This project is implemented through the CENTRAL EUROPE Programme co-financed by the ERDF.
Transnational PPP Concept

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for

Municipality of Ljubljana
Departement for Culture
c/o Second Chance

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1 Summary

The term “Public-Private Partnership” is used for a variety of different organisational models. Moreover, the adoption of PPP-approaches differs amongst various sectors. Therefore, the study reflects on the different kinds of private sector participation in the cultural sector. Three applicable models such as

- public-private collaboration,
- public-private partnership and
- public-private joint venture

are elaborated in more detail. Examples have been chosen in order to illustrate these three models. The examples of cooperation show that it is not only the private sector that is of importance for partnerships, but civil society as well. Three of the basic activities within cultural management — program management, property management and general management — are represented differently in each of the case studies. Whereas program-related activities are often subject to public-private collaboration models, property management (design, build, operate) is increasingly using the public-private partnership model. Public-private joint venture structures seem to be appropriate for general cultural management activities. All of the examples show that it is difficult to obtain sufficient financing and as compromises have to be taken into account, mixed approaches occur. Projects in the cultural sector are often financed by many sources such as local public budgets, revenues from ticket sales or other secondary services, donations and gifts from individuals or companies, and European funding as well.

Some conclusions can be drawn from the analysis of the examples:

1) Public budget spending for culture is steadily decreasing and partnership models are often seen as possibilities to obtain additional financial means.
2) Public-private partnership models mostly work as availability-based models paid for out of the public budget and are pre-financed by private partners. Some services are able to generate revenues and can contribute to a part of the financing of the operation of cultural activities.

3) Donations and sponsorships heavily depend on the commercial aspects (i.e., marketing possibilities) of the project. Therefore, projects should concentrate on identifying such aspects and market them to potential donors.

4) A clear vision and mission and the possibility of aligning the interests of various stakeholders in the respective cultural activity is of particular importance in finding partners, because many cultural activities compete against each other for the attention of companies and private donors.

5) Transnational partnerships between different European cultural institutions may profit from the intellectual exchange as well as providing an excellent cultural program to a wider audience. They might also benefit from European funding.

6) Knowledge of the restrictions and benefits of different partnership models is limited so far, and experience with PPP in the cultural sector is very limited.

7) Each project is very specific due both, to the different project characteristics as well as to the relevant regulation and legal framework in their respective countries. That’s why each partnership has to be carefully developed and customized for every single case.
2 Intention

The Transnational Public Private Partnership (PPP) Concept is part of the Second Chance project. This project is implemented through the CENTRAL EUROPE program co-financed by the European Regional Development Fund (ERDF).

The aim of this 3.5 year-project is to analyze, improve and test possibilities of revitalization of disused industrial sites through cultural activities. A group of public and private partners from five European cities are developing innovative concepts and strategies to upgrade their former industrial sites to important cultural sites in the cities, enhancing the attractiveness and giving an impulse to the urban development of the areas.

The project connects five brownfield sites: the former AEG factory in Nuremberg, HALL 14 of the former Cotton Spinning Mill in Leipzig, the Arsenale in Venice, the tram depot in the St. Lawrence district of Krakow and the former bicycle Rog factory in Ljubljana. Even though the revitalization process is at different stages in the five cities, the partners share the same questions, challenges, opportunities and goals and are developing a common methodology.

The Transnational PPP Concept represents an important milestone in the project as it describes possible approaches to be selected for each site of SECOND CHANCE. It will serve as a basis for developing site-specific PPP Concepts for each of the 5 sites.

The Transnational PPP Concept is based:

- on 10 good practices in PPP approaches in the revitalization of post-industrial sites through art and culture;
- on past experience and needs of the partners.

Therefore, the Concept includes different possible actions that include
Transnational Public-Private Partnership concept in the cultural sector for the Second Chance Project

different degrees of PPP:

- design, construction / renovation work and management (spaces that need to be renovated and that will then be used as conference, production, exhibition, restaurant area);

- general management: examples and concepts of private-public management of the site;

- program management:
  - management of cultural and artistic activities: innovative ways of connecting private and public partners on the content level and program management of cultural institutions;
  - management of program related activities: technical work (i.e. collaboration with private companies in stage lighting, sound etc.);
  - marketing (i.e. collaboration with private companies to promote activities, to search for private partners and to identify and involve media partners in a PPP etc.);
  - management of secondary activities: the interest is to include compatible activities which would fit in the global project not just in the financial sense but also content-wise: shops, bookshops, rent a desk project, restaurants, bars, other services attracting a variety of people.
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3 Methodology

The Concept will be based on good practice projects. Therefore, the first step is to identify such projects throughout Europe. This is done by

- personal experience,
- interviews with the project partners of Second Chance
- interviews with PPP experts
- internet research
- scanning different databases such as “infra news”

The second step is to analyse those projects with regard to some key questions:

- What kind of PPP model is applied?
- How is the site management organized?
- What is the use of the site and for what kind of cultural and artistic activities does it allow?
- What other uses are there on the site?
- What kinds of restrictions arise in the project?
- What marketing activities are used?
- How is your project communicated in public and how does the public interest look like in detail?
- Is there a public and private interest concerning the support and implementation of the project?
- What particular risks can arise in the project?
- How are the project risks mitigated?
- Who are the principal stakeholders in the project and what are their objectives?
- What contract structure did they choose for the project and why?
- Who is the owner of the premises (including other property rights)?
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- What business model did they choose?
- What financing instruments did they choose for the project?
- How can public interests be protected while working together with private partners?

From the analysis of the project some major conclusions are to be drawn and elaborated in more detail. This will form the conceptual base for the Transnational Public Private Partnership Concept in the Second Chance Project.
4 Theoretical Background to Partnership Models in the cultural sector

4.1 Organisational partnership models

Different forms of Public-Private Co-operation such as Public-Private Collaboration, PPP or Joint Ventures can be distinguished. These different partnership models differ in their complexity of the included tasks, their contractual long- or short term obligations, their level of risk transfer and integration of the value chain. They include PPP and other forms of private sector participation.

![Figure 1: Different forms of Public-Private Co-operation](image)

The term PPP is associated with very different perceptions. One essential reason for this certainly is the historical development of PPP. Different kinds of Public-Private Cooperation are distinguished. The term PPP is only applied to a certain type of projects, whereas others can be described as rather short-term collaboration between public and private partners or work as public-private joint venture with unlimited duration.

4.1.1 Public-Private Collaboration

Public-Private Collaboration is rather short term and includes a collaboration...
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agreement (i.e. sponsorship contract). The tasks and responsibilities in these contracts are often limited to certain aspects of all the cultural activities/projects. Public-Private Collaboration can take various forms such as sponsorship, donation, or patronage. That means that the private partner contributes to the cultural activities by funding them.

**Commercial Sponsorship** can be defined as the promotion of individuals, a group of people, organisations or events, in the form of money, property and services with the expectation of deriving a direct benefit in terms of enhanced sales or image.\(^1\) Sponsorship is operated by a company (sponsor) and is often part of the company’s public relations, with the aim of promoting products and services. Sponsorship refers to support with returns, by which the sponsor receives something back, either directly or indirectly. In many East European countries, sponsorship is regarded as generosity. This is unlike the notion in the rest of Europe, where sponsorship is a commercial transaction, linked to business objectives. The modern sponsorship goes far beyond the mere presentation of logo design and brands or the advertisement of the sponsor.\(^2\) The sponsorship has significantly professionalised in recent years especially in the areas of sport, cultural and social activities. Benefits of sponsoring include the following aspects:

- Allows to approach and network with target group(s) in non-commercial situations.

- The image of the person or group can be used for business purposes or transferred to the image of the sponsor (on the product, the brand and the company).

- In many cases, sponsorship provides a higher quality of contact than the classic means of communication (advertising) or allows to approach target groups which otherwise could not be reached.

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• Mass media (such as television or newspapers) can be used as a multiplier for sponsoring messages.

• The increase of awareness and the timeliness of the company are possible.

• The motivation of the employees can improve.

• It supports measures and PR policy event marketing and Corporate Image.

Benefits of a sponsor are often based on a contractual agreement between the sponsor and the recipient of services (sponsorship deal contract), in which the nature and extent of the services of the sponsor and the receiver are regulated. They can be subject to tax incentives for companies.

*Philanthropy (donation)* is support without returns. In some environments (particularly the United Kingdom), the subcategory of patronage provides support with some return. In many respects patronage is similar to philanthropy or maecenatism.

*Patronage* is "Financial, material or moral assistance provided by an organisation or an individual for an undertaking, principally in the cultural, social or scientific field. The assistance provided is of no direct benefit to the patron's activities, but adds to his reputation and honour through the resulting fame."³

Beside the financial aspect of public-private collaboration, public-private collaboration also includes various forms of *joint program related activities* such as the management of cultural and artistic activities and the related technical work, marketing activities and complementary secondary activities such as bookshops, restaurants, bars and various other services attracting a variety of people. Tasks within these activities can be separated and then allocated to the different partners: public bodies, private companies or

4.1.2 Public-Private Partnership

PPPs became globally known as a method of procurement for the public sector among others in the area of social infrastructure and infrastructure management. Initially developed into a standardised form as a result of the Private Finance Initiative (PFI) in the United Kingdom in the 1990s, it was taken up throughout the world in various forms and is becoming increasingly popular both as an alternative procurement option for the public sector and a good investment opportunity for private investors.

The key characteristic of this kind of PPP is the transfer for a limited period of time of integrated services relating to the planning, construction, financing, maintenance and operation (in a lifecycle approach) of public infrastructure that were previously performed by the public sector to private bidders. The main objective is to generate efficiency gains in the provision of services. However, another stated aim – with varying priority – is to bridge liquidity bottlenecks on the part of the public partner when performing urgent construction or modernisation tasks involving infrastructure that is needed by members of the public and other users.

In summary, the main characteristics of a PPP defined in this way are as follows:

- Lifecycle approach (integration of the value chain);
- Generation of efficiency gains through the appropriate assignment of functions;
- Real risk transfer with balanced risk allocation;
- Creation of incentive structures and leveraging of innovation potential.
through result-oriented performance description and remuneration;

- Use of private expertise and capital;

- Long-term relationships on a partnership basis and, in particular, governed by contractual provisions.

This is also how the PPP concept is interpreted in many countries that use this method of procurement and that have developed it further on a country-specific basis using the example of the Private Finance Initiative (PFI) in the United Kingdom.

### 4.1.3 Public-Private Joint Venture

In a joint venture the public and the private partner act as co-shareholders of a project company or a cultural institution (i.e. foundation) that designs, builds, finances, maintains and/or operates an infrastructure asset for cultural purposes and manages cultural activities.

Broadly speaking, there are two ways in which this type of partnership may come about. In the first case, an infrastructure project is put out to tender. The tender conditions specify that the public sector intends to participate in the project company to be formed jointly by the partners after award and contract signing.

In the second case, an already (existing) project company fully owned by the public sector is seeking a private investor as a shareholder. Shares are then sold either to a private strategic partner by way of tender or auction or widespread by way of initial public offering (IPO). There may be various reasons for taking this approach; however, the most common scenario is that capital is required for urban development. A further objective may be a desire to integrate the expertise of a private partner into the existing organisational structure and transfer some of the tasks and risks to the private partner.

### 4.2 Characteristics of Public-Private Partnerships in the cultural sector
According to “PPP im öffentlichen Hochbau” (PPPs in the public real estate sector, i.e. culture), an expert opinion commissioned by the German Federal Government in 2003, a PPP can be defined as:

... a long-term, contractual cooperation between the public and private sectors for the economic execution of public tasks under which the necessary resources (e.g. expertise, equipment and facilities, capital, staff) are bundled in a joint organisational relationship and any project risks are allocated appropriately to reflect the risk management expertise of the project partners.4

The whole discussion shows that the term PPP still means different things around the world in different countries and even sometimes within one country if comparing different national infrastructure sectors. The only way to find some common ground in terms of the basic understanding of PPPs as a concept under these circumstances would be, to refer to each and every form of cooperation between the public and private sectors as a PPP, irrespective of whether it involved functional or material privatisation, was commissioned or initiated independently, governed by contractual provisions or a loose association, with or without the involvement of private investment, etc.5 That is why the definition given above will be reflected on in the course. Other forms of cultural partnerships are equally important and are, therefore, mentioned and explained in addition.

4.2.1 Definition

PPP in culture is defined as:

A sustainable, long-term contractual cooperation agreement between the public and the private sector as well as other institution of civil society for the initiation, financing, performing, or funding of a cultural institution or activity, under which the partners bring in financial or intangible resources.

4.2.2 Partners

In conventional PPPs the involved partners are limited to a governmental

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partner and a private partner. However, there is also a close connection to civil society in partnerships in a cultural business environment, for example the civilian participation in additional funding, contributions to operative business or through the encouragement of the citizen. In general, there are different interests for involvement in cultural activities. In the following, fundamental motives of potential partners are described.

**Public Partner**
Public-Private Partnership (PPP) arrangements are often driven by limitations in public funding to cover investment needs but also by efforts to increase the quality and efficiency of public services. This is especially true for cultural activities as they are not necessarily a core service of the public sector. Urban redevelopment and sustainable urban development work frequently as a catalyst for public participation and initiation. A wide range of cultural facilities increase location factors and the quality of life, considering direct, indirect and induced effects on cultural institutions. To point out specific examples: direct actions against building vacancies, appreciation of districts, securing historical heritage and increase of reputation of the whole region.

**Private Partner**
The private commitment does not necessarily build on economic value in forms of unlimited profits, nevertheless, the project needs to be economically feasible. In fact, the creation of value in other forms might be more important. Promotion, marketing aspects and profiling of companies are of great relevance. The enhancement of corporate image to attract more customers is common and popular under terms of corporate responsibility and corporate citizenship. Companies constantly gain from an appreciation of locations. The transfer of complete and comprehensive life cycle orders release private potential and activate synergy effects. Last but not least there are still philanthropists, art lovers and culturally interested managers in companies worldwide, who like to contribute to culture.

**Civil Society**
Civil society comprises the totality of voluntary social relationships, civic and social organizations, and institutions that form the basis of a functioning
society, as distinct from the force-backed structures of a state (regardless of that state’s political system) and the commercial institutions of the market. Together, state, market and civil society constitute the entirety of a society. As user or initiator, civil society plays a special role. Projects can be pushed and initiated by bottom-up approach from citizens’ initiatives. The diversity of art and cultural choice decides on the quality of life in a city and reflects the social affiliation. The participation of citizens is crucial for additional fundraising, sponsoring and finally the use of the facility. Another fact is that more and more people are willing to work voluntarily in an honorary capacity to get involved in public relations.

4.2.3 Chances and risks

The PPP-approach is especially appropriate for the planning, (re-) construction, rehabilitation, operation or marketing of real estate in the art and culture (i.e. museums, production spaces, galleries, art or concert halls). PPP for museums seems to be very suitable because of the possibility to estimate costs in the long-term, whereas theatres because of their production-specific cost have low incentives for private partners. Nevertheless, there are numerous advantages and disadvantages for the involved parties. Some chances and risks are summarised in the following tables6:

### Public Partner

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<th>Chances</th>
<th>Risks</th>
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<tr>
<td>+ to cope with the challenges of urgent investment needs, shrinking budgets and increasing public debt</td>
<td>- loss of (political) influence</td>
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<td>+ greater efficiency in the use of resources</td>
<td>- loss of scope of action (long term contracts)</td>
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<tr>
<td>+ gain in private know-how</td>
<td>- loss of operative know-how</td>
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<td>+ improvement of service capacity</td>
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<tr>
<td>+ supply of private capital</td>
<td>- loss of cultural influence</td>
</tr>
<tr>
<td>+ structural involvement of art lovers, art promoters</td>
<td>- long term commitment to private interests</td>
</tr>
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<td>+ co-operation with NGOs and small cultural companies</td>
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**Figure 2: Chances and risks of PPP for the public partner**
### Private Partner

<table>
<thead>
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<th>Chances</th>
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<td>+ to become a solution provider instead of simply being a construction company, an equipment supplier, a facility manager etc.</td>
<td>- increasing completion risks (costs, time, quality) during the construction phase</td>
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<tr>
<td>+ to step into new attractive business fields related to the core business</td>
<td>- longer project durations (30 - 50 years)</td>
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<tr>
<td>+ to generate constant long-term revenue-streams from user charges, dividends) and profits from sellings during operation</td>
<td>- long-term investment of risk capital</td>
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<td>- adoption of market- and operational risks</td>
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<td></td>
<td>- dependence on stability of economic, political, and legal environment</td>
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### PPP in a specific cultural environment

<table>
<thead>
<tr>
<th>Chances</th>
<th>Risks</th>
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<td>+ entering corporate social responsibility</td>
<td>- limited gains expected</td>
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<tr>
<td>+ expansion of marketing strategy (image improvement)</td>
<td>- risk of negative resonance (i.e. negative or not matching image in public)</td>
</tr>
<tr>
<td>+ tax subsidy</td>
<td>- complex approach</td>
</tr>
<tr>
<td>+ improvement of location of business</td>
<td>- estimation of cost-benefits of the PPP project for municipalities is very difficult</td>
</tr>
<tr>
<td>+ long-term involvement of small and medium enterprises and thereby strengthening local business</td>
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Figure 3: Chances and risks of PPP for the private partner

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4.3 Partnership models between private and public sector and civil society

4.3.1 Aims and objectives

The positive characteristics of PPP arrangement seem to be attractive particularly in an environment of culture and art. The benefits of a long term contractual partnership, private funding and transfer of know-how, lead to an efficient public service. PPP arrangements come in many forms and are still an evolving concept which must be adapted to the individual needs and characteristics of each project and the project partners.

The appropriate selection of suitable projects is a comprehensive task. During the inception phase minimum requirements should comprise extensive knowledge in finance, legal framework, risk and controlling management. The private partner should be enabled to participate at any life cycle stage to unleash synergistic effects. Possible options might be (re)construction, financing, operation and maintenance. The project should generate revenues which can finance the construction costs, at least the operating costs. Incentives should be created for the private partner, e.g. economic, financial or tax incentives.

Due to the fact that the expected revenue stream is limited, the private partner might be stimulated by prestigious projects with high local or even national reputation. The participation can release marketing and public relation potential for the private partner which enhances their public image.

In any public private collaboration the special value of soft skills should be considered. Top aspects are the equality of involved partners and a high-quality communication which lowers the asymmetry of information. A further success factor is the initial participation of public society to lower the resistance and to force the co-operation.
At a glance

- Prestigious project activities are necessary to enhance the awareness and interest of private partners and civil society institutions
- Chance to generate sufficient and robust revenues for private partner by various options
- Incentives (economic/financial/tax) should be created for private partner
- Public acceptance/participation is needed
- Local partners are important for particular cultural project activities
- Successful implementation depends on recognition of partner’s objectives
- Benefits by consolidation in regional development plans

4.3.2 Financial resources

Public sector support

Direct support to culture and arts by the public sector takes the forms of subsidies, grants and awards. The distribution of funds differs amongst European countries according to their respective cultural priorities. Furthermore, in some countries like Germany or Poland, the autonomy of regions and municipalities has allowed them to contribute to culture significantly also at local level. In some states public financial support to culture is distributed through foundations, art councils and other so called arm’s length bodies. In many countries such as Italy, lottery funds for culture are very important. Primarily, these lottery funds are channeled to capital investment. Generally, they are not insured by any measures, so that the amount of the contribution can vary a lot.

8 Cf. Dr. Oppen (2007), Chancen und Risiken von PPP Projekten, slide 7.
Transnational Public-Private Partnership concept in the cultural sector for the Second Chance Project

Indirect support to culture comes in the form of national or local tax expenditures. There is a general trend in many European countries towards the introduction of legal measures for tax benefits for donations or sponsorship in the cultural sector.9

Support for PPP projects also comes from the EU commission. The following table summarizes an overview of the EU public assistance to PPPs. One of the most relevant programs for PPP in the cultural sector might be the Jessica initiative.

<table>
<thead>
<tr>
<th>Category</th>
<th>Instrument</th>
<th>Mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Funds</td>
<td>JTI</td>
<td>Public finance, private activity</td>
</tr>
<tr>
<td>Financial engineering</td>
<td>JASPERS</td>
<td>Administrative support for designing PPPs.</td>
</tr>
<tr>
<td></td>
<td>JESSICA</td>
<td>Channelling EU money via funds to PPPs</td>
</tr>
<tr>
<td></td>
<td>JEREMIE</td>
<td>Money to SMEs</td>
</tr>
<tr>
<td>EIB</td>
<td>Public sector development bank</td>
<td>Low interest rates</td>
</tr>
<tr>
<td>TEN-T</td>
<td>Loan guarantee instrument for TEN-T projects (LGT), construction cost grants, state equity investment.</td>
<td>Expression of political commitment by the EU</td>
</tr>
<tr>
<td>R&amp;D funding</td>
<td>Risk sharing finance facility (RSFF), (CIP)</td>
<td>Loans out of public finance to PPPs.</td>
</tr>
</tbody>
</table>

Figure 4: EC Communication on PPPs, 2009

JESSICA is an instrument for promoting and financing integrated projects as part of a wider strategy for sustainable development. The most significant

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innovation under the JESSICA system is that funding is repayable, thus allowing for the invested capital to be reimbursed as well as remunerated. Projects must meet general criteria of economic and financial sustainability, that is to say the ability, on the basis of the project’s cash flow, to repay and remunerate the debt and venture capital in accordance with the various expectations of investors.

EU Commission (DG Regio), supported by EIB, launched JESSICA as a complementary way of financing in the framework of the EU Structural Funds period (2007-2013); applying “financial engineering” techniques to EU Structural Funds in a view to a higher productivity of SF / public funds and to increase efficiency and productivity of Structural Funds by making use of innovative and revolving financing instruments in the urban sector, a sort of complementary to grant financing. The EU hoped for a leverage effect to mobilise additional public and private sector resources for the benefit of sustainable and integrated urban development schemes. The expertise asset for new partnerships and synergies leads to the utilisation of financial, managerial and project implementation expertise from private sector or
international financial institutions such as the EIB. To make use of JESSICA funding, the PPP project has to be part of integrated urban development strategy, implying to be embedded in a holistic long-term development strategy, partial profitability or revenue generation potential, with precondition for revolving financing approach; JESSICA UDF financing instruments for profitable project components can be combined with „classical“ grant financing, in accordance with the eligibility criteria of ERDF regulations / operational programs. Some specific project type examples may be found in site remediation and preparation, basic urban infrastructure, street furniture, green spaces, urban public transport or energy networks, restoration of historic/listed buildings, cultural complexes and “signature/landmark” buildings or multi-use recreational complexes.

Private sector support

Financial support to culture and arts by the private sector is mostly motivated by social responsibility as well as marketing goals and works as sponsorship. Moreover, in some kinds of PPP projects the private partner finances the construction of a cultural building and receives in return revenues from public budgets, services or sales.

Civil Society

NGOs, non-profit organisations as well as private persons are “institutions” of civil society. Donations or patronage are also ways how financial resources to cultural projects can be allocated by institutions of the civil society which are interested in a vivid cultural life. 10

4.3.3 Intangible resources

In addition, all partners can contribute to the cultural partnership by putting effort into the joint activities, create good ideas, mobilise civic engagement, provide other resources such as buildings or land, facilitate ways of approvals by public authorities and enhance the awareness for cultural activities.

5 Examples and Case Studies

The following examples give an insight into projects carried out in Europe which are aimed at securing, providing and enhancing the cultural sector. The overall aim of this chapter is to evaluate realized projects to show common requirements and learnt lessons in public-private-co-operation. Each case study is structured in that way, that it starts with a description of the initial situation, followed by the objectives of the project and a description of the actions which are undertaken. The last part takes into account the partnership model, the obstacles and the lessons learnt from the project.

The first four examples show different cases of public-private collaboration and in some cases also the interaction with civil society. Many of these kinds of projects exist. The projects have been chosen in a way to show a variety of different approaches. They mainly include program-related partnerships. Examples five, six and seven are public-private partnership projects and often include construction work activities. Although PPP is a common procurement route in many European countries, only few projects are known in the cultural sector. The last three examples show different kinds of public-private joint ventures. Joint venture structures seem to be very complex and depend heavily on special circumstances of the project and have often a close connection to the general management of cultural institutions.
5.1 POGON Zagreb Center for Independent Culture and Youth, Croatia

5.1.1 Initial Situation

The Croatian cultural sector is dominated by public institutions because only they are able to receive stable support for operational and maintenance costs from public budgets.\textsuperscript{11} Therefore, in the case of POGON a new public institution has been founded and a formal contractual agreement with NGOs has been signed. It is co-funded and co-governed by a local network of culture and youth NGOs, the Alliance Operation City, and by the city of Zagreb. The director of POGON for instance must be jointly appointed by both partners. The Center\textsuperscript{12} operates in two locations in Zagreb and provides services and managed infrastructure for the programs of the NGOs:

POGON JEDINSTVO
- located on the Sava riverfront
- former water-pump factory
- 2 main halls (80 and 450 sqm)
- officially opened in September 2009, although previously used by independent cultural actors in a variety of semi-legal and illegalized modalities
- hosting various events: exhibitions by local and international artists, international festivals of visual and performing arts, concerts and parties, theater and dance shows

POGON Mislavova
- located in the city center
- office space with a conference room, altogether 120 sqm
- operational since June 2009
- used as the Center’s office, a temporary office for NGOs, and a venue for informal educational programs, public presentations and meetings.

\textsuperscript{11} Interview with Emina Višnić, Director POGON, 28.3.2011.
\textsuperscript{12} Cf. N.N. (2011), POGON - Zagreb Center for Independent Culture and Youth, page 4 et seq.
POGON\textsuperscript{13} is financed through an operational grant from the City of Zagreb’s Office for Education, Culture and Sports as part of the City’s Youth Program. Initially the promised grant was €136,000, but this was later reduced to €95,000. This grant allows POGON only ten months of minimal operational functions (running costs and salaries, which are approximately 30-40\% lower than salaries in Zagreb’s other cultural institutions) and minimal servicing of programs.

Programs in POGON’s venues are financed by the members of Alliance Operation City and other users. The annual payment by users into programs at POGON adds up to approximately €200,000–€250,000.

In principle, any NGO, informal group, or individual organizing cultural and youth programs (contemporary arts and culture; related social, theoretical and political activities; various youth activities) may use POGON’s resources free of charge for non-profit activities, as long as these activities are in accordance with POGON’s values. Users wishing to sell drinks for their events (such as parties, concerts, or similar) pay part of the running costs, depending on audience numbers.

Other than venues and equipment, and basic promotion for programs, currently no other additional services are provided by POGON.

5.1.2 Objectives of the Project

The main purpose of POGON is to provide basic services and manage the infrastructure for cultural and youth programs (contemporary arts and culture; related social, theoretical and political activities; various youth activities). Its venues, equipment and temporary office may be used free of charge for all non-profit activities. At the same time, POGON is also developing its own activities, currently focusing on international cooperation.

\textsuperscript{13} Cf. Soldo S. & Barić N. (2010), POGON - Zagreb Centre for Independent Culture and Youth, Croatia, page 39 et seq.
5.1.3 Actions undertaken

As part of the public-civil partnership some cornerstones, principles and actions have been implemented in the co-operation, such as

- Participation in decision-making
  POGON’s structure ensures that the Alliance with its member organizations has an equal role in managing POGON. Furthermore, POGON regularly pursues consultations with stakeholders and organizes public discussions about the modalities of its operation.

- Equality in access
  POGON’s resources are accessible to all the users and their programs on equal conditions; the users are: NGOs, informal groups, artists and art organizations, individuals organizing cultural and youth programs (contemporary arts and culture; related social, theoretical, and political activities; various youth activities).

- Transparency, simplicity and flexibility in programming
  Programming rules and procedures are clear and accessible online. Anyone who needs to use POGON resources may find all the details on the website, including the calendar, a standard contract, pricing etc.. There are no privileged users, and every user must go through the same simple procedure of applying through an online form. No aesthetic criteria or programs are as such more important than others. This entire model was designed through a consultation process with the sector (youth and cultural organizations) and is modified based on experience.

- Partnership and collaboration
  The very core of the model is the cooperation of different groups and organizations. Alongside the founding civil-public partnership, POGON is based on a partnership of two complementary civil society sub-sectors – culture and
youth. This partnership is a result of joint values, shared interests and complementary needs. Furthermore, relations of trust with the users are built by trying to support their programs as much as possible.

The next steps within POGON include:

- the development of a strategy to collect small personal contributions (donations) - development of network of supporters
- the development of a strategy to encourage small and medium enterprises to support programs at POGON
- provision of information on funding and donation possibilities
- more project activities with international partners (i.e. co-production) in order to get access to additional international funding
- investments in infrastructure, procurement of necessary technical equipment and better use of resources, so that more programs can be carried out
- further development of the hybrid model by retaining the open platform and offering also program based cultural activities

5.1.4 Description of the partnership model

POGON (which means both “drive” and “production plant” in English) is a hybrid cultural institution, based on a new model of public-civil partnership, established and managed jointly by Alliance Operation City (local network of youth and cultural associations / NGOs) and the City of Zagreb (municipality). This hybrid model provides long-term sustainability as the result of a balance between public financing and supervision on the one hand and independent programming and participatory decision-making on the other.

The founders monitor the Center’s work, make the important decisions about its main functions and general development, approve the Center’s statutory and other regulatory instruments, and appoint the director. The primary role of the Alliance is to bring together organizations that work in the field and to organize programs in the Center. In this way, it can secure program funding

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14 Interview with Emina Višnić, Director POGON, 28.3.2011.
from a variety of domestic and foreign sources. By joining the Alliance, all organizations who wish to participate in the decision-making process may do so. However, Alliance membership is not a prerequisite for using the Center’s resources.

The role of the City of Zagreb is to provide the necessary spaces and financial resources for the Center’s basic functioning and the implementation of its program. The City also has control over the use of city property and monitors the work of the Center as a public institution. This ensures that the overall functioning of the Center is jointly governed by both founders, while control over programming is in the hands of those who use its resources, i.e. those who carry out programs in the Center’s venues.

5.1.5 Conclusion

The POGON partnership is not set up as public-private partnership because the regulations in Croatia do not enable such partnership models. But still, the wish of the public sector is to interact more with civil society and also private partners. As a result of the financial crisis and a lack of budget for cultural activities, this need exists also for financial reasons. The POGON model illustrates how with a low budget cultural actions apart from theatres and operas can be put in place. Nevertheless, the basic functions of the POGON center are provided and financed by the City of Zagreb. By using a hybrid public-civil partnership model, program related activities are not only determined by public institutions but by members of civil society.
5.2 The Open-air Museum in Szentendre, Hungary

Figure 6: Open-air Museum Szentendre, Hungary

5.2.1 Initial Situation

Traditionally, cultural institutions such as the outdoor village museum in Szentendre, depend on public budgets and are forced to do strict, short-term planning, obeying the rules of budgetary economics. They are not permitted to accumulate, to build up reserves and if they are unable to perform a certain investment in the given year, they cannot use the sum, earmarked for the purpose, next year, leaving the money in a bank and earning income on it. They have to return it to the state treasury and in the new year they have to reapply for the same sum. So private ways of management are not possible within public bodies. Thus, the management has to carry on its economic activities as if it had to start everything anew. Naturally, the managers of such budgetary institutions have got used to this practice. They have mastered the methods of struggle, despite being tied up hand and foot.

5.2.2 Objectives of the Project

This is an excellent example of what a museum, working as a budgetary institution (institutions owned and financed entirely by the state or a local self-government are called 'budgetary institutions' in Hungarian) can do amidst the pressures of the market and the budget, and how it can perform its professional tasks, how far it is capable of producing the resources necessary to the performance of those tasks, and how it can evolve an operational organisation of quick reaction; further on, how it can co-ordinate high professional standards with events attracting the public.

5.2.3 Actions undertaken

The museum is an area of 60 hectares. It installs its exhibitions in the open-air and it carries on building activities on a realistic scale. On prominent days something always happens there: either a festivity of grape gathering, or of pig killing; but all this is within the framework of a rigorously and seriously organised professional programme, with the objective of presenting Hungarian popular customs manifest in objects, in music, movements as well as food and drink.

The resources of museums in Hungary are the following:

- Budgetary grant of the maintaining agency, usually the state, or a local government;
- Supplementary support won by competition: there are a few major public foundations, such as the Basic National Cultural Programme in the field of culture, and some local competitions invited by local governments. Everybody tries to rephrase one's programs and tasks so that they may be adjusted to the call words of the competitions announced.
- Occasional sponsors and supporters represent a further resource for only a project at the most.
- Income of the museum: sale of tickets, sale in the museum shop, letting out venues

The work plan of the museum is very comprehensive and some of the tasks
are mentioned to illustrate the complexity:

1) Current tasks by region, in detail (building, renewal, etc.)
2) Permanent exhibitions
3) Temporary exhibitions
4) Planting programme
5) Tasks of maintenance
6) Other investment and development (buildings receiving the public beside the exhibition)
7) Long-term research projects
8) Short-term scientific research
9) Scientific publications
10) Scientific conferences, presentations
11) Archives and Collection of Hungarian Popular Architecture
12) Keeping of register, supply of data, taking of inventory
13) Restoration, conservation
14) Storage of objects
15) Services to the public, cultural services
16) Demonstrations, programmes, events
17) Public relations, publicity
18) Publications
19) Library
20) International relations
21) Professional supervision (of the museums of ethnography operating in the country)
22) Extension training
23) Economic activity.

Naturally, these tasks are inter-linked: the building of the exhibition and of the regional units is in the focus of attention, everything is organised around it and linked to this activity. The outdoor village museum in Szentendre is a specific ensemble of a scientific research institution, an institution of exhibitions and a
company working as a firm of restoration, processing and building. Hence it is a complex one as an organisation too: the work of people of different qualifications and training has to be co-ordinated and managed within a single organisation. In this place a manager is an ethnographer of profound knowledge, and a strict economist in the next moment, or a businessman ready to take risks, and even a site architect, a 'lobbyist', or a bargaining 'market greengrocer' if the need be. The proper style is always dictated by the situation without which it is not possible to run the museum well.

5.2.4 Description of the partnership model

The village museum of Szentendre is no partnership model but represents a specific example of the complexity of budgetary economy because it deals with large sums, consequently with items representing great responsibility. Naturally, it does not simply spend the resources entrusted to it by the budget, because there would not be enough for everything, at least not in a system defined by the rules of the economy of the treasury. On the other hand, it is forced to save it up by balancing between various items and budgetary chapters.

16% of the income is generated by operational revenues. 84% is given by state grants, other agencies' grants and sponsoring contracts.\(^{16}\)

The most difficult issue from the angle of economic activities is that the employees of the museum are public servants which means prescribed categories of wages. Generally speaking, the so-called premium of the thirteenth month should be paid for extra work, or for work well performed, just as it is due at every place of work of public servants. If the organisation operates efficiently, this one is supplemented by a fourteenth month as well.

5.2.5 Conclusion

The outdoor village museum in Szentendre is no partnership model but the example shows that cultural activities also have commercial aspects. By applying private management activities and bundling different museum activities, the outdoor museum in Szentendre acts very successfully.

\(^{16}\) Cf. Seres Z. (w/o year), The Open-air Museum in Szentendre.
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This effect is well indicated by the fact that the so-called 'social and factory' building represents an altogether 400 million investment. The work was started in 1998, and the completed parts have been continuously handed over since the end of 1999.

From an economic point of view it is almost always the construction work which represents the riskiest tasks, actually it is in this field, where two areas, working in a totally different way, are confronted: the world of culture is confronted with the cold and calculating business world, relying on profit. In other words: a non-profit field versus a for-profit field.
5.3 Rotunda - a Centre of Culture in Cracow, Poland

5.3.1 Initial Situation

Rotunda is a non-profit organisation that has become one of the most popular students’ cultural centres in Poland. As an institution, it functions in the form of an association in co-operation with the Jagiellonian University. Since its very beginning the building is used as a centre for cultural exchange and celebrations as well as as a music venue for festivals, concerts of jazz, blues or rock.

The history of Rotunda - a Centre of Culture dates back to 1936 when the building was set up by the Jagiellonian University. At that time it served as a dancing place. At the beginning of the 1960s a student club was inaugurated. In 1974, after renovation, the building became a seat of the Rotunda Student Culture Centre. From then on the biggest and most important students' festivals have been held there. Although festivals are still the highlight of Rotunda's programme, other events such as discos, concerts of jazz, blues or rock music are popular. It is located in Oleander Street in Cracow in a one-floor, 2000 square metre building. It closely adjoins dormitories and a youth hostel, only a 3-minute walk from the National Museum or the Jagiellonian Library; the Main Market Square is within walking distance (less than 2 km). Several buildings surround the Centre where most of the university departments have their offices and classrooms.

The owner of the building is the Jagiellonian University. The building was given to Rotunda in 2006. The Centre can use it without any rent. On the ground floor of "Rotunda" there is a box office in a small entrance hall that leads you into a little dark hall with a cafe, cloakroom, toilets and a big performance hall that can seat 180 people. On the first floor there are offices, a huge performance hall (for 350 people) with a spacious foyer and a balcony with seats for 150 people. During festivals advertising and information stalls are located in the foyer. The logo of the Centre - a black letter "R" on the white background - is placed outside, on the wall of the building. Just beneath it there is a big banner with the name of the main sponsor and an information board on which various posters are pinned.
5.3.2 Objectives of the Project

Rotunda as a non-profit organisation meets important social needs. This institution does not aim to maximise its profit and may be financed by grants from the state or local government, foundations, private capital, donations, financial privileges (dispensation from duties, reduced rates etc.), charges from own cultural services, income from business activity and work done by volunteers. The organisation operates as a cultural provider with multifaceted offers. Rotunda has intensified co-operation with cultural attachés, consulates and embassies of foreign countries in Poland.

5.3.3 Actions undertaken

Rotunda runs business activities by:

- organising concerts;
- organising ski exchanges;
- renting a part of the ground floor of the building to an operator who runs a cafe;
- renting performance halls.

Rotunda spends income from business activities for current expenses, such as salaries, investments, duties or charges. Money for statute activities (festivals, concerts and other enterprises) comes from outside sources because of growing sponsorship. The easiest way to receive some money is from foundations. They are often created to support cultural activities. Sponsors are eager to support culture more by providing ready-made products than by giving money. Many firms are interested in presenting their products during concerts or exhibitions as it is a kind of effective advertisement for them.

5.3.4 Description of the partnership model

The successful partnership is characterized by highly motivated members, a wide clientele and a cultural offer which is up to date. Public and private
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partners of the project are tied short to mid-term. the permanent partner is the Jagiellonian university which is owner of the property rights. Income can be generated by selling tickets, sponsor contracts and subsidies from other cultural institutions. 17

5.3.5 Conclusion

Rotunda is a non-profit organisation that has become one of the most popular students’ cultural centres in poland. it can be seen as collaboration project between private and public partners as well as partners from civil society such as the university. as an institution, Rotunda functions in the form of an association in co-operation with the Jagiellonian University. the official nature of co-operation can be defined as the continuity of traditional links established around 30 years ago. Rotunda - a Centre of Culture came into being in 1973 as the Rotunda Student Culture Centre of the Jagiellonian University; as an association it was registered in 1994. Currently, the activities are financed by the income from ticket sales and at about 10% from funds offered by the main sponsor: the Okocim Brewery. the organisation does not get regular financial support from any public institution like the Culture and National Heritage Office or the local government. Success of the festivals, performances and other cultural events organised by the Rotunda depends on obtained funds from sponsors and foundations as well as on the Centre's own ability of raising funds and earning money by itself.

17 cf. foryt m. & kluz m. & krol m. (w/o year), Rotunda - a Centre of Culture in Cracow.
5.4 Riksteatern – National Touring Theater, Sweden

Figure 7: Riksteatern- building Stockholm, Sweden

5.4.1 Initial Situation

Riksteatern, the National Touring Theater, was established 78 years ago as a cultural forum that enabled people to enjoy and take part in theater, regardless of their geographical location or socioeconomic status. Today it works as a non-for-profit organization and functions as social community and cultural center for arts and other cultural activities as well as a performing arts center / theater. Within Riksteatern, they operate Silent Theatre, Sweden’s only theatre for and by the deaf, and the internationally-renowned Cullbergballet.

18 http://lh3.ggpht.com/_PQaiu_JmKgk/TTcM5AEfKkI/AAAAAAAEGA/BbrfR7q21Rk4/00_Riksteatern%20building%20in%20Botkyrka,%20Stockholm.JPG
5.4.2 Objectives of the Project

Riksteatern’s mission today is to create mental juxtapositions in many languages in order to set thoughts and feelings in motion. As a movement with over 40,000 members, they have a particular responsibility to develop new democratic methods and structures in order to safeguard a citizen’s perspective in productions and processes.

5.4.3 Actions undertaken

Riksteatern’s organizational activities are coordinated from Hallunda, a multicultural suburb of Stockholm where approximately 200 employees (excluding freelancers and part-timers) operate. In the building they have a number of minor rehearsal venues and stages. There is no physical building that serves as theater; it is a touring company, that performs on various stages around the country. Every year, Riksteatern visits some 300 locations, ranging from large cities to small villages. They provide around 60 staged art performances at theaters, in “people’s parks” (communal establishments consisting of cinemas, open-air theaters, etc), and at local cultural centers, festivals and schools.

Riksteatern’s local and regional associates purchase productions from Riksteatern and other governmentally-supported or private producers on a regular basis. Hence, the local population can choose from a wide range of performances, from Shakespearean classics to rap battles. On an annual basis, Riksteatern also organizes the Theater Days, which brings together hundreds of members, producers, organizers and other theater enthusiasts at the headquarters in Stockholm to attend seminars and workshops; to view plays, concerts and other stage performances; and to network and exchange ideas.

5.4.4 Description of the partnership model

Riksteatern is owned by its members, which form a “folkrörelse” (a movement on a voluntary basis). More than 40,000 members and 231 local and regional associations in all 21 counties of Sweden create the country’s largest meeting-
place for culture. Every four years, the member associations congregate at Riksteatern’s highest decision-making body, the Congress, to decide the upcoming year’s mandate for Riksteatern’s goals and directions, and to elect a board. The Swedish government elects the chairperson and one member of the board.

The board consists predominantly of members from the local and regional theatre associations, and it has overall responsibility for the structural strategies and focal areas of Riksteatern activities.

5.4.5 Conclusion

The structure of Riksteatern is unique because it is not a traditional cultural institution with one distinctive building. Rather, it is a network that brings together state cultural policy and a movement based in civil society that organizes cultural events of relevance – due to their focus on sociopolitical matters – in small and big cities. In addition, Riksteatern creates forums (i.e. workshops and seminars) for dialog between artists and the audience. This method creates opportunities to share experience on the productions’ topic (be it a play, a support gala for the democracy movement in Belarus, or a graffiti festival). This method constitutes the core of the active citizen perspective that Riksteatern aspires to bring to light in all its activities.

This example shows that networking activities and a great vision of the cultural project are important to motivate people to participate and get in touch with cultural projects. A growing acceptance and interest by the public form the basis for a constant and secure way of financing those activities apart from public budget.
5.5 New building for Soesterberg military museum, Netherlands

Figure 8: Soesterberg military museum, Netherlands\(^\text{19}\)

5.5.1 Initial Situation

In 1968, the Air Force Museum was established at the birthplace of the Dutch aviation, Soesterberg, on the initiative of a few Air Force personnel. Those first years it was accommodated in one of the hangars on Soesterberg airfield. But because of the limitations imposed by being on an operational airfield (it was only open to the public on Saturdays) it moved to the nearby "Kamp van Zeist" in 1980. With the closure of Soesterberg Air Base, the museum moved back to the hangars on the airfield, where it has become part of a 'Defence museum complex'. The Military Aviation Museum presents a picture of the history and development of the Dutch military aviation and its operations. At the north end of the former airbase Soesterberg, the new museum of the Ministry of Defence will be housed within a few years' time.\(^\text{20}\)

5.5.2 Objectives of the Project

The new museum will be built on a plot of land of approximate 45 hectares, situated on the part of the former airbase that remains under control of the Ministry of Defence. In the new museum, the Army museum, at present housed at Delft, and the Military Aviation Museum of Soesterberg will be joined. A large outside area will be laid out for exhibitions and events.

\(^{19}\) Cf. [www.ppsbijhetrijk.nl](http://www.ppsbijhetrijk.nl).
The existing infrastructure will be used partly. The site borders on the former runway. In view of the special location of the site in the heart of the Heuvelrug area, there will be a strong focus on the preservation and development of natural features. Moreover, sustainability will be one of the aspects playing a role in the project. The Museum includes workshops and depots, with approximately 50,000 square metres gross floor area.

5.5.3 Actions undertaken

The Ministry of Defence commissions the project. The Rijksgebouwendienst (Government Buildings Agency) invites tenders on behalf of the Ministry of Defence. The invitation to tender started in the spring of 2010. The PPP contract is an integrated agreement which includes design, construction, finance and maintenance of the museum complex. The tasks comprise exhibition rooms, hangars, office rooms and public rooms, as well as the outdoor area. As part of the agreement the private partner committed himself to secure the protected landscape components. Due to the comprehensive contractual framework, the extensive construction and services, the government chose the competitive dialogue as award procedure. The advantage is that a specific performance catalogue will be elaborated by limited numbers of preferred bidders.

5.5.4 Description of the partnership model

The contractual partnership will be for 25 years. The property rights will remain with the public sector. In return for the investment the private partner will retain all the income the museum generates from visits by the public (i.e. by selling tickets, parking lots, advertisement; franchising contracts etc.). The museum will properly open in 2013.

5.5.5 Conclusion

For the Soesterberg military museum a public-private partnership approach has been chosen. The features of the project include a long-term contract between public and private sector. The remuneration for the provision of the
museum and secondary services includes, for instance, revenues from the sale of tickets. The project is currently being tendered in a competitive dialogue procedure. This approach is applicable in case the estimated income is sufficient to pay off the construction costs at the beginning. Since the private partner takes the revenue risks of the project, they shall be responsible for developing the program activities as well.
5.6 PFI - Royal Armouries Museum Leeds, United Kingdom

5.6.1 Initial Situation

In December 1993 the Royal Armouries ("the Armouries"), signed a contract with a private sector company, Royal Armouries (International) plc ("RAI"), for a new museum in Leeds to display more of its collection. Under the contract RAI were to build and operate the new museum. In return it would retain all the income the museum generated from visitors. The authorities contributed millions of pounds to the construction and lease the site for the new museum for 999 years from the existing owner, the British Waterways Board, and sub-let it to the private sector. One major task of the public authority was to take care of the exhibitions (design the display, acquire new items, and procure staff for maintenance of the items). The private partner committed himself to build the new museum at a fixed price, participate in costs, operate and maintain the building. 21

Once it opened in March 1996, the museum immediately began to make losses, largely because visitor numbers were smaller than expected. The new museum never made enough money to cover its operating costs and the servicing of RAI's debts. Consequently, in July 1999, after previous warnings from RAI's bankers, the Bank of Scotland made clear that it would not be able to make additional funding available to RAI after that month if RAI's financial problems persisted. So the Armouries revised its agreement with RAI.

21 The Department for Culture, Media and Sport, The Re-negotiation of the PFI-type deal for the Royal Armouries Museum in Leeds.
5.6.2 Objectives of the project

Originally, the Armouries had decided to proceed in 1990 with the establishment of a new museum as it considered that this would help to meet its statutory duties by allowing it to put more of its collection on display. The profits from the new museum would also allow to meet its strategic business objective of becoming more financially self-sufficient by reducing its need for grant-in-aid from the Department.
5.6.3 Actions undertaken

The Armouries’ ability to deal with RAI’s financial problems was limited by some of the terms of the original deal. However, the Armouries and the Department considered a number of options for tackling the financial crisis, including allowing RAI to go into receivership and the Armouries taking over total responsibility for the museum.

In the end the Department told the Armouries that it would only make additional funding available for an option proposed by RAI under which the Armouries would take over the museum but RAI would continue to have a limited role. The revised deal transfers risks back to the Armouries, including the risk of admissions, delivers efficiency savings in the running of the museum, and reduces the amount of additional grant-in-aid from the Department that would otherwise have been required.

The Armouries’ ability to generate income is restricted to a certain extent as, under the revised deal, RAI retains the income from catering, corporate entertainment and car parking.
5.6.4 Description of the partnership model

The deal involved a major transfer of risk to the private sector. RAI was to build the museum in accordance with the Armouries' design and then operate it for 60 years. During the museum's operation RAI would receive no further public funding except for the free provision by the Armouries of its curatorial staff and a contribution by the Armouries to the museum's marketing and promotion costs. RAI was to meet all other operating costs from the income generated at the new museum and retain any profit made. This was a significant commercial risk for RAI as the museum was a new attraction with no proven track record of visits by the public and this was RAI's only source of income. RAI accepted this risk by heavily discounting the projections of visitor numbers and by engaging Gardner Merchant to manage the early launch phase. For its part, the Armouries retained ownership of the collection and full responsibility for its maintenance and preservation.

Source and use of project funding

The cost of constructing the new museum was met from a number of different sources of funding, both private and public sector.

<table>
<thead>
<tr>
<th>Uses of funds</th>
<th>£ million</th>
<th>£ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction and fit-out costs</td>
<td>34.4</td>
<td></td>
</tr>
<tr>
<td>Marketing, relocation, professional fees and pre-opening expenditure</td>
<td>5.5</td>
<td></td>
</tr>
<tr>
<td>Interest and contingency</td>
<td>2.7</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>42.5</strong></td>
<td><strong>42.5</strong></td>
</tr>
</tbody>
</table>

Sources of funds

- Royal Armouries: 20.0
- Leeds Development Corporation: 5.0
- Leeds City Council: 3.5
- Private finance: equity and subordinated debt: 8.0
  - Debt: 6.1

*Source: The Royal Armouries*

Figure 11: Source and use of project funding
The most famous PPP in culture failed right after opening, due to high numbers of expected visitors. But the ability and capacity of the involved public partners led to a revised and more effective partnership in the end. Before taking on this risk the Armouries commissioned KPMG to review the museum’s future potential operating performance, including future trends in visitor numbers. KPMG reported in June 1999 that the development of Clarence Dock (the area surrounded by the museum), when complete, would attract people to the surrounding area, increasing the likelihood of admissions to the museum rising due to passing trade but that the resulting increase in visitor numbers would be at most ten per cent. However, if the Armouries took certain other steps, visitor numbers could be increased to at most 300,000 a year.

Subsequently the Armouries and the Department have identified further measures which could help to increase visitor numbers further. The Department, as part of its access policy for the charging museums that it sponsors, has agreed to make further resources available to the Armouries to provide free access for children and the over-60’s from April 2001 and to enable the museum to introduce a reduced charge of £1 for adults from September 2001.

For its part RAI has retained responsibility for the provision of corporate entertainment and catering for 40 years, and for car parking for 57 years. The revised agreement contains no details of the level of charges RAI will levy on visitors for these services, although it does require these charges to be approved annually by the Armouries. RAI will also operate, and retain the income from a new exhibition hall, being constructed as part of the Clarence Dock redevelopment, for 57 years or until its bank debt is fully repaid, whichever is the earlier.22

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Transnational Public-Private Partnership concept in the cultural sector for the Second Chance Project

**Figure 12: Contract structure 1993-1999**

**Figure 13: Contract structure from 1999**
5.6.5 Conclusion

When procuring PPP projects, it is important that departments should gauge the level of market interest. If, as on this project, the project is inherently risky, because of the lack of proven demand, and there is very little interest in the project as currently structured, departments should consider whether to continue with the project or to restructure it to make it more likely that a greater number of private sector firms will compete for the contract. A department could amend the scope by seeking a deal for the delivery of service accommodation, where payments to the private sector party are dependent on the accommodation’s availability. Alternatively, a department could revise the risk allocation and share demand risk, by agreeing, for example, to a revenue guarantee mechanism whereby the department will provide some financial support to the private sector party if demand falls below an agreed level.
5.7 Urban Regeneration in Hanau, Germany

5.7.1 Initial Situation

The City of Hanau is located 20km east of Frankfurt/Main. The city has about 90,000 inhabitants and many buildings were built in the 1950s. The urban development challenge was to find a general solution for the entire Inner City. The City is open-minded for different uses (retail, cinema, hotel and housing) and aims at the integration of public and private buildings. The investor would be free, but not obliged, to suggest the inclusion of sites owned by third parties.

5.7.2 Objectives of the Project

The Town Council of the town of Hanau decided on 16 June 2008 to implement major downtown projects within the framework of a competitive dialogue (public procurement regulation). The result of the competitive dialogue will be a "master plan" of inner-city development. Within a set framework of scheduled investment plans, urban development measures are going to be implemented in accordance with urban, functional and substantive requirements. The dialogue procedure was expected to find solutions complying with the city’s goals of sustainable development and taking into account economic feasibility. The projects and questions are categorized on the part of the town topics (mandatory) and optional (optional tasks). The town of Hanau opened a shared discursive planning and city development process with operators and investors within the framework of the competitive dialogue. The thematic priorities in this urban development include retail, culture and leisure, gastronomy and hotel use, living, mobility and public spaces, such as:

- impulses for retail trade
- new public library including the municipal archive etc.
- new Brüder Grimm Center (mix of theme park and museum)
- revitalisation of downtown as an attractive urban residential area
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- gastronomy
- cinema and hotel
- quality improvement of the streets and public space
- urban development concept around the 5 historic squares
- redesign of the central bus station and integration of the public parking system
- bus station and integration of the public parking system

Figure 14: Masterplan
Simplified four qualities can be named, to be considered touchstones of an attractive and efficient development of the inner city. These are scale-forming and are relevant for decisions in the context of "Competitive dialogue downtown Hanau".

1. **Identity**
A special quality of the European centres is their uniqueness. Despite the degree of destruction through the war, the city of Hanau is a combination of medieval old town and Renaissance-Neustadt with a unique spatial quality. The City offers a variety of different urban atmospheres in confined spaces. Each contribution to new town development must respect this historical peculiarity.

2. **Diversity**
The attractiveness and performance of a city is measured primarily in their use. The ability to select between different functions is one of the main advantages of the city centre and generates urban vitality. Hanau downtown reveals a wide range of diverse useful features in the old town. The city already has a good range of different and diverse offerings. Each project will have to be measured against its contribution to the strengthening of the diversity and vitality of Hanau downtown.

3. **Flexibility**
Sustainable urban building structures are characterized mainly by the ability to include different uses and respond to different (market) needs. The flexibility and adaptability to different needs require that new projects are not only self-standing, but integrated into the urban fabric as a whole. For all projects upcoming in Hanau adaptation and integration are important quality and assessment features.

4. **Structural effectiveness**
A downtown is alive and powerful if the different urban spaces, features and uses work together. Downtown must be more than isolated functionality and the attractiveness of individual projects. New projects must therefore involve a structural impulse and are primarily to be located, where they radiate positive effects on the environment and raise synergies. The maximum structural
efficiency must be achieved with the efficient use of resources. Structural efficiency is important for the quality assessment.

5.7.3 Actions undertaken

One of the quality characteristics of Hanau is the varied cultural offer. In the development of downtown Hanau, great value is placed on the claim that the existing cultural institutions are improved and strengthened by new institutions.

Existing facilities are the public library of Hanau, the municipal archives and the Wetterauische society, which are currently housed in the Palace Square. A room for art and culture is available in the Town Hall. For movie-goers, there are only two small cinemas on freedom square.

Cultural activities form an integral part of the inner city development of the City of Hanau. One element amongst others is the Grimm Cultural Center. In May 2005 Grimm cultural centre in Hanau, together with representatives of local clubs, associations and parties, presented a concept of the brothers Grimm to the Mayor Claus Kaminsky.

According to Kaminsky, an attractive exhibition hall, together with a national monument, would strengthen the fairy tale route, the fairy tale Festival, the prestigious literature prize and the Grimm collection of the cultural legacy of Jacob and Wilhelm Ludwig Emil Grimm in Hanau, Germany as city of birth. It could develop to a regional, national and international magnet for city tourists; strengthen retail, hotels and catering as well as become a focal point for civic engagement. In the first place, it should pay tribute to and interactively present extensively the life’s work of the most famous sons of the city in scientific, literary, political, social and artistic ways.

After several profitable workshops and public hearings a Commission of 30 experts agreed on the objectives for a conceptual and feasibility study for the Brothers Grimm cultural centre in Hanau on 29 January 2007. In March 2007
a study on "Carrying out a concept and feasibility study" was tendered. The applications were evaluated by the Administration and the Commission of experts and three institutions were shortlisted and invited to present the concept to the Commission of experts. In September 2007 the Commission recommended by a very large majority to award the contract to the company AWC AG / Cologne. The City Council followed the recommendation in October 2007. An interim presentation of the results of the first phase was made by the AWC AG on 28 February 2008 to the Commission of experts (basis determination, concept development for three variants). The second phase (site requirements, technical and economic feasibility, carrier and operator models) lasted until the end of May 2008. The results of the study were presented to the magistrate on 2 June 2008 and to the Commission of experts on 23 June 2008. On 27 August 2008, a public civic forum on the subject "Brothers Grimm cultural centre Hanau" was held in the Congress Park Hanau, where Mayor Kaminsky and representatives of the AWC AG presented the results of the study in detail.

The Brothers Grimm cultural centre Hanau was finally included in the Europe-wide invitation to tender of competitive dialogue for the design of Hanau downtown as an obligatory part by mid 2008. Concrete proposals of the remaining four investors were presented in 2009 in a public event on the last weekend in March in the Congress Park Hanau. About 3,500 visitors informed themselves about the plans of the bidders ECE, HBB, MAB and 3w. The bidder HBB as the winner of the proceedings was introduced on 25 May 2010 to the city of Hanau. Their proposal, with modern amendments to the Brothers Grimm cultural centre in the former Government buildings on the Palace Square, was rated as best of the submitted designs, and is followed-up now. Since autumn 2010, studio klv Berlin developed a content operator concept tailored to the building complex located in Palace Square.

The procedure of the competitive dialogue in Hanau, which acts as pathfinder project to this new European tender procedure in Germany, is presented and summarized in the table below.
Transnational Public-Private Partnership concept in the cultural sector for the Second Chance Project

### Procedure of the Competitive Dialogue

<table>
<thead>
<tr>
<th>Prearrangements</th>
<th>- Definition of needs and requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Selection of consultants (law, finance, architecture, retail)</td>
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<td></td>
<td>- Compilation of basic information</td>
</tr>
<tr>
<td></td>
<td>- Draft of a project description</td>
</tr>
<tr>
<td></td>
<td>→ Basis of a successful procedure</td>
</tr>
<tr>
<td>June 2008</td>
<td>- Municipal council decides to initiate the competitive dialogue</td>
</tr>
<tr>
<td></td>
<td>- EU-Contract notice</td>
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<tr>
<td>Prequalification</td>
<td>- 7 suitable investors</td>
</tr>
<tr>
<td></td>
<td>developer, no architects</td>
</tr>
<tr>
<td></td>
<td>→ Workable plans, no urban dreams</td>
</tr>
<tr>
<td></td>
<td>- Request of urban development concepts</td>
</tr>
<tr>
<td></td>
<td>→ Parallel, but separated procedures</td>
</tr>
<tr>
<td>October 2008</td>
<td>- 5 tenderers submit preliminary concepts</td>
</tr>
<tr>
<td></td>
<td>- Discussion of the concepts</td>
</tr>
<tr>
<td></td>
<td>- Suggestions on how to improve and optimize the concepts</td>
</tr>
<tr>
<td></td>
<td>- 1st revision of the concepts by the tenderers</td>
</tr>
<tr>
<td></td>
<td>- Presentation of the concepts to an advisory committee („Beirat“)</td>
</tr>
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<td></td>
<td>- Declaration of confidentiality</td>
</tr>
<tr>
<td></td>
<td>→ Involvement of limited public</td>
</tr>
<tr>
<td></td>
<td>- Decision to continue the dialogue with 4 tenderers</td>
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<tr>
<td></td>
<td>- Tenderers revise their concepts again according to given suggestions and references</td>
</tr>
<tr>
<td>March 2009</td>
<td>- Public presentation</td>
</tr>
<tr>
<td></td>
<td>- Agreed with tenderers</td>
</tr>
<tr>
<td></td>
<td>- More than 3,000 visitors</td>
</tr>
<tr>
<td></td>
<td>→ No further significant amendments to the urban development concepts (fair competition)</td>
</tr>
<tr>
<td>Event</td>
<td>Actions</td>
</tr>
<tr>
<td>-------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>May 2010</td>
<td>- Both tenderers submit their offers</td>
</tr>
<tr>
<td></td>
<td>- Q&amp;A-process: clarification of the tenders</td>
</tr>
<tr>
<td></td>
<td>- Municipal council decides on the most economically advantageous tender</td>
</tr>
<tr>
<td>since June 2010</td>
<td>- zoning plan procedure</td>
</tr>
<tr>
<td>September 2012</td>
<td>- expected start of realisation</td>
</tr>
</tbody>
</table>

- A new involvement of the advisory committee
- Decision to continue the dialogue with 3 tenderers
- Intensive discussion with the 3 tenderers on technical details, e.g. bus terminal, parking system, library
- Revision of concepts
- Decision to continue the dialogue with 2 tenderers

- Negotiation of the necessary contracts
  - framework agreement
  - property purchase agreement
  - lease agreement

- Decision to request final and binding offers from both tenderers
Transnational Public-Private Partnership concept in the cultural sector for the Second Chance Project

Figure 15: Picture Literature quarter

Figure 16: Grimm Cultural Center
The cultural elements of the urban development concept for Hanau include:

**Municipal library (required task)**

The Hanau municipal library is housed in inadequate premises in Palace Square where it cannot fulfill its mission as a cultural and educational institution. The aim is to get an attractive, high-performance library in order to attract about 500,000 visitors per year in the town of Hanau.

A downtown location, attractive, easily accessible buildings and a space (3,000 square metres) corresponding to the size of the city are required for this. The use as "Library" must be visible even from the outside and invite for a visit. The program consists of a reading café, a conference room, bright and spacious departments for children, young people and adults, as well as a cultural department. The public areas are complemented by extensive archive and office space.

Both the extension on the existing site, a new building in a central and easily accessible place of downtown, the conversion of an existing building as well as the integration into a multifunctional building are possible for the accommodation. A high standard for the design of the facade and the distribution and design of the interior is to be guaranteed.

The spatial connection of library, archives and Wetterauscher society can be an attractive local history centre. It is also possible that the room for art and culture currently located in the town hall, or the library of Hanau, currently in Castle Philip, will be incorporated in such a centre.

The incorporation of the municipal library of Hanau is independent of the site and a mandatory task in the competitive dialogue.

**City archive (mandatory task)**

The city archive protects and collects public archival material according to the provisions of the Hessian archive law and preserves the historical roots of
Hanau. It is an important starting point for citizens as well as historians. The size and functionality of the current premises are no longer sufficient for the demands of a modern archive. The aim is to get an archive that is perfectly usable for visitors as well as for archivists.

Two reading rooms for at least 15 visitors will be required for the operation of the archive. Offices should face north in order to create optimum working conditions. The new archives must be windowless and air conditioned and need an area of at least 500 m2 for roller racks. Total required floor space will be about 750 square metres.

The implementation of incorporating the Stadtarchiv Hanau is - regardless of the location - a mandatory task in the competitive dialogue.

**Wetterauische Society**

The Wetterauische Society is one of the oldest scientific institutions in Germany. With their extensive and valuable collection of books and limited reproductions, their lectures, excursions and publications, it has significantly shaped the history of science in Hanau. The incorporation of the Wetterauische Society is independent of the site and a mandatory task in the competitive dialogue.

**Space for art and culture (mandatory task)**

In the Town Hall in the new town market square, the ground floor with about 200 square metres is used for exhibitions and cultural events. It is possible to make this land available for other commercial uses in connection with a restructuring of the market. In this case, at least equivalent replacement surfaces must be created by the investor.

In the future art and culture must be located in a central and attractive place of downtown which is easily accessible for visitors. Facilities for hosting events are required.
Incorporation into the premises of the new city library or the Brothers Grimm cultural centre is possible.

The implementation of incorporating the space for art and culture is, regardless of the location, a mandatory item in the competitive dialogue, if the current area in the claim is made.

**Brothers Grimm Centre (mandatory task)**

![Figure 17: Grimm Cultural Centre](image)

As a communicative interactive home, the Brothers Grimm cultural center should be in the today's City Library in Palace Square. The contents of the Brothers Grimm cultural centre were set in a long-lasting process, a 40-member Commission of experts being involved. There are five "pillars of knowledge": the Grimm family and their lives in their home town of Hanau, political commitment, the famous collection of children's tales (explicitly tales that have been taken to the brothers from the "main area"), their achievements in the field of German language and grammar, as well as the work of their brother, the painter Ludwig Emil Grimm. "We want to reach young and older visitors through the magic of original pieces, but also by new media on the life and work of ", said project manager Martin Hoppe. He stressed that there is much to see in the exhibition for all age groups and also tourists. He makes it clear
that "who, however, expects entertainment à la Disney here, is out of place".

One of the major cultural attractions of the town of Hanau is the link to the life and work of the Brothers Grimm, who were born in Freedom Square. To make this experience manifest for the population and to take advantage of the tourist value of the city, a Brothers Grimm cultural centre will be created. For this reason, the town of Hanau commissioned the AWC company with a concept and feasibility study.

The result of the first site analysis is that the area around the present Local Authority Centre (tax office) and the area around the office building of the former City Palace (library) could be considered as inner-city locations as well as the Orangery of Castle Philip.

A proposal for establishing one of the inner-city locations, as well as for its operation is expected in the competitive dialogue. The city reserves the right not to accept one of the proposals after examination and to realize the Brothers Grimm cultural center outside this procedure. The cultural center is intended to be a world of experience, as well as a fairy tale museum for children.

One of the aims of the Brothers Grimm cultural centre is to sustainably increase the attractiveness of the city. 150,000 to 200,000 visitors a year will contribute to the revival of downtown. Target groups are schools and families with children of up to 10 years of age.

The location of the Brothers Grimm cultural center in the city centre will create synergy effects. The appreciation of the site must be supported by a high-quality architecture.

For the Brothers Grimm cultural centre, a net area of approximately 4,000 square metres is required. A space of about 500 to 1,000 sqm complements the exhibition building. This involves the construction of the building, as well as the operation of the cultural centre. On the basis of the concept and feasibility study, an operator approach must be developed and offered. The develop-
Transnational Public-Private Partnership concept in the cultural sector for the Second Chance Project

Development and operation of the Brothers Grimm cultural centre are one of the required tasks in the competitive dialogue.

Films (option)

Hanau has currently only two cinemas with a total of 4 halls and 883 seats in Freedom Square. Concepts to improve the cinema landscape in the context of the economic feasibility are welcome. A location in the city centre will contribute to the revival of urban spaces.
5.7.4 Description of the partnership model

In the table below the main characteristics of the “Urban development framework agreement” are summarised.

<table>
<thead>
<tr>
<th>Urban Development Contract</th>
<th>Specific Parts (Projects)</th>
<th>Final Clauses</th>
<th>Addenda</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Part</td>
<td>Specific Parts (Projects)</td>
<td>Final Clauses</td>
<td>Addenda</td>
</tr>
<tr>
<td>- Urban development goals</td>
<td>- Shopping district incl.</td>
<td>- Severability</td>
<td>- Solution concept</td>
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<tr>
<td>- Planning sovereignty</td>
<td>Freiheitsplatz and</td>
<td>clause</td>
<td>- Time schedule</td>
</tr>
<tr>
<td>- Steering committee</td>
<td>central bus station</td>
<td>- Written form</td>
<td>- Comfort letters</td>
</tr>
<tr>
<td>- Agreement on</td>
<td>- Library, etc.</td>
<td>- Entry into</td>
<td>- Additional</td>
</tr>
<tr>
<td>architecture</td>
<td>- Brüder-Grimm-Kulturzentrum</td>
<td>force</td>
<td>agreements</td>
</tr>
<tr>
<td>- Project implementation</td>
<td>- Cinema</td>
<td></td>
<td>- Building</td>
</tr>
<tr>
<td>- Building planning</td>
<td>- Gastronomy</td>
<td></td>
<td>description</td>
</tr>
<tr>
<td>procedure</td>
<td>- Hotel</td>
<td></td>
<td>- Offers for central</td>
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<tr>
<td>- Construction</td>
<td>- Residential area</td>
<td></td>
<td>bus station and</td>
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<tr>
<td>- Financing confirmation</td>
<td>- Public space</td>
<td></td>
<td>paths and</td>
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<tr>
<td>- Comfort letter</td>
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<tr>
<td>- Contractual penalties</td>
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<td>- General rights of</td>
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<td>rescission</td>
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<tr>
<td>- Legal succession</td>
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</tbody>
</table>

**Figure 18: Urban development framework**

The contract structure shows that beside the main urban development framework agreement other contracts exists.
Figure 19: Urban development contract

5.7.5 Conclusion

This project example shows how cultural projects can be embedded in broader urban development schemes including several cultural projects. The competitive dialogue as tendering procedures has been especially valuable in terms of the participation of citizens in decision making by obeying the following principles:
- Transparent and fair
- Opportunity to improve the concepts in cooperation
- Participation of the public
- Integration of different interests
- Legally secure
- Challenge for the participants

As a result of this complex tendering procedure a practical solution has been found. All aspects are part of the concepts and a solution for the urban development has been found. The quality of the concepts was very high,
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being creative and well-adapted. In addition to this all concepts of the bidders were different and offered a real choice. Finally, the concepts were able to be financed and realised.
5.8 Museum Kunst-Palast Düsseldorf, Germany

Figure 20: Museum Kunst-Palast Düsseldorf, Germany

5.8.1 Initial Situation

The Dusseldorf Kunst-Palast, forming part of the Ehrenhof complex, is the city's oldest exhibition building. Its name - meaning "Art Palace" - reflects its purpose. Since it was created in 1902, art has indeed reigned there - with short interruptions - and has been presenting many of its facets. The Kunstpalast was modelled on the "Petit Palais" in Paris, although the Kunstpalast with its length of 132 metres exceeds it in size. Thus, it was a worthy representation of artistic life in the city of Dusseldorf, which has been among the most important centres of art in Germany since the early 19th century.

In 1980, the city of Dusseldorf intended to renovate the historical building. But the lack of public budget resources did not allow spending public money on such a project. After a decade the project was resumed by the secretary of culture department. A partnership with the local energy company VEBA AG was planned. At this time VEBA prepared a merger with VIAG to set up the current energy group E.ON AG. Since establishment, the top management of VEBA

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23 www.museum-kunst-palast.de
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AG were art lovers and collectors and so the company holds a renowned corporate art collection.26

5.8.2 Objectives of the Project

In the following the objectives of the two main participants, the City of Dusseldorf and the private energy company E.ON, will be reflected. On the one hand there is the interest of the city Dusseldorf to renovate the historic monument and to ensure the operation as art museum while having a tight public budget.27 This aim comprises to resume a sustainable cultural landscape and to boost the reputation of Dusseldorf as a city of art and culture. On the other hand private interests are to be included in form of corporate social responsibility. Moreover, the commitment is used as part of the marketing strategy of the consolidated energy group E.ON AG.28 At the same time, E.ON used the project to acquire a lucrative property next to the Kunstpalast, which belonged to the city, to build the new company’s headquarters.29

5.8.3 Actions undertaken

Public Private Partnership

The long term cooperation between Dusseldorf and E.ON is based on the legal form of a foundation. Among the founding members of the “museum kunst palast foundation” were the City of Dusseldorf and the energy corporation E.ON (operating under the name of VEBA AG at the time). The objectives of the foundation’s charter, which in 1998 led to concluding the cooperation agreement between the two partners, were the sale of the plot of land at the back of the Kunstpalast to E.ON, in order to enable the company to build a new office building on the plot, while E.ON, in turn, contributed to financing the recon-

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struction of the Kunstpalast and committed themselves to continually supporting the adjacent museum complex and its ventures on a long-term basis.\(^{30}\)

**Concept “Give and Donate”**

A multi-level concept has been developed to support the Foundation Museum of Art Palace. A brochure helps to inform people about the various possible options of financial support to the foundation such as:

- Endowment contributions to the foundation, which support the long-term financial capabilities of the Foundation Museum of Art Palace.
- Donations, which are used short-term for exhibitions etc. by the foundation.
- Cooperation and sponsoring agreements which allow companies, in return of financial support, to use the name and logo of the Foundation Museum of Art Palace in order to enhance their public relations.
- Providing information on considering the foundation in one’s last Will, to donate a part of the legacy.
- Providing information on tax benefits for financial donations.

**Association “Friends of Museum Kunst Palast”**

The association provides ideological and financial support to arts and all the diversity in the palace museum. Members have access to a multifaceted program. They can get in touch with artists and curators and can visit previews, special tours and studios.

**Special program for younger people**

The foundation makes a particular offer for younger people who are interested in arts. It addresses students, trainees and entrants. There will be held monthly meetings for diverse cultural activities. The participation involved a membership in the program.

5.8.4 **Description of the partnership model**

The public private partnership comprises the joint funding, the maintenance and a close cooperation of the cultural facility. Dusseldorf has transferred the
ownership to the museum kunst palast foundation and provides 4 million € for building investments. Dusseldorf also committed itself to grant the operational costs of 4 million € p.a. E.ON AG acquires a plot of land of museum kunst palast foundation for 10 million € and the company contributed 11.5 million € for the construction project. In addition, E.ON AG contributed 9 million € for operational exhibition programs through a sponsoring contract. In addition North Rhine Westphalia has provided 12 million € from urban funding programs.

![Diagram of contractual structure of Museum Kunst-Palast Düsseldorf, Germany](image)

* Capital resource for vacation of company’s plot of land

**Figure 21: Contractual Structure of Museum Kunst-Palast Düsseldorf, Germany**

In 2001 further founders were obtained and new capital could be released. The ongoing operations are supported by new sponsoring contracts. Apart from the co-operation in providing the necessary funding, several synergic effects could be created.

*Room utilization*: halls and meeting rooms are used both by the energy company and the museum. The foundation can use printing facilities of E.ON and visitors of the Museum can use the cafeteria of the company.

**Know-How – Transfer**: legal or tax advice for the museum is given by experts.

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of the energy company, also the marketing activities are supported by E.ON. The museum in turn has supported the art collection of the company.

Communication: an extensive marketing strategy was needed for presentation to the public and for branding. The budget for communication was too low, so E.ON provided additional resources. Co-branding for exhibitions and sponsors has been established, in form of posters, city maps, catalogues, flyers etc.

The private partner has no direct influence on the cultural program of the museum.

5.8.5 Conclusion

The project Museum Kunst Palast shows the crucial need of an initial investment to start with art activities. Since the building was originally built as a museum and art gallery, there was no change in use. A joint entity was set up as a foundation by a public partner, the City of Dusseldorf, and a private partner, the energy company E.ON. The funding which was brought in by the partners was used to reconstruct the museum, so that the remaining financial resources and the resulting yields were not sufficient to pay for the annual operating costs. Although the museum has undertaken further activities to encourage further endowment contributions, the lack of a good capital stock, is still a problem of the foundation. The City of Dusseldorf pays a majority of the operating costs out of the public budget. Moreover, another problem was that the contract with the private partner was signed for a period of ten years, in 1998. In 2008, however, E.ON extended the contract by five years. Through new founding members such as Metro or Degussa AG fresh capital for the project is still secured. The inhabitants of Dusseldorf and neighbouring cities are proud of the re-created cultural center.

Public sector – City of Dusseldorf

The preservation and recultivation of the classical monument is a surplus for the museum. The City of Dusseldorf has supported the art collection of the company.

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the City and has many positive external effects.

+ More visitors are attracted by the City of Dusseldorf because of the cultural institution.
+ The local cultural environment has improved so that investors are also more attracted by the city.
+ The company E.ON has manifested its headquarter in Dusseldorf which provides employment and tax income for the city.
+ The communication between public and private sector has been improved.

- The Foundation might have better included a higher number of private partners from the beginning to have a more secure financial basis and a more democratic way of managing the foundation.

Private sector – E.ON AG

+ The energy company used its commitment as a marketing strategy to reach a particular clientele and to present in a best corporate social responsibility way.
+ E.ON improves its relationship to the City by using the museum for reputation purposes and as communication platform to the City.
- E.ON acquires a cultural profile, but it is not consequently used within its corporate culture and communication. The partnership is based on the individual commitment of one director which resulted in a less enthusiastic cooperation, when this director left the company.

Civil Society

+ The museum created value for the cultural landscape in this area.
+ Privately organised structures of the museum have a good influence on saving public budget and lead to more efficiency, positive implications for the surrounding urban areas.

- Low participation of citizens in initial phase of the project.
5.9 Elbphilharmonie Hamburg, Germany

Figure 22: Elbphilharmonie

5.9.1 Initial Situation

The initial point to give Kaispeicher (part of Hamburg's harbor) a new lease of life was prompted by the idea of constructing the MediaCityPort, an office complex for media companies. However, with the demise of the dot-com boom the project never became reality. Instead, in June 2003, the Hamburg project developer Alexander Gérard commissioned the Swiss architects Herzog & de Meuron with a project sketch entitled “Philharmonie Hamburg”. The idea could not have been more forward-looking: the construction of a philharmonic hall on top of the historic warehouse building, surrounded by private business facilities and a freely accessible plaza. In September 2004, the senate assigned the city’s project realization company, ReGe, to conduct a feasibility study. A private partner for the construction, financing and 20-year operation was then sought by means of a Europe-wide call for tender. In February 2007, the city government voted unanimously in favor of the construction of the Elbphilharmonie. Two months later construction work began and is expected to be completed in 2012.

35 http://www.freundederkuenste.de/uploads/pics/hamburgkonzert_1.jpg
5.9.2 Objectives of the Project

- A building for everybody by everybody
- One of the best concert halls in the world
- A new landmark

5.9.3 Actions undertaken

In best tradition of civic commitment, the Elbphilharmonie Hamburg Foundation was founded under private law in October 2005 at the initiative of Bankhäuser M.M.Warburg & CO and HSH Nordbank in order to jointly foster realization of the project of the century, the Elbphilharmonie Hamburg. The goal of the Elbphilharmonie Hamburg Foundation is to raise short and long-term donations from citizens and companies. Thanks to their generous donations, a major contribution has already been made to realizing the building. However, a leading world concert house requires not only outstanding halls and excellent acoustics, but also high-quality orchestras and an attractive program of events. Thus, a central concern of Elbphilharmonie Hamburg Foundation is not only to raise short-term donations for the construction work, but to attract long-term donations to the foundation’s capital. The revenue from the steadily growing capital is thus already being used, and this will be even more the case after 2011, to support a highly varied concert program, music instruction for children and young people as well as innovative projects. Long-term donations on any scale are therefore most welcome. The Elbphilharmonie Hamburg Foundation initiates and coordinates advertising and fund-raising activities to promote the Elbphilharmonie Hamburg. As part of its own advertising campaigns and in collaboration with partners from the Hamburg business community, the foundation appeals to citizens and corporations alike, encouraging them to enthusiastically support this project for Hamburg’s future. The wealth of opportunities ranges from the sale of the official supporter’s pin, via letters appealing for short- and long-term donations, through to patronage of individual sections of the building complex.

5.9.4 Description of the partnership model
The Elbphilharmonie Hamburg is a public private partnership (PPP) in which various parties play a pivotal role. The Free and Hanseatic City of Hamburg, represented by ReGe Hamburg, is the developer. Adamanta, a consortium made up of Hochtief Construction AG and Commerz Real AG, is the private partner for construction, financing and 20-year operation. Income will be generated by operating a high class hotel, restaurants, apartments and parking lots.

HamburgMusik gGmbH is responsible for staging the concerts at the Elbphilharmonie. The Elbphilharmonie Foundation raises funds, so as to relieve the city of construction costs and support the staging of concerts on a long-term basis.36

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Figure 23: PPP-Structure Elbphilharmonie

The project is one of the most prestigious projects in Hamburg and could just be implemented by civil encouragement and the involvement of private donations. The architectural design is worldwide acclaimed. But during the construction phase huge cost overruns occurred and the completion of the building has to removed, too. The increased budget has to be carried by the city.

5.9.5 Conclusion

The Elbphilharmonie Hamburg project is very unique in its dimensions and its importance to the cultural life of the city of Hamburg. It is a public-private
partnership project in various ways. It has also been widely supported by the citizens of Hamburg, which identify themselves to a great extent with the project because it includes a great vision for the city.

The contractual structure of the public-private partnership agreement is very complex due to the fact, that so many stakeholders participate in the project. The partnership structure is probably not easy to be transferred to other projects, but it shows that a vision for the project is very important to align the interests of all participants to a great extent in order to get the project started.
5.10 The Emil Filla Gallery in Ústí nad Labem, Czech Republic

5.10.1 Initial Situation

The Emil Filla Gallery was built as a part of very bizarre "Regional Commitee of Communist Party Palace" in the main square of Ústí nad Labem during the first half of the 1980s. Emil Filla was a well-known Czech cubist painter. Because of his left wing positions he was accepted also by the communist régime. After the end of the 2nd World War he settled down and worked in North Bohemia.

The space of the gallery is broken-up to two, bigger and smaller rooms (altogether 190 m² net exhibition space) and is located on the streetfloor of the building. The owner of the premises, the City of Ústí nad Labem demands reduced, noncommercial rent. Earlier it was owned by the ancien régime Union of Czechoslovak Visual Artists and was absolutely closed to the artists outside the organization. After the "Velvet revolution" in 1989 this gallery had very big, almost fatal problems. Because of lack of money it was nearly dissolved.

The People to Visual Art - Visual Art to People Foundation (Nadace "Lidé vytvarnému umení - vytvarné uméní lidem") was founded by 12 persons (visual artists, art critics, curator, Mayor of the city, performing artists from Cinoherní studio theatre) in 1992 and immediately started to organize several exhibitions in this gallery. During the second half of the 1990s (after some legislative alterations in the Czech Republic) the official status has been "o.p.s. = public benefit association". Since 1994 the Emil Filla Gallery has been run by this organisation which also prepares all the exhibition programmes.

During the second half of the 1990s the Emil Filla Gallery became known as one of the most interesting galleries in the Czech Republic outside of the traditional cultural centres (Prague, Brno). Thanks to the social climate of the place the programme of this Gallery is more open and focused on social content in art.

The most outstanding projects included:

- Narušená rovnováha - Disturbed Balance (Citadela Gallery Prague 1993), the introduction of seven young north Bohemian artists, the young generation of the Emil Filla Gallery art community
Soukromá anamnéza - Private Anamnesis (Regional Gallery Liberec 1995), a group show, which spread cool aesthetics back into the region, focusing on the social content in art, reflection of the systems of communication or gender art. Paintings and other traditional media as photos or digital prints, objects and installations were used.

Ostražitá estetika - Alert Aesthetics (Big Orbit Gallery Buffalo, USA, Emil Filla Gallery 1996), an international curatorial exchange programme based on the residences of curators in host galleries organized by the National Association of Artists Organizations Washington D. C.

Sever - North (Václav Špála Gallery Prague 1997), an exhibition in the prestigious gallery of the Republic.

Black and Blue (Kovačka 3 Gallery - Klub Otok Dubrovnik, Croatia, Emil Filla Gallery 1998), an international exhibition project, which became the starting point of the collaboration between several galleries in Central Europe.

Five Days Project (Emil Filla Gallery 1998), total and permanent occupation of the gallery. The programme of 24 hours a day included performances, installations, lectures, slide shows for a wide scale of audience.

90tka pokračuje - Art of 1990s Continues (Regional Museum and the house of National Bank in Ústí nad Labem 2000).

The curators try to bring contemporary visual art close to the wider scale of people even outside the gallery in public spaces of the city. The best and the biggest project focusing on this kind of art was called Public District (held in 1999) as a show which was spread all over the city (the viewers could meet the artworks in the supermarkets, zoo, city stadium, buses, at bus stops, on billboards, listen to the art project in radio broadcasting, on CDs, see them in local newspapers. The best contemporary Czech artists and very important foreign artists (as Slaven Toj - Croatia, Grzegorz Klaman - Poland, Bojan Štokelj - Slovenia, Antal Lakner - Hungary, Roman Ondák - Slovakia etc.) took part in it.
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and played a really important role in the damaged city.
Several members of the Emil Filla Gallery art community (especially the younger generation of the artists) became known not only in the frame of Czech art scene but also abroad and took part in the important international exhibitions as Manifesta I - Rotterdam 1998 (Pavel Kopřiva) or After the Wall - Stockholm, Vienna, Berlin, Budapest 1999/2000 (Jiří Černický) etc. The latter also obtained the prestigious Jiří Chalupecký Award (founded in 1990 by Václav Havel), as the most interesting young Czech visual artist in 1998. The Gallery is also directly involved in international curatorial projects like the Salon of Young Zagreb 2001, co-curated by Michal Kolecˇek who joined the board of the Jiří Chalupecký Award (see above) in 2000. Emil Filla activities are reflected in all important Czech art magazines, newspapers and on Czech TV.

5.10.2 Objectives of the Project

The People to Visual Art - Visual Art to People Foundation tries to improve the social and cultural climate of the industrial city and the whole North Bohemian region. The Foundation cooperates with Ústí nad Labem City Council, District Council in Ústí nad Labem, Regional Union of Visual Artists, Department of Art Education and Institute of Visual Art at Jan Evangelist Purkyně University in Ústí nad Labem, Činoherní Studio Theatre and other institutions. Some of the artists from the Emil Filla Gallery art community work as professors at the University (Jiří Bartúněk, Jaroslav Prášil, Miloš Michálek), two of them (Pavel Kopříva, Daniel Hanzlík) teach at the Academy of Arts, Architecture and Design in Prague. All the activities of the Foundation are made possible with the material and moral assistance of the sponsors, City Council, District Council, Ministry of Culture of Czech Republic and other institutions.

The Foundation arranges exhibitions not only in Emil Filla Gallery but also in the whole North Bohemian region (Severní Čechy). The People to Visual Art - Visual Art to People Foundation tries to introduce both the best Czech contemporary visual artists as well as important and attractive representatives of the international art scene (focused on central Europe) to the local audience. The Foundation helps young artists from this region to organize their initial art projects.
5.10.3 Actions undertaken

The members of the People to Visual Art - Visual Art to People Foundation attempt to keep the programme of Emil Filla Gallery open to different theoretical opinions. Since the beginning they have been collaborating with a lot of well-known curators. Although the Gallery is the centre of People to Visual Art - Visual Art to People activities, their curators have participated in an impressive number of exhibition projects of institutions such as:

- private and non-profit galleries
- state and regional galleries
- city galleries
- institutions abroad (Buffalo, Dresden, Dubrovnik, Dunaújváros, Gdańsk, Munich, Norre Port - Sweden, Poznań, Stockholm, Warsaw, Zagreb)

The People to Visual Art - Visual Art to People Foundation has approximately 10 long term exhibitions and 1 or 2 short term (max. 1 week) special shows (for example the presentation of students’ diploma theses) a year. The Foundation wants to reach an even wider spectrum of visitors. This is the reason why its members also prepare various activities like:

- Concerts
- Performances
- Theatre performances
- Lectures

Purkyně University

The year 2000 saw the opening of the programme of short term residencies. The foreign visual artists can stay in Ústí nad Labem approximately one month and prepare a solo exhibition influenced by this place. The Gallery offers accommodation (single room in good quality students’ hostel), the studio, per
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diem and an interpreter - assistant. The average cost of a guest is Kc 1000, ca € 28 a day, half of which is per diem. The guest programme is one of the reasons why the Foundation decided to rent permanently the second exhibition space (a former appartment) which will be open soon and cooperate with the third curator Anna Šestáková (Slovakia). The second site, too, will be rented from the municipality.

The publishing activities is a strong feature of the Gallery. Dozens of full-colour catalogues have been brought out. These include

- Large retrospective and representative catalogues of important Czech artists, who could not exhibit in the past régime.
- Voluminous catalogues of group (mostly international) curatorial projects
- Catalogues of important regional artists
- First small catalogues of the young (mostly regional) visual artists and its group shows

5.10.4 Description of the partnership model

Structure of Emil Filla Gallery
Board of trustees - 5 non-paid members: representatives of visual artists, sponsors and members of important municipal and regional institutions.
Financial supervisors - 3 non-paid members.
All members are appointed after consulting with current trustees and with the members of the foundation. The functions rotate after 3 years.
The members of the foundation are all the arts community linked with Emil Filla Gallery, University staff and sponsors, representatives of city and district council.

Staff
The programme of the Gallery is realized by:
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- 1 secretary manager
- permanent curators
- freelance curators
- 1 custodian (in the case of demanding projects the temporary custodians)

The secretary manager is the only one employee in contact with sponsors and press, administration, correspondence, preparation/setting-up and proofreading of the catalogues, custodian works, coordination of other custodians, providing of cleaning. All other members of the staff work on contract.

Financing

People to Visual Art - Visual Art to People Foundation activities are financed by several sources:
- Sponsors’ contributions given by private businessmen, industrial enterprises and trade companies
- Financial presentation of the city
- Allowances of the institutions cooperating with Emil Filla Gallery on publishing of the catalogues
- Grant systems, such as (1) Ministry of Culture and (2) Czech and foreign foundations

The general sponsors of the Gallery (PVA-VAP) were:
- City of Ústí nad Labem
- Severočeská plynárenská (gas factory)
- Teplárna Ústí nad Labem (district-heating station)
- Česká spořitelna (savings bank)
- Spolchemie (chemical factory)
The Gallery and the Foundation also cooperate with these smaller companies - DTP studios, who provide scans or similar outputs at reduced prices or free of charge.

- Xeroco
- Ateliér Limr
- Rose+Kranz
- CDL Design
- Aleano Comp.

The activities of the Gallery and the Foundation are supported by grants of:

- Ministry of Culture
- Ministry of Foreign Affairs
- Foundation for Contemporary Art Prague (former Soros Center for Contemporary Art)
- Open Society Fund Prague
- Pro Helvetia Foundation
- British Council
- Norwich School of Art
- Regional Union of Visual Artist
- Prins Bernhard Fund (the Netherlands)
- National Association of Artists Organizations (USA)

In case of city and district councils the cooperation is based on long term agreements (e.g. concerning the space rent). There are also long term agreements with local business sponsors. Grants for projects must be applied for year by year. Structural support as well as special grants for the
5.10.5 Conclusion

This project shows an example of a public-private joint venture in the form of a foundation which is supported by a mixture of different sources of funding. The peculiarity of the project is that the Emil Filla Gallery interacts with civil society to a great extent by co-operating with different public institutions, small and medium enterprises, and is represented in different media.

37 Cf. Kolečková Z. (w/o year), The Emil Filla Gallery in Ústí nad Labem, Czech Republic.
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