Cities in Crisis - Cities in Development

Public Private Partnerships

DISC
Dutch Initiative Sustainable Cities

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Erasmus

Who are we?

- An institute of the **Erasmus University Rotterdam, the Netherlands**

- Top educational institution for **urban management and development**

- International institute, with global presence and 54 years of experience working in urban setting with applied knowledge.
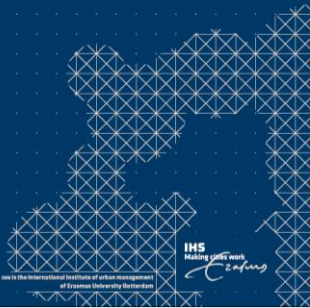
Making cities work!
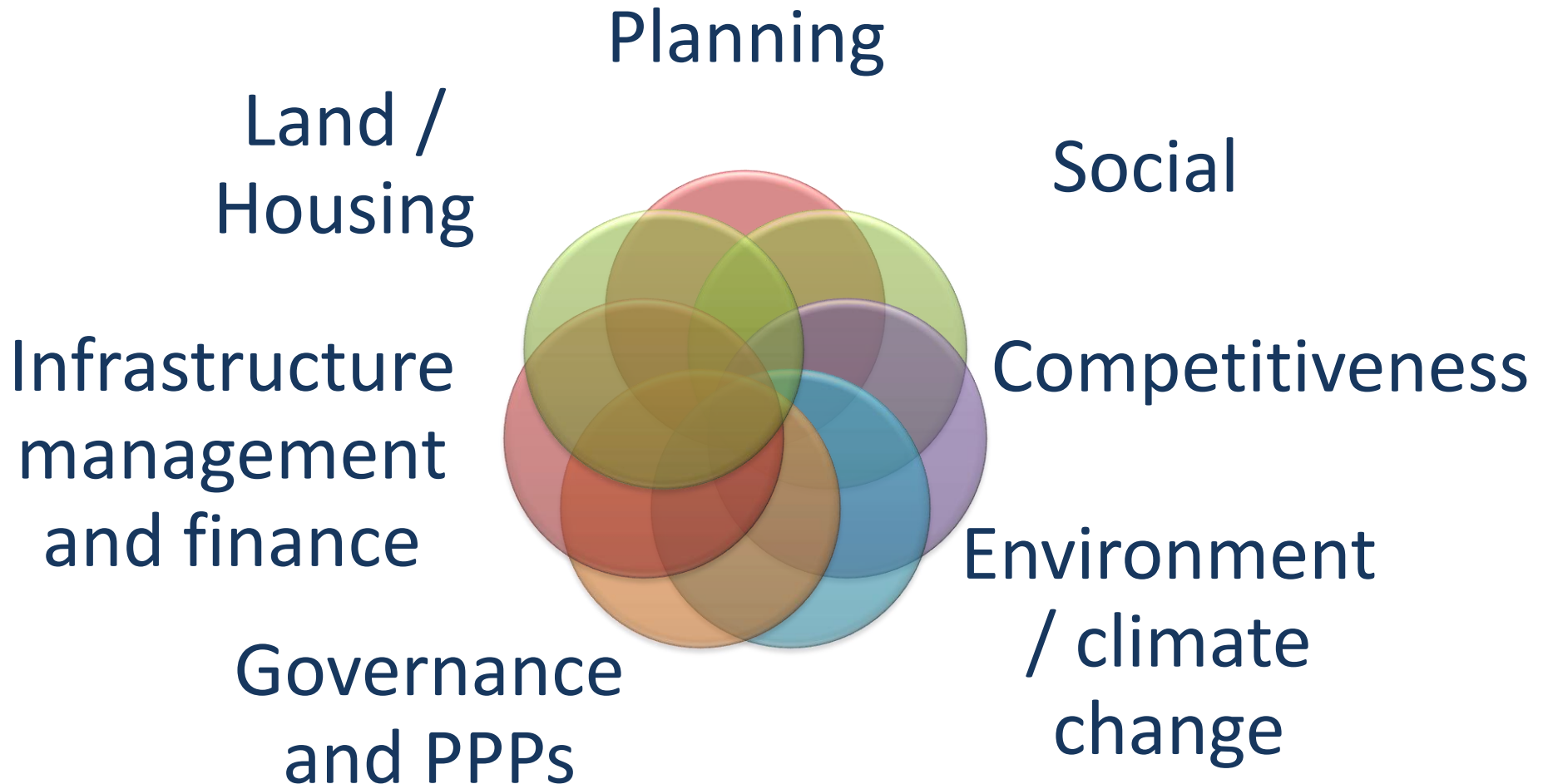
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Mission

To develop
human and institutional capacities to reduce poverty and
improve the quality of life in cities.

Approach: linking theory and practice
Services: education/training + advisory + research

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Key urban themes: sustainable development

Planning

Land / Housing

Social

Infrastructure management and finance

Competitiveness

Governance and PPPs

Environment / climate change

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Where IHS works

Global knowledge exchange

Where is IHS located?

In Rotterdam, the Dutch city that is a model for urban renewal and innovation

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This presentation

- Public private partnerships as part of the strategic planning process

- Challenges in Romania: success in PPPs?

- Focus urban regeneration (complex, multi-functional, multi-actor, high risk)

- Without PPPs = NO urban regeneration

- Fundamental interdependency

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Characteristics of a PPP

- Partners: the public and private sectors, NGOs, and …. the community

- Different interests

- Mutually agreed upon objectives

- Defined responsibilities

- Sharing of resources, risks and returns

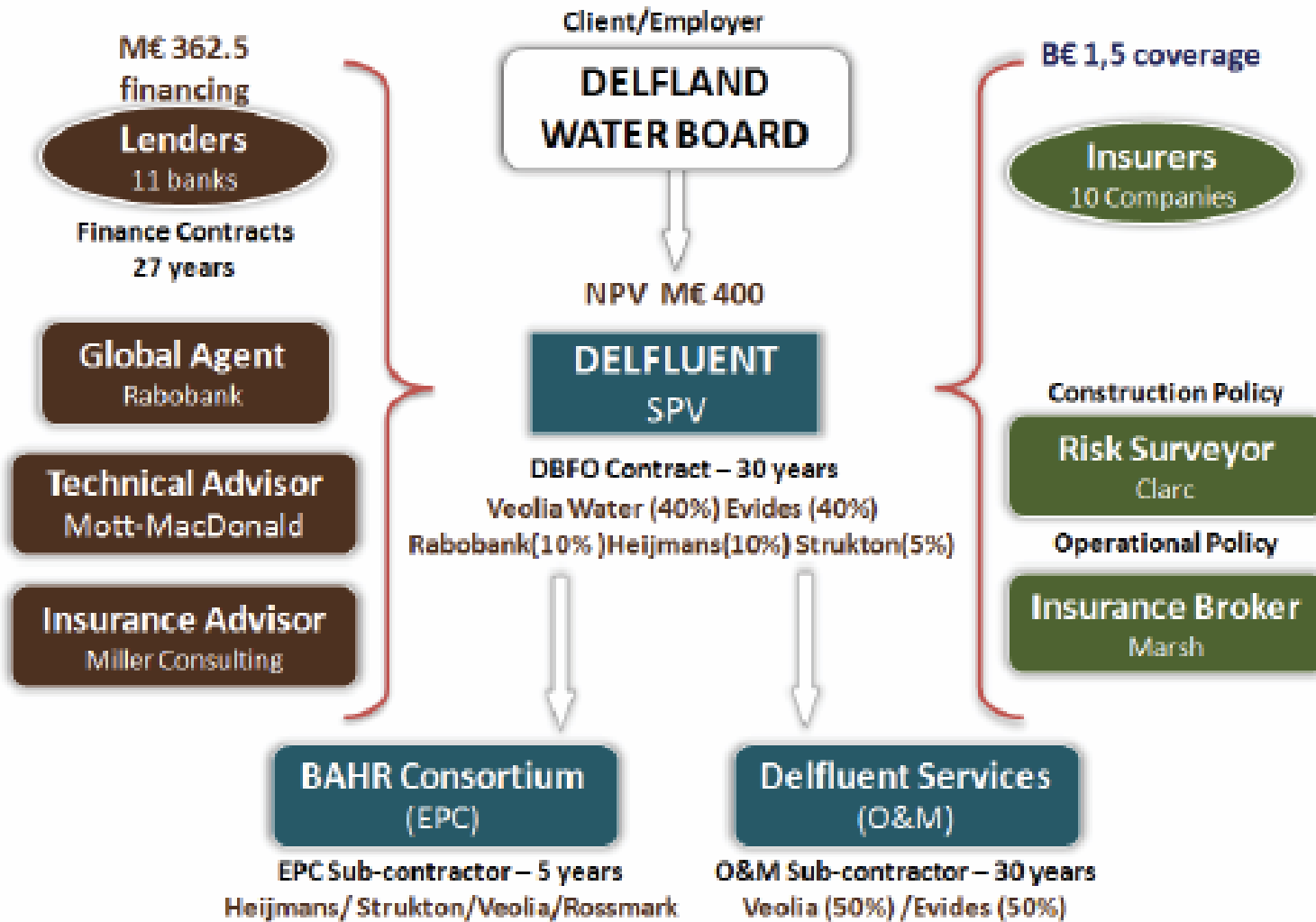- A (legal) organisational structure

Key issues to consider in preparing

- Who are the partners and what are their objectives? How to best achieve these objectives?

- What are the characteristics of a good partnering process?

- What PPP form to choose?

- How to finance? How are the risks divided?

- What instruments (legal, management, organisational) to use to reach consensus and manage the project over longer term?

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Who are the partners = complexity

- The government

- Developers, financiers and investors

- International business, national private firms

- Non-governmental and voluntary organizations

- Informal private businesses / operators

- The consumer or end user

- Donors and consultants

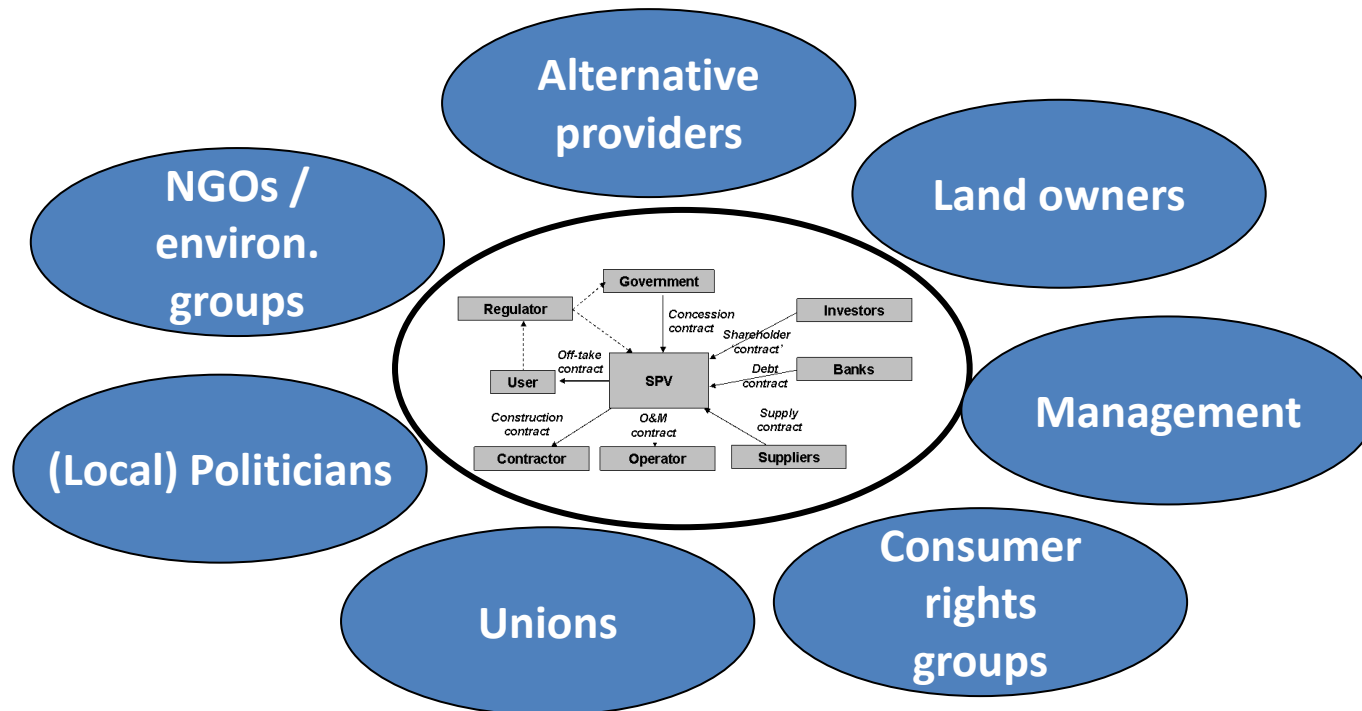- The general public or 'civil society'

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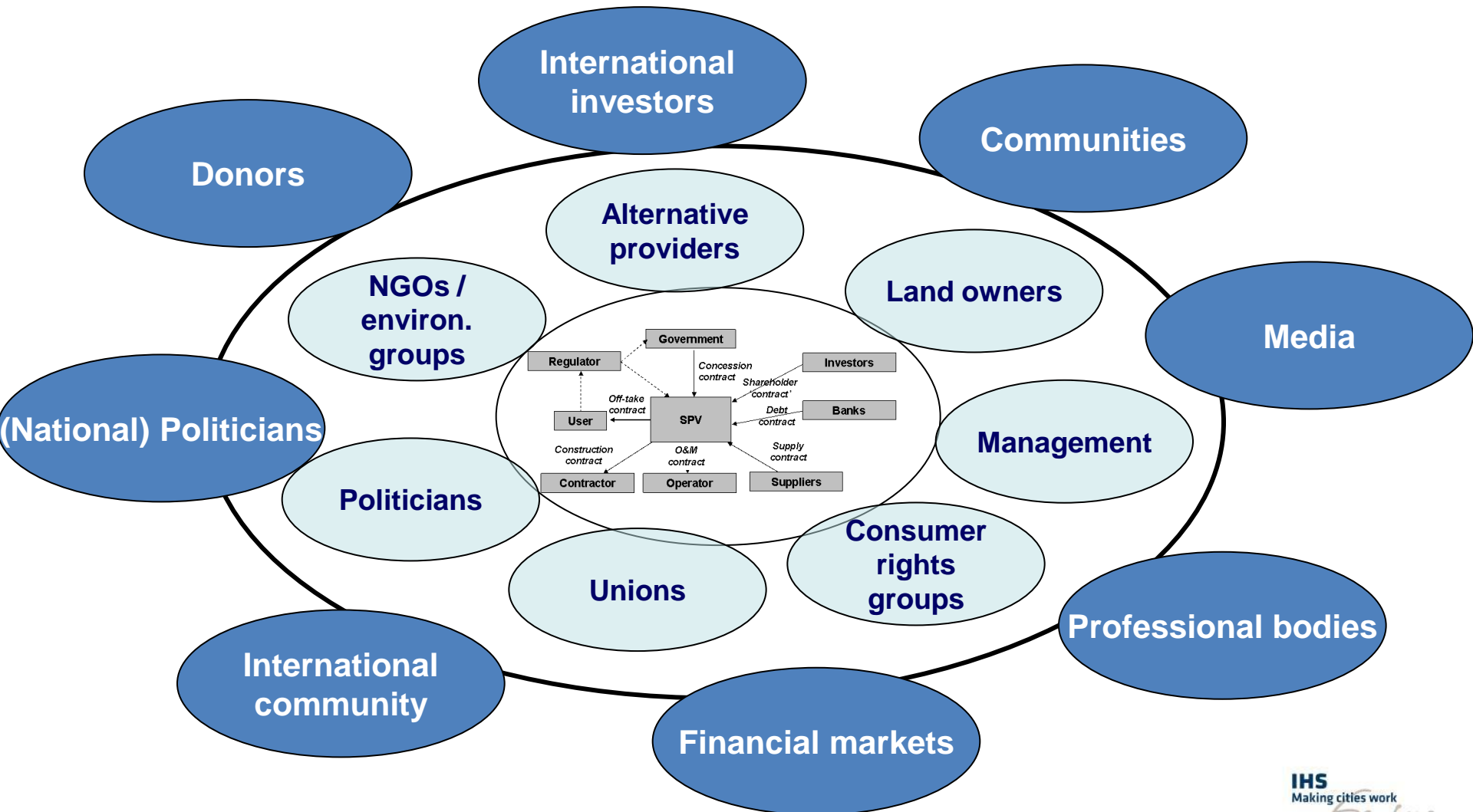
Contractual Partners

Stakeholders involved in PPPs
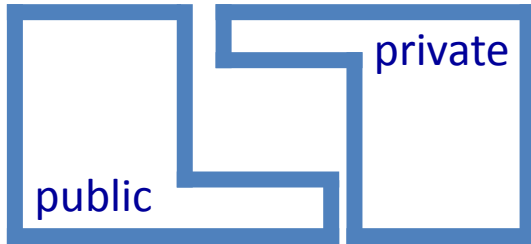
Non-Contractual Stakeholders
Deal-makers / Deal-breakers
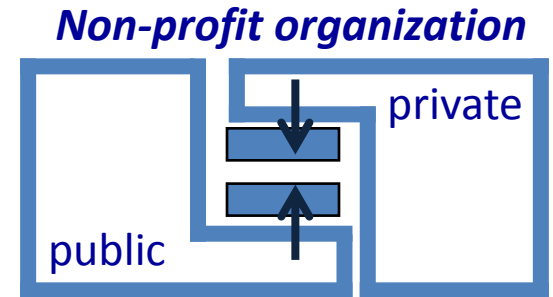
Stakeholders: complexity of interests

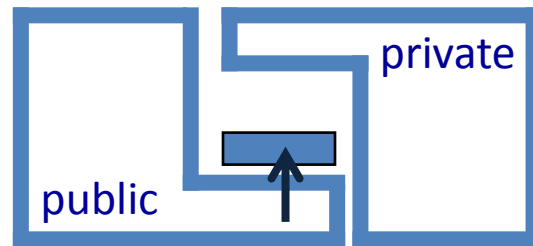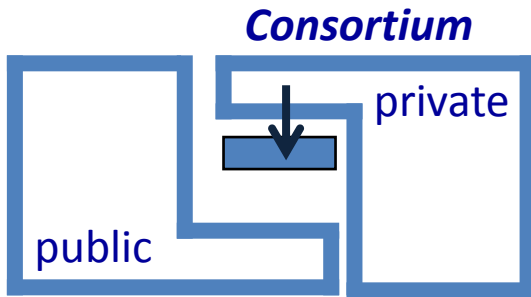International investors

Communities

Donors

Alternative providers

NGOs / environ. groups

Land owners

Media

(National) Politicians

	Government	
Regulator		Investors
	Concession contract	Shareholder 'contract'
Off-take contract		Banks
User	SPV	Debt contract
Construction contract	O&M contract	Supply contract
Contractor	Operator	Suppliers

Management

Politicians

Consumer rights groups

Unions

International community

Professional bodies

Financial markets

Different Organizational Structures

(Kloppenborg, 1987)

private

public

1. No legal change in ownership rights but cooperation

Consortium

private

public

Non-profit organization

private

public

private

public

Public development agency

Quasi-public organization

2. Shift in legal ownership (public, private or both sides)

private

public
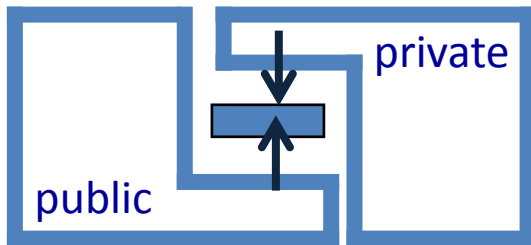
3. Full transfer of ownership rights to a separate company (**joint venture**)

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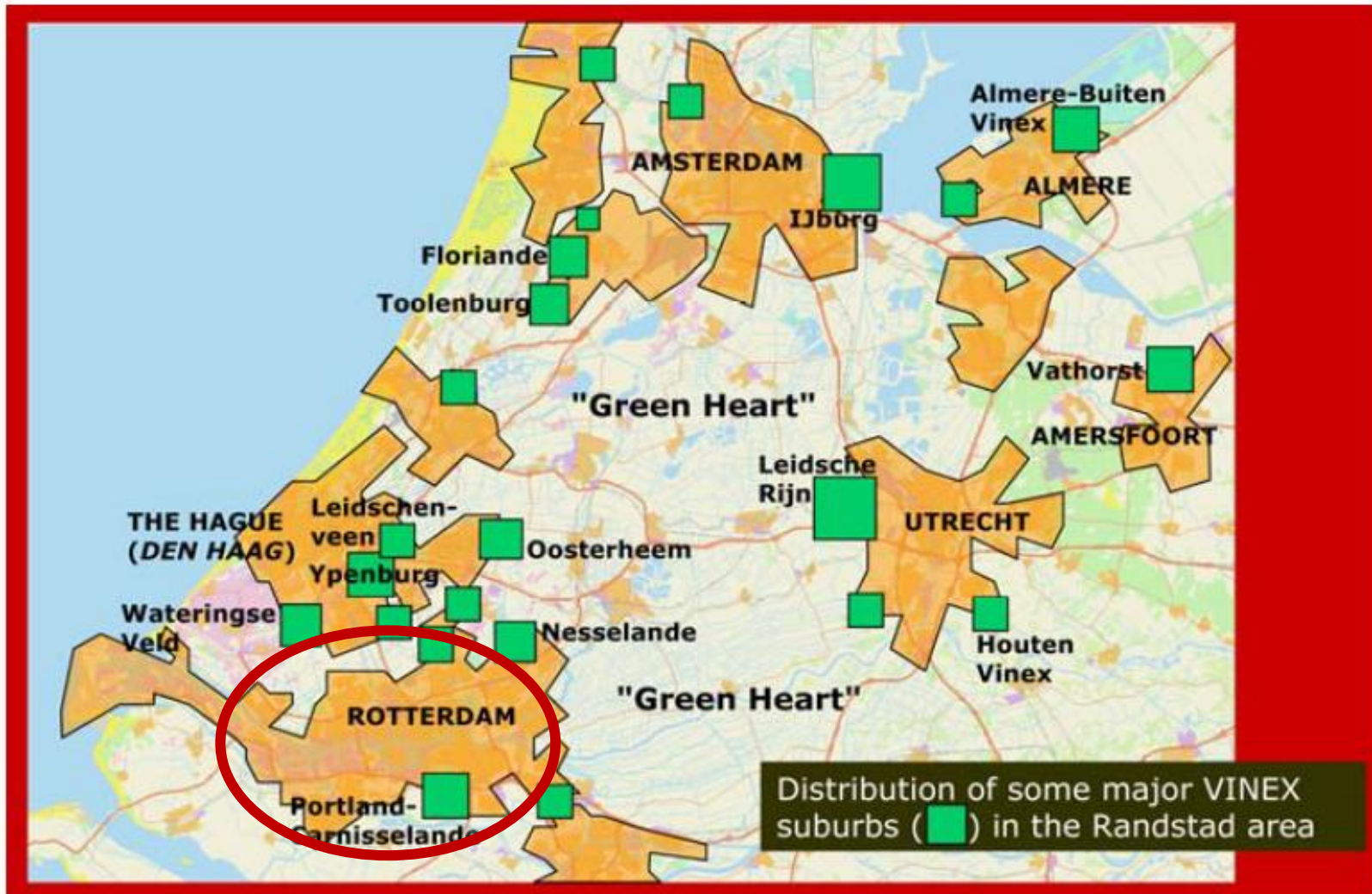
Kop van Zuid in 1990
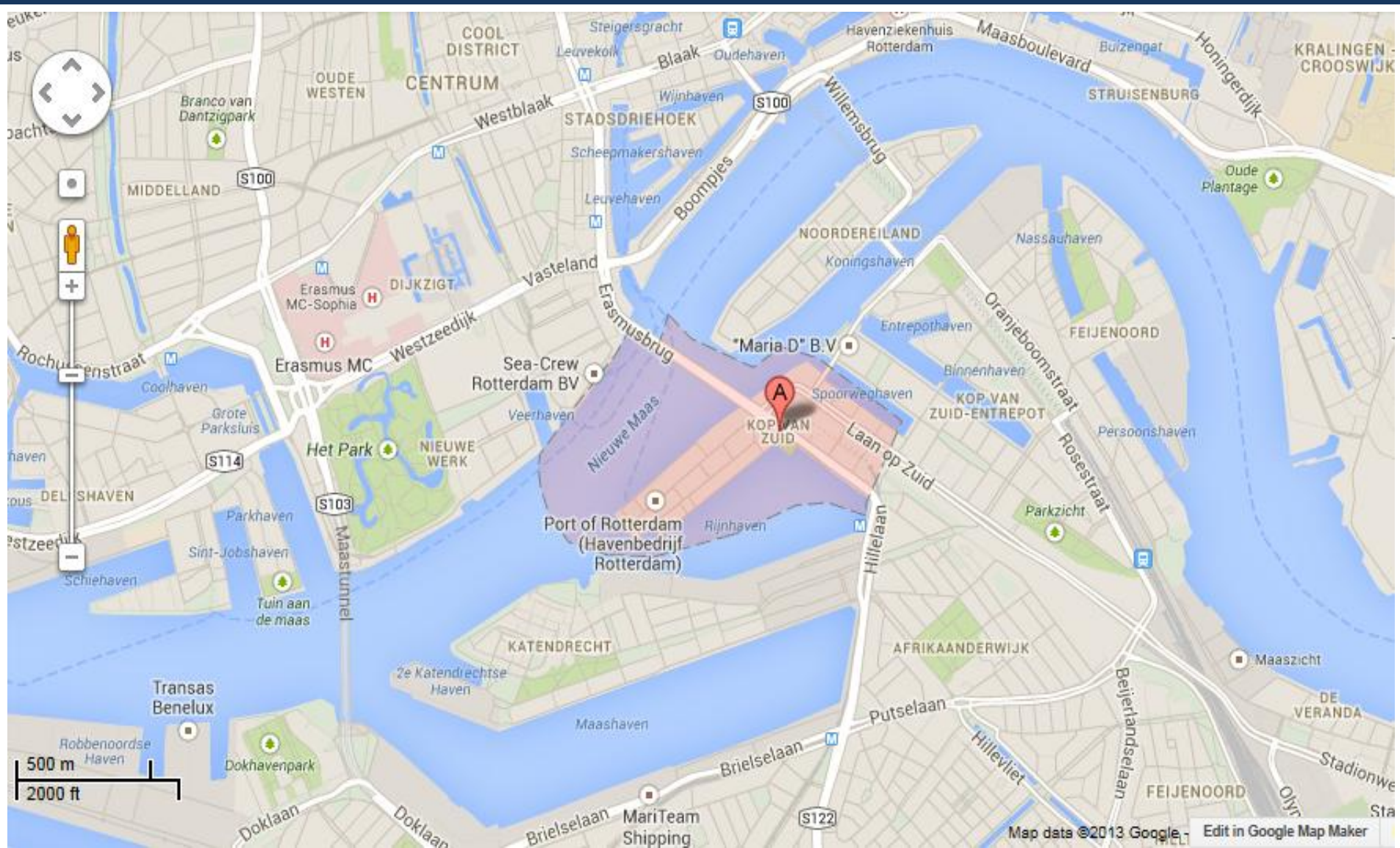
Figure 5. Distribution of some major VINEX suburbs in the Randstad area

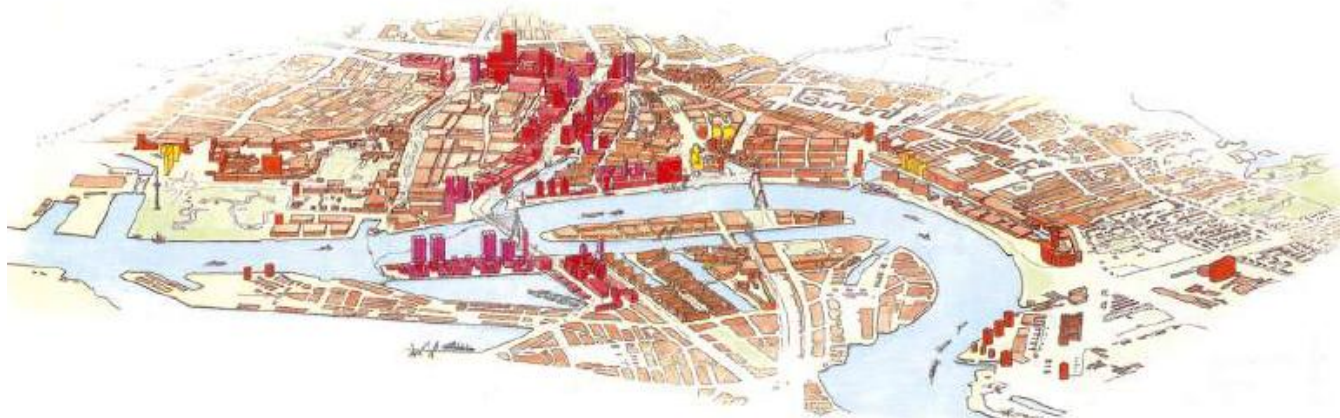# Lengthy preparation: Master Plans

Masterplan Kop van Zuid, Teun Koolhaas, maart 1987

Masterplan Kop van Zuid, Gemeente, 1995

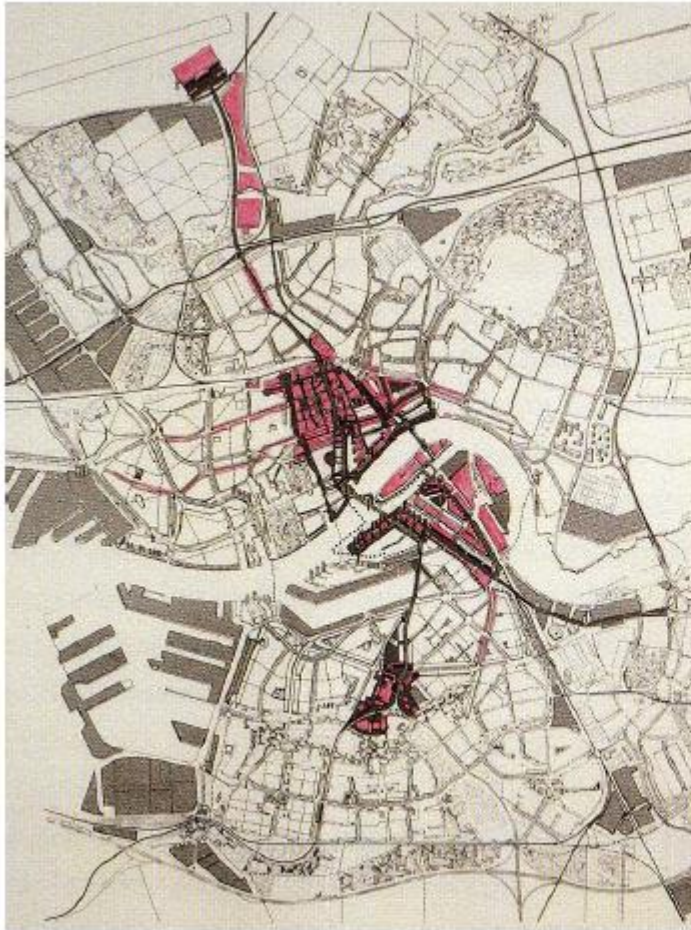**IHS**
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Zoning plan

Deelgebieden Kop van Zuid

Spoortunnel-locaties

Entrepot

Noordereiland

Stadstuinen

Landtong

Peperklip

Zuidkade

ODS gebied

Wilhelminapier

Park

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"de Stadsas"

Rotterdam 2000+

Types of Risk

Public Domain

Private domain?

Legal & Regulatory Risks

Technology Risk

Commercial Risks

Operational & Maintenance Risks

Social & Political Risks

Delay in Project Development

PROJECT PPP RISKS

Land Acquisition Risk

Cost Overrun Risks

Shared domain

Environmental Risks

Force Majeure Risks

Financial Risks

Interface Risk

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Special project organization: task forces

- **Steering group**: made all major decisions
  - Project manager, heads of municipal departments, and alderman (councillor)

- **Coordination group**: day to day
  - Project manager and the coordinators from municipal departments, and per project, the private partners

- **Plan Teams**: based on 10 areas, execution of plans
  - Municipal officials, private parties, housing associations, architects, and in some cases, community members

- **Project communication groups**: for securing support,
  - All interested parties: residents, community organizations, NG0s..

- **Quality Team**: review of architectural plans, members of committee on aesthetics and architects

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Building trust

- Information on capacity/reputation

- Transparent tender process

- Contracts with fair incentives /penalties to ensure compliance

- Willingness to share information and resources

- Behaviour according to expectations

- Time

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Preconditions

- Clear interests /objectives, respected by all
- Stable sources of finance
- Fair distribution of risk
- Long term commitment of personnel
- Public sector with mandate to negotiate
- Partners with capacity
- Organizational forms / legal structure that match needs
- Trust

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