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RISK MANAGEMENT & GOVERNANCE
July 2010

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EDITORIAL

It is very tempting to dedicate this editorial and this issue to the financial and economic crisis that we have been experiencing for almost two years and the effects this has on the budgets of public organisations. I will not do so. There has been enough debate on this subject. We at PRiMO aim to look forward and to invest in the future. This is therefore the central theme of this issue.

Since our last issue of PRiMO’s RISK Magazine we have progressed forward to strengthen our organisation. We have intensified our contacts with partner organisations like Udisle, Marsh and Alarm. Together we wish to continue in our pursuit to be a useful and aiding partner for public authorities and to be a continuing network organisation which of importance for citymanagers, officials and other organisations.

This coming year we will invest more strongly in our communication strategy and the development of products for our members. We have already got a communication plan, and it is now the time to make the next step from talking about communication, to communicating effectively. Or with other words: from plan to action, from ideas to products. We will continue to invest in our current partners and national chapters as well as to invest in possible new partners. And with that to be able to achieve our goal to make PRiMO Europe the centre for knowledge on risk management for all organizations in the public sector.

As previously mentioned, PRiMO is an organisation that doesn’t look back, but instead pushed forward. And this was the theme of our round table on June 10 in Brussels where we spoke about the topic of public private partnerships and the effect of the financial and economic crisis.

The aim of this discussion was to look for chances and calculated risks for cities intending to invest in public private partnerships in a time of economic and financial recession. When cities to have to deal with budget cuts and the private sector is under stress, is investing in PPP then a waste of time and money or is it a calculated risk? Can investing in PPP in the end be a win-win situation? And what can public authorities do to make PPP a success for both partners even in a difficult time?

In this issue you will find, apart from the familiar topics and news items, salary and benefits received by our members. It also reveals that members are more likely to have a degree and earn above the average salary for public sector employees.

Tom Wustenberghs
President PRiMO Europe

NEWS

The start of this year saw the publication of the 2010 Salary and Status Survey which has given us a valuable insight into the position, responsibilities, reporting lines, salary and benefits received by our members. It also reveals that members are more likely to have a degree and earn above the average salary for public sector employees.

Bridging the gap

2010 has also seen the launch of the Alarm & CIPFA Risk Management Benchmarking Club. Open to any organization within the public sector, the Club currently has 105 members and is based on Alarm’s National Performance Model for Risk Management in Public Services published in 2009. Membership of the Benchmarking Club will provide access to a performance measurement tool which was initially conceived by an Alarm Special Interest Group, comprising professional, practicing risk managers, and developed into its final version in collaboration with leading risk management consultants, Det Norske Veritas (DNV). A report on the overall results of the first benchmarking exercise will be issued towards the end of 2010. Alarm has also seen the launch of the M_o_R® accreditation course for the needs of public service bodies to narrow the gap between their position today and their aspirations for tomorrow. The Alarm Annual Conference and Exhibition was held in Southport from 27th to 29th June 2010. This year’s theme is Bridging the Gap, reflecting the need for public service bodies to narrow the gap between their position today and their aspirations for tomorrow. With the public sector finding itself facing challenges it did not anticipate a few years ago the Alarm Conference will be focusing on how public services can build bridges between risk management and service delivery across their organizations. Alarm is pleased to offer PRiMO members the Alarm member delegate fee rate – for more information please click here.

For more information on Alarm or any of the topics above please go to our website: www.alarm-uk.org or contact Amy Hedger for more details:

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Office of Government Commerce accredited Management of Risk course and is especially useful for managers, directors and support staff involved with, or setting up, a system to deal with practical management of business risk. Working with Alarm, Maven has tailored this course for the needs of public service managers and staff, with both the case studies and the examinations based on scenarios relating to the public sector.

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Roundtable PRIMO Nederland

On May 27 PRIMO Nederland and RISNET organized a round table in Noordwijk (the Netherlands), which was attended by several key players from within the Dutch public sector. The open discussion that was held led to several meaningful conclusions.

Firstly there was a shared view that risk management (at this moment) is too much focused on government finance. There is a lot to gain in risk management if you widen the range to communication, (public) safety, the environment and image. Furthermore the public and private sector need to work together and to inspire each other more than they do now.

There was also a general agreement on the mission of risk management. Risk management does not eliminate risks, but improves the insight into possible risks. Through open and honest communication between the (risk) manager and the politician the latter will know what risks he is facing and what kind of capital and reserves he will need for projects.

The second conclusion that was drawn, was that risk management can definitely be a valuable tool for (city) managers in light of the massive budget cuts governments are faced with the next couple of years.

The use of risk management can help in making well considered and balanced choices and can maybe even speed up the process. For this more than just a knowledge of risk management is needed. A good overview of the total organisation and its surroundings is very important.

At the end a concrete result was achieved. There will be a stronger cooperation between PRIMO Nederland and RISNET. The conclusions that were drawn that day will be used by both organisations to integrate knowledge, to give lectures on and provide other organisations with practical tools about risk management. Via both websites information will be available to everyone who’s interested. The first priority will be to fully use all aspects of risk management for the major and already mentioned cuts.

PRIMO at the Alarm conference in Southport

For PRIMO Europe the Alarm conference was attended by Karl Vanderplaetse and Ed Mallens. Both representatives were very much impressed. Over 300 people attended the conference, among them a wide range of representatives from public and private organisations, such as Marsh, AGN, Zurich Municipal and RMP.

Several interesting speakers gave the audience a new perspective on risk. At the conference two lectures were attended. First the lecture by Colonel Bob Stewart, former commanding officer for the UN in Bosnia, who gave an interesting talk on leadership. And after that a lecture by Casper Berry, from the BBC, who with images gave a creative link between happiness, risks, making decisions and communication.

Next to attending several lectures and workshops time was meaningful spent in strengthening contacts with Alarm, UDIE and Marsh, of which we will report more in detail in our next issue.

The general atmosphere during the conference was very pleasant and open. The organisation of the conference was without a doubt very professional. From us a special thanks goes out to the organisation of the conference, who were kind enough to invite us and welcome us at the conference.

The layout of the conference and the selection of speakers were for us an inspiration. For PRIMO Europe the Alarm conference was indeed a success.
This year PRIMO Nederland started with the implementation of their Business plan 2010, as it was accepted by the Board last February. The main issues are to maintain the knowledge on public risk management and to expand the profile of PRIMO Nederland in the governmental markets of the local and regional authorities and water management boards.

Mr. Eric Frank has been asked for the position of Director of PRIMO Nederland. Eric will represent PRIMO Nederland in various meetings, seminars, congresses, annual meetings and networking events. He will focus on the presentation of PRIMO Nederland, the expansion of the quantity and quality of our strategic partners and the continuity in the events which PRIMO Nederland will organize this year and in 2011. The first round table of 2010 was on the 28th of May. Together with RISNET, PRIMO Nederland discussed with 18 leading representatives of infrastructural organisations about the financial crisis and the consequences of cutting budgets and investments for the next four to six years with 20 to 35%. The discussion chaired by Prof. Peter B. Boorsma, PhD, at Twente University, was very successful and led to some clear conclusions. Both organisations, RISNET and PRIMO Nederland will cooperate in building models en practical guides for the ultimate use of risk management practices within infrastructural projects and activities, based on a holistic approach. The well known methodology of RISMAN will be used as foundation, together with the actual views and guidelines on risk management. At the end of 2010 the results will be presented and published to the above mentioned leading representatives, PRIMO Nederland and RISNET members and to the national and international risk management specialists.

PRIMO Nederland will use the references of the recently published Risk Management Principles and Guidelines by the Dutch Standard Institute, NEN and the ISO Institute. With this actual view on how to use and implement risk management successfully in public organisations. PRIMO Nederland will expand its expertise and consulting activities to their members and other professional organisations who are related to PRIMO Nederland. There are many possibilities to make organisations more successful, robust for future hazards and with a healthy appetite for success. The message PRIMO Nederland will be broadcasting: just take the three steps of looking at, tailoring the risk management principles, the framework, and the risk management process. Use it in the day to day business, the strategic view and decision making, the planning- & control-cycle, as well as the reporting, auditing communication practice. PRIMO Nederland is very much willing to inform and advise about this subject. Don’t hesitate to contact us!

PRIMO Vlaanderen
PRIMO Vlaanderen is working on its own promotion and profile. Two important PRIMO-seminars will be organized in the near future. First, we want to share knowledge and experiences on the prevention of fraud in public entities. What are the main risks and how do we approach them? A publishing house that recently came up with a publication on fraud will host this event. While we are planning a second seminar on procurement at the end of this year, we’ve also noticed a strong interest in PPP. As stated in the report on the PRIMO Europe meeting in Brussels, having a free debate on risks in PPP as perceived by public and private experts is very original and useful. PRIMO Vlaanderen recently also organized a meeting with our Dutch colleagues in order to compare our progress. Sharing the scientific approach will be the main topic in the near future. And finally, PRIMO Vlaanderen introduced itself to the chief executives of the Flemish local public centers for social welfare. They’re very interested in joining our board and in adding risk related issues and information in the social sector to our working list of risk management topics we discuss and publish in our organization.

PRIMO Danmark
The Board has in the first quarter of 2010 developed a strategic plan for the period 2010-12 and an action plan for 2010. The Blueprint implies the launch of an investigation about the current risk picture in the municipalities after the local government reform, and - in collaboration with ERM - the establishment of a “risk lab” for municipal risk management for the development of concrete project ideas in cooperation with individual municipalities and external partners. The Board considers that the strategy and the Blueprint is the optimal framework for the development of PRIMO Danmark in the period 2010 - 12. PRIMO Danmark is represented in the reference group for the Institute for Emergency Assessment in Emergency Management Agency. Furthermore, PRIMO Danmark participated in the Steering Group for the new Disaster and Risk Manager education offered as a bachelor of university college METROPOL in 2010 - 11. PRIMO is offered to engage in the permanent education committee for this education. PRIMO Danmark has hitherto played last year and this year a leading role in respect to formulate requirements and content for risk management in the public sector in Danmark, cf. production and dissemination of the two national guidelines. At the same time the association has managed to get the relevant organizations represented in PRIMO’s board. Overall, the board finds, that the necessary basis has been established to ensure PRIMO’s continued influence on the agenda and the value-added risk management activities in the municipal sector.

PRIMO France
The 3rd ‘Recontres Nationales Risques & Secteur Public’ took place on the 8th and 9th of June in Paris. Many people from both the public and the private sector participated, sharing their ideas and experiences on public risk management. Several subjects were put forward. Among them the question of the specifics of public risks, what means are needed to encourage the growth of risk awareness, the changing nature of risks in contemporary societies and many others. One of the conclusions also targeted the question of public-private partnership. The participants insisted on the importance of evaluating the costs and benefits prior to engaging or dismissing PPP projects and on the necessity to develop better performance monitoring practices. They asserted that there is no free lunch for either ‘in house’ management or PPP, but that the success of a project depends on its adequacy between the project and the management model that is chosen.

The participants insisted on the necessity to carry out detailed risk analysis. Furthermore, this event was the occasion for PRIMO to sign a new partnership agreement with the SNDG (Syndicat National des Directeurs Généraux) and the CAPI (Centre d'études pour les Organisations et la Culture de Sécurité Industrielle). Eventually, prizes were distributed to six public organisations to reward them for their efforts in Risk management. These prizes rewarded innovative projects aimed at managing risks and crises in very different public organisations, including cities and departments but also urban communities and other public organisations.

www.primofrance.org
On Thursday June 10 PRIMO Europe organized its own round table. The meeting was very well attended. Over 50 people from not just the public but also the private sector attended the meeting. The private sector was well and widely represented by representatives from insurance companies, banks, building companies, law firms, knowledge institutes and more. The topic of this round table was Public Private Partnerships (or PPP).

The importance of this topic is very actual, especially because risk analysis before contracting within the context of the financial and economic crisis is pretty new in the public sector. The focus point for the discussion was what measures governments have to take in order to improve the success of PPP.

The topic was introduced and the further discussion was lead by Tom Wustenberghs. Different angles on the subject of PPP were introduced and presented by a wide range of speakers. We had the pleasure to welcome several specialists from the private sector, the private constructing sector (Besix international group), the insurance sector (Infrassure), the insurance brokers (Marsh), the bank sector (Besix) as well as a law expert (DLA Piper). We also welcomed the responsible PPP-expert from the French government (MAPPP).

The first speaker was Patrice Moura, from the French centre of knowledge on PPP. Secondly came Kim Moric, a lawyer and chairman of a centre of knowledge in Brussels and Wallonia. The introductions on the theme were completed by Rudi Cruyds, PPP-manager for internationally known building company the Besix group. Byron Davies from UDITE presented for the assembly a case study on PPP in the city of Cardiff.

After that came the debate. The debate was lively and many were keen to join the discussion based on the introduction by the before mentioned speakers. Based on the various reactions, the conclusion can be drawn that not every stakeholder is working on risks or risk analysis at this moment.

The discussions were lively because there was a commonly shared awareness on the use and benefits of PPP projects. The sometimes contradictory interests of on the one hand the government and secondly the private sector resulted in an interesting debate. The government wants to realize projects, but is confronted with private partners who aren’t always willing to sign up for PPP based projects. In ongoing projects, mainly maintenance projects, the governments sees a decline in income. Despite that, governments are willing to invest in new projects with the purpose of creating jobs and stimulate investments.

On the other hand private partners are confronted with financial institutions who are less willing to provide credits and with fluctuating interests. Banks have also become more cautious. So taking on new loans for investments have become more risky and difficult.

The consequence of this is that private partners tend to work more together. Consortia are formed. The negative consequence of this is that the government has to negotiate with several more partners.

At the end of the day several conclusions can be drawn. Firstly, the concept of PPP is certainly still very actual. This form of realizing projects remains to be a very important instrument for governments to realize projects. The most valuable asset of PPP is that you can use the knowledge and knowhow of the private sector.

Another conclusion that was drawn, was that PPP can take up more time because there have to be negotiations with several partners. More often government guarantees are asked, which leads to more risk for the public sector.

Also the mechanism of competitive dialogue is a very valuable instrument to realize a successful project with respect for the different positions of all parties. And last but not least, there is great and clear need to further professionalize the public sector.

Looking back, the round table was clearly a success. The board of PRIMO Europe was happy to welcome so many guests with expertise on the topic. The board concluded for itself that PRIMO Europe is really becoming able to present itself as a knowledge platform, as a forum for exchanging experience on risk related topics. PRIMO Europe wishes keep in touch with the speakers and to build a professional relationship with them in the future when it comes to PPP-related activities. Also the board noticed a strong interest from the European Commission to join our efforts. PRIMO Europe will be in touch with the European policy makers in order to create a link between the local or regional level on the rapidly growing importance of public risk management.

The next PRIMO Europe round table and workshop will be held in Strasbourg on Saturday the 30th of October 2010.
Will PPP survive the credit crunch? - Geert Dewulf

In many western countries PPPs, mostly Design-Build-Finance-Maintenance-Operate (DBFMO) projects, were launched to find the investments needed. A DBFMO project is an arrangement between public and private organizations for the provision of an infrastructure or accommodation facility. The private consortium designs, builds, finances, maintains and sometimes operates the facility. The consortium is reimbursed by the awarding authority based on the services delivered. The principle is that the government commissions the project without paying the bill directly which is very attractive in years of budget deficits. Since the launch of the PPP program in the UK (the ‘Private Finance Initiative’) circa 1000 PFI projects had been signed. In 2008, however, only 34 new PFI projects were signed, the lowest number in the last decade. This year, several planned PFI projects in the UK, as hospital projects in Leeds and Leicester have been cancelled. In PPP contracts various risks are transferred to the private sector and this is the main problem today since lenders and investors are not willing and not longer in the position to accept those risks. It should also be mentioned that many lenders to DBFMO projects are now government-owned or controlled. Another sign of the effect of the financial turmoil on PPP projects is the effective close of the wrapped bond market. A wrapped bond is a bond where the payments are guaranteed by insurance companies. The housing crisis in the US has hit the wrapped bond insurers. It is clear that fewer banks are willing to invest or only willing to do so under very stringent conditions. A study of PwC in 2009 showed that banks are still able to participate but that they do have a preference for short term loans. Banks also desire a shortening of loan maturities in DBFMO projects. Discussions with investors in the Netherlands revealed that market conditions for DBFMO projects have changed significantly. The combination of capital adequacy requirements, reduced liquidity and higher funding costs has increased the strain on the project finance banking model. Despite these difficulties governments should stimulate PPP projects since on the long run private financing will offer more value for money than traditional procurement schemes. PPP schemes were introduced to deliver integrated solutions, to stimulate governments to work more performance-driven, and to work on time and within budgets. It is not about finding the cheapest solution but about effective governance. Decisions have to be made based on long-term life-cycle calculations since PPP projects often have a time horizon of 30 or more years. In other words, the financial situation over a long term period should be taken into account. Economists have not predicted the latest financial turning-point and no one can predict what the situation will be in five or more years. The global crisis made it clear that psychological forces are driving the economy. Risks are perceptions and the government should look for ways to raise confidentiality by, for instance, introducing guarantee schemes or generating more flexibility in the contracts. The success of PPPs and partnerships in general is determined by soft issues, as trust, commitment and joint vision. A successful PPP project is a marriage between public and private partners through thick and thin.  

1 Based on meetings between the Ministry of Finance and third party investors; report Blanken and Dewulf: position paper for conference "From 'Revisiting and rethinking' to 'revamping and revitalising' PPPs, 28 February Hong Kong"
PPP is a mindset, not a way of building - Harry Sterk

The major differences between traditional and PPP projects are, according to Harry Sterk, the way costs are defined and how building plans are made. With a PPP project the total costs of a project are placed in light of the lifecycle of a project. Traditionally, the focus ‘merely’ lies on the initial construction costs and leaves out-for instance- maintenance and other ‘post initial’ costs. The initiator doesn’t make a detailed plan, but formulates what has to be done within a certain frame: the output specifications. The contracting party is therefore stimulated to be creative and smart within that frame and has to develop a complete solution. Once the project has been realized, the contracting party receives a fee based on the actual fulfillment of these output specifications. This incentive stimulates the contractor to stay sharp throughout the entire running period of the project. It also explains why the overwhelming majority of PPP projects is delivered on time and within budget.

Especially in financial and economic difficult times, like we’re experiencing at this moment, there are plenty additional reasons for local governments to roll out projects based on public private partnerships. The basis should be that the projects aren’t too small: The development of PPP projects usually takes some time (the process of making an idea an achievable project). This costs time and money and therefore the project has to be of a certain volume to make up for such initialization costs.

But this shouldn’t discourage local governments to invest in PPP projects. The Network has calculated that, based on the study of PPP projects put against traditionally built projects, governments can save up to 20% in costs, or to put it the other way around, get up to 20% more quality for the same money. In reality, the upside is likely to be significantly higher because these PPP projects were benchmarked against flawlessly executed traditional projects whereas research shows that a whopping 75% of such traditional projects don’t stay within the initial budget and/or where completed behind schedule. This could save millions of government money a year.

This should make investing in PPP projects more interesting, especially in a time when the government should be extra careful with the use of public money. Based on the before mentioned calculation governments can achieve more effect with lesser costs. PPP projects have a longer run time (20 to 30 years). With this in mind the government achieves more stability within the market, than when creating short-term projects, which have no real lasting effect. In addition, PPP is an effective way for the public sector to ‘export’ risks to the private sector: again, if the contracting party does not deliver products on predefined times, according the output specifications, the contracting party gets penalized by means of a lower fee or no fee at all.

Currently the UK is leading when it comes to the realization of PPP projects in all forms, roads, bridges, hospitals, schools, etc. The last few years especially Germany and Belgium have made major leaps forward when it comes to public private partnerships. The Netherlands is lacking behind in international perspective. Despite that fact a Dutch PPP project is nominated for the ‘International PPF Award’. The military compound of the Kromhoutkazerne in Utrecht is nominated, because the PPP-project was immensely big (80.000 m²), it was delivered on time (within 18 months), within budget (achieving a cost reduction of 15%) and offered a superb functional solution to the highly complex needs of modern defense organizations.

When a public organization has little experience in working on projects based on partnerships, it can cause organizations to become overcautious in engaging new project partnerships. The result on the long term is that an organization falls behind in experience and in making long term plans. The Network is currently active in creating a toolkit for local governments. In this toolkit governments can make use of best practices and also apply PPP to smaller projects.

In the end it all comes down to realizing that PPP based projects can be used in all possible sectors, as diverse as building roads, healthcare, building schools, prisons, waterways, IT projects…and the list goes on. It’s important that people realize that public private partnerships is not a mindset, but about a building solution.

A few tips when starting up a new project:
1. Check in an early stage if a project has PPP potential and not at the moment when the plans are already drafted;
2. When in doubt, let experts assist you. This will pay itself back on the long run;
3. New projects demand vision and drive of the management officials. Because most organizations have but little experience with PPP, intuitively employees will fall back on traditional methods;
4. Don’t think PPP is a magic trick that will get you a solution and save you money, no matter how bad your business case is. A plan still needs decent financial backing.
Private Investment through the PPP (Public-Private-Partnership) model seems like a good solution, but megaprojects have their own liquidity problems and are struggling to raise funds. This doesn’t mean that the PPP market has completely collapsed. Banks have become more selective, the capital funding of infrastructure projects and it may take longer for a project to get financial close but projects are still being closed.

In order to attract lenders and investors, an infrastructure project needs to be bankable. The local authority needs to be able to show that it has reduced the volatility and uncertainty in the project to an acceptable and financeable level. Until the public entity is able to gain comfort that all risks have been identified and evaluated across the different phases of a project and that a structure is put in place to effectively manage each risk to the project’s potential impact to delivery of the project, the public will be unable to dispense their fiduciary duties.

Understanding risks specific to a project and options to achieve their successful mitigation is a key requirement to successful project management. In the most ideal situation each risk should be allocated to the party who is best able to manage the risk. the different stakeholders in an infrastructure project share the same goal; delivery of the project on time and within specification. In order to successfully manage the risks in a megaproject this should all be taken into account. For a local authority, providing clear economic justification and an investment rationale for a project, while demonstrating public responsibility and accountability to protect both the short term and the long term interests of tax payers and voters remains the main focus. However, the notion of value at risk, next to the value for money, seems more and more accurate as public entities are increasingly pressured to avoid cost and delay overrun.

Quantifying project risks, measuring their impact and value of mitigation strategies will help the public sector in providing an arbitrage on the total cost of risks, enable risk transfer to be optimized through understanding what insurances a contractor / operator should be required to effect and maintain for the project, how the public entity’s financial interests should be protected within the contractor / operator’s insurance including availability of controls over litigation arising from the project – to avoid potentially adverse publicity to the public entity in event of a contentious claim. Public sector in the past has too often overpaid risk cost by transferring all major risks to public entities through some of these risks were not controlled by the infrastructure private operators.

Marsh Infrastructure’s global team of over 600 professionals has over 25 years experience providing world class risk advisory and transactional insurance services to the entire infrastructure sector. Our team understands the divergent risk tolerance of the public sector, equity investors, lenders and the construction sector, assisting clients to manage, reduce and mitigate risk in their projects and investments through preservation of asset value, reduced volatility of revenue streams, redeployment of capital and confidence to achieve desired outcomes.

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1. Put greater emphasis on your emergency preparedness planning on consequence management. True, we are generally quite used to doing “risk” and “response” management but we tend to overlook the consequences of a storm, particularly when they jeopardizes our critical infrastructure.

2. What could I do myself?

3. How can we ensure that Europeans become aware, interested and participate in asking – and answering – questions such as:

   a. How would I think, react and do?
   b. What do I expect from the authorities?
   c. What could I do myself?

---

As of February 2010, the twelve countries' affected by the European storm Xynthia now have a completely different take on the harrowing tale in the book “The Storm” (ISBN: 9789013062533). Not only does the book contain the main scenario for the International Katrina Program but it shows in reality-fiction style, the risk, response and consequences of a storm called Celine and a near-total paralysis of European critical infrastructure.

Both storms, the real Xynthia and the as of yet fictitious Celine, remind us of actions that need to be taken if we as public authorities are to be taken seriously – not in the least by our own citizens. Here are a few.

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1. Portugal, Spain, Andorra, France, Belgium, Switzerland, Germany, Luxembourg, Netherlands, Poland, Denmark and Sweden
**INTRODUCTION**

The risk management reference has found its anchorage in the NEN/ISO document. At the end of 2009 this document has been published for the general public and is usable in many different types of organizations, and most especially, local governments.

**SPECIFICATION**

There’s now a global generic reference available that specifies and clarifies the latest opinions and presents the definitions of the used terms. The document shows in the three core chapters the risk management process, the risk management framework and the principles that make it possible to use risk management in reaching goals successfully.

**DEFINITIONS**

Often there’s some discussion about “risk” without clarifying the essence of the subject that is discussed.

**How is risk defined today?**

Risk is the effect of an event on the uncertainty of the objective that must be reached.

I’ll give you some explanation:

An event is a new fact that takes place. This is a neutral statement. It becomes a positive or negative image depending on the perception of the receiver. How the event is perceived and defined depends therefore on the organisation who has to act on the event.

An objective is a preliminary, clearly specified, noted result or service. Reaching a clearly clear is the objective that has to be realised. It must be very well known and noted. You can think of products, services, key indicators, etc.

**Effect:** a positive or negative deviation of the expected result by a person or organisation.

Uncertainty is the state of deficiency of information, understanding or knowledge.

Risk is often expressed in terms of a combination of the consequences of an event and the associated likelihood of occurrence. This relates a timeframe to a risk.

**The process**

a) Creates Value
b) Integral part of organisation's processes
c) Part of decision making
d) Explicitly addresses uncertainty
e) Systematic, structured and timely
f) Based on the best available information
g) Tailored
h) Takes human and cultural factors into account
i) Transparent and inclusive
j) Dynamic, iterative and responsive to change and
k) Facilitates continual improvement and enhancement of the organisation.

The risk management process, asks specific attention for the context.

**The context**

It is important to make the evaluation and treatment of the risk effective. Knowledge of the organisation, its structure and cultural topics support the effectiveness of risk treatment activities. Continuous communication within the organisation and the stakeholders is of great value; it can be pointed out by “communication and consultation”. The risk management process becomes transparent.

The operation of the process and its progress are pointed out by the terms “monitoring and review”. This gives a clear view on the added value of the risk management process and gives an inside view of the operation of the process.

**The Frame**

Risk management is fully linked to all processes and activities in a (public) organisation. How to make this a reality, an organisation wide specification is in this chapter. Because of the frame the risk management function can be described.

Explicitly the tasks, responsibilities and competencies of the employees who are working on risk management. The board of directors and senior management show the impact of risk management to the organisation.

The committed mandate makes the essential phases of the framework operable. This includes the validation and development of the frame. The frame is logically related to the processes.

Risk management processes can exist multifunctional because of differences in projects, locations, competences of the workers as well as the specific issues of the specialty.

**Principles**

They are the reference for risk management to be organized and finds its meaning for the organisation. The 11 principles are subject to auditors for investigation and the communication of the board with their stakeholders.
The organisation must, especially to itself, clarify what has been established during a certain period of time. The Principles are input for as well the Frame as the Process. They are the soul of the risk management structure and – culture of the organisation. They make it possible to show the developments that are established.

Conclusions.
- Risk management has matured because of the international NEN-ISO document.
- Communication about risk management becomes easy because of the new document.
- Different kind of organisations can make the same development steps at the same time.
- Transparency increases when you take this document as a guide.
- The document can easily be used throughout the whole organisation.

Closing
PRIMO Nederland uses the vision on risk management in this document to increase the knowledge and use of risk management in the public sector. Local- and regional governments become more robust and less sensitive to unexpected events. They allocate their threats more proactively en make the opportunities more profitable. We also present ourselves explicit on the subject of risk management. We will produce some practical guides with tailored solutions on implementing and using risk management in a frame and the different kind of processes.

Board members and general management will be given the opportunity to follow some Master Classes of a maximum four sessions. There will be an evaluation after three months. One year later the development on risk management will be monitored and reviewed. PRIMO Nederland has additional information available, info@primonederland.eu. Or can be found on our website www.primonederland.eu. In September 2010 there will be more to find on the subjects of implementation, working on, and developing risk management. You can then also find the timetable of our presentations on NEN – ISO 31000; Risk management- principles and guidelines.

Due to his workmanship as Advisor Public Affairs and his collaboration with local authorities for the Bank Nederlandse Gemeenten (BNG), Eric Frank gained a lot of experiences with infrastructural projects, public-private partnerships and risk management. He has a multi-disciplinary and banking background, as well in The Netherlands as in London. Moreover he has several additional jobs including board member/secretary department amsterdam of De Maatschappij (The Society), the oldest network established in 1777.

From 2008 Eric Frank is independent advisor Public-Private Affairs. With a great deal of pleasure he accepted the opportunity to build on a valuable contribution to PRIMO Nederland.

His enthusiasm, capability and skills, and the perception that each public governor, manager or director has to know about his responsibilities due to risk management, makes him a suitable director.

Primarily Eric Frank is expected to undertake the management of PRIMO Nederland. Increasing memberships, optimize information on the website and acquiring public and private partners to organize leading round tables. Furthermore there will be a focus on the e-library and training up to a master risk management will be coordinate. So the core of PRIMO Europe will be a central point of attention. PRIMO Nederland will be the association for public risk management.
PRIMO's aim is to collect, develop and disseminate solid and useful knowledge of public risk and present this to our partners and members, through our websites, our magazine, (online) courses, conferences, round tables, and other educational initiatives to improve risk decisions and the handling of public risk issues.

Our knowledge is shared through our web library, where we offer in depth articles, links to great researches on risk management and a possibility to share your knowledge or learn more on one of our forums. On our website we offer you tools to deal with risk management and you can learn even more by taking our online courses (developed by EIRM).

Three times a year, PRIMO organizes a round table. The last one was held on June 10 and the last one for this year will be held in Strasbourg on the 30th of October. PRIMO aims to attend and to participate actively also at other conferences, in order to gain new partnerships and to promote awareness on risk management.

You can learn a lot from the recently published Global Risks Network Report 2010, published in collaboration with our partner Marsh.

Please feel free to visit our website to learn more about risk management and to explore all that PRIMO has to offer.

PRIMO keeps seeking to enhance the knowledge and use of risk management within the local and regional public sector, as well as the public sector at large, in Europe.