Portuguese PPPs: Prospects for a New Form of Service Delivery. The Case of Urban Development and Regeneration

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Abstract

Networks are a relatively recent phenomenon in Portuguese public administration. These networks can take the form of public-private partnerships. PPPs in Portugal are primarily contractual in nature, although more informal, collaborative partnerships have surfaced in such policy areas as sanitation, drug treatment, and urban regeneration. Very little is known about these PPPs from an organizational and public management viewpoint. Furthermore, even less is known in regard to how networks fare in comparison to other forms of service delivery. The few studies there are highlight mere legislative descriptions and cost-benefit analyses of contractual PPPs. In this paper, we conduct a qualitative study of collaborative partnerships in urban development and regeneration. Using in-depth interviews with policymakers and public and private practitioners, we propose to provide some insight into the economic, political, and organizational viability of PPPs.

Keywords: public-private partnerships, public governance, urban regeneration, Portugal

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Introduction

Public-Private Partnerships (PPPs) have emerged as a new governance arrangement, in recent years. Old Public Administration, integrated and hierarchical, gave way to a fragmented and polycentric State, whereby collaboration with other actors has become an asset. Following a New Public Management style of reforms, Portuguese governments foster the adoption of market mechanisms, privatisations, the introduction of e-Gov tools, and private managerial techniques throughout the public sector, among several other measures (Carvalho, 2007; Rocha & Araújo, 2007).

Networks are a more recent phenomenon in Portuguese public administration. These networks can take the form of public-private partnerships. PPPs are referred to as an umbrella term used to describe different types of public-private collaboration. Therefore, the ambiguity of the concept, as well as the multiplicity of meanings leads to different understandings of PPPs. While some understand PPPs as long-term contract relationships, usually in regard to infrastructure projects, others think of PPPs as forms of promoting institutional cooperation between public and private actors in which they share decisions, risks, and resources.

In Portugal, governments underwent an extensive PPPs programme in the 1990s. However, these were mostly of an infrastructure-contractual type, delivering services in transport, health care, water, waste disposal, and energy sectors. Partnerships of a more collaborative nature have emerged much recently in only a few policy areas. These include sanitation, some social policies, such as drug treatment, the care for the elderly and disabled, and urban regeneration. Very little is known about collaborative PPPs from an organizational and public management perspective. Furthermore, even less is known in regard to how these arrangements fair in comparison to other forms of service delivery.
In this paper, we hope to shed some light on Portuguese PPPs from a public management viewpoint. Namely, what are the implications of these new forms of service delivery in the Portuguese governance process? We conduct a qualitative study of collaborative partnerships for urban regeneration (PUR). Using in-depth interviews with policymakers and public and private practitioners, we propose to provide some insight into the economic, political, and organizational viability of PPPs.

This paper is structured as followed. In the first section, we argue that PPPs can be comprised of several different arrangements, confronting contractual and collaborative types of PPPs. We provide some insights into the Portuguese PPP reality in section two. Sections three and four present our research methodology and the selected case studies in urban regeneration. Preliminary findings of our two cases studies are discussed in section five. Finally, we provide the conclusions of our initial and, still, exploratory investigation.

Public-Private Arrangements (PPP)

Defining PPPs

Broadly stated, public-private partnerships (PPPs hereafter) are a form of cooperation between at least one public entity and one or more private entities. This collaboration is a long-lasting relationship characterized by the fact that the actors involved share resources, benefits, and risks (Klijn and Teisman, 2000: 85; 2003: 137). These partnerships can take on diverse characteristics and assume different modalities. Due to their varying nature, the concept of a PPP is a bit ambiguous and has been defined in different ways from one country to another. The above definition takes on an

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1 Schaeffler and Loveridge (2002) assert that partnerships are but one of many possible ways in which public and private organizations can cooperate. These authors distinguish between transactional contractual situations and joint ventures; the latter they include among the different modalities of PPPs.
umbrella significance (Acar and Robertson, 2004: 332; Renda and Schrefler, 2006: 1), and is used to refer to this diversity in meanings. The most consensual meanings that are attributed to a PPP refer to three aspects: (a) long term contracts for the purpose of developing public infrastructures; (b) a new form of governance that are an alternative to traditional forms of contracting (procurement tradicional); and (c) “word-game” to camouflage intentions of privatizations (see: Greve and Hodge, 2005: 1; Hodge and Greve, 2007: 546-8, 2008: 93, 2009: 33).

Skelcher (2005: 348) points out a difference in the definition depending on whether one refers to European or North-American realities. In the States, the term covers a wide range of techniques and instruments involving private entities (both for- and not-for-profit) in the policy process. The European view is narrower in the sense that the concept refers specifically to a risk-sharing situation in the construction and/or exploration of public infrastructures. Hodge and Greve (2007: 547) distinguish among five different groups of PPPs: risk-sharing institutional cooperation in the public interest; long-term infrastructural contracts; public policy networks; the development of the civil society and communities; urban renovation and local economic development.

To Bovaird (2004: 202-3), PPPs serve various purposes, among them the planning of design, coordination, implementation, monitoring, and evaluation of public policy, as well as the mobilization and management of resources. They can be classified according to different criteria: (a) type of partner (business enterprise, third sector, …); (b) economic (supply and demand); (c) type of relationship (contractual, collaborative network, …); (d) policy sector; and (e) organization (vertical, horizontal, hybrid or mixed).

Some authors, such as Grimsey and Lewis (2002; 2004), Yescombe (2007), and Cabral (2009) argue that PPPs necessarily imply the conception, construction,
management, and long-term exploration of a contractual infrastructure. Often criticized in the literature for being too restrictive with the definition, Grimsey and Lewis (2004) go on to distinguish between hard and soft infrastructures. The former imply the existence of a tangible component. They also distinguish between economic infrastructure – for instance, highways (hard) and training (soft) – and social one – for instance, with hospitals (hard) and community development (soft) – depending on the partnership’s goal (Grimsey and Lewis, 2004: 20-1; Yescombe, 2007: 1).

The European Commission (2004: 3) associates the term PPP to the purpose of the conception, construction, management, and exploration of an infrastructure or service delivery. According to the *Livro Verde* on PPPs, these can assume a purely contractual or institutionalized nature (2004: 8-9). The difference resides in the fact that the latter type originates a distinct entity with public and private capital, while the former are merely based on the celebration of a contract between the interested parties.

An alternative way of distinguishing among PPPs is presented in the Dutch literature. Klijn and Teisman (2003, 2005) and Klijn, Edelenbos, and Hughes (2007) differentiate between contractual PPPs (contracts or concessions) and PPPs of a cooperative type (PPP partnerships or organisational cooperation projects). The former coincide with the EU’s understanding, and are predominant in the UK and in Portugal. Contractual PPPs involve a limited cooperation between the interested parties and tend to refer to the initial stages of a Project. For this reason, Klijn and Teisman (2005: 103) defend that these are not partnerships in a real sense, but rather a form of *contracting out*\(^2\). A good example of such a case is the British programme that was born of the PFI (Teisman and Klijn, 2002: 197-8). In the Netherlands, on the contrary, PPP of different type are dominant; these are partnerships that are characterized by the development of

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\(^2\) Wettenhall (2007, 2010) and Hayllar and Wettenhall (2010) also emphasize the idea that contractual PPPs are not genuine partnerships.
an interorganisational cooperation with various participants collaborating in all phases of the project.

In a similar fashion, the Flemish literature distinguishes between contractual and participative PPPs. According to van Gestel, Voets, and Verhoest (2009: 3), the former are contracts, where a public organization tends to set goals and define objectives before the contract is signed, thereby, leaving little room for negotiation and any other sort of other intervention on the part of the interested private organization or organizations. Participative PPPs, on the other hand, must form a special purpose vehicle (SPV) to manage the project, and this alone guarantees a greater involvement among the public and the private parts. There is of course an initial definition of objectives, but this definition is less precise and there is some discretion for negotiational maneuvering and the reevaluation of each parts’ responsibilities throughout the partnership.

In Portugal, authors writing on PPPs recognize the existence of a collaborative relationship between the private and public sectors (see, for example, Pombeiro, 2003: 46). The Portuguese Observatory on Justice defines PPPs specifically as hybrid forms of collaboration\footnote{One should note that Portuguese legislation allows for diverse types of contract in regard to PPPs; the most habitual type being a concessional contract. In this way, the term “collaboration contract” demands further information or explanation and should not be interpreted literally.} between the public and private sectors with the purpose of producing or delivering public goods and services, where the distribution of revenue and expenses, that is, risk-sharing is predefined (Santos and Gomes, 2007: 7).

Contractual vs. Collaborative PPPs

Contractual PPPs are very formal and clearly identify all risks, responsibilities, and resources that are to be shared by each partner. There is a less intense relationship among the partners and there is a more limited bartering phase, given that the objectives are usually formulated before by the public entity. In this way, the relationship that

In such a contractual PPP, various and diverse actors become associated by way of a contract involving a grand investment. In this way, these relationships tend to involve the investment banks directly. It is also frequent that one of the parts should subcontract third entities for the construction of necessary infrastructures or the delivery of a particular service. At times, the contract is celebrated with a society composed of mixed capital – the SPV. According to Pombeiro (2003: 160), the public partner may integrate this society or not.

Collaborative PPPs tend to function in a more fluid and much less formal fashion than contractual PPPs, despite the fact that the actors involved may celebrate contractual agreements. They are of a more interactive nature and are characterized by a less formal definition of initial goals and objectives. This leads to a greater negotiation and decision-sharing process among the partners involved, public and private. Interdependence among actors and convergence of objectives is of the essence. This demands mutual trust and a previous establishment of rules, responsibilities, risks, benefits, and expenses. They demand internal coordination and a good capacity for management (see Kouwenhover, 1994: 125-6). Trust among partners is critical in order to facilitate and consolidate cooperation, and, in this way, guarantee some stability in the relation among partners and to allow a good performance (Edelenbos e Klijn 2007: 30-2).

Lowndes e Skelcher (1998) characterize collaborative partnerships according to four stages of the project’s life cycle. In each stage, there is governance mechanism present (see also Sullivan and Skelcher, 2002: 118-36). These are: 1) a pre-partnership collaboration, usually by way of a network and informal interaction; 2) the creation and
consolidation of the partnership (with a tendency for the appearance of some sort of formalization of the relationship, by way of a hierarchical governance mechanism; 3) the development of a schedule for delivery of goods and services; and 4) the conclusion or succession of the partnership.

The collaborative process constitutes an essential aspect for a successful partnership. Vangen and Huxham (2010) present the Theory of Collaborative Advantage, which explains the dynamic functioning of such a relationship. According to these authors, these relationships tend to generate two opposing forces: a collaborative advantage (given the collaborative synergies that emerge); collaborative inertia (resulting from the difficulties that arise in the relationship, that, in turn, may lead to frustration, tardiness in producing results on time, and an inability to deal with conflict) (2010: 163).

Partnerships imply the contact between organizations with cultural differences, beginning with their commercial or for- and not-for-profit or public interest objectives (Huxham and Vangen, 2000: 296). Their values reflect upon their motivations and interests, but also on the organizational structure (degree of centralization of the decision-making process and the level of formal communication among partners) (McQuaid, 2010: 135).

On the other hand, partnerships also bring about many advantages, such as the synergies mentioned above. Partners may exchange experiences on solutions to specific situations and can originate innovative ideas as a result (Yescombe, 2007: 15, McQuaid, 2010: 131). Public partners can have access to financial resources and endeavor in projects that are more ambitious and unfeasible under other circumstances (Kouwenhoven, 1994: 121; McQuaid, 2000: 20; Yescombe, 2007: 15).
Portuguese PPPs

The first Portuguese PPPs appeared in the second half of the 1990s. The promotion of public works and general economic services, at a time of tight deficit restrictions called for the need to adopt new ways governing that allowed for collaboration of the private sector. The construction of the Vasco the Gama Bridge (that included the exploration of the 25 de Abril Bridge) by way of a concessional contract with the private firm Lusoponte (Azevedo, 2008: 237).

Although concessions appear associated with PPPs, they have been around for some time. They date back to the construction of public infrastructures at the end of the nineteenth century. The first concession consisted of the exploration of telephone communications with Edison Bell in 1882 (Cabral, 2009: 135; Castelos e Melo (2008: 343). In this way, PPPs have been referred to as “old wine in new bottles”. However, Avezedo (2008: 321) asserts that innovative features with regard the private funder have been introduced making this collaboration substantively different. He refers specifically to the level of financial risk taking on the part of the private sector; in some cases, there may not be risk transfer of risk (2008: 366).

Portugal enthusiastically embraced the concept of PPPs and has come to opt this form of governance in adopting public policy. According to Pricewaterhouse Coopers (OECD, 2008: 30), the country had the greatest investment/GNP ratio in 2005, far above that of the UK, considered to be an emblematic example where PPP are concerned. In reality, PPPs have been adopted by governments, regardless of which party is in government (Monteiro, 2005: 73). Parties agreed that this form of governance should be embraced in the transports sector, as well as in other policy sectors. Currently PPPs are negatively connotated with heavy financial burden for future generations. This author at the time alerted to the long term fiscal impact of PPPs, the inadequacy of the
annual State Budget, and the non-optimal allocation of risk in favor of the private partners (2005: 74).

The 2011 governmental report on PPPs concludes that the pressure of this future burden will already begin to be felt in the mid-term—1% of the GNP. This figure has more than doubled from 2008-2010 and exceeded the estimated figure for the year 2010 in more than 19%. In addition, there are substantial risks for the State in some of the contracts, particularly in the transports sector but not so much in the energy and ports sectors (DGTF, 2011: 5-8).

From what we have said so far, the concept of PPPs in Portugal is heavily associated with contractual concessions. Most of the studies on PPPs are normative or economic in nature or perform cost-benefit analyses. PPPs of a more collaborative nature are a more recent phenomenon and understudied.

Table 1 shows the total number of contractual PPPs according the policy sector for the last quarter of 2011. There are currently 118 projects (construction or exploration) in the ports sectors (32), environment, namely, water, waste and sanitation (30), transports (26), energy, namely, natural gas, dams, and electricity (19), health (10), and security (1).

Contrary to contractual PPPs, where it is possible to identify the population of PPPs, the total number of collaborative partnerships in unknown. Most of the few examples we hear about in the media are of a subgovernmental initiative, namely municipal level. We uncovered some examples in social areas, such as the care for the elderly and handicapped, sanitation and waste disposal, and urban regeneration.
Table 1 – Universe of PPPs and Concessions in Portugal (4th Trimestre, 2011)

<table>
<thead>
<tr>
<th>PPPs</th>
<th>Exploration</th>
<th>Construction</th>
<th>Other *</th>
<th>Totals</th>
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<tr>
<td><strong>Transports</strong></td>
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<tr>
<td>Roads</td>
<td>Exploration</td>
<td>14</td>
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<td></td>
<td>Construction</td>
<td>9</td>
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<td>Trains</td>
<td>Exploration</td>
<td>2</td>
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<td>Construction</td>
<td>1</td>
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<tr>
<td><strong>Health</strong></td>
<td>Exploration</td>
<td>6</td>
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<td></td>
<td>Construction</td>
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<td>Other *</td>
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<tr>
<td><strong>Others (Security)</strong></td>
<td>Exploration</td>
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<tr>
<td><strong>Totals</strong></td>
<td>Exploration</td>
<td>23</td>
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<tr>
<td></td>
<td>Construction</td>
<td>12</td>
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<td>Other</td>
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<td></td>
<td>Total</td>
<td>37</td>
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<tr>
<td><strong>Concessions</strong></td>
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<tr>
<td>Environmental (Water, Waste Disposal, and Sanitation)</td>
<td>Exploration</td>
<td>30</td>
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<tr>
<td>Energy</td>
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<tr>
<td>Water</td>
<td>Exploration</td>
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<tr>
<td></td>
<td>Construction</td>
<td>5</td>
<td></td>
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<tr>
<td>Natural Gas</td>
<td>Exploration</td>
<td>10</td>
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<tr>
<td>Electricity</td>
<td>Exploration</td>
<td>2</td>
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<td></td>
<td>Other</td>
<td>1</td>
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<td><strong>Ports</strong></td>
<td>Exploration</td>
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<td><strong>Totals</strong></td>
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<tr>
<td></td>
<td>Construction</td>
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<td></td>
<td>Other</td>
<td>1</td>
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<td></td>
<td>Total</td>
<td>81</td>
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Research Design

In this paper, we seek to provide some insight into the reality of Portuguese PPPs, particularly a collaborative type from a public management and governance viewpoint. Against a theoretical background on public governance and PPP models, we conduct a qualitative study of collaborative partnerships in urban development and regeneration. We select two cases studies in the city of Lisbon. One of our criteria was to select projects that were the farthest along in the implementation stage. We ask for the opinion of a senior technician at the Regional Development and Coordinating
Commission of Lisbon and Tagus Valley (RDCC-LTV). Finally, we considered the inclusion of projects with different scopes.

The case studies selected are: the *QREN Mouraria: As Cidades dentro da Cidade* (“QREN Mouraria: Cities within the City”) – a historic centre that was built in the 11th century – and *QREN Bairro Padre Cruz* (“QREN: Padre Cruz Neighbourhood”) – a critical urban area, with a fixed community following a reallocation process in the early 1960s. We begin our data collection by conducting intensive document analysis. We considered all relevant documents that allowed us to better understand the operating model of PURs (PUR Regulation, calls for applications, application forms, selected cases Action Programmes (PA), Local Partnership Protocols (LPP), annual implementation reports (wherever available), and the Regional Operational Programme Lisbon (ROP Lisbon).

This documentation was provided valuable information in preparing our interviews. These were in-depth interviews with policymakers and public and private practitioners. This research is still a work in progress. In addition to the fact that we have not yet conducted all of our planned interviews, our intention is to include this study in a larger project, where we compare Portuguese PPPs with international cases in the same policy sectors.

Our interview guide was semi-structured and was adapted to each respondent. We aimed to collect information regarding these topics:

- Project description (proponent and partners, operations, involved resources, duration, implementation stage, etc.).
- Partnership working model of management (how do the partners interact; rules of interaction; partners’ roles (responsibilities and duties); leadership and partnership steering; etc.).
• ROP model of management. The policy instrument PUR responds to a model of management established in the ROP Lisbon.

• Critical factors in the performance and partnership’s viability. We aim to understand which factors interfere the most in the implementation process (by aiding or opposing the partnership’s successful performance). We also inquired on the opinion of the respondents regarding the economic, political, and organisational viability of PURs.

Partnerships for Urban Regeneration

PUR is a public policy instrument within the ROP Lisbon 2007/2013. The latter is an example of a programme that expresses the operational structuring of the National Strategic Reference Framework (NSRF). This is reference framework for the application of the European Union’s policy for economic and social cohesion in Portugal from 2007-2013. Urban regeneration was designated as one of the key strategic priorities within NSRF and ROP Lisbon, reflecting the need to promote the rehabilitation of public spaces and the urban environment, through the restoration of the building heritage and the creation and modernization of collective equipment and facilities.

The policy instrument PUR included projects in four different areas: “Historic Centres” (areas of deteriorated historical, social, and cultural patrimony), “Critical Urban Areas” (areas of urban deterioration and lack of social facilities, coupled with problems of order and security and social exclusion of inhabitants), “Riverside and Maritime Fronts” (economic and social revitalization of waterfronts), and, lastly, “Eco-Neighbourhoods” (pilot projects in urban areas with the adoption of integrated equipment and infrastructures to capitalize on sustainable development).
At the present, most of the approved projects proposing PUR are already underway, but none have been finalized. To date, 27 PURs have been approved within ROP Lisbon, totalling an investment of 192,799,029 Euro (of which 170,906,429 Euro is eligible expenditure and 77,548,352 Euro are European Regional Development Fund (ERDF) co-funded). This is 30% of the total ERDF financing for ROP Lisbon and represents about 45% of the eligible expenditure and 40% of the total investment in PURs (ORLVT, 2011: 2).

*Case Study I – QREN Mouraria: As Cidades dentro da Cidade*

The project QREN Mouraria: As Cidades dentro da Cidade is an approved PUR, presented by Lisbon Municipality in 2009. Project’s implementation is expected to be concluded in the end of 2012. Total investment was estimated to be 7,657,963,50 Euro, from which 7,393,964 Euro are eligible expenditure. The ERDF will fund an estimated maximum of 3.5 million Euro in this project.

The degradation of buildings and urban spaces, the aging of the local residents, the existence of economic needs and the persistence of illegal economic activities were the major targets of the planned intervention at Mouraria. This is a historic neighbourhood that was created when the Muslims were expelled from Lisbon in the beginning of the nation in 1147. It is characterised for its narrow and winding streets. Since the 1970s, Mouraria has received much of Lisbon’s immigrants, giving it a multi-ethnic environment. During this time, it has also become the target of stigmatization and segregation (CML, 2009a: 3, 20).

A PA was established, comprising several operations. These were centered on the requalification of public spaces and urban environment, the improvement of

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4 Of the total number of projects approved, twelve are “Riverside and Maritime Fronts”, seven are “Critical Urban Areas”, six are “Historic Centers” and two are “Eco-Neighborhoods” (ORLVT, 2011: 6-7).
accessibilities and mobility, the creation of more leisure facilities, and the rehabilitation of certain architectural elements, such as Quarteirão dos Lagares, which will host the Innovation Centre of Mouraria (a multifunctional building for the installation of economic, cultural, and social activities). The PA also included initiatives concerning Arts and Crafts and Social-Cultural Valorisation, such as creating a Fado CD, a comic book on Mouraria, a local newspaper, sightseeing and tourist tours, and the rehabilitation of the Casa da Severa (a place we can listen to Fado, a national music genre). Due to problems of social exclusion in the neighbourhood, specifically related to prostitution and drugs consumption, the rehabilitation and the expansion of the facilities of Socorro and São Cristóvão e São Lourenço Parishes Councils were contemplated within the PA in order to serve as social facilities for youths, the elderly or other socially excluded groups. Finally, the PA integrated a plan for its communication.

A total of 11 partners were involved in the PA of Mouraria: Lisbon Municipality (CML); five parish councils: Parish Council of Anjos (JFA); Parish Council of Graça (JFG), Parish Council of Santa Justa (JFSJ); Parish Council of São Cristóvão e São Lourenço (JFSCSL); Parish Council of Socorro (JFS); Lisbon Public Company of Urbanization (EPUL); Institute of Drugs and Drug Addiction (IDT); Visitors and Convention Bureau (ATL); Residents´ Association of Mouraria (ARM); and the Associação Casa da Achada – Centre Mário Dionísio (ACA-CMD).

Case Study II – QREN Bairro Padre Cruz

The project QREN Bairro Padre Cruz is also an application presented by the Lisbon Municipality and is also contemplated in an urban regeneration partnership. The Padre Cruz Neighbourhood was targeted to benefit from an integrated program of
rehabilitation of Critical Urban Areas, due to its precarious social and economic situation and urban decay.

The project seeks to complete a reconversion in the “Bairro de Alvenaria”. The area covered by the masonry buildings is to be completely demolished and the local residents resettled in decent housing, the creation of an adequate network of facilities (the PA incorporates a building of assisted residences for the elderly and a kindergarten), quality public spaces (green spaces and others of collective use) and the establishment of some spaces for local businesses. The result should be the economic and social regeneration of the area (CMLb, 2009: 6). Social enhancement will be promoted by creating the conditions to the development of residents’ skills concerning entrepreneurship, and ICT. Training sessions were programmed and infrastructures with available computers were created to local inhabitants. A cultural axis contemplated putting together a music festival and by supporting sports and recreational activities and events.

The reconversion project of Padre Cruz Neighbourhood consists of several steps, not all of which will be included in the timeline for POR Lisboa. The PA was approved in August 2009, its implementation began in January 2010, and is expected to be concluded in 2013. Provision was made for a total investment of 19,922,361 Euro, from which 9,544,925 is eligible expenditure. The ERDF will fund this project with an estimated maximum of 3.5 million Euro in this project.

As part of the PRU, the implementation of 11 operations was contemplated, involving a total of 10 partners: Lisbon Municipality (CML); Lisbon Public Company of Urbanization (EPUL); Company for Management of Municipal Neighbourhoods of Lisbon (GEBALIS); Institute of Housing and Urban Renewal (IHRU); University Institute of Lisbon (ISCTE); Municipal Agency for Energy (Lisboa-e-Nova); Holy
House of Mercy of Lisbon (SCML); Padre Cruz Residents’ Association (AMBPC); the local group of scouts); and WACT – We are Changing Together.

**Preliminary Findings**

*On the Action Programmes (PA)*

When the *PA Bairro Padre Cruz* was adopted by the Lisbon Municipality, there were some ideas and intentions of intervention. The new allotment for the neighbourhood was being considered since 2006-2007, although its project had not yet been concluded. During this time, the local population was involved, making known their preferences and needs. The history behind the submission of Mouraria historic neighbourhood to ROP Lisbon was quite different. The PA was worked on for a period of three of four months (the time awarded for application presentations) mostly at cabinet level. There was not much time to make an in-depth diagnosis; planning and community involvement was limited and partners were sought among parish councils and the some cultural, residents and other associations within the neighbourhood.

The PAs of the PUR projects can suffer some changes according to the needs uncovered during implementation. In both cases studies, this is just what happened. Operational reprogramming was required for financial reasons. For example, within the *QREN Mouraria*, the repair of the *Cerca Fernandina* fell through due to monetary constraints. For the same reason, the IDT and the ARM had to withdraw from the partnership. Similar examples can be found in the *QREN Bairro Padre Cruz*.

Since the time when PURs were approved, some of the initial partners had to relinquish the operations for which they were responsible. In the case of the Padre Cruz Neighbourhood, they were the ISCTE and the WATC. Several reasons led to their withdrawal. The ISCTE, having had applied to other operational programmes in NSRF,
experienced some problems in fulfilling all of the formal requirements, having to return a large sum of the money received. As a result, the ISCTE decided that it was better off participating in other European Funds co-financed projects and left the PUR. The WATC withdrew because the bureaucratic procedures were too demanding. Most of people who collaborate with the WACT are volunteers and have other jobs. They try to dedicate all of their time to the organisation’s mission and do not have a developed administrative support structure. Inadvertently, they missed all of the deadlines to complete the forms to be delivered to the ROP Lisbon Management Unit and can no longer be beneficiaries. Nevertheless, it remains active in promoting their voluntary activities with the local population, which is still its main goal. In QREN Mouraria, some partners also had to give up on some operations for they were responsible. The ACA-CMD complained of all required complex bureaucracies. This cultural association is having problems with request payments forms, which are currently being rejected by the ROP Lisbon. So, they did not get most of the co-funding they were entitled for their operations. They stated that they mainly sustain themselves with voluntary work, so they do not have bills they could sent to ROP Lisbon Management Unit to request the payment. Also, they can count on only one employee who has many other accounting obligations.

With regard to the QREN Bairro Padre Cruz, the selection of actors to the partnership was fairly easy. The City Council presented the application and was already in contact with most of these actors before the PA was even submitted. In QREN Mouraria, as alluded to above, this did not happen. There was no previous plan of intervention for the territory, so the CML searched for local associations and sought partners that made sense to the project.
On Partnership Management

In PURs, partners are bound by what is called a Local Partnership Protocol (LPP). This protocol sets out the formal model of cooperation between partners (that is, the terms of the implementation, management and control of the PA), whose contribution to the partnership should be “specific and relevant”, according with the established clauses in the PUR regulation (NSRF, 2008). The protocols binding partners within the two PURs are quite similar. Their clauses are very similar in content, although they were adjusted to fit the specific actors and expected investment.

With regard to both projects, QREN Mouraria and QREN Bairro Padre Cruz, several similar protocols were celebrated, each representing bilateral agreements between the Municipality of Lisbon and one other partner. As stated by one of our interviewees, this way was preferred to the association of all partners in a multilateral agreement because bilateral protocols could be more easily negotiated and modified, if necessary. Therefore, if one of the partners gave up, that would not interfere with the other arrangements.

LPP was supplemented with another formal document that obliges the actors involved–the so-called Basis of Collaboration (BC). This document establishes in a very precise manner the terms of collaboration of the Lisbon Municipality and each of the partners. The LPPs were very broad in nature, so BCs were of crucial importance to the partnership. The acceptance of a PUR’s application leads to yet another document, the Funding Protocol, signed by partners and the ROP Lisbon. This protocol very clearly lays out the goals and objectives, the operations to be performed and their financial programming, funding sources, the maximum amount of funds to mobilize, and the allowed margin of adjustment. It also refers which beneficiaries are responsible for the implementation and the model of management of the Partnership. The terms of these
formal agreements between CML and each partner can be modified (add or remove operations and actions, budget and requested co-funding), but the ROP Management Authority, working within RDCC-LTV, must be informed of and accept this request.

Partners in the implementation of the PA can fulfill the role of beneficiary of the operation or actions of their own initiative and responsibility. In this case, they have to be eligible as beneficiary to ERDF co-funding, according to the PUR Regulation, in which case they will have to ensure national co-financing. For each operation, there are a number of implementing partners. Every action has a promoter, its beneficiary. Not all partners are beneficiaries and responsible entities for operations and actions within the PA. These are the partners whose participation in the partnership is not required at this point. This happens with some of the partners in each case study, such as EPUL, Gebalis, IHRU, and SCML, in the case of the QREN Bairro Padre Cruz, and the ATL and Parish Councils, in the case of the QREN Mouraria. These partners participate in decisions made during the implementation stages and contribute mostly by giving their work, developing initiatives within their areas of activity. Although private for-profit entities cannot be beneficiaries of co-funding, the aim of the policy instrument PUR is to stimulate their participation and inclusion in the signed protocols and partnerships. In fact, much of the work of intervention in the neighbourhoods was to rehabilitate public spaces, so that private entities could benefit from this and, at their own expenses, be encouraged to restore their commercial or residential proprieties. However, this intention was not very successful in approved PUR; among other reasons, the CML failed to attract these kinds of entities to participate in the partnerships.

The leadership of the partnership belongs to the City Council, who has to take the initiative to structure the partnership, to prepare the PA and to implement its management unit. Therefore, according to the PUR Regulation, each approved project
must have a Unit of Direction, a technical support structure (both should be assured by the leader of the partnership leader, that is, the CML). The LPP establish also the existence of a Committee of Partners (with representatives from all partners). The last should meet every three months to monitor the implementation of the programme (achievement of objectives and goals), to analyse performance, and the relationship of partners, suggest means of overcoming difficulties of implementation, and to enhance the likelihood of the PAs.

In fact, this structure of management was never implemented rigorously, as we will explain next. The Executive Board of the City Council, Councilor Helena Roseta, constituted what was termed the “Support Offices for Intervention Priority Neighbourhoods” (SOIRN), for the Padre Cruz Neighbourhood (2010) and Mouraria Neighbourhood (2011). These were equipped with technicians of several departments within the City Council that would aid with the functions of management, direction, and staff in the partnership. SOIRNs have an Executive Committee that includes representatives of other entities and ensures regular and a close monitoring of the operations of rehabilitation. Then there is an Extended Commission that gathers with more stakeholders, which aims to promote a reflection and systematic evaluation of the process of rehabilitation.

With regard to the QREN Bairro Padre Cruz, the Committee of Partners meetings are not being occurring; in the case of the QREN Mouraria, there is almost a complete overlap of members within SOIRN’s Extended Commission and the Committee of Partners. Both SOIRN’s coordinators confer more importance with interacting with partners at a more informal and bilateral relation. Broader meetings are not frequent, but, as stated by SOIRN Mouraria Coordinator, João Meneses, the aim of these meetings should be to get some ease at relationship between the partners and that
is being accomplished with more informal and very frequent contact with partners. Lídia Pereira, the coordinator of SOIRN Bairro Padre Cruz referred to a close relationship with partners that participate in the progress of the implementation, report information, and are consulted in when decisions have to be made.

On the ROP Lisbon Management Model: Following Up and Monitoring PURs

At the PUR level, the monitoring plan of the implementation of the PA will be conducted by a group of technicians, who will produce reports (baseline, annual monitoring, and post-intervention) dealing with performance indicators, the extent of materialised actions and operations (objective and goals confronted with outputs and results) and the revision and update of the annual plan of action for the following year. SOIRNs present annual reports to the DRCC-LTV for the implementation of the PA.

At the top level, the National Strategic Reference Framework (NSRF) has a political executive board (the governmental Ministers attend depending on the subject matter) and a Strategic Advisory Commission, where several stakeholders are represented. The main structure of the ROP is its Management Authority, which receives guidance from the political leadership in the Direction Board of Directors and is accountable for its implementation. This Authority works within the RDCC-LTV as a mission unit; this means that it does not respond hierarchically to the President of RDCC-LVT. The ROP Lisbon Management Authority is composed of a Steering Committee and a Technical Secretariat. The Steering Committee is chaired by the President of the RDCC-LTV and includes four other designated members. The Technical Secretariat ensures the technical, administrative, and logistical support to the Steering Committee. The Management Authority of the Operational Programme ensures
the selection of applications to its financing instruments, and monitors the
implementation of Operations within each project (POR Lisboa, 2011: 112-120).

The ROP Lisbon Management Unit technicians can perform their monitoring
activities by making field visits to oversee ongoing projects’ implementation. As
ultimate consequence, when monitoring activities find evidences of poor performance,
the implementation of PURs (EU co-funding) may be cancelled. In less severe cases,
ROP Lisbon Authorities may suggest reprogramming operations or requests for
payment may not be approved if changes are made to the PA without consent. Yet,
success of the PA’s implementation has not more consequences, that is means of
rewarding or punishing projects proponents.

The RDCC-LTV has its own structure to monitor the implementation of the
ROP Lisbon. This is called the Regional Observatory of Lisbon and Tagus Valley
(ROLTV) and integrates the Centre of Observation of Regional Dynamics (CORD).
Monitoring at this level comprises the collection of several indicators. Not only data
concerning estimated and real implementation of projects, but also social, economic,
cultural, demographic, and other relevant societal indicators are compiled to reflect
national reality.

Several external public entities audit the execution of approved project with
ROP Lisbon. There are two main auditing bodies: the first is General Inspection of
Finance (GIF); the second is an independent unit of Financial Institute for Regional
Development (FIRD). ROP’s annual reports are presented to the European Union, who
completely relies on national authorities’ data to monitor implementation. Interim
evaluation report should be accomplished in the midterm of the period of 2007 to 2013.
This should be a more in-depth assessment and performed by external consultants, but it
has not yet been done due to the scarcity of resources.
On Critical Factors of Performance and Partnership’s Viability

Some aspects are critical to partnerships’ performance. The fulfilment of certain procedures constitutes a major difficulty that both public and private practitioners have to face when dealing with PA implementation. Two main points were highlighted:

- Public procurement law. Tendering processes are long-lasting and demanding, consuming a lot of time to management units of PRUs, especially because PAs have a time horizon of three years. As our interviewees in the CML mentioned it these processes tend to drag on for almost a year. Even after the selection of the winning bid candidate, they have to obtain prior approval of the Court of Audit before starting hired works. These facts have been responsible for some delays in the implementation of PAs;

- Bureaucratic procedures in fulfilling obligations of the ROP Lisbon Management Unit (according to EU stipulation). These begin with the application, operation’s reprogramming, contracting, and request for payment forms. Some of these forms are elaborate (particularly contracting forms that must be accompanied by proof of having followed public tendering law and a justification of how they the winning bidder was selected), so much so that PUR working staff and managers feel the need to solicit juridical aid from jurists within the City Council. To a lesser extent, bottlenecks in completing the forms of justification of expenditure and requests of payment (European co-funding) tend to form.

Difficulties in implementation are attributed many times to financial problems, resulting in several operational reprogramming and withdrawals. This can be considered an important fragility within PURs and a threat to the general success of the policy
instrument. In fact, PAs are evaluated by their merits when applications are presented. They won a tendering process and gained European financial support. Because PAs are based on logic of coherence and integration of operations, when these are modified or suspended, the final result is compromised in its effectiveness and actual impact on local communities. It is important to state that PAs that were presented some years ago may have to be updated because they were not properly planned to fit present reality. So, some interviewees would prefer projects to be evaluated more by their outcomes and outreaching effects and less so on whether they fulfil initial requirements of the programmes.

Other aspects had the opposite effect, helping the achievement of an effective performance of PURs. Our interviewees were unanimous in mentioning the importance of the participation and involvement of local communities in the processes of intervention. Local people felt real needs for programmed actions and so they have seen with good eyes planned interventions. Also, as we can see with the example of the case study of Mouraria, not always locals were involved in the PA definition. One of the major criticisms made to QREN Mouraria was that community were not involved. Yet, SOIRN Mouraria, considering the participation of 44 local entities, is developing a new Plan of Community Development. So, the problem of absence of community involvement was overtaken.

Partners’ involvement and their motivation also helped to PURs good performance. Some of them were very active during the process of delineating the PA, and when they had to withdraw their participation this was motivated mostly because lack of financial means and inability to respond with bureaucratic demands within ORP Lisbon. Our respondents recognize the need for some sort of support for actors so they
can understand better the mechanics of projects co-financed by the EU and to learn to deal with all procedural requirements.

European co-funding seems to be a great stimulus to the implementation of projects. Though the City Council had intentions of intervention in these areas for quite some time, this financial support was a major surplus helping to overcome budgetary constraints. For this reason, thought there is recognition of economic difficulties of some partners (especially, non-profit associations), PUR economic model is found suitable by your interviews. In fact, most of investment required in PAs implementation is responsibility of public entities and EU co-funding. Respondents mentioned the international economic crisis has being a major hold back in PURs implementation processes, both by private partners and public entities. Despite this, partnerships can be seen an advantage within this economic scenario. We currently need to join all efforts to implement policies, gathering resources with other partners and preventing waste and redundancies when allocating public funds.

Partnerships are a governance instrument relatively new in Portugal, although partnerships in urban regeneration have been advocated since the 1980s in other countries. Some regret that Portugal is a latecomer to the model because to these, it is the only way that makes sense and inclusive of the locals receiving the intervention. Cabinet policies often times are not adjusted to citizens’ needs and, therefore, interventions are not appreciated by them; this, in turn, leads to a lack of care in maintenance and preservation. Yet, there seems to be much political support for this kind of arrangement. PURs allow for community involvement in policy decision-making and implementation. Citizens view this as desirable because they feel that their demands are being more accomplished; politicians also view them as desirable because they view them as a means of gaining electoral support. Although attaining a consensus
may be more difficult, because several interests can be in confrontation, these situations are manageable because general benefits overlap. Leadership is essential in the process: partnerships managers should act as facilitators, mediating partners’ interests and trying to encourage frequent interaction; they should be widely open and listen to community’s (and its associations) demands.

Despite some difficulties, our interviewees consider the PUR model of management and monitoring is generally considered feasible. The on-going monitoring makes it possible to detect some points of strangulation, which give way to some adjustments within regulations. Monitoring activities are being met properly with this model, but most reports do not include the projects’ outcomes and outreaches. Case studies and best practices reports can also be of valuable addition in the future. Training in EU programmes of co-funding legislation and regulation seems to be crucial to all bureaucratic procedures and may be easier and better fulfilled. Binding protocols are considered flexible enough to allow for adjustments to new realities (inability of fulfilling some compromises, different needs, or even bad initial planning); however, as already mentioned, this can also prove to be a weakness in final results. Other finds that these protocols are not as flexible as desirable. According with this point of view, there should be more flexibility within the ROP Lisbon Management Structure to allow for maximum adjustment of the projects’ implementation to new circumstances. Instead of all formal verification of procedures, evaluation should be based on results.

**Concluding Remarks**

In this paper, we sought to shed some insight into collaborative PPPs in urban regeneration. This kind of governance arrangement is relatively new and vastly
unexplored in Portugal. We hoped to learn organizational aspects of these PPPs, discussing their economic, political, and management viability.

Our case study findings reveal that this innovative arrangement in Portuguese urban regeneration policy seems to respond well to demands concerning our research interests. Although the economic crisis scenario represents a major drawback in the implementation of these projects, our interviewees find the model economic viable because of European co-funding, which continues to be a highly relevant contribution this kind of service delivery. They also recognize the limits of private non-profit associations in contributing to financing and believe municipalities must be responsible for most operations.

Political viability of PPPs is probable given that local government politicians look favorably upon partnerships. They seem because they are good for business, that is, they are helpful in gaining electoral support. They find it a way of delivering citizens’ deeds, while at the same time, establishing good ties with community associations. Local communities enjoy being involved in the policy process finding their needs better fulfilled.

Generally speaking, when considering the management and monitoring structures of PURs and ROP Lisbon are found suitable by our interviewees. Despite this, they are unanimous in believing that some adjustments should be made to better execute the projects.

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