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The New Market of Public Private Partnerships (PPPs) in Greece

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Public Private Partnerships (PPPs)

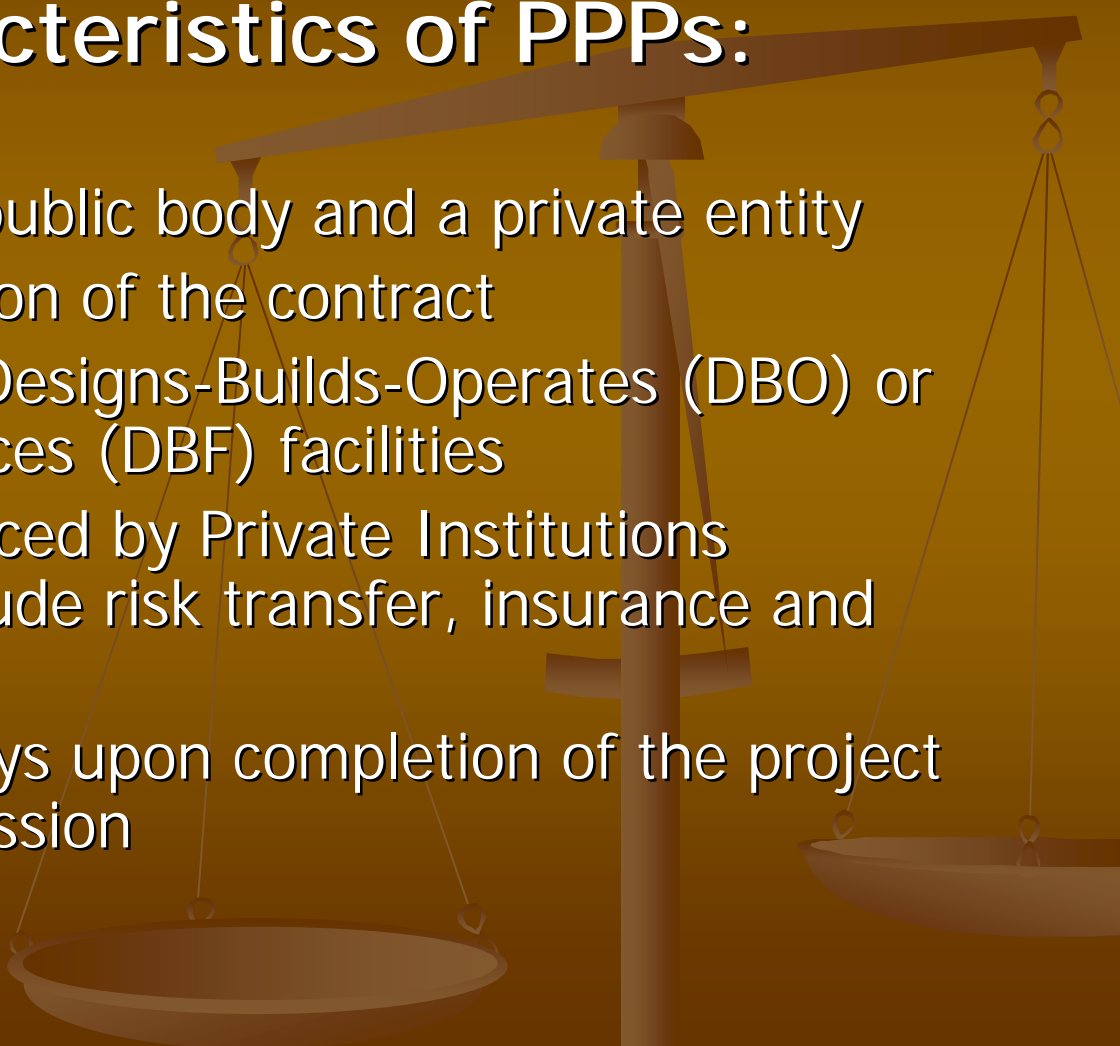
Definition:

“any joint venture between a public body and a private company, typically involving the joint ownership of a special purpose vehicle (SPV) established under company law, to work in collaboration on a variety of projects”

The basic facts about PPPs:

- PPPs are not new (UK Privatization scheme in the 80s)
- PPPs, in principle, are a type of Public Procurement (requiring special legislation)
- A “PPP” approach can be seen in conventional types of Public Contracts (e.g. concessions)
- However, PPPs introduce new financial tools and require a new “attitude” by the Public and Private Sector
- Considerable interest about PPPs all over Europe (EC Commission launched a wide debate with the “Green Paper” on PPPs in 2004)
- “PPP” is a generic term: Private Finance Initiatives (PFIs) is one form of PPP – *“Procurement of services by private sector that are delivered through public assets”*

The basic characteristics of PPPs:

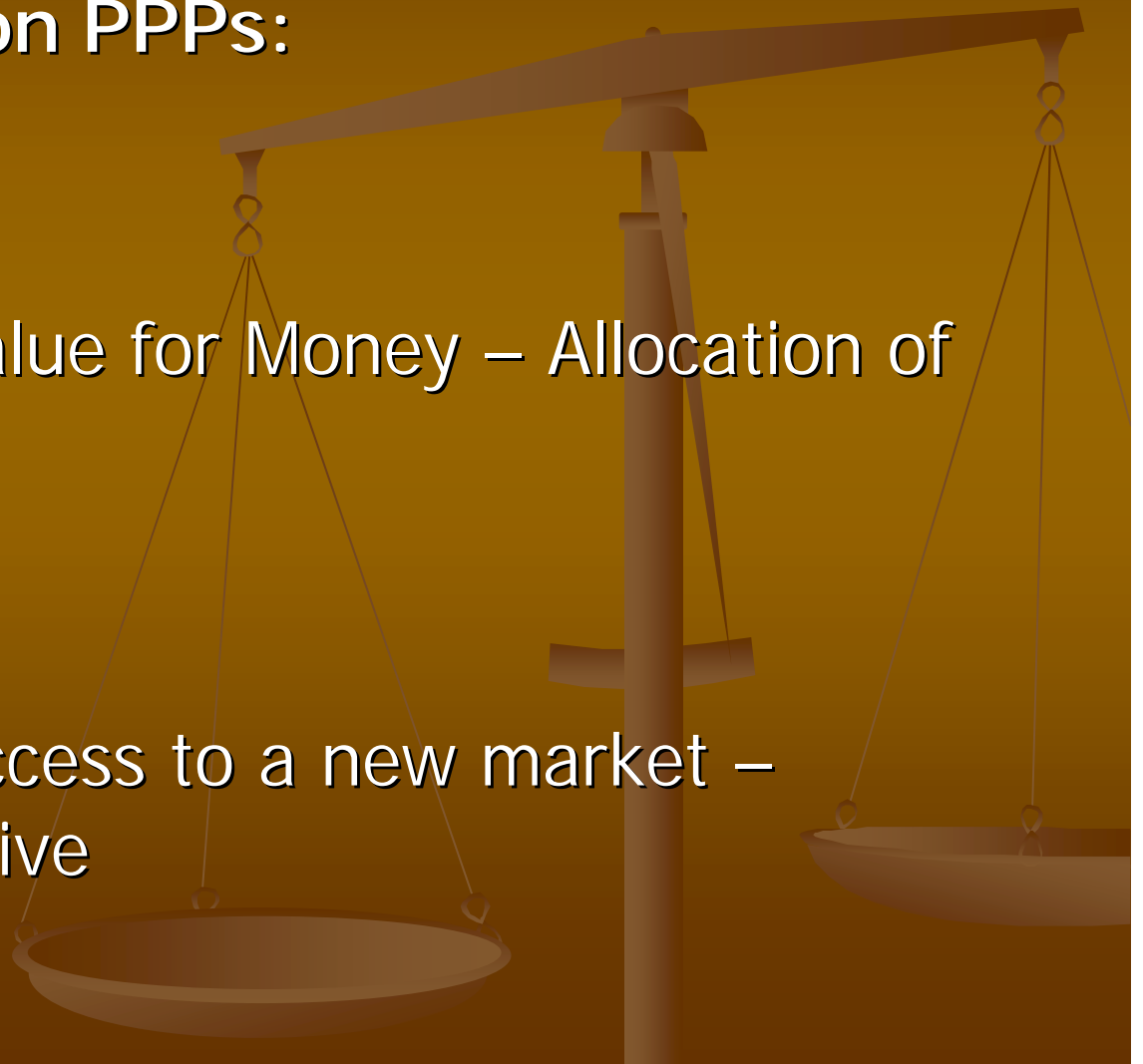
- Contract between a public body and a private entity
 - Relatively long duration of the contract
 - Private entity either Designs-Builds-Operates (DBO) or Designs-Builds-Finances (DBF) facilities
 - Private entity is financed by Private Institutions (agreement may include risk transfer, insurance and "step-in" clauses)
 - Public body either pays upon completion of the project or agrees on a concession
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The basis features of PPPs:

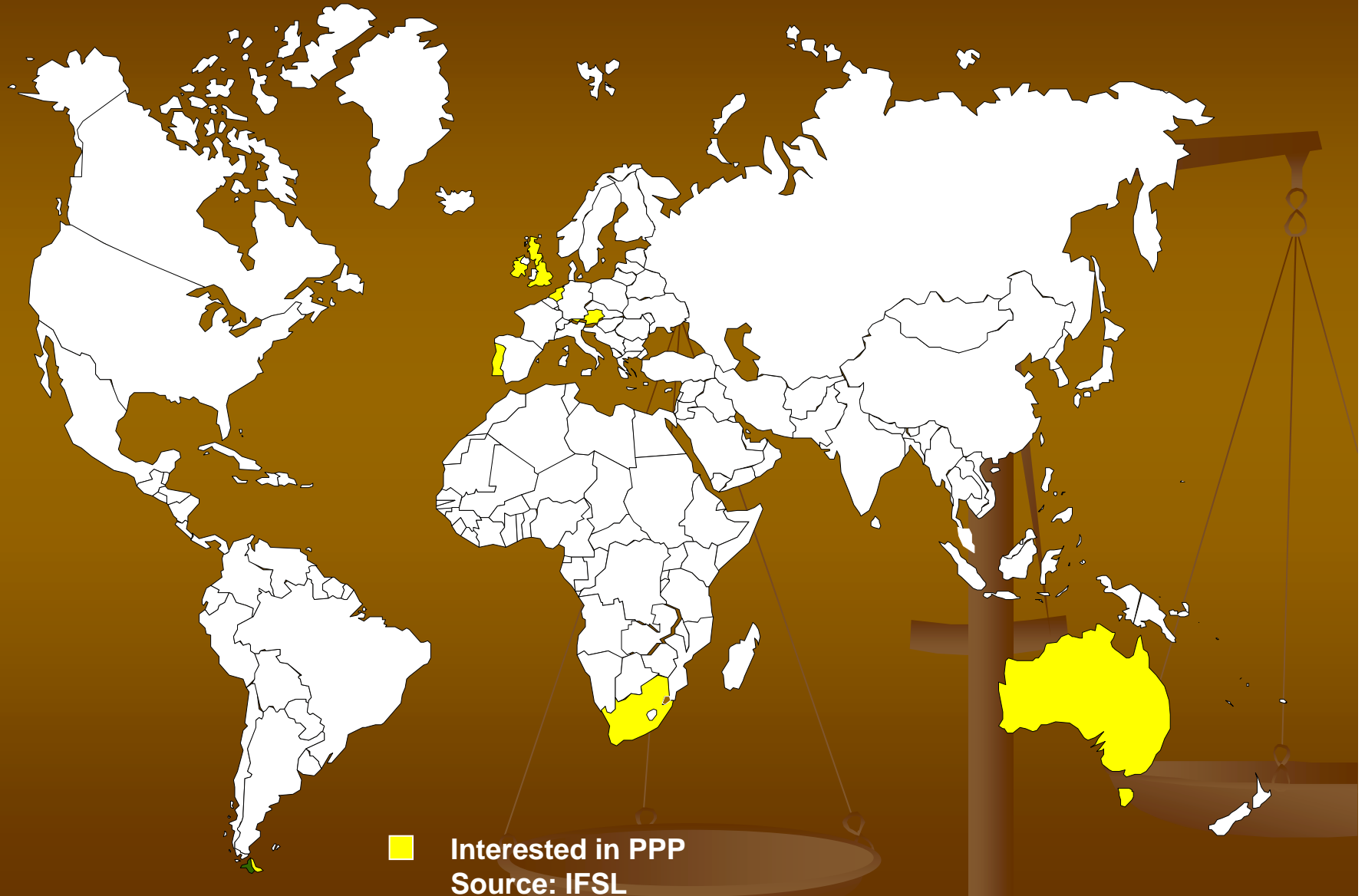
- New Market for provision of Construction & Services
 - The financial aspect of PPPs
Public Works → Financial Instrument
 - Off-Balance Sheet – EUROSTAT 11 Feb. 2004
 - Allocation of Risks
Construction – Demand – Availability Risk
 - Bankability
Secondary Market – Securitisation
 - Insurance
 - Value for Money – Public Sector Comparator
Incentive for Quality
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Basic conclusion on PPPs:

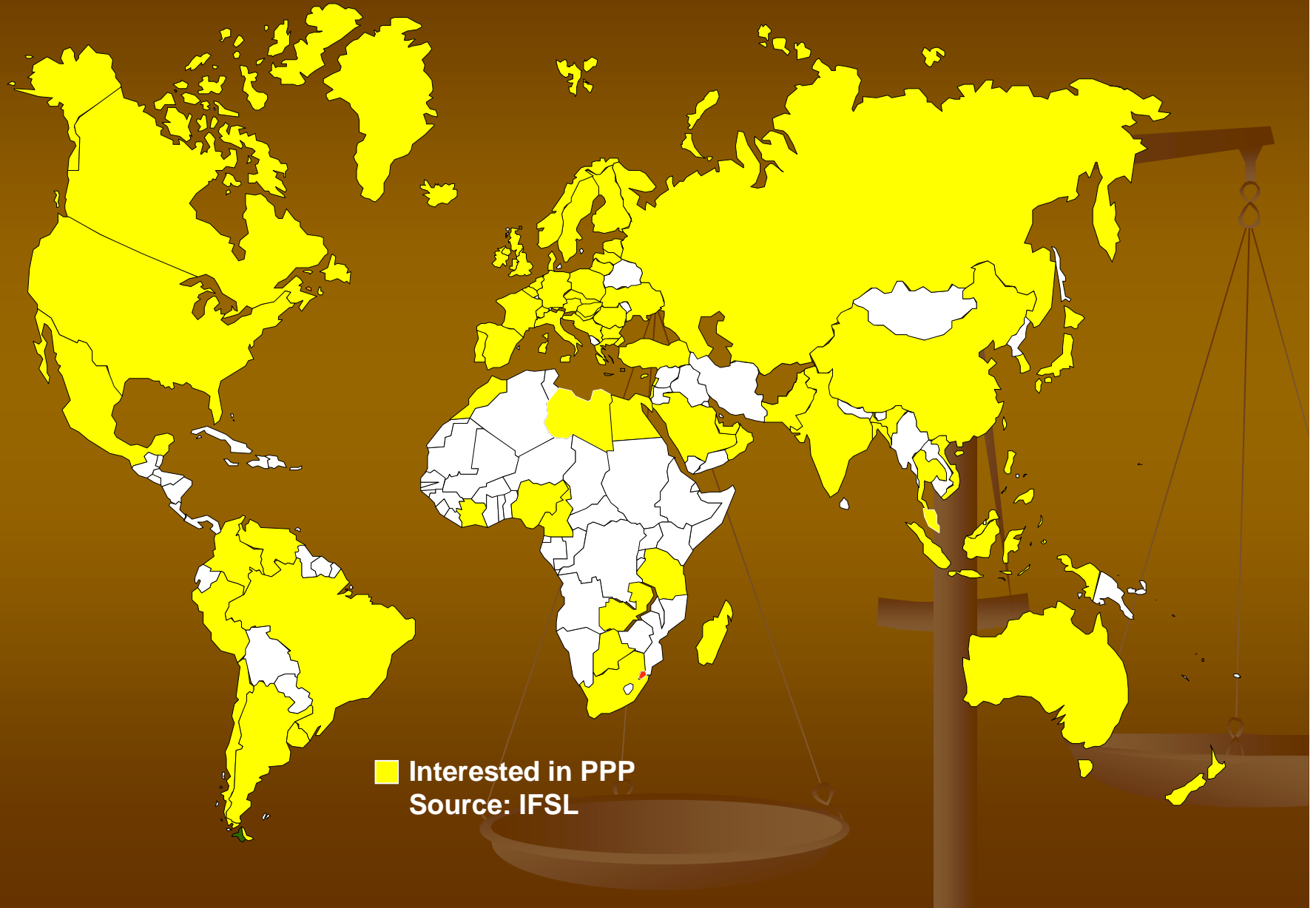
- Public sector:
Saves money – Value for Money – Allocation of Risks
- Private sector:
Makes money - Access to a new market – Investment incentive



International Interest in PPP 1999



International Interest in PPP 2006



Greek Law 3389/2005 on PPPs:

- Abolishes requirement of Parliament ratification
 - Adopts new EU Directives on Public Procurement
 - Regulates award and contractual scheme of PPPs
 - Provides flexibility and allows shared better practice
 - Enhances bankability (step-in clauses and securitisation)
 - Complies with EUROSTAT regulations
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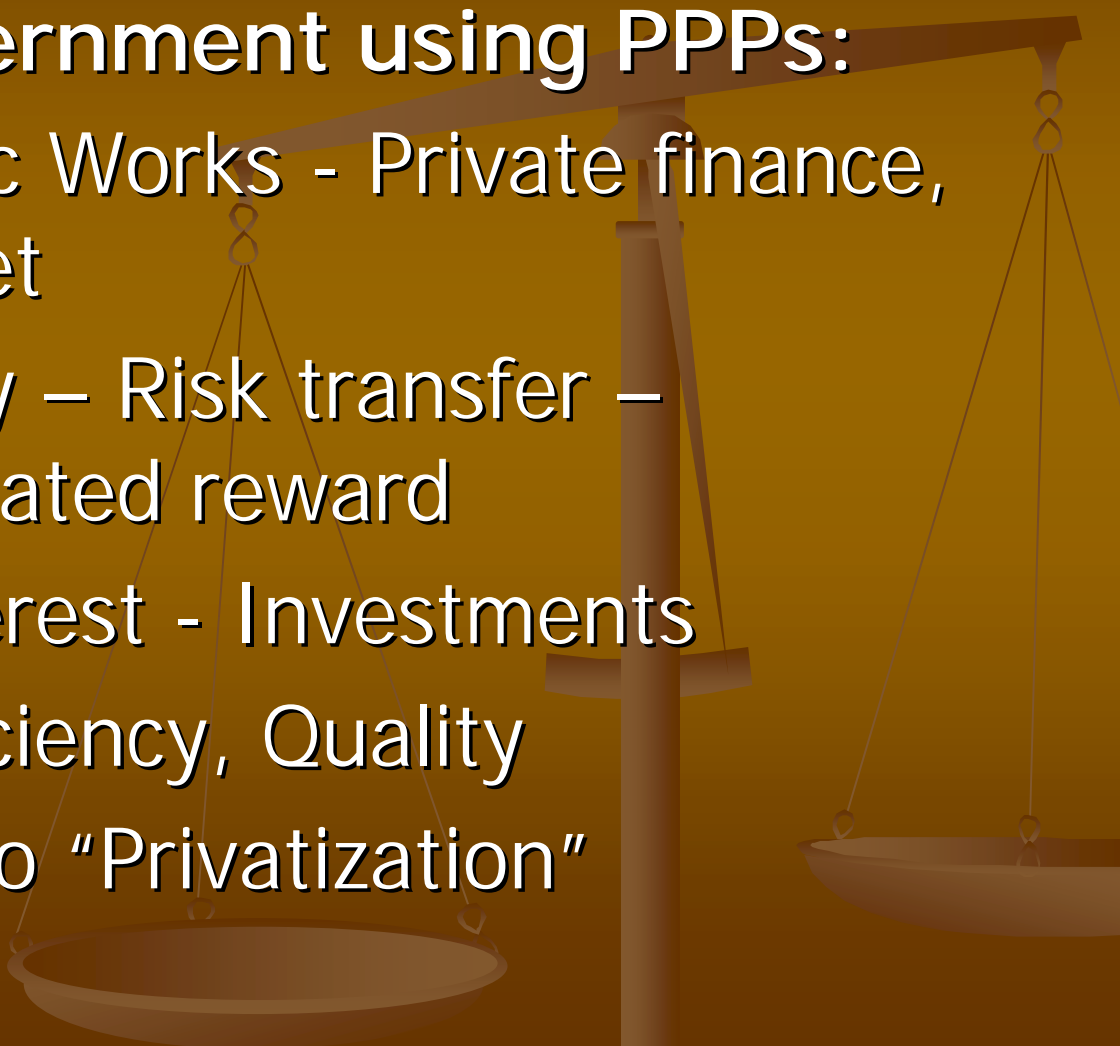
Greek PPP projects in the pipeline:

- Multi-schools projects: 27 Schools in Attica and 31 Schools in Macedonia
(€ 266 mil. + 20%)
- Prisons projects: 3 prisons facilities in Salonika, Volos and Corinthos
(€ 198 mil. + 20%)
- University of Peloponnisos
(€ 84 mil. + 20%)
- Courthouse projects: 2 courthouse facilities in Heraklion and Patras
(€ 100 mil. + 20%)
- Police facilities project in Attica
(€ 36 mil. + 20%)
- Fire department facilities projects: 7 facilities in Salonika, Alexandroupolis, Veria, Lefkada, Giannitsa, Mesolongi & Gargaliani
(€ 31,5 mil. + 20%)
- International Conference Center in Athens (Paleo Faliro)
(€ 54 mil. + 20%)
- Municipalities (Article 224 of the New Municipalities Code)

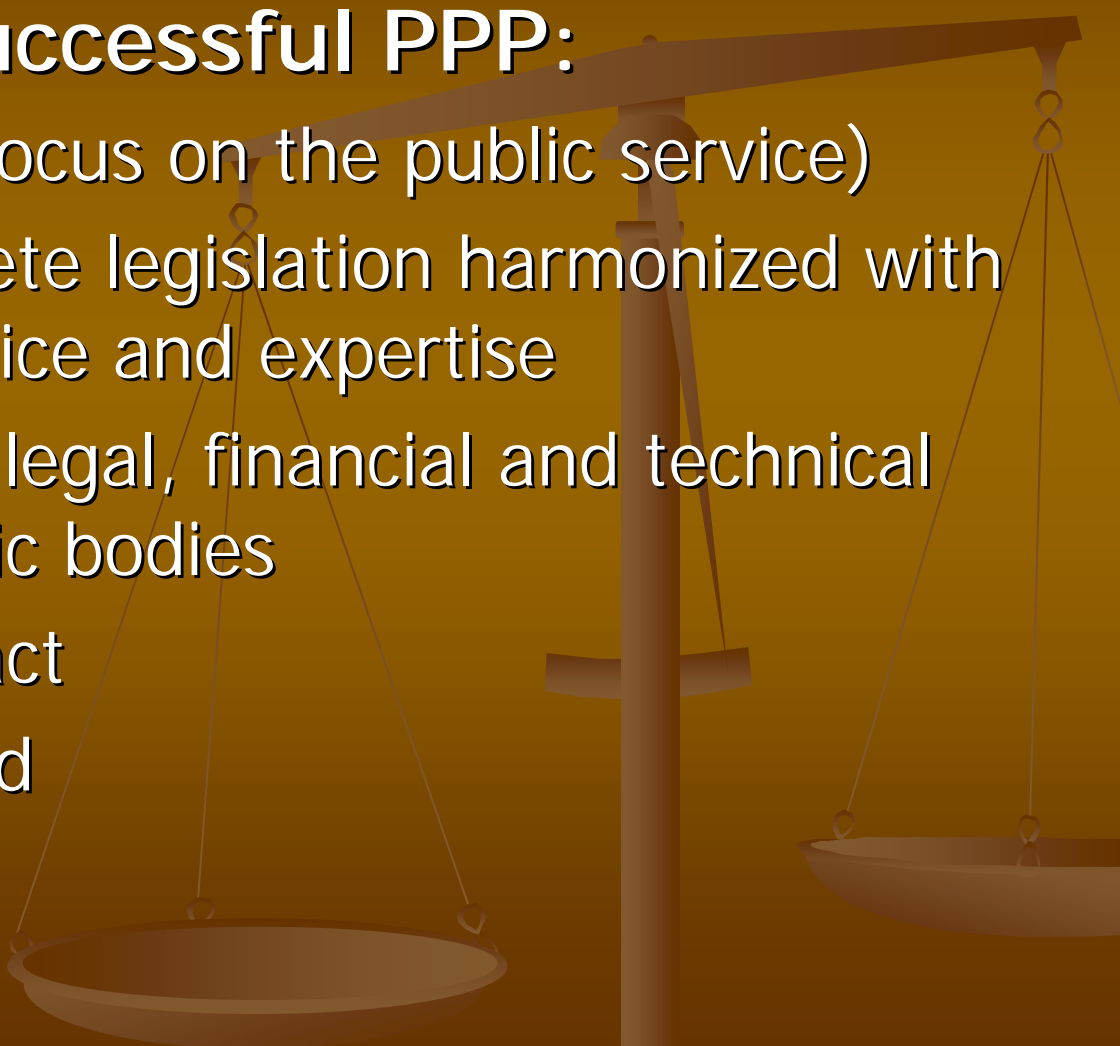
Why invest in PPPs?

- Access to a new market (services & secondary market)
 - Private investment (institutional & private investors)
 - Project Finance
 - Insurance and Risk Transfer
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Why is the Government using PPPs:

- Expand of Public Works - Private finance, off balance sheet
 - Value for money – Risk transfer – Performance-related reward
 - Commercial interest - Investments
 - Innovation, Efficiency, Quality
 - New approach to “Privatization”
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The keys to a successful PPP:

- Political support (focus on the public service)
 - Proper and complete legislation harmonized with international practice and expertise
 - Full and complete legal, financial and technical advice to the public bodies
 - A good PPP contract
 - A level playing field
 - Collaboration
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Thank you for your kind attention!

