Benchmarking Multi-criteria Evaluation: A Proposed Method for the Definition of Benchmarks in Negotiation Public-Private Partnerships

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Abstract. In Italy, new processes of settlement transformation based on negotiation-type public-private partnerships (PPPN) have been standardised to cope with the degradation of many urban areas. However, these standards have not provided for benchmarks referring to the contents of partnerships or assessment procedures aimed at assessing the initiatives undertaken with respect to public utility objectives. This has often led to redevelopment initiatives geared more towards the satisfaction of private rather than public interests. The proposed methodology, structured on the integration of a Benchmarking process with multi-criteria evaluation techniques known as Benchmarking Multi-criteria Evaluation (BME) enables the definition of benchmarks through a participatory process of the different Stakeholders involved in a PPPN to which the BME is applied. The benchmarks can be used both for renewing the planning of the PPPN concerned and for verifying the quality of the initiatives within the same PPPN process.

Keywords: Appraisal, Multi-Criteria Analysis, Benchmarking, Public-Private Partnership, Stakeholders, Governance.

1 Introduction

In Italy, activities related to territorial administration (for both redevelopment and development), as currently (2014) implemented by the majority of local governments, are based on the search for a balance between public and collective interests, of which the Public Administration (PA) is the carrier, and the interests of which private entities are the carriers. Exclusively public intervention in redevelopment and recovery initiatives for settlements has become an “extreme” modus operandi creating major problems related to the identification of investment and management resources in particular [1].

In the 1990s, and then more recently during the current economic downturn (2008-2014), scientific debate (both European and Italian) was aimed at identifying action strategies to address the problems regarding the "urban dimension"; in particular, this debate has focused on the definition of new procedures able to generate growth,
competitiveness and physical renewal of the territory through urban redevelopment and limiting the use of public resources. In this context, the subject of the Public-Private Partnership (PPP) has assumed particular importance. In this respect, the European Union has introduced instruments, which have then been implemented by the Member States, which provide for recourse to PPPs, both to activate wider negotiation-type processes for territorial redevelopment (PPPN)\(^1\) and to undertake traditional works of public interest (PPPT)\(^2\).

With reference to the territorial redevelopment process, starting in the 1990s, Italy followed the European experience and issued "innovative" standards, introducing new planning instruments: the so-called Complex Programmes\(^3\) (Integrated Intervention Programmes, Urban Redevelopment Programmes and Urban Rehabilitation Programmes) pertaining to the PPPN. These instruments are more flexible than the traditional authoritative territorial government models used by the PA\(^4\); in initiatives under the Complex Programmes, the PA can in fact "soften" the exercise of its urban planning authority by negotiating proposals submitted also by private entities, as an exception to municipal planning instruments [2].

At national and regional level, these instruments have been standardised, with legislative devices containing general principles; implementing regulations\(^5\) and/or memoranda regarding the method of preparation, evaluation (ex ante, in itinere and ex post), implementation and management of initiatives to be activated with these instruments have almost never been issued. Consequently, specific indicators by which to measure and compare the expected effects of the initiatives to be activated or that have been activated have not been identified.

Due to technical difficulties and/or the discretion that the policy-maker sometimes reserves in implementing territorial redevelopment programmes based on PPPN, local governments have rarely developed protocols of direction containing specific benchmarks to transparently verify both the equity of treatment among private parties and,

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\(^1\) Urban Pilot Projects Urban I and Urban II are among the PPPN experiences carried out at European level.

\(^2\) The use of the following instruments is indicated for implementation of PPPT at European level: Design Build Finance Transfer, Service Contracts, Management Contracts, Build Lease Transfer, Design Build -Finance Operate, Concession, Build Operate Own, etc.; in the specific Italian situation, the following have been implemented: Project Financing, Leasing in Building, Building and Management Concessions.

\(^3\) The Complex Programmes were established by Law no. 179/1992, and were subsequently implemented by the Regions with specific standards.

\(^4\) The objective of PAs is to increase collective benefits, while private parties are oriented towards maximising revenues, profits and extra-profits through the opportunity to implement initiatives through the same variant of the planning instrument.

\(^5\) At the regional level, there is only one significant experience conducted by the Marche Region (2009), which issued the Implementing Regulation of Regional Law no. 16 of 2005 concerning "Regulation of urban redevelopment projects and strategies for ecologically equipped productive areas". The Regulation provides both criteria for determining the level of public interest in urban redevelopment projects and criteria and parameters to comprehensively assess initiatives related to redevelopment programmes. The Regulation also provides benchmarks, or performance thresholds, that the initiatives must follow.