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LEGAL BRIEFING – Dispute Resolution & Restructuring

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Amendment of Public Contracts due to Covid-19 / Opinion 53/2020 of the Legal Council of the State

The Covid 19 pandemic constitutes an unprecedented challenge of a crucial socio-economic magnitude, part of which relates its effect on the smooth performance of public contracts already set in place. The lockdown and the special conditions imposed by the Greek Government made it impossible in some cases for the parties to stick to their contractual obligations.

One of the many public contracts affected by this situation was the one regarding the feeding of the students at the University of Macedonia ('The University'). The authorities of the University submitted a question before the Legal Council of the State, asking whether they could legally modify this specific public contract.

The opinion of the Legal Council of the State was recently delivered, offering an interesting answer regarding the legal issue of whether the party has the power of modifying a public contract based on Law 4412/2016.

The restrictions imposed due to the covid-19 pandemic included the interruption of the physical presence of the students at the university premises, leading to a significant decrease of the number of students visiting the school restaurants. The question of the University towards the Legal Council of the State was whether the above situation would constitute a sufficient and reasonable ground for them to modify this public contract.

After having considered all the related aspects and the extent of the consequences of the pandemic, the Legal Council of the State took a positive approach toward the question of the University. The Legal Council of the State concluded that 'the decrease in the number of students visiting the school premises for feeding reasons, due to the interruption of both the normal operation of the University and of the physical presence of students, as a way of combatting the expansion of the Covid-19 pandemic' constitutes a legitimate justification for amending the public contract, pursuant to Article 132 par.1 ind. C' of the Law 4412/2016.

