

Cultural Heritage Conservation and the Rise of the Private Sector: Hopes and Concerns

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Abstract

The world has experienced a growing increase in the role of the private sector in numerous fields. This research investigates the role of the private sector in heritage conservation. Different governments worldwide have sought to involve different key players when debating issues about heritage. Therefore, this research investigates the rationale, benefits, and disadvantages of private sector participation in heritage management through public-private partnerships (PPPs). To answer the research question, a single case study was selected, with data collected from an extensive literature review and interviews. Research participants were from public and private bodies to offer a nuanced understanding of the pros and cons of PPPs and heritage conservation. The financial incapability of numerous governments represents an underlying motivation for the increasing role of the private sector in heritage management. The findings also highlight that PPPs can be a useful tool to protect cultural heritage and make them accessible and workable places. Nonetheless, they also generate a number of disadvantages closely linked to interest conflicts and the decision-making process.

Key Words

cultural heritage, private sector, public-private partnerships, museum KunstPalast

Introduction

In a world dominated by commercialisation and globalisation, it has become quite common to witness an intersection between the activities of the private sector and numerable significant heritage sites worldwide. While some of these sites are active recipients of philanthropic assistance that is strongly needed for conservation activities, others remain passive players, constrained in the private sector's dealings. The multi-faceted socio-economic value of heritage properties indicates that they – in different cases – are identified as commercial assets, and therefore their potential ultimate use for commercial purposes would be largely mismatched with principles of heritage conservation.²

Managing processes of built heritage conservation highlights the participation of various key players such as public, private, and voluntary sectors, and at different levels including local, national, and regional³. A number of global threats have a key role concerning how the private sector intertwines with heritage management, including the recession of the role of public bodies for most of their traditional responsibilities of heritage conservation, the increasing relevance of managing and conserving heritage sites, and the increasing pressure of global market forces. These threats have formalised underlying tenets for privatising heritage conservation and exert more pressure on national and international private entities to provide support through partnering with public bodies. Moreover, the ongoing increase in poverty and population size adds another dimension for the community to utilise the economic values of

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² Fiona Starr, "The Business of Heritage and the Private Sector," in *Heritage and Globalisation*, eds. Sophia Labadi and Colin Long (London and New York: Routledge, 2010), 147.

³ Elene Negussie, "Implications of Neo-liberalism for Built Heritage Management: Institutional and Ownership Structures in Ireland and Sweden," *Urban Studies*, 43, no. 10, (2006): 1803.

heritage resources as well as other resources surrounding them⁴. Private participation in heritage conservation is not a new issue. Driven by markets and profit, the private sector is normally equipped with financial capacity, efficiency, flexibility, and specialised skills.⁵

This research attempts to fill the voids concerning the limitation of studies of PPPs in heritage conservation. This has been achieved by examining the main reasons for PPP in heritage conservation-related activities, and its pros and cons. A single case study approach was adopted in this research aiming to clarify these objectives. Data was collected from two main sources: a literature review and a semi-structured interview. The case study of the museum KunstPalast Düsseldorf represents a unique opportunity to address the key research question and its objectives. It gives a deep understanding of the relationship between the public and private sectors and how the efforts of two partners with different interests were combined together to fulfill a common goal. Additionally, it sheds light on the decision-making process and conflict of interest that may raise during PPP.

Built Heritage and Private Sector Participation

The promotion of freedom rooted in the private sector and the individual, and fulfilling successful economic development through market liberalisation are two important tenets of neoliberalism. There are various ways to promote and turn to neoliberalism, including liberalisation and the promotion of free markets and competitions, deregulation represented in the recession of the state's role, the law, privatisation of publicly-owned assets, internationalisation, enhancing market substitutes for other public sectors, and minimising direct taxes to boost consumer choices⁶. Neoliberalism gained strong recurrence and wide momentum among politicians and academics during the late-1970s and early-1980s.⁷

Private involvement in heritage conservation can have different forms including sponsorship, philanthropy⁸, privatisation, and PPPs⁹. The latter form is given special investigation to identify its advantages and limitations since it has started to receive close attention in the literature, and it would be irrational to cover of all these approaches in one research study.

The outdated argument that only the public sector can safeguard and maintain cultural heritage properties contradicts the dominant reality of a large share of significant heritage assets being privately owned and sustained in some countries, such as the UK, the US, France, Italy, and the Netherlands, as well as other countries of eastern and central Europe. Although heritage assets, are conceptualised as public or merits goods in many cases, the private sector not only plays an important role in the form of financial support, in-kind donations, and volunteers, but also a significant part of heritage properties remains in private hand.¹⁰ It was possible to identify sixteen models of support to private investment in culture in the European Union, which can be classified into six main structures, namely direct capital investment-based measures, business investments and sponsorships, philanthropic and donation mechanisms, schemes and measures, encompassing mechanisms, and earned income or consumption mechanisms.¹¹

⁴ Starr, "The Business of Heritage and the Private Sector," 147.

⁵ Susan Macdonald and Caroline Cheong, *The Role of Public-Private Partnerships and the Third Sector in Conserving Heritage Buildings, Sites, and Historic Urban Areas* (Getty Conservation Institute, 2014), 11.

⁶ Negussie, "Implications of Neo-liberalism for Built Heritage Management: Institutional and Ownership Structures in Ireland and Sweden," 1804.

⁷ Anna Ka-yin Lee, "The Role of Private Sector in Built Heritage Conservation: A Case Study of Xinhepu, Guangzhou," *Asian Geographer* 33, no. 2 (2016): 117.

⁸ Anna Mignosa, "Theory and Practice of Cultural Heritage Policy," in *The Artful Economist*, eds. Ilde Rizzo and Ruth Towse (Springer, 2016), 236.

⁹ Paolo Ferri and Luca Zan, "Partnerships for Heritage Conservation: Evidence from the Archeological Site of Herculaneum," *Journal of Management and Governance* 2, no. 1, (2017): 1-25.

¹⁰ Bruce A. Seaman, "The Role of the Private Sector in Cultural Heritage," in *Handbook on the Economics of Cultural Heritage*, eds. Ilde Rizzo and Anna Mignosa (Cheltenham: Edward Elgar Publishing Limited, 2013), 112.

¹¹ Andrej Srakar and Vesna Čopić, "Private Investments, Public values: A Value-based Approach to Argumenting for Public Support to the Arts," *Cultural Trends* 21, no.3, (2012): 234.

Private sector involvement aimed to fill voids in heritage management, starting with privately-owned financed museums and recently with commercial archaeology businesses. Neoliberal-based economics and political movements triggered politicians to espouse a restructuring process for government bodies and cultural departments to tap into private funding and promote efficiency. After the Great Recession of 2007-2009, there was an increasing need for private resources for supporting cultural activities as public support was diminished by austerity actions adopted by governments and international creditors. Other drivers that boosted heritage management privatisation include private philanthropy and non-profit organisations playing an important role in supporting museums and cultural institutions worldwide, the development of commercial cultural heritage management businesses as an unwilling result of promoting national heritage conservation legislation by archaeologists, and the fact that the net costs of preserving and maintaining cultural heritage properties exceed the government's capacity.¹²

The proportion of the privately-owned cultural heritage assets depends on the policies of each region and the adopted definition of cultural heritage. Greece and the UK illustrate two excellent, yet entirely different approaches concerning private sector involvement in heritage preservation. On the one hand, Greece outlines that all such cultural assets belong to the state, implementing specifically-designed measures and regulations on the private control of these properties, which is also a prevalent theme in Central and South America and different Mediterranean countries. On the other hand, the UK adapts an approach that is dominant in the US, Canada, and Australia, namely encouraging private entrepreneurial solutions and guaranteeing private property rights. Furthermore, private collections of antiquities in Greece are allowed under circumstances where a permit from the Ministry of Education is required, and collectors must retain a detailed inventory. The ministry should be able to access such collections upon request. These strict limitations can also be noticeable in areas related to excavation, damage or destruction of antiquities, and antiquity sales, where the government maintains the right to prevent any sort of antiquity sale that is incompatible with the public interest. Conversely, the early 1882 British legislation underlined 70 monuments for protection by enhancing private owners' preservation efforts, although the state kept its right to purchase them if they are offered for sale. The 1979 legislation included the Areas of Archaeological Importance designation to protect them from any activities that may adversely affect them through prior notifications. interest. Conversely, the early 1882 British legislation underlined 70 monuments for protection by enhancing private owners' preservation efforts, although the state kept its right to purchase them if they are offered for sale. The 1979 legislation included the Areas of Archaeological Importance designation to protect them from any activities that may adversely affect them through prior notifications.¹³

Built Heritage and Public-Private Partnerships

Different governments have become involved in partnerships with private partners to deliver numerous projects. With their budget deficiency, governments are no longer able to provide the large financial capital required for investment, which has been accelerated by the rise of private participation and the blurring of borders between the two sectors.¹⁴ The term partnership implies multi-faceted issues, which makes it nearly ubiquitous¹⁵. While it is not a new trend¹⁶, what is interesting about these sorts of arrangements is their ability to achieve partners' different interests. In this approach, numerous arrangements such as design, construction, finance, operation, and maintenance are managed by one contractor. These aspects – which are usually delivered within a long-term partnership – provide a financial motivation for the private contractor to consider other key features including waste-minimising and energy-reducing

12 Peter G. Gould, "Privatization, Public-Private Partnerships, and Innovative Financing for Archaeology and Heritage," in Encyclopedia of Global Archaeology, ed. Claire Smith (Springer Nature Switzerland, 2018), 1.

13 Seaman, "The Role of the Private Sector in Cultural Heritage," 121-2.

14 Mirjam Bult-Spiering and Geert Dewulf, Strategic Issues in Public-Private Partnerships: An international Perspective (Blackwell, 2006), 1.

15 Julia Steets, Accountability in Public Policy Partnerships (New York: Palgrave Macmillan, 2010), 6.

16 John Forrer, et al., "Public-Private Partnerships and the Public Accountability Question," *Public Administration Review*, 70, no.3, (2010): 475.

contexts, and better risk allocation.¹⁷ PPPs can be defined as "ongoing agreements between government and private sector organizations in which the private organization participates in the decision-making and production of a public good or service that has traditionally been provided by the public sector and in which the private sector shares the risk of that production".¹⁸

There are a number of benefits for PPPs, such as better risk allocation,¹⁹ raising a substantial upfront capital, faster implementation, benefiting from private sector expertise and innovation.²⁰ Nevertheless, PPPs have received different criticism, where other scholars claim that their net benefits are largely elusive and subject to uncertainty.²¹ These criticisms are usually closely associated with complicated contracts,²² higher financing costs and delays,²³ demand risk,²⁴ risks related to efficiency and competition,²⁵ political and moral hazards,²⁶ and conflicts between partners.²⁷

There has recently been another shift towards using PPPs in heritage management. Private sector involvement with public bodies in heritage management issues is distinguished by clear threads of responsibilities and the optimal allocation of time and resources among partners. In Western societies, PPPs have been outlined as an active policy of heritage management where the complicated nature between historic authenticity and commercial activities prevails within heritage sites.²⁸ This shift towards PPP is supported by the different challenges facing most governments concerning heritage conservation, especially a lack of financial resources and skills.²⁹ This shift is also in alignment with the proliferation of "bottom-up" projects that have developed in numerous areas such as urban regeneration, theatre management, and heritage conservation.³⁰

While the underlying motivation of the private sector for becoming involved in PPPs can essentially be associated with profit, it can extend beyond this context to include the social targets and goals of the firm. An increasing number of firms in different countries are involved in conservation activities or businesses that are compatible with their industry, such as tourism. Such participations are often shaped by direct financial support, although they can be formalised through PPPs.³¹

17 Boštjan Ferk and Petra Ferk, "Top 10 Reasons Why (Not) and How (Not) to Implement PPPs in the Developing and Emerging Economies," in The Emerald Handbook of Public-Private Partnerships in Developing and Emerging Economies: Perspectives on Public Policy, Entrepreneurship and Poverty, eds. João Leitão, Elsa de Moraes Sarmento, and João Aleluia (Emerald Group Publishing, 2017), 9; Duncan Cartlidge, *Public-Private Partnerships in Construction* (New York: Taylor & Francis, 2016), 4.

18 Forrer et al., "Public-Private Partnerships and the Public Accountability Question," 476.

19 Edward, R. Yescombe, *Public-Private Partnerships: Principles of Policy and Finance* (Elsevier, 2000), 18.

20 Baruch Feigenbaum, "Summary of Transit Public-Private Partnerships" in *Public Private Partnerships: Construction, Protection, and Rehabilitation of Critical Infrastructure*, eds. Robert M. Clark and Simon Hakim (Springer, 2019), 50.

21 Graeme, A. Hodge, "The Risky Business of Public-Private Partnerships," *Australian Journal of Public Administration*, 63, no.4, (2004): 39.

22 Gunnar Alexandersson and Staffan Hultén, "Prospects and Pitfalls of Public-Private Partnerships in the Transportation Sector-theoretical Issues and empirical Experience," *International Journal of Transport Economics*, 36, no.1, (2007): 102.

23 Herbert Robinson et al., *Governance and Knowledge Management for Public-Private Partnerships* (Wiley-Blackwell, 2010), 48.

24 Anthony E. Boardman, Finn Poschmann and Aidan R. Vining, "North American Infrastructure P3s: Examples and Lesson learned," in *The Challenge of Public-Private Partnerships: Learning from International Experience*, eds. Graeme Hodge and Carsten Greve (Edward Elgar Publication, 2005), 176

25 Graeme Hodge, "The Risky Business of Public-Private Partnerships," *Australian Journal of Public Administration*, 63, no. 4, (2004): 41; Pamela Bloomfield, "The Challenging Business of Long-Term Public-Private Partnerships: Reflections on Local Experience," *Public Administration Review*, 66, no.3, (2006): 401-403.

26 Jorge Mota and Antonio Moreira, "The Importance of non-financial Determinants on Public-Private Partnerships in Europe," *International Journal of Project Management*, 33, no. 7, (2015): 1567.

27 Brian Brewer, and Mark R. Hayllar, "Building Public Trust through Public-Private Partnerships," *International Review of Administrative Sciences*, 71, no.3, (2005): 476.

28 Yawei Zhao, "'China's Leading Historical and Cultural City': Branding Dali City through Public-Private Partnerships in Bai Architecture Revitalization," *Cities*, 49, (2015): 106-107.

29 Macdonald and Cheong, *The Role of Public-Private Partnerships and the Third Sector in Conserving Heritage Buildings, Sites, and Historic Urban Areas*, 2.

30 Mignosa, "Theory and Practice of Cultural Heritage Policy," 237.

31 Macdonald and Cheong, *The Role of Public-Private Partnerships and the Third Sector in Conserving Heritage Buildings, Sites, and Historic Urban Areas*, 12.

In Australia, the use of PPPs for heritage conservation was a favourable policy for some cases, including the North Head Quarantine Station. In 2006, the Mawland Group – the private developer – was awarded the lease of the site based on a 21-year contractual agreement. In this case, the private operator has assumed numerous responsibilities such as providing much-needed financial capital for the conservation activities, conducting day-to-day maintenance, and ensuring public accessibility to the site. This PPP received different awards, highlighting it as one of the best practices in the field of heritage conservation.³²

PPPs have also been used for the revitalisation and preservation of historic cores and centres, like Grainger Towne, the historic core of Newcastle, UK. This partnership sought to ensure a mixed-use development for the historic centre of Newcastle through conservation-based regeneration and focus on a broader economic development process instead of preserving individual buildings of significance. The outcomes of this partnership were recognisable in the significant revitalisation process that resulted in the preservation and adaptive re-use of 121 buildings. This project has also worked on developing the economic activities and increasing the quality of life, which identified it as a hallmark example of a regeneration project based on revitalisation.³³

In China, PPPs have been used for city branding and preserving the cultural assets of Dali City. PPPs in both cases – Zhang’s Garden and the Linden Centre – were able to generate numerous benefits represented in branding Dali City, preserving the architecture heritage of the city, and sharing risks and profits successfully between the partners. Among other benefits, the private partners were able to provide the necessary stewardship, funding, and expertise to complete the governmental efforts in heritage preservation by making their voices and opinions accepted by the municipal government.³⁴

The Debate over PPPs in Heritage Conservation

There are growing concerns regarding the desirability and effectiveness of private involvement in heritage conservation and management.³⁵ The debate over private involvement in heritage sites is often associated with commercial and ethical issues. The closeness of corporate advertisements and structures to heritage sites can be highly controversial, especially if a company generates profits from its proximity to the site without contributing to the conservation activities. For example, in 2007, a Starbucks franchise that used to work within the Forbidden City heritage site in Beijing stopped working after a heated public debate. Even if the effects of commercial activities at sites are restricted, and even rent is paid to authorities, ethical aspects and commercial purposes remain debatable. Ethical issues were also recognisable in the use of the Colosseum in Rome for concerts. Adopting a new function for heritage places can keep them alive, although it raises public doubts concerning the impacts of music vibrations on the ruins and devaluing the authenticity of the place in favour of commercial music. The Juyongguan section of the Great Wall of China is another example where Italian brand Fendi used the site for an exclusive fashion show.³⁶

Partnerships are not a risk-free approach. PPPs, normally based on a long-term lease agreement, can actually restrict public access and enjoyment. Indeed, the case of the Quarantine Station delineated above has prompted major debate, causing a public investigation into the impacts of this potential development and raising contestation about the heritage values of the sites that will be privately managed. The main objections to this PPP were that the public bodies traditionally bear the responsibility of conserving the site and ensuring public access to the site, although by leasing the conservation and operation of the site to a private developer, the state of conservation might be jeopardised and public access can be restricted.³⁷

³² Macdonald and Cheong, *The Role of Public-Private Partnerships and the Third Sector in Conserving Heritage Buildings, Sites, and Historic Urban Areas*, 24.

³³ Ibid, 22.

³⁴ Zhao, “‘China’s Leading Historical and Cultural City’: Branding Dali City through Public–Private Partnerships in Bai Architecture Revitalization,” 110.

³⁵ Gould, “Privatization, Public-Private Partnerships, and Innovative Financing for Archaeology and Heritage,” 5.

³⁶ Starr, “The Business of Heritage and the Private Sector,” 148–9.

³⁷ Macdonald and Cheong, *The Role of Public-Private Partnerships and the Third Sector in Conserving Heritage Buildings, Sites, and Historic Urban Areas*, 39.

Governance also remains an important theme in PPPs. In PPP arrangements, there is always a need for involving all key players and stakeholders. This approach should not only be achieved through continuing discussion with community and non-governmental institutions, but also through ensuring that their interests and objectives are fulfilled.³⁸ However, governance was a debatable and controversial aspect in the case of the Quarantine Station that resulted in a significant public outcry against the site’s lease to a private operator.³⁹ This debate actually stems from the fact that it might be a shocking idea for some people to witness the participation of private operators in heritage conservation and management, in particular with their for-profit-based approach.⁴⁰

The debate over the potential development and adaptive re-use of the site by a private developer prevented the signing of the lease agreement between the public and private partners for about a decade.⁴¹ In many cases, PPP contracts are subject to incompleteness due to the long negotiation process, which entails time and cost overruns.⁴² Indeed, public or community support of PPPs is critical in ensuring their successful and effective implementation. The importance of public support can be represented in two aspects: in the preliminary stage to prevent any sort of project delays, and in reducing the total production costs through involving the local community in the project.⁴³

Another concern can be drawn from the case of Grainger Towne. In this project, fears were raised since conservationists perceived that with the project’s progression, conservation of maintaining the historical authenticity and fabric of the area was assigned reduced importance and low priority compared to selling the image of the area or investment location, as illustrated by different facadism projects and the degree of alterations accepted for listed buildings. On the other hand, private operators claimed that conservation restricted development.⁴⁴

UNESCO and Public-Private Partnership

The contributions of the private sector in heritage conservation through PPPs are much the same as in other development partnerships, including the ability to negotiate and raise funds, the capacity to meet long-term commitments, and the provision of skills, with the exception of a few adjustments. Undoubtedly, the private partner is foreseen to have a wide knowledge and considerable experience concerning real estate development and construction and the capacity to understand the legislative frameworks and limitations closely associated with dealing with historic buildings. Furthermore, in many conservation PPPs it is largely common to witness long-term management of the asset by the private operator, unless the property is only rehabilitated for ongoing public use or private ownership. Additionally, multinational companies have played a role in heritage conservation. This may stem from the fact that they want to emphasize their corporate social responsibility or protect and enhance their own interests. This contribution may take the shape of philanthropy, in which the project is not considered a PPP arrangement. Such support normally points to direct grants to projects or organizations, such as American Express’s funding dedicated to the World Monument Watch program.⁴⁵

³⁸ Mahmoud Abdou, “Public-Private Partnerships and Built Heritage: Reflections on Current Experiences,” *International Journal of Tourism and Hospitality Management* 4, no. 1 (June 2021): 70.

³⁹ Macdonald and Cheong, *The Role of Public-Private Partnerships and the Third Sector in Conserving Heritage Buildings, Sites, and Historic Urban Areas*, 23.

⁴⁰ Abdou, “Public-Private Partnerships and Built Heritage: Reflections on Current Experiences,” 70.

⁴¹ Simon Darcy and Stephen Wearing, “Public–private partnerships and contested cultural heritage tourism in national parks: a case study of the stakeholder views of the North Head Quarantine Station (Sydney, Australia),” *Journal of Heritage Tourism* 4, no. 3 (2009): 196.

⁴² Gunnar Alexandersson, and Staffan Hultén, “Prospects and Pitfalls of Public-Private Partnerships in the Transportation Sector—Theoretical Issues and empirical Experience” *International Journal of Transport Economics/Rivista internazionale di economia dei trasporti* 36, no. 1 (2007), 101.

⁴³ Robert Osei-Kyei, and Albert PC Chan, “Review of Studies on the Critical Success Factors for Public–Private Partnership (PPP) Projects from 1990 to 2013. *International Journal of Project Management* 33, no. 6, (2015): 1339.

⁴⁴ Macdonald and Cheong, *The Role of Public-Private Partnerships and the Third Sector in Conserving Heritage Buildings, Sites, and Historic Urban Areas*, 21.

⁴⁵ Macdonald and Cheong, *The Role of Public-Private Partnerships and the Third Sector in Conserving Heritage Buildings, Sites, and Historic Urban Areas*, 43.

UNESCO highlights that what it terms to be private sector partnerships extend beyond cooperation with the non-profit sector to encompass the for-profit private sector, and they are conceived as ways for the private sector to take part in addressing global issues and retaining their social corporate responsibilities. Although a sharp distinction between partnership and sponsorship is difficult to precisely outline, there are some examples of the non-profit and for-profit private sector, such as a partnership with Mercedes-Benz to preserve a world heritage property in China, the partnership of the Observatory of Cultural Policies in Africa with the Ford Foundation, Decision 21 and Tribute 21 with the Felissimo Corporation (Japan), and sharing business skills with conservation site managers in a partnership with Shell Group.⁴⁶

UNESCO has always been involved in different partnerships with numerous partners aiming to maintain the tangible and intangible heritage of humanity over the globe. For instance, a partnership was set up between UNESCO and Samsung Electronics as part of its corporate social responsibility and investment. The main purpose of Samsung Electronics having close ties with UNESCO is to boost cultural diversity, and especially to increase awareness of the rich living heritage of the world and the importance of protecting it. In 2004, the two partners launched their mutual partnership project to increase the visibility of UNESCO's efforts in protecting and promoting the world's intangible cultural heritage, including languages, oral traditions, festivals, rituals, music, and dance. This active initiative included different programs. For example, a documentary film titled "Our Living Heritage" was produced in close cooperation with BBC World, with a number of short episodes highlighting the different shores of the world's living cultural heritage. Other activities were adopted, such as producing a guide on the way of implementing the Convention for the Safeguarding of the Intangible Cultural Heritage, promoting the website of the UNESCO Intangible Heritage, and financing performances, exhibitions, lectures, as well as workshops at EXPO AICHI 2005 in Japan to promote and celebrate the living heritage of humanity. Another example is the partnership established between UNESCO and UN Works Programme and Discovery Communication Inc. aiming to protect the world's endangered languages in 2002. This partnership stemmed from the fact the diversity of languages is a crucial aspect of our cultural diversity.⁴⁷

The case study: Museum KunstPalast Düsseldorf

In the early-/mid-19th century, citizens, artists, and entrepreneurs declared that establishing a municipal art gallery was a crucial issue for the city of Düsseldorf, and therefore they set up the Society for the Establishment of an Art Gallery in Düsseldorf (Verein zur Errichtung einer Gemäldegalerie zu Düsseldorf). The intention of this initiative was materialised when an art museum (Kunstmuseum) was erected in 1913. At present, the Kunstmuseum (art palace) identifies itself as a civic museum with artistic representations of the different themes of life.⁴⁸ Furthermore, this Kunstmuseum Düsseldorf museum – which forms an important part of the Ehrenhof complex – is the oldest exhibition building in the city. In 1980, the city of Düsseldorf sought to renovate the historical building, although due to the public budget deficit it was not possible to undertake the refurbishment process. After a decade, the cultural department's secretary mobilized the project at that time through a partnership with a local energy group called E.ON AG. This newly-formed E.ON AG emerged from the integration of both VEBA and VIAG companies, and featured a top management of art lovers and collectors.⁴⁹ The cultural department's secretary from such a partnership had the intention of not only overcoming challenges related to obtaining public funds but also attracting new companies for fulfilling economic development and long-lasting financial support.⁵⁰

There are multiple objectives of this partnership between the public sector represented in the city of Düsseldorf and the private company represented in the E.ON AG. On the one hand, the city of Düsseldorf is strongly determined to renovate the historic monument and ensure its operation as an art museum with the availability of a limited public

⁴⁶ Seaman, "The Role of the Private Sector in Cultural Heritage," 117.

⁴⁷ UNESCO, UNESCO-Private Sector Partnerships: Making a Difference (Paris, 2006), 7-8.

⁴⁸ <https://www.kunstpalast.de/en/about/About-2>, accessed October 25, 2022.

⁴⁹ Municipality of Ljubljana, Public Private Partnership: Transnational Public-Private-Partnership Concept (Second Chance, 2011), 68.

⁵⁰ Emmanuel Mir, "Das Modell der Public Private Partnership im Museumsbereich: am Beispiel der Kooperation zwischen E.ON und der Stadt Düsseldorf" (Master Thesis., Heinrich-Heine-Universität Düsseldorf, 2006), 65.

budget. This goal includes maintaining the cultural landscape and enhancing the city of Düsseldorf's reputation as a city of art and culture. On the other hand, private concerns are centered around corporate social responsibility. Additionally, this partnership was used as a marketing strategy for E.ON AG. Simultaneously, the private partner benefited from this partnership by acquiring a lucrative property next to the Kunstmuseum – which previously belonged to the city – to establish its new headquarter.⁵¹

The long-term cooperation and commitment between the partners involved – namely the city of Düsseldorf and E.ON AG – is derived from the legal form of a foundation. The newly established foundation was called the Museum Kunstmuseum Foundation where the city of Düsseldorf and E.ON AG were among the founding partners. The foundation's charter underlined the cooperation agreement between the two partners in 1998, according to which the ownership of the lucrative property next to the Kunstmuseum shall be transferred to the private partner to enable E.ON AG to construct its new office building. The E.ON group in return contributes to financing the reconstruction activities of the Kunstmuseum as well as demonstrating a long-term commitment to financially supporting the adjacent museum complex and its different ventures.⁵² It is worth mentioning that this foundation is managed by a board of directors and a board of trustees, whereby the members of one foundation cannot belong to the other. The board of directors usually comprises two to three members, and this variability aims to reflect flexibility in commercial aspects. Nevertheless, only two members of the board of directors were elected who share artistic and technical skills. There are different tasks for this board of directors including fulfilling the objectives of the foundation, managing the foundation's assets, setting up and describing the annual economic and personnel plan, and promoting the exhibition, event, and work program. On the other hand, the board of trustees is the supervisory body of the foundation, comprising 14 to 20 members from both of the partners involved, as well as from the local art context. The municipality is represented by seven members, E.ON AG has four members, while the Düsseldorf Art Academy, the Association for the Organization of Art Exhibitions, and the Düsseldorf Museum Association are represented by three members in total. This board of trustees can also include members who are elected from the cultural and business sectors. Additionally, it is responsible for the election and dismissal of the members of the executive board and outlines their numbers, their multiple tasks, and role distribution. Furthermore, it decides upon all financial-related issues and approves annual reports and accounts concerning the achievement of the foundation's objectives.⁵³

This partnership is based on mutual funding, the maintenance and operation of the cultural property. Aiming to materialize this aim, the city of Düsseldorf transferred the facility's ownership to the newly established Museum Kunstmuseum Foundation and provided a much-needed 4 million € for the property investment. Furthermore, the city of Düsseldorf showed its commitment to providing an additional 4 million € to meet the operation costs. On the other hand, the private operator E.ON AG acquired the land next to the Kunstmuseum for 10 million € with an additional 11.5 million € in the form of contributions that were strongly required for the construction project. This financial support was also maximized through the contribution of 9 million € from the private partner designated for the operation of exhibition programs in the form of a sponsoring contract.⁵⁴

⁵¹ Municipality of Ljubljana, Public Private Partnership: Transnational Public-Private-Partnership Concept, 69. Municipality of Ljubljana, Public Private Partnership: Transnational Public-Private-Partnership Concept, 69.

⁵² Ibid, 70.

⁵³ Mir, "Das Modell der Public Private Partnership im Museumsbereich: am Beispiel der Kooperation zwischen E.ON und der Stadt Düsseldorf," 66.

⁵⁴ Municipality of Ljubljana, Public Private Partnership: Transnational Public-Private-Partnership Concept, 70-71.

Discussion

Although heritage management is a well-acknowledged interdisciplinary approach, it adds a less recognizable dimension of complexity to PPP. What is assumed to have a critical impact on PPP is the interference of different stakeholders in the administrative process. Such a debate implies that public authorities in the PPP approach rarely have exclusive rights concerning decision-making of cultural heritage-related issues.

There is a clear divergence concerning the research interviewees' viewpoints of private sector involvement in heritage conservation, although the majority reacted positively to such an approach. Such divergence can be attributed to the changing role of the public sector in current times. While a group believes that the public sector should fully assume the responsibility for heritage conservation, a second group shows their disagreement with private sector participation in cultural heritage conservation. The emphasis of the former group is based on the rationale that heritage significance is equal to other themes in society, such as education and health care. Such an argument is closely linked to the notion of public goods, where preserving cultural heritage can engender numerous benefits for all members of society, instead of a specific group. The latter group advocates that private sector involvement can be influential and beneficial. Nevertheless, they underscore the importance of existing specific departments in charge of overseeing and monitoring the conservation and refurbishment activities and specifically-tailored legislation and policies to guide the partnership and avoid unexpected controversies that may emerge between partners. A third group that lies in between highlights that private sector participation should be parallel with the service provided. This group differentiates between facility management and public service management, in other words between the core and non-core services. It illustrates that facility management or non-core services including selling tickets and catering services can be provided by a private partner. This group also explicitly expresses their opposition to outsourcing core services to a private operator and insists on the role of public agencies in providing them.

It is largely accepted that any cultural institution should have a certain level of management independence. It is believed that cultural institutions that are too close to and highly dependent on the government can have negative consequences attached to raising funds, decision-making, and conservation activities. Therefore, it holds strong importance for cultural institutions to distance themselves from the control of the government in the shape of private institutions that guarantee a degree of independence. Although the members of a committee in charge of running a cultural institution are from the public sector, they can have the opportunity to work freely on specific issues without having to consult the upper levels of the public bodies. Of course, this can be crucial in the decision-making process, dealing with agreements with different partners for sponsorship issues, and saving time and effort. Otherwise, a committee responsible for managing a cultural institution should consult the public bodies before taking a decision concerning other major issues, such as erecting a new building. Additionally, introducing partnerships in the cultural sector through either having a private partner or people from private institutions on board – which guarantees a large degree of variety on the board that governs a museum or another cultural institution – was positively received.

The reasons for this partnership are complicated and divergent. On one hand, the public authorities represented in the city of Düsseldorf aimed to reconstruct and rehabilitate the Kunsthalle museum, although the limited financial availability represented an impediment. Therefore, the public authority sought to explore other non-traditional initiatives to finance the museum's refurbishment. Hence, to materialize the public sector's aim, the participation of a private partner in cultural-related activities is seen as an important theme. Meanwhile, the person in charge of the cultural affairs in the city of Düsseldorf approached E.ON AG and presented an offer for it in the form of a partnership. The private partner E.ON AG reacted positively to such an interesting offer, subject to its twofold concerns. First, E.ON shall acquire the land next to the museum to build its new headquarters, as at that time there were barely any places left in the inner city of Düsseldorf. The public partner believed that this would be a strategic deal where E.ON AG would purchase this land and the payment shall be given to the newly established foundation for renovating the museum. Second, E.ON's willingness to become involved in this partnership and support the museum stems from its corporate citizenship. This term reflects the social responsibility of businesses and corporates towards the citizens, and in this case E.ON wanted to offer this through its contribution to renovating the Kunsthalle museum, which showcases the culture and art of the city of Düsseldorf.

The benefits of this partnership are not confined to generating much-needed funds for rehabilitating the museum, but they also extend to encompass other advantages. First, the know-how transfer of knowledge was emphasized in this partnership. In fact, the essential mutual cooperation between the museum and E.ON AG fundamentally exists in the transfer of intangible values. The cooperation went beyond merely logistical tasks to include very close coordination in many different areas. For instance, when there are some concerns relating to legal or tax issues – as in the case of sponsorship-related issues – the museum staff usually consult experts from E.ON AG. The latter also acted as an advisor for media and advertising aspects, especially in areas closely associated with the design of the exhibition posters. Second, this cooperation included mutual rooms and space utilization. This form of mutual and remarkable cooperation and exchange between the two partners was originally introduced in 1998 during the early phase of structuring this PPP. It was not uncommon to witness a mutual use for halls, conference rooms, and galleries by the museum and E.ON AG. The latter regularly used the Robert Schumann Hall for its different press conferences and the other museum's halls for social receptions. The public partner in turn could use the meeting rooms usually dedicated to E.ON AG. Third, the participation of E.ON AG in the communication strategy of the Kunsthalle museum was also recognizable. In the early phase of this partnership, there was less remarkable communication between the two partners, which adversely affected the advertisement of exhibitions to be internationally appealing. Hence, E.ON played an important role in securing resources for communication and advertising, aiming to make its commitment more illustrative and assuming the responsibility of designing posters and advertisements independently. Furthermore, co-branding for sponsors and exhibitions has been introduced in the form of catalogues, flyers, posters, and city maps.⁵⁵

Although it was possible to raise much-needed funds for the museum's renovation through this partnership, some concerns appeared relating to conflicts of interest and the decision-making process. The conflicts in this partnership resulted from changes in the private partner when some leaders from E.ON wanted to have and exercise a stronger influence on the museum's operations. However, it should be mentioned that such conflicts were only at a certain partnership stage and for a short time. These conflicts of interest can strongly undermine the trust among partners and place the whole partnership at stake. Another challenge in this partnership is closely associated with the pay-off to the private partner. The private partner provided about 30 million € over the period of the contractual agreement, which makes the way of remunerating the private partner questionable. E.ON certainly received remarkable reputational advantages from this partnership, although it appears that these advantages had been quite expensive in terms of forcing E.ON to withdraw from this partnership. Additionally, a long-lasting partnership was not realizable since the contractual agreement was only for ten years. The extension of the agreement was subject to the approval of the private partner, although it should be highlighted that E.ON company extended the contractual agreement for another five years in 2008. Hence, it can be argued that this partnership cannot guarantee fulfilling long-term objectives due to the limited time framework.

Conclusion

This research investigated the role of the private sector in heritage conservation. The involvement of the private sector in heritage-related issues has been driven by different factors including commercialisation and globalisation. On another level, governments worldwide are facing considerable challenges related to their limited financial capacity to retain their numerous irreplaceable cultural heritage which has triggered them to look for other alternatives, such as PPPs.

Although PPPs approaches have generated benefits in the area of heritage management, there are different shortcomings that cannot be overlooked. For example, the use of PPPs in heritage management is not always a risk-free approach. The problems often associated with PPPs can be expressed through the discrepancy between the ideal model of the public sector and the way in which it exists in reality, which adds another dimension of complexity to the implementation of PPPs and covers the origin of many serious problems, as in Dali City's cases. While the public sector is often understood as a government representative of the general public, in the case of Dali City it failed to reflect the public interests, which consequently makes PPPs government-private partnerships. Additionally, the

⁵⁵ Mir, "Das Modell der Public Private Partnership im Museumsbereich: am Beispiel der Kooperation zwischen E.ON und der Stadt Düsseldorf," 73-77; Municipality of Ljubljana, Public Private Partnership: Transnational Public-Private-Partnership Concept, 71-72.

municipal government did not publicly disclose any sort of information concerning work allocation, funding, and profits, as well as its failure to deal with its opponents.

The case of the museum Kunstpalast has reflected that although the rationales of the public and private sectors from a partnership can be totally different, nevertheless, their efforts can be synergetic to achieve a common goal. Through this partnership, the financial capability, which stood as a handicap against the museum renovation was managed by the participation of E.ON AG which was able to secure the funds required for the revitalisation process. It is worth mentioning that the benefits of this partnership are not limited to the museum rehabilitation but, they also extend to include non-tangible benefits represented in the know-how knowledge transfer, common space utilisation, and communication. However, this partnership, like other PPPs cases in heritage conservation, is not without challenges that make it questionable. These can be represented in the form of interest conflicts and decision-making. Therefore, it is of great importance that the power of partners and members is equally distributed to guarantee partnership persistence and consistency and prevent the raise of unforeseen conflicts.

The case of the Kunstpalast museum has reflected that although the rationales of the public and private sectors from a partnership can be entirely different, their efforts can be synergetic to achieve a common goal. Through this partnership, the financial capability – which stood as a handicap against the museum renovation – was managed by the participation of E.ON AG, which was able to secure the funds required for the revitalisation process. It is worth mentioning that the benefits of this partnership are not limited to the museum rehabilitation but rather they also extend to include non-tangible benefits represented in the knowledge transfer, common space utilisation, and communication. However, this partnership – like other PPPs cases in heritage conservation – is not without challenges that make it questionable, represented in the form of interest conflicts and decision-making. Therefore, it holds strong importance that the power of partners and members is equally distributed to guarantee partnership persistence and consistency and prevent the emergence of unforeseen conflicts.

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