

External evaluation of 4 pilot actions

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Evaluation of the RESTAURA project documentation - summary

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1. Basic information on the project

1.1 Introduction

The RESTAURA project (CE339) “Revitalizing Historic Sites through Public-Private Partnership Schemes” aimed at identifying, testing, evaluating and promoting good practices in the field of Public-Private Partnership on the occasion of revitalization of cities and buildings of historic value.

The issues of protection and maintenance of cultural heritage sites constitute the subject of a broad international discussion, which is manifested, for example, by successive conventions of UNESCO or the Council of Europe. Traditionally, it is assumed that due to the fact that cultural heritage sites have the character of public goods, organization and financing of protection and maintenance of these sites constitutes responsibility of the public sector. However, it is a very expensive and complicated activity, and public funds are often insufficient. This is a particularly serious problem in the Central European countries. It is due to the difficult history of these areas. The wars caused the destruction of many monuments, and the political and economic situation of previous decades led to further degradation of historic buildings. At the same time, the opportunities of the public sector in these countries are limited by low incomes on one hand, and on the other by significant expenditure needs related to, inter alia, poor condition and quality of basic public infrastructure.

The solution may be to involve private entities in the revitalization of cities and buildings with historic value using the public-private partnership formula. Thanks to PPP, the public entity has the opportunity to implement a given investment without significant involvement of public funds at the construction or modernization stage. It gives public entities an opportunity to quickly implement necessary investments. In addition, it is pointed out that private entities’ knowledge and experience in the field of infrastructure management can lead to better quality of public services. These potential advantages of PPP have made this formula quite widely used in recent decades in the world. You can find examples of its use also in the area of revitalization of cultural objects. They concern both larger building complexes as well as individual objects. For example, revitalization of the historic centre in British Newcastle, or the historic post office in Washington was carried out in the PPP formula (Macdonald and Cheong 2014, 20-21; 36-37). However, despite these examples, it can be concluded that the PPP formula has not been used often in revitalization. Undoubtedly, this is due to the fact that it requires a combination of two organizationally difficult processes - PPP and revitalization. When referring to PPP, it should be noted that international comparative analyses classify the Central European countries as being at the beginning of the PPP development path (Deloitte 2006). It should be emphasized that revitalization and therefore also PPP in revitalization is primarily of a local nature. Thus, in most cases, local authorities appear on the side of the public partner. That is why it is important to prepare a set of good practices that would help local government authorities of the Central European countries to use PPP in revitalization. This objective is part of the activities undertaken as part of the RESTAURA project.

1.2 Objectives of the Restaura project

The following activities were undertaken as part of the RESTAURA project:

1. Conducting training on PPP and revitalization.
2. Preparation of support tools (including textbooks, guides, guidelines) on revitalization and PPP.
3. Conducting pilot actions in four selected cities.

The subject of the evaluation presented in this study is only the last of the mentioned activities, and precisely the evaluation of documentation (legal, economic and technical) created as part of the implementation of pilot projects by the following RESTAURA Project Partners:

- City of Nowy Dwór Mazowiecki (Poland),
- City of Nova Gorica (Slovenia),
- City of Buzet (Croatia),
- University of Economics in Bratislava (Slovakia).

The materials were evaluated in terms of their quality and usefulness for use in the implementation of future (described in it) public-private partnership projects.

2. Evaluation

2.1 Objectives

Objectives of the evaluation include:

1. an indication of whether the pilot documentation has been prepared in a correct manner from the point of view of the rules in force in the EU law and practice.
2. an indication of whether and how the pilot results are valuable for the purpose of informing and disseminating the rules for the implementation of PPP projects under the promotional guidelines and activities carried out under the RESTAURA project.
3. evaluation of the quality and usability of the pilot documentation, in terms of the future implementation of the PPP projects described in them

The analyses concerned documents for four subsequent pilot projects separately. The results of these analyses were included in separate evaluation reports. This report collects the most important conclusions from those reports. In addition, the purpose of summarizing the evaluation of

documents was to formulate general conclusions for better implementation of PPP projects in the area of revitalization and protection of cultural heritage.

2.2 Methods and research tools

The methods and techniques of the project evaluation have been selected taking into account the objective of the evaluation, the area of the study, the evaluation questions posed and the feasibility of the study. The applied research method is:

DESK RESEARCH - ANALYSIS OF PROJECT DOCUMENTS – the use of documents collected during the planning and implementation of the project allowed us to get to know the assumptions of the evaluated project, to examine facts, to collect information in a formal way.

Each revitalization project has its own specific character resulting from the nature, condition, purpose, size, etc. of the historical object. Similarly, each PPP must match this specificity. In addition, PPP projects must take into account the legal regulations of a country and the organizational conditions related to the partnership and responsibility of public authorities. Therefore, to obtain comparability of the analysed documents, and to make general conclusions for each location, an “**evaluation questionnaire**” was formulated. The evaluation questionnaire contains the main and (if necessary) additional parts.

The original PPP Project Preparedness Assessment Tool, which served to form the main part of the pilot project evaluation questionnaire, was prepared by the European PPP Expertise Center (EPEC). The Polish version of this Tool (hereinafter referred to as the “Tool”) was developed in cooperation between EPEC, JASPERS and the Department of Public-Private Partnership of the Ministry of Development.¹

The main part of the questionnaire is in Attachment no. 1.

It needs to be mentioned that the proposed methodology is in line with the “Handbook on Public Private Partnership (PPP) in Built Heritage Revitalization Projects.^{2”}- which was prepared in the Restaura project.

The additional part of the questionnaire is related to the examination of the documents in terms of whether they meet the requirements in a given country (in Poland, Slovakia, Croatia and Slovenia, respectively) established for the pre-implementation analyses of PPP projects or other official methods of inspection (and assistance, e.g. advisory assistance) of such projects (if such rules are part of the law or administrative practice).

In addition, each country expert could write detailed comments on the next issues identified in the questionnaire.

¹ Ppp.gov.pl

² <https://www.interreg-central.eu/Content.Node/O.T1.1-Handbook-new.pdf>

Quantitative and qualitative data were collected for the purpose of the evaluation.

2.2.1 Quantitative data

Quantitative data was related to all obtained numerical information, which was used to examine the degree of the implementation of project indicators and achieve the assumed results. It also allowed for the determination of the level of dependencies that occurred between various variables within the project. Quantitative data has been subjected to analysis using Excel spreadsheets.

2.2.2 Qualitative data

Qualitative data is not expressed in numbers and refers to the description, level of knowledge and understanding of the studied phenomena. The qualitative data obtained in the evaluation process was necessary for the proper interpretation of numerical information. Qualitative data in the concerned project evaluation came from evaluated documents and the analysis is presented mainly in the form of comments included by country experts.

2.2.3 Collection and analysis of documents

The analysis of documents was carried out by persons having the necessary level of competence related to preparing and conducting PPP projects. These people had knowledge of the languages in which the individual documents were created, and they were familiar with the general legal environment related to the PPP market in individual countries as well as the EU. These persons were asked to read the documents that were created as part of the RESTAURA actions and then to complete a questionnaire.

We obtained the documentation from the Institute For Private-Public Partnership.

The documentation subject to evaluation was very extensive and included materials of a legal, economic and technical nature. The table below collects basic information about the documentation that was the subject of the assessment for every country.

Table 1 Summary of basic information on documentation subject to evaluation

NAME OF DOCUMENT	TYPE OF DOCUMENTS	NUMER OF PAGES
Nowy Dwór Mazowiecki (Poland)		

<ol style="list-style-type: none"> 1. Functional and utility program concerning reconstruction and revitalization of the historic salt square and the Narew riverbank in Nowy Dwór Mazowiecki 2. Economic and financial expertise along with risk analysis in the scope of preparation for implementation by the City of Nowy Dwór Mazowiecki of the project "Revitalization of cultural heritage through PPP mechanisms" in Nowy Dwór Mazowiecki in the form of public-private partnership 3. Legal expertise along with risk analysis in the preparation for implementation by Masto Nowy Dwór Mazowiecki of the project "Revitalization of cultural heritage through PPP mechanisms" in Nowy Dwór Mazowiecki in the formula of public-private partnership 4. Local Revitalization Plan of the City of Nowy Dwór Mazowiecki for 2016-2023 Integrated Revitalization Plan - elements of cultural heritage in the pilot area of the Restaura project 	Financial/ Technical/ Legal	412
Nova Gorica (Slovenia)		
<ol style="list-style-type: none"> 1. Rihemberk Castle – PPP legal and financial analysis 2. Call for investors – Rihemberk Castle 3. Draft of Operation of the Cultural heritage places – old town Rihemberk 4. Detail cost estimates of reconstruction works 5. Conceptual design project Rihemberk 	Financial/ Technical/ Legal	665
Buzet (Croatia),		
<ol style="list-style-type: none"> 1. Difuse Hotel Bigatto in the Buzet Town (Feasibility Study) 2. Buzet Bigatto Palace – Conservation research 3. Bigattio Palace – Geodetic study 4. Buzet Bigatto Palace - Conceptual design project 	Financial/ Technical	449
Bratyslava (Slovakia)		
<ol style="list-style-type: none"> 1. PRÁVNÁ A FINANČNÁ ANALÝZA PPP MODELOV PRE REVITALIZÁCIU OBJEKTU NA KONVENTNEJ ULICI V BRATISLAVE 2. Technical design documentation + calculation attachments 3. Štúdia využiteľnosti objektu 4. INTEGROVANÝ REVITALIZAČNÝ PLÁN PRE NEHNUTEĽNÉ DEDIČSTVO V LOKALITE BRATISLAVA – STARÉ MESTO PILOTNÝ PROJEKT: HECKENASTOV DOM – KONVENTNÁ 1, BRATISLAVA 	Financial/legal /economic	144

2. 3 Evaluation criteria

In relation to each of the evaluation objectives, criteria have been set up to verify whether the prepared documentation of the pilot project meets the objectives. It was assumed that the pilot project meets the objectives in the case of a positive response to the majority of questions pivotal for every evaluated objective. We need to remember that the analysed projects are in the preparatory phase. Hence, the criterion for the implementation of subsequent objectives of evaluation needs to be treated as a necessary minimum, which in our opinion must be demonstrated in this preparatory phase. Nevertheless, of course, the higher the number of positive responses in the questionnaire, the more advanced the project preparation.

2.3.1 Criteria for objective 1

Objective 1: an indication of whether the pilot documentation has been prepared in a correct manner from the point of view of the rules in force in the EU law and practice.

The key here is to meet the requirements of national law, as well as ensuring that the project can be implemented in accordance with the requirements of local regulations. The compatibility with local revitalization plans as well as general guidelines related to spatial planning is particularly important here.

It has been assumed that the above requirements are verified by an affirmative answer to the majority of questions no. 4, 6, 9, 19.

In the case of EU good practices, a European Commission document - Guidelines For Successful Public – Private Partnerships. (European Commission 2003) - was adopted as the key reference document. It assumes in particular the need to ensure rational spending of public funds with respect for all stakeholders of a given project. It also indicates a number of aspects that must be considered when preparing a PPP project, regardless of the requirements of the local law. Therefore, it was assumed that the pilot project meets the conditions of good practices in force in the EU in the case of a positive response to the majority of questions 3, 5, 12, 13, 14.

The questions are:

4. Has it been verified whether the technical and legal aspects of the investment project allow for its implementation in the PPP model?
5. Has the need to implement the investment been demonstrated in the form of costs and benefits?
6. Have the relevant authorities formally agreed to the implementation of the investment in the PPP formula?
9. Have all the necessary consents and permits required to implement the project been analysed?
12. Has a financial capacity analysis been carried out showing that the contracting party and/or end-users have the capacity to provide the private partner with adequate remuneration?
13. Have the risks associated with the project described in the pilot documentation been identified?
14. Have a market research and a bankability analysis been performed?
15. Has the PPP option been compared with other methods of project implementation, both public and private?
19. Has an analysis been carried out in order to select the appropriate type of tender procedure (e.g. competitive dialogue, negotiated procedure) for the project?

2.3.2 Criteria for objective 2

Objective 2: an indication of whether and how the pilot results are valuable for the purpose of informing and disseminating the rules for the implementation of PPP projects under the promotional guidelines and activities carried out under the RESTAURA project.

To assess the fulfilment of this objective, a qualitative analysis of the pilot project was made based on its description and actions taken. It was assumed that in order to evaluate the implementation of this objective, it is also necessary to verify whether the documents produced as a result of the project can be used to prepare promotional materials as a basis for presentations at conferences and international meetings. A positive answer to the majority of the following questions was considered as key here. 3, 14, 22, 23, 35

3. Have issues regarding individual stakeholders been taken into account?

14. Have a market research and a bankability analysis been performed?

22. Have any promotional plans for the Project (e.g. road show) and procedure notice been prepared to interest the market taking into account technical assumptions and contractual solutions of the project?

23. Have a draft or other recommendation concerning the content and form of tender documentation been prepared containing an invitation to participate in the procedure to select a private partner?

35. Are the assessments carried out so far valid and consistent with each other, in particular taking into account the results of stakeholder consultations, contracting party's financial performance, risk management, market and bankability analysis, profitability and effectiveness analysis (value for money), competence and availability of the project team, schedule and requirements of the contracting party?

2.3.3 Criteria for objective 3

Objective 3: evaluation of the quality and usability of the pilot documentation, in terms of the future implementation of the PPP projects described in them

There are a number of empirical studies indicating the key success factors affecting the ability to perform tasks in the PPP formula. (Li et al. 2005; Osei-Kyei and Chan 2015). These studies concern projects that have already been implemented. However, some of these factors can be identified already at the PPP preparatory phase, or at least we can indicate whether the current project preparation is aimed at obtaining key success factors. In our opinion, we will consider the issues that are most often used in these studies. The following table gathers information about the success

factors we analyse, along with questions from the questionnaire, with which we assess the existence of key success factors in the evaluated projects (or a high probability of existence).

Table 2 Analysis of key success factors of PPP

Key success factor (from literature)	Question (from questionnaire)
Appropriate risk allocation and sharing	13. Have the risks associated with the project described in the pilot documentation been identified?
Strong private consortium	14. Have a market research and a bankability analysis been performed?
Political support	6. Have the relevant authorities formally agreed to the implementation of the investment in the PPP formula?
Public/community support	3. Have issues regarding individual stakeholders been taken into account?
Transparent procurement	19. Has an analysis been carried out in order to select the appropriate type of tender procedure (e.g. competitive dialogue, negotiated procedure) for the project?
Competitive procurement	31. Has market research and bankability analysis confirmed the potentially strong market interest?
Clarity of roles and responsibilities among parties	35. Are the assessments carried out so far valid and consistent with each other, in particular taking into account the results of stakeholder consultations, contracting party's financial performance, risk management, market and bankability analysis, profitability and effectiveness analysis (value for money), competence and availability of the project team, schedule and requirements of the contracting party?

3. Results

Analyses were performed according to the assumed methodology. Apart from Poland, the basis of the analysis was only the main part of the questionnaire. National experts of Croatia, Slovenia and Slovakia concluded that separate analyses resulting from specific regulations of subsequent countries are not needed due to the lack of specific mandatory evaluation methodologies that would go beyond the scope of the basic study (questionnaire).

The description of subsequent projects can be found in separate evaluation reports of subsequent countries. There, also conclusions concerning each of these projects are presented. Below statements that show the degree of implementation of the subsequent objectives of the evaluated projects are summarized.

As it was said in all cases, it was assumed that an affirmative answer to most of the questions analysed decides on the recognition that the project’s objective is implemented. Quantitative analysis which is presented in tables 3-5 clearly shows that all evaluated projects meet the minimum target level we have adopted. At the same time, the level of preparation varies. (character c means an affirmative answer).

Table 1 Evaluation of the level of Objective 1 implementation (x means an affirmative answer)

Question from the questionnaire	City of Nowy Dwór Mazowiecki (Poland)	City of Nova Gorica (Slovenia)	City of Buzet (Croatia)	University of Economics in Bratislava (Slovakia)
4	x	x	x	x
5	x	x	x	
6		x	x	x
9	x	x	x	x
12	x	x	x	x
13	x	x	x	x
14	x	x	x	
15	x	x	x	
19	x	x		
Percentage of affirmative answers	88.9%	100%	88.9%	55.6%

From the point of view of the evaluation whether the pilot documentation was prepared in a correct manner from the perspective of the principles governing based on the law and practice of the EU and whether it is useful for the implementation of future PPP pilot projects, the project in Slovenia looks best. In this case, answers to all the questions analysed were affirmative. In the case of projects in Poland and Croatia, one criterion was not met, while in the Slovak project – four. In Poland, during the evaluation of the documents it was found that there is no formal consent of appropriate bodies for the implementation of the project. However, in accordance with the comment of a national expert: “The Municipality of Nowy Dwór implemented IBHRP, but it is too early for authorities to

formally agree to the implementation of the investment in the PPP”. In other words, there is no formally confirmed consent, but it does not result from the reluctance of the authorities to the project, but rather from the logic of the preparatory process resulting from the Polish legal regulations. In Croatia, according to the analysis of documents, no analysis has been carried out yet to select the appropriate type of tender procedure for the project. However, also in this case it should be recognized that this results from the project preparation phase. As noticed by a national expert: “From a general point of view, the prepared documentations are fully in line with the pre-investment analysis of the PPP project preparation, but if the Authority wants to start with the approval process and tendering procedures regarding the Regulatory framework, the project documentation needs to be further developed in accordance with the mentioned recommendations.” In Slovakia, the evaluation of documents has shown that there are no analyses of whether the need for investment was demonstrated in the form of costs and benefits, no market and bankability analysis was performed, no traditional and PPP projects were compared, and no decision on the form of a tender was made. These shortcomings point to the fact that the Slovak project is at a relatively early stage of preparations. However, the fact of affirmative indications on the next five criteria suggests that these preparations are properly conducted and meet the minimum level established as part of the project evaluation.

Table 2 Evaluation of the level of Objective 2 implementation (x means an affirmative answer)

Question from the questionnaire	City of Nowy Dwór Mazowiecki (Poland)	City of Nova Gorica (Slovenia)	City of Buzet (Croatia)	University of Economics in Bratislava (Slovakia)
3	x	x	x	x
14	x	x	x	
22	x	x	x	x
23	x	x	x	
35	x			x
Percentage of affirmative answers	100%	80%	80%	60%

In relation to the second objective, i.e. to evaluate whether and how pilot results are valuable for the purpose of informing and disseminating the rules for implementing PPP projects under the guidelines and promotional activities carried out under the RESTAURA project, the project from Poland met all the assumed criteria.

In the case of projects in Slovenia and Croatia, one affirmative answer was lacking. According to the analysis of evaluated documents in these projects, the evaluations carried out so far are not up to date or are not consistent with each other. A national expert in the case of Slovenia indicates the need to update financial analyses. In the case of Croatian project, however, it is necessary to update and supplement financial and legal analyses.

The project from Bratislava has two shortcomings in relation to objective 2. They concern market research and bankability analysis as well as recommendations regarding the content and form of tender documentation containing an invitation to participate in the private partner selection procedure. These shortcomings are probably due to the fact that, as it can be concluded from the results from the analysis of Objective 1, the project in Slovakia is at a relatively early stage.

Table 3 Evaluation of the level of Objective 3 implementation (x means an affirmative answer)

Question from the questionnaire	City of Nowy Dwór Mazowiecki (Poland)	City of Nova Gorica (Slovenia)	City of Buzet (Croatia)	University of Economics in Bratislava (Slovakia)
3	x	x	X	x
6		x	X	x
13	x	x	X	x
14	x	x	X	
19	x	x		
31				
35	x			x
Percentage of affirmative answers	71.4%	71.4%	57.1%	57.1%

The last of the objectives, the implementation of which was evaluated, concerns the evaluation of quality and usefulness of the pilot documentation in terms of the future implementation of the PPP projects described in it. The biggest problem (negative answers in all projects) was the lack of information about whether the projects will be successful on the market. In other words, it is not certain whether the projects will find potential private partners. Analysis of this interest should be the next step taken in the evaluated projects. Especially that, as affirmative answers to other questions indicate (and in particular question 14 about the fact that proper analyses of the market and bankability are being carried out - apart from the Slovak project) the necessary basis for analysing the interest in the project is already prepared in most cases. In the case of the project in Poland, there is no formal consent of local authorities (which, as explained, results from the sequence of project activities in accordance with Polish regulations). However, in Slovenia and Croatia, the evaluation of documents showed the need to supplement and update legal and financial analyses.

Evaluation of the implementation of the last of the indicated objectives clearly shows that although in each of the projects many analyses and documents have already been prepared, they still require a lot of further preparatory work, which will lead to a successful public-private partnership.

4. Summary and recommendation

The evaluation of documents prepared as part of the RESTAURA project made it possible to positively assess the implementation of the objectives set. The documentation will undoubtedly help in the further work of public authorities aiming at using the PPP formula in the revitalization of important local cultural heritage sites.

When evaluating documents, we focused primarily on the implementation of PPP. Questions selected from the questionnaire to evaluate implementation of the objectives did not specifically touch on the revitalization projects themselves as regards their revitalization objectives in the area of cultural heritage protection and purposefulness of implementation. It should be emphasized that in all the analysed projects the technical aspects of each investment are well recognized. Affirmative answers to all (or almost all) sub-items of Question 2 of the questionnaire (Did you make a preliminary study regarding the need for an investment project?), as well as in all the analysed projects to questions 27-29 regarding technical documentation (see Attachment 2) confirm this.

At the same time, all the analysed projects require further work, completing documentation and updating financial and legal analyses. When evaluating the current shortcomings in the projects, it can be seen that the interest of potential private partners in the projects will be particularly important. Furthermore, accurate market tests and assessments of the project's bankability will be needed. Considering the fact that the interest of private entities in the project may be very strongly related to the technical aspects of planned revitalization, it seems reasonable to recommend that within new projects market analyses should be carried out earlier. Specificity of the subject of potential PPP should be kept in mind. Revitalization of cultural heritage sites is subject to special rules related to their maintenance and behaviour consistent with the indications of the relevant conservation services. On the other hand, focusing on the visual effect can cause that commercial aspects are not noticed - that is what is important for private entities. To reach an agreement between these commercial and conservation objectives, it is important to start an early conversation between potential partners.

The specificity of PPP in revitalization also requires particular consideration of stakeholders other than private entities. It is important to analyse expectations of local residents, representatives of non-governmental organizations, etc. Historic sites are part of local cultural heritage. According to the survey (items 3.2-3.4), such stakeholders were identified in the evaluated projects (see Attachment No. 2).

One of the indications of good PPP practices is the establishment of a project team. We asked about such a team in the questionnaire in items 7, 8, 36. In all evaluated projects it was indicated that such a team has been appointed. It is worth emphasizing, however, that in the case of PPP in revitalization, in such a team social actors and representatives of the conservation community should be included in addition to representatives of the public entity (Macdonald and Cheong 2014, 40). It is

emphasized that the operation of such a team should concern not only the preparatory phase, but the entire duration of the project. This team should allow the project to become independent from the electoral cycle.

The documentation prepared as part of the pilot is a good basis for the preparation of a detailed investment offer at the stage of the tender for the selection of a private partner, the implementation of which was not the objective of the RESTAURA project. The preparatory work completed at this stage is consistent with the objectives of individual pilots and the RESTAURA project, allowing for further work on the implementation of the final project. Pilotages have enabled the gathering of knowledge and practices that can serve as a source of information and guide for other local governments interested in implementing projects in the field of revitalization and protection of cultural heritage in the PPP model. This is consistent with the objectives of the RESTAURA project.

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Attachments

Attachment no. 1 The questionnaire (main part)

1. Has the need to implement the investment been found in the regional/national/local investment plan or sector investment program?

If so, then:

1.1 Has the investment plan/sector investment program indicated sources of coverage of project costs (capital expenditure, maintenance costs, etc.)?

1.2 Are the assumptions of the project consistent with the Integrated Built Heritage Revitalization Plan accepted by a given entity?

Comment, if needed.....

2. Has a preliminary study been carried out regarding the need to implement an investment project?

If so, then:

2.2 Does it contain an analysis of costs and benefits made according to consistent methodology?

2.3 Does the project have approval for the preferred implementation option from the relevant administration bodies/if required?

2.4 Can the manner of defining the project's objective be executed in a manner that allows it to be used at the technical dialogue stage?

2.5 Has political support for the preferred option for the implementation of the investment project and the entire venture been made probable?

Comment, if needed.....

3. Have issues regarding individual stakeholders been taken into account?

If so, then...

3.1 Have the roles of the public entity and the private partner been specified?

3.2 Have the parties potentially affected by the investment project been identified (e.g. users, local residents)?

3.3 Have the relevant stakeholders been consulted?

3.4 Have the results of consultations been included in the documentation, potentially is there a mechanism that guarantees that the results of consultations with stakeholders will be taken into account during the whole process of preparing the investment project?

Comment, if needed.....

4. Has it been verified whether the technical and legal aspects of the investment project allow for its implementation in the PPP model?

If so...

4.1 Has it been evaluated how long the cooperation should last?

4.2 Has the sustainability of maintaining the initial material scope of the investment and the requirements for its functioning in the longer term (lifecycle) been indicated?

4.3 Has it been examined to what extent it is possible to define requirements for the investment being the subject of the project in the form of expected service and investment parameters?

Has the investment specification expected as a result of the project implementation or requirements related to the quality of the services/effects of the project been translated/made available for translation in relation to the legal model of cooperation (remuneration model, other provisions of the future contract)?

4.4 Have the expected service parameters resulting from the implementation of the project been developed taking into account examples of other similar projects or normatively established for the projects in force under the venture (effect of revitalization/protection of cultural heritage)?

4.5 Has it been verified initially whether the contracting party has the authority (right) to conduct the tender procedure and sign the PPP contract and other related documents?

Comment, if needed.....

PART TWO: Preparation of the project for implementation:

5. Has the need to implement the investment been demonstrated in the form of costs and benefits?
6. Have the relevant authorities formally agreed to the implementation of the investment in the PPP formula?
7. Has it been recommended to set up a project team and management structure?

If so, then:

- 7.1 Has a senior officer been appointed by the contracting party to lead the steering committee and take overall responsibility for the implementation of the project?
- 7.2 Have other members of the steering committee been appointed taking into account their availability and the ability to supervise and make decisions both during the preparation phase and at the tender procedure stage?
- 7.3 Have the operating principles of the steering committee been described in the context of the competences of other entities operating within the framework of public entity structures and with administration entities (national, etc.)?
8. Has a project team been defined and appointed?

If so, then:

- 8.1 Has the contracting party appointed a project manager?
- 8.2 Has the assessment of the types of resources needed to manage the preparation and the tender procedure for the project been carried out?
- 8.3 Has the scope of the assessment covered resources available in the contracting party's structure and services that will have to be contracted out?
- 8.4 Has the total cost of obtaining the necessary organizational resources for the implementation of the project been estimated (internally and externally)?
- 8.5 Has the budget been estimated to cover the costs of necessary resources to implement the project?
- 8.6 Has the budget for contracting external consultancy services been based on estimates of current market prices or otherwise defined?

Comment, if needed.....

9. Have all the necessary consents and permits required to implement the project been analyzed?

If so:

- 9.1 Has the analysis covered issues related to land acquisition, expropriation, environmental, health and safety issues?
- 9.2 Have the costs of the above activities been included in the project preparation budget (see: Appointment of the project team and management structure)?
- 9.3 Have the entities responsible for obtaining the abovementioned permits been indicated in the analysis?

9.4 Has the risk related to obtaining them been evaluated and included in the risk matrix?

Comment, if needed.....

10. Has the contracting party established a plan for managing the process of project preparation and the procedure for selecting a private partner?

If so:

10.1 Have the roles of all members of the project team been defined?

10.2 Has the process of managing the consents and permits obtained during the preparation of the project and the tender procedure been developed?

11. Has a schedule been prepared taking into account the conditions related to the project preparation process and the tender procedure?

11.1 Does the schedule take into account the necessary consultation processes (e.g. with other public institutions, citizens, etc.)?

11.2 Does the schedule include deadlines for obtaining the necessary consents and permits?

11.3 Does the schedule include sufficient time for the proper conduct of the tender procedure, including obtaining external financing (e.g. credit)?

11.4 Does the schedule define the milestones of the project preparation process and the tender procedure and does it present relationships between stages/tasks?

11.5 Has a preliminary project management plan been drawn up after the PPP contract has been signed, including the tasks resulting from it, the identification and training of key employees and ensuring the effective flow of information regarding the project?

Comment, if needed.....

PART THREE: Comments on the results of the pilot project analysis

I. Financial analysis

12. Has a financial capacity analysis been carried out showing that the contracting party and/or end-users have the capacity to provide the private partner with adequate remuneration?

12.1 Have all project costs been estimated (for the whole project lifecycle)?

12.2 Does the cost analysis include investment, operational and maintenance costs, repair costs, financial costs, land acquisition, public management, insurance, project preparation, transaction costs and taxes?

12.3 Does the financial cost analysis reflect the current market interest rates, maturity dates, return on equity, leverage levels and debt servicing (DSCR)?

12.4 Are estimates of costs consistent with the results of market research and bankability analysis, cost analysis resulting from consultations with stakeholders and expected parameters of services provided under the project?

12.5 Were advisors used to prepare estimates of costs and financial assumptions? (see: Appointment of a project team and management structure)

12.6 Have the sources of coverage of project costs been indicated (e.g. user fees, grants/subsidies, budget funds of the contracting party)?

12.7 Has the possibility of charging fees from end users been analyzed??

If so:

12.7.1 If so, has the analysis of the willingness to pay by end users been performed?

12.7.2 If so, then has the analysis been carried out in accordance with recognized methods for the sector or experience of projects in the field of revitalization?

12.8 Has the availability, timing and probability of obtaining a grant/subsidy been evaluated?

12.9 Has the availability (including temporal availability) of the contracting party's own resources been analyzed for possible coverage of part of the investment outlays?

12.10 Has the availability (including temporal availability) of resources other than the contracting party's own funds that could support its ability to regulate periodic payments throughout the project lifecycle been examined?

12.11 Can disposal of assets be a source of funds to cover project costs?

12.11.1 If so, have an analysis of the values and deadlines at which funds from the disposal of these assets may be available?

12.12 Has a financial model been prepared to assess whether identified sources of funding would be sufficient to cover project costs throughout the project lifecycle?

12.13 Has a sensitivity analysis been performed to check the robustness of the assumptions regarding the financial possibilities of the contracting party for changes in particular conditions (e.g. lower than planned demand, lower subsidies, higher costs, etc.)?

12.14 Has the analysis of financial possibilities included payments resulting from conditional commitments of the contracting party (e.g. guarantees of revenues or repayment of the private partner's debt)?

Comment, if needed.....

II Risk analysis

13. Have the risks associated with the project described in the pilot documentation been identified?

13.1.1 Does the analysis cover all stages of the project and all risk categories (i.e. legal, technical, financial, environmental)?

13.1.2 Does the analysis include risks related to public sector liabilities and the ability to implement the project?

13.1.3 Has a detailed matrix of risks been prepared in order to register these risks?

13.1.4 Have the risks identified been divided into appropriate sub-measures to ensure full and accurate understanding of their nature and scope?

13.2 Has an assessment of the identified risks been carried out?

13.2.1 Has the probability of occurrence of individual risks been evaluated?

13.2.2 Has the scale of the impact of a given risk on the project in terms of costs and deadlines been evaluated?

13.3 Has the initial division of risks between the public and private party according to the principle of risk allocation to the party which has a better capacity to manage the risk been suggested?

13.4 Have activities aimed at mitigating the effects of individual risks been evaluated and included in the project plan, technical assumptions and preliminary contractual arrangements of the project?

13.5 Has the risk analysis been supported by information on the requirements regarding the parameters of the services provided, as well as resulting from the market research process, assessment of bankability and financial capabilities of the contracting party?

Comment, if needed.....

III Market analysis

14. Have a market research and a bankability analysis been performed?

If so:

14.1 Have the interest and ability of market participants (i.e. construction companies, financing entities) been evaluated in terms of their participation in the project?

If so:

14.1.1 Has the market research been carried out in a manner that takes into account identification of the key features of the project (i.e. risk profile, duration of the contract), has/have the research plan/target groups been described?

14.1.2 Has the market research plan specified how to reach all relevant market players in appropriate time?

14.2 Have analyzes been conducted to identify comparable projects (in terms of size, sector, risk profile) that have recently reached the stage of financial closure (in the country or in Eastern Europe), do the analyzes refer to analogous projects?

14.3 Has the ability of construction companies and service providers to perform construction works and operational activities under the project been evaluated?

14.3.1 Has their previous experience with PPP projects been evaluated?

14.3.2 Has the scope of the analysis included the ability of market participants to provide the required services with specified parameters, costs and in accordance with the assumed schedule?

14.4 Has the ability and willingness to finance the project been evaluated by potential financing entities?

14.5 Does the analysis assess to what extent the financing entities will be willing to accept the financial condition of potential private partners?

14.6 Have the results of the analysis been included in the technical assumptions and initial solutions regarding the project model (remuneration model, contract assumptions, etc.)?

14.7 Does the general assessment of the results of the market research allow to conclude that strong competition between bidders can be expected at the stage of the tender procedure?

14.8 Has the assessment included identification of restrictive factors?

Comment, if needed.....

IV Evaluation of the PPP variant in comparison with other methods of the project implementation (benchmark)

15. Has the PPP option been compared with other methods of project implementation, both public and private?

15.1 Is there any obligatory methodology for such comparative analysis for PPP / concession projects in the country where the studied pilot was implemented?

15.2 Have methodological solutions that meet these obligations been implemented?

15.3 To what extent has this methodology been implemented?

15.4 To what extent does the material meet the requirements of the obligatory methodology for implementing PPP projects in the country where the pilot project was carried out/possibly for obtaining advisory assistance?

Support questions:

15.4.1 Has the assessment included a comparison of total long-term costs for different variants of the project (assuming similar material scope and similar required service parameters in each variant)?

15.4.2 Have the risks related to each variant of the project implementation been evaluated as part of the assessment?

15.4.3 Has the evaluation taken into account the qualitative aspects of individual options for the implementation of the project, such as flexibility and possibilities for changes in the project, the field for innovation, organizational consequences for the contracting party or the date of commencement of service provision?

15.4.4 Was the evaluation based on previous experience from similar projects?

15.4.5 Has the evaluation taken into account the level of competition that can be expected for each of the methods of implementing the project? (see: Execution of market research and bankability analysis)?

15.4.6 Has the ability of the project team (taking into account the resources available to it) to effectively manage the project in particular variants of its implementation been evaluated? (see: Appointment of a project team and management structure).

15.4.7 Has the schedule of each of the methods of implementing the project been evaluated in the context of the required deadline for implementation? (see: Developing a plan and schedule).

V. Budgeting, accounting and statistical approach

16. Has the assessment of the project's impact on the budget of the contracting party been carried out in accordance with the budgetary principles applied by it?

17. Has an analysis of the probable recognition of the Project in the financial statements of the contracting party been performed?

18. Is the country of the analyzed pilot project obliged to follow the rules of the European System of National Accounts (ESA10) of Eurostat?

18.1 If so, has an analysis of the probable inclusion of the project in the statistics, in accordance with the Eurostat principles on PPP and concessions been performed?

18.2 If so, has this analysis been carried out with the participation of an external advisor or national statistical office (see Appointment of the project team and management structure)?

Comment, if needed.....

VI Issues related to the procedure for selecting a private partner

19. Has an analysis been carried out in order to select the appropriate type of tender procedure (e.g. competitive dialogue, negotiated procedure) for the project?

If so:

19.1 Has the analysis taken into account relevant legal regulations (e.g. the national public procurement act or other legal act relating to the procurement and concession directives, such as concession act)?

19.2 Has the analysis taken into account the characteristics of the Project (e.g. complexity, size), as well as the willingness and ability of the contracting party to define the technical assumptions and contractual solutions beforehand?

19.3 Has the analysis taken into account the ability of the contracting party to manage the tender procedure (e.g. in the context of the creation of a project team and management structure)?

20. Has an analysis been performed to define the conditions for participation in the procedure (pre-qualification criteria)? If so:

20.1 Has it been analyzed how the technical, financial and legal capacity of potential bidders should be evaluated?

20.2 Has a pre-qualification questionnaire describing the information that should be provided by potential bidders been prepared?

20.3 Has the analysis determined the maximum number of potential bidders who may be admitted to the procedure?

21. Has an analysis been performed in order to define and justify the selection criteria of the bids' evaluation? If so:

21.1 Has the analysis taken into account the technical, financial and legal aspects of the bidders' evaluation?

21.2 Have a scoring mechanism and a weights mechanism for individual evaluation criteria been developed in the analysis?

21.3 Do these criteria and the scoring system and weights reflect the priorities of the contracting party (e.g. functionality, price, aesthetics)?

21.4 Have the evaluation criteria been approved by a supervisor of the project/steering committee/management?

22. Have any promotion plans for the Project (e.g. road show) and procedure notice been prepared to interest the market taking into account technical assumptions and contractual solutions of the project?

23. Have a draft or other recommendations concerning the content and form of tender documentation been prepared containing an invitation to participate in the procedure to select a private partner?

If so:

23.1 Do these documents describe the main principles, actions and requirements that must be met (e.g. confidentiality, deadlines and main terms of the contract)?

23.2 Do these documents provide potential bidders with sufficient information that allows them to understand the project features and the requirements of the contracting party (e.g. project memorandum, access to documentation)?

Comment, if needed.....

VII Defining the requirements for the infrastructure or service parameters provided as part of the project with respect to the (draft) provisions of the future PPP contract.

24. Have requirements regarding infrastructure parameters been developed within the Project or services to be provided by the private partner in the Project and payment mechanisms for them?

If so:

24.1 Are the required parameters of services provided by the private partner still reflecting the originally identified need (reason for the decision to carry out the investment)?

24.2 Has the payment mechanism for services been developed in such a manner that it will motivate the private partner to provide services with the required parameters?

24.3 Has the payment mechanism for services been evaluated in terms of consistency with the findings of the analysis of the contracting party's financial capabilities, market research and bankability?

25. Does the documentation refer to the assumptions/provisions/draft of the future PPP contract in the scope of:

25.1 Duration of the PPP contract?

25.2 (whether and how) remuneration model adequate to the risk-sharing model adopted; with reference to:

25.2.1 Parameters of services provided by the private partner?

25.2.2 Payment mechanism?

25.2.3 Change management procedure (e.g. price indexation, changes in service requirements)?

26. Does the documentation refer to and how:

26.1 taking over the infrastructure, possibly specific property transfers after the end of the contract?

26.2 the possibility of monitoring of the implementation of the provisions throughout the duration of the contract by the contracting party?

26.3 powers to take over the rights and obligations of the private partner by the financing entities (e.g. through direct agreement, step-in rights)?

26.4 assumption of the rights and obligations of the private partner by the contracting party?

26.5 resolving disputes?

26.6 insurance requirements?

26.7 distribution of benefits from refinancing operations?

26.8 early termination of the PPP contract and payment of compensation?

Comment, if needed.....

VIII Determination of the suitability of the material scope documentation - technical analysis of the project:

27. Does the technical documentation define the technical scope of the project adequately to its description in the legal and economic analysis?

28. Can the technical documentation be directly used for the purpose of the procedure to select a private partner?

29. Do the solutions adopted in the technical documentation allow for discussions with a private partner regarding the method of achieving the project's objectives?

Comment, if needed.....

IX Statement of circumstances justifying the initiation of the procedure of selecting a private partner as a justified method of implementing a project covered by the pilot project

30. Have the analyses showed that the project may be within the financial limits of the contracting party?

31. Has market research and bankability analysis confirmed the potentially strong market interest?

32. Does the analysis confirm that the PPP model is the most profitable and effective (value for money) method of implementing the investment project?

33. Is the project team and advisers able to carry out the procedure for selecting a private partner?

34. Have all appropriate consents, permits and authorizations been obtained or are possible to obtain in accordance with the assumed schedule?

35. Are the assessments carried out so far valid and consistent with each other, in particular taking into account the results of stakeholder consultations, contracting party's financial performance, risk management, market and bankability analysis, profitability and effectiveness analysis (value for money), competence and availability of the project team, schedule and requirements of the contracting party?

36. Has the supervisor/steering committee and relevant decision-making bodies accepted the commencement of the private partner selection procedure?

Comment, if needed.....

