



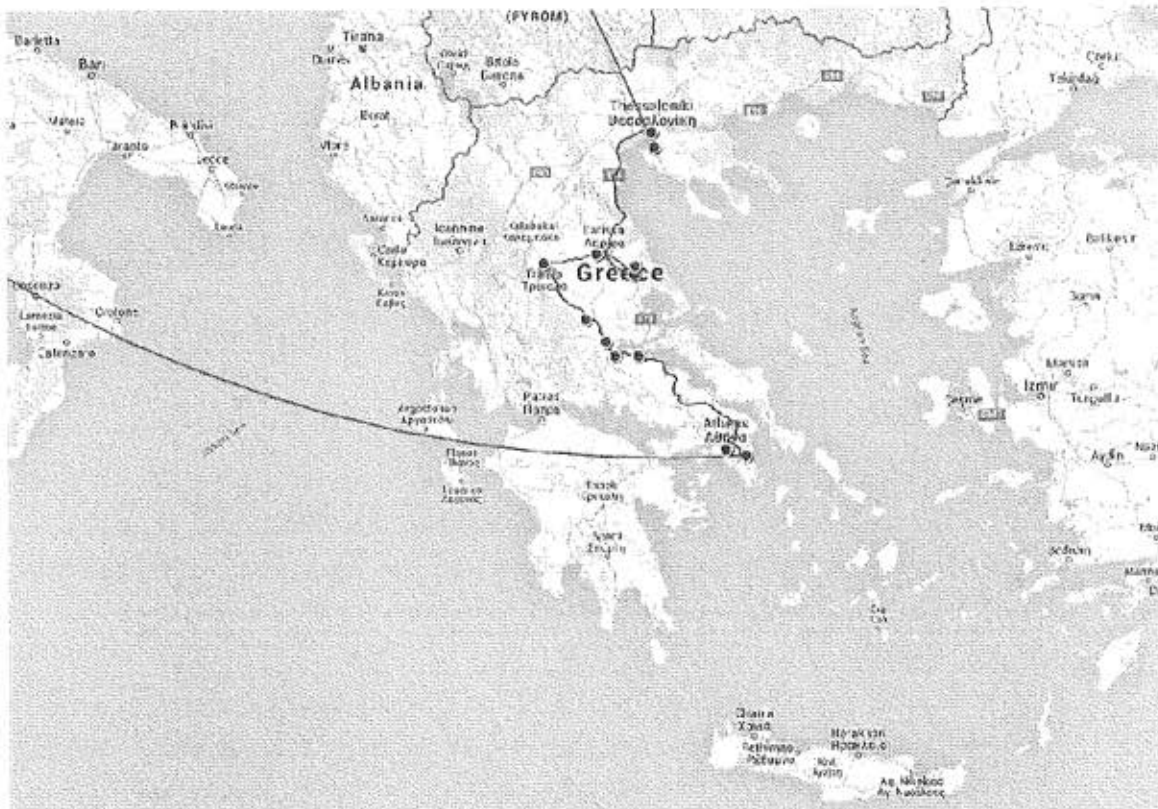
ЕВРОПЕЙСКИ ПАРЛАМЕНТ PARLAMENTO EUROPEO EVROPSKÝ PARLAMENT EUROPA-PARLAMENTET
EUROPÄISCHES PARLAMENT EUROOPA PARLAMENT ΕΥΡΩΠΑΪΚΟ ΚΟΙΝΟΒΟΥΛΙΟ EUROPEAN PARLIAMENT
PARLEMENT EUROPÉEN PARLAMENT NA ĽEORPA PARLAMENTO EUROPEO EIROPAS PARLAMENTS
EUROPOS PARLAMENTAS EUROPAI PARLAMENT IL-PARLAMENT EWROPEW EUROPEES PARLEMENT
PARLAMENT EUROPEJSKI PARLAMENTO EUROPEU PARLAMENTUL EUROPEAN
EURÓPSKY PARLAMENT EVROPSKI PARLAMENT EUROOPAN PARLAMENTTI EUROOPAPARLAMENTET

Directorate-General for Internal Policies of the Union
Directorate for Budgetary Affairs
Secretariat of the Committee on Budgetary Control

Brussels, 3 December 2015

Report on the fact-finding mission of the Budgetary Control Committee to Greece 24/25 September 2015

Control of EU funded priority projects shortlisted by
"Task Force for Greece"



Summary

- Greece has a long history of ill-managed EU-funded projects which have been prolonged or repaid to the EU budget due to delays in their implementation;
- The Greek financial crisis aggravated the problem as the weakening economy influenced the projected profitability of the major infrastructural projects (highways, railways, etc.);
- The structure of the central administration leads to an unclear division of competency among the various bodies of the central administration;
- The Committee was surprised to discover that both the regional and local administration - which should be most directly linked to the conducted projects, as they will be the most influenced by the outcome of the project were not at all or only partially involved in many projects; in most cases the projects were decided by the central Greek administration which is far from the local and regional problems linked to the implementation of the project; a clear example is the metro of the city of Thessaloniki, where the construction was decided in Athens without the City of Thessaloniki having a say on the matter; another example is the rehabilitation of Lake Karla by redirecting the water of the Pinios River, without taking into account the local farming community which was dependant on the river;
- A weak point in the implementation of EU-funded projects, is the lack of coordination between the various implementing bodies; in case of unforeseen events, this lack of coordination costs money and heavy delays;
- The Committee would like to thank the Task Force for Greece and the relevant services of the European Commission for their sound and professional job in giving a helping hand to Greece during the economic crisis, by providing expertise and additional financial input during the economic crisis in order to soften the blow the crisis had on the implementing EU-funded projects;

Recommendations

- One of the major challenges while implementing EU-funded projects in Greece is the centralisation of the country. Many projects lack regional and/or local oversight. Additionally the frequent changes of governments and thus recurring electoral periods, causes the procrastination of decisions, resulting in unnecessary delays therefore adding another hurdle to the list of problems the projects have to deal with;
- Some of the projects lacked realistic planning - which included rational possible delays due to unforeseen circumstances which are based on similar projects conducted in a similar environment;
- One of the most important issues which caused delay in nearly all of the visited projects was the archaeological excavations; while conducting any project which includes ground works in a country as rich in history as Greece, one should include a realistic estimate for delays caused

by excavations of archaeological findings; additionally the process of deciding of what to do with the findings once unearthed should be smoother and shorter as it significantly hampers the implementation of the projects;

- Another major obstacle is the problem of the expropriation of land; although this remains a prerogative of the Member State, the Committee suggests the Greek authorities consider examining some of the solutions already in place in other Member States in order to eliminate this hurdle which is blocking the timely finalisation of most major projects in Greece;
- The Committee would like to remind the Greek authorities that for the 2007-2013 programming period, the eligibility period for expenditure ends on 31 December 2015. After that date, uncompleted projects will have to be funded by the national budget; this includes all of the visited projects, as none of them will be completed and operational by that date;
- The Committee would like to remind that if the projects are not fully completed and operational within the operational programme's set deadline, financial recovery to the EU budget will be applied. we urge the Commission to provide us with an overview of the state of play of each project financed with EU money;
- Although the Committee received assurances by the Greek authorities about their financial capacity in finishing these projects by the end of the 2007-13 programming period, it would ask the Greek authorities to provide information on the amounts of national funds reserved in the national budget for the projects to be completed;
- The Committee plans to revisit Greece in the upcoming 3-4 years in order to see whether progress has been made in them implementation of projects and whether the appropriate use of EU funds can be noted.

Introduction

Greece has a long history of EU-funded projects, which were not fully completed within the given timeline and had to either be prolonged or paid back. The Budgetary Control Committee decided to send a delegation to Greece in order to try to better understand the source of the Greek problems.

The Committee analysed the 181 priority projects highlighted by the "Task Force for Greece" of the European Commission as problematic. After a careful selection procedure, seven have been chosen for in-field examination. They were:

- the construction of the Thessaloniki metro (1200 mln EUR of EU funds),
- the rehabilitation of the Karla Lake (42 mln EUR),
- the construction of Central Greece (E65) motorway - part Xiniada-Trikala (900 mln EUR),
- the completion of the new double high-speed railway line Tithorea-Lianokladi-Domokos (930 mln EUR),
- the e-ticket system in Attica (35 mln EUR),
- the Greek cadastre (28 mln EUR)
- the Greek national register (42 mln EUR).

Situation of Greece following the 2009 economic crises

The magnitude of the economic and social crisis in Greece represented a huge challenge, not only for the Greek population and their political leaders, but also for the European Union. The EU Member States and the EU institutions expressed their solidarity and support in the form of loans (based on economic adjustment programmes), grants from EU Structural and other funds, and private sector debt write-offs.

So far, Greece has agreed to EU financial assistance in the form of three economic adjustment programmes: the first and second made available EUR 240 billion for the period 2010-2014 and the third (for which the Memorandum of Understanding (MoU) was signed on 19 August 2015) paves the way for mobilising up to EUR 86 billion over three years (2015-2018).

The EU budget supported Greece in the form of grants for an amount of EUR 42 billion during the period 2007-2013 and made available EUR 35 billion for the period 2014-2020.

The EU private sector involvement in debt write-offs accounts for around EUR 100 billion.

Implementation of EU funds for Cohesion policy

The European funds for Cohesion Policy (European Regional Development Fund - ERDF, European Social Fund - ESF and Cohesion Fund - CF), which amounted to EUR 20.4 billion for the 2007-2013 programming period and EUR 15.33 billion for the 2014-2020 programming period, are implemented through Sectoral/Regional Operational Programmes (OP).

For the 2007-2013 programming period an amount of EUR 20.4 billion was allocated for the Cohesion policy (ESF: EUR 4.36, ERDF: EUR 12.15, CF: EUR 3.69).

The ESF budget for 2007-2013 allocated EUR 4.36 billion finances 4 OPs: education and lifelong learning (EDULLL), human resources development (HRD), public administration reform (AROP) and national contingency reserve (NCR).

Task Force for Greece

The Task Force (TFGR), created within the European Commission in July 2011 in a close dialogue with Greek authorities, identified and coordinated the technical assistance which Greece needed in order to implement structural and institutional reforms and facilitate the absorption of EU funds. TFGR work focused on fostering economic growth, while raising competitiveness and employment. It provided regular progress reports to the Greek authorities and to the European Commission. The Task Force was based in Brussels with an office in Athens.

The activities of the TFGR have been various:

- a) Expert missions & workshops to share the best practice and expertise, e.g. up to July 2014, TFGR has arranged over 400 missions, including 35 policy workshops;
- b) Support through small value contracts to finance experts working with the Greek authorities over a period of 3-4 months to evaluate, design or implement reforms, e.g. up to March 2014, 52 such contracts were arranged by the TFGR;
- c) Continued support from international organisations;
- d) Domain leadership - where a Member State could become a 'domain leader' in a policy area, e.g. France volunteered to be a domain leader in the area of central administration reform while at the regional level it was Germany.

TFGR was financed through resources available in the Technical Assistance (TA) budget of the European Commission. A budget of EUR 18.3 million in commitments and EUR 12.8 million in payments has been managed by the TFGR for TA needs in Greece. Sometimes national experts provided short term assistance were paid by their home countries.

The top priority policy areas for reforms were: Administrative Reform, Tax Policy, Revenue Administration, Public Financial Management (especially expenditure control), the Health Sector, the Business Environment, and Social Security Reform. In 2011, the OECD undertook an evaluation of central and tax administration in Greece and produced findings which served as a basis for the Technical Assistance (TA) of administrative and tax reforms.

With its administrative and budgetary decision on 17 June 2015, the European Commission has modified the Establishment Plan of the Secretariat General by creating a new service 'the Structural Reform Support Service' - which integrated the team and structure of the Task Force for Greece and became operational on 1 July 2015. The new service provides know-how to any Member State

requesting it and, in particular, it will support Greece with the implementation of administrative and structural reforms - including assistance with the use of European Structural Funds.

181 projects of the Task Force for Greece

In October 2011 a list of 181 priority projects was agreed upon between the Commission and the Greek administration. The projects were of major significance for the country's development, would have a high impact on Greek economy, and would enhance job creation and employment. The total budget for the priority projects amounted to EUR 11.5 billion (the total Greek NSRF budget amounted to EUR 24 billion). These projects should prove to be a key driver for absorption. The aim was to produce visible results, boost the economy & competitiveness, and create employment.

The main problems encountered during implementation were:

- Delays at maturation stage
- Delays in licensing
- Dissolution of contracts due to lack of liquidity of contractors
- Lengthy court appeals during awarding procedures.

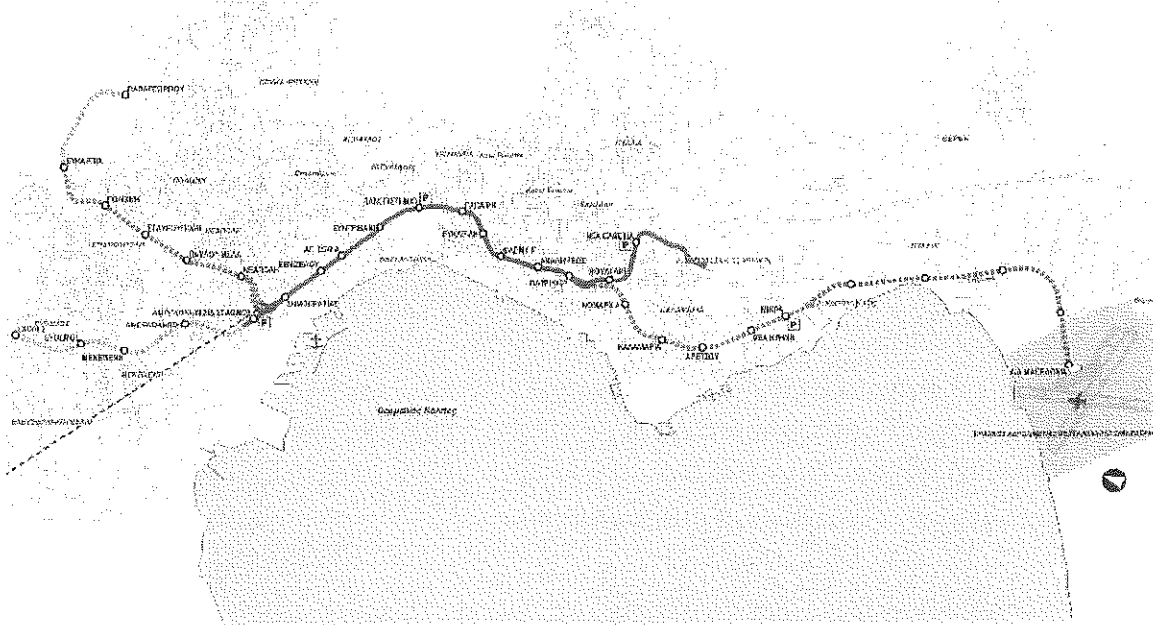
The Greek authorities have reinforced the process of implementation for the priority projects with the use of project managers, Jaspers assistance, and close follow-up. To this extent, several technical meetings took place between the European Commission and the Greek authorities to review the priority projects at risk and to discuss the bottlenecks, measures to be taken, and their timetable, as well as assess the progress achieved so far in the context of the severe shortage of liquidity faced during the last months.

As of 30 September 2015:

- 70 out of 181 priority projects have been completed (total co-financed budget EUR 1.385,74 million)
- 39 are being implemented on schedule (total co-financed budget EUR 3.346,26 million)
- 52 projects need to be accelerated (total co-financed budget EUR 5.513,20 million)
- 14 projects are unlikely to be concluded (total co-financed budget EUR 998 million)
- 6 project were cancelled (total co-financed budget EUR 275 million)

Projects visited by the delegation

1. Construction of the Thessaloniki metro



| | |
|---------------------------|---|
| Red Line | Basic Project under construction |
| Blue Line 1 | South-east Extension to Kalamaria under construction |
| Blue Line 2 – Yellow Line | North-west Extension to Stavroupoli and Papageorgiou Hospital under planning and design |
| Yellow Line | West Extension to Evosmos under planning and design |
| Green Line | Extension to the airport under planning and design |

Description

The full project includes the completion of the main line of the Thessaloniki metro with its 13 stations. The main objectives of the Thessaloniki Metro Main Line include the upgrade of the transport infrastructure of the city of Thessaloniki, the gradual decongestion of city traffic, and the increased use of public transport.

The investment contributes in reducing primary and secondary pollutants in the atmosphere, improving the quality of life in Thessaloniki, and indirectly enhancing road safety. The Main Line of the Thessaloniki Metro also contributes in boosting competitiveness of local enterprises and in creating over 470 employment opportunities during implementation and around 390 permanent jobs during operation.



The project under actual examination is Phase A' of the Thessaloniki Metro Main Line (Project 2) forming part of the wider Thessaloniki metro project aiming at constructing a driverless metro system in the city of Thessaloniki. Overall it includes both the Main Line (9,6 km with 13 stations) and the eastern Extension to Kalamaria (4,8 km with 5 stations) which is a different project in itself.



The 2007-13 programming period contains both a bridge and a phasing project. Initiated in the framework of OP Roads in 2000-2006, it continues in 2007-2013 as the project funded via the OP Macedonia-Thrace, but is managed through the MA of OP Accessibility and will be concluded via OP Infrastructures 2014-2020. The completion and operation of the Main Line is estimated to serve approximately 22 500 new journeys daily during rush hour.

Total eligible expenditure: EUR 1,2 billion
 Bridge project: EUR 196 million in 2000–06 and EUR 279 million in 2007-13
 Phasing project: EUR 117 million in 2007-13 and EUR 610 million in 2014-20



EU support 2007-2013

The decisions for the co-financing are C(2014) 8749 of 18.11.2014 and C(2014) 8745 of 18.11.2014.

Eligible public expenditure declared up to now to Commission services: 270.386.963,52€

| 2007-2013 | Eligible co-financed public expenditure (EUR) | EU Contribution (EUR) |
|----------------------------|---|-----------------------|
| 2013GR161PR009 (bridge) | 213 825 600 | 181 751 760 |
| 2013GR161PR010 (phase) | 89 604 736 | 76 164 026 |
| Total | 303 430 336 | 257 915 786 |

State of play

Still national funds are required in 2015-16 to complete the bridge project: EUR 82 000 000 (of which EUR 59 000 000 eligible, under the condition that the works are implemented by end of 2015).

Issues at stake

Currently works are not progressing. Implementation progress for bridge project is at 86,82% and for the phasing project it's at 58,67%. The contractor requested to dissolve the contract last December. Attiko Metro wishes to extend the current contract, therefore, a committee is set up and the negotiations are ongoing.

The stop of the work affects the absorption of the OP Macedonia-Thrace. The bridge-project from 2000-06 will burden the national funds because it cannot be phased to 2014-2020, while a modification request for phasing the 2007-2013 decision should be made.



Scenarios currently under negotiation by Attiko Metro:

- Continuation of works with the same contractor with an objective to complete the project, by 2018 excluding Venizelou station (due to archaeology issues) which can be completed by 2020.
- Re-tender the remaining works and complete the project with a new contractor.

Further development of the situation after the mission took place

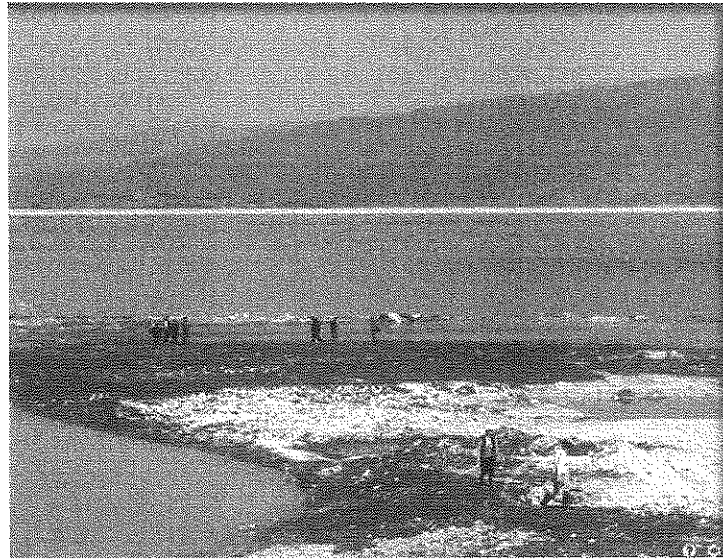
- Agreement now expected to be concluded at the end of November 2015, greatly reducing the possibility of additional eligible expenditure up to end-December 2015.
- Ministry of Culture's decision to alter the terms of the Venizelou station construction very likely to create additional issues on the construction of the station; consequences currently under examination by the European Commission.
- The question is whether the most important station - Venizelou, will be constructed due to the archaeological findings.

2. Rehabilitation of the Karla Lake

Description of the project

This project is located in Thessaly, the financially biggest environmental project in the Balkans. Its objective is to rehabilitate Karla Lake as an important natural site as the water and natural resources of the region. Initially the project faced important management issues and was contested by local farmers claiming for subsequent indenisation with regard to risk of limitation of irrigation.

The re-naturalisation of part of a previously drained lake will raise the dangerously low groundwater level in an entire region. Surface water and new groundwater sources will enable farmers to irrigate their fields. The nearby city of Volos will be supplied with drinking water from groundwater sources. A nature protection and tourist area will be created.



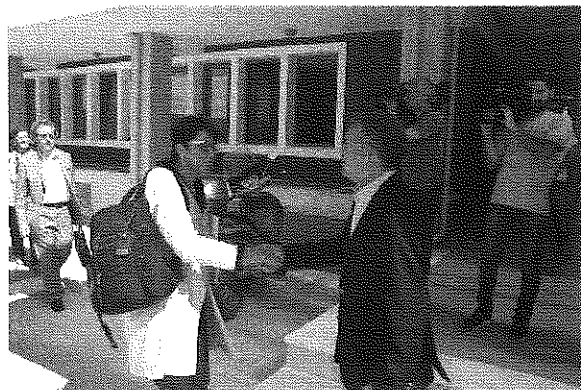
Planned functioning of the project

The lake will be filled with water from the Pinios River and rainwater. Water from the Pinios River will be diverted to Lake Karla via a system of channels (dug out and not lined with concrete). (The system of channels was created several decades ago after the area was drained, as a source of water in droughts and an outlet for water in case of floods). Rainwater

from the surrounding mountains will also flow into the lake through a new system of lined channels. Newly installed pumps will discharge water into the lake in the event of flooding.

Development of a system of groundwater sources

All illegal groundwater sources in the area are to be closed as far as possible. In their place, hundreds of interlinked new sources will be created. These will bring water to the city of





Volos and provide farmers with additional water for irrigation in times of drought.

EU support 2007-2013

This project is a bridge project from the 2000-2006 programming period. For 2007-13, the EC Decision was adopted on 29.8.2011 (C(2011)6067) under the OP Environment & Sustainable Development 2007-2013, Priority Axis 2 ERDF.

Eligible co-financed public expenditure: EUR 47.363.588 million.

EU contribution: EUR 37.890.870 million.

Eligible public expenditure declared up to now to Commission services: EUR 19.686.213,66 million.

State of play

The project should be properly completed and become operational by the closure of the period 2007-2013. Being a bridge project from 2000-2006, it cannot go beyond the 2007-13 period. The managing authority has confirmed by end of May 2015 that the project will be completed within the 2007-13 programming period, except 3 out of the 10 subprojects will not be implemented. However, these 3 subprojects do not affect the implementation of the project.

An amount of 28 million EUR is lacking to finish the project.



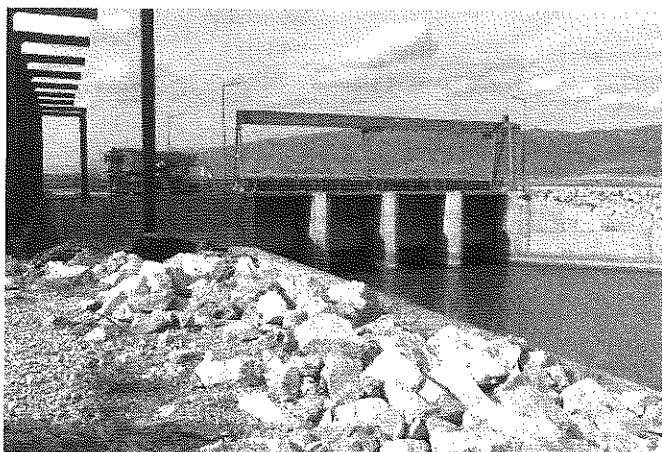
Current situation, stage reached in the Lake

Karla project

1. The reinforced part of Lake Karla (dams, channels, pumps, overflow areas) is largely complete.
2. After having been at a standstill for years, work is now again underway on the rainwater drainage and collection system.
3. Some tourist sites (such as the local history museum) have been completed, while others (such as sealed cycle paths and leisure centres) are still left outstanding.
4. Water has once again been flowing from the Pinios River through the channels into the lake. At present, the lake has no large expanses of water, and there are only a series of puddles. Local environmental experts estimate that, if the volume of water entering the lake remains the same, it will take two years for the planned, ecologically stable water level in Lake Karla to be reached.
5. Water quality in Lake Karla is poor, having been made toxic as a result of the problem with farming, illegal tips, and the low level of replenishment. Experts from the universities in Volos and Thessaloniki report regular waves of fish deaths. At the same time, the water poses risks

for people's skin and health. Under WHO rules, the lake should be secured against public access.

6. The illegal wells used by farmers remain in operation. Accordingly, the new system of groundwater sources has only been partially embarked on. It is therefore impossible to say when the city of Volos will receive any drinking water (particularly since the groundwater level must first rise and this will take years, even when the lake is full).
7. The problem of illegal rubbish remains. They are not being removed, and neither are the farmers being prevented from creating new ones. 'Sustainable farming' is still a foreign concept.
8. De facto control over the channels leading away from the Pinios River is in the hands of the farmers' association. It does not believe in the project's success; therefore, farmers have been independently extracting water for their fields and have blocked the river from reaching the lake for more than a decade. All the relevant local authorities are aware of this.
9. Properly functioning water management is a decisive factor in the project's success. Until now, this has never been seriously discussed or organised among those involved. The conflict of interests between the groups named as beneficiaries in the EU project description has erupted into a dispute that has still not been resolved.
10. Acting on behalf of the government in Athens, the regional governor has been responsible for the EU project since January 2014. He has been pressing ahead with the construction work.



Core problems affecting the project

1. The underlying aims of the project cannot be achieved with the measures planned in the EU project. Even when filled to the optimum level, Lake Karla will scarcely be capable of restoring the normal groundwater level in the whole region, supplying everyone

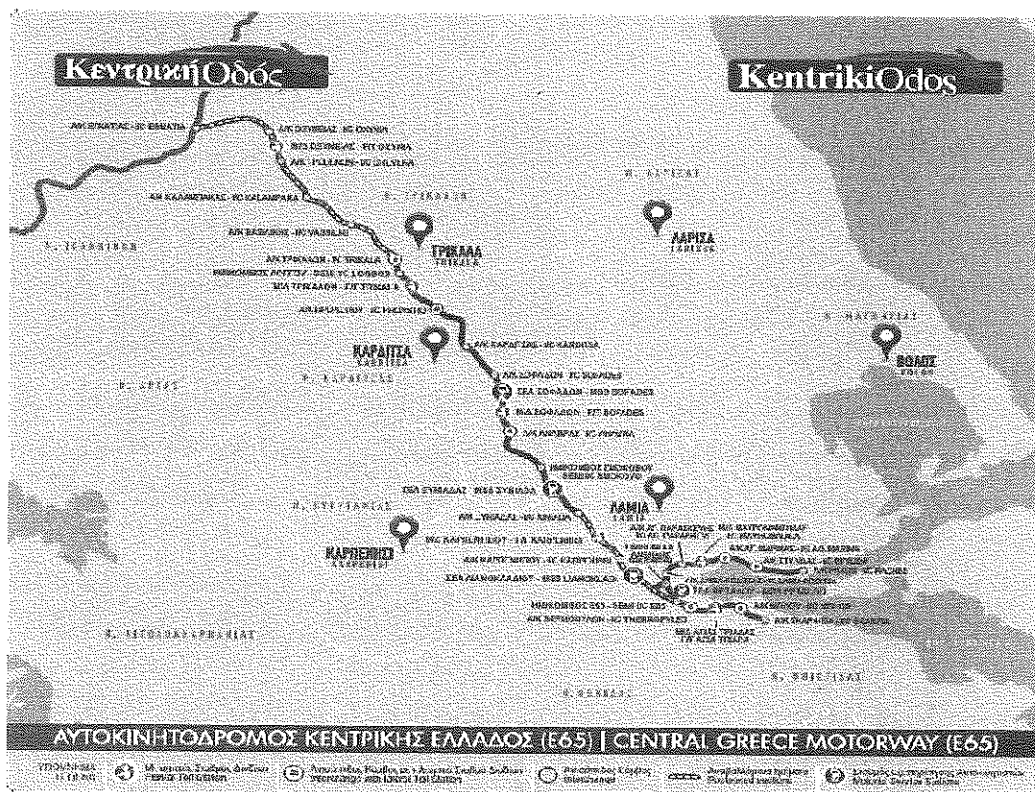
with drinking water, and providing irrigation water for all the region's farmers. It appears unlikely that it will be able to function as an ideal local recreational area. Given the extensive amount of agriculture in the region, local scientists doubt whether it will ever be possible to achieve good water quality in the lake.

2. The project requires perfect coordination between all the relevant ministries, government bodies, local interest groups, politicians, authorities and citizens. This has never been seriously attempted since the project was launched. Measures that were easy to implement have been taken. This mainly involves construction work. Crucial management measures, particularly water management and consultation with farmers, have still not been put in place.



3. The highly centralised ministries and government bodies leave regional representations with few powers and few financial possibilities at the local level. As a result, mistakes and misguided measures that have been recognised at local level are not acted on, and the necessary countermeasures are not taken. Athens must decide, but the authorities in Athens have no money, are in no hurry, or have no idea and respond only to short-term political events.

3. Construction of Central Greece (E65) motorway - part Xiniada-Trikala



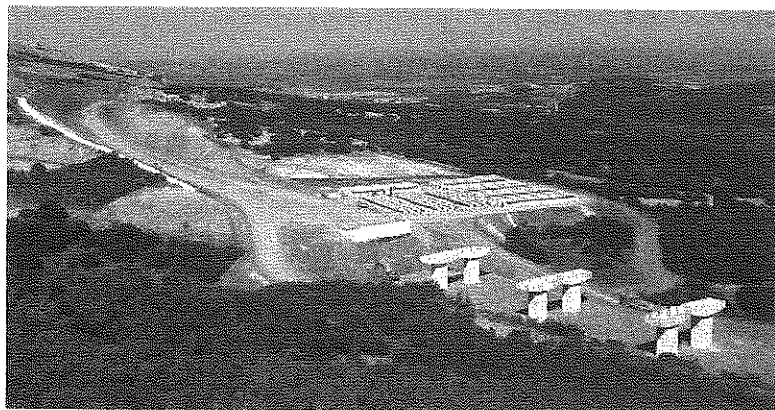
Description

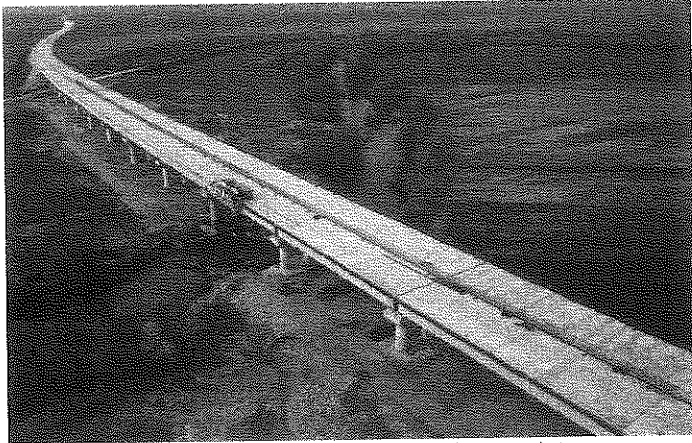
The Central Greece Motorway (E65) (Lamia - Karditsa - Trikala - Kalambaka - Egnatia Highway) forms part of the TransEuropean Network – Transport (TEN-T) and is the backbone of Central Greece's transport infrastructure. It is expected to make a very significant contribution to the safety of road travel and transport and reduce accidents by at least 80%, all while allowing faster and cheaper travel.

The construction of Motorway E65 will also help end the isolation of Central Greece (due to poor transport links) and improve connections between Western Macedonia and Epirus, thereby making Albania and FYROM better accessible; therefore it is likely to boost regional development, tourism and freight traffic in an area with a special potential for further economic development, while at the same time helping to reduce the unemployment rate and increase per capita income.

This project will also play an important international role because it is linked via the Egnatia Highway and its vertical axes with Albania and FYROM and, by extension, the other north-western Balkan countries and further beyond..

The Central Greece Motorway E65 has a total length of





approximately 175 km and a four lane cross-section and a width of 23.30 m or 22.00 m (in difficult sections) (according to Decision of Minister for the Environment, Regional Planning and Public Works 8938/30/10/08), with two lanes and an emergency lane in each direction and a central reservation.

The concessionaire is responsible for the studies and the construction, operation, maintenance and exploitation of the motorway.

The concessionaire is also responsible for operating, maintaining and exploiting the section of the PATHE Motorway from Skarfia (KP 183 +300) to Raches (KP 240 +300) (Maliakos Kolpos' horseshoe bend), which is 57.2 km in length.

Problems occurred

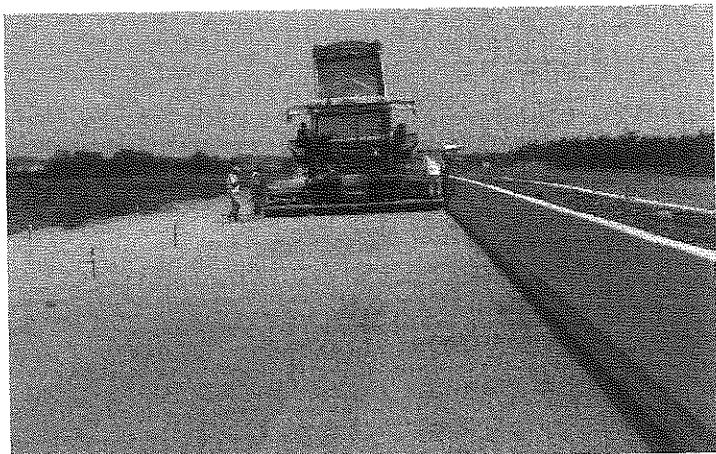
Due to the economic crisis in Greece, which has resulted, inter alia, in a dramatic reduction in the volume of traffic and a significant decline of projected revenue for the project as well as an increase in funding costs, lending banks stopped funding the project in the spring of 2010.

This led to work on the Motorway E65 project – and the other Concession Agreement Motorways – being suspended in February 2011. After lengthy negotiations between the Greek government, the concessionaire and the lending banks, in November 2013 an agreement was reached to amend the Concession Agreement, which was ratified by the Hellenic Parliament. The Agreement provides for the commencement of work on the Xyniada -Trikala Section on 20.12.2013 with a view to completion on 31/12/2015, while the completion of the respective sections (a) Lamia - Xyniada and (b) Trikala - Egnatia Motorway have been referred for review at an unspecified time after 2015.

As a result, the project, as modified by the amendment (reset) of the Concession Agreement and as it is being constructed today, concerns the Xyniada -Trikala section (approximately 79km).

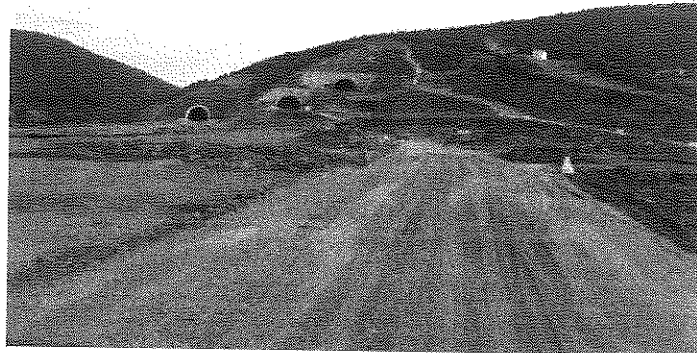
Main elements of the Reset

Concerning four motorway concessions that are currently built in Greece, and following the unprecedented financial crisis, the Greek State chose to restore the concession's viability through a



renegotiation of the concessions' terms among the Greek State, the concessionaires and the banks. This operation is referred to as the "Reset". The terms of the Reset have in principle been agreed between the State, the concessionaires and the banks. The agreements were signed end-2013. Main elements of the reset for these four motorways are:

- a reduction of physical outputs (length of the motorways) on two out of the four motorways, mainly due to the annulment by the Greek High Court of the environmental permits for certain sections of the Olympia Odos and E65 motorways and high expropriation costs. In particular, the Patra-Pyrgos section (Olympia Odos) and the Interchange PATHE – A/K Xyniadas and A/K Trikalon A/K Egnatias (E-65, the project under examination) are moved to the next programming period (2014-2020), if certain conditions are met. On the other hand, the section Pyrgos-Tsakona (Olympia Odos) will be constructed in due time.
- an extension of the construction period granting additional revenue earnings from tolls during the construction period, without, however, extending the concession period;
- state guarantees [within the boundaries of the State's project revenues] for the concessionaires' cash flow taking into account a low case scenario on traffic projections with any drop in traffic below this benchmark effectively supported by the State from its own revenue share. Any future increase in traffic-revenue would be used to compensate the state for its contribution (loan to the project).



EU support 2007-2013

EC Decision C(2013)8215 of 16.12.2013 under the OP Accessibility 2007-2013, Priority Axis Z CF.

Eligible co-financed public expenditure: EUR 670.234.238

EU contribution: EUR 569.699.102.

Eligible public expenditure declared up to now to Commission services: 417.638.155€

State of play

Physical object (contracted): 99%

Implementation of physical object (through MIS): 63% (through independent engineer): 57%

Issues: archaeology, change of alignment, new expropriations for 4 km (none of them are expected to cause major delays, even though the completion of the project has been rolled from end-2015 to 2016). The project is part of a DAS 2014 audit for the ECoA.

Additional national funds needed to complete the project: none. However eligibility rules (eligibility ends on 31-12-2015) will not allow for the co-financing of expenses incurred after that date.

Expected end-date: within 2016.

Problems affecting the timetable of the project

Archaeology

All regions have had restrictions lifted and rehabilitation work is now being undertaken in regions that had been subject to restrictions under the supervision of the respective archaeological services.

Expropriations

- For the section from KP 47 + 313 to KP 51 + 183 additional property registers are being drawn up due to the change in the route undertaken to avoid a site of archaeological interest.
- 5 additional land registers have been declared on orthophotomaps and their approval is pending
- The requisitioning procedures have been completed for three regions and will shortly be delivered to the concessionaire with the payment of compensation for requisitioning to the beneficiaries.

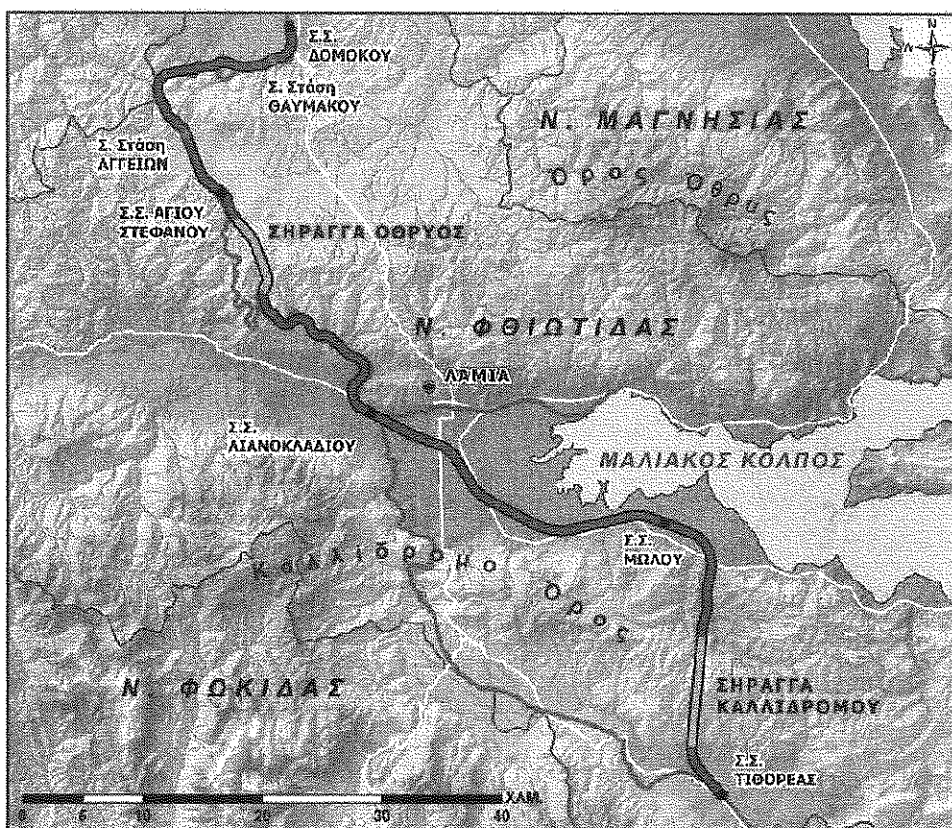
Environmental Licensing

- For the section from KP 47 + 313 to KP 51 + 183 an Environmental Impact Assessment (EIA) has been approved.
- For the Xyniada connecting road, an EIA has been submitted for consultation in the Region.

Utilities

- Work is under way to relocate PPC high-voltage pylons in the region of Xyniada.

4. Completion of the new double high-speed railway line Tithorea-Lianokladi-Domokos



Description

The project includes the construction of a new double track high speed line Tithorea-Lianokladi-Domokos, 106 km long, which will be completed and fully operational in 2017. The total budget of the project, including non-eligible expenses, is 1.700,8 mil. Euro.

The project is located on the Orient/East-Med (OEM) Corridor of the TEN-T core rail network and in particular on the Thessaloniki - Athens rail section, which is part of the axis Vidin – Sofia – Burgas/TR border Sofia – Thessaloniki – Athens/Piraeus.

The new railway line has been designed for speeds of 200 km/h for the section Tithorea- Lianokladi and 130-160 km/h for the section Lianokladi- Domokos.

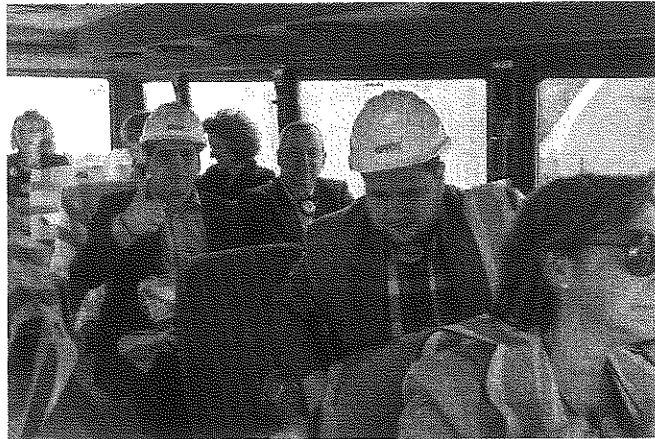


Given that the section Tithorea-Lianokladi-Domokos, is the only section in the Athens-Thessaloniki axis without a double line equipped with modern signalling and electrification systems, the construction

of the project will complete the conversion of the railway line Athens-Thessaloniki into a double track high speed axis equipped with modern signalling, tele-commanding and electrification systems.

Once this project is implemented, the expected results in the Athens-Thessaloniki axis are:

- decrease in journey time by approximately 50 minutes,
- improvement in the level of the services provided to the railway users, as well as upgrade in the services provided by means of the decrease in the journey time,
- the increase in the timetables frequency,
- the improvement in the quality, comfort and safety of railway transportation.
- It is also expected that the reliability of the railway will increase and, as a result, its competitiveness will be upgraded.



Taking into account that the Athens-Thessaloniki axis is the backbone of the Greek railway network, the project will contribute to facilitating and promoting international transportation by means of the railway. At the same time, international freight traffic in the railway network will increase (specifically combined transport traffic) through the connection between the railway network and the N. Ikonio port in Piraeus, one of the major freight ports in the Mediterranean, which was completed and put into operation in 2013.

Moreover, the aim of the global project is the interconnection of the Athens-Thessaloniki and Athens-Patras lines and, therefore, of the overall network of Central and Northern Greece, by eliminating the need to change the traction engine (electric / diesel) at the terminal stations of the section, i.e. Tithorea and Domokos.

The physical object of the project includes 2 twin tunnels with single track branches with a total length of 30,837.00 m (Kallidromo and Othris Tunnels), double track tunnels with a total length of 4,499.61 m, railway bridges with a total length of 6,087 m, and the construction of two new railway stations at



Molos and Agios Stefanos, as well as two new stops at Aggies and Thavmakos. Once this project is implemented, the new electrified double railway line Athens-Thessaloniki, 500 km long, which complies with the interoperability specifications for the core network, will be completed.

The implementing body of the action is ERGOSE, which is responsible for implementing OSE's Investment

Programme. OSE (National Railways Organization) is the railway infrastructure manager of Greece, responsible for the management and operation of the national railway infrastructure.



The present project completes the infrastructure sections of a project of 106 km of a TEN-T double railway track in the Othrys mountainous region, which has been co-financed in three different periods (1994-99, 2000-6, 2007-13). Under the previous programming period, the project has been supported by EU budget significantly (EU Contribution 612,85 million). With regard to 2014-2020, remaining infrastructure, electrification, signalling and interoperability may be co-financed from CEF depending on the outcome of the on-going assessment by the Commission services.

EU support 2007-2013

EC Decision adopted on 22.08.2011 (C(2011)6071) under the OP Accessibility 2007-2013, Priority Axis H CF and last modified by Decision C(2015)4203 adopted on 17/06/2015.

Eligible co-financed public expenditure: EUR 362.665.959 (initial Decision 474.099.000€)

EU contribution: EUR 308.266.065 (initial Decision EUR 402.984.150)

Eligible public expenditure declared up to Commission services: EUR 418.189.345.

State of play

80% completed all together.

The Greek modification request incorporates a reduction of physical and financial scope of the project, which has been adopted by C(2011)6071 of 22-8-2011, due the section that follows it and makes it operational is co-financed by CEF and DG MOVE (period 2014-20). Delays were due to the financial crisis (constructors declaring bankruptcy), to the lack of a deciding manager due to government changes as well as the non-foreseeable difficulties for the construction of the two tunnels.



OLAF case- OF/2013/0198

On 25 January 2013, DG REGIO auditors were informed about an article published in a Greek newspaper stating: "following preliminary investigations, the Greek prosecutor is investigating the co-financed bridge major project "Lianokladi-Domokos tunnel construction".

According to this investigation, there were

successive amendments by the concessionaire to the approved study resulting in inflating costs and released clauses. In addition, there was double-funding of work already invoiced as well as illegally paid compensations (that should have settled by the contractor or the insurance company).

By letter dated 1 March 2013 (Ares n°271094), the Greek authorities were invited to confirm if the prosecutor's investigation does not relate to projects co-funded by the European Union. The Greek authorities were also invited to inform the European Commission about the declared expenditure up to now within the framework of the closure of the 1994-1999 and 2000-2006 programmes, as well as if the current period 2007-2013 does not involve expenses related to the criminal activities under control.

By letter dated 29 March 2013 (Ares n°551325), the Greek authorities informed the EC that the contract affected by the OLAF case concerned the bridge project and the amounts affected are as follows:

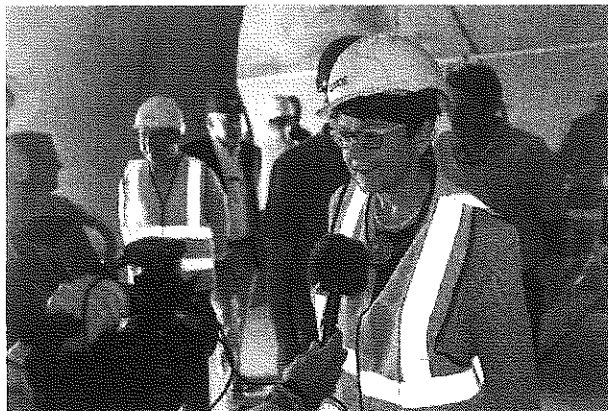
- Under the period 2000-2006 – EUR 3.077.395,80 - These expenditure has been excluded from the final payment claim.
- Under the period 2007-2013 – EUR 8.135.124,39 - This amount has been excluded from the payment claim submitted in July 2013 for the OP "Accessibility" 2007-2013.

For the Tithorea - Lianokladi an OLAF case, OF/2013/0198 was opened in April 2013, after the EC notification to them on 14.2.2013. The case was closed in October 2014.

Reasons for delays

During the implementation of this major project there have been significant delays due to objective reasons. The main reasons are listed below:

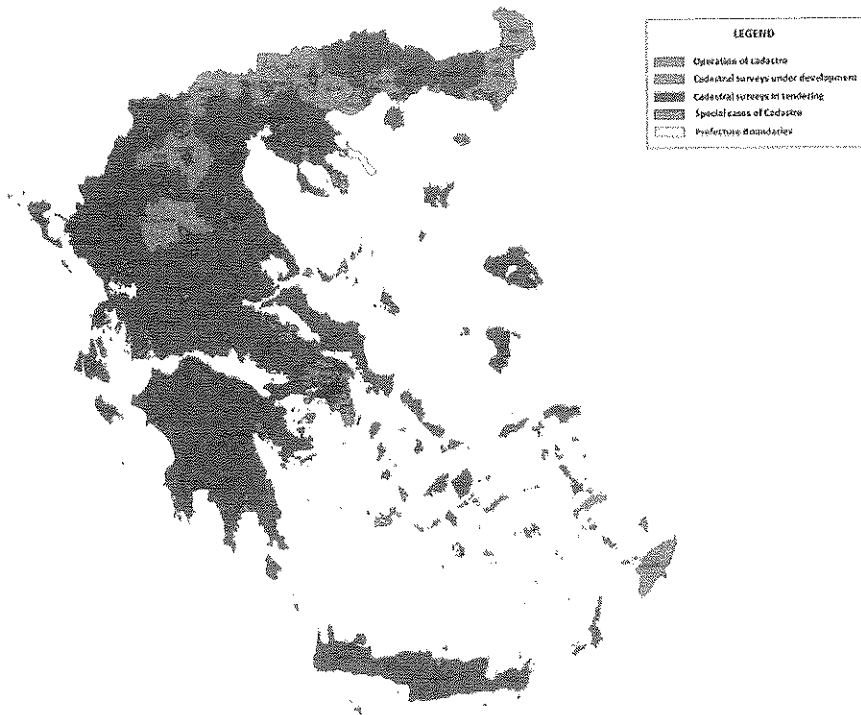
- Severe problems during the excavation of Kallidromo tunnel due to unexpected and extremely unfavourable geological/geotechnical conditions in the subsoil at the area of the tunnel, which led to time-consuming procedures in order to address management issues relating to the contracts for the construction of the tunnel.
- Termination of two construction contracts due to the Contractors' failure to complete the physical object of these contracts, resulting in the re-tendering of the remaining works with a new contract.
- Delay in the approval of the environmental terms for the project in section Lianokladi-Domokos. The main problem was the reservations concerning the opinion granted by the Department of Natural Environment in the Ministry of Environment, Urban Planning and Public Works (YPEHODE), in terms of the project impact on the "Wolf" habitat, which lives in the area crossed by the project.
- Addressing issues relating to the interfaces between the new railway line



and the alignment of the E65 highway, which runs close to the new railway line in part of the alignment.

- Delays during the tendering process of the individual contracts used for the project implementation. The delays were due to changes in the legal framework for awarding public works, to claims and appeals filed by the tender participants, etc.
- Delays due to government and management changes.

5. Greek cadastre



Description

Since the early 19th century Greece operates under the system of Registrations and Mortgages, as a paper-based public register of real property owners and the deeds that they have been involved in.

This register:

- cannot identify or accurately describe individual real properties (position and boundaries)
- ensures the publicity of transactions but not legal security
- is not complete (e.g. the rights of the State are not registered)
- does not allow the identification of the existing owners of a property

The Cadastral project was initiated in the mid 1990's by the Ministry of Environment, Physical Planning and Public Works, aiming to replace the existing system of Registrations and Mortgages as a uniform and always up-to-date system of registrations, which would consist of the geometric description and the ownership status of all the real properties of the Country, overseen and guaranteed by the State. The new system combines Cadastre and Land Register.

The cadastral mapping in Greece started in 1995. In 2000-2006 (3rd CSF), the EU Funds (41,5 out of EUR 83 million of public expenditure) supported the development of the ICT component and the digitalisation of active property titles in the main urban areas. Note the project was initially co financed under the 2nd CSF, but due to mismanagement, the EU proceeded with the full recovery of the funds.

EU support 2007-2013

A major project was programmed under the 2007-2013 period, but it has not been submitted to the Commission services. Additional funding is planned to complete the project in the programming period 2014-2020.

State of play

The advancement of the land register is modest so far. Overall, to date, the state of progress in the cadastral survey mapping of estimated 38 million of property titles is as follows: a) 20 % are completed b) 20 % are currently tendered and c) the remaining are still to be contracted out.



The cadastral survey is conducted by means of generations of studies (there are four generation of studies, namely 1998, 2005, 2011 and 2013). These generations of studies are the basis for the published tenders.

The EIB Jaspers Facility has been mobilized by the Greek Authorities to assist them to develop a robust project application including a sound cost benefit analysis.

Problems identified

Given European and international experience in this regard, establishing a land register should not be a particularly difficult technical feat. Initially, the Greek land register project was prepared in haste and important parameters were not properly evaluated. The national authorities had difficulty in pursuing a robust methodology and commitment in adopting the necessary measures for implementing the project.

It is regrettable that the Commission had to intervene in order to ensure that the necessary legal provisions on the land register were passed, procedures were modernized, and officials were recruited.

When problems were noted, neither the final beneficiary nor the public authorities intervened to remedy matters and a blind eye was turned to serious problems for years, even though the project costs were meanwhile skyrocketing. This supports the view that the competent authorities failed to exercise adequate control over the project developments and its evolution.

In short, lack of a clear vision, strategy and objectives are detrimental in taking the project further. Strong commitment and robust managerial capacities and organisational arrangement are absent. Many Ministries and stakeholders involved (overlapping of activities) hamper an efficient coordination and decision making resulting in considerable delays. Complex legislation and time consuming tendering procedures further hinder the realisation of the project. The failure of 1994 in setting up a cadastre should be avoided.

6. Greek national registry

Description

This project concerns the infrastructure for the creation of the National registry to record and monitor all new civil status documents currently declared in the local registry offices and the majority of existing civil records of the country's registries through a modern and systematic way.

EU support 2007-2013

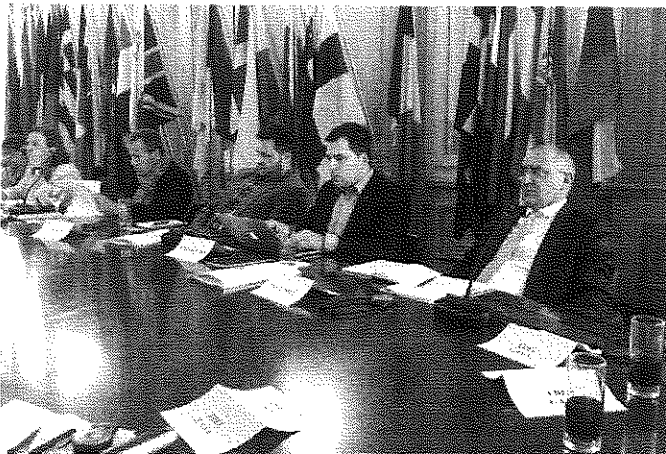
This project is not a major project. It was approved by the managing authority with eligible co-financed budget of EUR41.907.342,01 million under OP Digital Convergence and 4 regional OPs.



State of play

The National Registry project was approved in April 2009 and tendered in November 2011 with the first contract signed in 2013. The project was delayed from the very beginning as there were delays in its final design and the number of contracts to be tendered (currently 9).

It concerns two components: a) an IT infrastructure including the digitalization of the registrations to the centralised system and peripheral registries and b) the validation phase of the registration process.

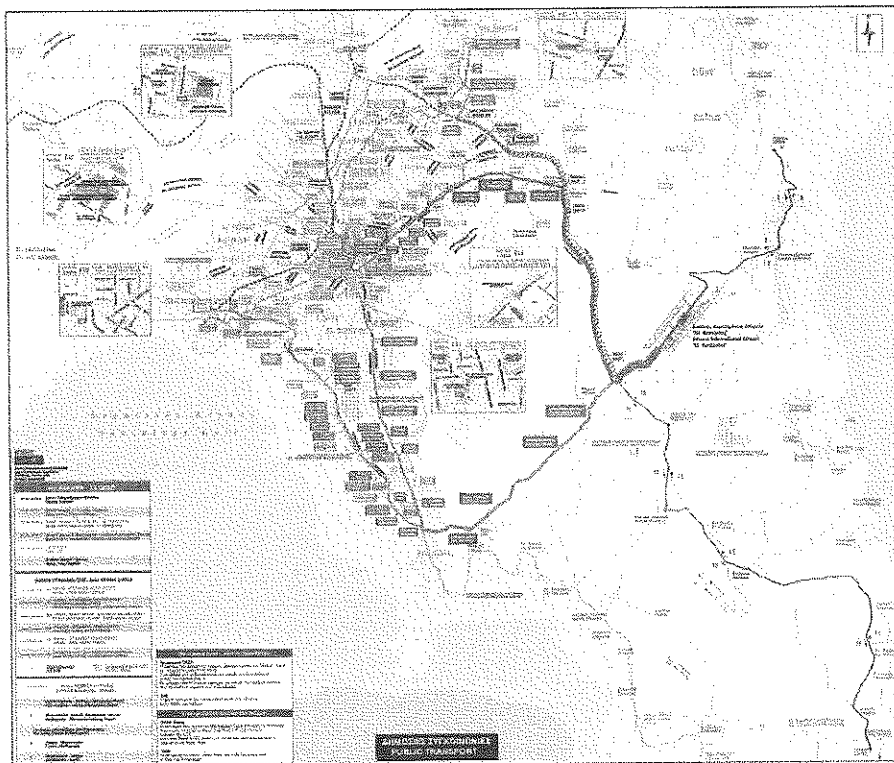


The latter is done by its own means (by the Ministry staffing). However, as bonus payment is blocked from the MoU, the staffing is not proceeding with the validation. To do so and hence de-block the project, a Common Ministerial Decision should be signed between the Ministry of Interior and the Ministry of Finance for paying the staff of the Ministry of Interior (registrars) to implement by its own resources.

The project, as it stands today, will be phased to the next programming period. The goal is that the IT system is completed in 2007-2013 and the productive operation phased to 2014-2020.

We suggest that the project level can take the important decisions and not the central level which is the case now. Contracts with a value of more than 50 000 EUR still need to be signed. This creates an artificial bottleneck.

7. E-ticket system in Attica



Description of the project

This system will cover and serve all modes of public transport (thermal buses, electric buses, trolley buses, urban railways-metro, tramways - trams and the suburban railway) operating in the area of competence of the Athens Urban Transport Organisation (OASA). All paper tickets will be replaced by electronic tickets, which will be validated by units to be installed in all vehicles. The AFCS will be completed with entry and exit gates in the metro system.

The project will be implemented and operated through a Public-Private Partnership with a total duration of 12 years (2 years for the design, installation and 10 years for the full operation of the system).

The benefits of the new AFCS derive from the users' time saving, the operational performance, and the reduction of revenue losses due to fare evasion and from the reduction in the use of passenger cars.

EU support 2007-2013

EC Decision was adopted on 8.11.2013 (C(2013)7458) under the ROP Attica 2007-2013, priority Axis 2 (ERDF).

Eligible co-financed public expenditure: EUR 34.758.000 million.

EU contribution: EUR 29.544.300 million.



State of play

The completion of the first phase of infrastructure implementation is marginal. Management and sound coordination by the Beneficiary OASA S.A. must be reinforced in order to achieve a completed and operational phase. The project will be phased to the next programming period.

**Fact-finding mission
of the Budgetary Control Committee (CONT)
to Greece**

24/25 September 2015

FINAL PROGRAMME

**Control of EU funded priority projects shortlisted by "Task
Force for Greece"**

Members of the delegation:

1. Ms Ingeborg Gräßle (EPP, DE, Head of Delegation)
2. Mr Tomáš Zdechovský (EPP, CZ)
3. Ms Verónica Lope Fontagné (EPP, ES)
4. Mr Gilles Pargneaux (S&D, FR)
5. Mr Georgi Pirinski (S&D, BG)
6. Ms Inés Ayala Sender (S&D, ES)
7. Mr Anders Primdahl Vistisen (ECR, DA)
8. Mr Igor Šoltés (The Greens/EFA, SL)

Accompanying Members:

9. Ms Eva Kaili (S&D, GR)
10. Mr Miltiadis Kyrkos (S&D, GR)

CONT Secretariat

1. Mr Michal Czaplicki (EP mobile: +32-475/754 668)
2. Mr Hrvoje Svetic (EP mobile: +32-498/983 593)

Advisors of Political Groups

1. Mr Balazs Szechy (EPP)
2. Ms Stefanie Ricken (S&D)
3. Mr Roccu Garoby (The Greens/EFA)

Commission

DG REGIO

1. Mr Stylianos Loupasis, - team leader
2. Mr Antonios Sartzetakis (Thessaloniki Metro, double high-speed railway line Tithorea-Lianokladi-Domokos, E65, Karla Lake).