to deliver value for money to the public sector, acceleration of government investment programmes and a genuine transfer of risk to the party best able to manage it. In its meaning, PPPs are mainly private finance initiatives. Effective management, particularly during the construction phase, can generate significant cost savings. Till now, there is quite a lot of experience in PPP methods to be adapted for particular needs of a variety of different sectors, including transport, health, education, waste management, social housing, and even the supply of some local authority functions. PPP is often not only a method but a form of long-term, strategic concept and partnership. It may be implemented either in development or reconstruction projects. The latter are crucial in depressed areas or for revitalizing particular industrial zones and linked urban functions. More recent forms of PPP include alliance partnerships, non-profit distributing models and various “risk-minimising” structures. From the current credit crisis and the related reduction in the availability of funding for projects might result further innovation in PPP structures.

Private and voluntary sectors can also be involved in conducting public tasks in a ‘functional’ way. This means informal methods of problem-solving that enhance local democratic institutions, but avoid typical issues of constitutional legitimacy generated through general elections. Different new forums for citizen representation have been established, especially at city-region levels. Territorial organisations of chambers of commerce and, other bodies of private or non-governmental stakeholders are quite typical. The city-regional level seems to be appropriate to emphasise flexible needs of the global or / and Euro-regional economy.

In some countries, France and Italy in particular, there is also linkage of different sectors where chambers, especially of commerce (there are also Chambers of crafts and Chambers

of agriculture) are legally established public bodies representing the private sector. Membership is compulsory for all businesses because they are obliged to pay membership fees (a sort of 'tax') to the Chambers.

1/ Lessons learned from the case of Kraków

A main lesson learned is that PPP is a sequencing process rather than a category of (high) quality as such. It is clear that quite strong counter-interests are working beside formal institutions. In the case of Krakow and its area, a lot of efforts have been made to face risks and avoid fallacies. As a result many good practical examples prove the existence of opportunities for involving and mobilising business activities. Particular factors could be systematised in the following way.

1.1. The role of formal basics

National regulation was established in two phases in Poland. The first law passed in 2005 focused on forms of cooperation between the public and private sectors. This regulation directly followed the PPP initiative of the European Commission. The Polish law was important from the point of view of harmonisation because it defined different provisions of contracts; however, it was not implemented because of the missing details from the legal environment. Subsequently, mistakes were corrected and a new regulation was approved and started to work from the beginning of 2009. The legal and social background needs to be defined for any efficient realization of linkages between public and private sectors in the context of a market economy.

1.2. Incentives for PPP

Malopolska Agency for Regional Development

In the case of Krakow and its city area, the regional level is an engine to promote private investments for the fulfilment of public tasks. An agency for regional development is maintained by the regional self-government: the Malopolska Agency for Regional Development. The Agency initiates and supports the implementation of different PPP projects in the Krakow Metropolitan Area. This type of project is represented especially by the following development activities: projected construction of congress centres, sport halls, blocks of flats, an underground car park, a swimming pool, etc.

Work in Progress

There are quite significant steps to take in order to clarify conditions of PPP projects. However, there might be threat of crucial counter-interests like: corruption, waste of money. One of the most important aims is that frameworks for competition for procurements and contracts should be clear, transparent and obviously public. In addition, there is a strong motivation on the part of the public authorities to reach a constant win-win partnership through learning by a step-by-step process. In order to guarantee this progress, stakeholders should be brought together: an interesting instrument for this is a centre for PPP training. Another important issue is that PPP projects should be supervised by the public budgetary process, in spite of the partial or total private financing. This is very important from the point of view of transparency.

Role of capabilities

PPP investments need relevant capabilities. The Malopolska Region has about 3 million inhabitants. The Kraków area is attractive enough, for instance because of the 200 thousand

students, a source of specific demands. There are informal efforts to develop different types of cooperation between Kraków and 52 surrounding municipalities. Nevertheless it also seems that the existing district (voivodship) level is not very interested in this process. Otherwise, this progress in its formal expression still depends on national legislation establishing metropolitan areas as such.

2/ Similarities and differences between partner cities

One should first make the difference between quite different types of involvement of the private sector in the governance of city-regions/metropolitan areas:

2.1.

There are more or less formal bodies that associate public and private partners. They are generally created in order to advise or influence the policy-making at metropolitan level. These bodies also play often an important role in the promotion of the city-region, inside and outside, among politicians and the wider public.

2.2.

There are proper PPPs and other forms of private sector direct interventions in the fulfilment of public tasks, with different forms of governance in their management at city-region levels in partner cities.

The main characteristics that may be focused on:

- development agencies as public clients
- legal regulatory background in the field of contracts, companies, etc.
- good examples as possible models to be followed

2.3.

In addition, there are also other forms of semi-public / semi-private organisations acting at metropolitan level:

- private sector organisations created by the public sector in order to facilitate cooperation or other tasks
- the specific case of French and Italian Chambers of commerce, that are public authorities representing the private sector,.

2.4.

And should be also mentioned fully public organisations whose role is to foster the involvement of the private sector.

2.1. Advisory / promotion bodies

2.1.1. Formal co-operations

Conseil de Développement in Lille métropole

The Conseil de Développement is a statutory body to favour consultation and citizens' participation. It is composed of delegated representatives of civil society (associations, trade unions, business etc.) and personalities from Lille Métropole, but also from the neighbouring international areas. The Conseil promotes specific development projects in such fields as culture, employment, the housing market, etc.

At the city region level, eight other councils are working in the different agglomerations around Lille. They work together to promote specific development projects, but have only an advisory role to local authorities.

2.1.2. Initiatives coming from the private sector

There are different Boards based on private or non-governmental interests to foster cooperation in the delivery of specific public tasks, especially future development programmes.

Brnopolis

Brnopolis is an open Brno community of people in creative professions, and interested in international city development. The non-profit apolitical initiative invites and exchange opinions and experience through this moderated weblog, as well as face-to-face informal meetings held through the Open Coffee Club, which meets in over 80 cities around the world.

Committee of Grand Lille

The Committee of Grand Lille is an informal association of civil society members, mainly consisting of entrepreneurs, but with the participation of academics, politicians, artists, civil servants, etc.

The activities of this organisation aim, for instance, at applying for the hosting of the Olympic Games or to be European City of Culture. This is a type of non-institution in itself.

Business Route for Metropolitan Brussels

The Brussels Metropolitan Business Route is an initiative from the business sector. With the wish to cope with the Brussels internationalisation, the business sector from the three regions decided together to propose their vision for the future of the city region in a document named "the Business Route for Metropolitan Brussels".

This Business Route for Metropolitan Brussels was promoted by the three organisations representing the business sector of the 3 regions: BECI for Brussels-Capital Region, VOKA for Flanders Region, and UWE f for Wallonia Region with the support and cooperation of the FEB, the National organisation representing the enterprises in Belgium.

2.2. PPPs and private sector interventions

2.2.1. Development agencies promoting linkages among different sectors

There are different bodies and organisations that manage public and private co-operation in development projects for their cities. Among others, a selected format is the agency structures found in Lille Métropole, Brussels Capital Region and, as mentioned before, Krakow.

APIM

The "Agence pour la Promotion Internationale de Lille Métropole" is an association (NGO - Law 1901) created in 1985 jointly by the Lille Metropole Chamber of Commerce and Industry and by Lille Metropole Communaute urbaine. Its missions are:

- to foster the development of Lille Metropole and to promote its image, both nationally and internationally
- to canvass for new businesses in France and abroad and to help investors to develop their projects

Brussels Enterprise Agency

Furthermore, in the Brussels Capital Region, there is there is a Regional Public Body called the Brussels Enterprise Agency, which supports entrepreneurs by helping them to find the most suitable partners or formal institutions to consolidate their projects. These types of activities are done by Chambers of Commerce at regional levels in other partner cities or city regions.

2.2.2. Legal background

a) PPP is based on contracts deeply influenced by different historical legal traditions. Some fall under civil law, especially private and company law. Build-Operate-Transfer (BOT), Design-Build-Maintain-Operate-Finance (DBMOF) and other combinations of complex activities make it possible to involve private investors, companies, service providers in public functions while preserving the responsibility of local governments. This Anglo-Saxon tradition is followed by the Eindhoven City Region. Lille has started to experiment it for the building of its new stadium.

b) The other model is based on the French tradition. In our group, this public law solution may be represented especially by Lille and Florence and, to some extent, Brussels.

As far as the French origin is concerned, the Communauté Urbaine is the basic public player as a formal subject of public law. In the framework of the traditional “delegation of public services”, there are examples of concession agreements in public transport (operation of the whole network: metro, trams, buses ...), water supply, waste disposal and the private management of public functions (management of the airport).

The next group of legal solutions is that of semi-public or semi-private (mixed) companies, in which private and public stakes are divided. Crucial developments, construction projects and urban development projects (see Euralille) are operated by joint companies in this way (especially for investing in conference and exhibition centres). The management is private, while control can be public by a 51 % of stakeholding, for instance (legally a minimum in the French case). This allows local authorities to take part in project developed in other parts of the metropolitan area (as for instance Delta3 in the Lille case). Also, a traditional way of maintaining private management of public services is to manage public services under this legal construction. This type of model works for example in water supplement, solid waste collection and disposal, and in other fields of infrastructural public services at local and regional levels.

c) Krakow and Brno: like other representatives of transition countries in Europe, these cities started to follow combined models but gradually built up solutions based on publicly defined private contracts. European regulations keep the right of selection in the hands of national governments.

2.2.3. Some examples

In most of the cases, Local Support Groups such as public bodies are considered as of city-regional public-private contacts between stakeholders and other public clients. Firenze Futura seems to be this type of forum and the technical committee of the Lille Metropolitan Area is a similar public one.

At the same time, some initiatives may be presented as good frameworks for PPP projects, such as Brnopolis (Brno), a good example of a creative approach to international city development based on cooperation with NGOs; “Business Route for Metropolitan Brussels”

(Brussels-Capital Region); development of the tramway system and operation of the airport (Florence), revitalization of Kazimierz Borough, the Old Jewish Quarter (Kraków), “Solvay” Soda Chemical Plant revitalization project (Kraków), activity of Vankovka Civic Association for a similar purpose (Brno), i.e. the construction of highways and recreation grounds (see Eindhoven City Region).

2.3. Other types of semi-public, semi-private organisations

2.3.1. Delegated organizations for promoting cooperation

There are delegated bodies with a “general competence” to promote co-operation among public, private and voluntary actors on a territorial basis. On the other hand, quite a lot of Boards are working in favour of co-operation with particular motivations and / or for particular purposes.

General delegated bodies

The Lille Metropolitan Area (Aire Métropolitaine de Lille) works as a formal French association. It is a non profit organisation that brings together only public sector partners in order to represent and manage the co-operation process in the broader city-region. At the same time, another format of such cooperation is a European structure such as the Eurometropole Lille Kortrijk Tournai based on proportional representation of the involved cross-border parties, but this is a full-fledged public sector body (EGTC).

ADT

An Urban Development Agency (ADT) has been created in 2008 in Brussels in order to coordinate the development of the projects in the 10 poles indicated in the International Development Plan. Moreover this Agency is also implementing an urban marketing project to foster the image and attractiveness of a specific zone along the Canal. ADT is a formal Belgian law association, whose members are all public authorities

Agence de développement et d’urbanisme

In Lille is quite a similar structure, a formal French association (legally a private body) whose members are mostly public: Lille metropole communauté urbaine, National government, Region, etc. Some private sector organisations are also members: Chamber of commerce, chamber of agriculture, Medef (Union of businesses). The Agence is in charge of coordinating the metropolitan cooperation process together with Mission Bassin Minier, another similar association created in 2000 by the National government and Region Nord-Pas de Calais.

2.3.2. Chambers of Commerce

Also in the Lille metropolitan area, the role of the Chamber of Commerce is crucial in representing business interests in city-regional development: according to French law, it is a public body that conducts some public tasks and delivers services crucial to the business sector - but which can also serve the general public – such as sea/river ports and airports. The Florence Chamber of commerce is very similar.

2.4. Public organisations fostering the involvement of the private sector

Société de Développement Régional de Bruxelles - Brussels Regional Development Agency

The BRDA’s urban regeneration mission consists of producing housing units for middle-class inhabitants in districts lacking residential construction with the goal of keeping inhabitants in the Region or bringing them back to it. At the beginning, the production of housing was totally financed by the Region but soon it appeared that the public authorities

were not able to afford it alone. The BRDA was asked by the Regional government to develop projects in partnerships with the private sector. Until 2007 the BRDA was the owner of the land. It cleaned up the ground and called for candidates. It selected the best project and created a semi-public and semi-private company (Société d'Economie Mixte) to implement the project. A convention on the feasibility and implementation of the project was signed and a description of the accommodation was made. The BRDA subsidised up to 30 % of the project. The advantage of this PPP was, according to the BRDA, the flexibility with procurement procedures, but in 2007, the Court of Justice of the European Communities in a judgement declared that such semi-public, semi-private (mixed) companies had to comply with the procurement procedure rules, like private ones.



“Governance - public / private arrangements at city region level”

KRAKOW – seminar Working Document

12, 13 & 14 October 2009

PART 2

1. PROGRAMME

Sunday October 11th 2009

For the partners already arrived in Kraków

17.00 Excursion – City centre and Kazimierz (Jewish quarter)
19.00 Dinner

Monday October 12th 2009

12.30 Meeting at the hotel lobby
13.00 / 14.00 Lunch

14.30 Start of the seminar
Venue: conference room, hotel Campanille,
- Welcome by the director of the Institute of Urban Development
- Introduction & presentation of the programme (Lead Partner + Lead Expert)
- Management of working group (Lead Partner)
- Work session dedicated to conclusions of the Brno seminar (Lead Expert)

16.30 /17.00 Coffee break

17.00 / 19.00 Working session on Local Action Plan / Local Support Group -
presentation of each partner (Partners + Lead Partner + Lead Expert)

20.30 Dinner

Tuesday October 13th 2009

9.00 Meeting at the hotel lobby
9.30 / 12.30 working session - Governance - public / private arrangements at city
region level
Presentation Lille – Brussels - Discussion
Venue: Krakow, Institute of Urban Development – conference room

11.00 / 11.30 coffee break

13.00 / 14.00 Trip to Niepołomice On the way to Niepolomice: short study tour in
Nowa Huta district, PPP in renewal of Nowa Huta
Venue: Łazienka Nowa (tbc)

14.15-15.15 - Lunch

15.30 / 18.00 Meeting in Niepolomice with Mayor and representatives of local
municipality –involvement of the private sector in cooperation with
local municipalities
Venue: Niepołomice – conference room in Niepolomice castle

20.00 Dinner

Wednesday October 14th 2009

- 8.30 Meeting at the hotel lobby
- 9.00 / 11.00 Meeting with the Local Support Group
Venue: conference room – Dietla room - city council in Krakow, Plac Wszystkich Świętych
- 12.00 / 13.00 lunch
- 13.30 / 16.00 Joining Forces meeting
Venue: conference room hotel Campanille
- Conclusion and evaluation of the Krakow seminar
 - General conclusions
 - Preparation of the next Seminar in Burgas
 - Communication
- 16.00 End of the seminar



2. ORGANISATION & VISITS

The Krakow meeting aims at discussing the topic of the governance public private arrangements at city region level and at involving the Krakow's Local Support Group in the Joining Forces debate.

In the first session of the meeting (Oct 12th from 13.30 to 18), after a welcome speech by the Jerzy Adamski director of the Institute of Urban Development, Joining Forces partners had been introduced to the achievements of the Institute in particular within the EU projects. After that, the session had been restricted to the partnership. The lead partner informed about the program. Lead expert presented summary and conclusions of the Brno seminar, work that should be done in the next phases, and proposition of scope in the Local Action Plan. Then each partner held short presentation about Local Support Group and Local Action Plan in their cities. During discussions, there were put some of the proposals how Local Action Plans could be used in effective way, for example the outputs should be spread among urban managers, or could be presented during seminars such as *open café*.

Day 2 was dedicated strictly to the topic - Governance - public / private arrangements at city region level. Working session started with the presentation held by Mr. Dawid Jarosz from Małopolska Regional Development Agency. He presented Public-Private Partnership Offers from Małopolska Region. There were also held 2 other presentations of public private arrangements in the Brussels city region and Lille Metropole. The afternoon session had been dedicated to the presentations of the study tour in Nowa Huta and Niepolomice.

Day 3 concentrated on the meeting partners of the project with Local Support Group. Seminar ended with the a session of the project partners to debate over the conclusions of issues of the seminar, to evaluate the seminar, to prepare the next steps in Joining Forces seminar in Burgas and make an appointments (to the next meetings in Brussels and Lille).

VISITS

Study tour took place during 2nd day of the seminar: visit in Nowa Huta district - PPP in renewal of Nowa Huta

Presentation of "Laznia Nowa off theatre" as an example of the cultural private arrangement in the renewal of the Nowa Huta district.

During study tour in Nowa Huta Mr. Karol Janas presented history and the social change that took place in this district during transformation. Group visited Centre of Nowa Huta and Entrance of the Steel Plant.

Second part of study tour concentrated on small town Niepolomice, located in the Krakow Metropolitan Area. Mr. Adam Twardowski form Niepolomice municipality, presented the Niepolomice Commune, main direction of development within the context of spatial planning in the municipality. There was also discussion of the project partners with Mayor of Niepolomice Mr Stanislaw Kracik about the involvement of the private sector in cooperation with local municipalities.



3. MEETING WITH LOCAL SUPPORT GROUP

PARTICIPANTS

Family name	First name	
Joining Forces Partners		
HORVATH	Tamas	Lead Expert
MIHAILOVA	Stilyana	Burgas
TODOROVA	Vasilka	Burgas
ZEZULKOVA	Marie	Brno
RYBAR	Jakub	Brno
BRACQUART	Anne Sophie	Brussels
CORBALAN	Alfredo	Brussels
MERTENS	Harm	Eindhoven
OOSTING	Ab	Eindhoven
BARBIERI	Alessandra	Florence
GHERARDINI	Alberto	Florence
GORCZYCA	Katarzyna	Krakow - IRM
KORZENIAK	Grazyna	Krakow - IRM
VARGAS	Aldo	Krakow - IRM
BAERT	Thierry	Lille Metropole
HERNANDEZ	Enrique	Seville
LSG Members		
JERZY	Czajer	The Marshal Office of the Malopolska Region
EWA	Podchalańska	The Marshal Office of the Malopolska Region
BORYCZKO	Alicja	The Marshal Office of the Malopolska Region
FOŁTYN	Łukasz	The Marshal Office of the Malopolska Region
ZABORSKI	Bartosz	The Marshal Office of the Malopolska Region
ŻAK	Marta	Krakow City Council
OSTROWSKI	Tomasz	Krakow City Council
TWARDOWSKI	Adam	Niepołomice City Council
KRZYSZTOF	Kodura	Krakow City Council



MEETING WITH LOCAL SUPPORT GROUP

The meeting with Krakow Local Support Group took place in the Krakow municipality. The participants were Joining Forces partners, as well as members of Local Support Group from the Marshal Office of the Malopolska Region, Krakow City Council, and Niepotomice City Council.

PRESENTATIONS

The seminar started with some presentation of Polish experiences by members of Krakow Local Support Group.

- Mr. Lukasz Foltyn, from the Marshal Office of the Malopolska Region concerning PPP projects. During presentation and discussion the following subjects were mentioned:
 - Difficult and complex regulations, limited number of projects.
 - There are some PPP projects in progress, but there is no central institution that regulates it,
 - The knowledge about PPP is still insufficient, although the subject exists in the media and there are strong expectations for them.

- Gdansk/water,

- Krakow / street lights, Build Operate Transfer system on road building.

DISCUSSION

Some issues were discussed:

- There exists also Hybrid PPP: Public resources / EU funds / private resources.

- In France, there are lots of concession scheme in PPP. Also Joint-venture (normal way to develop Urban Schemes). The thinking is about leading role of the public sector side. Whereas in UK it's the private sector.

- The discussion concerned the scope of the Metropolitan Areas, in particular Krakow Metropolitan Area.

Some questions were raised during the seminar?:

- Managing Authority in Poland will have a legal political representation?
It is not defined, yet. We are still waiting for the Act o MA.
It is also too early about involvement of the private sector funds in the development of MA. Of course there is cooperation between big cities (Krakow) and the neighbouring communes.

- How the Krakow Metropolitan Area was defined?
Krakow Metropolitan Area was defined mainly by commuting to Krakow, but this creates a group of communities that is far too big (although the communes were willing to adhere). Smaller is morphological (built-up area).
There should a double level system of defining the MA. One would be morphological (smaller), the other a larger one with contacts.
The answer to the problem of bigger / smaller body of agglomeration would be a more flexible model of governance.

A strong Government for direct built-up area and more flexible arrangements for functional area.

CONCLUSIONS OF MEETING

- Budgetary Links, in order to implement better PPP.

Second group: policies with PPP

- Decision making,
- Risk of corruption and avoiding them

Third group – metropolitan areas:

- Different traditions/models of defining metropolitan in different countries
- Specific way of following the patterns in post –communist countries
- Establishing instruments in the metropolitan area.





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B | R | N | O



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NO SDO
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