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POSSIBLE PPP MODELS FOR COOPERATION IN THE MUNICIPALITY OF LJUBLJANA

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Possible PPP models for cooperation in the municipality of Ljubljana .

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Abstract

The article describes the concept of public-private partnership and includes analysis of PPP developments in Slovenia and in the Municipality of Ljubljana. Implementation of PPP projects is a novelty in Slovenia, because there is no tradition of public-private partnership projects in Slovenia. EU public budgets are suffering and public debts have risen to the highest level since the post-war years. Therefore fiscal adjustment will be needed at all levels (EU, national, regional, local). This will strongly constrain public resources for financing fixed investments. European Commission proposes use of PPP as part of the solution. Municipality of Ljubljana is at the forefront of PPP development in Slovenia. At the moment the municipality is involved in several large on-going PPP projects and several PPP project are planned in the near future. The main aim of this article is the preparation of recommendations on how to proceed with PPP projects in the Municipality of Ljubljana in the future based on experiences gained, existing literature (domestic, foreign), strategic documents (EU level, Slovenia), legislation (EU level, Slovenia), experiences with pilot projects in partner cities and interviews with the high public officials employed in the Municipality of Ljubljana.

Keywords: Public–Private Partnership, PPP framework in Slovenia, PPP projects, Municipality of Ljubljana

JEL classification: H40

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INTRODUCTION

Ljubljana is the capital of Slovenia and as such, it presents not only the centre in the political sense, but also the centre of culture, education, science, economy and transport. It is the largest city as well as the largest municipality in Slovenia and is also the centre of the Osrednjeslovenska statistical region (Central Slovenia) that consists of 26 municipalities and spreads on the territory of 3546 square kilometres with the population of a bit more than 500.000. This is the region with the highest density of population in Slovenia (app. 200 people per square km) even though in European and global terms this is a very low figure.

Looking at it with a global perspective, Ljubljana, with its population of 280.140 (on 1.1.2011), presents a medium-sized city, and is home to a quarter of Slovenia's population. Therefore, Ljubljana is not very attractive for foreign investors. At the same time, Ljubljana offers all the facilities a metropolis does yet it preserves a small-town friendliness and relaxed atmosphere.

Since independence socio-economic development of the Municipality of Ljubljana (MOL) has been influenced by external influences (Ljubljana became the capital city that caused new employment in the public administration and positive developments in the service sector), Ljubljana has remained the leading position in Slovenia in terms of economy, which is mostly due to its traffic connectivity, density of industry, science and research institutions and tradition. Ljubljana also underwent many socio-economic changes, which affect the everyday life of its citizens. The industry has moved out of the centre to the suburbs and left behind many decayed areas. Also the lively trade and service sector has been moving to the outskirts of the city into the new commercial centres. The daily work migrations are constantly increasing, the labour market is expanding and at the same time, it is less predictable. The city population is ageing. As in Slovenia in general, also in Ljubljana the social segregation is increasing. A lot of the wealthier people are moving to the outskirts or specific areas of the city. In certain residential areas the people with lower socio-economic status prevail. The increase of segregation also lead to an increase in crime rates, however, Ljubljana is still considered to be one of the safest cities in Europe.

In 2006, when new city administration came into power, 22 major projects were scheduled ranging from urban development, traffic, environmental protection, health, sports and culture. Some projects were successfully implemented, some are still in the implementation phase and implementation of some is planned for the period 2010-2014. Projects are financed from different sources (municipal, national, EU funds) and different financing models are used, including public-private partnership (PPP).

Implementation of PPP projects is a novelty in Slovenia, because there is no tradition of public-private partnership projects in Slovenia. At the end of year 2006 the Republic of Slovenia introduced the law on Public Private Partnerships. This law became fully operable in the middle of 2007 when all the necessary bylaws were adopted. Municipality of Ljubljana is at the forefront of PPP development in Slovenia. At the moment the Municipality of Ljubljana is involved in several large PPP projects, including The Sports Park Stožice, Emonika City Center, and Partnership Šmartinska District Redevelopment and new PPP projects are announced.

EU public budgets are suffering and public debts have risen to the highest level since the post-war years. Therefore fiscal adjustment will be needed at all levels (EU, national, regional, local). This will strongly constrain public resources for financing fixed investments. European Commission proposes use of PPP as part of the solution[1]. The main aim of this document is the preparation of recommendations on how to proceed with PPP projects in the Municipality of Ljubljana in the future based on experiences gained, existing literature (domestic, foreign), strategic documents (EU level, Slovenia), legislation (EU level, Slovenia), experiences with pilot projects in partner cities and interviews with the high public officials employed in the Municipality of Ljubljana.

Article consists of five chapters. After Introduction the framework of PPP projects is described in the first chapter (theory, PPP cooperation models, PPP framework in Slovenia). In the second chapter PPP projects (existing, new) in the Municipality of Ljubljana are presented. In the third chapter PPP cooperation models used and experiences gained in the Municipality of Ljubljana are described. Document finishes with recommendations, conclusions and references.

The content of the article has been developed.

[1] COM(2009) 615 final: Mobilising private and public investment for recovery and long term structural change: developing Public Private Partnerships.

1. PPP PROJECTS' FRAMEWORK

1.1 PPP POLICY CYCLE

In Europe the beginning of PPP can be traced back to the early 1990's, when they were applied in the UK, which is still the European country where PPP are most widespread. Recent years have shown a marked increase in PPPs, especially infrastructure and a spread to countries like Ireland, the Netherlands and to Southern Europe as regards transport infrastructure projects. Such Public-Private Partnerships arrangements were mainly driven by limitations in public funds for investments but also by efforts to increase efficiency of spending and the quality of public services.

Effective PPPs recognize that the public and the private sectors each have certain advantages, relative to the other, in performing specific tasks.[2] The most perceived definition of PPP could be as follows "PPP is a general term for the cooperation of the public and private sectors, established in order to utilize sources and capabilities of the private sector in securing public infrastructure and public services. Individual PPP variants, if professionally and successfully applied, improve the quality and effectiveness of public services, including the performance of state administration, and speed up implementation of significant infrastructural projects with a positive impact on the development of the economy".

The term public-private partnership is not defined at Community level. In general, the term refers to forms of cooperation between public authorities and the world of business which aim to ensure the funding, construction, renovation, management or maintenance of an infrastructure or the provision of a service.
The following elements normally characterise PPPs:

- The relatively long duration of the relationship, involving cooperation between the public partner and the private partner on different aspects of a planned project.
- The method of funding the project, in part from the private sector, sometimes by means of complex arrangements between the various players. Nonetheless, public funds - in some cases rather substantial - may be added to the private funds.
- The important role of the economic operator, who participates at different stages in the project (design, completion, implementation, funding). The public partner concentrates primarily on defining the objectives to be attained in terms of public interest, quality of services provided and pricing policy, and it takes responsibility for monitoring compliance with these objectives.

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[2] Public–Private Partnership (PPP) Handbook, 2008, p. 1.

- The distribution of risks between the public partner and the private partner, to whom the risks generally borne by the public sector are transferred. However, a PPP does not necessarily mean that the private partner assumes all the risks, or even the major share of the risks linked to the project. The precise distribution of risk is determined case by case, according to the respective ability of the parties concerned to assess, control and cope with this risk.

The motivation for using PPP models is the assumption that private companies are more efficient than public bodies. The ultimate purpose of the collaboration between public and private sector is added value: a qualitatively better product for the same money or the same quality for less money. In some cases better accountability and the promotion of innovation are also mentioned as strategic objectives. Nevertheless the use of PPP's can by no means be seen as a panacea for a cost-cutting or failing government. The European Commission in Guidelines for successful public-private partnerships identified four principal roles for the private sector in PPP schemes[3]:

- to provide additional capital;
- to provide alternative management and implementation skills;
- to provide value added to the consumer and the public at large;
- to provide better identification of needs and optimal use of resources.

Designed appropriately, PPPs can generate substantial benefits for consumers and taxpayers. The scope of potential benefit will, however, depend on the type of project being undertaken and the exact terms of the contract governing the PPP. It is important to note that public bodies have a critical role to play in the management and regulation of PPP during their design, construction and operation. PPPs also require effective contract monitoring procedures to ensure that contractual obligations continue to be met in terms of both quality and timing.

The major differences between classical public projects and PPPs are clearly visible along these lines. In the case of public projects, the policy preferences are determined by the needs and efficacy of services, while under PPP schemes the primary task is the efficient use of the available private and public funds. Consequently, PPPs focus on the total costs of service provision, while in the public sector, decisions on capital and current budgets are usually separate. Sources of funding are more diverse in PPPs and the private owners have a greater say[4].

PPP arrangements are more complex than conventional public procurement. They require detailed project preparation and planning, proper management of the procurement phase to incentivise competition among bidders. They also require careful contract design to set service standards, allocate risks and reach an acceptable balance between commercial risks and returns.

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[3] Guidelines for successful public-private partnerships, 2003, p. 4.
[4] Péteri, Damjanović, Pavlović-Križanić, 2011, p. 6.

These features require skills in the public sector which are not typically called for in conventional procurement.

Table 1: PPP project cycle

PHASES	STAGES	STEPS
1. Project Identification	1.1 Project selection and definition	Identification
		Output specifications
	1.2 Assessment of the PPP option	Affordability
		Risk allocation
		Eurostat treatment
		Bankability
		Value for money
2. Detailed Preparation	2.1 Getting organised	Project team
		Advisory team
		Plan and timetable
	2.2 Before launching the tender	Further studies
		Detailed PPP design
		Procurement method
		Bid evaluation criteria
		Draft PPP contract
3. Procurement	3.1 Bidding process	Notice and prequalification
		Invitation to tender
		Interaction with bidders
		Contract award
	3.2 PPP contract and financial close	Final PPP contract
		Financing agreements
		Financial close
4. Project Implementation	4.1 Contract management	Management responsibilities
		Monitoring service outputs
		Changes to the PPP contract
		Dispute resolution
		PPP contract termination
	4.2 Ex post evaluation	Institutional framework
		Analytical framework

Source: The Guide to Guidance: How to Prepare, Procure and Deliver PPP Projects, 2011, p. 7.

Sectors in which PPPs have been completed worldwide include:[5]

- power generation and distribution,
- water and sanitation,
- refuse disposal,
- pipelines,
- hospitals,
- school buildings and teaching facilities,
- stadiums,
- air traffic control,
- prisons,
- railways,
- roads,
- billing and other information technology systems, and
- housing.

Sectoral structure of European PPP market value in 2010 was the following[6]:

- "Transport" accounted for just under 50% of the European PPP market value in 2010. For the first time, non-transport sectors represented more than half of the PPP market value.
- The share of "education and healthcare" transactions increased to 35% of the PPP market value and 51% of the number of deals. Three very large transactions (i.e. the Flemish Schools PPP, the New Karolinska Solna University Hospital in Sweden and the Southmead Hospital PFI in the UK) closed for a combined value of EUR 3.3 billion.
- A significant number of "general public services" projects were concluded: 18 deals for leisure and sport centres, libraries, street-lighting, a communication centre, an exhibition centre and a zoo reached financial close, accounting for 16% of the total number of PPP transactions.
- France accounted for all the PPP transactions closed in the "telecoms" sector. The EUR 660 million GSM-R Rail Communications project was the largest transaction in the sector.
- Seven "public order and safety" deals (i.e. prisons, law courts, police and fire stations) closed for a value of EUR 530 million in aggregate, confirming the increasing trend observed since 2005. Before that date, no such deal had been closed outside of the UK.

[5] Public–Private Partnership (PPP) Handbook, 2008, p. 2.
[6] Review of the European PPP Market in 2010, 2011, p. 3.

1.2 PPP COOPERATION MODELS

PPPs are complex contract schemes which have to be entered into with caution, on a case by case basis.

There are a range of PPP models that allocate responsibilities and risks between the public and private partners in different ways. The following terms are commonly used to describe typical partnership agreements:[7]

- **Buy-Build-Operate (BBO):** Transfer of a public asset to a private or quasi-public entity usually under contract that the assets are to be upgraded and operated for a specified period of time. Public control is exercised through the contract at the time of transfer.
- **Build-Own-Operate (BOO):** The private sector finances, builds, owns and operates a facility or service in perpetuity. The public constraints are stated in the original agreement and through on-going regulatory authority.
- **Build-Own-Operate-Transfer (BOOT):** A private entity receives a franchise to finance, design, build and operate a facility (and to charge user fees) for a specified period, after which ownership is transferred back to the public sector.
- **Build-Operate-Transfer (BOT):** The private sector designs, finances and constructs a new facility under a long-term Concession contract, and operates the facility during the term of the Concession after which ownership is transferred back to the public sector if not already transferred upon completion of the facility. In fact, such a form covers BOOT and BLOT with the sole difference being the ownership of the facility.
- **Build-Lease-Operate-Transfer (BLOT):** A private entity receives a franchise to finance, design, build and operate a leased facility (and to charge user fees) for the lease period, against payment of a rent.
- **Design-Build-Finance-Operate (DBFO):** The private sector designs, finances and constructs a new facility under a long-term lease, and operates the facility during the term of the lease. The private partner transfers the new facility to the public sector at the end of the lease term.
- **Finance Only:** A private entity, usually a financial services company, funds a project directly or uses various mechanisms such as a long-term lease or bond issue.
- **Operation & Maintenance Contract (O & M):** A private operator, under contract, operates a publicly owned asset for a specified term. Ownership of the asset remains with the public entity. (Many do not consider O&M's to be within the spectrum of PPPs and consider such contracts as service contracts.)

[7] Guidelines for successful public-private partnerships, 2003, p. 2-3.

- **Design-Build (DB):** The private sector designs and builds infrastructure to meet public sector performance specifications, often for a fixed price, turnkey basis, so the risk of cost overruns is transferred to the private sector. (Many do not consider DB's to be within the spectrum of PPPs and consider such contracts as public works contracts.)
- **Operation License**: A private operator receives a license or rights to operate a public service, usually for a specified term. This is often used in IT projects.

Each PPP model has its strengths and weaknesses which must be recognized and integrated. PPP does not provide a "quick fix" and should be applied only where suitable and when clear benefits and advantages can be demonstrated. PPP structures must be adapted to sectoral and project context. Desired impacts and benefits will influence PPP selection and design.

Table 2: Strengths and weaknesses of PPP arrangements

PPP Type	Main Features	Application	Strengths	Weaknesses
Contracting	• Contract with Private party to design & build public facility • Facility is financed & owned by public sector • Key driver is the transfer of design and construction risk	• Suited to capital projects with small operating requirement • Suited to capital projects where the public sector wishes to retain operating responsibility	• Transfer of design and construction risk • Potential to accelerate construction programme	• Possible conflict between planning and environmental considerations • May increase operational risk • Commissioning stage is critical • Limited incentive for whole life costing approach to design • Does not attract private finance
BOT	• Contract with a private sector contractor to design, build and operate a public facility for a defined period, after which the facility is handed back to the public sector • The facility is financed by the public sector and remains in public ownership throughout the contract • Key driver is the transfer of operating risk in addition to design and construction risk	• Suited to projects that involve a significant operating content • Particularly suited to water and waste projects	• Transfer of design, construction and operating risk • Potential to accelerate construction • Risk transfer provides incentive for adoption of whole life costing approach • Promotes private sector innovation and improved value for money • Improved quality of operation and maintenance • Contracts can be holistic • Government is able to focus on core public sector responsibilities	• Possible conflict between planning and environmental considerations • Contracts are more complex and tendering process can take longer • Contract management and performance monitoring systems required • Cost of re-entering the business if operator proves unsatisfactory • Does not attract private finance and commits public sector to providing long term finance

DBFO	• Contract with a private party to design, build, operate and finance a facility for defined period, after which the facility reverts to the public sector • The facility is owned by the private sector for the contract period and it recovers costs through public subvention • Key driver is the utilisation of private finance and transfer of design, construction & operating risk • Variant forms involve different combinations of the principle responsibilities	• Suited to projects that involve significant operating content • Particularly suited to roads, water and waste projects	• As for BOT plus: • Attracts private sector finance • Attracts debt finance discipline • Delivers more predictable and consistent cost profile • Greater potential for accelerated construction programme; and • Increased risk transfer provides greater incentive for private sector contractor to adopt a whole life costing approach to design	• Possible conflict between planning and environmental considerations • Contracts can be more complex and tendering process can take longer than for BOT • Contract management and performance monitoring systems required • Cost of re-entering the business if operator proves unsatisfactory • Funding guarantees may be required • Change of management system required
Concession	• As for DBFO except private party recovers costs from user charges • Key driver is the Polluter Pays Principle and utilising private finance and transferring design, construction and operating risk	• Suited to projects that provide an opportunity for the introduction of user charging • Particularly suited to roads, water (nondomestic) and waste projects	• As for DBFO plus: • Facilitates implementation of the Polluter Pays Principle; and • Increases level of demand risk transfer and encourages generation of third party revenue	• As for DBFO plus: • May not be politically acceptable • Requires effective management of alternatives / substitutes, eg. alternative transport routes, alternative waste disposal options)

Source: European Commission/DG Regional Policy, Guidelines for successful Public-Private Partnerships, 2003.

1.3 PPP FRAMEWORK IN SLOVENIA

PPP have not had political support in the 1990s. At the beginning of 1990s country risk of Slovenia was very high and major public investments had been financed by public money (highways). In the second part of 1990s only few PPP projects were implemented (e.g. Maribor Wastewater Treatment Plant), but without any strategic guidance. In the period 2000-2006 the situation did not change considerably due to various reasons:

- Politicians did not consider private sector as a partner, partly due to the strong state influence in the business sector. A sizeable portion of the economy remained in direct state ownership;
- "Value for money" principle was not used in management of public finances.
- Public finance's stability in the past;
- Ministries were not interested in PPP;
- Lack of knowledge and experience in the public administration at the national and local level;
- Different views of experts regarding appropriate legislation;
- Negative demonstration effects of concluded PPP projects.

At the end of year 2006 the Republic of Slovenia introduced the law on Public Private Partnerships. This law became fully operable in the middle of 2007 when all the necessary bylaws were adopted[8]. According to this law, the public-private partnership does not have a unified definition. All projects that include the cooperation of the public and the private sector in assuring the execution of public service or reinstatement of public infrastructure can be qualified as projects of the public-private partnerships.

Public-private partner relationships may be operated as:

1. Relationships of contractual partnership in the forms of a concession or a public procurement relationship;
2. Relationships of institutional or equity partnership.

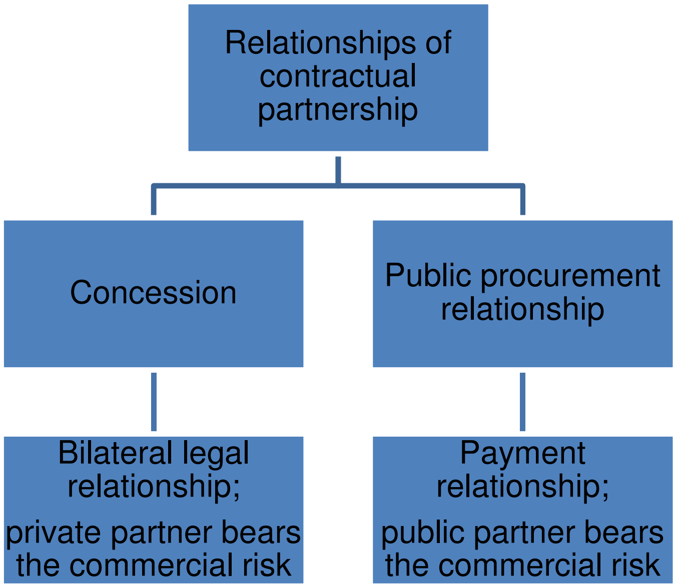
Relationships of contractual partnership may be operated in the forms of:

- a concession; i.e. a bilateral legal relationship between the state or self-governing local community or other person of public law as the awarding authority and a legal or natural person as a concessionaire, in which the awarding authority awards to the concessionaire the special or exclusive right to perform a commercial public service or other activity in the public interest, which may include the construction of structures and facilities that are in part or entirely in the public interest (hereinafter: concession partnership), or
- a public procurement relationship; i.e. a payment relationship between the client and supplier of goods, contractor of works or provider of services, of which the subject is the

[8] The Public Private Partnership Act was published in the official journal of the Republic of Slovenia No. 127/2006 on 7/12-2006.

procurement of goods or the performance of works or services (hereinafter: public procurement partnership).

Figure 1: Relationships of contractual partnership



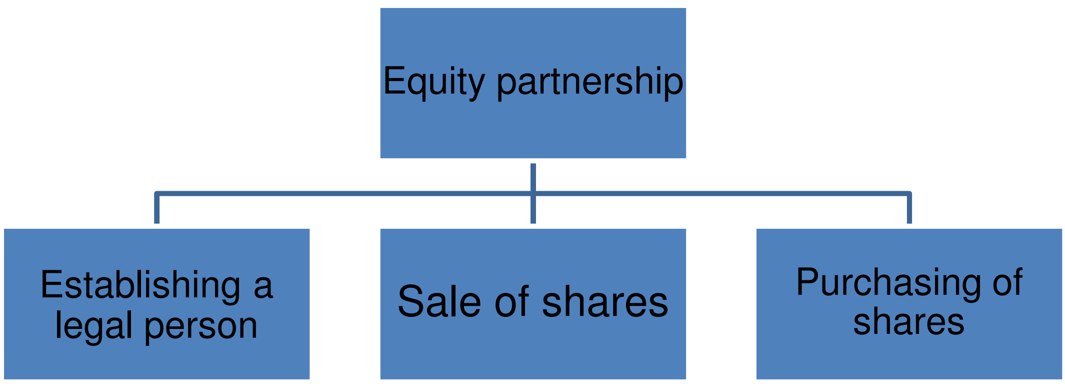
This law establishes also the minimum requirement for concession contract as:

- the form and purpose of the works concession,
- the type, amount and form of joint funds or funds provided through co-financing or of invested private funds,
- the relationships in connection with possible funds invested by the public partner and on the manner of refunding or purchasing invested public funds,
- a timetable of the use of public funds,
- the method of supervising the appropriated spending of funds,
- a timetable and method of carrying out investments in structures and facilities and fulfilling other obligations,
- the model of ownership right to structures and facilities,
- the conditions for awarding business to subcontractors,
- changes in the concessionaire company for which it must obtain the consent of the public partner,
- the possibilities of entering into a concession relationship in place of the existing concessionaire (“step in”), contractual penalties and other reasons for cancellation, annulment or rescission of the contract and the rights and obligations of contracting parties in such cases.

A public-private equity partnership (hereinafter: equity partnership) is a relationship established between public and private partners in a manner whereby the state, one or more self-governing local communities or other persons of public law or other public partner awards the exercising of rights and obligations proceeding from public-private partnership to the contractor of a public-private equity partnership (hereinafter: equity partnership contractor):

- by establishing a legal person under the conditions provided by this chapter,
- through the sale of an interest by the public partner in a public company or other entity of public or private law,
- by purchasing an interest in an entity of public or private law, recapitalisation or
- in another manner in comparative terms legally and actually similar and comparable to the aforementioned forms, and through the transfer of the exercising of rights and obligations proceeding from the public-private partnership to such person (for instance performing commercial public services).

Figure 2: Equity partnership



2. MUNICIPALITY OF LJUBLJANA AND PPP PROJECTS

2.1 TASKS OF CITY MUNICIPALITIES

Slovenia is a unitary state with only two tiers of administration – central government and municipalities (no intermediary level). Slovenia is broken down into 211 municipalities, which deal with issues of local importance and those allocated to them by statute. Eleven of them are urban municipalities (Celje, Koper, Kranj, Ljubljana, Maribor, Murska Sobota, Nova Gorica, Novo mesto, Ptuj, Slovenj Gradec and Velenje).

The Law on Local Self-government clearly determines the responsibilities that are performed independently by a municipality. Such duties are defined in each municipality's statutes and by law. In addition to the duties performed by all municipalities, urban municipalities also have functions related to the development of the town or city. The basic needs of the population that a municipality is obligated to address include:

- primary education;
- primary health care;
- provision of essential utilities;
- municipal services;
- postal and banking services;
- library facilities;
- premises for local administration;
- public transportation;
- public space maintenance and use.

In addition to the duties of municipalities, those with city status must:

- regulate local public transportation;
- regulate public spaces and the construction of facilities;
- perform tasks in the area of geodesic services;
- administer a public network of primary, secondary, vocational and higher education institutions and libraries in their territories;
- ensure secondary public health service in their territories, including the administration of hospitals;
- provide a network of civil services;
- establish telecommunications centers and specialized information documentation centers, as well as local radio and television stations and press;
- support cultural activities (theatres, museums, archives) and sport and recreation facilities;
- administer all housing matters in accordance with the Housing Law, including maintenance of registers and contracts, monitoring of rents and issuance of construction permits and building inspections.

Local self-government's share of public expenditure has been relatively low compared to the other European countries. Municipalities in Slovenia play a relatively limited role. Local government expenditure is slightly above 5 % of GDP[9].

New Financing of Municipalities Act that entered into force on 1st January 2007 had a strong negative effect on the Municipality of Ljubljana. In order to partially compensate for the negative effects of the New Financing of Municipalities Act new legislative changes of the Capital City Law were adopted in 2009 under which the state allocates Ljubljana part of personal income tax money annually [10].

2.2 MUNICIPALITY OF LJUBLJANA AND EXISTING PUBLIC-PRIVATE PARTNERSHIP PROJECTS

Municipality administrations in Ljubljana that were in charge from independence until 2006, were not very active, therefore there was/is great need for investment. The combination of decreased budget (due to the New Financing of Municipalities Act) on the one hand and needs for investment on the other hand have represented additional motivation for the use of PPP in order to finance investments in public interest. Additional factor were the (good) management competencies of the administration lead by the mayor.

After winning local election in the year 2006 the city administration scheduled 22 major projects ranging from urban development, traffic, environmental protection, health, sports and culture. Some of the projects were planned to be implemented with the PPP model:

1. **The stadium and multipurpose hall in Stožice (Stadion in večnamenska dvorana v Stožicah)**: The Sports Park Stožice integrates a football stadium and a multi-purpose sports hall with a big shopping centre, covered by the artificial landscape of the recreational park. As a result 182,000 square metres Sports Park Stožice became one of the major focal points of Ljubljana's urban life, attracting people of different interests and generation both during the daytime and in the evenings. Its implementation is the result of the public-private partnership between the City of Ljubljana and the Grep development company, which was established in order to implement the project by Gradis skupina G and Energoplan. Later, additional (foreign) partner joined the company (Supernova).
2. **The parking house under the Town Marketplace (Parkirna hiša pod mestno tržnico)**: Municipality of Ljubljana is planning to renovate existing Town Marketplace. The project includes the building of new park house below the marketplace and Mahrova house renovation, where new premises for marketplace will be available. In Mahrova house also a new hotel will be built. One promoter[11] (ZIL inženiring) submitted an application. At the

[9] Žohar, 2008, p. 162.
[10] http://www.mf.gov.si/slov/fin_loksk/izracuni/glavnomesto2010.htm.
[11] Promoter is a legal or natural person with a specific interest in pursuing public-private partnership and submits an application detailing such interest in operating a public private partnership.

moment there is very strong civil movement against the project. MOL is still waiting for building permission.

3. **Enrichment of programmes in the park Tivoli and project Ilirija (Obogatitev programov v Tivoliju in project Ilirija)**: In the case of the swimming-gym centre Ilirija PPP is planned: a call for promoters was adopted by City council in July 2009. Until May 2011 no private investor was found.
4. **Construction of Travelling Centre Ljubljana (Gradnja Potniškega centra Ljubljana) – Emonika**: The Emonika project includes 213,885 square metres of building land that includes a shopping centre, hotel, business premises, housing and public-logistics section. That section incorporates a bus station, underground station hall, passages and accesses to railway platforms. PPP: in accordance with the contract between TriGranit and Slovenian Railways (Slovenske železnice: SŽ), the project will be realized in the framework of a common company (Project Company) in which TriGranit will have a 79.6 % share and SŽ a 20.4 % share. SŽ will invest 22,734.9 square metres of land in their property and at the same time the State will confer building rights for 99 years on the part of the project that is conducted above and under the rails. The construction commenced in September 2008 and the completion was planned for the end of 2011. However, the project was stopped due to the financial crisis and it is planned to be finished in the years 2013/2014.
5. **Reconstruction of the Rog factory (Obnova Roga)**: The Contemporary Arts Centre will serve as a production area with programmes from guest artists, architects and designers. At the moment the Municipality of Ljubljana is preparing the act on PPP and documents needed to publish the act on PPP and to receive building permission.
6. **Centres for Elderly (Domovi za starejše občane)**: *Center starejših Trnovo* with 150 beds was opened on 1th of October 2009 in partnership between the Public Housing Fund of the Municipality of Ljubljana and the private company DEOS. Additional project in Murgle was completed at the end of 2011 with the private company Mijaks.[12]

[12] http://www.ljubljana.si/si/mol/dogodki/74915/detail.html

Table 3: Status of PPP projects

Project	Status	Comments
The stadium and multipurpose hall in Stožice	At the moment the public part of the investment is finished while private part is still under construction. After problems with the first private investor (Delta Holding signed an agreement in 2008 and left the project in 2009) new private investor (Larry Smith Italia) joined the project.	The biggest project; private investor with financial problems; construction completed almost according to the time-schedule
The parking house under the Town Marketplace	Implementation phase: building permission issued, searching for private partner	Very strong civil movement against the project
Enrichment of programmes in the park Tivoli and project Ilirija (swimming pool and gym)	PPP planned, but no private interest.	Due to the financial crisis difficult to implement, therefore it is planned that the project will be financed by public funds (majority) and partly with concession to private partner for a parking house.
Construction of Travelling Centre Ljubljana (Gradnja Potniškega centra Ljubljana) – Emonika	Construction started in 2008, but it is stopped due to the financial crisis	Very complex project
Reconstruction of the Rog factory	Implementation phase: waiting for building permission and searching for the private partner	Due to the financial crisis difficult to implement
Centres for Elderly	Project in Trnovo completed (60 sheltered apartments), project in Murgle completed (12 sheltered apartments)	Good practice PPP

Projects planned are characterized by development potential, but lack sufficient private funding due to their nature – low market interest (services of public interest as sport, culture) or insufficient site properties (small size). Additional funding by the public sector enabled the development of projects, however many projects have been slowed down by the recession and it is unlikely that the situation will improve in the next years. The transfer of long-term risks from the public to the private sector is not regarded particularly favourably in Slovenia which, in the circumstances of the credit crunch, has led to problems in implementation of on-going projects and drying up of planed PPP projects[13].

Besides 22 major projects additional projects were prepared and partially implemented including Bicycle rental system (Bicikelj) and Šmartinska Partnership.

[13] European PPP Report 2009, 2010, p.101.

Project	Bicycle rental system (Bicikelj)
Short description	It is a self-service bike borrowing system with 300 bikes and with 600 parking places at 31 stations in the broader city centre area. Residents and visitors can get about the broader Ljubljana city centre area virtually free by bike, as the annual cost of registration for bike use is only €3 and is recorded as a credit to your account. Weekly use of the system is intended above all for visitors to Ljubljana and registration costs are €1. The project was created as a public-private partnership with the ad-space provider Europlakat. Ljubljana is already crowded with advertising space and this partnership takes advantage of a law requiring any extension of ad space to be accompanied by an extension of urban infrastructure.
Implementation	Project completed
Status	Successful case of PPP project.

Project	Partnership Šmartinska
Short description	The site covers an area of 228 ha in the north-eastern part of Ljubljana. It is a major urban project managed by the City of Ljubljana, within which a 217-hectare large area between BTC CITY, Šmartinska cesta street and the railway line will be designed and defined anew. The City of Ljubljana and partners decided to undertake comprehensive urban, economic, environmental and social regeneration of the area. It is planned to revitalise a large part of the city for commercial and residential use. It is not a typical public-private partnership, but it is based on public-private cooperation. In the Partnership Šmartinska, the area in question is the eastern warehouse and production district of Ljubljana, once a crucial transport hub of the western Balkans. Since the cessation of storage activities in the area, and the move of industrial facilities to the outskirts of Ljubljana, the area has decayed fast. In 2008 the decision was made to revitalise the entire area. The city of Ljubljana, together with the seven biggest local landowners, organised an international tender for its redevelopment. The requirement was for a holistic approach, meaning that the area would be dealt with as an interlinked whole. The plan also had to cover over 200 hectares of prime real-estate. The contract was awarded to Hosoya-Schaefer architects. Their plan included an established link with the city centre and the suburbs, a big park in the middle of the area in the fashion of Central Park in New York City, and a cluster of skyscrapers on the edge of that park, with one of them being 150m tall. They also suggested a multimodal boulevard that would link all the areas together. The press has dubbed the project “mini Manhattan” and the Partnership Šmartinska is likely to become the focal point of urban development in the near future, promising to drastically change the look and feel of Ljubljana. At the moment some investments are under implementation and Crystal Palace, the tallest building in Slovenia is completed (investor was BTC in cooperation with the Nuba company). Crystal Palace is an office tower housing a shopping gallery and a convention centre.
Implementation	Implementation phase: part of project implemented, but still far from completed.
Status	Due to the financial crisis delays in implementation.

2.3 MUNICIPALITY OF LJUBLJANA AND NEW PUBLIC-PRIVATE PARTNERSHIP PROJECTS PLANNED

The Municipality of Ljubljana decided to finance additional projects in the form of PPP. PPP projects under way or in the planning phase are the following: Parking house Kozolec 2, WiFi Mesh metropolitan network, Center of the quarter community Šmarna Gora, Gym hall Pegan-Petkovšek, Kolezija, Sheltered apartments in Šiška, Sports centre Savsko naselje and Sports park Črnuče.

Table 4: Status of new PPP projects

Project	**Status**	**Comments**
Parking house Kozolec 2	Waiting for building permission, archaeological research, problems with neighbours	Parking house Kozolec 2 is continuation of the project Parking house Kozolec 1 (the same private partner: ZIL Inženiring) and its worth is 5.5 million euros. The share of the Municipality of Ljubljana in total budget is 30 %.
Mesh metropolitan network	Still in the bidding process. Two potential private investors were chosen (Telekom, Telemach). It is planned that the network will be established until the end of 2013.	Very comprehensive project, lengthy process.
Center of the Quarter community Šmarna Gora	Detailed preparation phase.	Combination of public part (kindergarten, library, youth center, multifunction hall, office of the Quarter community) and private part (post, parking house, retail store).
Sheltered apartments in Šiška	60 new sheltered apartments planned to be built in Šiška[14].	Project approved in the City Council in December 2011. The same model as in project Trnovo.
National Gym Centre	Invitation to tender published in September 2011.	Potential private investor exists.
Kolezija swimming pool	Detailed preparation will start in 2012.	Project continuously postponed due to the lack of funds.
Sports centre Savsko naselje	Invitation to tender published in September 2011.	Potential private investor exists.
Sports park Črnuče	Invitation to tender published in September 2011.	Potential private investor exists.

Implementation of projects will depend on the willingness of private investors to take part in the projects. At the moment for the majority of new PPP projects potential private partners are identified (bidding process).

[14]http://www.siol.net/novice/lokalne_novice/osrednja_slovenija/2011/12/ljubljanski_mestni_svet_podprl_projekt_oskrbovanih_stanovanj_v_siski.aspx

3. PPP COOPERATION MODELS USED IN THE MUNICIPALITY OF LJUBLJANA AND EXPERIENCES GAINED

3.1 PPP COOPERATION MODELS IN EXISTING PUBLIC-PRIVATE PARTNERSHIP PROJECTS

Majority of PPP projects in the Municipality of Ljubljana could be characterised as Public-Private (Collaboration) projects where public procurement relationship was used:

- Municipality invests land, communal infrastructure and arranges spatial planning acts and
- Private investors construct and finance the project, and at the end of construction part of the project (flats, hotel, parking places, retail stores, shopping centre, bar, …) remains in the ownership of the private partners. It is the form of Contracting.
- More complex forms of PPP (BOT) are not used.

The following partners are involved in the public-private partner relationship projects in MOL:

- Public partners: municipality, the Public Housing Fund of the Municipality of Ljubljana.
- Private partners (one or more legal or physical persons that establish a public-private partnership): service companies in case of concessions, construction and/or engineering companies in the case of urban development projects, private service companies in case of other projects.

Case study: **The stadium and multipurpose hall in Stožice**[15]

The PPP approach which was chosen according to the Slovenian PPP Act is the public procurement partnership. This procurement route can be used if the public partner bears the majority or entirety of the commercial risk involved in operating a public-private partnership project. In the project Stadium Stozice, the public partner bears two major risks of the project – the risk of design and the risk of operation of the public part of the project. Private partner shall bear the construction risk. The project is clearly divided in two parts – the public and the private part. There is no connection in operation of these two parts, they shall operate separately although the public partner shall try to find a private partner with whom it will be possible to achieve the synergy of programs and activities that will be performed in the private part of the project.

The complex was built by Slovenian firm Grep d.o.o. and its subcontractors at an estimated cost of 350 million euros. The price for the stadium was 56.6 million euros, while the arena is estimated at 66.3 million euros[16]. The construction of the sports complex started in June 2009 on a site already prepared for construction and was finished in only 14 months. At first the sports complex was scheduled for completion around June 2010, but the stadium and the arena were opened in August 2010. Before completion the project caused a lot of controversy as lack of money became a huge problem for the contractors and its smaller subcontractors,

[15] http://en.wikipedia.org/wiki/Stožice_Sports_Park
[16] Poročilo o projektu Stožice, 2010, p. 28.

one of which even committed suicide and some others declared bankruptcy. A group of domestic banks in all of which the Republic of Slovenia is a partial or major owner approved a credit of 115 million euros for the Grep. That caused a lot of media attention and political disputes. In August 2010 the project received an additional 9.4 million euros from European Union funds (ERDF) issued by the Ministry of Education and Sports of the Slovenian Government. The project was picked among a group of other projects across Slovenia that applied to the bidding on the conditions declared by the Ministry. This caused a lot of conflict in the media and politics as it was said that the whole bidding process was staged in a way that only Stožice project could meet all the criteria and therefore receive all of the available funds. Because of his decision Minister Igor Lukšič had to endure an interpellation in the parliament that eventually turned out in his favour. In late March, 2011, it was revealed by the media that the European Commission demands from the Slovenian Government a full report about the bidding process, which was alleged to be staged from the start in a way that Stožice Sports Park was the only possible recipient of the financial means. If the Commission finds any irregularities in the bidding process, they could insist that the funds (9.4 million euros) would be returned. On 12 April, 2011, SVLR (Office for Local Self-Government and Regional Policy), under the pressure of the European Commission, made a revision of the bidding process and found three irregularities. Their findings were presented to the European Commission and the Ministry of Finance of the Slovenian Government. In October the Ministry of Education and Sport decided that 1.9 million euros of ERDF has to be returned to the Government by the Municipality of Ljubljana.

There are positive and negative aspects of the project:

- Positive: mobilisation of private funds, risk-sharing between public and private parties, learning by doing (flexibility), flagship project, and permanent political support at the level of the municipality.
- Negative: costs overrun, lack of public sector knowledge, experience and skills in all phases of a PPP project cycle, limited knowledge and experience of consulting companies, negative public opinion (negative treatment in media). The biggest weaknesses are problems with the closing of financial construction (it was not closed at the beginning of the project), project was not prepared adequately (lack of well-prepared CBA), delays in implementation (problems of the private investor) and negative demonstration effect (the director of the private investor (GREP) said in autumn 2010, that he would not take part in new PPP projects[17]).

After five years of experience with PPP projects the City administration and other public partners have gained some experiences, which are presented in the next table.

[17] http://www.finance.si/324831/Bodo_Sto%9Eice_spro%9Eile_cunami_med_bankirji

Table 5: Positive and negative experience with the PPP projects in the Municipality of Ljubljana

Positive	Negative
• Mobilisation of private funds • Risk-sharing between public and private parties • Learning by doing (flexibility) • Transparency in the bidding process • Political support at the level of the municipality (especially mayor)	• Private partners following only private interest • Limited number of private investors: investor has to be serious and competent, well-reputed and especially financially strong (absence of foreign investors due to the small market and political risks) • Long-lasting procedures • Lack of public sector knowledge, experience and skills in all phases of a PPP project cycle • Limited knowledge and experience of consulting companies • Projects not adequately prepared • Negative public opinion (negative treatment in media) • Non-closed financial construction (lack of sound financial construction from the very beginning, credit crunch) • Non-payment of construction companies by the project operator (problem of financing) • Costs overrun

3.2 PPP COOPERATION MODELS IN NEW PUBLIC-PRIVATE PARTNERSHIP PROJECTS

Some new projects will follow the model of existing PPP projects where the Municipality of Ljubljana invests land, communal infrastructure and arranges spatial planning acts and private investors construct and finance the project, and at the end of construction part of the project (flats, hotel, parking places, retail stores, shopping centre, bar, gym, apartments …) remains in the ownership of the private partners. It is the form of Contracting.

In some of new PPP projects (National Gym Center, Sports centre Savsko naselje and Sports park Črnuče) a different PPP model applies. Municipality of Ljubljana decided to change the distribution of risks between public and private partner where more important role is devoted to the private investor. It is important that the distribution of risk is determined case by case according to the respective ability of the parties concerned to assess, control and cope with this risk. For all three projects private investors express their interest (promoters) to take part in them and one of private investors is already managing Sports centre Savsko naselje. In contrast to the PPP model used in other PPP projects private partner will also carry the design and operation risk, not just construction risk. Relevant risks in PPP project are presented in the next table.

Table 6: Relevant risks in PPP projects

Nr.	Risks	Description of the risk
1	Site risks	Factors having to do with location such as the availability of project land, weather (frost, windstorm, etc.), public image, neighbourhood, environmental issues and sustainability have negative effects on construction progress, operation or utilisation.
2	Demand risks	Varying projected user demand in terms of quality, quantity, flexibility or functionality (e.g. created excess capacity).
3	Subsoil risks	Soil properties unknown to the project team and unexpected finds/discovery and contamination delay and hinder the project progress or lead to increased costs.
4	Building structure risks	Variations of assumptions regarding type or condition of existent buildings or structural parts lead to additional requirements, delay and/or additional cost.
5	Tendering and awarding risks	Poor consultation, defective contract documents, an unsuitable awarding procedure, insufficient number of bidders as well as process deficiencies lead to termination or delay of the whole awarding process or one of its phases, e.g. due to verification/review in case of deficiencies or objection.
6	Complaint and protest risks	Lack of political support and protests lead to early breaking off of the project or delays.
7	Design risks	Incomplete or deficient documents (for example, technical specifications) and/or planning errors concerning content, process/course of business/progress and process engineering lead to additional costs or delay.
8	Contractual risks	Inconclusive description of scope of services, of performance standards or of performance limitations, indistinct regulations after termination of the contract and/or deficient documentation of stipulated performances may cause contract conflicts, conciliatory proceedings or suit proceedings.
9	Approval risks	Delayed issuing (or no issuing) of required adjudication, clearance and/or approval lead to additional costs or delay.
10	Input risks	Production factors plus real estate which could only be procured with inferior quality, in small quantities, at increased costs and/or may not be procured in due time.
11	Interface risks	Disruptions during the processing of goods and services as a consequence of the joint coexistence of the essential performance to be achieved and the performance of the private partner.
12	Management risks	Defective temporal planning and/or insufficient description of the competence, the communication paths, the personnel application and resource application, or an insufficient control of subcontractors as well as the neglected controlling duties and executive functions disturb the smoothness of the project course (negative effects on the achievement production) and lead to delays or cost increases.

13	Technical implementation risks	Conversion mistakes in construction logistics, quality management, fault removal, worker security, conservation of monuments and historic buildings, art in the construction and or construction method lead to the disregard of technical demands.
14	Technology risks	Technical innovations require the exchange of outdated technical arrangements and facilities to guarantee competition ability.
15	Operation risks	The technical or judicial disturbances of service which hinder the performance and the availability, quality or quantity of the services to be rendered.
16	Risks arising from change in service standards	Unforeseen changes of the service standards (functional space planning program, space allocation plan, facilities, constructive and operational demands of the user) during the construction and operation period by the principal or user require the reworking of the planning or rebuilding and change-over measures.
17	Maintenance risks	Faulty or omitted inspections, servicing and repairs lead to secondary damages, cost increases or delays.
18	Vandalism risks	Non-operational, deliberately caused damages (e.g. theft, destruction) lead to additional necessary measures, costs not calculated as well as delays.
19	Financial risks (incl. changes in interest rates)	The capital to be introduced (including the conveyance means) for middle- or long-term financing cannot be raised or not according to the planned conditions (e.g. level of interest rates, terms).
20	Inflation risks	Inflation-conditioned undeterminable divergences between actual and planned costs or services worth the cost.
21	Tax risks	Change of the tax laws and rise of the tax rates which lead to additional financial charges for the project and/or for the partners.
22	Income risks	Revenue from the use (e.g. entrance fees) deviates from the estimated revenue (decisive in user-financed projects, e.g. baths).
23	Risk of the principals insolvency	The principal cannot pay his bills of debt, or at least not on time.
24	Risks of contractors insolvency	The insolvency or the breakdown in service of one or several private project partners hinder the handling of the project and lead to delays and/or additional costs.
25	Risks of changes in law and standards	Changes of more general legal regulations (e.g. construction regulations) and/or norms to be applied, ordinances and directives with effects on the achievement production
26	Force majeure	Effects of force majeure (natural disasters, war etc.) damage or destroy the project.
27	Exploitation risks	Uncertainty about the market value of the object of the contract at the end of the contract (at the end of the contract period or with premature termination of contract).

Source: Leidel, Alfen, 2009, p. 7-9.

4. RECOMMENDATIONS

Governments at the different levels are under constant pressure to improve the performance of public services with limited resources. PPP is highly necessary during periods of fiscal restriction, when pressure on the public sector to decrease public employment and overall expenditures is especially high.

Difficult economic situation, decreased budget due to the new Financing of Municipalities Act and extensive needs for investment will request use of innovative approaches, including PPP. It is important to notice that PPP is still not a common form for financing capital investments in developed countries and the situation is getting worse. It is important to take into account the impacts of economic crisis on financing PPP projects:[18]

- Lack of liquidity in the banking market
- Issues in securing capital allocations for PPPs
- Difficulty of securing funding increases with project size
- Syndication market has stalled – club transactions
- Bank margins (and bond spreads) increased substantially
- Senior debt tenors significantly reduced
- No viable capital market solution has emerged to replace wrapped bond market
- Banks are highly selective
- Some inconsistency in terms and conditions required by funders
- Previously international players now more focused on domestic markets

[18] PPP drivers and challenges in CEE countries, 2009.

In Slovenian terms, the Municipality of Ljubljana is a good example of use of PPP to finance investment projects. Based on existing experience we propose to continue to use PPP taking into account the following:

- Value for money: the ultimate objective of the project selection process is to ensure that the investment offers value for money. Value for money refers to the best available outcome for society, account being taken of all benefits, costs and risks over the whole life of the project. A necessary condition for a project to represent value for money, irrespective of the procurement option chosen to deliver it, is that the benefits to be derived from the project outweigh the costs. This is normally tested by undertaking a cost-benefit analysis of the project and its requirements. Therefore it is important to invest more time and funds to prepare adequate studies in order to prepare detailed PPP design, before launching the tender. Better planning will avoid costs overruns.
- Identification and division of risks: The significance of risks in life cycle oriented projects arises from the long-term nature of the contractual arrangement and from the scope of risks linked to the steps of the value chain. In a PPP project, deliverables in planning, construction, financing, operation, maintenance and exploitation or disposal are placed in package, each of which has specific risks attached. Thus the complexity of the arrangement itself leads to increased risk exposure. The project stakeholders have to deal with many risk issues in terms of policies and regulations, documentation, financing, taxation, technical details, sub agreements, interfaces etc. starting as early as in the development stage of the project (Table 6). Therefore it is important to identify risks and prepare adequate distribution of risks in order to avoid unpleasant situation. Other projects in social infrastructure in Ljubljana may use different approaches and more attention has to be drawn to a sensible risk allocation between public and private partner. If there is no interest in the project from private investors, it might not be appropriate to take the commercial risks by the Municipality neither.[19] The public partner should not take too many risks, especially not the commercial or market risks.
- Financial construction: PPPs are normally financed in whole or in part through project finance arrangements. Insofar as possible, the Authority should require bidders to secure fully committed financing packages along with their bids. This will ensure that the finalisation of the financing agreements can take place simultaneously with or shortly after the signing of the PPP contract. In difficult financial market conditions (e.g. reduced liquidity) fully committed financing packages may be difficult to obtain at the time of bidding. This may mean that the financing agreements will not be concluded immediately once the PPP contract is signed.[20] Due to the credit crunch and negative experiences with financing of Stožice project it is important that bidders have closed financial construction (package) soon after PPP contract is signed.
- Size of the project: The stadium and multipurpose hall in Stožice is a very important project (size, demonstration effect, gathering experience), but the Municipality of

[19] ACT4PPP Evaluation of Pilot Projects, 2011, p. 52.
[20] The Guide to Guidance: How to Prepare, Procure and Deliver PPP Projects, 2011, p. 32.

Ljubljana could start to procure smaller projects to gain more experiences with PPP and not to risk too much on one single big project. In this way, it will be also easier to attract local investors and strengthen the regional business competencies in the PPP sector.[21]

- Sectoral approach: the Municipality of Ljubljana is able to prepare PPP projects in different sectors (sport, telecommunication, transport, administration, social care, culture), but there is still place to prepare additional ones in housing (non-profit renting)[22] and efficient use of energy (third party financing). Taking into account the existing legal framework in Slovenia, kindergartens, primary schools and primary healthcare institutions are not very suitable to be financed with more complex PPP cooperation models as BOT. Concessions and direct public investments seem to be more appropriate. The Municipality of Ljubljana should continue with the projects of public-private cooperation as in the case of Šmartinska project (Revitalisation of Krakovo gardens and others).
- Communication: communication process has usually not been structured (lack of communication strategies), therefore communication activities should be strengthened, especially due to the present negative public opinion on PPP projects in Slovenia.

5. CONCLUSIONS

Municipality of Ljubljana is still at the forefront of PPP development in Slovenia and due to the fiscal cuts PPP projects will remain important. Nevertheless, the impacts of economic crisis on financing PPP projects are negative.

In the majority of PPP projects in Ljubljana PPP cooperation models are relationships of contractual partnership in the forms of a concession or a public procurement relationship. In the year 2011 more complex forms of PPP projects as BOT were planned, because the Municipality of Ljubljana decided to change the distribution of risks between public and private partner where more important role is devoted to the private investor.

The Municipality of Ljubljana is despite difficulties a good exampleof use of PPP to finance investment projects in Slovenian terms and we propose to continue to use PPP based on existing experience and taking into account the following:

- Value for money: it is important to invest more time and funds to prepare adequate studies in order to prepare detailed PPP design, before launching the tender and to avoid costs overruns.
- Identification and division of risks: it is important to identify risks and prepare adequate distribution of risks in order to avoid an unpleasant situation. Other projects of social infrastructure in Ljubljana may use different approaches and more attention has to be drawn to a sensible risk allocation between public and private partner. If there is no

[21] ACT4PPP Evaluation of Pilot Projects, 2011, p. 52
[22] Draft National Housing Programme 2012-2021 proposes use of PPP in financing non-profit housing.

interest in the project from private investors, it might not be appropriate to take the commercial risks by the Municipality neither.

- Financial construction: it is important that bidders have closed financial construction (package) soon after PPP contract is signed.
- Size of the project: the Municipality of Ljubljana could start to procure smaller projects to gain more experiences with PPP and not to risk too much on one single big project. In this way, it will be also easier to attract local investors and strengthen the regional business competencies in the PPP sector.
- Sectoral approach: the Municipality of Ljubljana is able to prepare PPP projects in different sectors (sport, telecommunication, transport, administration, social care, culture), but there is still place to prepare additional ones in housing (non-profit renting) and efficient use of energy (third party financing).
- Communication: communication activities should be strengthened, especially due to the present negative public opinion on PPP projects in Slovenia.

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