

INFRASTRUCTURE SYNOPSIS

Business Forum CEE - Balkans

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ALBANIA

1. Introduction

- In recent years, the Albanian Government has committed to extend and modernise the country's infrastructure.
- There are opportunities in public procurement and well as in concession projects.
- Albania has launched a plan for 1 Billion Eur of Infrastructure concession projects. Under this plan, the Government has awarded a number of road infrastructure projects to private investors.
- A number of projects have already been awarded, and others await to be published.
- The almost completed TAP gas pipeline project opens new potential for the development of the domestic natural gas infrastructure.
- A possible natural gas interconnection line between Albanian and Northern Macedonia is being discussed between the governments of these two countries.
- There are opportunities in transport (highways/airports) and utilities infrastructure.
- Albania allows for the submission of unsolicited proposals for concession projects in infrastructure (based on proposed legal amendments, unsolicited proposals will no longer be allowed for road transport projects – possibility for unsolicited proposals remains for other infrastructure sectors).
- Based on the current award mechanism, investors submitting unsolicited proposals may receive up to 10% bonus pointed in the project award tender procedure (if the proposal is accepted by the government). In practical terms, once bonus points were granted in relation to unsolicited proposals, the proposing investor, almost always, won the tender procedure, on the basis of the bonus points.

2. Legal Framework & Competent Authorities

2.1 Legal Framework

The main legal acts that govern the relations in the public sector related to infrastructure are:

- **Concessions Law** (Law No.125/2013 on Concessions and Public Private Partnership) - governs the powers of private economic operators to enter into Concession/Public-Private Partnership (PPP) agreements, for Concession/PPP based investments, procedures for the award of such contracts such as concluding, termination and changes to Concession/PPP agreements, issues pertaining to financial arrangements and support in relation to Concessions/PPPs, the policy of these Concession/PPP and the authority to enforce them, as well as other issues relating to Concessions/PPPs.
- **Public Procurement Law (PPL)** (Law no. 9643, dated 20.11.2006 “On Public Procurement”) - sets out the rules applying to the procurement of goods, works and services by contracting authorities.

All public procurement in Albania are processed electronically.

2.2 Competent Authorities

The contracting authorities for concessions and PPP'S are:

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- Ministries; and
- Local governing units.

The contracting authorities for public procurement are broader since every public contract is subject to the PPL, including among others:

- Council of Ministers;
- Ministries;
- Central directories;
- Local Government Units;
- Road Authority;
- Etc.

Other competent authorities include:

- **Public Procurement Commission** - is the highest body in the field of procurement, which examines appeals on public procurement procedures in compliance with the requirements established by this law.
- **Public Procurement Agency** - the Agency is subordinated to the Prime Minister and assists him in implementing the national policy in the field of public procurement.

3. Technical Infrastructure

3.1 Roads

Road construction and maintenance projects have been traditionally awarded through public procurement.

In recent years, the Albanian government has started to award road construction/maintenance projects through concessions, with a mix of state financial support (such as minimum revenue guarantees), and private investor risk in the project.

Recent awarded road projects awarded under concessions, include:

- the project for the extension and maintained of the National Highway (called “Rruga e Kombit”) connecting Albania to Kosovo;
- the project for the construction of the new “Arbëri road”, connecting Albania to Northern Macedonia;

Road projects are planned by the Albanian Ministry of Infrastructure, and implemented by the national Road Authority.

3.2 Railway transport

The railway system is currently under ownership of a fully owned state company (Hekurudha Shqiptare). The railway system has not received meaningful investments for more than 25 years, and therefore it is currently in a deteriorated condition.

Recently the Albanian government has taken a number of measures to improve the railway system, by awarding certain segments under concession, and procuring investments for refurbishment of main lines.

For example, EBRD is currently considering a sovereign loan of up to EUR 36.87 million to the Government of Albania (the “Borrower” or “GoA”) to be on-lent to Hekurudha Shqiptare (the “Albanian Railways”, the “Company” or “HSH”). The loan will be used to finance the rehabilitation of the 34.17 km railway line between the Tirana Public Transport Terminal (“PTT”) and the city of Durres and the construction of a new railway line approximately 5 km in length and its interchange connecting the Tirana-Durres line with the Tirana International Airport (the “Project”). The Bank’s loan will be used to co-finance the construction works related to the Project.

The Project is part of Route 2 of the Western Balkans Core Network connecting the cities of Podgorica in Montenegro and Vlore in Albania and has been established as an indicative extension to the Trans-European Transport Networks (“TEN-T”) to the Western Balkans core railway network.

3.3 Airports & Ports

Differently from road transport, concession has been a preferred instrument for investment in the airport sector.

Currently Albania has only one operational airport, which is the Mother Teresa International Airport in Tirana, which is under concession, based on a contract awarded in 2005 to a JV led by the German company Hochtief. Ownership of the concessionaire company has been recently transferred to a Hong Kong investment firm.

In addition to Tirana Airport, the Albanian governor, has recently awarded under concession the Kukës Airport in the northern part of Albania, which was completed in 2006, but never went in operation.

Albanian has a number of ports, with the main one being the Port of Durres. All ports are currently managed by public port authorities.

3.4 Social infrastructure

Investments in urban and social infrastructure (administrative buildings, cultural facilities, public education, public hospitals etc.) are usually made through public procurement (with some minor exceptions, where projects have been awarded through concession).

Most types of social infrastructure are awarded through public procurement.

Recently Tirana Municipality has started a PPP projects for private investments in new Schools, to be repaid over time by the municipality budget.

4. Financing of Infrastructure Projects

Major infrastructure projects in Albanian have been financed through international donor funds, or through tapping to private investment through the award of concession contracts.

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The main exception is the construction of the approx.. 1 billion Euro Rruga e Kombit, connecting Albania to Kosovo, which was financed by the starter revenues as well as by issuing of Euro denominated bonds in the international capital markets.

5. Important Infrastructure Projects

Current opportunities of new infrastructure projects in Albania, include:

- the recently published (expiring on 27/05/2019) public procurement of approx. Eur 19 million, of construction works related to the tunnel segment of the new road Kardhiq-Delivinë, in the southern part of Albania; and
- the still unpublished tender for the ward of a concession project for the construction, maintenance and operation of a new international airport in Vlora, to boost the developing southern tourism of the southern Albania Riviera.

BOSNIA & HERZEGOVINA

1. Introduction

Bosnia and Herzegovina (“BH”) invest significant efforts to build new public infrastructure and to rejuvenate existing facilities.

Major activity in the sector is development of motorways network throughout the country and almost 200 km of motorways have been constructed in past few years with support of EBRD and EIB.

In recent years, some progress has been made in creation of legal and institutional frameworks for attracting private investments in this area is vital to the development of a major transport (and other infrastructural) system. The current PPP and concession regulation provides legislative framework for large-scale infrastructure projects. However, so far only one concession for construction, operation and maintenance of highway was awarded to China based investor.

Recently, a number of MoUs were signed with China investors for development of motorways and social infrastructure through PPPs/concessions as well as with the Government of Turkey for new highway between Sarajevo and Belgrade (as cross/border project). Also, there are number of projects in pipelines expected to be supported by EBRD.

2. Legal Framework & Competent Authorities

2.1 Legal Framework

BH has a complex multi-level government structure. It is composed of the (the “**FBH**”), the Republic of Srpska (the “**RS**”), collectively referred to as the "Entities", and Brcko District. Competences related to development of infrastructure are mainly vested to the Entities, though BH level is relevant for public procurments.

The main legal acts that govern the relations in the public sector related to infrastructure are:

- **Legislation on Public- Private Partnership (PPP Laws)** - provides legal and institutional framework for attracting private investment, mostly governing the tender process, the PPP contract’s content and other substantive matters.

The PPP Laws provide for two types of PPPs — an institutional and a contractual PPP. A given PPP project may last between 1 and 50 years (depending on the entity).

- **Legislation on Concessions (Concession Laws)** - provides legal and institutional framework for utilisation of natural resources and infrastructure mostly governing the contracting process, the contract’s content and reporting. Concession may last up to 50 years (depending on the entity).
- **The BH Law on Procurement** - Law on Public Procurement regulates traditional procurement of works and services and regulates the procedure for the public invitation, submission and evaluation of bid and for selecting the most preferred bidder. In

addition, this Law sets forth the conditions under which local and foreign legal or natural persons may be awarded a contract.

Also, there are other relevant regulations in this field, i.e. general legislation applicable in infrastructure projects such as Planning and Construction Law, as well as these regulations applicable to the specific infrastructure aspects: Public Utilities Law, regulations concerning expropriation, public property, free zones etc.

2.2 Competent Authorities

Various authorities on BH level as well as on the level of the Entities can be entrusted with functions for the strategic development, planning, monitoring, management and control in the field of infrastructure depending on the type of the infrastructure project, including among others:

- ministries of transport of BH, FBH and RS;
- ministries of finance of BH, FBH and RS;
- Concession Commissions of BH, FBH and RS;
- BH Public Procurement Agency;
- Local self-governments (local municipalities).

3. Technical Infrastructure

Below are presented the most significant infrastructure projects developed in BH, which are most often awarded through public procurement.

3.1 Roads

The procedure and conditions for construction of public roads and access junctions to the public roads is regulated by the construction and road transport regulation. All public and unclassified roads are in public ownership of either the Entities or municipalities and cannot be in private ownership. All roads are managed by public companies founded by the authorities and in accordance with the public procurement regulation.

3.2 Railway transport

Development of railway infrastructure is carried out in accordance with the construction and planning legislation as well as legislation regulating railways, and security and interoperability in the railway transport.

The development of the railway infrastructure is carried out by the government controlled companies. According to the railway legislation, the railway infrastructure is developed by the railway infrastructure operator, but development, operation and maintenance may also be subject-matter of a concession and PPP.

3.3 Airports & Ports

BH has 4 international airports.

Development and maintenance of the river ports opened for public transport is considered as public interest activity.

Development, operation and maintenance of airports and ports may also be subject-matter of a concession and PPP.

3.4 Social infrastructure

Entire social infrastructure (administrative buildings, cultural facilities, public education, public hospitals etc.) are awarded through public procurements.

Urban infrastructure, such as street lighting, parking lots, waste treatment, and urban transport are often awarded through concessions by municipal authorities.

4. Financing of Infrastructure Projects

The infrastructure projects are financed from the public purse, but also funds provided by EBRD, WB, EIB, IPA funds, and private investors.

5. Important Infrastructure Projects

5.1 Main Road Projects

CORRIDOR Vc - one of the most significant traffic project is Corridor Vc is a multimodal (road and rail) transport corridor linking Hungary, Croatia and BH on the Budapest-Osijek-Sarajevo-Ploče route.

In BH, the motorway on Corridor Vc goes through both Entities, from the northern border with the Republic of Croatia is in the direction of: Svilaj – Odžak – Modriča – Doboj – Zenica – Kakanj – Visoko – Sarajevo – Konjic – Jablanica – Mostar – Čapljina – southern border with the Republic of Croatia.

Currently, section Zenica - Sarajevo is constructed and open for traffic.

Financing: EIB, IPA funds, EBRD, budget and additional financing is sought.

OTHER MOTORWAY PROJECTS - other motorways are planned to be built for which financing is needed. Currently, concession is awarded for Motorway Banja Luka – Prijedor (concessionaire is Shandong from China) and other project in the pipelines are: 1. Banja Luka – Mrkonjic Grad (90 km), 2. Vukosavlje - Brcko – Bijeljina - border with Serbia and 3. Sarajevo - Belgrade (cross-border project). In addition, other projects will involve the rehabilitation of damaged sections of existing roads.

5.2 Main Railway Projects

Among the largest projects is the reconstruction and modernization of **Doboj – Banja Luka – Novi Grad (border with Croatia) Railway**. The goals of this project include the construction, modernization and reconstruction of the existing railway. MoU with China companies has been signed for the purpose of implementation of the project.

5.3 Main Airport and Port Projects

BUILDING OF A NEW RACA PORT - The project includes building of a closed (pool-type) port with infrastructure (access roads, water supply and sewerage etc) and superstructure (administrative building, storages, silos, tanks ...). Project purpose is to introduce river transport and thereby accelerate the growth of international trade, which would lead to the improvement of local community development. The partnership planned by the project implies establishment of a joint company with the city of Bijeljina's share in company founding of minimum 20%. The level of investment is 12,5 million €.

BULGARIA

1. Introduction

- **Strategic infrastructure gap in SEE** is a major challenge for economic development, integration and growth of the region.
- Opportunities for **public-private partnership** exist for infrastructure construction.
- Focus on **strategic transport, energy and infrastructure projects** in Bulgaria and the region.
- The priority remains to develop the **Trans-European Transport Network corridors** ‘Orient/East-Med’ and ‘Rhine-Danube’ and the connections with Western Balkan countries.
- Investment is set to grow in the region, mainly as a result of a public investment recovery. Public investment is increasing as more projects co-financed by the EU get underway and some national investment initiatives in the transport sector, are being put into effect.
- The agenda of the Bulgarian government to **emphasize on the modernization of infrastructure in the coming years** is set to reduce significantly the required time for transportation of cargo, placing the country in a pole position for attracting new investors interested in expanding their businesses in these geographies.
- In 2019, there will also be **progress in four key projects**: the Vidin-Botevgrad highway and the Rousse-Veliko Tarnovo motorway, the project for a new bridge over the Danube River near Rousse and the tunnel under the peak Shipka. There is a political will for these projects, together with the Black Sea and the Petrohan tunnel, to be realized through a public-private partnership. Their total estimated value is over BGN 3 billion.

2. Legal Framework & Competent Authorities

2.1 Legal Framework

The main legal acts that govern the relations in the public sector related to infrastructure are:

- **Concessions Act** - governs public-private partnership where an economic operator executes works or provides services awarded by a public authority by way of a works concession, services concession or concession for use of public State property or public municipal property.

The Concession Act governs the public- private partnership as the PPP Act was repealed on the merits of its deficiencies, such as limitations of scope, constrains on potential PPP partners, complex procurement procedures, unnecessary involvement of the central government in the activities of the municipalities, etc.

Depending on the contracting authority, concessions can be State or municipal.

- **Public Procurement Act**

The uptake of electronic procurement has been delayed. The electronic platform is an important instrument for improving the transparency and efficiency of public procurement processes. According to the amendment to the Public Procurement Act, electronic procurement will not be

functional before November 2019. The uploading of all buyer profiles of contracting authorities to the platform is to be completed by January 2021.

2.2 Competent Authorities

Various authorities can be entrusted with functions for the strategic development, planning, monitoring, management and control in the field of concessions, depending on the type of the concession, including among others:

- Council of Ministers;
- Concessions Coordinating Council;
- Ministers, depending on the line competence thereof;
- Minister of Finance;
- Municipal councils;
- Mayors;
- Bulgarian National Audit Office;
- Public Financial Inspection Agency (PFIA) and others.

Other competent authorities:

- **Public Procurement Agency** - the Agency is subordinated to the Minister of Finance and assists him in implementing the national policy in the field of public procurement.
- Road Infrastructure Agency;
- National Railway Infrastructure Company;

3. Technical Infrastructure

The most significant concession projects have been awarded in the areas of airport and port infrastructure, and the construction of roads is most often awarded through public procurement.

3.1 Roads

The common practice in Bulgaria is that the construction and maintenance of roads is usually realised by public procurement. The financing of these projects is generally secured through EU funding.

The **coverage and quality of transport infrastructure have improved**; however some road connections are still underdeveloped, especially in the North and between Northern and Southern regions.

A modern and operational infrastructure allowing for intermodal transport connections is under development.

3.2 Railway transport

The management and operation of railway transport is conducted by the National Railway Infrastructure Company. The carrying out of the transport itself is entrusted to the public company BDZ, which presently holds a monopolistic position in the railway transport sector. However, amendments to the Railways Act will enter into force in June 2019 and will lead to full liberalization of the rail transport.

Rail carriers from EU member states will have access to railway infrastructure in the country and can perform all types of rail transport services for passengers and cargo on fair, non-discriminatory and transparent conditions.

Bulgaria needs a total of EUR 2 bln to completely rehabilitate and upgrade its railway infrastructure and implement all strategic railway projects in Bulgaria after 2021. The projects include the rail links with Serbia and North Macedonia, Vidin-Medkovets, Karnobat-Sindel, the introduction of the European Rail Traffic Management System in various parts of Bulgaria, as well as development of the railway junctions at Varna and at Gorna Oryahovitsa.

3.3 Airports & Ports

Airports - Bulgaria received five bids in the concession tender for the **Sofia Airport** – one of the most important infrastructure projects in the country. The concession is for 35 years.

There are rumors that a **new tender for Plovdiv Airport** might be called. The tender for a 35-year concession was cancelled in November 2018, after the first-ranked consortium comprising China's HNA Group and Dutch-registered Plovdiv Airport Invest withdrew its offer.

Ports - Port infrastructure is of national significance, therefore is public state property and may be awarded for exploitation only by means of a concession.

3.4 Social infrastructure

Most types of social infrastructure (administrative buildings, cultural facilities, public education, public hospitals etc.) are awarded through public procurement.

Urban infrastructure, such as street lighting, parking lots, waste treatment, urban transport are also awarded through public procurement procedures by municipal authorities.

In general, social infrastructure on a country-wide level remains underinvested and below average EU standards.

4. Financing of Infrastructure Projects

Based on the EU experience, PPP is an effective tool which could be used in parallel with the EU and State budget funds to accelerate the direct investments in infrastructure and improve the quality of public services.

EU funding plays a key role in public investment - Since 2007, public sector investment has been on average around 4.2 % of GDP. The contribution of EU funds can be more than two thirds of total public investment, depending on the year.

5. Important Infrastructure Projects

5.1 Belene Nuclear Power Plant

Bulgaria's National Electricity Company (NEK) announced a call for selection of a strategic investor for the construction of Belene nuclear power plant on the Danube River near the Romanian border. The call also allows for expressions of interest to acquire a minority shareholding in the future project, as well as and/or to purchase electricity from the future

power plant. The purpose of the call is to provide certain information to the applicants wishing to participate in the procedure.

The procedure for receipt of applications is now open to candidates. The indicative deadline for completion of the procedure will be 12 months from the date of publication of this invitation in the Official Journal (11 March 2019).

The construction of the plant is envisaged to be carried out on a market principle, without the conclusion of long-term power purchase agreements with the state or provision of any sovereign guarantees.

5.2 Main Road Projects

Hemus motorway – with a total planned length of 433 km it will connect Sofia with coastal Varna.

Two new sections of the highway are currently actively working and by the end of the year it is expected that **the public procurement will be announced for two more segments** - from the Boaza junction to Pleven and Lovech districts with a length of 52 km and the remaining about 85 km to the connection with the Rousse-Veliko Tarnovo road, and in the next months public procurement will be announced for the construction of another 137 km of Hemus Motorway.

5.3 Black Sea Motorway

Cherno More (Black Sea) motorway – the 103 km motorway is planned to connect the major Bulgarian coastal cities Varna and Burgas. The project may not receive full financing under the OP Transport 2014-2020 and **the Road Infrastructure Agency will look for public-private partnership** to complete the project.

5.4 Bulgaria and Romania seek investors for big infrastructure projects

a second bridge over the Danube connecting the Bulgarian city of Ruse and the Romanian city of Giurgiu, will improve infrastructure connectivity in the region and attract more foreign investment. The construction of the new bridge is estimated to cost about €250 million.

another bridge over the Danube, between Nikopol and Turnu Magurele;

200km motorway linking Romania's Black Sea port of Constanta with Varna and Burgas.

5.5 Bulgaria to launch 72 mln euro Kardzhali bypass road construction tender

A 71.6-million-euro tender for the construction of a bypass road in Kardzhali is to be opened shortly. The project will reduce air pollution in the city and the time for travel to neighbouring Greece.

Works on the construction of the 15 km-long bypass road must start in 2020. Construction of 5 viaducts as well as bridges, overpasses and underpasses is planned under the project.

The road is part of pan-European Corridor IX connecting Finland and Russia to Greece.

CROATIA

1. Introduction

- Modernisation of and restructuring of the infrastructure in Croatia in the following years.
- Modernisation and better exploitation of railways in Croatia.
- Better links between the coastal and inland parts of the country – primarily, the completion of the Zagreb – Dubrovnik Highway.
- Lesser differences between certain cities and their social infrastructure.

2. Legal Framework & Competent Authorities

2.1 Legal Framework

The most relevant acts governing the infrastructure are:

- The Concession Act (OG 69/2017)
- The Roads Act (OG 84/2011, 18/2013, 22/2013, 54/2013, 148/2013, 92/2014)
- The Railways Act (OG 32/2019)
- Utility Services Act (OG 68/18)
- The Public Procurement Act (OG 120/2016)
- Navigation Act and the Act on Ports in the Inland (OG 109/2007, 132/2007, 51/2013, 152/2014, 118/2018)
- Act on waste disposal management (OG 94/2013, 73/2017, 14/2019)

Besides the aforementioned “general” acts prescribing the designated legal area there are many bylaws, regulations etc. regulating the field too. This is a field of utter importance and its further development will lead to positioning Croatia among other western European countries in the future.

2.2 Competent Authorities

Diverse authorities are competent for resolving issues in relation to the infrastructure. It mostly depends on the type of infrastructure in question (roads, railways, ports, etc.). Hereby is the list of most relevant authorities:

- Government
- Ministry of Sea, Transport and Infrastructure
- Directorate for Maritime Affairs
- Port Authorities
- Directorate for road and railway infrastructure
- Directorate for EU funds and strategic planning
- Municipal assemblies
- City assemblies

Local municipalities are in charge with their own infrastructure and strategies for its development. Therefore, on the local level there is too much diversity when comparing two similar cities in Croatia. This depends on the economic growth of the city, tourism, agriculture, cities’ importance on a national level etc.

Other competent authorities:

- Hrvatske ceste d.o.o. (“Croatian roads LLC”);
- HŽ passenger transport LLC
- Port Authorities

3. Technical Infrastructure**3.1 Roads**

Hrvatske ceste d.o.o. (company entirely own by the State) is responsible for management, construction and maintenance of state roads. Maintenance as well as construction of public roads is undertaken through public procurement. Due to, among other things, tourism expansion in the last decade, the roads have been developing rapidly. This means both modernisation of already existing roads as well as constructing and developing new roads connecting diverse parts of Croatia. On a side note, since Croatia’s accession to the EU it is notable the growth of new projects for construction of new roads and working on maintenance and modernisation of the existing roads. Croatia uses EU funds to fund a significant part of the infrastructure.

3.2 Railway transport

Croatian Railway Infrastructure manages the Croatian railways. Croatia has approx..2.606 km of railway. Access to the railway for cargo has been liberalised since Croatia’s accession to the EU. Croatia lags behind most of other EU countries as far as the railway is considered. One of the main problems is the lack of strategy as well as the fact that in last 25 years, 25 Management boards have been changed. Furthermore, while it was greatly invested in roads, only 10% of those funds were invested in modernisation and construction of railways. Due to railway transport being slow, it is not considered a popular type of transportation. Official statistics state that in Croatia 17,3% of cargo is transported by railway transport (EU average is 28,2%) and only 3% of passengers use the railway transport (EU average 8,4%).

3.3 Airports & Ports

Croatia has 9 civil international airports. Croatia gave the concession for the Airport “Franjo Tuđman” in Zagreb. The concession is for 35 years.

Currently, Airports in Dubrovnik and Split are due for modernisation.

Besides the aforementioned, Croatia has other smaller airports that are normally used for private and business flights, divers local transport, sports, etc. For example, airports Brač and Lošinj are in private ownership.

Croatia has 6 major ports. Amount invested in ports is 499, 5 mil. EUR and the investments are funded from the national budget, loans from the World Bank, European investment Bank, European Bank for Reconstruction and Development, German development Bank and the state guarantee.

Besides the aforementioned ports, Croatia has dozens of smaller private ports and marinas.

3.4 Public utilities

Public utilities such as cultural facilities, administrative buildings, lightening etc. is governed on the city and regional level. Normally, public utilities is awarded through the public procurement.

Due to the fact that the public utilities depends mostly on the lower levels (local and regional self-government) rather than national – development depends on the infrastructure of each city, therefore bigger cities or ones with a more important strategical geo location have better infrastructure than others.

Currently cities are working on developing better infrastructure for waste disposal. In other words, cities are preparing bins, garbage trucks, garbage bags etc. in order to be able to fully conduct waste differentiation.

4. Financing of Infrastructure Projects

EU funding holds an important part of overall investment in Croatia. According to information provided by the European Commission, Croatia currently ranks 17 in terms of EFSI-related investment triggered, relative to GDP.

The European Fund for Strategic Investments is aimed for, among other things, transport, bio-economy, energy and regional development.

5. Important Infrastructure Projects

5.1 New Sisak Port – 150 mln EUR project

Construction of the new port on the Sava River is to be realized in three phases - Western part intended for bulk cargo and other cargo, and South Eastern part for liquid cargo.

First phase is planned to be implemented in the period between year 2020 and 2024 including the construction of two berths: for bulk cargo and other cargo. Second phase will be implemented between year 2025 and 2034 and it will expand the port to a total of four berths. The final third phase (year 2035 - 2044) will consist of the construction of pontoons for oil and LPG trans-shipment. Additional area for economic-industrial zones will be constructed during the same, final phase.

This project has involvement possibilities.

5.2 Construction of infrastructure for development, operational and multimodal traffic infrastructure at Rijeka Airport Ltd. – 350 mln EUR project

The project involves the construction of:

- 1) new passenger terminal building with passenger capacity of up to 5 million and multi-level parking lots system;
- 2) re-fueling facility (for airplane refueling/air fuel facility);

- 3) alternative runway;
- 4) new GAT terminal building (general aviation terminal) with area for FSTD accommodation (FSTD - Flight Simulator Training Device);
- 5) new cargo and logistics centre for cargo storage and manipulation with facilities for the maintenance of perishable goods;
- 6) new building for H/EMS and AFS (Aerial Firefighting Service) units accommodation - service of urgent medical transport by helicopter and plane with mobile/portable and fire extinguishing;
- 7) hangars and part of platform for maintenance and disassembly of the following sizes: a) building and installation of hangar dimensions 30 x 30 x 8 meters: 3 units/pieces, b) building and installation of hangar dimensions 40 x 50 x 12 meters: 2 units/pieces, c) building and installation of hangar dimensions 80 x 80 x 25 meters: 2 units/pieces;
- 8) building of electro-energy facility (solar power plant) with back-up power supply system and ice bank;
- 9) garage and building for airport fire brigade unit with hydrant network on airport and surrounding area;
- 10) control tower reconstruction, installation of radar surveillance and guidance related equipment (installation of radar equipment and automatic meteo station is important because Rijeka Airport Ltd. is the only airport in Croatia which does not have this system, in terms of procedural guidance) and reconstruction and installation of system for precision approach and navigation with dispatch centre for flight and ground support with all belonging aspect;
- 11) prolongation of the existent runway 14-32.

5.3 Dravacel – pulp and paper production and geothermal energy production

The project Dravacel envisages the construction of pulp and paper production plant with capacity of 185,000 tons per year and paper factory with capacity of 440,000 tons per year and construction of 10 MW geothermal power plant (co-generation of electricity and heat production from geothermal energy) and construction of 15 MW bio-power plant (co-generation of electricity and heat production from biomass).

The pulp and paper production factory is going to be located in industrial zone Trnovača, near the Town of Slatina on the area of 81,392 m² (geothermal power plant = 5,000 m² + bio-power plant = 4,000 m² + pulp and paper plant = 72,392 m²).

This project has involvement possibilities.

5.4 Cable car to Učka – 23 mln EUR project

With own resources, the project will be completed by the stage of validity of the building permit (during 2018). The project is being prepared for a grant application for EU funds. The basis for the application is a Master Plan called "Regional Development Project Učka", which is the basis for making a study of justification. The competition for the production of the feasibility study

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will be announced after the revision of the operational program Competitiveness and Cohesion in 2018, when the possibility of applying of such projects should be opened.

5.5 Western Žabica Complex – 52 mln EUR project

The location of the “Western Žabica” Complex is situated in the very centre of the City of Rijeka. The advantage of the location is the proximity and its connection to all major attractions of the centre, the main city roads, and the railway station. The construction of the “Western Žabica” in the very heart of the city provides a quality solution of parking in a closed parking space, a modern solution for the operation of passenger bus transport as well as new business and commercial facilities. The completion of the project will be followed by a new traffic circulation plan in the city centre, which will create more space and attractiveness to the central pedestrian zone from Žabica to Mrtvi kanal. With its size and facilities, the complex promotes the spreading of the city center towards the railway station and the “Rikard Benčić” complex which also provides opportunities for significant reconstructions and a location for new and attractive city facilities. For these reasons, the implementation of the project, according to the citizens, is ranked among the most important projects of interest for the development of the city and its image.

NORTH MACEDONIA

1. Introduction

- In recent year North Macedonia (hereinafter referred to as Macedonia or MK) has invested substantial amount of funds in infrastructural projects. The funding of the came from the Chinese Export-Import Bank, EBRD, European Investment Bank (EIB) and private investors. However, the growing need for building of new and rejuvenating of the existing infrastructure will necessitate the involvement of private investors thru various forms of PPP projects or concessions
- The current Law of concessions and PPP, which is harmonized with EU rules, provides a good legal framework for such projects. The law is harmonised with the EU.
- On the other hand the domestic financial and banking sector needs to become acquainted in greater detail with the specifics of the PPP arrangements:
- The past few year the focus was on completion of the construction of Corridor X Highway and railway system. In the year to come it is expected that the main focus will be Corridor VIII in terms of Highway and railway. At the same time, we are expecting a lot of work on rejuvenating the road and railway network within the country.

2. Legal Framework & Competent Authorities

2.1 Legal Framework

The main legal acts that govern the relations in the public sector related to infrastructure are:

- **The Law on Concessions & Public Private Partnership (PPP Law)** - provides legal and institutional framework for attracting private investment in the public domain. The law provides for: Public works concession, Public services concession, Concession for goods of general interest and Public private partnership.
- **The Law on Procurement-** The provisions of the Law on Public Procurement that refer to the procedures for awarding contracts for public works procurement and contracts for public services procurement apply to the procedures for awarding contracts for establishment of a public private partnership.

Also, there are other relevant regulations in this field, i.e. general legislation applicable in infrastructure projects such as Construction Law, Law on Construction Land, Law on Agricultural land, Law on waters, Energy law, etc.

2.2 Competent Authorities

Various authorities can be entrusted with functions for the strategic development, planning, monitoring, management and control in the field of concessions, depending on the type of the concession, including among others:

- Government of North Macedonia
- Ministers, depending on the line competence
- Ministry of Finance;

- Municipal councils;
- Mayors;
- Public Procurement Bureau
- Public Enterprise for State Roads
- Macedonian Railway Infrastructure Company

3. Technical Infrastructure

Below are presented the most significant infrastructure projects developed in Macedonia, which are most often awarded through public procurement.

3.1 Roads

The common practice in Macedonia is that the construction and maintenance of roads is usually realised by public procurement. The financing of these projects is generally secured through the world Bank, EBRD and lately by Chinese Banks.

The coverage and quality of transport infrastructure has improved especially on the Corridors X and VIII. However some road connections within the country remain underdeveloped.

3.2 Railway transport

Development of railway infrastructure is focused on two fronts. The first one is the construction of Railway that connects the country with Bulgaria and Albania. The other one is the rejuvenating of the railway infrastructure that will increase security and interoperability in the railway transport.

3.3 Airports & Ports

The process of development and commercialization of the Macedonian airports has been completed in 2011. They are both under concession to the Turkish company “TAV”.

Macedonia has: **2 international airports – Skopje Airport in Skopje and “St. Paul the Apostle” in Ohrid.**

Macedonia today features two renovated and modernized airports in Skopje and Ohrid with the latest technological equipment, according to international standards.

3.4 Social infrastructure

Entire social infrastructure (administrative buildings, cultural facilities, public education, public hospitals etc.) are awarded through public procurement. Currently the government is reviewing the appropriate model for introduction of PPP in the health sector (public hospitals).

Urban infrastructure, such as street lighting, parking lots, waste treatment, and urban transport are often awarded through as a small PPP by municipal authorities.

In general, social infrastructure on a country-wide level remains underinvested and below average EU standards.

4. Financing of Infrastructure Projects

The infrastructure projects in Macedonia are financed from the Budget of the Republic of Macedonia, but also funds provided by EBRD, WB, EIB, IPA funds, and private investors based on the bilateral investment treaties (BITs) and inter-governmental agreements, the Republic of Macedonia has concluded with various states.

5. Important Infrastructure Projects

5.1 Main Road Projects

Skopje-Stip and Kicevo – Ohrid Highway. The funding of the Skopje-Stip and Kicevo – Ohrid highways came from the Chinese Export-Import Bank in a form of a loan of 574 million euros.

Priština – Skopje Highway, EUR 69 million, The project, which is expected to begin in 2019, is valued at EUR 69 million. The highway that needs to be constructed in Macedonia is 12 km long, from the city of Skopje to Blace.

Underground Road in Skopje. The Turkish company Limak is building the first underground road in Skopje. Value of the investment is 250 million EUR.

Express Motorway Štip – Radoviš. The first phase of the construction of the express motorway Štip – Radoviš in length of 23.5 km has started. The value of the project is 28 million EUR provided with a loan from the EBRD.

5.2 Main Railway Projects

Railway from Kumanovo to Bulgarian border (Corridor VIII). The total length of the route to be completed towards the Bulgarian border is 89 km, and it will be divided into three sections.

Kumanovo - Beljakovce is in the realisation phase, for which EUR 46 million was provided by the EBRD.

Beljakovce - Kriva Palanka, 34 km in length, was announced and is expected to cost EUR 145 million, financed by the EBRD.

Kriva - Palanka - Bulgaria, 34 km in length, is in the final stage of the preparation of project documentation. The construction costs for this section are estimated between EUR 350 and 400 million.

Railway from Kičevo to Albanian border (Corridor VIII)- 66 km long, the construction will cost around EUR 550 million. This would complete the railway connection along Corridor VIII.

Railroad Bitola – Kremenica. The railroad Bitola – Kremenica was completed in 2018. It is 16 km long, and the investment is worth EUR 17.2 million. The importance of the project is seen in the fact that it connects the region with the port of Thessaloniki.

5.3 Main Airport and Port Projects

In 2011, The Turkish company “TAV”, was awarded concession of Macedonias 2 international airports – Skopje Airport in Skopje and “St. Paul the Apostle” in Ohrid.

Cargo Airport in Shtip. There is a possibility that the Government will open a procedure for construction of a new Cargo Airport in the eastern part of the country near Shtip.

Ohrid Port. A new port will be built in Ohrid. It is planned that the port will have capacity to accommodate at least 300 small vessels and 10 ships.

5.4 Other

Skopje Clinic. A new Skopje Clinic Centre will be built in the municipality of Gjorce Petrov. Value of the project is estimated EUR 400 million to EUR 450 million. The public call for construction of PPP should be this year. The construction should begin in the next few years.

Skopje City Hospital. A new Skopje City Hospital will be built in the Aerodrom, a municipality in the City of Skopje, financed by the European Central Bank. The public call should happen in 2019.

Bitola Wastewater Treatment Plant. In 2019, the Ministry of Finance should announce bids for construction of wastewater treatment plant Bitola.

Tetovo Wastewater Treatment Plant. In 2019, the Ministry of Finance should announce bids for construction of wastewater treatment plant Tetovo.

Skopje Limak Project. The Turkish company Limak is building a complex worth EUR 250 million in Skopje. The complex will have four 20-storey buildings with 1,000 apartments, a shopping mall, casino, trading facility, a centre for cultural activities and a parking lot. The project is valued at 250 million EUR.

MONTENEGRO

1. Introduction

- Montenegro has a growing need to build new public infrastructure and to rejuvenate existing facilities; therefore the creation of legal and institutional frameworks for attracting private investments in this area is vital to the development of a major transport (and other infrastructural) system;
- The current concession regulation provides legislative base, harmonised with the EU rules, however it does not cover the concept of public-private partnership which would be very useful tool in development and financing of the significant infrastructural projects;
- The draft Law on PPP is currently prepared and expect to be adopted soon in order to improve and speed up the foreign investments in Montenegro;
- The Government of Montenegro drafted the Concession Act concerning the concession project and draft concession agreement for 3 airports in Montenegro- Podgorica and Tivat; the draft Concession Act has not been adopted yet since it is still subject to the public argument.

2. Legal Framework & Competent Authorities

2.1 Legal Framework

The main legal acts that govern the relations in the public sector related to infrastructure are:

- **Law on Concession** - govern requirements, method, and procedure for awarding concessions, the subject matter of concessions, period for which are awarded, and other matters of relevance to effectuate the concession.
- **Law on Public Procurement** - regulate: the conditions, manner and procedure for procurement of goods and services and award of execution of works in cases where the contracting authorities for procurements are obligors in line with this Law (e.g. public authorities, state owned enterprises etc.); the responsibilities of the administration body in charge of public procurement activities; the control of legality of public procurement procedures and protection of rights of participants in the public procurement procedure; and other matters relevant to the public procurements.

Montenegro is currently in the process of drafting of a new PPP legislation. The new law should cover both authority-pay and user-pay PPPs. The law is expected to define PPPs and set out a new institutional framework and procedures for the preparation and award of all types of PPPs.

Also, there are other relevant regulations in this field, i.e. general legislation applicable in infrastructure projects such as Law on Spatial Planning and Construction, as well as the regulations applicable to the specific infrastructure aspects: Law on Roads , Law on Road Transport , Law on Railway, Railway Safety Law, Law on Ports, Law on Yachts, Law on Air Transport Management, regulations concerning expropriation, public property, free zones etc.

2.2 Competent Authorities

Various authorities can be entrusted with functions for the strategic development, planning, monitoring, management and control in the field of infrastructure depending on the type of the infrastructure project, including among others:

- The Ministry of Economy;
- The Ministry of Public Administration;
- The Ministry of Finance;
- Ministry of Transport and Maritime Affairs - Directorate for Railway Traffic, Directorate for Civil Aviation, Directorate for Transportation;
- Ministry of Sustainable Development and Tourism of Montenegro;
- Maritime Safety Department;
- The Commission for Concession;
- The Ministry of European Integration of Montenegro;
- Local self-government (local municipalities).

3. Technical Infrastructure

Below are presented the most significant infrastructure projects developed in Montenegro, which are most often awarded through public procurement.

3.1 Roads

The procedure and conditions for construction of public roads and access junctions to the public roads is regulated by the construction and road transport regulation. All public and unclassified roads are in public ownership of the state, autonomous province and municipalities and cannot be in private ownership. All roads are managed by public companies founded by the state and in accordance with the public procurement regulation.

3.2 Railway transport

Development of railway infrastructure is carried out in accordance with the construction and planning legislation as well as legislation regulating railways, and security and interoperability in the railway transport.

The development of the railway infrastructure is carried out in line with the National railway Infrastructure Program enacted by the Government. According to the railway legislation, the railway infrastructure is developed by the railway infrastructure operator, but development and maintenance may also be subject-matter of a concession.

Realizing **the Strategy for Restructuring Railways of Montenegro**, four railway companies have been formed with majority state ownership, namely:

- **Railway Infrastructure of Montenegro AD** - Podgorica (Infrastructure Manager) with 72.35% of state ownership;
- **Railway Transport of Montenegro AD** - Podgorica (passenger transport operator) with 85.45% of state ownership;
- **AD MONTECARGO** - Podgorica (freight transport operator) also with 85.45% state ownership The company carries out the transport of goods in local and international

railway transport in accordance with the provisions of Railway Law and Law on safety, organization and efficiency of railway transport;

- **AD Railway Vehicles Maintenance** (company engaged only in maintenance of railway vehicles) with 85.45% of state ownership. The possible branching out into the Sector for Infrastructure Maintenance and the Sector for Maintenance of Rolling Stock from the existing companies and the formation of new companies is considered.

3.3 Airports & Ports

There are **2 international airports** in Montenegro - **Podgorica** and **Tivat**.

Pursuant to the Law on Concessions, the Ministry of Transport and Maritime Affairs of Montenegro has prepared the Concession Act for awarding a concession for the right to use the airports of Tivat, Podgorica and Berane to a competitively selected concessionaire.

The Berane Airport is not in use for many years. The possible revitalization and reconstruction of Berane airport particularly in context of the international traffic, huge investment is needed (semi-greenfield investment required). Airport Berane is also mentioned in the proposed Concession Act for the Montenegrin airports (along with Ulcinj airport, also closed at the moment), which means that these airports might also be the subject of the concession or otherwise invested in it.

In accordance with the Port law, the ports are goods of general interest in Montenegro. Ports are divided into two categories: (i) ports of national importance; and (ii) ports of local importance. While the ports of national importance are managed by the public authority in charge with the ports security and management, the ports of local importance are managed by the public enterprise in charge with the management of sea goods.

There are **3 main ports** in Montenegrin Adriatic: **Bar**, **Kotor** and **Zelenika**. The port of Bar is largest port in Montenegro being both, the cargo and passenger port. The port of Bar represents very important transport connection of Montenegro with Italy and further.

But also, there are many marinas on Montenegro coast. In Montenegro, the ports of the local importance are Škver, Zelenika, Risan, port Tivat - "Porto Montenegro", port Tivat - "Kalimanj" and port Budva.

3.4 Social infrastructure

Entire public infrastructure including residential, communal, cultural, health and education and administrative buildings is developed through public procurement.

4. Financing of Infrastructure Projects

The infrastructure projects in Montenegro are financed from the Budget of the Republic of Montenegro, but also funds provided by EBRD, WB, EIB, IPA funds, loans from commercial banks and private investors based on the BITs and IGAs, Montenegro has concluded with various states.

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Montenegro is also receiving non-refundable support from the EU and bilateral donors from West Balkan Investment Framework for the implementation of the investment projects in the area of transport and the environment.

5. Important Infrastructure Projects

5.1 Main Road Projects

THE HIGHWAY BAR-BOLJARE - is a project of supreme strategic importance for Montenegro. It will connect Montenegro's strategic Port of Bar on the Adriatic coast, via the Capital City Podgorica, to the border with Serbia, and further to Eastern and Central Europe. The Project includes construction of 5 sections, total length of 170 km: Djurmani (Bar) - Farmaci; Bypass around Podgorica (Smokovac - Tološi - Farmaci); Smokovac - Uvac - Matešev; Matešev - Andrijevića, and last section Andrijevića-Boljare. Total estimated budget for the entire project is €1.699.761.951

The priority section Smokovac - Uvac - Matešev (41km) – is currently under construction. Contracted costs of this section for design and construction, done by Chinese company China Road and Bridge Corporation (CRBC), amounts to €809,6 million. In March 2018 the Government of Montenegro signed a Memorandum of Understanding and Cooperation with CRBC to cooperate further on the Bar-Boljare Highway project.

MEDITERRANEAN CORRIDOR - SEETO CORE TRANSPORT NETWORK, SEETO ROAD

Coastal option of the Adriatic-Ionian highway - Construction of Expressway along the Montenegrin coast. The Adriatic-Ionian Expressway will include approximately 108 kilometres that will connect Croatia, Montenegro and Albania. A Western Balkans Investment Framework (WBIF) grant of €3, 5 million (of which €1 million for Feasibility study for Montenegro) has already been approved for this project. Approximate costs of construction is €10, 5 million/ possible financing models: PPP/concessions/hybrid model.

RECONSTRUCTION AND MODERNIZATION RAILWAY LINE PODGORICA-TUZI– Border Crossing with Albania. This project is included in the latest South-East Europe Transport Observatory (SEETO) Multi-annual plan. Total investment is estimated at €35 million and involves preparation of technical documentation; reconstruction of the rail track and modernization of structural facilities; modernization and reconstruction of signalling - interlocking devices and contact line; and reconstruction and adaptation of station buildings and border crossing point. An application was submitted from the WBIF Fund for the preparation of project documentation for the general reconstruction of the superstructure, electrification of the complete line and modernization of the signalling and security system.

REHABILITATION OF VOLUJICA QUAY CONSTRUCTION (length of 554m) and CONSTRUCTION OF VOLUJICA QUAY EXTENSION (166m) IN PORT OF BAR

The project, basically, implies implementation of activities that may be systematized within the following three components:

- **Project 1 Component:** Rehabilitation of the Volujica quay construction with the length of 554m, according to the Main project of rehabilitation - elimination of existing

damages at operational quay construction, provision of allowed workload of 6 t/m² and installing cathodic protection of the quay construction;

- **Project 2 Component:** preparation of project documentation and execution of works on the Volujica operational quay extension for 166 m (width of 30 m); designing and installing cathodic protection system of the operational quay construction; designing and construction of open storage in hinterland of the operational quay with dimensions 116 m x 50 m; designing and construction of needed infrastructure (electrical energy, water and sewage, railway rails); deepening of aquatorium with the operational quay extension, with the width of 100 m, and up to 14 m in depth, and all in accordance with elements of Spatial-planning documentation for the Port area;
- **Project 3 Component:** designing and installing overthrow dust sweeping system from stored dry bulk cargoes at Volujica quay (in the complete zone, in hinterland of the operational quay of length 720 m (554 m + 166 m)); designing and installing collection and treatment system of surface waste waters at whole open storage area, in hinterland of the operational quay of length 720 m (554 m + 166 m).

5.2 Main Airport Projects

Tivat and Podgorica airports are portfolios of attractive, tourist-driven assets. Combined, these two operational airports of Montenegro received about 2 million passengers, where 100% of the traffic is international. Pronounced traffic seasonality, with high season from June to September. Montenegro Airlines has the largest market share. Low Cost Carriers have experienced the fastest growth in traffic in past three years.

TIVAT AIRPORT is an international airport located 4 km (2 miles) from the centre of Tivat, the Kotor Bay. The main passenger terminal underwent an extension and refurbishment in 2006. The airport is expected to be expanded and equipped for night landings. The project includes reconstruction and expansion of the manoeuvring area and apron at Tivat Airport (Construction of new Terminal Building and Reconstruction of the existing Control Tower), runway repair and additional actions such as runway shoulders construction, runway modifications to implement runway end safety areas (RESAs), etc. to ensure ICAO/EASA compliance, extension of current passenger facilities (terminal, aircraft aprons) and maintenance actions during the concession period. The land acquisition may also be required in the investment plan fulfilment. Preliminary design is done by SPEA Engineering with the EBRD grant.

The Government of Montenegro has engaged the International Finance Corporation (IFC) with specific experience in finding private financing to be the lead advisor for modelling structures at Tivat and Podgorica as well as developing study for Berane and Ulicnj airports. The preparation of tender documentation for the realization of investments at Tivat airport can be expected in 2019/2020.

The planned financing model for the realization of this investment is through PPP (finding a strategic partner / private investor investment) where the minimum obligation of the state (through capital budget or borrowing) will be to cover the costs of expropriation.

PODGORICA AIRPORT is an international airport located in Golubovci, approximately 12 km (8 miles) south of Montenegro's capital. It has eight departure and two arrival gates, and can handle up to one million passengers per year. Investments plans for this airport include: runway repair and additional actions such as runway shoulders construction, etc. to ensure International Civil Aviation Organization (ICAO) / EU Aviation Safety Agency (EASA) compliance, extension of current passenger facilities (terminal, aircraft aprons and car parking), construction

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of a cargo terminal, along with construction of a fuel depot and an airport hotel, to expand capacity and maintenance actions during the concession period. The Government has intention is to publish two tenders at the same time for detailed project and for construction.

5.3 Ionian-Adriatic Project

IONIAN-ADRIATIC PIPELINE (IAP) - The Energy Development Strategy of Montenegro (2014 until 2030) recognizes IAP as the leading option for gasification of Montenegro. The IAP project is based on the idea to connect the existing Croatian gas transmission system, via Montenegro and Albania with the TAP system (Trans Adriatic Pipeline) or a similar project. The total length of the gas pipeline from the Croatian town Split to Albanian town Fieri is 511 km. Its 5 bcm/y capacity provides the natural gas supply of Albania (1 bcm), Montenegro (0.5 bcm), the south of Bosnia and Herzegovina (1 bcm) and Croatia (2.5 bcm).

5.4 Other Projects

MAIN PRIORITY LIST OF PROJECTS:

- Hydropower development and management of water catchment areas of rivers Drina, Piva, Tara, Čehotina, Lim, Ibar and Morača
- ITALY-MNE-SER-B&H energy interconnection – Montenegrin part: (i) the construction of EPS 400/110/35 kV Lastva (and the expansion of TS Pljevlja); (ii) the construction of the TL 400 kV Lastva – Čevo; (iii) the construction of the TL 400 kV Čevo – Pljevlja (and TL110 Kv Brezna-Žabljak); (iv) the construction of the TL 400 kV Pljevlja – State border with Serbia; (v) replacement of high voltage equipment in transformer stations; (vi) reconstruction of the protection system in the transmission network; and (vii) the construction of the EPS 110/35 kV Brezna;
- IAP - Ionian Adriatic Pipeline
- Hydropower plants on river Morača
- Hydropower plant Komarnica
- Reconstruction and modernization of the railway line “Vrbnica-Bar”, state border with Serbia: (i) Track rehabilitation (superstructure), fails, water flow regulation, reconstruction of steel bridges; (ii) the stabilization of slopes; and (iii) the stabilization of landslides, tunnels, concrete bridges and electrical works;
- Highway Bar-Boljare.

SERBIA

1. Introduction

- Serbia has a growing need to build new public infrastructure and to rejuvenate existing facilities; therefore the creation of legal and institutional frameworks for attracting private investments in this area is vital to the development of a major transport (and other infrastructural) system;
- The current Serbian PPP/ concession regulation provides legislative framework, harmonised with the EU rules, however yet to be implemented for large-scale complex PPP projects in full-operation;
- The rules now in place for the successful realization of PPP projects are adequate, however addition improvement would be necessary, such as, the capacities of the PPP Commission, publicity of contracts, better utilization of IFI in implementing projects;
- the sharing of knowledge and existing know-how among various public entities needs to be strengthened and supported (this is particularly the case with minor Serbian municipalities);
- the domestic financial and banking sector needs to become acquainted in greater detail with the specifics of the PPP arrangements (this need appears to be even more relevant for some emerging sub-sectors, such as Energy Service Companies and others);
- practical implementation of the rules relevant for determining the project value that are PPP-specific needs to be improved and the capacities of public sector strengthened to fully delineate such projects from purely public procurement projects;
- new rules on subsequently adapting PPP contracts at the request of funders are yet to be fully tested in practice and, in this respect, knowledge-sharing and capacity-building on the basis of best international practices would be highly welcome;

2. Legal Framework & Competent Authorities

2.1 Legal Framework

The main legal acts that govern the relations in the public sector related to infrastructure are:

- **The Law on Public- Private Partnership and Concessions (PPP Law)** - provides legal and institutional framework for attracting private investment, mostly governing the material aspects of the relevant project, the PPP contract's content and other substantive matters.
The PPP Law provides for two types of PPPs — an institutional and a contractual PPP. A given PPP project may last between 5 and 50 years.
- **The Law on Procurement-** Law on Public Procurement are applicable, *inter alia*, to the procedure for the public invitation, submission and evaluation of bid and for selecting the most preferred bidder (i.e. future private partner). In addition, this Law sets forth the conditions under which local and foreign legal or natural persons may be awarded a concession in all the sectors that are under the jurisdiction of Serbia.

Also, there are other relevant regulations in this field, i.e. general legislation applicable in infrastructure projects such as Planning and Construction Law, as well as these regulations

applicable to the specific infrastructure aspects: Public Utilities Law, Law on Airport Management, regulations concerning expropriation, public property, free zones etc.

2.2 Competent Authorities

Various authorities can be entrusted with functions for the strategic development, planning, monitoring, management and control in the field of infrastructure depending on the type of the infrastructure project, including among others:

- Ministry of Construction, Transport and Infrastructure of the Republic of Serbia;
- Ministry of Finance of the Republic of Serbia;
- PPP Commission;
- Public Procurement Authority;
- Republic Commission for the Protection of Rights in the Public Procurement Procedures;
- Local self-governments (local municipalities).

3. Technical Infrastructure

Below are presented the most significant infrastructure projects developed in Serbia, which are most often awarded through public procurement.

3.1 Roads

The procedure and conditions for construction of public roads and access junctions to the public roads is regulated by the construction and road transport regulation. All public and unclassified roads are in public ownership of either the state, autonomous province or municipalities and cannot be in private ownership. All roads are managed by public companies founded by the state and in accordance with the public procurement regulation.

In respect of the access junctions to the state public roads, the investor may be private company or natural person who has ownership right, easement rights to the land where the junction is constructed, or who obtained the written consent from the owner of the land.

3.2 Railway transport

Development of railway infrastructure is carried out in accordance with the construction and planning legislation as well as legislation regulating railways, and security and interoperability in the railway transport.

The development of the railway infrastructure is carried out in line with the National railway Infrastructure Program enacted by the Government. According to the railway legislation, the railway infrastructure is developed by the railway infrastructure operator, but development and maintenance may also be subject-matter of a concession and PPP.

3.3 Airports & Ports

The Airport Management Law creates the conditions for granting airports in concession as a way to provide funds for development and commercialization of Serbian airports. This law defines airport management as an activity of general interest.

Serbia has: **2 international airports** - **Nikola Tesla Airport** and **Airport Niš**, 21 small airports (mainly for domestic airfares, and personal transportation), and 9 airports for non-commercial air traffic.

Development and maintenance of the ports opened for public transport is considered as public interest activity and it is conducted in line with the programs adopted in accordance with the Strategy for the Development of the Waterway Transport. The port management is conducted by the Port Management Agency.

3.4 Social infrastructure

Entire social infrastructure (administrative buildings, cultural facilities, public education, public hospitals etc.) are awarded through public procurement.

Urban infrastructure, such as street lighting, parking lots, waste treatment, and urban transport are often awarded through as a small PPP by municipal authorities.

In general, social infrastructure on a country-wide level remains underinvested and below average EU standards.

4. Financing of Infrastructure Projects

The infrastructure projects in Serbia are financed from the Budget of the Republic of Serbia, but also funds provided by EBRD, WB, EIB, IPA funds, and private investors based on the bilateral investment treaties (BITs) and inter-governmental agreements, the Republic of Serbia has concluded with various states.

5. Important Infrastructure Projects

5.1 Main Road Projects

CORRIDOR X - one of the most significant pan-European traffic corridors passing through Serbia with the total length within the territory of the Republic of Serbia of 792 km. Works on Corridor X are organized under five sub-projects: **Project North**: E-75 from border crossing into Hungary (Horgoš) to Novi Sad (108 km); **Project Main Axel** of Corridor X: E-70 section from Belgrade to border crossing with Croatia (121 km) and E-75 from Belgrade to Niš (237 km); **Project South**: E-75 from Niš to border with the Republic of Macedonia (74 km); **Project East**: E-80 from Niš to border with the Republic of Bulgaria (86 km); **Project Belgrade Bypass Ring Road**: the goal is to detour transit traffic from Belgrade downtown (47 km).

Some of the above projects are completed, some yet to be finalised (South is expected to be put in operation before summer 2019).

Financing: WB, EIB, IPA funds, EBRD, budget of the Republic of Serbia, and additional financing is sought.

CORRIDOR XI - Highway E 763 is a new highway project with a planned length of 270 km. The main goal of the project is to connect the City of Belgrade with the border of Montenegro as it will provide better connection with the Port of Bar, the most significant harbour in the region. Consequently, it is expected to integrate the Republic of Serbia with the market of overseas container shipping and additionally attract international inflow of people and goods.

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The project is divided in 3 sections: **Sector I:** Belgrade - Ljig (80 km); **Sector II:** Ljig - Požega (71 km); **Sector III:** Požega - Boljare (border with Montenegro) (107 km).

Implementation period: Highway E 763 has only been partially completed. A MoU was signed between the Government of Serbia and China Communication Construction Company in May 2017, by which the parties agreed to adopt an action program of cooperation to speed up the preparation activities and enable commencement of works.

Financing: China EXIM bank loan, budget of the Republic of Serbia, the Republic of Azerbaijan loan, and additional financing is sought.

OTHER ROAD PROJECTS - other corridors are planned to be built (including a number of bridges) for which financing is needed. Currently, plans for the following have been recognized as priorities: 1.) Moravski Corridor (110 km), 2.) Fruška Gora Corridor (27 km), 3.) Road connecting Zrenjanin-Centa-Belgrade (56 km), 4.) Highway connecting Niš-Merdare/Priština (77 km), and 5.) Highway connecting Belgrade-Vršac-Vatin/border with Romania (91 km). In addition, other projects will involve the rehabilitation of damaged sections of existing roads.

5.2 Main Railway Projects

CORRIDOR X - the most significant railway communication through Serbia. However, most of this infrastructure is technically outdated therefore large investments are necessary to upgrade the railroad network to the standards required by modern rail infrastructure.

The total length of the railway lines along Corridor X is 799 km.

Reconstruction of the railway lines along Corridor X is only partially completed. Certain sections are currently under construction and more investments are yet to come.

Among the largest projects is the reconstruction and modernization of **Belgrade – Budapest Railway**. The goals of this project include the construction, modernization and reconstruction of the existing railway and construction of the new track to provide a double-track railway for passenger and freight traffic for speeds up to 200 km per hour. The length of this railway line is 188 km. One section will be reconstructed with the financing provided by the Russian Federation (as a loan), and reconstruction of the remaining part of the railway line is to be performed based on several agreements between the Republic of Serbia, Hungary, and People's Republic of China.

Implementation period: Due to the nature of such large-scale works, the period cannot be precisely determined.

Financing: Includes EIB, EBRD, Russian Federation loan, China EXIM Bank, and budget of the Republic of Serbia. Additional financing is also sought.

CORRIDOR XI - the second most significant rail communication in Serbia including two railway lines. The railway line from Belgrade to the border of Montenegro, E-79, is a single-track electrified line with a total length of 287.4 km. The railway line Belgrade – Vršac – Romania border, E-66, has a total length of 104 km.

Implementation period: The remaining part of the Corridor XI railroad is also designated for modernization in the next few years. A deadline for this project has not yet been determined.

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NEW RAILWAY BELGRADE CENTRE STATION (PROKOP) - the first phase of construction for the new railway Belgrade Centre station (Prokop) was completed in January 2016. The remaining phases include construction of all access roads and the main station building including all required commercial facilities.

The relocation of the old railway from the Sava Amphitheatre (the Belgrade Main Railway Station) created a new space for the Belgrade Waterfront.

The Government is looking for investors and financing.

5.3 Main Airport and Port Projects

In 2018, VINCI Airports signed a 25-year concession contract with the Serbian government for Nikola Tesla Airport. The concession agreement covers financing, development through construction and reconstruction, maintenance and management of infrastructure.

AIRPORT NIŠ - planned investments in the forthcoming period are about EUR 16 million for the taxiway, system of instrument approach, lighting system, expansion of terminal buildings, equipment, and a new tower.

AIRPORT MORAVA KRALJEVO - military airport, Morava Kraljevo, is currently in the process of converting to the military-civil or mixed airport. Further development, worth EUR 12.8 million, is being planned for 2016-2019 and will include a runway, taxiway, system of instrument approach, lighting system, and equipment for the terminal building.

CONSTRUCTION OF THE NEW PORT IN BELGRADE WITH a-FREE ZONE - a MoU on cooperation was signed between the Government of Serbia and China Environmental Energy Holdings Co. regarding the construction of the new port in Belgrade in the vicinity of Pupin Bridge on the Danube. The negotiation with the Chinese for financing the construction of the access and port infrastructure is in progress. Once an agreement on financing is reached, the procedure of the port concession awarding will start. Simultaneously, the private partner should initiate the procedure of the preparation of technical documentation. Implementation period: Phase I – ongoing until 2025. Project value: Phase I – EUR 343 million. Financing: BOT concession.

There are also other water traffic projects such as expansion of Smederevo new port financed by the Republic of Serbia, hydro-technical and dredging works at critical sectors of the Sava and the Danube Rivers (value over EUR 50 million, financed by the Republic of Serbia, and IPA funds requested, implementation period: 3 – 6 years), full revitalization of the navigation lock Djerdap 1 (estimated value EUR 35 million) funding- current phase: Connecting Europe Facility (CEF), while the remaining 60% will be provided from the Framework Loan for the development of river transport infrastructure projects with the EIB, implementation period: 4 years).

5.4 Vinča-Landfill Project

Vinča is a EUR 333 million PPP project of remediation of the Vinča landfill and building of a modern waste management facilities. The 25-year PPP project with French-Japanese consortium, Suez-Itochu, as a private partner, will allow for closing and remediating one of the largest landfills still active in Europe and generating over 80 MW of renewable heat and electricity with a 340,000 tons p.a. waste-to-energy plant.

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5.5 Belgrade Waterfront

The largest real estate project in Serbia at the moment with an estimated worth of EUR 3.5 billion, is headed by the Serbian government with the support of UAE investors. The Belgrade Waterfront is an urban renewal development project aimed at improving Belgrade's cityscape and economy by revitalizing the Sava Amphitheatre. The project includes office and luxury apartment buildings, hotels, shopping malls and appending infrastructure.

One third of all construction projects in Serbia are currently located in Belgrade. Consequently, the city represents the driving force behind the country's construction industry. There are several projects planned to renovate the capital, including: 1.) the restoration of the city's main symbol, the Belgrade fortress, 2.) the construction of a new principal bus station, 3.) the construction of new public garages, 4.) the renewal of residential facades, 5.) the extension of bicycle paths throughout the entire city making bicycles a new form of urban public transportation, and 6.) other developments within major public areas.

SLOVENIA

1. Introduction

The infrastructure's concept covers various fields, namely the fields of rail, road, air and sea transport, inland navigation, the field of transport infrastructure and cableways, energy, mining, efficient use and renewable energy sources and sustainable mobility and transport policies.

There is always a need to build a new public infrastructure and to rejuvenate existing facilities. Investments in infrastructure are one of the key elements of economic development.

The modern economy needs adequate infrastructure for its competitiveness, therefore the infrastructure is of utmost importance.

In the Republic of Slovenia some problems are present in the area of infrastructure and in the implementation of projects. There comes a problem of modifying or abandoning projects, and in particular, reducing their scope, for example the third development axis was firstly designed globally, and then crushed to more and more sections. In addition, some projects' development is continually interrupted (Tunnel Karavanke). Nevertheless, the successful projects must not be neglected (Port of Koper).

There are two conditions for the realization of an appropriate competitive infrastructure. (1) The first is undoubtedly enough investment. This burden is shared by the state, local communities and the economy. (2) Another condition for establishing a competitive infrastructure is the design and professional management of infrastructure projects.

In order for any country at least to maintain its economic competitiveness, it must update its infrastructure at appropriate price. There are various of projects planned in Slovenia.

2. Legal Framework & Competent Authorities

2.1 Legal Framework

The main legal acts that govern the relations in the public sector related to infrastructure are:

- **Public-Private Partnership Act** (Official Gazette of the Republic of Slovenia, no. 127/06) regulates the purpose and principles of private investment in public projects and/or of public financing of private projects that are in the public interest, the methods of encouraging public-private partnership and the institutions concerned with its encouragement and development, the conditions, procedure for creation and the forms and methods of operating public-private partnerships, the special features of works and service concessions and of public-private equity partnerships, the transformation of public companies, the system of law that applies to resolving disputes arising from public-private partnerships and the jurisdiction of the courts and arbitration services to decide on disputes arising from such relationships.

- **Public Procurement Act** (Official Gazette of the Republic of Slovenia, no. 91/15) - establishes rules on the procedures for procurement by contracting authorities with respect to contracts and design contests.

Further, the following act applicable to the specific sectors of infrastructure are, namely:

- Building Act (Official Gazette of the Republic of Slovenia, no. 61/17),
- Roads Act (Official Gazette of the Republic of Slovenia, no. 109/10),
- Railway Transport Act (Official Gazette of the Republic of Slovenia, no. 99/15),
- Aviation Act (Official Gazette of the Republic of Slovenia, no. 81/10),
- Maritime Code (Official Gazette of the Republic of Slovenia, no. 62/16),
- Energy Act (Official Gazette of the Republic of Slovenia, no. 17/14) etc.

A number of other secondary legislation are also in force to implement the all previously mentioned acts.

2.2 Competent Authorities

Various of different authorities are competent and entrusted with certain functions in this area of infrastructure and related activities, including among others:

- Ministry of Infrastructure of the Republic of Slovenia and constituent bodies:
 - Slovenian Infrastructure Agency,
 - Slovenian Maritime Administration,
 - Inspectorate of Infrastructure,
- Ministry of Finance of the Republic of Slovenia and constituent bodies:
 - Financial Administration of the Republic of Slovenia,
 - Public Payments Administration,
 - Budget Supervision Office,
 - Office for Money Laundering Prevention,
- Ministry of Environment and Spatial Planning and constituent bodies:
 - Environmental Agency,
 - Inspectorate for the Environmental and Spatial Planning,
 - Slovenian Water Agency,
 - Slovenian Nuclear Safety Administration,
 - Surveying and Mapping Authority of the Republic of Slovenia,
- Public Procurement Directorate within the Ministry of Public Administration;
- National Review Commission for Reviewing Public Procurement Award Procedures;
- Public Agencies (i.e. for traffic safety, for aviation, for railway transport etc.);
- Local self-governments (local municipalities).

3. Technical Infrastructure

Below is presented a technical infrastructure in Slovenia.

3.1 Roads

Public roads represent the entire public road network in Slovenia. Public roads are divided into state roads owned by the state and municipal roads owned by municipalities. The total length of the public road network of Slovenia measures more than 38,900 km.

State roads are measured in a total length of 6,454 km. The Slovenian Infrastructure Agency is responsible for the management, maintenance and development of the national network - regional and main roads. The Motorway Company of the Republic of Slovenia (DARS, d.d.) is responsible for the management, maintenance and development of motorways and highways.

State roads are categorized in motorways, highways, main roads I and II. order and regional roads I., II. and III. order.

Municipal roads are the roads of the public road network that are managed by municipalities, which are responsible for their construction and maintenance. Municipal roads include local roads (over 13,860 km) and public paths (over 18,500 km).

3.2 Railway transport

Public railway infrastructure is owned by the state, and its manager is company Slovenian Railways – Infrastructure (SŽ-Infrastruktura, d.o.o.) on the basis of a contract concluded with a government.

There is quite some public railway infrastructure projects co-financed with EU funds. The purpose of the investment is the modernization of the Slovenian rail network, which it will be able to provide efficient and competitive transport of passengers and goods. Since all the main lines of the Slovenian railway are networks included in the V and X European Rail Corridors and hence into the Single European Railway network, it is the obligation of Slovenia to ensure the uniform functioning of the network, which needs to be updated and technical characteristics dictated by European legal acts needs to be provided.

3.3 Airports & Ports

According to the Aviation Act airports can be civil, military or mixed. Civil airports can be public or private. The government on the proposal of the minister competent for transport shall define a system of public airports intended for public air transport while ensuring a balanced regional development and connection with other transport systems. Airports included in the system of public airports are infrastructural objects of national or local importance.

For the determination of the location and the construction of airports included in the system of public airports and related infrastructure facilities, the provisions on prior consents as determined in the Aviation Act shall not apply when the Republic of Slovenia acts as an investor.

Slovenia has 3 international airports:

- Airport Ljubljana,
- Airport Maribor and
- Airport Portorož.

Besides stated international airports Slovenia also has 12 smaller sports-indoor airports and 1 military airport.

As far as it concerns the ports, Slovenia has ports for domestic and international passenger maritime transport in Koper, Izola and Piran. The only port dedicated to international freight transport is the Port of Koper.

The Directorate of Aviation and Maritime Transport within the Ministry of Infrastructure performs general professional and administrative tasks.

3.4 Social infrastructure

The Housing Fund of Republic of Slovenia, Public Fund serving the interest of the state, covers the territory of the whole state and in accordance with its business policy finances and implements the national housing program, promotes house building, renewal and maintenance of flats as well as residential buildings.

The Public Fund has established a professional and project-based cooperation with the public and private sectors and, with its operation in various areas, contributes to the achieving of goals, set in developmental, spatial and social development programs of the state, as well as the regulation of conditions in the housing area and the improvement of legislation in the field of its operation.

The Fund also engages in developmental projects. Current activities of the Fund are best represented by larger real estate projects – finished construction of residential neighborhoods Brdo 1 – neighborhood Zeleni Gaj at Brdo in Ljubljana (Green Grove Ljubljana), as well as development of rental apartment neighborhood Novo Brdo and Community for Young Gerbičeva in Ljubljana, also projects in Maribor and in Kranj, where requirements for various forms of residence for target groups of population are the most urgent.

Social infrastructure is awarded through public procurement, and also through public-private partnerships. Various tenders, calls and public procurements are published on the website of the Public Fund.

4. Financing of Infrastructure Projects

The infrastructure projects in Slovenia are mostly financed from the budget of the Republic of Slovenia through public procurement. Since Slovenia is a EU Member State, various EU funds are also an important source of funding. Further, projects are also financed by private investors based on the bilateral investment treaties (BITs) and inter-governmental agreements, the Republic of Slovenia has concluded with different countries.

EU funds received are for example:

- Trans-European Transport Network (TEN-T),
- Cohesion Fund,
- European Regional Development Fund (ERDF),
- Funds Connecting Europe Facility (CEF).

5. Important Infrastructure Projects

5.1 Main Road Projects

- **Tunnel Karavanke**

The first tube of the Tunnel Karavanke was built between 1986 and 1991. Traffic is in the tunnel constantly increasing. Construction of the second tube of the Tunnel Karavanke is a cross-border project of the Republic of Austria and the Republic of Slovenia to provide greater flow and traffic safety on the route Villach – Ljubljana.

On the Slovenian side, the investment is a new construction of the second tube (length 3,530 meters), new construction of the missing part of the motorway in front of the portal of the tunnel (length 620 meters) and arranging locations for excavations.

Estimated investment value:

- at constant prices: EUR 141,879,942
- at current prices: EUR 149,339,403

Which company and when the eastern tube of the Tunnel Karavanke on the Slovenian side will be built side will not be known for quite some time. The expert commission of the Motorway Company of the Republic of Slovenia (DARS, d.d.) found that all bids received were inadmissible. Consequently, the procurement procedure was concluded without a decision concluding a contract.

○ **Third development axis**

The term third development axis means a transport connection that will take place from the north to south-eastern Slovenia (from the border with Austria to the border with Croatia). Part of the connection is also the new state road from the A2 motorway at Novo mesto to the connection Malina, and from the connection Šentrupert on the A1 motorway to the connection Slovenj Gradec south.

The value of the project is estimated at EUR 2,018 million (only four phases).

Sources of funding have not yet been determined. For the third development axis, only half of the money is provided, the other half remains unknown. The Motorway Company of the Republic of Slovenia (DARS, d.d.) shall the rest of the money obtain through loans with a state guarantee.

5.2 Main Railway Projects

○ **Second railway track Divača-Koper**

The story of the second track of the Divača-Koper railway line began more than 20 years ago. The second track implies a modern and high-capacity railway link between the Port of Koper and the existing railway network.

The Divača–Koper section, which is part of the Trans-European Transport Network, fails to achieve core rail network standards which should be fulfilled by 2030. The importance of the new 27.1 km long line is predominantly revealed in international freight rail transport, as it implies a modern and high-capacity link between the Port of Koper and the Slovenian and wider European railway network.

The company 2TDK, d.o.o., which is 100% owned by the state, is a project company for the development of the second track. The company was set up by the government of the Republic of Slovenia in March 2016 in order to carry out all the necessary activities in the preparation phase and in the construction of the second track and that the government will manage with the company during the duration of the concession contract.

In addition to the initial investment costs 2TDK, d.o.o. will have to provide financing for other costs that will occur during the construction period. These consist of EUR 12 million of operational costs of the 2TDK, d.o.o. and EUR 32 million of interest costs, compensations and other. The total amount of financing at current prices excluding VAT is thus EUR 1,194 million.

The investment will be financed by various sources. The largest part is supposed to be the capital contribution of Slovenia, the amount of which will depend on the possible participation of the second back country. The total amount of capital is estimated at EUR 522 million.

Additional funds are expected in the form of EU grants (EUR 250 million), loans from international financial institutions and SID Bank owned by Slovenia (total of EUR 250 million) and loans from commercial banks (EUR 167 million).

○ **Projects in cooperation with other countries**

On the basis of Regulation (EU) No 1315/2013¹ for the development of the Trans-European Transport Network Slovenia is committed in cooperation with other countries in the establishment of two corridors, namely:

- Mediterranean corridor: Almeria - Valencia/Madrid - Zaragoza/Barcelona – Marseille-Lyon-Torino - Milano-Verona - Padova/Venice - Trieste/Koper – Ljubljana – Budapest -Zahony (Hungarian-Ukrainian border) and
- Baltic – Adriatic corridor (befor RFC 5): Gdynia – Katowice - Ostrava/Žilina - Bratislava/Wien/Klagenfurt - Videm - Venice/Trieste/Bologna/Ravena/ Gradec – Maribor - Ljubljana - Koper.

○ **Upgrade of the railway Maribor - Šentilj**

By completing a section between these two cities the latter will contribute to the improvement of passenger and freight traffic flows and stimulate further economic growth in the region.

The value of the project is estimated at EUR 304.8 million

○ **Upgrade of the railway Zidani Most – Celje**

The project is to upgrade the railway line on the section Zidani Most-Celje in the length of 26.2 km.

The estimated value of the investment is EUR 282.4 million (with VAT). For the European co-financing of the project, a grant agreement was signed in the amount of EUR 90.6 million from Connecting Europe Facility financial program.

○ **Modernization of the railway fleet**

¹ Regulation (EU) No 1315/2013 of the European Parliament and of the Council of 11 December 2013 on Union guidelines for the development of the trans-European transport network and repealing Decision No 661/2010/EU Text with EEA relevance.

In April, Slovenian Railways (Slovenske Železnice, d.o.o.) signed a contract for purchasing 26 trains made by Swiss manufacturer Stadler Rail. The value of the deal is EUR 206 million (with VAT).

Further, the fleet modernization will not be over. They will most likely order 26 additional sets by the end of 2019. If all goes well, the Slovenian Railways will conclude more contracts for the supply of trains in the next five years, so that the fleet will be fully renewed by 2025.

5.3 Main Airport and Port Projects

○ **Airport Ljubljana**

At the Airport Ljubljana the beginning of the construction of a new passenger terminal or the expansion of the existing one, which is increasingly needed due to the growth of the number of passengers, is expected. The total value of the investment is estimated at around EUR 20 million.

In February the company Fraport Slovenija, d.o.o., which owns Airport Ljubljana, announced a public procurement for the upgrade of the passenger terminal at Airport Ljubljana. This public procurement was already second since is the company Fraport Slovenija, d.o.o., rejected all six bids that came to the first one.

Fraport Slovenija, d.o.o. estimated that the new procedure will delay the start of construction for two to three months, but the project remains unchanged. They wish to complete the construction until the summer 2021.

○ **Airport Maribor and Airport Portorož**

Airport Maribor, which has not recorded significant traffic recently, is expected to increase its investments and increase traffic. These mentioned plans are in constant planning, but unfortunately have not yet been realized.

Further, plans and ideas regarding Airport Portorož getting a longer runway are also not new. Unfortunately, none of these plans yet come to an end, so despite great interest, airport is not that commercially interesting. However, given recent moves, it may happen that a minimum renewal occurs. According to the company Aerodrom Portorož, d.o.o, the financing of the project shall be mixed, as the funds of the Republic of Slovenia and the funds of the EU.

5.4 Main Energy Projects

The planned investments in hydropower plants provide an increase in production electricity from renewable sources and the exploitation of water potentials on the rivers Sava, Mura and Drava, while respecting the requirements for environmental protection, regulating traffic, communal and water infrastructure and flood risks.

The planned investments are following:

- Hydropower plant Mokrice on the lower river Sava (EUR 289.4 million EUR with VAT):

Beginning of the construction is postponed for indefinite time;

- Hydropower plant Renke, Hydropower plant Trbovlje and Hydropower plant Suhadol on the middle river Sava (EUR 376 million – only energy part) and remaining 7 hydropower plants on the middle river Sava (EUR 931 million - only the energy part):

Projects are potentially interesting for foreign investors;

Holding of the Slovenian power plant (HSE – Holding slovenske elektrarne d.o.o.) is a concessionaire for the energy use of the river Sava. In 2018 they have again strengthened activities in harmonizing the concession contract. With the construction of all ten hydropower plants in the middle river Sava, the installed power of hydropower plants would be increased by 300 MW and it would gain 1 TWh of electricity from renewable energy sources, which currently represents almost 10% of all electricity produced in Slovenia.

- Hydropower plants on river Mura (EUR 100 million):

The investment in Hrastje - Mota hydropower plant, the first of the two foreseen hydropower plants in the Slovenian part of river Mura, is estimated at EUR 100 million. The concession for the construction of the hydropower plants on the river Mura was already granted in 2016 by the government.

Currently, the construction of hydropower plants is in a dead-end street. The Biosphere Reserve of the river Mura is included in UNESCO Man and Biosphere Program.