



07

THINK PAPERS COLLECTION / 07

Public-Private Partnerships for Cultural Heritage: Opportunities, Challenges, Future Steps

This Think Paper addresses the theme of Public-Private Partnerships (PPP) and raises questions about the validity of these partnerships for public administrations, the private sector and citizens. When the requirements of these parties are well served, then we can expect PPP to become an accelerator for the investments in the cultural heritage sector.

This Think Paper provides an overview of what PPP is, with a special focus on PPP and cultural heritage, discussing opportunities and advantages, identifying some challenges, and proposing a set of future steps to gain more benefits from PPP.

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This Think Paper is one of a collection of Think Papers issued by RICHES in order to stimulate further debate on the issues arising from the research.

Research undertaken by the RICHES project covers a range of subject areas including digital libraries, virtual performance, crafts, fashion, technologies and spaces.

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Public-Private Partnership: A Definition



Interested parties have developed a number of different definitions of PPP over the years. A chronological list is given below in order of publication:

- 2003: PPP is a “cooperation between the public and private sectors for the development and operation of infrastructure for a wide range of economic activities.” - European Commission, March 2003
- 2008: “By PPPs we mean any partnership between a private-sector corporation and a public-sector body, through which the parties contribute different assets to a project and achieve complementary objectives.” - i2010 European Digital Libraries Initiative, May 2008
- 2010: PPP is a “contractual agreement between a public agency (federal, state or local) and a private sector entity. Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the service and/or facility.” - National Council (of America) for PPP, 2010

The first definition by European Commission was general and wide; the European Digital Libraries Initiative attempted to be more specific; while in 2010 the National Council of America for PPP proffered a more comprehensive definition that includes the following three key aspects:

- the presence of public bodies and private entities;
- sharing of skills and assets, risks and rewards;
- benefit for citizens.

Focusing on these key aspects, PPP widens from being a financing tool for infrastructure projects, to include all those actions, initiatives and projects, which are focused on the sharing of three core “Rs”: Resources, Responsibilities, and Risks.

Citizen Engagement and Participatory Governance

PPP tends to be more accepted and understood by the general public, compared to the concept of “privatisation”. Privatisation refers to sharing or selling public assets to private companies interested in making a profit, often raising concerns among the public because it implies a loss of ownership over public goods. PPP is instead a “partnership”, generally limited to a specific project, and one that the general public regards as a ‘safer’ engagement for the public sector.

Another element of difficulty is the lack of trust in politicians, and therefore in the public administration which is under political control. This is an unfortunate situation often faced in contemporary democracies, and can produce a negative influence on citizens’ willingness to participate in the design and governance of PPP initiatives. It is worth considering that the private sector in a PPP can be represented by not-for-profit organisations (e.g. associations), which re-invest their income for the realisation of their statutory goals and not just for sharing profits among shareholders. In this light, citizens can be represented in the PPP through the associations that they participate in.

In addition to a partnership with a not-for-profit organisation, the involvement of citizens as individuals is important in the definition of priorities for and directions of PPP, especially in cultural heritage projects. This is the case, for example, with decisions around the re-use of historical buildings and other cultural sites, which could have an impact on daily life of people in the cities. If this involvement is absent, decisions may be perceived as ‘top-down’, not be well received by the public and result in waste of resources and a duplication of effort.

Involving the general public can be a resource in terms of creativity and innovative ideas. Digital marketing and dynamic social media can support citizen engagement.



PPP for Cultural Heritage

PPP has been adopted in the field of cultural heritage mostly for:

- digitisation, online access and digital preservation;
- conservation of immovable heritage;
- managing cultural services.

The case of EU funded projects also represents a form of PPP for cultural heritage. A consortium of public and private partners is established to implement a collaborative project, which can be the starting point for partnerships lasting for several years after the end of the EU funding period. As with any other PPP, the participation of citizens (users) is important to get results that better fit with their requirements. Furthermore, EU projects are important for supporting the implementation of EU policies for cultural heritage, social cohesion and European identity.

Opportunities and Advantages

For the private party, even if financial return is a strong driver, this is not the only motivation for joining a PPP. In a PPP, the return on investment can come from an increase in brand reputation, internationalisation of a company's activities, help with entering new markets, and developing new collaborations and gaining new expertise.

For the public party, joining forces with private companies can help to develop further project management and business skills of civil servants. The public sector can learn from the private sector its attitude to motivation, creativity, dynamism and problem-solving, combined with greater attention to market and customer needs. While public administrations are increasingly proactive in reaching out to the public, they can benefit strongly from the expertise of the private entity.

Some Challenges

Because of the differences between public and private parties, designing the right contract for a PPP is challenging. As with any contract, the terms of the PPP agreement need to be precise and clear to avoid misunderstandings, while at the same time leaving some degree of flexibility to allow refocusing of the project and resilience of the solutions in the case of unexpected external changes.

Another challenge in the execution of PPP are the management skills of the appointed personnel: while the private sector is able to manage complex and dynamic projects, people in the public sector tend to follow pre-defined procedures. These differences can cause friction and jeopardise the success of the initiative. A thorough understanding of intellectual property rights, copyright clearing, and licensing are of particular importance for PPP in cultural heritage. Having an open mind towards re-use of cultural heritage for commercial ventures and fully respecting national and European legislation are two facets of a complex problem¹.

Suggested Options for Successful PPP Strategies for Cultural Heritage

- **TRUST BUILDING.** This could take place via public encounters, online communication and social networks. Representatives of the public administrations need to explain

1. We refer for this matter to the RICHES Think Paper entitled "Copyright and Cultural Heritage: Developing a Vision for the Future"

the benefit of the PPP to the community along with the representatives of the private sector. The communication should be bi-directional, allowing citizens to converse with both the public and the private parties, and to express their opinions.

- **PARTICIPATION.** Citizens' participation and engagement should be encouraged alongside the implementation of the PPP. The overarching principle is that the public sector is comprised of two parts: the public administration and the citizens, who are the ultimate stakeholders in the public goods. Looked at this way, the private sector should feel responsible towards both the public administration that signed the PPP agreement and the local community that is affected by the results of the PPP project.
- **TRAINING.** The pace of work in a public administration is often less dynamic than in private companies. It is therefore helpful to support and motivate civil servants regarding the need for defining objectives, achieving targets, monitoring outcomes and using problem-solving approaches. Also, moving from being a guardian of tangible cultural heritage to becoming a promoter of digital cultural heritage is a key factor.
- **SIMPLIFICATION.** Simplifying administrative procedures is a constant challenge when dealing with the public sector, which becomes more of a priority when planning the implementation of a PPP. A balance is needed between serious monitoring and seamless implementation of procedures. Offering tutorials and helpdesk services can help the participants to orientate through regulations.

*“Bringing cultural heritage and people together in a changing Europe
and finding new ways of engaging with heritage in a digital world”*

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This project has received funding from the European Union's
Seventh Framework Programme for research, technological
development and demonstration under grant agreement n° 612789