



# **RICHERS**

RENEWAL, INNOVATION AND CHANGE:  
HERITAGE AND EUROPEAN SOCIETY



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## **D7.3 Public-Private-Partnership Guidelines for CH**

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**- Subject to final approval -**

### **Statement of originality:**

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## EXECUTIVE SUMMARY

This deliverable presents the outcomes of the RICHES task on PPP, Public-Private Partnership, based on a mixture of desk research, analysis of case studies and feedback from the partners.

The deliverable introduces PPP and identifies working models and the actors involved, as well as the respective benefits and challenges of such a partnership. In general terms, a PPP is a project where public and private parties share resources, responsibilities and risks. The most notable aspect for this kind of collaboration to be successful, when public interest is at stake, is that - irrespectively of the form of implementation - PPP cannot disregard the role of the citizens involved either as individuals or via NGO (Non-Government Organisations) and associations, in the decision-making processes.

The document considers PPP for cultural heritage, identifying the main fields of implementation, and explaining why EU projects should not only be considered examples of PPP, but also used as a “training ground” to develop collaborations across different sectors and disciplines.

Despite the good will of Public Administration (PA), the top-down push for a greater use of PPP for public investments encounters critical issues that limit its applicability in practice. Of course, corrective measures to facilitate the PA are being put in place and the deliverable illustrates the case of the legal framework in Italy where an attempt to facilitate local PA to overcome barriers is currently happening.

Several successful case studies of PPP for cultural heritage are also reported and analysed as best practice, as having not only succeeded and achieved their target objectives, but also overcome issues. Experiences from several EU projects and significant European cultural heritage orientated initiatives that complement this analysis.

Finally, the RICHES PPP task reflects on lesson learnt, recommendations and results from the RICHES questionnaires. The Annexes provides a “Ten points for the decision-makers in the PA” guide, as well as the RICHES questionnaire template and the RICHES Think Paper about PPP.

## 1. INTRODUCTION

Although there are a wide variety of definitions (see 1.1), PPP stands for Public-Private-Partnership and identifies a form of collaboration established by public bodies with private partners, with the aim to provide projects of public interest (e.g. large infrastructures, water, public constructions, public services) with funds coming from non-public sources (i.e. different from tax payers money).

Public-Private-Partnership has the potential to be a win-win situation combining a substantial representation of both public and private interests in the achievement of a specific goal. At least, this is the ideal scenario that would be highly welcomed by anyone interested in taking part into such a partnership.

According to the statement in the RICHES DoW, “the private sector, with its experience and financial means, is a vital partner both for the financing, the realisation and the direct management of the solutions identified in the research. In particular, in the context of the current budgetary constraints, the use of public-private partnerships (PPP) is considered to be of primary importance for the implementation of the identified policies and programme recommendations.

However, even if PPPs do present a number of advantages, it should also be remembered that these schemes are complex to design, implement and manage. For this reason, they should only be considered if it can be demonstrated that they can achieve additional value compared with other approaches, if there is an effective implementation structure and if the objectives of all parties can be met within the partnership.”

The objective of the PPP task in RICHES is to develop guidelines and best practices about Public-Private-Partnerships and public-private initiatives, with a particular focus on actions for Cultural Heritage. This document collects the outcomes of desk research and analysis of the PPP phenomenon together with stories of different partnership experiences that can be considered examples of PPP related to cultural heritage and activities, most of them with an important impact on the civil society, in terms of creating facilities, improving education, engaging citizens.

### 1.1 WHAT IS A PPP?

Over the course of the years, many larger or stricter definitions of Public-Private-Partnership have been developed by institutions and other bodies, in order to capture the essence of this entity, which was supposed, since the beginning, to provide a key solution for budget and financial constraints and for unlocking the economic crisis.

Several examples are reported below, in chronological order of their publication: they show that there have been many different conceptions of PPPs, but most of all they witness an increasingly focused analysis to determine the key aspects that characterize a PPP:

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 definition by European Commission is extremely general and wide; several years later, the European Digital Library Initiative tried to be more specific, and in 2010 the appointed organism of USA for PPP gave a comprehensive definition that included the key aspects for considering an action as a PPP:

- Presence of public bodies and private entities, of course
- Sharing of skills and assets, risks and rewards
- Citizens’ benefit.

Although there may be a large variety of PPP typologies in the different countries, the concept itself is fundamentally focused on the sharing of three core “R” components: Resources, Responsibilities, and Risk. But sharing among whom: who are the actors, in practice, and which roles and stakes do they have?

The term Public-Private-Partnership and its abbreviation PPP tend to be more accepted and understood by the general public than the (brutal) concept of “privatization”, which may cause alarm because it suggests an intervention by the private sector in public fields, perhaps implying a loss of ownership over public goods. Instead with PPP, as it is supposed to be a “partnership”, and to be limited to the timeframe of a specific project, there is a softer evidence of the expectation of returns on investment for the parties involved, so that the general public regards as a ‘safer’ engagement for the public sector.

In fact, the concept of “private” seems very clear: a company with a business, an autonomous entity with a revenue-generating scope. This point in particular, i.e. having a revenue-generating scope, may cause alarm in the public opinion when there is an intervention of a private entity into public affairs: it could be perceived as dangerous, because of possible self-rewarding scopes of the private company that do not care of the community’s benefit. However, it is worth considering that the private sector in a PPP can be represented by not-for-profit organisations (e.g. associations and non-governmental organizations, NGOs), 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.

It is instead a too simplistic approach to refer to “public” as “the Institutions”, although in practice it is what currently happens when thinking about a PPP. In fact, and especially for public utilities (but also for cultural heritage), there is a slight detachment between the concept of “public as State”, and the “public as people”. Although the State should be the representative in full for the interests of its citizens, it is possible that a discrepancy is perceived by the citizens between the Public Administration’s decisions and the needs of the community. Also, it is possible that a lack of trust in politicians, and therefore in the Public Administration (which is under political control) affects the attitude of the “public as people” towards the action of the “public as State”. 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.

For all these reasons, when public interest is at stake and private interests are also involved, a very welcome “mediation” role can be played by all those *middle-ground* players such as associations, foundations and other representatives of the third sector, the economic sector consisting of non-governmental organizations and other non-profit organizations. These actors can represent the community and public interest (against the private interests which are embedded in the PPP), and invigilate on the fair progress of the project and its outcomes.

## **1.2 ROLE FOR THE PUBLIC ADMINISTRATION: PPP IS DRIVEN BY THE PUBLIC SECTOR**

The assumption of public sector being the main agent for PPP is reflected in the majority of the cases, however: the public point of view is not only and not always the only one. As sharply noted in a speech by Amir Dossal, Executive Director of the UN Fund for International Partnerships at Columbia University (18/6/2004), “a public private partnership begins with identifying a problem or issue, then asking who should address it. This doesn’t allow a narrow view from any one partner – it is a collective analysis and plan.” Although this approach would be highly recommendable, and sometimes applied, it is not always the case, with Public Administration (PA) seeking in PPPs principally the solution to their financial constraints.

However, the trends of the past decade, with increasingly growing globalisation of business, communication and ICT development, and the - slow but rising - acknowledgment of the role of civil society and its organisations, have had a significant impact on what governments were supposed to be able to do and must/should do, thus re-defining the respective roles of Public Administration, business and civil society, and opening for private enterprise opportunities to play important roles - that go beyond direct monetary/business revenues.

In short, PPPs are intended to share resources, responsibilities and risks of a certain action between the public and private sectors, and may involve sometimes the third sector. However, the idea of “sharing”, suggesting an equal participation of all the partners, may be misleading in those PPPs promoted by the Public Administration, which decides to realize infrastructures or services of public utility by making use of private resources (intended in the broader sense of capital, skills and labour).

According to the already mentioned EC report (March 2003), PPPs present a number of evident advantages that the public sector can exploit: “These include the ability to raise additional finance in an environment of budgetary restrictions, make the best use of private sector operational efficiencies to reduce cost and increase quality to the public and the ability to speed up infrastructure development (Guidelines for Successful Public – Private Partnerships, European Commission, March 2003 p. 6)”

It could be considered that a motivation and incentive for public authorities (PAs) seeking participation of the private sector in a certain project is a lack of internal resources, which does not allow for either in-house realization (e.g. by civil servants) or for complete outsourcing (to be financed with public funds). Also, in a PPP it is necessary that all actors recognise each other’s roles and responsibilities but the supervision of the action must stay in the hands of the promoting PA, for a number of evident reasons all linked to the concept of “control” over the project progress. However, this would require PAs to develop management skills which are not obvious.

Although, the responsibilities in a PPP should be equally shared, the role of Public generally stays dominant as a promoter, leader and final receiver of the results of the project, that is realised in name of the public benefit and despite possible outcomes of the involved private party.

It is therefore no surprise that there is a strong top-down push at Institutional level for fostering the adoption of PPPs by the PA for the realisation of projects for public utility. The push is in terms of recommendations, development of guidelines, sharing of best practice and models, up to designating funds specifically for PPP actions to be implemented at local level.

Of course, it is fair that the involved private partners have return on their investment, otherwise it makes no sense for them to participate in the project; such return however may not be strictly pecuniary, as will be considered in the following section.

### 1.3 ROLES FOR PRIVATE SECTOR

In the 2003 report, the European Commission identified four principal roles for the private sector in PPP schemes:

- to provide additional capital;
- to provide alternative management and implementation skills;
- to provide value added to the consumer and the public at large;
- to provide better identification of needs and optimal use of resources.

Achieving this impact by the private sector in PPPs and generating such benefits is possible only if the private partners have their independent roles and responsibilities and a certain freedom of action (although regulated and supervised) in the development of their task.

Certainly there are a variety of motivations for which a private body would be happy to cooperate with public institutions; indeed the monetary revenues are a strongly anticipated result, based on which an enterprise could decide, or not, to participate in a project. However, the return on the investment could also be constituted by other aspects which have a great value for a company, such as an increase of the brand reputation and enhancement of the company's activity, the internationalisation of company's activities, the possibility of entering new markets, developing new collaborations and new expertise.

Most of all, it is generally acknowledged that the major wealth of a company relies in the network of contacts and allied partners that the company is able to develop. Large scale cooperation projects or local actions may have both a very beneficial impact on a company.

Due to their different nature and workflows, the participation of private companies in PPPs brings to the relationship technology and knowledge transfer, and provide necessary management and business skills which may be absent in the public administrations. However, this is becoming less necessary, because of training and vocational programmes undertaken at various levels by the public administrations, which try to balance the bureaucratic approach that normally affects civil servants with a more management-oriented attitude of the directors and employees.

However, what is certainly still missing in public administration, that private sector could bring in, is the creativity, dynamism and problem-solving capacity that characterizes successful entrepreneurs and their staff. In this regard, PPP have a golden opportunity to bring these qualities into public administrations. Also a greater attention to the market and to the customers' needs is more typical of the private sector compared to the bureaucracy of PA's procedures, although public administration is improving this aspect and becoming more proactive in dialoguing with the citizens, rather than adopting top-down decisions

### 1.3.1 Risks generated by involving private parties/partners

Although PPPs can provide benefits, the role of private partners can also generate risks, especially when private parties act as co-financiers of publicly funded research.

- A consequence could be a reduction in opportunities to be experimental, creative and undertake potentially disruptive research.
- private parties may wish to determine possible outcomes in advance, whereas truly innovative research needs space for unexpected outcomes and strategies.
- often good research partners are creative and innovative smaller companies, e.g. game studios, designers, entrepreneurs etc, but unfortunately SMEs often don't have the financial means to invest in these types of partnerships and therefore the benefits of research in collaboration with private parties (lower investment costs, access to innovative designs) remain the prerogative of large companies.
- most importantly, business models serve different interests than public entities. This shows in two ways:
  - new innovations and technologies are developed in a closed system, for the sole use of the investor. Public organizations, that are to serve the common good, should not develop in a closed system, but should work towards open innovation and the sharing of ideas and designs.
  - public organizations are to represent citizens and be very wary of conflicts of interest. Within a PPP, how are civilians represented to voice their ambitions and concerns?

## 1.4 ROLES FOR THE PEOPLE

In addition to a partnership with not-for-profit organisations (cfr. above 1.1), 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. Also, involving the general public can be a resource in terms of creativity and innovative ideas.

### 1.4.1 Citizen engagement and participation: the Civic Epistemologies project

There is a growing attention to engaging citizens, not only in policy making processes and with cultural heritage, but as a relatively new trend to involving them also in the production and evaluation of research, because of the importance of making shared decisions and because of the research potential that is hidden in the community. The participation of Europe's citizens in scientific research in fact represents an important opportunity for improving European competitiveness, because of the value that citizens can add in specific areas of research.

A EU funded project named Civic Epistemologies<sup>1</sup> explored how this participation can be fostered also due to the use of new ICT and particularly e-infrastructures.

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<sup>1</sup> <http://www.civic-epistemologies.eu/>

In particular, the participation of citizens in the research on Digital Cultural Heritage and Humanities has the potential to play an important role in the discovery of new directions of cross-disciplinary research; moreover, cultural heritage as such is an area in which citizens are particularly active (recording, cataloguing, and discussing things on an individual, group/voluntary/amateur basis) and citizen engagement has a twofold benefit for culture:

- to be enriched by the citizens contributions
- to become more widely used and exploited

From the point of view of Cultural Institutions and academies, there are great opportunities implied in citizen science, which should be welcome because this offers opportunities for Institutions to become closer to citizens, who are their actual audience. A participatory and co-creative approach is also benefitting for cultural institutions, adding to the knowledge base of their collections, and shedding light on innovative uses for their collections. The other side of the coin is that citizen science can generate challenges for institutions, raising issues about curatorial authority over interpretation, and on skill development that is necessary for a satisfactory participation of citizens in research.

From the point of view of citizens, there is a need for citizens to take a more active role for culture, and to become a producer of culture and research rather than just a consumer. This new role, however, needs the citizen to have the skills to do so; for example by rediscovering skills which are dormant or forgotten by the large society (such as painting, drawing and creative writing), and by leveraging typical consumer-oriented skills (such as using a smartphone) for more active forms of creativity (such as making street photography). Especially on this level, artists and creative people could have a facilitating role, by triggering these forgotten skills and showing the citizen on how to use modern technologies in a creative way. Next to that, certain specific training is needed on the technical and digital skills which are necessary to participate in online culture (understanding the web language, having notions of metadata, ontologies and controlled terminology lists, learning about digital formats and documents, coding etc). Finally, citizen authorship skills need to get the right visibility and recognition.

Similar conclusions also came from RICHES research on craft skills, as highlighted in deliverables D3.1 - *Transformation, change and best practice for Cultural Heritage processes* - and D5.1 - *The Use of Craft Skills in New Contexts*.

#### **1.4.2 Social enterprises: cases from WAAG society**

The artistic fields and digital media also provide a great opportunity for citizens and people to interact at various levels with other sectors. As an example of a foundation which strongly believes in people engagement, the RICHES partner WAAG can provide testimony of successful experiences in a social context. Waag Society, institute for art, science and technology, is a pioneer in the field of digital media and over the past 20 years, the foundation has developed into an institution of international stature, a platform for artistic research and experimentation, and has become both a catalyst for events and a breeding ground for cultural and social innovation. Every project involves several partners, each of whom brings their own, unique perspective. As an important keystone, WAAG proposes that new technological developments are made available to artists as soon as possible. In this way, WAAG is a catalyst that brings to light new insights and solutions. The work that arises here is both innovative and iconic.

There are two cases of particular interest provided by WAAG, in which products were placed in a commercial format (via Waag Products Inc.) after publicly funded research within the foundation.

Within the social enterprise model WAAG aims to undertake research, discover new strategies, but also to create value and impact. The foundation recently funded research, projects and campaigns about locative storytelling (7Scenes<sup>2</sup>) and sustainable mobile technology (Fairphone<sup>3</sup>). The research results have been shared with the WAAG networks, open and free access. There were no interests for the foundation to close these results from public or commercial use; instead companies and public parties are invited to use the research results as they choose. When market uptake was unsatisfactory, WAAG provided support creating private incubator organisations. For Waag Society this can be a way to increase the impact a project has, because in the long run this open and collaborative approach enables them to create a new revenue stream that funds new research projects.

In terms of funding it is important to attract so called slow capital (i.e. investments with a flexible return timetable) and to steer away from venture capital (i.e. “aggressive” investments which demand quick and high return). As these companies honour the (social) values of the initial research projects, commercial uptake and exploitation might be different from typical commercial parties. Venture capital doesn’t allow for that type of dynamic in entrepreneurship, demanding instead for quick liquidity and effective return to the investor (rather than to the financed project or start-up). The companies were started through private investment and crowd funding.

In terms of collaboration and responsibility, WAAG has transferred the whole project to the new companies. The concepts were initially developed in an iterative design approach and now the companies can use whichever design method they wish.

These successful experiences recommend that ‘social enterprise’ is added as a middle ground between private and public, an organisational form that is beginning to gain traction. Social representation within PPP is of absolute importance to ensure the public interests aren’t diminished through a commercial collaboration.

## 1.5 EU-FUNDED PROJECTS AS PPP

EU-funded projects can also be considered PPP, although the contract (Grant Agreement) is a two-side obligation signed between the European Commission from one side and the project coordinator from the other, in fact, the project coordinator (increasingly often in force of a pre-existing Consortium Agreement with the other partners) is representative for all the project partners and therefore brings “in itself” also the private partners who possibly take part in the consortium. A project coordinator can itself be a private company, provided that its financial status shows guarantees of solvency, even if the majority of EU-funded projects are led by Institutions and public research centres, academies etc.

While cooperation with the private sector is welcomed, it is evident that the EC, implementing the European Union policies, must fulfil the objective of safeguarding the public interest and the correct use of funds. This implies contractual and implementation conditionality. The Grant Agreement and the DoW represent the terms of reference of the project and constitute therefore the regulation of the PPP. A very structured procedure of progress monitoring and of financial checking assures that the public investment (i.e. the EU funds, which are public money from the taxpayers) is properly used for actual social benefit. Within this perimeter (the DoW + the cost claim mechanisms), there is a certain freedom of action from the partners to accomplish in the best way the objectives of the project.

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<sup>2</sup> <http://7scenes.com>

<sup>3</sup> <https://www.fairphone.com/>

Also, it is within the consortium that a real partnership between private and public subjects actually happens, where responsibilities, resources and risks are shared for the accomplishment of the contractual obligations with EC. One of the key aspects in the management of EU projects, which results in the major strength to reach successful results, is the process of team-building, based on mutual trust and fairness, that drives to a real partnership and alliance between partners to meet the objectives and to manage possible mishaps or unexpected problems. As described above, the consortium is (or should be) a real partnership, and if the project is really successful this could result in the desired win-win situation.

Therefore, as with local or national tenders, the EC calls in the various programmes and sectors represent a significant opportunity for private companies, and SMEs in particular, to participate in large international projects with prestigious partners, increasing their relevance and skills, accessing new markets, and developing their R&D action; all these benefits go well beyond a monetary return of the investment, which is not foreseen nor allowed in the mechanisms of EU-funded projects.

Also, in EU projects (similar to 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. In the following chapter 4, the experience of some EU-funded projects related to cultural heritage is reported.

## **1.6 PPP IN THE CULTURAL HERITAGE SECTOR**

While the attention given to cultural heritage by Institutions and media is extremely high, as cultural heritage is recognized as a crucial element for the process of community-building and is considered a to have great potential for economic growth<sup>4</sup>, paradoxically the available resources to public support to the cultural institutions are reducing, and there are indications of declining direct public support for those public institutions responsible for conservation practice and teaching.

In the field of cultural heritage management, PPPs seem to be a promising perspective in order to balance the increasing need for funds and governments responsibilities in protecting public values. In some cases, to cope with the rising costs of managing the increasing number of museums, heritage monuments, sites and buildings, private investments and sponsorship are evidently providing necessary support.

According to the available literature, it is possible to identify different main fields of application for PPP in regards to cultural heritage:

- For digitization, online accessibility and digital preservation projects
- For conservation of immovable heritage (cultural sites, new destination of use of buildings)
- For managing cultural services (movable heritage, e.g. art collections, education)

### **1.6.1 Digitization, online accessibility and digital preservation**

In the past decade, this field has seen a great deal of support in terms of financial support by the European Commission, because of the key role that digital technology can have for preservation and integration of Europe's collective memory of the different Member States, in an ongoing process of identity building and social cohesion.

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<sup>4</sup> cfr. the "Conclusions on cultural heritage as a strategic resource for a sustainable Europe" adopted by the Council of the European Union on 20th May 2014; and the European Commission Communication "Towards an integrated approach to cultural heritage for Europe", published in July 2014

European funds had been transferred to the Member States for fostering national programmes of digitization and aggregation of digital cultural data, and direct funds were also shared via the EC programmes since the 1990s, thus generating a variety of either spared or linked EC projects for digitization, digital preservation and aggregation (cfr. chapter 4). The flagship project for digitized cultural heritage in Europe is of course Europeana.eu, an internet portal that acts as an interface to millions of books, paintings, films, museum objects and archival records that have been digitized throughout Europe. The concept of Europeana was originally envisaged in April 2005 in a letter sent by Jacques Chirac, President of France, together with other premiers of Member States to the President of the European Commission, José Manuel Durão Barroso: the letter recommended the creation of a virtual European library, to make Europe's cultural heritage accessible for all.

In 2008, the European Digital Libraries Initiative published a report on the opportunities of PPP, providing case studies and guidelines. In the report, the potential of PPP for digitization project is well identified, as the memory institutions which preserve the collective memory have experience of resource discovery and user requirements, while private partners can bring to them funding, know-how, technology, software and expertise required for large-scale digitization, and combining the skills and expertise of both public access to cultural heritage is enhanced (cfr. chapter 3).

The RICHES research investigated different aspects of institutional change and the impact of the digital era on cultural institutions. As highlighted in the already mentioned D3.1- [\*Transformation, change and best practice for CH processes\*](#), digital practices are transforming the traditional cultural heritage interactions and practices. The research explores the current challenges and potential opportunities for CH that lie ahead and reflects the context of change related to following fields: CH held by cultural institutions; mediated and unmediated CH; traditional hand-making skills; transformations of physical spaces, places and territories; digitization on performance-based cultural heritage.

Also RICHES D5.4 - *CH Best Practice in the Digital Economy* - addresses as one the most important issues for the future of cultural heritage the experimentation and innovation in digital technology, in a time of social and technological change. This document offers an insight into CH best practice in the digital economy through collaborative interdisciplinary projects that engage CH institutions with academic research institutions.

### **1.6.2 Conservation of immovable heritage**

PPP is often used for realising large infrastructure projects for the public good, although this still appears limited for the immovable heritage (monuments, archaeological sites, historical or religious buildings etc.). The conservation of immovable cultural heritage requires big efforts, not only to initiate and carry out conservation but also to sustain the heritage site in the longer term. This involves multiple actors from various sectors, and (especially for historic urban environment) requires a multidisciplinary approach, in which conservation actions need to be embedded within economic, social, and environmental development strategies.

A recent review of this kind of projects in Flanders was carried out by Frederik Swennen<sup>5</sup>, highlighting different successful examples of private action for preservation and restoration on historical buildings such as windmills, breweries, former power stations, former mine sites etc. With almost no exception, these PPP projects however implied a new destination of use of the building, for commercial use and mostly for residential use, which rendered the projects highly profitable for the private partners – and

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<sup>5</sup> To Whom It May Concern Essay on Public Private Partnerships on Cultural Heritage, by Frederik Swennen, 2011 University Press Antwerp

thus appealing, as large real estate investments with quick and valuable return. As Prof. Swennen says (p. 25) *“It is, of course, a condition for the commitment of private partners to the restoration of the heritage site itself. Sometimes, it seems difficult, however, to find the right balance between preserving the site in its original setting, and combining it with newly-built wings”*

Even when a possibility of this kind there could actually be, this approach however could not be always replicated, especially where national legislation protects the building as monument. Moreover, a change in the destination of use of certain public buildings is not always welcomed by the citizens, as again there is the fear of having the public good exploited for business (this would be for example the case of the Palazzo Pretorio in Pontedera, cfr. par. 3.1.5 and also RICHES D5.2 *Place-making, promotion and commodification of CH resources*, that looks at immovable heritage examining whether locations have coherent strategies to appeal to consumers using cultural resources and attributes such as place promotion, product and quality. Particularly, analysis focuses on the contemporary influences and contribution of digital technologies in the exploitation of cultural heritage), or there is a kind of resistance to changing the aspect of familiar buildings well established on the territory.

In such cases it is crucial to involve the citizens in the participative process for the development of new projects about old buildings, to take place *ahead* there are top-down decisions. This is a lesson learnt from previous experiences from all over the world, such as the case of the North Toronto Collegiate Institute (NTCI), cfr. par. 3.1.4, where a community opposition first blocked and then redefined the original project for renewal as proposed by the school board.

### 1.6.3 Movable heritage and cultural services

Movable heritage such as art collections can be in hands of public and private collectors. They both could join forces to maximize exposition and exploitation of their respective collections. For example, a new territory to explore with which PPP may be really useful is about the un-displayed collections. In fact, big public museums and galleries display only a tiny percentage of their cultural holdings, and partnering with private partners could be a means to promote mobility programmes of the collections, by loaning artworks for temporary exhibitions not only in other local/smaller public museums, but also in private spaces. This would also enhance public accessibility of the collections. Vice versa, private collectors can partner with public institutions for a greater visibility of their collections, which always suffer the risk to be “cannibalized” by the more famous public cultural content.

Another aspect of the great potential for successful collaboration between the public and the private sector is art storage: to store artworks in fact, from one side there is need for modern, secured, acclimatized facilities (where the private sector has expertise); from the other side, packaging, handling, moving, cataloguing, care and inventory are extremely important and this is a field of expertise where the public sector is stronger. Again in Flanders<sup>6</sup> there are examples where museums established a contract for storage with private partners in the form of rental agreements or service contracts. And there are examples where the private sector buys the public expertise on collection management and curation for private collections.

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<sup>6</sup> Cfr. Swennen, *To Whom It May Concern Essay on Public Private Partnerships on Cultural Heritage*, 2011 University Press Antwerp,

As noted by Susan Macdonald and Caroline Cheong<sup>7</sup>, another form (or better a “sub-category”) of PPP for cultural heritage is the Concession contract, with which a government contracts with a private company for a cultural site management: the private company pays for the operations and receives a profit through the tickets paid by the visitors. It is a kind of “user-pays” system, in which user fees finance the operation and management of the PPP. An example for such a contract is the Cambodia’s Angkor Wat archaeological site, where a private company pays the Cambodian government a yearly fee for the rights to operate and manage all tourism admissions and services within the archaeological site. The revenues are of course received by the managing company and this is actually an issue with this scenario, because the revenue from tourism goes to remunerate the private company rather than toward the conservation of the site.

Further, the aspect of education is a field where public institutions and private sector could successfully cooperate, and not only in a customer-supplier relationship focused on purchasing technologies. In fact, today, digital strategies to enrich education and interpretation should be a part of the museum’s mission, adapted to its goals and financial means. Partnerships with private companies, participation in learning networks and collaborations between museums open up new opportunities to reach out to and engage with audiences and to increase the visibility of their multimedia digital assets for educational reuse. Moreover, museum education has to consider current transformations in formal education, where new models of learning that overcome the traditional schools’ boundaries are being created. Digital learning is a field receiving greater attention, which demands specific skills and raises technical and legal issues: metadata standards for learning applications, open licenses formats for digital learning materials free for co-creation, reuse and remix and maintained in the public domain for the benefit of all learners, are necessary. Finally, a framework for measuring and evaluating the outcomes of learning with digital technologies for different kinds of audiences would support museums in recognizing their place as lifelong learning providers. Digital technologies as part of the museum’s educational mission have the potential to strengthen the public value of museums by providing inspiring and engaging lifelong learning opportunities for all.

This is certainly a field where the (public) institutions and the (private) technology and service providers need dialogue and overcome barriers that are mostly related to a different approach to problems and to a lack of a common language and common understanding of the respective requirements and objectives. RICHES D6.1 *Digital libraries, digital exhibitions and users: an interactive case study* looks at the museums as places for education and learning, tackling the issue of broadening access to education resources and engaging learners.

#### **1.6.4 Virtual performances, streaming performances, virtual and augmented reality**

Next to the three main fields where cultural heritage has potential to develop partnerships between public and private actors leveraging on audio-visual and future internet technologies, dance and performance artists can interact with digital technologies to create new artefacts and events, develop new skills which can coexist and complement traditional skills, renewing cultural expressions from the past with the benefit of leading edge digital technology, and transmit both artefacts and skills to society. A research strand of RICHES looks at this innovative models of performing arts, that are an expression of cultural heritage to be boosted by digital technologies.

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<sup>7</sup> The Role of Public-Private Partnerships and the Third Sector in Conserving Heritage Buildings, Sites, and Historic Urban Areas, research report by Susan Macdonald and Caroline Cheong, The Getty Conservation Institute, 2014

Often, such technologies in use for virtual performances are prototype and pre-commercial, such as those for virtual or augmented reality applications, which are not yet mature and fully available on the market: therefore, the use of these technologies could not be a simple “purchasing”, but instead they are topic of collaboration between the public sector of culture and the private technology providers and developers. Again, it is often via EU funded projects, such as Europeana Space for example (cfr. par. 4.2) that experimentation and partnership between these different actors can happen to develop innovative tools for a better fruition and access to cultural heritage and performing arts.

The RICHES project has a task (T6.2) dedicated to virtual performances, with a concrete example of interactive and distributed performance between two remote scenarios, the Centre Arts Santa Monica in Barcelona and a study in the campus of the University in the United Kingdom. Under the name of ULTRAORBISM, the performance became a live demonstration of how advanced conference systems, streaming media, networked and distributed environments can support creativity in the fields of scenic arts, especially theatre, dance and performance. The performance, which reached great impact, was seen live by more than 150 spectators distributed in the two venues, and was also available around the world through an online streaming service. This trans-national action was organized by the i2CAT Foundation (private foundation and RICHES Partner) and the Direcció General de Creació i Empreses Culturals of the Government of Catalonia.

### 1.6.5 Summary

In summary, spaces for collaboration between the public and the private sectors in cultural heritage are rather wide and the benefits are evident – also in terms that are not strictly financial. However the focus on defending the public good is felt of extreme importance by the public institutions and often by the citizenship too. This crucial aspect and its connected risks however should not retain public administration and institutions to attempting partnering with private actors: “by remaining vigilant about who your partners are and their motivations for working together – the risk of being compromised is very small in comparison to the potential gains for good.” (, Amir Dossal Executive Director of the UN Fund for International Partnerships, presentation at Columbia University 18/6/2004).

## 2. THE TOP-DOWN PUSH FOR PPP AND ITS COLLISION WITH THE REALITY: THE ITALIAN SCENARIO

As mentioned previously, there is a top-down push at institutional level, from the European Union downwards, to foster the adoption of PPPs for public investments. This push actually is more or less irrespective of the sector the PPP will be realized in, and so far there is no particular evidence that a certain sector is more suitable for PPPs than others.

As also noted above (cfr. Chapter 1 or 1.6.2), the investments of Public Administration, especially at local level, are mainly constituted by the realization of physical infrastructures, and much of documented literature and case studies refer to the construction of buildings, parking, large public works related to water, waste, roads etc and other public utilities. As these initiatives can span wide geographical areas, it is possible that there is more than one relevant authority will be involved in the project. This chapter highlights the case of Italy, due to the significant effort in reforming the public authorities and the administrative geography of the country that is currently ongoing. The Italian case is also of particular interest because the scenario for PPPs and their tools is characterized by critical issues, which drastically reduce their feasibility in practice.

### 2.1 CRITICAL ISSUES AND ATTEMPTED FACILITATIONS

A study released in March 2015, realized by project E.P.A.S.<sup>8</sup> promoted by the Italian Presidency of the Council of Ministers, once again recognized the potential of PPP for local authorities. The study describes the methodology and tools (e.g. project bonds) available to implement projects which have a public-private financing, shedding light on the issues arisen and proposing an ameliorated operative planning to overcome them and foster the adoption of PPP.

The critical issues identified in the study are the following:

- overabundant timeframes for agreement finalization and financial closing
- high rate of cancellation for PPP
- inadequate financial analysis and feasibility studies
- uncertainty about the possibility of endorsement of the project bond as promissory notes<sup>9</sup>
- complexity of the legal framework and regulations

These issues result in a limited feasibility of projects which do not proceed further than the planning stage. Such weaknesses are however recognized by the institutions, and some correctional measures were foreseen in the recent Italian decrees for development<sup>10</sup> trying to facilitate and foster the adoption of PPP by the local authorities. In particular it was clarified the meaning of “qualified investors” who are allowed to possess and negotiate the project bonds; also, a favourable interest rate (12.5%) is established for investments related to the creation of new infrastructures or of public services.

<sup>8</sup> Empowerment delle Pubbliche Amministrazioni regionali e locali delle aree Obiettivo Convergenza nella gestione e nell'utilizzo di strumenti innovativi e d'ingegneria finanziaria per lo sviluppo economico locale, i.e. Empowerment of local and regional Public Administrations for management and use of innovative tools of financing engineering for economic development

<sup>9</sup> It is never know whether a project bond (i.e. the financial tool providing future revenues against a share of the project) might be “sold” to others (normally, to a bank). This is because there is no clear legislation of these project-specific financial tools.

<sup>10</sup> in particular the Decreto Sviluppo DL 83-2012, then replaced with the DL n. 133-2014, also known as [Sblocca Italia](#) (i.e. Unlocking Italy)

Another critical issue in the Italian scenario is that the strategic territorial plans which are developed by local authorities are often limited to the realization of (major or minor) local public works but do not always fit within an overall wider strategy for development and are rarely supported by an efficient preliminary financial analysis.

To correct this, it is necessary for local institutions, on one side, to better defining their role, staff functions, required skills and programmes; from the other side, the local development should be more carefully planned with a systematic and integrated approach. In this process, PPP may have an important role by involving different actors who are all operating on the same locality.

It would be highly recommended that local authorities implement actions for capacity building such as the analysis and planning skills of their staff, equally balanced between the project management and the vocational training allocated. This approach is indeed necessary for improving the institutional capacity of the local authority overall and for promoting a more efficient PA.

Of course, improving the skills of the PA doesn't guarantee correct and efficient local policies, particularly in terms of facilitating synergies with other local actors and with neighbouring authorities (which would also foster the application of PPP in the investments programme of PA). To address this, a 2014 law<sup>11</sup> intended to revise the approach towards territorial development, encouraging aggregation of neighbour PAs for a more efficient deployment of resources and public services.

Particularly the law highlights the following:

- the so-called "città metropolitane" or metropolis (constituted by the city as such, plus its hinterland) are defined as an institutional subject
- the territorial division of Italy in Regions, Provinces and Municipalities needs to be revised and the relationships among the three different levels needs to be simplified; particularly the concept of the province is changed to a new vision of "vast area territory" whose functions are delegated either bottom-up (by the Municipalities) or top-down (by the region). That means a new relationship between the Region and its Municipalities with the vast area as a playground for implementing more efficient functions and services
- aggregations and unions of neighbouring Municipalities are encouraged and assume a priority role in the territory.

According to this revision of the administrative actors in a territory, a bigger integration and common development of the local interests in the vast area is fostered and facilitated; moreover, it becomes evident that a stronger synergy between Municipalities would generate benefits, provided that the priority objectives for the territory development are shared and defined.

A constraint to the full development of this new approach for the realization and management of public works is represented by the over-bureaucratic legislation jointed with poor initiative by the PAs, which often do not fully perceive the complexity involved in project finance operations. According to the study, the Public Administrations should assume full responsibilities, without overlapping and without confusion of roles. At the same time they should not renounce to their design and planning capacity to passively rely on private initiative and promotion.

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<sup>11</sup> L. 56 dtd 7 April 2014, "Disposizioni sulle città metropolitane, sulle province, sulle unioni e fusioni di Comuni" also known as legge Delrio, i.e. "Measures about metropolises, provinces, unions and fusions of Municipalities" by the Infrastructure and transports Minister Graziano Delrio

On the other hand, the private participation needs to be used appropriately, without anticipating the programmatic and procedural choices of the contracting authorities, which must maintain the direction of the initiative.

In summary, it is important that any conflicts or overlapping between different administrations are clearly identified and solved prior to the publication of the tenders, so that the promoters know unambiguously which partner will assume the leading role.

## 2.2 SUSTAINABILITY OF THE PROJECTS

Next to the analysis of the provisional budget, economic and financial balance of the project needs to be evaluated to understand its self-sustainability and economic feasibility.

Particularly the following analysis is necessary:

- evaluation of the revenue generating capacity, according to the typical financial indexes
- evaluation and estimation of the financial sustainability via the analysis of Debt Service Cover Ratio and Loan Life Cover Ratio;
- general evaluation of the economic-financial balance and financial sustainability
- the evaluation of adequacy of public contribution (Valutazione di congruità del contributo pubblico or VCC)

This latter derives from the legal framework regulating PPPs in Italy: in case a PPP-funded infrastructure isn't able to achieve an economic-financial balance in the investment, the current legal framework allows for a public contribution in support. The main aim of this public contribution is to ameliorate the overall return, in case the private capital invested is not remunerated by the project itself. This contribution can be injected in the project at different stages, in order to guarantee the optimal balance of the investment: if the contribution is delivered at the beginning, it would mean a lower need for private capital in the start-up phase; if it is instead delivered later it would increase the cash flow allowing for further investments or for debt coverage of the financial requirements.

A strong motivation for fostering the PPP in Italy also comes from the Cohesion Policy 2014-2020 which regulates the distribution of the European funds by privileging a participative approach in the local development, which would involve the different stakeholders representing the socio-economic interests of the area. This approach of course receives the European Commission's recommendations for applying PPPs as a winning strategy for economic development – as it is witnessed also in the Horizon 2020 programme which comprises support to PPP in the "Industrial leadership" section. The synergy between European Commission, member states and private sector seems to be the way to achieve results that are otherwise difficult to reach. In that direction the European planning for 2014-2020 moves and seeks for challenges: an example of this action is the Project Bond Initiative started in 2012 by the EC and the EIB (European Investment Bank) trying to attract private funds for great public infrastructure projects; it is hoped that the application of PPPs together with advanced project financing techniques is the right strategy to fight the socio-economics crisis of the Eurozone.

In conclusion, the public funds coming both from the EU and from national programmes in Italy are available for the Public Administration to invest, and according to the study there seem to be encouraging signals coming from private investors, who don't appear to be averse towards PPP – although it is felt a general lack of trust in the institutions and scarcity of appealing projects.

The study also describes examples and case histories, referring to PPP contracts realized by several Italian Municipalities in different sectors, mainly physical infrastructures (parking, photovoltaic installations, sport houses, healthcare, public lighting, social housing) representing typical areas of intervention for local PA in Italy - unfortunately the study does not include case studies of actions for cultural heritage.

Finally the document showcases a model for supporting PPP and their feasibility studies, promoted with funds and financial support by the Liguria region.

### 2.3 CONCLUSIONS OF THE EPAS STUDY AND RECOMMENDATIONS

The EPAS study indicates some problems related to implementing PPP and concludes with the following advice for ameliorating the use of PPPs by the Public Administrations, which are valuable in general and not for the Italian scenario only:

- better define general plans within which each initiative is integrated
- give priority to those investments which are evaluated as quickly feasible, and revenue-generating
- consider mandatory (or make mandatory by law) a “PPP test” in the feasibility study for both national and local programmes, in order to analyse the possibilities and advantages of financing a public work via a PPP
- establish standard procedures and operative models to be shared with contracting administrations
- standardize the so-called Euro-test, a risk analysis and management tool that should be included in each feasibility study
- develop standard contract models to simplify and make the agreement finalization faster
- foster clarity and transparency in the procedures for approving the spending decisions

As a guideline for decision-makers, civil servants and other staff in Public Administration, the EPAS study provides a “**Ten points for the Decision-makers in the PA**”, that is annexed to this document (Annex 1).

### 3. BEST PRACTICE OF PPP FOR CULTURAL HERITAGE

This chapter collects various case studies of PPP for cultural heritage that are successful. The concept of success here does not depend only upon achieving objectives, but also overcoming issues arisen in the course of the project. In fact, PPP are complex and unexpected challenges may occur along the way, which eventually constitute the best lessons learnt from the experience, to be shared for others to take-up. The case studies relate to different experiences and different kinds of application to cultural heritage

#### 3.1 CASE STUDIES

##### 3.1.1 FRIEDA 23

FRIEDA 23 is a new media art centre in Rostock. It includes a school, workshops, an art gallery, a movie theatre, a studio, office premises of the different institutions' staff members, a conference centre, an event location, a technology centre, a café and a library. This project has been case study in RICHES research and it is reported also in *D3.1 Transformation, change and best practice for Cultural Heritage processes*.

The project FRIEDA 23 was based on PPP during the development stage, when private companies were involved into the financing and active support of the planning, development and construction process – these were commercial enterprises, but also association with private member and consortia with private partners, joint under one roof with the operating associations and many private persons in the FRIEDA 23 shareholder community.

Now, during the project implementation stage, FRIEDA 23 hosts public and private institutions under one roof and, thus, fosters PPP on the daily cooperation level, with regular exchange between partners; it also develops joint actions, such as in December 2015 there was a joint project dedicated to collecting donations for refugees from Syria coming to Rostock. This current cooperation includes foundations, private companies, publicly financed art and media organizations, a radio station, Non-Governmental Organizations (NGO), the regional association for promoting modern music as well as single artists and the Department of Culture of the City of Rostock.



*FRIEDA 23, Rostock art and media centre*

Without significant support from the private sector, FRIEDA 23 would not exist and could not be sustainably operated. Furthermore, the cooperation is very much based on emotional commitment so that there is also a profit on the more informal level: FRIEDA 23 gets valuable inputs to optimize the activities (considering finances, efficiency and marketing). The public sector profits from the financial capacities in the private sector, which allows an implementation of the project FRIEDA 23 overall, and of dedicated actions for the benefit of local community, as it would not have been possible without this support. Since the opening of the building, other public projects for the benefit of the local community have been enabled with the support of the private sector, larger than it would have been possible from public funding only.

On the other hand the private sector benefits from the cooperation with the public sector regarding the reputation from and involvement into the local community. Furthermore, some of the private companies which supported the project for free over many years, were contracted for paid services after the project was established and able to provide related financing.

The base motivation for this PPP was a clearly economical one – the project would not have been possible without the private support provided by private companies and private single donators. The single donations were collected on the basis of a non-profit shareholder model: every person interested in supporting the project could buy shares. This showed the relevance of a democratic approach: buying shares enabled participation in project activities and, to some extent, influence the centre's work. In addition to the public partners, namely the Department of Culture of the City of Rostock and the Local Urban Development Association, several NGOs as well as private companies were involved, which supported the project actively by providing staff time and financing (via donations).

It took nearly 10 years from the initial idea until the opening of the centre. Only part of the money was provided by public sources, so that the other share had to be collected from private institutions and individuals. Some companies contributed with finance and/or staff time which helped to reduce the total project costs. The private individuals and other private players got involved via the established non-profit shareholder structure described above. Out of this intensive and very committed cooperation during the project development stage, a lasting and reliable basis of mutual support derived, that is an added value for the organization. Furthermore, the shareholder model, innovative for Rostock tested a solution that is of value for other cultural and social projects in the city now.

The project was managed by the consortium of NGO which are the operators of the FRIEDA 23 now under the guidance of one appointed project coordinator. This coordinator closely cooperated with a private architectural company as well as with the public institution Local Urban Development Association Rostock. These 3 partners regularly met for working meetings, but the project coordinator was and remained the key person in the structure. Supported by the two others, she was in charge of keeping all involved institutions informed about the project progress.

The project was funded mainly by public sources but included also a share of co-financing provided by the operating NGOs. This co-financing was provided also out of the non-profit share concept developed for the project. The negotiations were implemented only within the project coordination structure comprising of the contributing 4 NGOs, the private architectural company and the involved public institutions. This happened via regular working meetings discussing the project status and occurring problems. Solutions were agreed upon on a consensus basis.

Conclusions: the case of FREIDA 23 is a perfect example of collaboration between public bodies, private companies and private citizens, with an important role of the third sector (NGOs) too, which supported the whole operation. It is also an ongoing example of cohabitation of private and public activities and interests under the same roof. The downside of this case is the length of time needed, as it took 10 years from concept to realization, because the fundraising action was dispersed among many different small subjects (also individual private citizens).

### 3.1.2 ThessWiki

ThessWiki is a project which demonstrates an implemented PPP and also introduces a fourth P for people. It is a crowdsourcing project aiming at digitizing the history and culture of Thessaloniki city (in Greece) by the citizens themselves using the most prominent online encyclopaedia in the world, Wikipedia, while interconnecting digital entries in the urban landscape. The project also utilizes the wisdom of the crowd so as to democratize knowledge. The partners' network includes the Thessaloniki Municipality, the Greek Free/Open Source Software Society, the Wikipedia community and PostScriptum (which initiated the project). Moreover, public cultural organizations such as the Museum of Byzantine Culture and the National Theatre of Modern Greece participated in the project as contributors.

Thesswiki is a cyber-physical action, which aims to have impact on culture, education, tourism and e-government. The project started by opening content currently available in galleries, museums, libraries and archives (GLAM-organisations) in Thessaloniki in order to cover notable sites, historical events, monuments, people and artists in as many languages as possible. Thessalonians from around the world (including nationalities and communities who have had important historical relationship with the city, such as Bulgarians, Turks, Armenians, Russians, Jews, English, French, Spaniards, Ukrainians and Georgians, etc.) were be invited to strengthen these entries, whereas special barcodes, called QR codes, will be mounted on the sides of buildings or monuments, in order to allow users with smartphones, focusing specifically on tourists and visitors, to scan them and instantly access up-to-date Wikipedia entries about all aspects of life in Thessaloniki in their native language.



Crowdsourcing projects such as ThessWiki have great potential to create awareness among society members. The wisdom of the audience can boost an institution's and even the Municipality's image as a body which drives change by creating social capital.

Important challenges were related to community engagement, and to persuading public cultural institutions to participate in an open crowdsourcing project with no clear tangible benefits. Project's results were satisfactory, leading to increased interest from state Universities to participate in this collaborative effort; that happened because this is not a project which aims at pure profit rather it seeks to enable citizens to write about local history and revives Thessaloniki's culture as it associates and promotes the city's past with contemporary events and actions taking place in the city.

Conclusions: although ThessWiki is a very interesting cultural heritage project involving the "public as State", the "public as people" and the private sector, the sustainability model behind it isn't focused on direct revenues to its participants. From one side this peculiarity facilitates the feasibility of the project, because of its "non-for-profit" nature, from the other side, it is more difficult to attract private investors who can possibly permit an "upgrade" of the project with e.g. new services or advanced features or even guarantee maintenance of the current assets of the project. A solution could be fundraising from donations (even very small donations by individuals, as for example Wikipedia normally asks for).

### **3.1.3 Samsung centre at the British Museum in London**

Since 2009 a partnership was established between Samsung and the British Museum for developing an engaging and innovative digital learning programme through the "Samsung Digital Discovery Centre", SDDC. This is project aimed at putting young people, especially under 18s, into contact with historical and cultural resources on-site, via digital technology. The centre is sponsored by Samsung Electronics, which provides the software and devices used during the activities held at the museum. There are workshops aimed at children of all ages, including special events on weekends, which are all offered for free to schools and families. Many of the events connect with the current exhibitions at the museum. The case of SDDC has also been topic of study in RICHES research, and interesting, complementary information especially focused on the education aspect of this project is available in *D6.1 Digital libraries, digital exhibitions and users: an interactive case study*.

The project, which includes both financial and in-kind support, is delivered through the SDDC with the aim of positively enhancing the learning experience of young people within the cultural environment. The SDDC offers the most extensive on-site digital learning of any UK museum: it is an award-winning partnership which has transformed the Museum into a world leader in digital learning in museums and in the first 5 years of operation, the SDDC has attracted over 51,000 participants from 3 to 18 years; the programme also reaches more than 5,000 school students each year.

The partnership was recognised at the 35th Arts & Business Awards (May 2013), winning the BP A&B Long-term Partnership Award for expressing collaborative, long-term, sustainable approaches where there were clearly established business benefits through working alongside the arts organisation. The project was a "brilliant, fascinating and pioneering partnership way beyond the usual steps of product concept and brand building."



Promoting the partnership between Samsung and the British Museum

As children are now increasingly exposed to digital technology at a much younger age, the British Museum harnesses this opportunity to engage children with history and culture through new technology that they feel familiar with. Digital technology also allows for a more interactive experience to traditional museum viewing. While in the past, a children's dress-up workshop may have sufficed to get pupils excited about history, the Digital Discovery Centre gives young visitors the chance to digitally dress-up like the Ancient Egyptians, using Photoshop and comic book software.

Samsung has renewed the sponsorship for a further 5 years, enabling the Museum to continue its work by creating additional programmes that respond to the new English National Curriculum. The renewal enables the Museum to develop more teacher-led activities in the galleries using Samsung's latest tablets, extending the reach of the Samsung Centre beyond its physical confines. The programme continues to innovate and aims to double the number of school children engaged each year by 2018. Also the Samsung Digital Discovery Centre and its programmes has been the subject of academic research into the benefits of digital learning in museums, and the studies are available on the British Museum website<sup>12</sup>.

Conclusions: at first sight, this partnership seems to have more concrete advantages for the British Museum than for Samsung as the private partner, who seems to leverage on the prestige of this collaboration to enrich its company profile and brand image rather than getting concrete revenues. It is certainly a complex model with large investments from both sides, each intending to achieve particular objectives. For the British Museum, as public body, being a world top-class cultural institution in the vanguard of education and visitors engagement is a mission rather than an strategic objective. For Samsung, next to the immaterial revenues deriving from the partnership with this prestigious institution there could possibly be direct advantages from the point of view of technology evaluation, research and development and also for possible fiscal benefits linked to the financial sponsorship.

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<sup>12</sup> [http://www.britishmuseum.org/learning/samsung\\_centre/research.aspx](http://www.britishmuseum.org/learning/samsung_centre/research.aspx)

### 3.1.4 Two cases overseas: NTCI high school and TIFF in Toronto

NTCI is a high school in Toronto originally built in 1912, with a good academic reputation and strong engagement with “a stakeholder community of teachers, students, parents, alumni and neighbouring residents, who valued the heritage of the original building architecture and used the school’s playing field outside of class hours.”<sup>13</sup>. Due to limited finances the building was poorly maintained, and eventually the school board decided for a PPP project to finance a complete reconfiguration of the site. This included selling the original building and part of the land to build three condominium apartment towers, and the construction of a new school.



Photos of the NTCI High School

The idea would have been financially viable, but Friends of North Toronto mobilized 600 alumni, former staff and neighbouring residents to oppose the loss of the historical building, the scale of the residential densification and the sale of publicly owned land. The opposition was eventually negotiated through an engaging participatory planning process formalized in a binding memorandum of understanding. It was guaranteed that the project would not proceed unless specific design objectives were met. After such terms were agreed, a substantially different conceptual design was developed and approved by all the stakeholders. Construction began in 2007. The new development would partly be funded by revenues from the sale of land to the residential condominium developer. Beside state-of-the-art school facilities, the site includes a ‘heritage courtyard’ at the centre of the building, where the most historically significant elements of the original school building’s facade were taken apart, cleaned and rebuilt. In 2013 the redeveloped NTCI was the winner of a Toronto Urban Design Award and the model was recognized a best practice replicable for other school sites.

<sup>13</sup> (Matti Siemiatycki, 2015, Mixing Public and Private Uses in the Same Building: Opportunities and Barriers, p. 235 Journal of Urban Design



Another relevant example for PPP in cultural activities is the Toronto International Film Festival (TIFF), that is the North America’s largest and most prestigious film festival, taking place every September since 1976, with celebrities from around the world coming to Toronto. Next to being a major public cultural event, the festival is also an important meeting place for the media industry, producers and movie buyers; and it generates millions of dollars in local economic development. However, the film festival didn’t have a central venue and was instead spread between the different theatres across the city, and operated out of multiple offices without a permanent headquarter.

TIFF is owned and managed by a respected and well known charitable organization, overseen by a board of directors. Beginning in 2002, TIFF partnered with a private enterprise for developing a project including new residential apartments and a permanent home for the film festival. In this case, the mixed use of the building was more in concept than in the agreement, as the agreement was to partition the building so that each party owned and was responsible only for their portion of the building and shared spaces. It took four

years for the festival’s organizers to raise the necessary money through government and philanthropic sources to start construction of the building, but it was indeed a win-win situation, as the TIFF now has its prestigious location named TIFF Bell Lightbox, and the private partner, developing a marketing strategy that recognized the branding value of being connected to a major cultural institution and a global cultural event, was able to sell the residential units in Festival Tower.

Conclusions: both examples showcase a mixed use of buildings, which host both public activities and private homes. This solution is used in many countries, as it provides the possibility of restoring/creating public buildings and getting direct revenues from selling apartments: it seems the perfect win-win solution for an action involving public and private interests. However there might be constraints due to the unavoidable role of the public opinion (as in the case of NTCI school) or to the legal framework about preservation of cultural heritage which may not permit to sell portions of a public (historical) building for private use.

### 3.1.5 Addenda: other cases of reflection

#### a/ Palazzo Pretorio in Pontedera (Italy): crowd-sourcing good ideas

The case of Palazzo Pretorio has been extensively described in RICHES publication D5.2 - *Place-making, promotion and commodification of CH resources* - a report examining whether locations have coherent strategies to appeal to consumers using cultural resources and attributes such as place promotion, product and quality. Analysis focuses on the contemporary influences and contribution of digital technologies in the exploitation of cultural heritage.

The recent story of Palazzo Pretorio is not a real case of PPP but instead a cooperation call for the reuse of an historical building, property of the Municipality, in the city of Pontedera, that was preceded by a participative process involving cultural and sport associations, retailers, citizens, immigrants to understand what the new destination of the building should be.

Among the requirements that emerged from the participative process, the building should not have any residential destination (no flats), while the possibility of opening commercial activities in the ground floor of the building was appreciated, provided it would be jointed with cultural activities or linked to the values of the territory (e.g. a literary café, music, entertainment, drink and food, wine retail etc).

The figure below summarises the proposals of reuse for Palazzo Pretorio from the different community groups involved in the participative process:



**b/DiCultHer – Digital Arts and Humanities School**

DiCultHer – Digital Arts and Humanities School is an Italian project focused on improving digital skills at a national level through the implementation of a network that involves different typologies of subjects and territorial areas.

In particular in its development and organization the project DiCultHer School is characterized by a wide distribution on the national and international level of Formative Poles aggregated by Universities that share functions, tasks and skills to ensure high standards of quality, innovation and flexibility training. All these activities are in response to the demands of digital skills for the conservation and enhancement of cultural heritage, both in the public and private systems.

There are partners from the private, public and academic world; every partner is working in its own reality on culture and together in culture applied to digitalization.

In DiCultHer there are five research area represent by the most important university institutions involved in the projects. At a secondary level there are 14 working groups composed by private and public subjects that develop cross cutting issues. The communication is essential to spread research but also to build a new culture looking at taking advantages from technological solutions.

Different aspects combined in the project are:

- Governance aspects: different typologies of public, private and academic subjects are working together to identify objectives to build a common project related with one of the most important issue in the European cultural context: the digital Culture.
- Educational aspects because of the educational objectives of the projects that aims to build a “school”, a formative itinerary able to involve different types of targets studying the same issue.
- Financial aspects: now the project is auto financed by every partners but it would like to become a reference point dealing with digital culture and, involving the most important national experts, it would like to create bridges between cultures and countries to develop European research projects. The network is looking at new calls of Horizon2020 to develop – from a European point of view – considerations developed at national level.

## 4. EXPERIENCES OF EU PROJECTS

The European Commission regularly holds open funding calls with different themes and aims, and a strong competition is based on criteria such as the relevance of the project idea to the EC guidelines, its impact, its sustainability and scalability. External experts are called to judge the most appealing projects in each call according to a very careful selection, and the EC eventually establish contracts with the project representative (i.e. the consortium coordinator).

As described above (Cfr. par. 1.5) in this research, EU funded projects are considered an example of PPP, irrespectively of the legal form of implementation (in fact the grant agreement, i.e. the contract signed between the European Commission and the project coordinator is just a two-party contract with rights and duties). In a broader sense, such projects are actually clear examples of cooperation among public and private bodies. The consortium is increasingly often composed of a mix of public bodies (such as academies, research centres, cultural institutions etc) and private companies (SMEs, technology providers, creative industries etc), and the private sector is very welcomed by the European Commission to join these projects, which are in full or in part financed with public money from the tax payers. It is also a way of redistributing the common resources for common benefit and although it is a critical implementation requirement that the project would produce impact beyond the consortium, the first beneficiaries of the funding are the project partners.

The consortia of EU projects are more than just a group of colleagues sharing an opportunity to get funds, they are a training ground for partnerships which may last for years after the project is finished. In this chapter, two examples of projects with a mixed public-private consortium are illustrated.

### 4.1 EUROPEANA PHOTOGRAPHY

Europeana Photography was a digitization project focused on early photography, which was successfully concluded in 2015 (with “excellent” mark from EC), and over 450.000 digitized photographs of historical, cultural and social value delivered to Europeana, the European digital library. Europeana Photography is a true example of PPP, the consortium being composed by a mix of public and private partners, representing photographic archives, museums, and national collectors of vintage photographs (also via crowdsourcing and collection days). Common objective was the digitization of photographic heritage, with the support by EC funding; however Europeana Photography was financed at 50% of eligible costs, so it implied a true investment from the partners and this configures it as a PPP more than other EU projects, with partners sharing among themselves (and also with EC) the “famous” three R (cfr. Introduction): resources, risks and responsibilities.

The main motivation for the partners to join the project was the support (in terms of funding and of technical assistance) for digitization and indexing of their archives. Many of them bought the digitization equipment (which is expensive material) exactly because of the project and due to the project funding, and received technical advice and support from the project technical partners. They shared archival and indexing best practice, and put their individual competencies in a common pot for the others to learn from. Some of them could finally open and curate dusty boxes of forgotten photographs which were lying in their archives since a long time. All of them could enrich their archival databases with expressive, multilingual metadata – as this was one of the mandatory elements of the project, to be accomplished also via curatorial research that significantly increased the archival value of their archives, by enhancing searchability/retrievability of cultural heritage items, also with commercial purposes (either selling the rights of use of the images or increasing the visibility of the collections to potential customers).

Also, an attempt was made by the project to rigorously demonstrate the benefit for partners that they should be deriving from exposing their digitized collections online ; however the most notable benefit derived by each participant from the project was the cooperation with the others. This was confirmed via a survey to collect data and inputs for the sustainability strategy of the project: the private partners were happy with having contacts and working relationships with important institutions, and the public bodies learnt a lot, especially on business models, from the private partners.

In regards to the P for People, another important benefit was produced for the citizens: digitizing unknown collections of photographic cultural heritage and placing it online has an important impact on citizens in general and on the educational sector. The primary benefit for citizens is increased online access to a wealth of digital cultural resources that previously may not even have been accessible in physical form, because of the fragility of the support. Photography is a powerful medium for cultural engagement that people are particularly attracted by, and want to interact with.

Not by chance, one of the impacts of the project was focused on contributing to the community building process of Europe - and photography could be of great help in understanding the culture and the history of countries which may have been so far considered “minor” or under-representing Europe, such as Lithuania, Poland, Denmark, Slovakia, Bulgaria (all of them key partners in Europeana Photography).

The project had a significant feedback from the citizens on the occasion of the final travelling photographic exhibition of the best selection of the partners archives *All Our Yesterdays (1839-1939) Life Through the lens of Europe’s First Photographers*. The first instance of the travelling exhibition was in Pisa (Italy) in Spring 2014 and was visited by an impressive mass of over 5,400 people in 2 months. The exhibition also included the possibility for visitors to bring their own family photographs for onsite digitization and about 1.000 photos were collected this way. Activities for students and for elderly people were also associated to the Pisa event and to the following exhibitions in Leuven (March 2015) and Copenhagen (Summer 2015).

A key element of the sustainability of the project was exactly the benefit provided by the partnership among organizations with different structures and backgrounds, and in fact after the end of the project most of the partners decided to stay together and to found an association, PHOTOCONSORTIUM, to continue the collaboration for mutual benefit. PHOTOCONSORTIUM is currently the curator of *All Our Yesterdays* and counts on a growing number of associate members with different expertise and interests in the field of photographic heritage.

[www.photoconsortium.net](http://www.photoconsortium.net)

## 4.2 EUROPEANA SPACE

Europeana Space is a Best Practice Network focused on the creative reuse of digital cultural heritage. It can be considered very similar to a PPP because the project builds upon the collaboration of cultural institutions with private SMEs, joining forces to develop new applications and services based on digital cultural heritage. There are 6 fields of application corresponding to 6 thematic pilots. Each Pilot comprises both content providers and technology providers and is delivering representative prototypes to showcase how the business potential of digital cultural heritage can be unlocked, and can generate tools and services with a commercial attractiveness for education, tourism, leisure etc... Citizens and end-users are involved in a user-centred design process and in evaluation of the tools for further improvements, to make these products really attractive from the point of view of their potential

customers. Also, following the 6 pilots, a competition open to external participants for innovative concepts will drive to 6 new enterprises to be incubated and launched on the real market. Europeana Space intends to demonstrate that the creative reuse of digital cultural content could bring to new developments, job creation and business opportunities.

The benefit derived from Europeana Space is extremely evident for all the parties.

- The cultural institutions, who are content holders, are happy to make their collections available either because they embrace the open access philosophy or because they want to discover novel ways of reuse for their mass of digitized holdings, possibly with direct impact in terms of educational activities, dissemination and visibility of their collections.
- The technology providers (SMEs) are eager to develop their prototypes and to work with important institutions and prestigious partners, which will improve their reputation and foster new collaborations in the future. Also, this kind of project allows access to scientific and domain-specific knowledge (i.e. other prototypes, patents, innovation methodologies and structures such as Living Labs, etc), which can give private companies an edge over market competitors with products based on less advanced technologies. Moreover, this kind of projects also includes the organization of important events at European level (conferences, workshops etc.) and this is a golden opportunity for small companies to internationalize their activity and improve their visibility.
- The external participants have the chance to get support and possibly to start an enterprise under the mentoring of renowned experts.

In this project the partnership between private and public members has well-designed rules and fair returns to all partners involved and can play a role in bringing to the market the prototypes and pre-commercial products that was created together with public bodies. EU projects are a way to transfer to the private market public-driven research. However, it must be acknowledged that public funding for mission-driven research and development is and should remain instrumental in tackling the most challenging research problems, those in which the private sector cannot invest in the most basic stage.

[www.europeana-space.eu](http://www.europeana-space.eu)

### **4.3 PROGRAMMES AND INSTITUTES FOR COLLABORATIVE ACTIONS IN CULTURAL HERITAGE FIELD**

In this section are illustrated examples of EC initiatives and institutes for supporting collaborative practice across sectors and actors for enhancement of cultural heritage, although they do not represent PPP in the strict sense, it is interesting to see how collaboration across public administration and private (local) actors is fostered, stimulated and, to some extent, funded.

#### **4.3.1 European Capitals of Culture**

The European Capitals of Culture initiative is an action of the Creative Europe programme designed to highlight the richness and diversity of cultures in Europe and celebrate the cultural features that Europeans share. It also aims to increase European citizens' sense of belonging to a common cultural area and foster the contribution of culture to the development of cities.

In addition to this, experience has shown that the event is an excellent opportunity for:

- Regenerating cities;
- Raising the international profile of cities;
- Enhancing the image of cities in the eyes of their own inhabitants;
- Breathing new life into a city's culture;
- Boosting tourism.

Designation of European Capitals of Culture in EU member states follows a call for applications issued six years before the actual year by the selected host member states, usually through their Ministry for Culture. Cities interested in participating in the competition must submit a proposal for consideration. Cities may involve their surrounding areas if they wish so, but the title is awarded only to the city itself and not to the whole area. Every application must be based on a cultural programme with a strong European dimension. The cultural programme shall cover the year of the European Capital of Culture title and shall be created specifically for the title.

The submitted applications are reviewed against a set of established criteria during a pre-selection phase by a panel of independent experts in the field of culture. The panel agrees on a short-list of cities, which are then asked to submit more detailed applications.

The panel then reconvenes to assess the final applications and recommends one city per host country for the title. The recommended city will then be formally designated as European Capital of Culture.

The role of the European Commission is to ensure that the rules established at EU level are respected all along the way.

The criteria deal with the following categories:

1. Contribution to the long-term strategy
2. European dimension
3. Cultural and artistic content
4. Capacity to deliver
5. Outreach
6. Management

As regards the "contribution to the long-term strategy", the following factors shall be taken into account:

- that a cultural strategy for the candidate city, which covers the action and includes plans for sustaining the cultural activities beyond the year of the title, is in place at the time of its application; the plans to strengthen the capacity of the cultural and creative sectors, including developing long-term links between the cultural, economic and social sectors in the candidate city;
- the envisaged long-term cultural, social and economic impact, including urban development, that the title would have on the candidate city;
- the plans for monitoring and evaluating the impact of the title on the candidate city and for disseminating the results of the evaluation.

As regards the "European dimension", the following factors shall be taken into account:

- the scope and quality of activities promoting the cultural diversity of Europe, intercultural dialogue and greater mutual understanding between European citizens;

- the scope and quality of activities highlighting the common aspects of European cultures, heritage and history, as well as European integration and current European themes;
- the scope and quality of activities featuring European artists, cooperation with operators or cities in different countries, including, where appropriate, other cities holding the title, and transnational partnerships;
- the strategy to attract the interest of a broad European and international public.

As regards the "cultural and artistic content", the following factors shall be taken into account:

- a clear and coherent artistic vision and strategy for the cultural programme;
- the involvement of local artists and cultural organisations in the conception and implementation of the cultural programme;
- the range and diversity of the activities proposed and their overall artistic quality;
- the capacity to combine local cultural heritage and traditional art forms with new, innovative and experimental cultural expressions.

As regards the "capacity to deliver", the following factors shall be taken into account:

- the application has broad and strong political support and a sustainable commitment from the local, regional and national authorities;
- the candidate city has or will have an adequate and viable infrastructure to hold the title;

As regards "outreach", the following factors shall be taken into account:

- the involvement of the local population and civil society in the preparation of the application and the implementation of the action;
- the creation of new and sustainable opportunities for a wide range of citizens to attend or participate in cultural activities, in particular young people, volunteers and the marginalised and disadvantaged, including minorities, with special attention being given to persons with disabilities and the elderly as regards the accessibility of those activities;
- the overall strategy for audience development, and in particular the link with education and the participation of schools;

As regards "management", the following factors shall be taken into account:

- the feasibility of the fund-raising strategy and proposed budget, which includes, where appropriate, plans to seek financial support from Union programmes and funds, and covers the preparation phase, the year of the title, the evaluation and provisions for the legacy activities, and contingency planning;
- the envisaged governance and delivery structure for the implementation of the action which provides, inter alia, for appropriate cooperation between the local authorities and the delivery structure, including the artistic team;
- the procedures for the appointment of the general and artistic directors and their fields of action;
- the marketing and communication strategy is comprehensive and highlights that the action is a Union action;
- the delivery structure has staff with appropriate skills and experience to plan, manage and deliver the cultural programme for the year of the title.

European Capitals of Culture are formally designated four years before the actual year. This long period of time is necessary for the planning and preparation of such a complex event, which would be used to build collaborative partnerships, including those between public and private organisations. The panel, supported by the European Commission, has a continuing role during these four years in supporting European Capitals of Culture with advice and guidance and taking stock of their preparations.

At the end of this monitoring period, the panel will consider whether to recommend or not that the European Commission pays the Melina Mercouri Prize (currently €1.5m funded from the EU Creative Europe programme).

Each year the European Commission publishes an evaluation report on the outcomes of the European Capitals of Culture of the previous year. For the Capitals post 2019, the cities themselves will carry out their own evaluation and send it to the Commission by the end of the year following that of the title.

Source: [http://ec.europa.eu/programmes/creative-europe/actions/capitals-culture\\_en.htm](http://ec.europa.eu/programmes/creative-europe/actions/capitals-culture_en.htm)

#### **4.3.2 European Heritage Label**

European Heritage Label is another action of the Creative Europe programme, aiming at highlighting and supporting heritage sites that celebrate and symbolize European history, ideals, and integration. It aims to strengthen the support of European citizens for a shared European identity promoting cultural property, monuments, natural or urban sites, contemporary and traditional heritage that have played a key role in building and uniting Europe. In this way, the European Heritage Label is also designed to encourage people to understand, respect and support their heritage.

The European Heritage Label specifically deals with:

- Designates sites of historical importance to Europe and the EU
- Chooses sites on the basis of their symbolic value
- Helps people learn about shared European history, cultural heritage, and values.
- Encourages networking between the sites and heritage professionals
- Increases cultural tourism

The programme intends to develop synergies between the cultural heritage and the sectors of creativity and tourism, funding specific projects for enhancing cultural heritage sites. The European Heritage Label may be awarded to three types of site:

- Single sites – covering individual applications within a single EU country.
- National thematic sites – multiple sites in one EU country with a clear thematic link.
- Transnational thematic sites – multiple sites in several EU countries with a clear thematic link or a single site located on the territory of at least two EU countries

Sites can include monuments; natural, underwater, archaeological, industrial or urban sites; cultural landscapes; places of remembrance; and cultural goods and objects and the intangible heritage associated with a place.

To receive the Label, sites shall seek to attain the following objectives: (a) highlighting their European significance; (b) raising European citizens' awareness of their common cultural heritage, especially among young people; (c) facilitating the sharing of experiences and exchanges of best practice across the Union; (d) increasing and/or improve access for all, especially young people; (e) increasing intercultural dialogue, especially among young people, through artistic, cultural and historical education; (f) fostering synergies between cultural heritage on the one hand and contemporary

creation and creativity on the other; (g) contributing to the attractiveness and the economic and sustainable development of regions, through cultural tourism in particular.

The European Heritage Label requires candidate sites to submit a project highlighting and presenting their European dimension to a European audience; candidate sites are also required to demonstrate that they have the operational capacity to carry out this project (areas where PPPs could pool their expertise). The main focus of the European Heritage Label is not on the preservation of the sites, which should be guaranteed by existing protection regimes to ensure their transmission to future generations.

The submitted project should include all of the following elements:

- (1) raising awareness of the European significance of the site, in particular through appropriate information activities, signposting and staff training.
- (2) organising educational activities, especially for young people, which increase the understanding of the common history of Europe and its shared yet diverse heritage and which strengthen the sense of belonging to a common space.
- (3) promoting multilingualism and facilitating access to the site by using several languages of the Union;
- (4) taking part in the activities of networks of labelled sites in order to exchange experiences and initiate common projects.
- (5) raising the profile and attractiveness of the site on a European scale, by exploiting the opportunities offered by new technologies and digital and interactive means and by seeking synergies with other European initiatives.

Artistic and cultural activities which foster the mobility of European culture professionals, artists and collections, stimulate intercultural dialogue and encourage links between heritage and contemporary creation and creativity are to be welcomed whenever the specific nature of the site makes this possible.

Source: <http://ec.europa.eu/programmes/creative-europe/actions/heritage-label/>

These two initiatives clearly require a great deal of planning, skills and expertise and will, through necessity include a variety of PPPs to maximise their operational potential and meet stated objectives.

## 5. OUTCOMES OF RICHES PPP TASK

### 5.1 LESSONS LEARNT

The task on PPP of the RICHES project was carried out in the simplest way possible given that the theme is so complex and multifaceted. It is actually difficult to mix desk research with first-hand information and experiences with the general aim to produce outputs that are both detailed and valid in general - also because the national legislation may differ one from another and of course this has an impact on local implementation of PPPs, so that it is difficult to compare cases from different countries.

However, general commonalities can be identified from the different experiences: these are explained below and the lessons learnt are summarized in the boxes

What resulted both as a recommendation from different bodies, and as a best practice actually applied, is that the choice of implementing a PPP is or should be normally based on a detailed analysis and reflection on all the elements of the project, trying to understand the pros and cons of sharing resources and risks with other partners, also based on the local rules, the project's requirements and financial viability.

**Lesson learnt n. 1: PPP isn't a free choice to be based on a money-driven focus, but should be the result of a profound analysis of the specific case which would indicate PPP as the best model for financing the project.**

As a general framework, what is very important is that everybody in the partnership accepts a PPP agreement that is constituted in a very detailed and clear manner; with definite procedures that allow for small flexibility, but no personal interpretation. (For this reason, the EU projects which imply cooperation between public and private bodies normally have good results and no major surprises, because formalities and implementation rules for EU funded programmes are clearly described and often well known by the participants in advance). The other side of the coin is that complex agreements are time consuming in terms of documentation and financial reporting. Good management skills are necessary for all the actors in the project.

**Lesson learnt n.2: efficient management is the key for success, and this is important both for operative procedures and task orchestration, and for the financial management of the whole project.**

The need to manage the partnership through a formal governance structure should not disregard the copyright issue, to be regulated clearly in the agreement so that the partnership is able to operate within the framework of applicable copyright and intellectual property law and on the basis of project-specific agreements, where the ownership of rights possibly derived by the project needs to be clearly stated.

**Lesson learnt n.3 : IPR counts, especially where a reuse of cultural heritage may generate products or services for the real market. It is important to think about this aspect since the preliminary feasibility studies of the PPP.**

Generally it can be said that PPPs require a high level of communication. There is also a linguistic issue, as public and private sectors may use different terms. The involvement of a professional coordinator with clear responsibilities and tasks is recommended, who will coordinate the high degree of efforts on communication and cross-sectorial mediation among all the actors.

This role is key and personal attitude, associated to previous experience in similar contexts, is extremely important, implying the need to raise a high sensitivity of all involved parties for the others motivation and perspectives.

**Lesson learnt n. 4: Be clear about the allocation of tasks/roles/duties, but also open and flexible to cope with communication gaps, mediation issues and unexpected developments.**

Another common point that emerged from most cases is the importance of people engagement. This is especially true in those projects that involve the public interest (e.g. re-use of cultural heritage buildings or assets), because lacking this involvement it is possible that a detachment happens between the “public as people” and the “public as State”, with possible negative results, duplication of efforts and general contestation of the decisions that are taken top-down. An important role can be played by non-for-profit associations and non-governmental organizations, which aggregate and segment the mass of citizens, having an respected voice and representing their interest as opposed to the crude business - that may pollute the public good.

Also, the involvement of citizens can be a great resource, especially for cultural heritage related projects; because from the people engagement creativity and innovative ideas can arise, with a benefit for the proposed project. Opportunities for people engagement come from focusing on good digital marketing strategy and through dynamic social media strategy.

**Lessons learnt n. 5: PPPs should add another P for People. Utilize citizens and their potential, by adopting a bottom up strategic approach; and listen to people’s needs and opinions for a user-centred design of the project.**

## 5.2 RECOMMENDATIONS

From the analysis undertaken so far, it is possible to summarise the main results:

### 1/ 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 regarding 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.

### 2/ Some Challenges

Due to 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. It is also important to take into account different terminology and language habits between public and private sector which may make communication challenging.

Another challenge in the execution of PPP is 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 problem.

### 3/ 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 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. A shared language/terminology should also be agreed.
- **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.

The considerations above are also presented in a dedicated document about PPP in the RICHES Think Paper Series, available on the RICHES website<sup>14</sup>.

### 5.3 THE RICHES QUESTIONNAIRE

In December 2015, a simple questionnaire was circulated to the RICHES consortium, the RICHES Network of Common Interest and to other known projects and organizations. The questionnaire template is attached as annex II

The questionnaire allowed for wide descriptive stories and for personal interpretations, in order to collect not only the concept and the experience of a PPP, but also the perceived result from the point of view of the narrator.

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<sup>14</sup> <http://riches-project.eu/policy-recommendations.html>

Unfortunately, there wasn't a great response to the questionnaire, and this could be interpreted as a fact that PPP aren't very common, at least in the communities that are represented in the RICHES and CH networks. Also, in some cases EU projects are described as PPP experiences and can be considered as such (cfr. Chap. 4). However the received feedback, although not wide in number, was very interesting and full of sparks, and highly contributed to the development of this deliverable.

The total answers received are 10, of which:

- 5 from private organizations: BT Heritage and Archives, PostScriptum, Zetcom Ltd, Giornale delle Fondazioni, P. Haratzopoulos & Co Partnership / Cannibal / Fonts.gr.
- 3 from cultural organizations: Benaki Museum, Museo Galileo, Freida 23
- 2 from foundations: i2CAT and WAAG

In this section, comments from the questionnaire are reported to share the overall views about PPP that the questionnaire captured.

"In our field of software development for the cultural sector a close co-operation between private and public partners is essential to achieve the common goal of preserving and disseminating cultural values in general." Zetcom Ltd

"PPP enable projects which would not have been possible without this structure or enable a higher quality of the project and broaden the horizon of all involved players.[Disadvantage]: The high degree of efforts on communication and mediation. It is especially that it needs cross-sectorial mediation and a high sensitivity of all involved parties for the others motivation and perspectives." Rostock

"Discussions over copyright / IPR issues in particular was the cause of the only real difficulty, but they were resolved", BT Heritage & Archives.

"For Waag Society this [i.e. the social enterprise] can be a way to increase the impact a project has. In the long run it enables us to create a new revenue stream that funds new research projects.", Waag Society

"Usually public sector institutions are the content holders or service managers but lack the financial and technological means. They can only benefit from partnerships with private sector partners as they can get organized based on efficient business plans and get upgraded technological applications so that they can approach the public in a more effective way. Private sector partners usually surpass the public sector at technological and organizational skills. They can gain new target audience through the products created in partnership with public sector institutions." Benaki Museum

"We think that PPP contribute to develop visions, capabilities, network and communication that could be complementary to research. Especially about innovation and about private subjects that could develop experimentation – supporting realization costs and risks – in practices and policies (for example new welfare or creative and cultural enterprises).

PPP is also a good way to implement solutions studied by research. Looking at this topic at the European level there are some best practices: Horizon 2020 – H2020, for example, supports private sector." Giornale delle Fondazioni

"It was necessary to establish confidence and mutual understanding among partners. When the partners trusted me and the proposals I made, collaboration was easy and productive. (...) There was a lack of know-how and necessary skills from the part of the project leader who was not able to identify the needs and processes to understand and solve problems." Haratzopoulos

“PPP is a very attractive option, but for its success it is essential that the private has the prospect of an economic and/or image return. The possibility of a revenue can be essentially of two types. On the one hand, the intermediation in the sale of resources and related services owned by the public organization. On the other hand, the use of the know-how of the public institution for the development of products and services that can be sold by the private partner to other institutions while being given for free to the subject that provided the specifics and the test material for their creation.

From the point of view of public institutions PPP offer the opportunity to realize special projects and introduce technological innovation within the organization in sustainable terms.

However, in this kind of cooperation, it is essential for public institutions to maintain control over their material. Finally, for both public and private stakeholders the mutual exchange of skills and know-how could constitute further encouragement for this model of partnership .

Unfortunately at the moment this business model is not common practice.” Museo Galileo

“PPP (combined also with the P for People) allows the development of an integrated strategy across diverse bodies under common goals and offers opportunities for creative marketing and audience development.” PostScriptum

To conclude this overview of opinions and experiences about public-private collaborations, the quotes of Samsung and British Museum on the occasion of the 35th Arts & Business Awards assigned to the partnership(cfr. 3.1.3) are provided:

“The Museum is delighted with our long-standing partnership with Samsung. Samsung’s world-leading technology enables us to be at the forefront of digital education, with a programme that is enhanced year on year. Families and schoolchildren of all ages have found these superb digital tools irresistible, and for us they have become indispensable in opening up and encouraging active engagement with our vast and varied collection.” Neil MacGregor, Director of the British Museum

"Samsung is thrilled that the partnership with the British Museum has been shortlisted for this prestigious award. This exciting partnership and the Samsung Digital Discovery Centre at the British Museum, is part of our wider Digital Classroom initiative, which inspires young people to unlock their learning potential through the use of technology. The British Museum has been at the forefront of innovating digital learning and we are excited to see where the future will take us." Andy Griffiths, Managing Director, Samsung UK & Ireland

## 6. CONCLUSIONS

This document, after introducing the concept of PPP, considered the conditions involved in partnership working and the and actors involved. It analysed several case studies of collaboration between public bodies and private entities in the domain of cultural heritage to evaluate outcomes and benefits. These derived from a mix of desk research and questionnaires circulated to the RICHES Partners and network.

There is a top-down push across the Governmental levels in the various countries to foster the implementation of PPPs in the different areas of action of the Public Administration, partly due to the reduction of public funds to finance big infrastructure works or other public services and activities. However, this push encounters challenges for extensive take-up, especially at local level, due to critical issues that limit the implementation of PPP by the Public Administration. Measures for facilitation and recommendations intend to lower barriers and raise awareness and skills and therefore the use of PPP, as illustrated for example in the case of Italy.

Various lessons learnt came out from this task and can serve as recommendations when thinking about a PPP. Despite difficulties and obstacles PPP has opportunities and advantages that confirm once again their potential to improve the performance of the Public Administration and its services to the community, at the same time offering other parties advantages and revenues (not only monetary revenues but also more immaterial gaining).

As an outcome of this research, a section about PPP is available on the RICHES Resources website including extracts from this deliverable in “digestible” form, and the *RICHES Think Paper 07: Public Private Partnerships for Cultural Heritage: Opportunities, Challenges, Future Steps*, which addresses the theme of 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, it can be expected that PPPs can become an accelerator for the investments in the cultural heritage sector.

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And of course RICHES deliverables and research outcomes, all available at <http://riches-project.eu/deliverables.html>

## **7. ANNEX I : TEN POINTS FOR THE DECISION-MAKERS IN THE PUBLIC ADMINISTRATION (EXTRACT FROM THE EPAS STUDY, CFR. CHAPTER 2)**

- 1 PPP is a structured, complex operation, not to be underestimated
- 2 PPP is based on the idea of realizing an infrastructure/service and being able to recover the invested capitals (be it debt or risk) thanks to the cash flow it generates
- 3 Core of the PPP is the security package, i.e. the full analysis and economic-financial planning
- 4 PPP implies negotiations of commercial and financial contracts, for a proper risk allocation and for identification of the most appropriate credit instruments or titles
- 5 The choice of implementing a PPP is not unconditioned but must be based on detailed analysis and reflection on all the elements with pros and cons
- 6 The choice of implementing a PPP by a PA should not be done just for limiting the Administration's financial efforts, but also for sharing part of the risks with the private partner/s
- 7 the PPP should be chosen for wide-based demands which can be constituted also via the aggregation with other neighbour municipalities or Public Administrations
- 8 if you think of a PPP, remind it will need resources in advance for the feasibility study
- 9 if you think of a PPP, remind it will need longer terms for the start-up
- 10 the PPP overall implies higher costs for implementation.

Source:

"Il Partenariato Pubblico – Privato: Normativa, Implementazione Metodologica E Buone Prassi Nel Mercato Italiano", study by project EPAS, March 2015

<http://www.fasi.biz/it/finanza/24-studi-e-opinioni/12496-partenariati-pubblico-privato-ppp-criticita-italiane-e-modelli-di-sviluppo.html>

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## 8. ANNEX QUESTIONNAIRE

### QUESTIONNAIRE FOR PARTNERS AND AFFILIATE PARTNERS ON PUBLIC PRIVATE PARTNERSHIPS

The RICHES task on Public Private Partnerships (PPP) will develop guidelines aiming to facilitate the analysis of risks related to this kind of financing and to support negotiations between the public authorities and the private sector.

Objective of the task is to produce a set of recommendations targeted to three main categories, which are also represented in RICHES network:

- policy and programme makers
- cultural organisations
- private organisation

This questionnaire will serve to collect experiences and opinions about existing or tentative PPP, intended as “cooperation between the public and private sectors for the development and operation of infrastructure for a wide range of economic activities”<sup>15</sup>, combining a substantial representation of both public and private interests in the partnership.

#### Section 1: Identification of the respondent

##### 1a. Name of the organization and brief profile

.....

##### 1b. Sector (please select)

- policy and programme maker  
 cultural organisation  
 private organisation  
other (please, specify) .....

##### 1c. Type of public or private organization

Please, indicate which kind of organization you are involved in:

.....

*Examples of public organisation: museums, library, archive; public administration; public university or research centre; public agency; others*

*Examples of private organisation: commercial enterprise; foundation with private founders; association with private members; consortium with private partners; others*

#### Section 2: Expected benefits of PPP

##### 2a. A win-win situation?

*The private sector, with its experience and financial means, is a vital partner for the financing, the realisation and the direct management of the solutions identified in the research. In particular, in the context of the current budgetary constraints, the use of public-private partnerships (PPP) is considered to be of primary importance for the implementation of the identified policies and programme recommendations.*

Do you agree with this assumption? Please comment.

<sup>15</sup> EC guidelines for successful public-private partnerships, March 2003.

.....

## **2b. Reciprocal benefits**

---

If you think of a PPP scenario, how will the partnership help the public sector institution achieve its public service mission? And on the other hand, how will the partnership help the private sector partner achieve its goal to create value?

Benefits for the public sector:

.....

Benefits for the private sector:

.....

## **Section 3: Real experience on PPP**

---

### **3a. Please, describe one or more examples of PPP you implemented in your organization.**

What was the rationale behind the collaboration: was it economically driven (to increase visitor numbers) or democratically driven (to involve and engage visitors to participate and interact) or educational (to increase knowledge)? Other aspects?

.....

What was the project and its aims?

.....

Which partner(s) did you chose?

.....

How did you select the partner(s)?

.....

From your experience does PPP bring added value to your organisation and its strategies? How?

.....

### **3b. Collaboration**

---

What was the management structure implemented in the project? How were responsibilities shared between the public partners and the private partners? Did all partners have equal input? Was there a 'lead' partner?

.....

Can you describe the stages in the development process? Was it based on a clear fixed idea or was it an iterative design approach which allowed for flexibility and change?

.....

### **3c. Funding**

---

How was your project funded?

.....

### 3d. Terms of references

---

*Because of the different nature of the involved actors – as private sector differs from public sector in many aspects - objectives, requirements and mission – it is difficult to keep PPP agreements simple. Please, tell more about your experiences in dealing with the formalisation of the agreement.*

How did you manage negotiations with the partner/s?

.....

Were there any copyright/IPR issues and, if so, how were they resolved? For example, when working in partnership and co-creation is there equal ownership of the concept and product?

.....

### 3e. Risks

---

*Because of the complexity of managing PPP initiatives, it is recommended to elaborate a thorough progress monitoring and risk analysis beforehand.*

Which indicator was used for monitoring progress?

.....

How did you identify the potential threats for your organisation and/or the project?

.....

How did you specify remedial actions to be possibly put in place in case of problems?

.....

### 3f. Results, evaluation

---

Measuring impact: What evaluation has been undertaken on the project?

.....

From your experience, does PPP bring added value to your organisation and its strategies?

.....

Were all the partners satisfied with the achieved results? And why?

.....

Did the PPP you implemented in your organization go beyond its scope and continue in any form after the end of the project it was designed for?

.....

## Section 4: Conclusions

---

### 4a. Lessons learnt, outcomes: please, indicate which are the lessons that you learnt by participating in a PPP project

What were the advantages and disadvantages of participating in a PPP project?

.....

What did you learn from the experience?

.....

Were the objectives of all parties met within the partnership?

.....

What were the main challenges to the project being a success?

.....

#### **4b. Recommendations**

---

Would you recommend others to work in PPP projects? Y/N

What recommendations would you offer to a public organization that is planning to enter into a PPP?

.....

What recommendations would you offer to a private organisation that is planning to enter into a PPP?

.....

## 9. ANNEX III: THE RICHES THINK PAPER ON PPP

This document is available for download on RICHES website: <http://resources.riches-project.eu/riches-think-paper-07-public-private-partnerships-for-cultural-heritage-opportunities-challenges-future-steps/>



**RICHES**  
RESOURCES

**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.*

**THINK  
PAPERS**

*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.*

*All images are Public Domain.*

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www.digitalmeetsculture.net

<p>Public-Private Partnerships for Cultural Heritage: Opportunities, Challenges, Future Steps</p> <h2>Public-Private Partnership: A Definition</h2>  <p>Interested parties have developed a number of different definitions of PPP over the years. A chronological list is given below in order of publication:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• 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</li> <li>• 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</li> </ul> <p style="text-align: right;"><b>3</b></p>	<p>THINK PAPERS COLLECTION / 07</p> <p>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:</p> <ul style="list-style-type: none"> <li>• the presence of public bodies and private entities;</li> <li>• sharing of skills and assets, risks and rewards;</li> <li>• benefit for citizens.</li> </ul> <p>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.</p> <h2>Citizen Engagement and Participatory Governance</h2> <p>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.</p> <p>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.</p> <p>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 well received by the public and result in waste of resources and a duplication of effort.</p> <p style="text-align: right;"><b>4</b></p>
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<p>Public-Private Partnerships for Cultural Heritage: Opportunities, Challenges, Future Steps</p> <p>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.</p>  <h2>PPP for Cultural Heritage</h2> <p>PPP has been adopted in the field of cultural heritage mostly for:</p> <ul style="list-style-type: none"> <li>• digitisation, online access and digital preservation;</li> <li>• conservation of immovable heritage;</li> <li>• managing cultural services.</li> </ul> <p>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.</p> <p style="text-align: right;"><b>5</b></p>	<p>THINK PAPERS COLLECTION / 07</p> <h2>Opportunities and Advantages</h2> <p>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.</p> <p>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.</p> <h2>Some Challenges</h2> <p>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.</p> <p>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 problem<sup>1</sup>.</p> <h2>Suggested Options for Successful PPP Strategies for Cultural Heritage</h2> <ul style="list-style-type: none"> <li>• <b>TRUST BUILDING.</b> This could take place via public encounters, online communication and social networks. Representatives of the public administrations need to explain</li> </ul> <p><small>1. We refer for this matter to the RICHES Think Paper entitled "Copyright and Cultural Heritage: Developing a Vision for the Future."</small></p> <p style="text-align: right;"><b>6</b></p>
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