CRITERIA FOR SETTING UP THE PUBLIC-PRIVATE PARTNERSHIP IN CROATIAN TOURISM AND SELECTION OF OPTIMAL PUBLIC-PRIVATE PARTNERSHIP MODEL[1]

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Summary

Strong expansion of public-private partnership (PPP) in the last two decades in the world has not bypassed tourism where many forms of partnership and numerous finished projects can be identified. However, despite the fact that tourism is recognized as a powerful generator of economic activity, Croatia does not have extensive experience with public-private partnerships in tourism. That does not mean that partnerships should be formed rashly. Instead, only partnerships that adhere to the strictly defined criteria of both sectors should be set up. The aim of this paper is to analyse legal framework and to identify major public and private sector criteria for implementing PPPs in Croatian tourism. The research has shown that according to identified criteria, BOT model is optimal PPP and some recommendations to accelerate the implementation of that model were proposed.

Key words: *public-private partnership (PPP), criteria, Croatia, tourism.*

1. INTRODUCTION

Although the beginnings of cooperation between public and private sector back into the distant past, and the partnership in the development of infrastructure projects has a long, almost a century-old tradition, the cooperation between the public and the private sector

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only in recent times turned into a specific shape and widely applicable method of optimization of social development (Perić, Dragičević, 2006, 9).

The interest of the public sector in creating the partnership stems from the principle give – take – give and seeks to achieve the goals that is not able to realize through an independent action. On the other hand, the interest of the private sector stems from the reverse principle take – give – take, and it seeks to achieve the goals that are inherent to the nature of private ownership in the economy (Montanheiro, 2000, 431-432; Perić, 2007, 12). However, the intention of partnership is to enable the so-called synergy that gives a positive contribution to meeting the needs of different character in local-regional and/or national level, or, in other words, to give better results than public-public or even private-private initiative.

In the broadest sense, public-private partnership (PPP) can be defined as a joint initiative of the public sector and private profit and non-profit sector in which each entity enters with its own resources and participate in planning and decision-making. In the narrow sense, PPP means cooperative ventures within which public and private sectors combine the interests and expertise, resources, risks and rewards in order to satisfy a public need (Gulija, 2004, 1). Kim, Kim and Lee (2005, 9) define PPP as partnerships between public sector organizations and private sector investors and business for the purpose of designing, planning, financing, constructing, providing and/or operating infrastructure, facilities or related services.

In the last fifteen years in the world different models of PPPs such as PFI, BOT, BOO, BOOT, BLO, DBM etc. have been used in numerous projects of energy supply, transportation, telecommunications, utility services, construction of sports facilities, educational and health institutions and state and local governments (Lockwood, 1995; Haarmeyer, Mody, 1997; Collin, 1998; Mayston, 1999; Mustafa, 1999; Schneider, 1999; Banús, Barcenilla, 2000).

The above trend has not bypassed tourism, where, in addition to the above, some other various forms of partnerships such as strategic alliances, co-operative marketing, value-chain relationship and organization network are also very frequent (KPMG Canada, 2004, 2). A variety of forms of partnership has resulted in numerous finished projects and projects in progress such as project of cruising tourism in Granada (Caribbean), GAT (Guiding Alaska Tourism) Initiative, Nepal Tourism Board, Maison de la France, Spa and Wellness tourism sector revitalization project in Hungary, Black Sea Riviera project in the Gulf of Aqaba (Egypt), the tourist center Belek in Antalia (Turkey), tourists safety improvement in the city centre in Antigua (Guatemala), educational programs and transfer of necessary knowledge and skills in New Zealand, development of Göteborg (Sweden) as a tourist, congress and incentive destination and other (WTOBC, 2000; Abreu, Abreu, Brasil, 2000; Nadiri, Avci, 2000; KPMG Canada, 2004). The above projects have brought many positive effects to target groups and tourist destinations and tourism in general.

Based on experience from around the world, the field of marketing, development of tourism products and infrastructure, education and training, financing and investment, and the security and safety of tourists and residents are the most frequent subjects of PPP collaboration (WTOBC, 2000, KPMG Canada, 2004, FTHM, 2008). In the context of sustainable development, important areas also include environmental protection and the protection of

cultural and historical heritage, because these are the attractions on which the tourism industry is based. By summarising the above considerations, it can be concluded that improving the attractiveness of a destination, marketing efficiency, destination's productivity and destination management are four major areas that provide opportunities for collaboration between the public and private sector (WTOBC, 2000, 58; FTHM, 2008).

The WTO (1997) underscores the importance of partnership in tourism in its study *Towards New Forms of Public Private Partnership*, which emphasizes the role of the state to provide a stable infrastructure, legal, tax and social framework of the entrepreneurial initiative of the private sector in tourism, while the private sector should provide financial and other support in the planning, promotion, education and other activities related to tourism. Also, the United Nations (UN), in its study *Tourism and Local Agenda 21: The Role of Local Authorities in Sustainable Tourism*, stress the importance of local authorities participation in planning and managing the tourism development in the destination and the importance of fostering, creating and maintaining partnerships of public and private sectors as a basis for sustainable development of tourist destinations (UNEP/ICLEI, 2003).

However, each of above examples is unique and there is no universal formula for establishing and implementing the PPP in practice. That fact is even more important to Republic of Croatia which lags in the implementation of PPPs in the economy in general, and especially when it comes to tourism and its experiences are quite modest (Perić, Dragičević, 2005; Perić, Nikšić, 2007; Cetinski, Perić, Šugar, 2009; Perić, 2009). Therefore, Croatia needs to establish its own criteria for setting up the partnership models and identifying public and private sector criteria and selection of optimal PPP model in Croatian tourism are the key contents of this paper.

2. LEGAL FRAMEWORK FOR THE ESTABLISHMENT OF PUBLIC PRIVATE PARTNERSHIPS IN CROATIA

Croatian modest experiences are certainly favoured by the insufficient legal regulations which define the relevant area. In July 2006 Croatian Parliament proclaimed Guidelines for the application of contractual forms of public-private partnership (PPP) which define PPP, who represents the public partners and forms of its participation in the partnership, determine the procedure of private partners selection and establish control over the selection process (NN 98/06). In accordance with the Guidelines, partnership refers to forms of cooperation between public authorities and the worlds of business which aim to ensure the funding, construction, renovation, management or maintenance of an infrastructure or the provision of a service. It is important to note that these Guidelines relate only to the purely contractual form of PPP (private finance initiatives – PFI and concession models) while traditional service provision contracts, outsourcing, new joint-stock company (new legal entity), new joint venture, state guarantees, financial lease contracts and partial or complete privatization of public assets are not considered as the purely contractual form of PPP or PPP at all.

The first law that defines the area of PPPs, the Law on public-private partnership (NN 129/08), was proclaimed by Croatian Parliament at the end of October 2008. The Law

regulates the process of preparing, proposing and approving PPP projects, the rights and obligations of public and private partners and the establishment and jurisdiction of the Agency for Public-Private Partnership.

According to the Law PPP is a long-term partnership between public and private partners that has the following basic features:

a) the private partner takes over:
   - the responsibility for design, construction and/or reconstruction of public infrastructure, including construction and/or reconstruction of public information and communication systems, and/or building of public interest, accepting one or more responsibilities, such as financing, management and maintenance, in purpose of providing public services (beyond the public partner jurisdiction) to end-users, or to ensure necessary prerequisites to the public partner for the provision of public services beyond its jurisdiction, or
   - the responsibility for provision of public services (beyond the public partner jurisdiction) to end-users, including the management of information and communication systems in the public interest, or provision of public services to end users based on newly built information and communication systems;

b) in exchange for these responsibilities, the public partner may transfer to the private partner certain real rights and/or grant concession to the private partner and/or pay compensation in money to private partner;

c) each partner takes responsibility for risks that it may affect on or responsibility is divided, with the goal of optimal risk management throughout the partnership project using, among other things, administrative, technical, financial and innovation capacities of private partners, and promoting the exchange of skills and knowledge between public and private partners.

In the context of the private partner, it is extremely important that private partner may be allowed to perform economic (commercial) activities in parallel with the implementation of a partnership, but only if it is not otherwise possible to provide the necessary level of private partner participation in the project profitability and return on investment (ROI). However, the delivery of goods, and a concession for the sole economic use of public goods can not be considered as PPPs at all.

Furthermore, the Law differs purely contractual from institutionalised forms of PPPs which is in accordance with the practice of the European Union (Commission of European Communities, 2004). The purely contractual PPP refers to a partnership based solely on contractual links between the different players. Institutionalised PPPs involve the establishment of an entity held jointly by the public partner and the private partner. Relationship between public and private partners in such joint company can be based on founding shares of both partners in the newly established company, or on purchasing equity stakes in existing company.

Finally, in 2009 the Agency for public-private partnership (2009) issued The Guide for Public-Private Partnership (PPP) »Step by step« which provides guidance, primarily to

the public sector, what actions should be taken and what procedures should be followed in order to prepare quality PPP project and to ensure its successful implementation in accordance with the Law on public-private partnership (NN 129/08), and the Law on Concessions (NN 125/08) and Law on Public Procurement (NN110/07; NN 125/08), as the other three fundamental Laws, when it comes to applying the PPP model. In other words, the purpose of the Guide is to contribute to more efficient and better quality of proposing and implementing PPP projects.

3. PUBLIC-PRIVATE PARTNERSHIPS IN CROATIAN TOURISM

In Croatia's economy, a number of projects for the construction of public buildings and infrastructure can be singled out that were successfully delivered through contractual PPP models. Elementary schools and sports halls in the Varaždin County were constructed through PFIs, as well as secondary schools and sports halls in Koprivnica. The concession model was applied in delivering infrastructure projects for water treatment in Zagreb and in the construction the Zagreb-Macelj motorway. Also, the Town of Rijeka plans to finance projects such as the construction of the Zamet sports hall, the new Town Library building, a business and shopping complex on the site of the former factory »Richard Benčić«, a new bus station and to invest in town traffic routes through PPP or through the issuance of corporate bonds.

Where tourism and tourism-related projects are concerned, PPPs are considered capable of ensuring faster construction and better management of hospitality and tourism facilities that would have a number of positive effects on tourism and on the economy in general like an impact on raising the level of quality of hospitality and tourism services and destination in general, the possibility of year-round hospitality and tourism activities in a specific region, the arrival of growing numbers of satisfied guests, the creation of new jobs in tourism and in related industries, and an increase in the income and standard of living of the inhabitants of a specific destination.

Despite these considerations, however, practical experience in implementing the PPP models in tourism is very limited. Although some experience does exist on a national level – the collaboration of the Croatian National Tourist Board with the tourism industry (Perić, Dragičević, 2005) – in Croatia, various types of PPPs in tourism are considered as being more appropriate for lower levels of managements, such as the regional, local or city level. A distinction is made between partnership in planning tourism development – the Master Plan of Tourism Development in Istria (THR and Horwath Consulting Zagreb, 2003) and the Master Plan of Tourism Development of the Primorsko-Goranska County (Perić et al., 2005) – and the PPP-based delivery of individual projects in tourism such as in the Town of Šibenik, the Zagorsko-Krapinska County and Brijuni rivijera project in Istria (Perić, 2009).

4. CRITERIA FOR IMPLEMENTING PPP MODELS IN CROATIAN TOURISM

Setting up various PPP forms in all areas and across all management levels in Croatian tourism largely depends upon the specific circumstances of the area in which partnership is to be established, the degree to which tourism has been developed, and the ability of private partners to recognise the importance their participation can have in planning and bringing about the future development of tourism. Also, each partnership project potentially has a number of different effects by which it is possible to judge its eligibility. The selection criteria will depend upon who is assessing the proposed projects.

4.1. Public sector criteria

Where public-private sector collaboration projects linked to tourism are concerned, there are no significant differences for the public sector in comparison with the traditional financing of infrastructure projects. The first and basic (elimination) criterion that the public sector needs to adhere to in executing PPP-based projects in tourism is the **well-being of the community (society)**.

This is a complex criterion, closely knit with sustainability principles and sustainable development whose civilisational goal is to achieve a stable existence of greater quality. This implies environmental protection, the appropriate use of natural resources and the conservation and improvement of the natural and cultural heritage. In consideration of the above stated, when deciding upon public private partnership in a specific area, it is necessary to take into account the multiple development effects of such partnership that will mobilise other components of life, a fact that is particularly important for strategically vulnerable tourism regions. In this respect, the criterion of community well-being can be viewed from a number of perspectives, the most important being (Perić, 2009, 224-229):

- the environmental perspective – For many destinations, the natural environment, its beauty and the extent to which it has been conserved, together with its diversity of flora and fauna, represents the major – if not the only – attraction for which it is visited. The experience that the uniqueness of a certain natural setting could provide is often at the heart of a destination's tourism product.
- the economic perspective – The public sector, both as an independent investor and as part of a PPP, must secure the continuity of services and have control over service quality and price. In this way, society, on the whole, can ensure that benefits are fairly distributed, added values maximised, and greater value obtained for money invested. The public partner, however, must be sensitive to the need for providing steady jobs, salaries, wages and other worker benefits, allocating risks, selecting an optimum financing scheme, encouraging knowledge, skills and innovativeness that the private partner brings to the relationship, while keeping in mind the timescale for delivering the project.

- the socio-cultural perspective – Recently, a sense of belonging and the need to realise one's own potential have begun to replace economic prosperity, long considered the sole and sufficient condition for quality of life. Socio-cultural sustainability must ensure that tourism development is compatible with the conservation of the culture and value system of the people affected by this development, and it must continuously sustain and support the local community's identity (Smolčić Jurdana, 1998, 298). This, however, often contravenes the quantitative goals of tourism development resulting at times in an inter-cultural conflict between residents and tourists.
- the political perspective – While, in a way, joining together all aspects mentioned above (environmental, economic, socio-cultural), this perspective also provides partnership with a new dimension. Namely, the political perspective is usually crucial to PPP implementation because, in any branch of the economy, it is unlikely that developmental and partnership processes can be followed through without political support.

Only occasionally will partnership based solely on political decisions be successful, and in setting up a partnership, priority should be given to the environmental, economic, and socio-cultural criteria of the public sector. Also, the public sector can apply certain qualitative aspects in PPP assessment such as the relevancy and consistency of goals with higher economic policies of Croatia or the EU (e.g. transportation, regional development, environmental protection, education), or even the promotion of institutional development (in particular, in countries in the early phase of PPP development, such as Croatia).

4.2. Private sector criteria

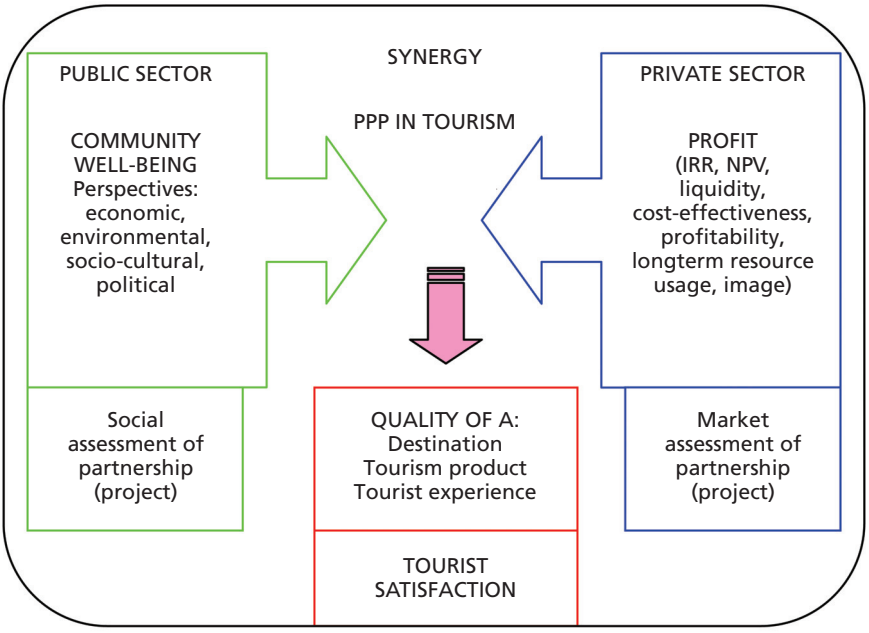
In assessing its participation in a project in tourism, the private sector uses a completely different set of criteria that are inherent to the nature of private ownership in the economy. The first and foremost goal of any company, including a private company, is to increase its owner's assets. In practise, this is achieved through newly created **capital accumulation (net profit)** that remains at the company's disposal and from which the owner can meet his needs.

In other words, the private sector, that is, the owner, is directly concerned with the financial assessment of a tourism project and its potential for yielding profits. So, a project's profitability, cost-efficiency and financial sustainability are the common elimination criteria based on which the private sector selects investments and projects. The most customary dynamic methods for expressing project cost-effectiveness include the internal rate of return (IRR), a project's net present value (NPV), and its ROI period and liquidity assessment. These are often supplemented with selected static indicators of profitability. In addition to this expressly pronounced financial aspect (profit), the private partner can also view a potential partnership in tourism as a long-term business relationship that helps to increase the private partner's volume of business while providing long-term employment for his own production resources. This type of partnership provides a satisfactory level of protection to the private

partner's investments, assets and copyrights, and facilitates the resolution of disputes during the life of the project. It also boosts the image of the private partner within the community, and in the long run, this can considerably improve the private partner's bargaining power in negotiating new business deals.

In tourism, however, the interests of the end users – the tourists without whom the long-term survival of a partnership simply is not possible – must also be taken into account alongside the interests of both sectors. Ultimately, public-private partner collaboration must result in improvements to the overall quality of a destination, as well as to the quality of the tourism product and tourist experience, because without satisfied tourists who will repeatedly visit a destination, neither will the system be sustainable in the long run nor will the well-being of the community be long-lasting (Figure 1).

Figure 1: Public and private sector criteria



Source: Perić, 2009, 235.

5. SELECTING THE OPTIMAL PPP MODEL

In deciding upon a PPP model in Croatian tourism, the above public-sector criteria must be considered in all their aspects, but especially in the environmental aspect linked to space and spatial management. Not only is space a medium that conditions tourism develop-

ment, but through the uniqueness, appeal and conservation of its natural resources, it is also a major travel motivation for tourists coming to and staying in Croatia.

Such a situation can give rise to rental relationships in which, through tourism demand, extra-profits are gained without labour, based on ownership of attractive yet concurrently limited natural assets (Blažević, 2007, 278). Any transfer of ownership of space through sales means permanently relinquishing a part of the appeal and most of the effects that it yields to society at large. In this case, the new owner can earn profits and the mentioned rent by exploiting the space, while the public sector receives but a once-only reimbursement from the sale, equal to the market price possibly increased by some future receipts.

Hence, the public sector is justified in seeking to keep ownership and legal rights over locations attractive to tourists and key nature areas, and in the event that it does not, must not and/or cannot undertake independent business initiatives, it is justified in earning revenue by renting the space to those (in the private sector!) who have an enterprising idea and long-term business interest.

The best-known form of contractual relationship between the public and private sectors that enables the above goals to be accomplished is the **BOT (Build – Operate – Transfer) model**. This is a model in which the private partner takes over the organisation and responsibility for designing, financing, constructing, maintaining and managing project facilities and services during a specific period based on a **concession** contract. During the concession term, the private partner collects a fee from end users/tourists in the form of the price of tourism services, while paying a concession fee to the public sector. At the end of the term, the private partner transfers to the public sector the right of management and maintenance, that is, the facilities built are returned to the public sector for usage and in full ownership.

Because BOT model is in practice quite often related to construction rights, there is a need to distinguish between concession and construction rights. According to the Law on Concessions (NN 125/08) and Law on the Maritime Domain, and Sea Ports (NN158/03) the concession could be granted for economic use of public or other goods of interest for Croatia (such as maritime domain). The owner of the concession – the *concessionaire* – pays a fixed sum and/or a percentage of revenue to the entity with the ability to assign exclusive rights for an area or facility. On the other hand, according to the Law on Ownership and Other Proprietary Rights (NN 91/96, 68/98, 137/99, 22/00, 73/00, 129/00, 114/01, 79/06, 141/06, 146/08) the construction right is a really limited right to one's land that entitles its holder to has its own building on the surface of the land or under it, and the owner of the land is obliged to accept that. Who is the bearer of construction right is also the owner of the facilities that belong to that right, but has the rights and obligations of an usufructuary with regard to the land on which the facilities are built. The bearer of construction right is also obliged to pay the monthly fee for the land to the owner of land.

For an example, when specific PPP project includes the construction of the marina, which directly entails the question of concessions for the use of maritime domain, the issue of the concession for the use of maritime domain can not be separated from the construction right on nearby land and economic use of it. It is inconceivable that the most suitable

private investor is granted with the construction right but do not get a concession for the use of maritime domain at the same time and vice versa (Perić, 2009, 297).

In this context, it is logical to observe BOT as integrated model which implies that the private partner could be granted with concession and/or the construction right, depending on whether the public partner owns property that is the subject of interest or it is public good like maritime domain (Perić, 2009, 238).

The concession and/or construction right term – the time period of the contractual relationship – is a key factor, with the private partner seeking to prolong the contract term for as long as possible in order to gain financial benefits, get back investments and generate sufficient profit. On the other hand, the public partner seeks to shorten the contract term to have its land and facilities back in possession and in ownership as soon as possible. The public sector, however, must be aware of the fact that after the contract term has expired the private partner transfers not only the facilities as physical evidence of investment and operations, but also the fully established business, including the marketplace, organisation and know-how. Also, the design and technological features of modern tourism destinations/ resorts calls for a unique and innovative approach that requires considerably higher investments than usual. Some preliminary feasibility studies of private partners have shown that 50 years is too short to get expected ROI and IRR. Therefore, the recommended concession term should not be shorter than 50 years, and in some cases (depending on the level of investments, facilities, etc), it can be much longer. The upper limit, which the public sector could and should accept, is considered to be 99 years.

Optionally, in cases where the public partner insists on a conditionally shorter concession term that is not favourable to the private partner, the former may pay to the latter a certain fee as per market-based value in respect of the difference in real estate value prior to and after the expiration of the concession term or construction rights term, or grant the latter priority rights when prolonging the concession term, or even provide for the automatic renewal of the concession contract. In cases where the concession term is conditionally longer, the entire assets and business operations may be transferred into the ownership and possession of the public partner against a lower fee for the private partner based on the book value of assets.

Although it is pointed out that an attractive and valuable land should not be sold to private investors, and the legal framework of construction rights means that none of the facilities can be sold to third parties, in order to find a private investor interested in high investments during project implementation, it is reasonable to consider that within the project at least one small part of the land could be separated from construction right and sold to private partner. That would also allow construction and sell of facilities such as villas and apartments and a faster ROI for private partners (Perić, 2009, 297-298).

In summarising the above, primary principles can be outlined (see Figure 2) on which the selected BOT model in Croatian tourism should rest and to which both partners should adhere (Perić, 2009, 240-241):

The public sector is the owner of the land and grants the private partner a concession and/or construction rights for land usage;

For the duration of the contract (minimum of 50 years and a maximum of 99 years) public sector remains the owner of the landwhile the private partner remains the owner of the facilities, but has the rights and obligations of an usufructuary with regard to the land on which the facilities are built;

For the concession granted, the private partner pays to the public partner an appropriately assessed periodic, annual or monthly fee that is consistent with the expected long-term growth of tourism demand and revenue increase.

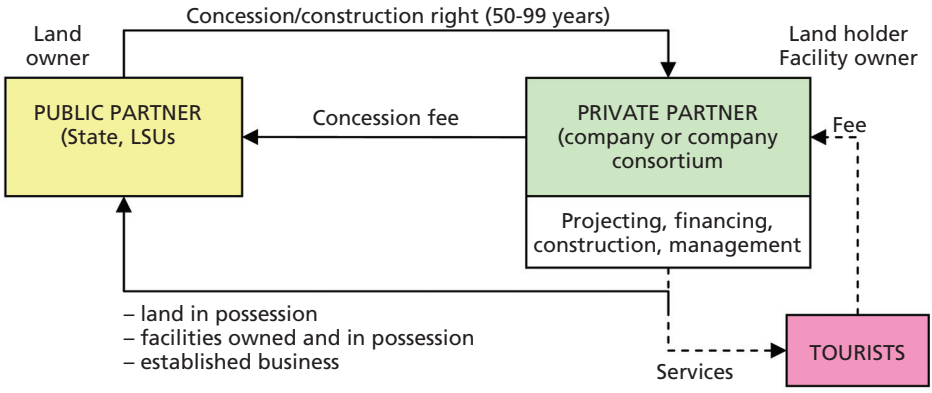
The contract grants the private partner the right to the commercial usage of the project site, making him responsible for designing, funding, building and managing the project facilities;

In delivering the project, the private partner uses his own funds and guarantees, without the participation of the public sector;

The private partner collects payment for services that he provides on the market within the framework of project management,

When the contract term expires, the private partner will return the land into the possession of the public sector and transfer the facilities to the ownership and possession of the public sector, either with or without a specific fee.

Figure 2: BOT model in Croatian tourism



Source: Perić, 2009, 242.

The proposed model provides both partners with certain advantages in terms of financing and key risks. Instead of bearing the initial land-purchase costs, the private partner only pays the periodic concession fee (the right to construction). The public sector bears all property-law and spatial development and planning risks. The private partner and public sector jointly share the risk of obtaining all permits required. The private partner is respon-

sible for drawing up the documentation needed, while the public sector is obliged to do everything that is reasonably in its power to ensure that the permits are obtained in the shortest possible time.

The main disadvantages of proposed model are quite similar to problems that arise whenever public and private sector sign a contract and are related to size and complexity of PPP projects in general, long duration of the bidding procedure, long negotiations with the private partner(s), complexity of contracts etc.

6. CONCLUSION

A PPP implies collaboration between people or organisations in the public and private sectors aimed at generating specific benefits. Through this partnership, a sort of network of interests is set up within which stakeholders work together to conceive, plan, finance and carry out business activities by ensuring the efficient allocation and use of available resources, while meeting the interests of both the public and the private sector.

In tourism, through joint partnerships, the state, local authorities and the tourism industry can rise to the new challenges of tourism and, even more importantly, manage tourism development in a sustainable manner. Because each PPP project can potentially have a variety of effects on the partners and society, partnerships should not be set up rashly, but based on stringently defined criteria. This is especially true for Croatia, where legal framework that defines PPPs in Croatia is quite narrow and practical experience in implementing the PPP models in tourism is very limited.

Selection criteria will depend upon who is to evaluate the proposed projects. Understandably, as PPP projects involve two major partners – one public, the other private – they will have the right to define and apply their criteria.

The interests of the public and private sector stem from the opposite principles. When developing projects in tourism through PPP models, the public sector interests and benefits are primarily manifested through enhancement of the well-being of the community (society) that can be viewed from an environmental, economic, socio-cultural and political aspect. On the other hand, the private sector has a direct interest in profitability, cost-effectiveness and financial sustainability, and evaluates projects based on dynamic methods such as IRR, a project's NPV, its ROI period and liquidity assessment, and using certain static indicators of cost-efficiency and earning capacity. The private partner can also view a potential partnership in tourism through indirect economic categories such as setting upon business relations and collaboration, employing proprietary production resources, providing protection to investments, assets and copyrights, and improving a partner's image in the community.

The proposed BOT model seeks to make optimum use of the advantages that public-private partner collaboration in tourism provides, primarily with regard to the bidding procedure, the timescale of the concession contract, the value of assets to be transferred to the public sector and the amount of the concession fee to be paid once the concession term expires, and the allocation of risks. Detailed analysis of proposed model found out that the issue of concessions can not be separated from the construction right and economic usage

of the land. Therefore it is logical to observe the proposed model as integrated model that includes both a concession and/or the construction right. In such cases the duration of the concession should be linked to the duration of the construction right, and vice versa.

In cases of large investments and below average IRR, it is reasonable for public partner to consider an extension of the agreed period (up to 99 years) or selling a small portion of land which would allow private partner a faster return on investment through building and selling facilities like villas and apartments. In this context, it is worth to remind that after a stipulated period the whole business is transferred into the possession of the owner (the public partner).

It could be concluded that BOT as well as other PPPs is capable of ensuring faster construction and better management of hospitality and tourism facilities that would have a number of positive effects on tourism and on the national economy. However, proposed model should not be set up rashly, and above defined criteria and recommendations should be carefully considered and respected case by case.

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KRITERIJI ZA USPOSTAVU JAVNO-PRIVATNOG PARTNERSTVA U TURIZMU REPUBLIKE HRVATSKE TE IZBOR OPTIMALNOG MODELA PARTNERSTVA[3]

Marko Perić[4]

Sažetak

Snažan prodor javno-privatnog partnerstva (JPP) u posljednjih dvadesetak godina u svijetu nije zaobišao ni turizam gdje se može izdvojiti mnoštvo oblika partnerstva kao i mnogobrojne realizirane projekte. Međutim, bez obzira što je turizam prepoznat kao snažan generator gospodarskih aktivnosti, Republika Hrvatska nema značajnijih iskustava u provedbi projekata javno-privatnog partnerstva u turizmu. Ovo ne znači da se partnerstvu smije pristupati nepromišljeno već u praksi valja primijeniti samo ona partnerstva koja slijede strogo definirane kriterije oba sektora. Cilj rada je ukratko analizirati pravni okvir javno-privatnog partnerstva te postaviti najznačajnije kriterije javnog i privatnog sektora za provedbu partnerstva u hrvatskom turizmu. Rezultati provedenog istraživanja pokazali su da je BOT model optimalan model partnerstva koji na najbolji način zadovoljava utvrđene kriterije. Konačno, kako bi predloženi model bio lakše provediv ,iznijeti su određeni prijedlozi i sugestije.

Ključne riječi: *kriteriji, javno-privatno partnerstvo (JPP), Hrvatska, turizam.*

JEL klasifikacija: L_{83}

[3] Ovaj je članak nastao u sklopu znanstvenog projekta »Modeli kvalitete i javno-privatno partnerstvo u turizmu Hrvatske« (projekt br. 116/1162459-2456), koji se provodi uz potporu Ministarstva znanosti, obrazovanja i športa Republike Hrvatske.

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