

## LEVERAGING HERITAGE: PUBLIC-PRIVATE, AND THIRD-SECTOR PARTNERSHIPS FOR THE CONSERVATION OF THE HISTORIC URBAN ENVIRONMENT

**Susan Macdonald**

Getty Conservation Institute, Los Angeles, USA  
smacdonald@getty.edu

**Abstract.** It is generally accepted that the conservation of cultural heritage requires the involvement of multiple players across the public, private and nongovernment sectors, not only to initiate and carry out conservation but also to sustain the place. However, the practical means and mechanisms to achieving this are only recently becoming the subject of literature. The conservation of the historic urban environment poses specific and urgent challenges that require a multidisciplinary approach, where conservation actions are embedded within economic, social and environmental development strategies. The private and third sectors are increasingly playing a pivotal role in these processes.

As part of the *Historic Cities and Urban Settlements Initiative*, the Getty Conservation Institute (GCI) has recently undertaken a small research project leading to a literature review examining the role and use of public-private partnerships in achieving conservation outcomes. The review drawings together the available literature and provides a bibliography that will provide much needed information and assist in advancing the field through enhanced understanding of the concepts behind public-private partnerships and how they have been used in achieving sustainable conservation outcomes.

Public, private and non-profit sectors are already working together in a multitude of ways to secure economically viable outcomes for heritage places, however there is potential to enhance this with improved knowledge of what constitutes successful partnerships and what other factors need to be in place to facilitate their success.

### 1. Introduction

It is generally accepted that the conservation of cultural heritage requires an interdisciplinary approach with the involvement of multiple players across the public, private and nongovernment sectors, not only to initiate and carry out conservation but also to sustain the place. It is also widely recognized that conservation actions need to be embedded within social, environmental and economic development strategies that include financial mechanisms to encourage and facilitate public-private and third-sector contributions. However, there is a dearth of information on how to practically achieve this.

Most governments face significant challenges in their efforts to conserve and manage their cultural heritage assets and few have the necessary resources (money and skills) required to fully achieve their conservation goals. In many places government has been seen as the primary guardian of the nation's heritage, but increasing pressure to fulfill other public demands, requires community commitment and private engagement in order to help governments retain these assets for future generations. Therefore the private and third-sectors are

increasingly involved in conservation efforts that have traditionally been delivered by government. Public-private partnerships (PPPs) began to be used for heritage conservation in the late 1960s within the context of urban regeneration schemes. Their use has slowly expanded to the conservation and management of archeological sites, buildings, landscapes, urban areas, collections and natural areas of heritage significance. However, PPPs are not always the best means of achieving quality conservation outcomes nor are they necessarily the most efficient way to fund a project. Thus there is some concern and skepticism about their use. Therefore a better understanding of PPPs and when and how they may be used to assist in achieving conservation aims is needed.

As part of the *Historic Cities and Urban Settlements Initiative*, the Getty Conservation Institute (GCI) undertook a literature review that examined the role and use of public-private partnerships in achieving conservation outcomes. The GCI's work seeks to fill the information gap, drawing together the available literature and compiling a bibliography that will assist in advancing the field through enhanced understanding of the concepts behind public private partnerships and how they have been used in

achieving sustainable conservation outcomes. The work also examined various case studies that exemplified the ways that PPPs have been used to conserve historic buildings and historic urban areas.

## 2. What is a public private partnership and who is involved?

Public-private partnerships can be defined as; “[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.” (NCPPP 2010)

PPPs are transactional; they involve risk and responsibility sharing between partners, distinguishing them from collaborations or service contracts. For example, a contract in which the public-sector building owner contracts a private company to conserve a building that the public institution continues to occupy and/or operate is not a PPP, it is a straightforward public-procurement project. PPPs are not the same as privatization. PPPs avoid privatization by ensuring that the public sector maintains bottom-line accountability for the asset and by committing the private or third sector to such long-term commitments as operating the asset over an extended period of time, charging fees and assuming primary management and maintenance responsibilities.

The use of public-private partnerships has increased over the last 20 years as a means for governments to manage the rising costs and responsibilities of services traditionally delivered by the public sector. They are a common means to deliver public services and core infrastructure needs such as energy, water, transportation and telecommunications. These partnerships are context-specific and are tailored to meet the needs of the specific partners and produce the desired outcomes. Despite better understanding of PPPs’ successes and failures, and some controversy about their use they continue to be proposed as the answer to filling the gap between the demand for public services and governments’ willingness or ability to pay for them. The sectors involved in PPPs include the public sector, which may include one or all levels of government, the private sector, which includes business and investor organizations and, of increasing importance and particular relevance to PPPs used for heritage conservation, is the third sector. In this paper the third sector is described as nongovernment, social and community-based institutions and may also include local people (Fox, Brakarz, Cruz 2005). The skills of these sectors are often complimentary. The private sector usually provides capital or fundraising skills, technical expertise and efficient delivery. The third

sector will bring local knowledge, concerns and interests. In exchange, the public sector usually, but not always, provides the asset, the regulatory framework and financial incentives such as a one-time subsidy, grants, or tax incentives that attract private investment. Key features ideally include long-term service provisions, a transfer or sharing of risk to the private sector and different types of long-term contracts in which both parties agree to an explicit set of rules and goals beforehand (United Nations Economic Commission 2008).

## 3. Change and sustaining heritage values

Sustaining heritage places requires that they are valued and to have some use or purpose. Only a small percentage of the world’s heritage places are public monuments that can be preserved for purely interpretive purposes. A huge number remain in their original use, which may also contribute to their heritage significance. All heritage places inevitably change over time either due to the physical effect of the environment or adaptation in order to remain viable and receive necessary care from their owners. Conservation is about the careful management of the place in ways that preserve, sustain and interpret heritage significance.

In many parts of the world government has historically been the largest single business enterprise with a substantial number of sites, buildings and structures that service its business, many of which have been identified as being of heritage significance. Privatization or change in delivery methods for government-managed services has led to a surfeit of heritage places in need of new and contemporary uses. Post offices, defense sites, schools and hospitals have been subject to rationalization of government services over the last decades and either sold outright or revitalized by schemes that find new uses or operational models. This issue is not confined to the former government-owned heritage places and many other heritage places whose uses have been rationalized or are obsolete face the same problems, from single building types such as churches, to large complexes such as industrial sites. The larger complexes confront different dilemmas that usually demand a response at the urban scale as part of wider regeneration initiatives. Creative new approaches and sustainable economic solutions are needed at both ends of the scale to secure ongoing use and the necessary care of the heritage asset.

In historic urban areas where there is multiple ownership, finding viable economic solutions is more complex. Individual buildings, monuments, landscapes, setting, use, traditions and other social and spiritual values that together contribute to heritage significance, will be closely tied to the community that occupies or uses the place. Conservation efforts therefore need to identify the various values present and must involve local owners

and communities who contribute to these values. Multi-actor engagement is vital and partnerships of some sort or another are inevitable. Simply put reliance on the public sector to finance conservation is unviable and unsustainable. Likewise the private sector will be unwilling or unable to take on the risks and costs of urban conservation alone. Incentives and/or public-private partnerships will therefore be essential to long term success. In some cases, these partnerships will be transactional or formalized in the form of a PPP. In some urban areas and large-scale sites, conservation has played an integral role in urban regeneration schemes. There are positive synergies between conservation and urban regeneration. Conserving urban heritage secures the success of urban regeneration projects while at the same time the economic and social benefits of urban regeneration (such as the reuse of valuable physical and cultural assets and transport efficiencies) support conservation expenditures (Rojas 1999).

#### 4. Roles and Responsibilities in the conservation process

Increased pressure on the public purse has triggered reviews of government budget allocations worldwide. Heritage agencies in many countries are experiencing declining budgets and are at the same time faced with expanding responsibilities and demands. The public sector has had to find new creative ways to work in partnership with the other sectors to deliver conservation needs. The recent economic downturn has further fuelled interest in this area and generated new discussion.

##### 4.1 THE GOVERNMENT SECTOR

Recent studies have sought to evaluate the economic value of cultural heritage to local economies and demonstrate when, where and why government intervention is necessary and how it is most effectively provided to incentivize the other sectors to conserve heritage places (Environment Protection and Heritage Council 2004). Within these reports, it is explicit that the withdrawal of government money to carry out conservation is accompanied by the need for sound and transparent regulatory planning and heritage frameworks to protect heritage places, sound policy, standards and guidance on how to conserve them, public education and information on heritage that helps people understand it. Financial incentives to supplement conservation where the market alone cannot deliver are also necessary. In urban area conservation, the public sector's role may be to encourage private-sector investment by committing to infrastructure and community upgrading of the surrounding neighborhood and by conserving important public monuments and spaces. Government intervention may also be needed to address issues such as low-income housing, financial and other incentives to catalyze private

action, institutional capacity to manage the interface between public, private and third sector organizations including mechanisms for stakeholder engagement. Regardless of the scale, governments' role is to create fertile ground for conservation, to ensure places are adequately protected and conserved according to clearly defined and agreed standards and to lead by example in the management of their own sites. As with infrastructure PPPs, the government can provide financial and regulatory incentives to attract private partners via grants, tax credits or deductions, or upfront financial contributions towards conservation. In the developing world, multilateral development banks have typically supported some of these government actions through grants, loans or technical support. These organizations have their own criteria that must be met before they will finance these activities (Steinberg 2008, Rojas and Casatro 1999).

Whilst governments' motivation for engaging in PPPs may initially be financial, there is also an opportunity for governments to use PPPs as a means of harnessing community commitment, engagement and empowerment in conserving heritage places. There is a trend in local governance towards community management of local public assets to enhance their use (Quirk, Robinson, and Thake 2007). Clearly this motivation has synergies with the call by heritage conservationists and communities for greater participation in the care and conservation of heritage places.

Depending on the country's governance structure and role and responsibility for heritage and urban planning, a public partner can be the local, state or national government or a combination. The public partner in a PPP for conservation of a single building is generally, but not always, the owner of the building or has legal responsibility for overseeing its continued care. Some governments have dedicated development or asset disposal departments that engage in PPPs. In urban regeneration projects a combination of government agencies may be involved.

##### 4.2 THE PRIVATE SECTOR

The private sector has long played a vital role in cultural heritage conservation. As direct government funding for heritage decreases, the private sector's role is increasing. The private sector's motivation for engaging in public-private partnerships may be primarily profit, but may also include the potential to meet socially responsible corporate business goals and targets.

Private sector involvement in delivering conservation outcomes traditionally funded by government can take a number of forms that are much the same as in other infrastructure partnerships, providing financial capital or the ability to raise and negotiate funds, skills and long-term obligations. The private sector also has a nimbleness government does not always possess. The private

partner is expected to possess a detailed knowledge of the development sector and construction and have knowledge of the legislative tools and restrictions involved in working with historic places. Additionally, in many PPPs for conservation, the private partner is tasked with the long-term management of the asset according to the terms of the contract, unless the building or buildings are rehabilitated solely for continuous public use or immediate private ownership.

Triple-bottom line reporting both in the public and private sectors has triggered an expectation for the private sector to take on greater social responsibility. PPPs that deliver conservation outcomes can assist socially-entrepreneurial, private-sector developers to achieve this aim. Another result of this shift is the acceptance within some parts of the private sector to accept stretching profits over the longer term often making conservation projects more viable. Similarly, government assurances of long-term involvement can boost private sector confidence to engage in such an endeavor. Given that conservation generally aspires to the long view, this is where a PPP can provide real benefits.

Heritage conservation is a specific market within the development sector. When coupled with regeneration projects it moves to a potentially more profitable sector, particularly where financial risk can be shared. In places where PPPs are more common such as the UK, projects involving heritage components remain profitable during periods of economic downturn. This has spurred more interest in the historic building development market. In some instances the private and third sectors are working together without public sector input.

Multinational companies have played a role in conservation both as a means of demonstrating corporate responsibility and as a means of engaging in the conservation process to protect or improve their own interests (Eirinber 1998). This is often in the form of straightforward philanthropy, which is not a PPP. There are only rare examples of PPPs involving multinational corporations for heritage sites and none specifically documented for cultural sites including urban conservation (UNESCO, 2008). Corporations involved in tourism seem likely potential partners for PPPs related to cultural heritage sites. Given the potential conflicts between the need to protect their own business interests and the need to meet conservation needs, PPPs involving corporations require very clear shared objectives and criteria to avoid compromising the heritage site and to avoid overexploitation of the heritage resource for short term profit.

### 4.3 THE THIRD SECTOR

The third sector, sometimes also known as the voluntary or community sector has also had a long involvement in the delivery of conservation outcomes. The third sector

are generally nonprofit organizations that represent social interests and may include local residents (Fox, Brakarz and Cruz, 2005). The growing awareness of the role of communities in cultural heritage conservation means that there is recognition that it is not solely the responsibility of government to secure conservation outcomes. The community role therefore, may extend beyond consultation on what should be protected by legislation to include playing a role in economic means of achieving conservation and sustaining the place.

At their simplest, many local museums and historic houses are run on a day-to-day basis by local communities on behalf of their government owners. In some conservation projects the third partner can play a role in its own right, essentially acting like a private partner. However, unlike typical infrastructure PPPs in which the motivation is profit, the third sector's primary motivation is conserving the heritage place. While the organization does need to cover its costs, its actions and decisions are not driven by a motivation for profit. In Britain, building preservation trusts (BPTs) have been in widespread use for decades as vehicles for conserving individual structures, managing publically accessible heritage assets, improving high streets and delivering components of regeneration schemes (Beckett, 2010). There are now numerous trusts specifically devoted to conserving cultural heritage places in many parts of the world.

Local conservation organizations and coalitions have a vested interest in an historic building or area and its role in the neighborhood and sometimes catalyze the partnership process by exerting pressure on government to act. In environments where government lacks the capacity to manage such a partnership, the third sector may act in the interest of the public. As project advocates, they can assist in the project's marketing and public education efforts. Public consultation with the larger community is also a considerable part of the PPP process. Third-sector organizations can facilitate the predevelopment period, providing valuable insight for the public and private partners in identifying the aspects of the building that contribute to neighborhood identity as well as community needs that could present potential alternative uses for the buildings.

In the Netherlands, a country with a reputation for engaging in PPPs across a number of areas, Monumentenwatch is an example of a third-sector organization that participates in the day-to-day care and conservation of historic buildings. Started in 1973, it has spawned many similar organizations across Europe (Monumentenwacht 2011). As a subscription-membership-based organization for owners of listed or recognized historic buildings, owners can request an annual condition inspection by a team of experienced conservation practitioners (an architect and a craftsperson). In some cases emergency repairs are undertaken. Monumentenwacht is funded by a

combination of different levels of government and owner's subscription fees. The condition reports are used by the authorities in targeting maintenance grants.

Another type of third-sector organization involved in heritage conservation projects is professional, international or local civil-society entities that are dedicated to conservation as an end goal. These organizations play another important role in places where the regulatory and policy framework for heritage is weak. They essentially establish standards for conservation based on international best practice. The international development banks such as the World Bank, Inter-American Development Bank and the Asian Development Bank also perform this role in their significant role in urban regeneration efforts in developing countries and the establishment of such standards is often a prerequisite for funding. In the case of the nonprofit sector they often play a role in capacity building through training of in-country professionals as a means of embedding and sustaining conservation standards in the places they work.

Local or nationally based nonprofit organizations that work on heritage-regeneration projects include the Prince's Regeneration Trust in Britain. This is an example of a third-sector organization specifically dedicated to working with local authorities and the private sector in order to find viable solutions and conserve at-risk, historic places in ways that benefits the wider community. The Trust has acted as a third sector partner in many projects and has produced a number of useful documents that assist in delivering conservation outcomes (The Prince's Regeneration Trust 2009).

Given the increasing recognition of heritage as a community asset and collective interest in its conservation, there is considerable interest in the role of the third sector in PPPs, an area likely to expand. The third sector's role is not however, confined to partnerships between the public and private sector. The relationship between the private and third sector is poised to grow as an emerging mechanism for achieving conservation, particularly for urban sites and less monumental heritage places.

### 5. Types of PPPs

PPPs have been used for heritage conservation at the simplest to the most complex levels. Notional rents of publically-owned heritage buildings by third-sector organizations who manage them as house museums or publically accessible heritage properties, are common in many places. At the other end of the scale, complex urban regeneration projects with conservation at the core involving various levels of government, private and third-sector partners constitute the bulk of the documented case studies on PPPs for heritage conservation.

PPPs have been used to deliver a number of components of typical infrastructure projects including design, construction, service operation, ongoing maintenance and finance and this is also true for PPPs involving conservation. PPP contracts cover different forms and are categorized according to the roles (design, construct, operate, maintain, finance) the partners play in delivering these components. Table 1 illustrates the recognized PPP types and how they relate to typical heritage projects.

TABLE 1. PPP Types for Heritage Conservation.

PPP type as adapted to conservation*	Description/characteristics of the PPP type	Examples of type applied for conservation projects
Buy-Build Operate (BBO) or Buy-Conserve-Operate (BCO)	<ul style="list-style-type: none"> <li>• Closest to privatization.</li> <li>• Private or third sector purchases the heritage asset outright with strict requirements such as easements or maintenance standards.</li> <li>• Single transaction or gradual.</li> <li>• Ownership may be direct or 3rd party acquisition.</li> <li>• Government protects heritage asset to make it subject to legislation and mandates standards of conservation and maintenance.</li> </ul>	<p>In the UK and Australia, government sells known heritage buildings encumbered with conservation requirements obligating new owner to meet specific conservation standards upheld via legislation.</p> <p>Neighborhood scale regeneration projects of government properties are typically in this category. An example of a BCO partnership is San Francisco's Presidio, a National Park that involves a long-term process of privatization through a Special Purpose Vehicle. The Presidio Trust was created by the US Congress to oversee and manage the park and its nearly 800 historic buildings and is mandated to become self-sufficient by 2012 when it will cease receiving federal money. Buildings are owned by the Trust who pays for the parks' maintenance and preservation largely through revenues generated through commercial and noncommercial leases (The Presidio Trust 2010). Though the Trust is a federal agency, the Trust functions as an independent owner, operator and manager of the historic structures.</p>
Build-Own-Operate-Transfer (BOOT) and Build-Operate-Transfer (BOT) or Build/Conserve-Operate-Transfer (B/COT) Build- Lease-Operate-Transfer (BLOT) or Build/Conserve-Lease-Operate-Transfer (B/CLOT)	<ul style="list-style-type: none"> <li>• Private sector or third-party is responsible for conserving the historic structure, its operation and management through a long-term lease.</li> <li>• In regeneration schemes government remains highly involved in the project's design and development to ensure that the structures' historic attributes remain available to the public.</li> <li>• The long-term lease usually addresses the conservation expectations of the project, clearly specifying who has responsibility for maintaining the building's cultural significance, and detailing the approval process for any changes and allowance for public inspection of the building.</li> <li>• After the terms of the lease have been fulfilled, ownership and all responsibilities are transferred back to the public sector.</li> </ul>	<p>There are many examples of governments providing long-term leases, often minimal, to third-sector organizations to look after heritage assets open to the public.</p> <p>The UK Vivat Trust is a building preservation trust that typically enters into 25-250 leases with private owners of small, unused buildings on private or local government, larger estates. Vivat conserves the buildings then manages them as short-term holiday rentals through their marketing arm, Vivat Trust Holidays.</p>

\* PPP type column includes name of typical PPP types used in the literature in italics. The plain text is the type adapted to conservation projects.

Design-Build- Finance- Operate (DBFO) or Conserve-Build- Finance-Operate (CBFO)	<ul style="list-style-type: none"> <li>• The private sector is responsible for the conservation of historic assets, the construction or addition of new structures and the financing and operation of both. This typology is applicable to large-scale projects that extend beyond a single building or to buildings that require extensive renovations.</li> <li>• May involve a Special Purpose Vehicle.</li> </ul>	At the Quarantine Station the New South Wales government, Australia, entered into a 21-year lease, with options to extend for 15 and 9 years, with Mawland Quarantine Station Pty Ltd, who is experienced in the management of heritage tourism projects. Mawland is responsible for the adaptive reuse and conservation of the Station's cultural and natural sites and has converted many of the structures for use as a hotel, restaurant, visitor center and museum, successfully retaining public access while finding new revenue-generating uses for the historic buildings (New South Wales Government 2010).
Finance Only	<ul style="list-style-type: none"> <li>• Project funded directly by private sector or uses long-term leases or bonds.</li> </ul>	In Italy, one mechanism for funding for both private and government conservation projects is through a special scheme with banking institutions. A bank may choose to finance a conservation project to a listed building, monument or artwork due to the publicity it receives, tax breaks or reduced tax exposure, or statutory requirements. For example the Monte dei Paschi di Siena is required to donate a certain percentage of its profits to philanthropic initiatives which can include such conservation projects. Other arrangements include straightforward funding of conservation projects by organizations such as World Monuments Fund, in which the organization provides not only funding but expertise or other kinds of technical capabilities.
Operational License	<ul style="list-style-type: none"> <li>• Private or third sector operates a service under contract or license at the heritage asset for a fixed term.</li> <li>• The heritage asset remains in government ownership.</li> </ul>	The operation of the Angkor Wat archeological site by the private Sol Kong Import Export Company for tourism purposes. The private company pays the Cambodian government a fee, operates tourism entry and receives the revenue from entry.

Within the PPP types detailed in Table 1, ownership between the public, private or third sectors generally falls under one of four arrangements: long-term leases (which retain the asset in public ownership), sale with repurchase provisions, sale to the private owner which is then leased back to government and lease-leaseback options. All allow for the eventual reversion of the asset back to the public sector (Rypkema 2005). As with any partnership, shared vision and clarity of roles and responsibilities is critical from the outset.



Figure 1: The National Trust of N.S.W. leases Old Government House in Parramatta (now a World Heritage Site) from the NSW State Government for \$1 (Au) p.a. and is responsible for the care, conservation and operation of the historic house museum.  
Photo: Jacqueline Goddard



Figure 2: Walsh Bay, Sydney in Australia was converted from a dilapidated wharf area to a thriving mixed-use area of retail, residences and artist spaces. This occurred through the creation of an SPV, Walsh Bay Partnership, composed of public and private officials, who was charged with overseeing financing, conservation and management of the site.  
Photo: Susan Macdonald

## 6. Risks and challenges

There are a number of texts by intergovernmental and government bodies that articulate the risks in PPPs. Despite the fact that none of these specifically address PPPs used for heritage conservation, many of the risks identified also apply to conservation projects (United Nations Economic Commission 2008). Projects involving individual buildings are obviously much simpler, as the risks are more easily identified and quantified. There are also specific risks related to conservation PPPs. The private sector is generally looking for four key factors (the 4 Cs) to assist in reducing risks when redeveloping heritage buildings, sites or areas:

1. clarity about what elements are important and need conservation, the standards for conservation and what level of change is appropriate and which areas are able to be redeveloped and how;
2. certainty about the regulatory framework, how it will operate and the time it will take to deal with the authorities;
3. consistency in how regulations will be applied;
4. consultation and open communication between the public, private and third sectors.

These same criteria will also be applicable to encourage PPPs for heritage conservation. Reducing risks in all the above areas provides predictable processes and assists the private sector to secure finances for PPP projects.

Formally approved master plans are a common tool for providing certainty for the private sector and the community on how an area or site will be conserved or regenerated – thereby meeting the first C (clarity). When the public sector commits to specific infrastructure or public property investment to contribute to the implementation of a master plan this serves to attract private investment.

Policy documents that clearly outline conservation standards for adaptive reuse of individual buildings, the insertion of new buildings within the historic urban environment, public domain conservation standards, signage and so on, will all assist in achieving a shared understanding of appropriate conservation and development and meeting number 1 (clarity) and 3 (consistency) of the four Cs listed above. Regeneration projects where this has been achieved have demonstrated higher returns for sector partners through the enhanced outcomes achieved in relation to the quality of the built environment. At the Prince Henry Hospital site in Sydney (Figure 3.) purchasers of the vacant blocks of land were bound by design guidelines developed to respond to the heritage and environmental needs of the site. Rather than seeing these as restrictive and lowering the financial value of the blocks, the purchasers were prepared to pay a premium as the design quality of the surrounding development was guaranteed to start and remain high.



Figure 3: The rehabilitation of Australia's Prince Henry Hospital was included in the Little Bay master plan, facilitating its redevelopment. Photo ©: Landcom, N.S.W. Government

Despite the premise that risk will be shared, the private sector generally seeks to minimize risk and therefore frequently demands input from the public sector in the form of grants, subsidies or guarantees (United Nations Economic Commission 2008). Critics of PPPs have argued that in many cases the risk for the private sector is quite low and disproportionately held by the public sector and therefore potentially inefficient. Private-sector risk is not necessarily purely financial, but includes risks that complex government regulation will slow down or makes achieving the project difficult. The private sector is usually reliant on lenders to initiate projects and lending bodies look for certainty that their loan will be repaid; reducing the private-sector risk unlocks funds from lenders.

One of the ways the public sector assists in reducing this risk is by providing greater regulatory certainty (numbers 2 and 3 of the Cs listed above). The creation of special purpose vehicle (SPV) corporations helps as the SVP takes on some of the risks. An SVP can also acquire and package lands for redevelopment in ways that are much more difficult for the private sector (Rojas, 1999). In Australia for example, government will sometimes deal with large-scale PPP projects by creating special regulatory frameworks to manage the project, thereby removing or simplifying some of the regulatory processes and further coordinating complex process across different government departments. The redevelopment of Redfern Waterloo area of Sydney, a large-scale urban renewal project, is such an example. Here a new statutory body – The Redfern Waterloo Authority – was created with its own dedicated legislation to facilitate the redevelopment of this publically-owned former industrial land with the authority to make planning decisions under the relevant planning, heritage and housing regulations. The legislation provided for the involvement of the private sector to work in partnership with the Authority and other public bodies. Communities are sometimes skeptical of these approaches as they effectively short-circuit existing planning or heritage approval processes that may include community consultation. The third sector can play a role in securing local participation in these instances.

Stakeholder engagement is essential in securing public support for PPPs involving government-owned, heritage assets and in historic urban areas. The third sector can play a role in securing local participation. Building in mechanisms for community consultation and involvement early in the PPP process will lower the risk of controversy, reduce the risk of delay and benefit the project in the longer-term in many ways. Open communication by government from early in the process is also important and can prevent conflict and public outcry. Stakeholder scans early in the development of PPP proposals can assist in identifying expectations then managing these through the process. Processes that facilitate community engagement need to be designed to meet the needs of the specific community,

and to be well articulated with a shared understanding of the roles of the participants and their opportunities for when and how they will be engaged. When dealing with traditional and indigenous communities, cultural sensitivity is vital and partnerships should be designed that are compatible with any cultural needs. All of the above go to meeting the fourth C (consultation) from the above list.

As with any cultural heritage project, the starting point is gaining an agreed understanding of the significance of the place and of its constituent parts and what level of change can be accommodated without compromising significance. Clarity about where new development can occur, how significant buildings and other elements will be conserved, which new uses are appropriate and so on, need to be based on the usual assessment processes. Within the PPP process securing mechanisms that protect unifying features such as streetscapes, significant views and archaeological sites that contribute to overall heritage significance is a challenge that must also be addressed.

## 7. Moving forward

The current economic climate and patterns of government investment in heritage conservation in many parts of the world demonstrate a downward trend in direct funding by government. This means that creative ways to leverage private and third-sector involvement is crucial to maintain even current levels of conservation. It is recognized that sustainable conservation outcomes require the engagement of all sectors; therefore partnerships that facilitate participation in all aspects of the conservation process are of increasing importance. PPPs can provide a way to address these issues and formalize shared responsibility for heritage resources across all the sectors that engage, enjoy and use these resources and achieve both financial and cultural goals.

The use of PPPs for infrastructure development and other services has been established for many years and they have proven successful in a number of countries for conservation. There is improved knowledge about their risks, problems and what is needed to make them successful. However, in countries lacking the necessary expertise required for their successful implementation, PPPs may not be the best alternative. As balancing risk and responsibility represents an integral element of the PPP dynamic, it is crucial when applied to heritage places that governments first develop the necessary policy framework and marketplace incentives necessary to attract private investment and ensure adequate public governance to secure appropriate conservation outcomes. It is also important that it is understood that PPPs do not necessarily absolve the public sector completely from financial commitment or provide cheaper solutions to dealing with the costs.

Explicit in the literature on PPPs is the need for sound and transparent governance by a knowledgeable public sector. If PPPs are seen as a panacea to fill the heritage deficit without the necessary governance structure in place, inevitably results will be poor. This will erode confidence in the process, further the skepticism that already exists by some communities that PPPs equate to privatization and compound distrust between the public and private sectors and ultimately limit their use. If these mechanisms are in place, however, PPPs present significant opportunities to facilitate the provision of public goods and services, particularly in developing countries where government financing for public services is often extremely limited and urban public services are in high demand. In these countries, well-supported PPPs offer a vehicle for the private sector to provide much-needed financing, skills and innovation to upgrade culturally significant but degraded urban areas or low-income downtown housing stock that has resulted from historic patterns of city migration. If supported by the combination of an able government and a strong NGO presence, such projects would have the dual effect of buoying emerging market economies and providing much needed public services and goods. A number of multilateral and regional development banks that have recognized the role of heritage conservation in economic and social development and have supported projects specifically including conservation measures. These organizations have also initiated research and developed their own guidance on financial mechanisms including PPPs for heritage.

Measuring the success of PPPs involving conservation is therefore important and needs to encapsulate the different measures that each sector will hold important. For third sector organizations where conservation is the goal, projects whose outcomes financially safeguard the building to identified conservation standards are considered a success. For urban regeneration projects, other social indicators related to quality of life and other social issues identified at the project's outset will be deemed important indicators. For the private sector, profit, is usually an indicator and any "triple-bottom line" indicators included as motivators for their initial involvement. Public sector metrics will include a wider range of indicators encompassing economic, social, environmental and cultural values. Reducing the commitment by the public sector to deliver the service and a decrease in public costs, whilst maintaining government mandated conservation standards will also be indicators of success for the public sector. Simple indicators such as the number of historic buildings conserved, appropriately reused and meeting defined maintenance standards, can provide indicators for meeting conservation goals. Rising property values is a typical measure of economic success, but in instances where this increase drives out traditional

residents or renders uses that contribute to heritage significance unviable, they can be an indicator of failure in conservation terms. Identifying goals and indicators for success at the outset of the project is therefore important and can also assist in clarifying objectives and roles and responsibilities of the partners.

To fully realize the potential of PPPs to achieve conservation outcomes in a way that takes account of current knowledge and experience from other areas, it is important for governments to invest in developing the governance structure for heritage such as legislation, policy and financial incentives to provide the suitable environment to encourage the private sector to participate in a way that meets community expectations for appropriate conservation that sustains the heritage places they cherish.

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- United Nations Economic Commission for Europe. 2008. Guidebook on Promoting Good Governance in Public-Private Partnerships. New York: United Nations. Available at <http://www.unece.org/fileadmin/DAM/ceci/publications/ppp.pdf> [UNDP and NCPPP all provide useful information on the risks and appropriate governance needs for PPPs.]
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