



GOVERNO DE
PORTUGAL

MINISTÉRIO DAS FINANÇAS

Portuguese institutional framework reform

UTAP - The MoF technical unit for PPPs

Fernando Crespo Diu - foroPPP, Madrid, November 29, 2012



Disclaimer

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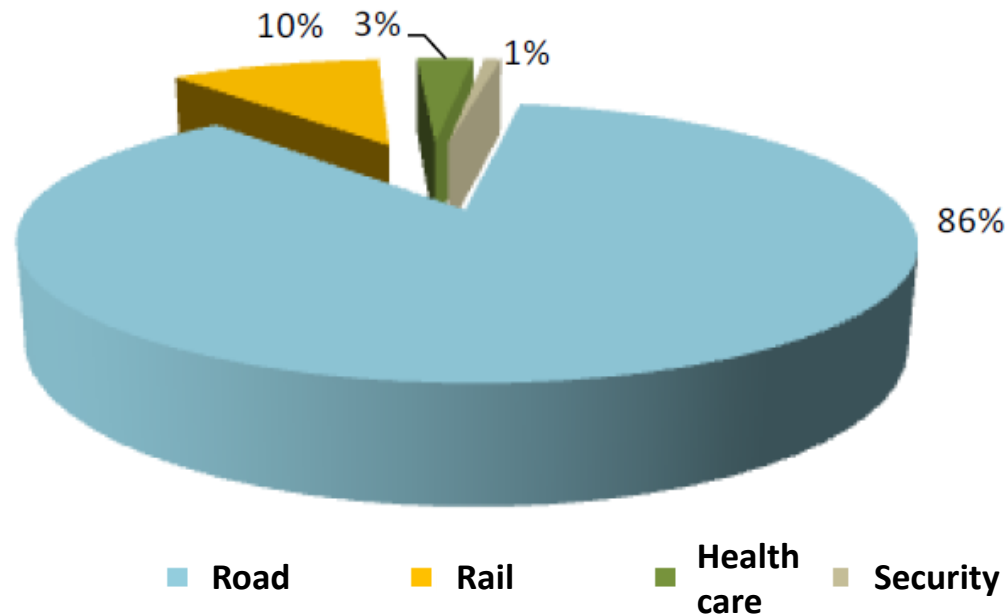
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- 1) Overview of PPPs in Portugal
- 2) Previous institutional regime for PPPs
- 3) 2012 institutional reform
- 4) UTAP main features
- 5) UTAP challenges

Some figures about the dimension of the portfolio

- A total of 36 PPP contracts, 23 in the road sector
- Cumulative investment in 2012 = 15.220 million €

Share of PPP's cumulative investment

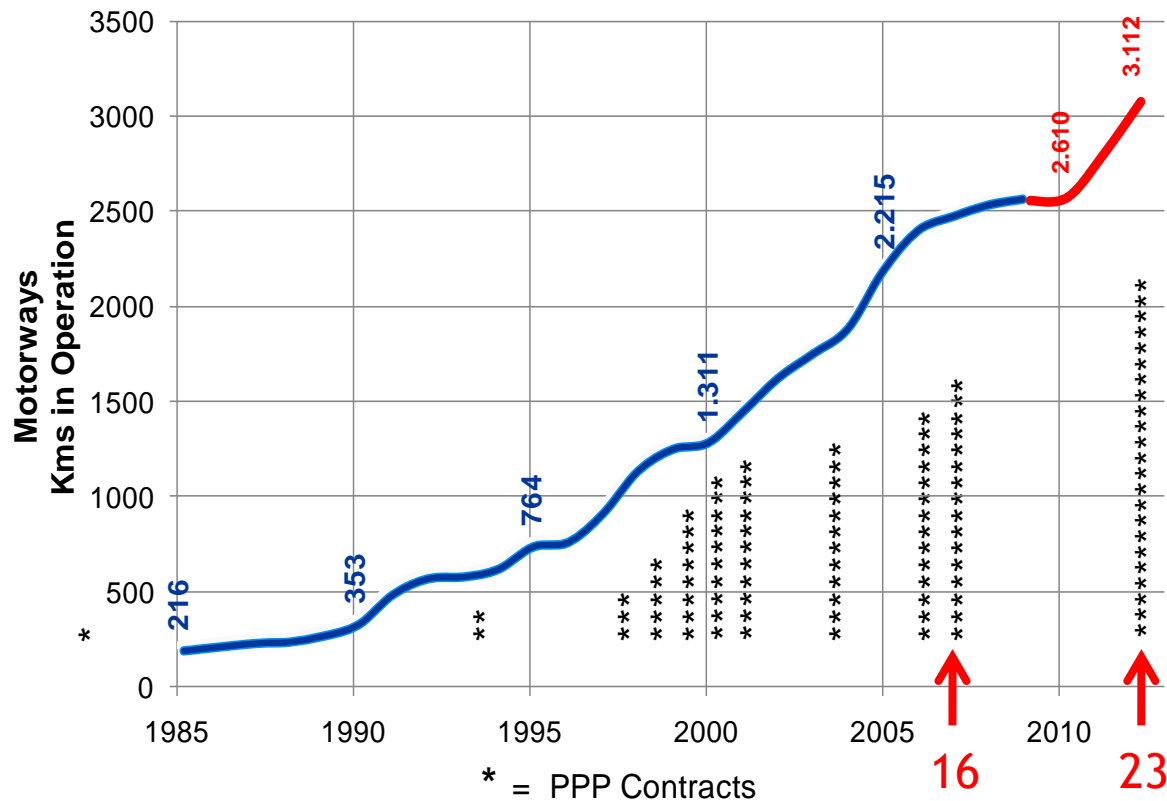


Source: Ministry of Finance

Overview of PPPs in Portugal

PPPs: instrumental for the motorway network expansion

PPP contracts and motorway kms in operation in Portugal



Source: Institute for Road Infrastructure (InIR), Ministry of Economy

Overview of PPPs in

Motorways: oversized



	Motorway	
	Total kms	kms
Portugal	2.705	
Belgium	1.763	
Germany	12.813	
Italy	6.661	
Spain	14.021	
UK	3.674	

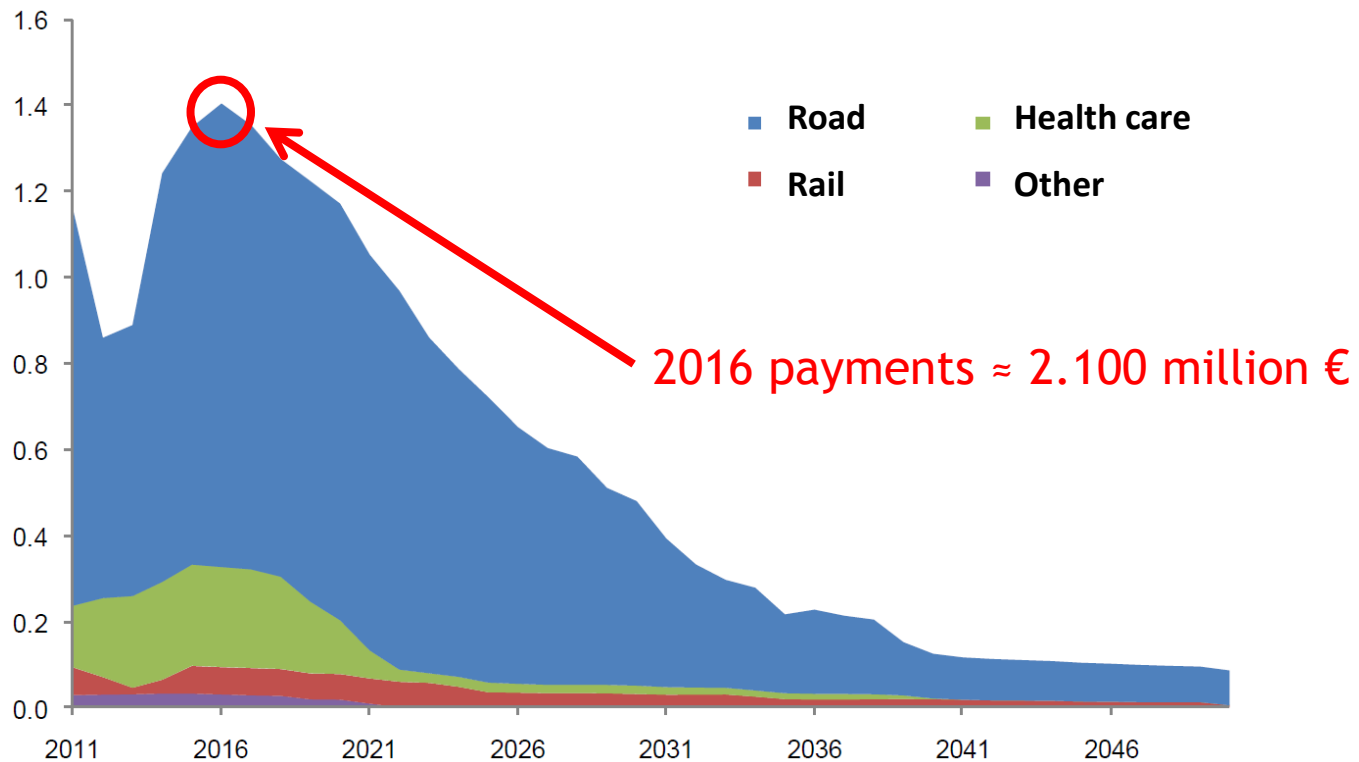
Motorisation rate - 2009	
1000 inh	Trucks/1000 inh
170	172
133	63
119	29
106	66
109	112
109	58

2002 data

Overview of PPPs in Portugal

PPP financial obligations: up to 1,4% of GDP in 2016

Annual payments due to PPP contracts (gross of taxes) - GDP %



Source: Ministry of Finance

MoF involved in all stages of the process, BUT...

- 1) Inter-ministerial task teams for project concept, tender launch and evaluation and negotiation - majority of members from line ministries
- 2) MoF members in task teams: recruited from several MoF units - mainly Parpublica and from deputies to the Minister and Secretaries of State
- 3) PPPs launched by State owned companies, not under the scrutiny of the MoF
- 4) The Minister of Finance had the last word - only on the paper, due to political pressure from the line ministries

Resulting in:

- Fragmented and disperse PPP knowledge and data
- High expenditure in external consultants
- MoF accompanied the process, but did not lead it
- Fiscal outcome, out of the control of the MoF

Resulting from the agreement of external economic support

MoU strategic vision regarding PPPs:

“A strengthened legal and institutional framework, within the Ministry of Finance, for assessing fiscal risks ex-ante of engaging into PPP, concessions and other public investments, as well as for monitoring their execution”

Key element of the reform: the UTAP - its strategic objectives are:

- 1) To be the MoF’s “long arm”: pivotal role regarding PPPs matters
- 2) Greater control over the fiscal and financial outcomes of PPPs
- 3) Concentrate all data, experience and know-how concerning PPPs
- 4) Reduce the Public Administration’s dependency on external consultants, hence, reducing costs
- 5) Improve launch, tender, execution, management, monitoring and evaluation of PPPs - involvement in all stages of projects

- Coverage: national, all PPPs over 10 Mill € public sector commitment OR over 25 Mill € investment, at NPV
- Location: task force within the MoF
- Funding: fully government funded, MoF budget
- Functions:
 - i. Technical support in launch, tender, execution, monitoring and evaluation of PPPs; develop recommendations, guidelines and models; support in arbitration proceedings
 - ii. Composition of PPP working teams: provide majority of members in evaluation and negotiation commissions
 - iii. Monitoring powers: reporting to the MoF on economic and financial situation of PPPs;
 - iv. Data analysis/disclosure: quarterly reports on assumed and contingent financial liabilities; disclose contracts, other docs...
- Approval power: no, remains with MoF
- Staffing: 13 full time consultants + administrative support staff

- PPPs: a extremely sensitive issue and volatile media environment
- Several private parties (mainly road and health care) are in bad financial shape
- UTAP is ramping up, to be fully operational in early December
- Launch renegotiation of concessions with UTAP staff leading the task teams in early December - to be finalised in the first half of 2013
- Objectives already marked in the 2013 State Budget - 30% reduction in total road PPP payments (250 million €)
- Initiate development of a new PPP financial reporting system to be ready in January 2013

Thank you very much for your attention!

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