

# A Private Sector View of the ENTRUST Results

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## Project Aim:

“Produce explicit guidance on how to drive private enterprise in deprived mixed function city centre neighborhoods.”

In other words what needs to be done to attract developers into the market place

## My Focus:

- Questionnaire (August 2003)
- Case studies
- Final report (May 2004)

## A Definition of PPPs

“A PPP is a partnership between the public sector and the private sector for the purpose of delivering a project or a service traditionally provided by the public sector.”

European Commission, DG Regio

“Guidelines For Successful PPPs”

March 2003

## Characteristics of a PPPs:

- Private sector takes risks and is rewarded accordingly
- Capture private sector's management/implementation skills
- Value added to the customer and public
- DB/DBO/DBFO models
- New method of procurement
- Requires formal rules and structures

## EU Green Paper on PPPs

- ❑ Aim: to ensure private operators have access to PPPs under conditions of legal clarity
- ❑ Consequence: having clear rules will make it more attractive for private developers
- ❑ Green Paper sets out scope of Community rules: [www.europa.eu.int/comm/internal\\_market/ppp](http://www.europa.eu.int/comm/internal_market/ppp)
- ❑ DG Regio published guidelines on successful PPPs

## Territorial Cohesion

- ❑ “People should not be disadvantaged by wherever they happen to live or work”
- ❑ In draft EU Constitution (Article 3)
- ❑ Third Cohesion Report and Commission’s funding proposals post-2006 sets agenda
- ❑ Urban 11 Audit also provides valuable data
- ❑ Thematic EU strategy on sustainable urban development to be prepared

## Lessons for the Post-2006 period

- ❑ **Dedicated Structural Funds for urban interventions would be an effective use of resources**
- ❑ **Priorities could include “achieving urban renaissance”**
- ❑ **Capacity building at municipal and local community level required**
- ❑ **Higher EU focus on urban regeneration makes will assist public sector to attract private sector**

## Private Sector View of ENTRUST Results - Overview

- ❑ Recommendations targeted at public sector
- ❑ Private sector motivation/behaviour not fully appreciated
- ❑ The voluntary sector is not the private sector
- ❑ PPPs different to “partnerships”
- ❑ EU literature and post-2006 policy helpful

# What Motivates Private Sector ?

(1)

- Profit and Return on Investment
- Business opportunity
- Altruism (rarely)
- Improvement in competitive position
- Scope to leverage public/EU funds

## What Motivates Private Sector ? (2)

- Planning gain
- Achieving critical mass
- Strategic vision in place
- Framework and political support for doing business with public sector in place
- Incentives

## How To Engage The Private Sector ? (1)

- ❑ Identify a business opportunity =a project
- ❑ Strategy essential, but projects more important than visions
- ❑ Carry out market soundings e.g. assess appetite for a particular project
- ❑ Be certain about “value for money” if private finance sought

## How To Engage The Private Sector ? (2)

- Facilitate private sector involvement
- Do not be suspicious of developers
- Recognise the value added of their skills and project management expertise
- Factor in benefit of fixed price contracts

# Good Examples of Urban Regeneration

- Housing
- Transport
- Arts and Culture Facilities
- Sports Facilities
- Street Lighting
- Tourism Facilities
- Schools and Third Level Colleges

## Questionnaire: Some Reflections

- Urban regeneration a mixture of public and private investment
- Private sector only invests where it makes commercial sense
- If conditions right, all types and sizes of business will engage
- No single model, but good examples in case studies

## Questionnaire: Some Reflections

- Entrepreneurs will generally sit on committees if benefit evident. Chambers the best partners
- “Private sector not regarded as a natural partner for regeneration”: “Them and Us” attitude not helpful
- Corporate Social Responsibility not well developed
- “Private sector has an important and growing role to play in neighborhood regeneration”

# ENTRUST Policy Recommendations

- ❑ Correct that private investment can kick-start regeneration process.
- ❑ Forget any attempt at harmonisation
- ❑ Private sector expects public authorities to set strategy
- ❑ Good idea to involve private sector in governance structures

## ENTRUST Guidance (1)

- ❑ Too much emphasis on “soft” partnership
- ❑ The focus should be on private sector as driver of regeneration
- ❑ Developing trust between parties depends on having policy framework in place, and no “Them and Us”
- ❑ More market soundings needed as part of project definition phase

## ENTRUST Guidance (2)

- ❑ Pilot projects best where high risk involved
- ❑ Private sector more interested in leverage effect of public/EU funds
- ❑ Second officials to work with private sector
- ❑ Models and precedents (legal, VFM, evaluation, monitoring) plentiful
- ❑ Project Manager the key person

## Key Messages (1)

- Differentiate between “partnership” and PPPs
- No single model exists, so do not attempt harmonisation
- Influence EU policy and funding priorities post-2006
- PPPs have potential in some situations

## Key Messages (2)

- Better understanding of private sector behaviour needed
- Market the ENTRUST results
- Submit report as contribution to EU Green Paper on PPPs
- The ENTRUST Project needs to set out its “Key Messages”
- Stress test the reports findings with private developers

## Key Messages (3)

- Start planning for ENTRUST 2 under 6FP
- Network should be expanded to include private sector
- Seek EU co-financing under URBAN III for pilot projects