65J Risk Management of Public Private Partnerships in Managing Local Government Assets - Case Studies in Bangka Island, Indonesia -

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Public-private partnerships (PPPs) have been developed over time to bring in long-term partnerships of mutual benefit for both the public and private sectors. In Indonesia, PPPs began gradually to flourish during the decade of the 2000s. One key reason why PPPs are used is the lack of available local government funding to provide public facilities and services, such as markets, hospitals, toll roads, etc. Many local governments in Indonesia considered and then conducted a PPP as one of several effective strategies for developing their public facilities. However, several of those PPP projects did not perform as well as expected. In a PPP project, the private sector takes on many responsibilities for the performance of facilities and services contained in the PPP contract agreement. Unbalanced risk sharing is one of the major causes of unsuccessful PPPs.

The goals of this research are to (1) identify how risk management practices (risk identification, risk evaluation, risk mitigation and risk allocation) are delivered; (2) evaluate the agreement in the contract for how risk sharing is balanced; and (3) reveal how the risks are shared. For these purposes, the risk management skills of seven PPP projects at local governments in Bangka Island, Indonesia, were evaluated using a descriptive analysis with comparative study.

Keywords: Public Private Partnership, Risk Management, Contract Management

1. Introduction

The Public Private Partnership (PPP) is one of several effective strategies used to provide public facilities and services. Sometimes a PPP does not perform as well as expected. Lack of risk management skills is one of the major causal factors producing an unsuccessful PPP, and the party that can manage such risk at the lowest cost should be responsible for the specific risk. PPP construction contracts were thus achieving risk transfer and delivering price certainty. Further improvements could potentially be made, however, by ensuring a better allocation of risks and strengthening the PPP-specific capabilities of the relevant government departments[1)]. The differences between the public and private sectors and the consequences of using each

sector also demonstrate the complexity and hidden risks found in such projects as well as the difficulties in distributing them appropriately.

An objective assessment was done on the quality of services for optimal asset utilization and their monetary value of risk allocation to the public over the entire life cycle of the asset. Additionally, an assessment of the risk distribution between private and public sector parties that facilitated this partnership was completed, guided by the basic principles of risk management. This evaluation was done on a project-by-project basis, keeping in mind that making an inappropriate distribution of such risks can lead to project failure[2]. It is important to allocate the various major risks involved in committing to a PPP project between the government and private partners, so they can be shared effectively. The assessment of risks determined that the allocation of the site acquisition, the potential risks in having inexperienced private partners, and any legal and policy risks to the public sector, as well as the design, construction risks and operation risks were appropriate for the private and public sector parties who were sharing in the development risks, market risks, financial risks and force majeure of the project[3].

This research is organized into three parts; 1) To overview Indonesian regulations concerned with PPP and examine seven PPP cases on Bangka Island, 2) to evaluate risk management and evaluate how risks were shared in the seven cases, and 3) compare the contract items of the regulations for both government assets and PPP.

2. A summary of Indonesian regulations for PPP and case study

Indonesian PPP regulation has two flows. The first is to provide infrastructure and the second is for managing government assets. Fig. 1 shows the outline of PPP regulations in Indonesia. First, the National Government issued a President Decree (PD) No. 7/1998 in 1998 to provide an infrastructure. The National Government then issued President Regulation (PR) No 67/2006 in 2006 and President Regulation No. 13/2010 in 2010. These regulations just focused in providing infrastructure.

The local governments had their own regulations (PERDA in Indonesian) for managing their assets before 1998. The Ministry of Home Affairs issued regulation (MHAR) No. 11/2001 in 2001, the Ministry of Home Affairs Decree (MHAD) No. 152/2004 in 2004 and then Government Regulation (GR) No. 6/2006 in 2006. These regulations were intended to manage government assets. Since GR No. 6/2006 was established in 2006, the local governments have

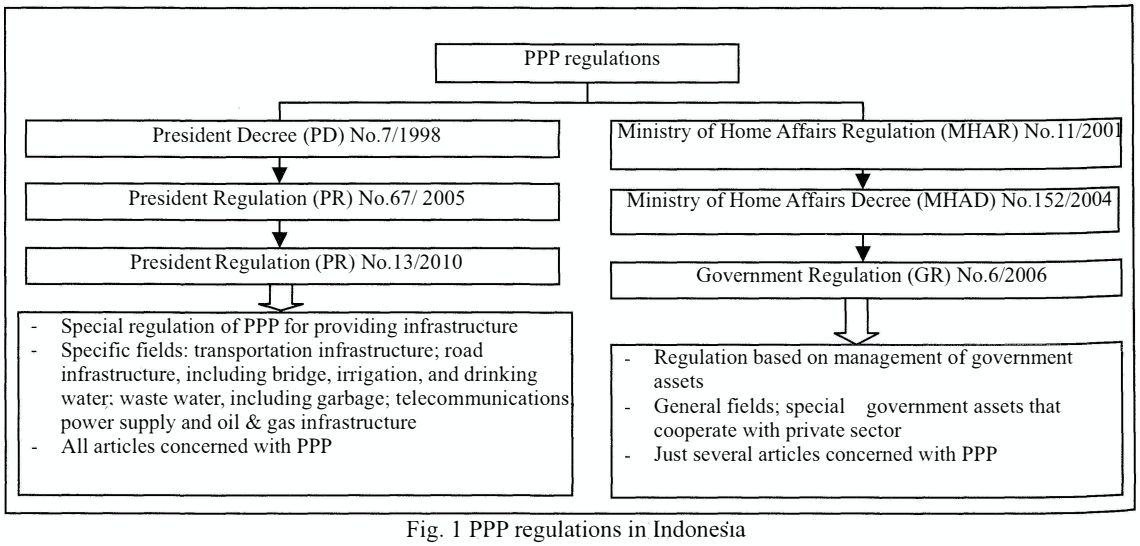

Fig. 1 PPP regulations in Indonesia

Table 1 The content and schemes of the PPP cases and their regulations (MGAR)

Case	PPP project	Type of PPP	Location	Duration (Year)	Contract (year)	Private company	Regulation (MGAR)
1	Build and Manage Giri Sasana Historical Building	BOT	West Bangka	15	1994	CV. Carmeta	Local Government Regulation
2	Build and Manage Muntok Mini Mall	BOT	West Bangka	15	2005	Fa. Senang Hati	Ministry of Home Affairs Decree (MHAD) No. 152/2004
3	Build and Manage Parai Beach Hotel	Lease	Bangka	25	1989	PT. Parai Indonesia	Local Government Regulation
4	Build and Manage Restaurant and Ruko building around Gerasi	BOT	Bangka	25	2005	CV. Karya Lestari	Ministry of Home Affairs Decree (MHAD) No. 152/2004
5	Build and Manage Serbaguna Building and Public Park	BOT	Bangka	25	2004	PT. Eljohn	Ministry of Home Affairs Regulation (MHAR) No. 11/2001
6	Build smelter fabric	Lease	Bangka	25	2006	PD. Bangka Global Mandiri	Government Regulation (GR) No. 6/2006
7	Build Stock pile fabric	Lease	Bangka	25	2007	CV. Aditya Buana Inter	Government Regulation (GR) No. 6/2006

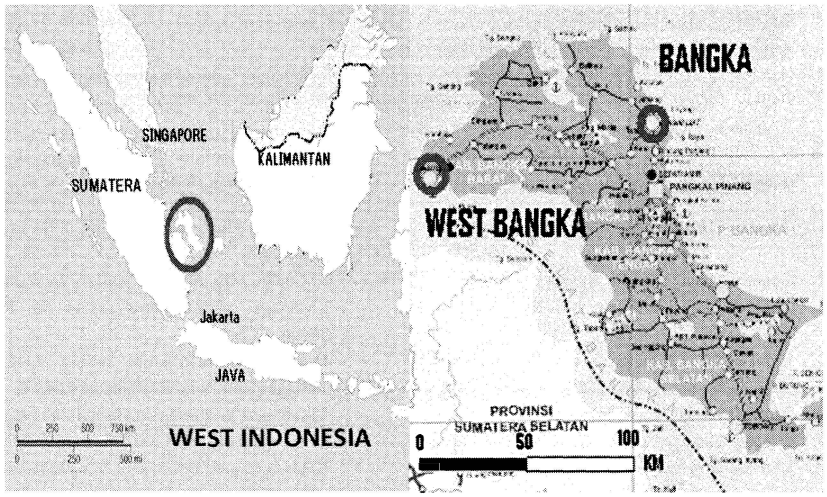

Fig. 2 Overviews of Indonesia and Bangka Island

applied this regulation in their PPP projects to manage their assets. Hereafter, these regulations were written as the MGAR (Management of Government Asset Regulation).

There were about fifty PPP projects on Bangka Island, located between Sumatera and Kalimantan in Fig.2, such as heritage building, shopping building, multifunction building, park, factory, drinking water, parking service, maintenance of buildings, information, public buildings and hotels. Seven cases were selected by reviewing these PPP projects. Case 1 is a specific case in Bangka because it is the only case involving a heritage asset. Case 2 and Case 4 are two cases among dozens of cases for shopping building. Case 2 was conducted in the West Bangka District and Case 4 in the Bangka District (a different local government). Case 3 is the biggest project of six hotel cases. Case 5 is the only case on multifunction building and a park. Case 6 and Case 7 are cases from twenties cases, but these two cases had a different business field.

The private parties are all Indonesian domestic companies located on Bangka Island. Table 1 presents the attributes of seven PPP cases and the regulations concerning them. All seven cases followed the MGAR. Case 1 and Case 3 adopted their own regulation. Case 5 adopted MHAR No.11/2001. Case 2 and Case 4 adopted MHAD No. 152/2004 and Case 6 and Case 7 adopted GR No. 6/2006.

Table 2 Respondents' detailed replies and their roles in seven PPP cases

Sector	Position	Role (Cases answered)
Public	1. Head of Public and Asset Division of West Bangka District (Kepala Bagian Umum dan Perlengkapan Bangka Barat)	1.Manage West Bangka Assets, including heritage and market, Head of PPP Project in Muntok Mini Mall (Cases 1, 2)
	2. Head of Regional Planning and Development Board of West Bangka (Kepala Badan Perencanaan dan Pembangunan Daerah Bangka Barat)	2.Manage Infrastructure Planning in West Bangka Local Government, including PPP Planning (Cases 1, 2)
	3. Head of Tourism Office of West Bangka District (Kepala Dinas Pariwisata |Bangka Barat)	3.Manage Tourism Development in West Bangka, including Historical building assets (Case 1)
	4. Head of Sub-Division of Economic and Development Division of West Bangka (Kepala Seksi Ekonomi dan Pembangunan Bangka Barat)	4.Team to monitor and evaluate development status, including PPP Projects in West Bangka (Cases 1, 2)
	5. Head of Sub -Division of Infrastructure Development of Public Working Office of West Bangka District (Kepala seksi Pembangunan Infrastruktur Dinas Pekerjaan Umum Bangka Barat)	5.Team to monitor and evaluate development status, including PPP Projects in West Bangka (Case 2)
	6. Head of Public and Asset Division of Bangka District (Kepala Bagian Umum dan Perlengkapan Bangka)	6.Manager of Bangka regional assets, including PPP Projects (Cases 3, 4, 5, 6, 7)
	7. Head of Division of Economic and Development Division of West Bangka (Kepala Bagian Ekonomi dan Pembangunan Bangka)	7.Manager of team to monitor and evaluate PPP Projects in Bangka (Cases 3, 4, 5, 6, 7)
	8. Head of Sub- Division of Tourism Cooperation of Tourism Office of Bangka District (Kepala Seksi Kerjasama Pariwisata Dinas Pariwisata Bangka)	8.Team to monitor and evaluate PPP Projects in Bangka (Cases 3, 4, 5, 6, 7)
	9. Head of Division of Asset Management of Financial Office of West Bangka (Kepala Bagian Manajement Asset Dinas Keuangan Bangka Barat)	9.Manage Bangka regional assets, including PPP assets (Cases 3, 4, 5, 6, 7)
	10. Head of Public Working Office of Bangka District (Kepala Dinas Pekerjaan Umum Bangka)	10.Team to monitor and evaluate development status, including PPP Projects in Bangka (Cases 3, 4, 5, 6, 7)
Private	1. Chief of Historical Building Management	1.Manage Historical Building PPP Project in West Bangka (Case 1)
	2. General Manager of Fa. Senang Hati	2.Manage Muntok Mini Mall in West Bangka (Case 2)
	3. Chief of Asset Management of Parai Beach Hotel	3.Manage infrastructure assets for Parai Beach Hotel in Bangka (Case 3)
	4. Chief of Asset Management of Eljohn Company	4.Manage infrastructure assets, including PPP assets at Serbaguna building in Bangka (Case 4)
	5. Director of CV. Karya Lestari	5.Manage PPP project at Gerasi Lake (Case 5)
	6. General Manager of PD. Bangka Global Mandiri	6.Manage stockpile Fabric in Bangka (Case 6)
	7. Vise Director of Aditya Buana Inter	7.Manage smelter fabric in Bangka (Case 7)

3. The research survey and its results

3.1 Questionnaires and interviews with key PPP personnel

Study questionnaires were delivered and interviews conducted with key persons in the government and private sectors from July 18 to August 25, 2009. The purpose was to obtain detailed information about the various risk management issues. Table 3 shows the respondents' positions and their roles in the PPPs. The questions concerned stakeholders from the public and the private sectors.

3.2. Questionnaire results

3.2.1 Technique for identification

Fig. 4 shows the answers for risk identification schemes for the seven cases. The identification methods/questions are indicated in the rows; the answers to the choices of "Apply" or "Didn't Apply" are shown for each case in a lateral direction. This process divided the answers into three groups. In one group, Cases 1, 6, and 7 used the same technique identification through the "use of personal or corporate experience," "safety review," "intuitive

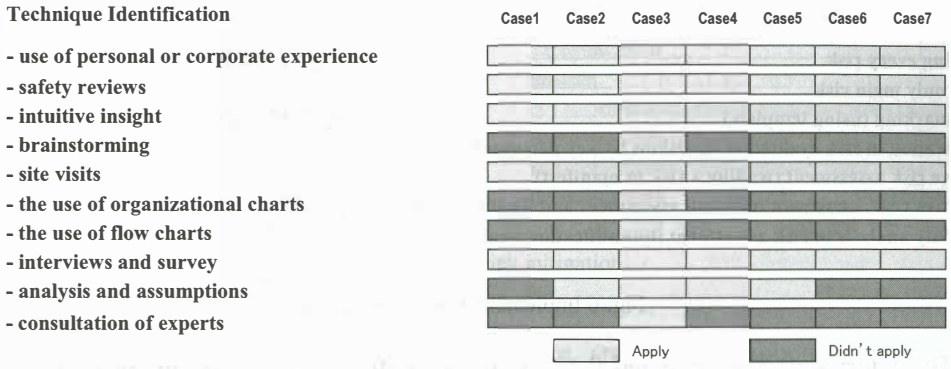

Fig.4 Identification techniques for risks evaluation

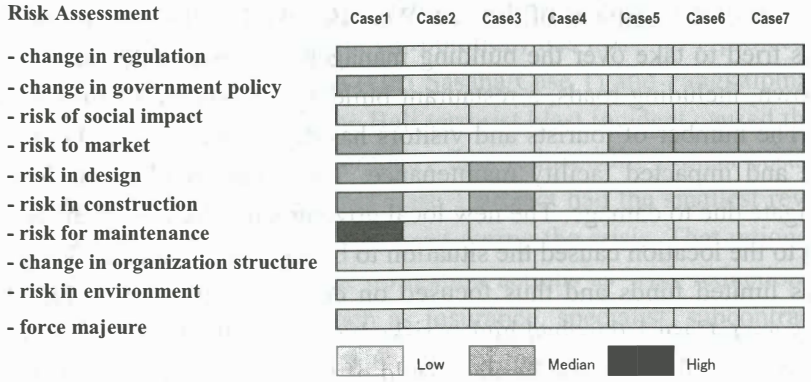

Fig. 5 Risk assessments and results

insight" ,"site visits" and "interview and survey." Another group, Cases 2, 4, and 5, used the same technique identification as the first group did (Cases 1, 6, and 7) but added one other technique, namely, "analysis and assumptions". The third group, Case 3, applied all the technique identifications methods. All the private sectors used "use of personal or corporate experience," "safety review," "intuitive insight," "site visits" and "interview and survey" as their technique identification methods.

The results reveal that all the private sectors used enough tools to achieve the main objective of identifying the major or significant risks that could impact a project. Comparing the seven cases for the results of the techniques of risk identification, Case 3 implemented the best techniques because it practiced all the methods of risks identification.

3.2.2 Risk assessment

Fig. 5 shows the results for risk assessment, which was categorized as a risk evaluation. The answer choices for "Low," "Median" or "High" are displayed in a lateral direction. The results show that Cases 2 and 4 had the lowest level of risk assessment for all possible risks. Cases 5, 6 and 7 had a "Median" level of risk in "market," and their other risks were "Low" level. Case 3 had risks at the "Median" level for "design" and "construction," and all other risks at the "Low" level. Case 1 had more risks than the other cases with "Low" level for "risk of social impact," "change in organizational structure," "risk to environment" and "force majeure," but also a "Median" risk level for "change in regulation," "change in governmental policy," "risk in market," "design," and "construction" and then a "High" level of risk for "maintenance".

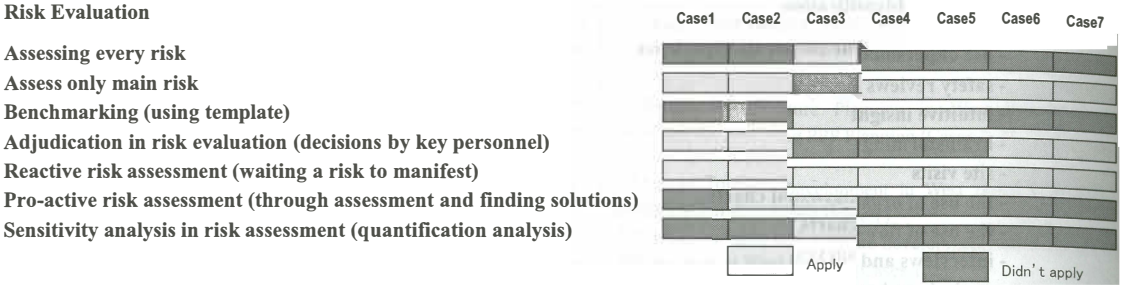

Fig. 6 Implementation of risk evaluation

The interviews also revealed the risk in "regulation" and "government policy." During the first contract, the heritage building asset was owned by Bangka District, but in 2002, the Bangka Local Government was divided into four new local governments, and this historical building asset then came under the auspices of the new West Bangka Local Government. The new local government has tried to take over the building management since 2006. Many of the facilities were broken down, including roads, a restaurant building, a hotel, an historical building, and a sports facility. The number of tourists and visitors has decreased since 2003, which influenced private income and impacted facility maintenance. The access road to the location was also difficult to navigate due to damage. The new local government's lack of attention to maintaining the access road to the location caused the situation to become even more difficult. The new local government has limited funds and thus focused on development of other facilities instead of maintaining this area. Case 1 thus had higher risks because of the historical building use. From this interview, we identified that the heritage field of the PPP project in Case 1 had more risks than the others because it was influenced by the government situation and the special maintenance required for its heritage assets.

3.2.3 Implementation of the risk evaluation

Fig. 6 shows the results for how risk evaluation was conducted for the answer choices, "Apply" or "Didn't Apply." It demonstrates that Case 1, Case 6, and Case 7 have the same risk evaluation that included "assessed only main risk," "adjudication in risk evaluation decided by key personnel" and "reactive in risk assessment." Cases 4 and 5 conducted risk evaluation for "assess only main risk," "benchmarking or using template," and "reactive in risk assessment or waiting risk to manifest." Case 2 had the same risk evaluation as Cases 1, 6, and 7, but Case 2 also conducted a "Pro-active risk assessment through assessment and finding solutions" as part of its risk evaluation. Case 3 applied all risk evaluation items except for "assess only main risk" and "adjudication in risk assessment (decisions made by key personnel)."

Comparing the seven cases for risk evaluation, Case 3 had better practices than did the other cases because their company not only assessed the main risk, but also assessed every risk that could potentially impact the PPP project.

3.2.4 Risk mitigation

Fig. 7 displays the results for how risk mitigation is determined for the answer choices of "Apply" or "Didn't Apply". Cases 4, 6, and 7 implemented risk mitigation in "risk reduction by redesigning the building due to safety issue" and "risk transfer, such as insurance, specialist or subcontractor". Cases 3 and 5 had the same mitigation responses as Cases 4, 6, and 7, but used another mitigation factor, "company also applies risk mitigation." Case 2 executed just one risk

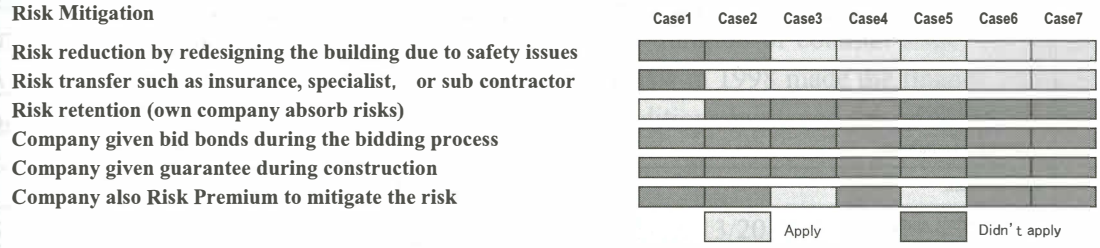

Fig. 7 Application of risk mitigation

mitigation factor by applying "risk transfer to insurance, specialist or subcontractor." Case 1 only practiced risk mitigation by "risk retention (own company absorbs risks)." The interview with a key person in the private sector revealed that Case 1 did not use "transfer of risks to insurance, specialist or subcontractor" or other mitigation tools due to limited finances or the lack of a budget. The company (Carmeta Corporation) has many PPP projects for tourism in Bangka (Jati Pesona Hotel), West Bangka (Giri Sasana/Case 1) and Pangkalpinang (Jati Wisata Hotel). An economic crisis in 1998 and the Bali terrorist blast incident caused the revenue of all these projects to decrease sharply. The company thus reduced the project costs at Giri Sasana (Case 1) because the company believed that Case 1 project had the smallest revenue among all the others, so the company could continue to exist during the crisis. That rationale was why the company also did not undertake such risk mitigation actions as "risk reduction by redesigning building due to safety," "risk transfer, such as insurance, specialist, subcontractor," and other mitigation management tools for Case 1. The costs of these mitigation actions were simply too high.

The process of risk management from risk identification, risk assessment, and risk mitigation, as conducted by the private sector, generally found and identified at least the major risks in these projects. Although the consequences of the risks that occurred in this project could be solved, but this resolution would cost money. During the mitigation process, risks were identified that could be reduced; the risks depended on how risk levels were allocated on the contract. However, the private sector could not solve all risks.

Risk management should be provided before a project bidding process begins, so the private sector can negotiate how risks will be shared between the government and the private sector and anticipate the actual risk allocation in the contract. When a private or public entity is faced with several risks in a PPP project, that issue should be described clearly and written into the contract, so it will not create problems and hidden risk sharing in the future. In the seven PPP project cases, all risk management processes were conducted several years into the contract, so that any risks unidentified previously could be found now.

3.3 Evaluation of risk -sharing based on the PPP contract

3.3.1 A Risk -sharing matrix

Contracts should anticipate risk allocation to handle the problems they may face in the future. Table 3 shows the risk items that Miharjana Dodi (2006) proposed to be allocated[74] and the risk allocation results for the seven cases. However, the risks allocation of the seven cases were obscure for "interest rate," "exchange rate," "ancillary facilities," "transfer," "regulatory" and "political". These ambiguities will surely burden the private sectors in the future. For example, Article 7 of the contract for Case 3 states, " If something happens in the future that

Table 3 Risk items to be allocated[4] and risk allocation results for the seven cases

No	Risk Item	Risk Allocation [1]	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7
1	Land acquisition	Government	Gov	Gov	Sha	Gov	Gov	Gov	Gov
2	Landsite unsuitability	Private	Priv	Priv	Priv	Priv	Priv	Priv	Priv
3	Environment	Private	Priv	Priv	Priv	Priv	Priv	Priv	Priv
4	Health, safety, and permits	Private	Priv	Priv	Priv	Priv	Priv	Priv	Priv
5	Availability and transferability	Government	Gov	Gov	Gov	Gov	Gov	Gov	Gov
6	Operating costs	Private	Priv	Priv	Priv	Priv	Priv	Priv	Priv
7	Interest rate	Private	Uc	Uc	Uc	Uc	Uc	Uc	Uc
8	Exchange rate	Private/shared	Uc	Uc	Uc	Uc	Uc	Uc	Uc
9	Market	Private/shared	Priv	Priv	Priv	Priv	Priv	Priv	Priv
10	Responsibility of design	Government	Priv	Priv	Priv	Priv	Priv	Priv	Priv
11	Detailed design, specifications, and standards	Private	Priv	Priv	Priv	Gov	Gov	Priv	Priv
12	Design data	Private	Priv	Priv	Priv	Gov	Gov	Priv	Priv
13	Procurement and construction	Private	Priv	Priv	Priv	Priv	Priv	Priv	Priv
14	Construction cost	Private	Priv	Priv	Priv	Priv	Priv	Priv	Priv
15	Program	Private	Priv	Priv	Priv	Priv	Priv	Priv	Priv
16	Operation	Private	Priv	Priv	Priv	Priv	Priv	Priv	Priv
17	Maintenance	Private	Priv	Priv	Priv	Priv	Priv	Priv	Priv
18	Ancillary facilities	Government	Uc	Uc	Uc	Uc	Uc	Uc	Uc
19	Transfer	Private	Uc	Uc	Uc	Uc	Uc	Uc	Uc
20	Regulatory risk	Government	Uc	Uc	Uc	Uc	Uc	Uc	Uc
21	Political/sovereign	Government	Uc	Uc	Uc	Uc	Uc	Uc	Uc
22	Force majeure	Government	Gov	Gov	Gov	Gov	Gov	Gov	Gov

Priv=Private; Gov=Government; Uc=Unclear

Table 4 Comparison of contract items for GR No. 6/2006 and PR No. 13/2010

No	Contract items defined by GR No. 6/2006	Cases							Contract items defined by PR No. 13/2010	Cases						
		1	2	3	4	5	6	7		1	2	3	4	5	6	7
1	Parties involved in agreement	√	√	√	√	√	√	√	Scope of work	√	√	√	√	√	√	√
2	Object of agreement	√	√	√	√	√	√	√								
3	Duration	√	√	√	√	√	√	√	Duration	√	√	√	√	√	√	√
4	Rights and duties of parties	√	√	√	√	√	√	√	Rights and duties	√	√	√	√	√	√	√
5	Other requirements deemed necessary	√	√	√	√	√	√	√	Tariff and mechanism	√	√	√	√	√	√	√
6									Surety bond	x	x	√	√	√	x	x
7									Risk allocation	x	x	x	x	x	x	x
8									Standard of service performance	x	x	x	x	x	x	x
9									Transfer of shares	x	x	x	x	x	x	x
10									Sanction	√	√	√	√	√	√	√
11									Termination the contract	√	√	√	√	√	√	√
12									Auditing the finance of private every year	x	x	x	x	x	x	x
13									Mechanism of conflict completion	√	√	√	√	√	√	√
14									Mechanism of monitoring for construction	x	x	√	√	x	x	x
15									Function and owning of asset	√	√	√	√	√	√	√
16									Returning asset to government	√	√	√	√	√	√	√
17									Force majeure	√	√	√	√	√	√	√
18									Statement and guarantee that partnership is legal	x	x	x	x	x	x	x
19									Using Indonesian language	√	√	√	√	√	√	√
20									Using law based on Indonesian law	√	√	√	√	√	√	√

√ = Yes x = No

causes the loss to private sector, the duration of the contract will be started when the private is ready to operate again". This statement may solve the duration of contract issue, but the risks will still remain in the private sectors. The financial crisis in 1998 made the finance situation, a political issue, getting worse. Unfortunately, these conditions burdened the problems in Case 1 and Case 3.

3.3.2 Contract items defined by GR No. 6/2006 and PR No. 13/2010

This clause discusses the characteristics and weaknesses of GR No.6/2006 by comparison with PR No.13/2010. Table 4 in the left section shows five items of the contract defined by GR No. 6/2006 and the result of the seven cases. The right section shows the nineteen contract items defined by PR 13/2010 and the result of the seven cases if they were applied. GR No. 6/2006 contains just five items: "Parties involved in agreement", "Object of agreement," "Duration", "Right and duty of parties" and "Other requirements deemed necessary".

Meanwhile, PR 13/2010 has an additional sixteen items. Yet it can be seen that there is less response in the instances of "Surety bond" and "Mechanism of monitoring in construction", and no response in the case of "Risk allocation", "Standard of service performance", "Transfer of shares", "Auditing the finance of private every year", and "Statement and guarantee that the partnership is legal". These results suggest that GR No. 6/2006 has an opportunity to be similar items as those for PR No.13/2010.

Table 5 shows a comparison of the two and reveals their differences in terms of "Procurement process", "Risk management" and "Risk negotiation". First, in choosing the private sector that cooperated with the government, "General procurement" is applied in PR No.13/2010. In "General procurement", positive competition between private companies will be expected. Secondly, PR No.13/2010 has an advantage for contract items over GR No.6/2006 as discussed above. Third, PR No.13/2010 includes "Risk negotiation", which GR No.6/2006 does not. "Risk negotiation" is one of the good factors for achieving success with PPP projects. When a private sector company faces risk assessment in a PPP project, negotiation provides a chance to eliminate that risk by sharing the risk and thus maintaining the performance of service and management for the PPP project.

Table 5 Comparison of contents and characteristics for GR No.6/2006 and PR No.13/2010

Contents	Government Regulation (GR) No. 6/2006	President Regulation (PR) No.13/2010
Object	Management of government assets	Public-private partnerships
Procurement process	Direct appointment/general procurement	General procurement
Risk management	Unstipulated	Risk management is arranged based on proportional risk allocation principles between the government and private parties that can manage the risk and that items must be written into the contract
Contract items	Simple (parties involved in agreement, object of agreement, duration, right and duty of parties, and other requirements deemed necessary)	More complex as shown in table 3
Risk negotiation	There is no negotiation process	There is a negotiation process
Project field	Government asset	Specific fields: Transportation infrastructure; road infrastructure, including bridges, irrigation, and drinking water; waste water, including garbage; telecommunications; power supply, and oil and gas infrastructure

4. Conclusion

The results from this study are summarized as follows:

1. The risk management practices for the seven PPP cases process, from risk identification, risk assessment, and risk evaluation to risk mitigation, are weak. Many of the private parties could identify risks with minimal techniques in risk identification, and at least they could identify, assess, and evaluate the major risks that occurred in a project. The significant differences, however, were in risk mitigation. Many private sector companies implemented risk reduction by redesigning the building due to safety issues and transferring the risk, for example, to insurance, a specialist, or a subcontractor.
2. The weakest risk management occurred in Case 1, the "Historical Building PPP project." The private party identified the risk with minimal techniques and yet was weak in risk mitigation because of the internal problems faced by their company and the existing government situation.
3. The seven PPP contracts hid both risk sharing and allocation. This condition caused by the lack of a contract item that addressed risk allocation in Government Regulation (GR) No.6/2006 for the management of government assets.
4. President Regulation (PR) No. 13/2010 to provide infrastructure had significant differences with GR No.6/2006. The contract items for PR No.13/2010 were detail, risk management was well stipulated, and the "Risk negotiation process" was defined.
5. From the above results, it is found that GR No. 6/2006 needs to be improved in the terms of adding "Risk negotiations", "Risk allocation" and other detailed items, such as "Surety bond", "Standard of service performance", "Transfer of shares", "Auditing financial private every year", "Mechanism of monitoring in construction", and "Statement and guarantee that the partnership is legal", as defined in PR No.13/2010.

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