



ΕΛΛΗΝΙΚΗ ΔΗΜΟΚΡΑΤΙΑ

ΥΠΟΥΡΓΕΙΟ
ΑΝΑΠΤΥΞΗΣ



ΥΠΟΥΡΓΟΣ

Belgian Business Club, 12 March 2008

Ladies and Gentlemen,

It gives me great pleasure and honour to address this distinguished gathering of esteemed businessmen. I consider this round table as an interesting event to discuss in depth the prospects of Public and Private Partnerships.

Globalization has set new standards for national economies. Economic development, social cohesion and the efforts to ease unemployment are desirable objectives for every society.

One of the greatest flaws in the Greek economic system is its bloated public sector and the impact it has on the Gross Domestic Product. This weakness is the primary source for many problems --- linked to low productivity, inflexibility, lack of innovation, corruption and bureaucratic red-tape.

Since taking office, our government's agenda included fiscal adjustment and the achievement of sustainable growth ensuring further economic development.

Public sector reforms are key features in our agenda. This decision is mandatory in order to overcome the obstacles and the imperfect policies of the past.

Within this framework, we have focused on

- Creating a business friendly environment ,
- Improving the overall business environment,
- Increasing productivity,
- Giving incentives to private investments,
- Promoting exports,
- Enacting new investment legislation,
- Privatising the public sector,
- Promoting market competition by limiting state ownership in the energy/telecommunications fields.

The decision to establish a specific legal framework for Public & Private Partnerships (PPP's) in Greece, for the construction of public infrastructure and for the provision of reliable services to citizens, constitutes a major government policy.

Public Private Partnerships are therefore a new form of cooperation for the funding, construction, maintenance and operation of an infrastructure or service.

In 2004-2005 when the Ministry of Economy and Finance began preparations for the drafting of this legislation there were many who doubted its likelihood for success. Many believed that this effort would stagnate and remain on paper. On the contrary, today we see that PPP's have advanced with rapid steps.

In September 2005 – **Law 3389/2005**. the new legal framework regulating the implementation of PPP's in Greece was passed by the Parliament. This Law lays down the foundations for the wider implementation of PPP's in Greece, since it abolishes the requirement for parliamentary confirmation of each PPP contracts, as was the case in the past for all concession agreements. The parliamentary confirmation procedure remains only for very large scale projects (i.e. exceeding 200 Million Euro in budget).

The key feature to this new legal framework is that the Public sector is capable to implement more flexible structures, such as projects based on immediate payments. Projects such as schools, hospitals, prisons can now be built and managed by private entities. The State assumes responsibility to pay off private funding, in annual payments since the private entities do not charge a direct fee to the end-users for the provided services

The legal framework codifies issues relating to the PPP's. It also regulates the implementation of PPP projects and gives definition on the public entities (Central Administration, local government organizations, legal entities under public law) that could form partnership deals with private entities, in areas falling within the scope of their competence. The private sector undertakes a significant part of the risk relating to financing, construction and provision of infrastructure or services. Fields such as national defence, police services, judicial functions, cannot be the object of PPP agreements since it is constitutionally forbidden.

The legal framework also provides incentives guaranteeing substantial security to entrepreneurs engaged in long-term contracts with public authorities. It also defines the minimum content of PPP contracts and deals, in a manner consistent with international practices, relating to issues such as: taxation, granting of permits and licenses, protection of the environment, treatment of archaeological findings, expropriations and other critical issues for the success of PPP deals.

Law 3389/2005 has established two new administrative bodies, the **Interministerial PPP Committee** and the **Special Secretariat for PPP's**, which are responsible for the specialisation of PPP policy and the monitoring of the implementation of the PPP projects.

The Interministerial PPP Committee (IM PPP Committee) is a collective governmental body that shapes PPP policy and is responsible for approving PPP projects that fall under the provisions of Law 3385/2005.

The IM PPP Committee comprises as regular members the **Minister of Economy and Finance**, **the Minister of Development**, and the **Minister of the**

Environment, Planning and Public Works and, as special members, the Minister or Ministers supervising each of the public entities participating in a partnership.

This ensures unanimity, even though many Ministries are involved in a specific project. The IM PPP Committee also approves the inclusion in the **Public Investment Programme** of the contractual fee (availability payment) to be paid to the private entities, and has the power to revoke approval decisions, in case a contracting authority does not abide by its obligations.

The other administrative body is the Special Secretariat for Public & Private Partnerships (PPP Unit). This Unit has been established within the Ministry of Economy and Finance, assisting the IM PPP Committee. The PPP Unit is responsible, among others, to identify projects that can be delivered via a PPP scheme, coordinate the communication between public authorities and private entities in the context of PPP deals, and to facilitate and support contracting authorities in implementing PPP projects.

A primary responsibility of the PPP Unit is to facilitate the implementation procedure of the PPP's, as well as, to give extensive support and assistance to the stakeholders. For this specific reason, the PPP Unit **has launched a website** (www.ppp.mnec.gr/en) in both **Greek and English** with useful information regarding PPP's. This website contains information on procedures, approved projects, tenders, sector-specific information for the implementation of PPP's, an information corner with useful informative material, legislation and FAQs, and a Press- Office corner with all the latest news, press releases, presentations and interviews.

The Special Secretariat for PPP's was fully set up in January 2006 and the first projects were planned and approved within the same year. From the beginning of 2007 the tender procedures of the first PPP's began.

34 projects of a total budget of 4 billion € have been approved by the Interministerial Committee. Projects in different sectors; projects throughout the whole country; projects of a high social priority.

In detail:

- Construction, renovation and maintenance of 27 new school buildings in the region of Attica. Contracting authority: Organization of School Buildings
- Construction and maintenance of 31 new school buildings in the region of Central Macedonia. Contracting authority: Organization of School Buildings
- Construction and maintenance of 23 new school buildings in the regions of East Macedonia and Thrace, West Macedonia, Epirus and the Ionian Islands. Contracting authority: Organization of School Buildings
- Construction and maintenance of six new buildings for the University of the Peloponnese. Contracting authority: University of the Peloponnese
- Construction of an International Conference Center in the Faliro Pavilion (Tae Kwon-Do Stadium). Contracting authority: General Secretariat for the Olympic Utilization
- Construction and maintenance of seven new fire stations. Contracting authority Hellenic Public Real Estate Corporation
- Facility management of four buildings of the Hellenic Police. Contracting authority: Hellenic Public Real Estate Corporation
- Construction and facility management of 11 new buildings of the Hellenic Police. Contracting authority: Hellenic Public Real Estate Corporation
- Reconstruction and facility management of the “Domboli” building complex for the accommodation of the services of the Periphery of Epirus. Contracting authority: Region of Epirus
- Construction and facility management of a Government House for the Prefecture of Achaia. Contracting authority: Prefecture of Achaia
- Construction and facility management of a Government House for the Prefecture of Fthiotida. Contracting authority: Prefecture of Fthiotida
- Construction and facility management of a Government House for the Prefecture of Trikala. Contracting authority: Prefecture of Trikala
- Installation and operation of security systems in 12 Greek ports. Contracting authority: Ministry of Mercantile Marine

- Construction and maintenance of two new courts of justice.
- Construction and maintenance of three new prisons.

Last December (2007) one project per month was scheduled for tender. Since then 4 projects have been tendered. Our engagements were finally realised. 6 projects of a total budget of 550 million € have already been tendered.

Today, few are those who doubt the effectiveness of PPP's. Many local administration bodies from across the country are in a day to day contact basis with the Special Secretariat for PPP's in order to find out ways on how they can develop and better implement this reform.

Modernizing a country's infrastructure and its public services is an important challenge. PPP's are now widely accepted as means of procuring and delivering the infrastructure and services needed. PPP's yield important benefits for all the involved stakeholders: the public sector, the country's citizens and the private sector, which now gains access to a new expanding market. This is the reason why PPP's are considered a significant reform and a fundamental pillar for the further development of Greece.

The PPP's projects will give the necessary boost to the Greek economy to further develop and improve the public infrastructure. Less public spending in these kinds of projects will guarantee more available funds to be spent in social services, in education or elsewhere. This type of partnership will further enhance entrepreneurship and will develop new and important investment opportunities.

It's worth mentioning that, in the recent past there were also some other different types of co-operation between the public and the private sector that paved the way towards this new approach.

An example (not a PPP per se) is **in the developing natural gas sector in Greece**, where the network infrastructure is planned, constructed and operated through the formation of an S.A. company

- 51% share – is state owned and
- 49% share –is private owned.

The company is managed and operated by its private counterpart.

Three such companies have been set up and operate in 3 Greek administrative regions (Attiki, Thessaloniki, and Thessalia) and another 3 are currently planned (in Central Macedonia outside Thessaloniki, Eastern Macedonia and Thrace and Sterea Ellada).

Ladies and Gentlemen,

We created a new market in Greece; a market that is stable, sustainable and has great growth potentials. More and more Greek businesses express their genuine interest to invest in this emerging field, as well as, a number of foreign companies with relevant experience in this sector. An important step towards this direction is the investments made by multi-national corporations in the newly announced PPP projects. PPP'are becoming a common tool to bring together the strengths of both Public & Private sectors.

Ladies and gentlemen,

The Greek economy has entered a new era. We have managed to decrease state's ownership in large-scale utilities corporations and at the same time we stimulated innovation, and encouraged competition in the free market. Thanks to the reforms promoted- such as PPP's, the reformed fiscal policies in taxation, the enactment of the new investment law for businesses , the effective and successful management of the "community support framework" (CSF), Greek economy is now developing substantially.

Our principle aim remains the enhancement of entrepreneurship and the improvement of market competitiveness. The Government's agenda focuses on

balancing social cohesion and planning a stable and viable economic environment for the generations to come. Much has been achieved and we trust that these measures, will further improve the performance of the Greek economy in a global market.