

UNECE



**KNOLEDGE SHARING AND CAPACITY BUILDING ON
PROMOTING SUCCESSFUL PUBLIC-PRIVATE
PARTNERSHIPS IN THE UNECE REGION**

THE SPANISH EXPERIENCE IN PPP

Tel-Aviv 5-8 November 2007

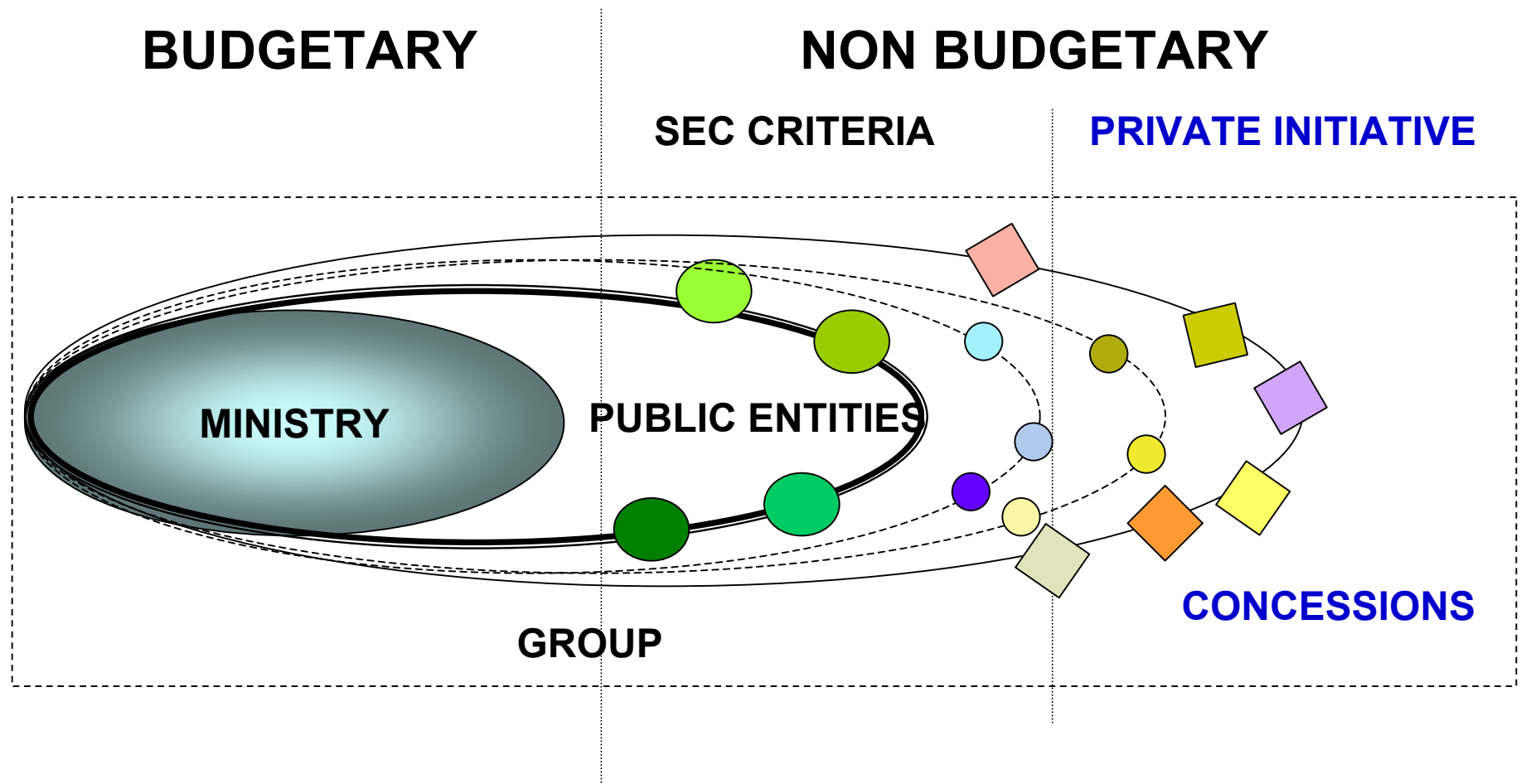
SPAIN



The cycle of public works and the economy

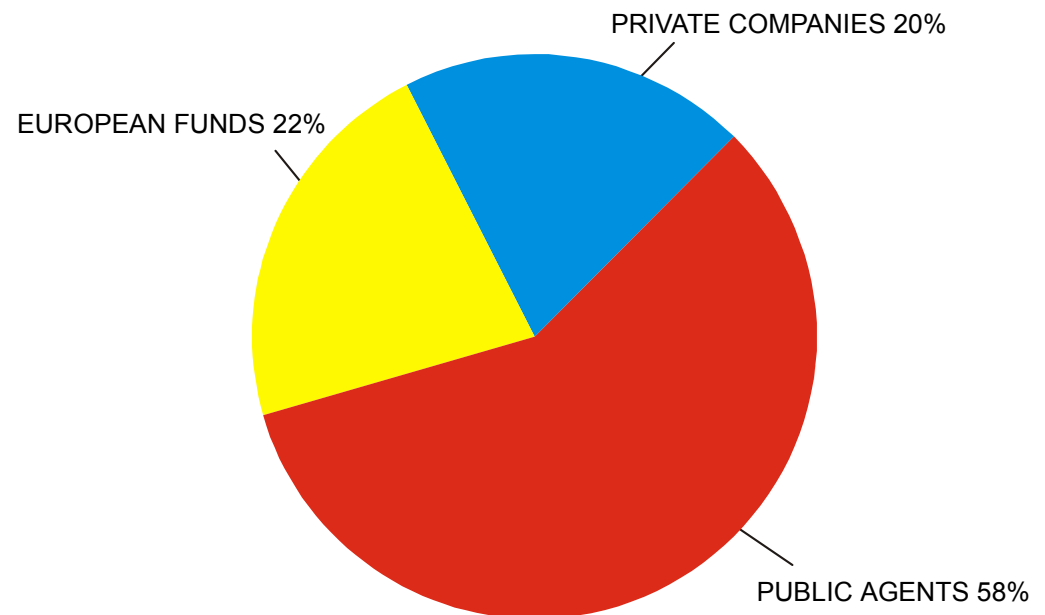
- FINANCIAL RESOURCES
 - Public
 - Private
 - Mixte
- INFRASTRUCTURES PROVISION SYSTEM
 - Plannig of feasible Projects
 - Selection,ordering,maturing of projects
 - Tenders
 - Execution of investmens
 - Setting in march of the projects
- ECONOMIC DEVELOPMENT EFFECTS
 - Macroeconomics
 - Microeconomics

INFRASTRUCTURES PROVISION SYSTEM



THE FINANTIAL RESOURCES OF INFRASTRUCTURES 2000 – 2006

Thousand millions €	
Public agents	35,2
European funds	13,0
Private companies	12,1
Total	60,3



THE ALLOCATION PER MODES OF TRANSPORT

2000 - 2006

MODES	Th M €	%
ROADS	25,3	42,0
RAILWAYS	21,3	35,3
SEAPORTS	3,9	6,5
AIRPORTS	7,5	12,4
OTHER ACTUATIONS	2,3	3,8
TOTAL	60,3	100,0

Gráfico 5

COMMUNITY SUPPORT FRAMEWORK 1986. 2006*

European Funds	Total	Spain	Ireland	Greece	Portugal
Structural					
1986-1988	4.0				
1989-1993	73.0	15.2	5.1	8.8	9.8
1994-1999	160.0	37.1	6.6	16.5	16.4
2000-2006	206.9	44.8	3.3	21.8	19.7
Cohesion					
1993-1999	15.7	8.6	1.4	2.8	2.8
2000-2006	25.6	11.2	0.7	3.1	3.1

ECONOMIC ESTIMATE OF PEIT PROJECTS 2005-2020

ACTION	AMOUNT (Millions of euros)	% OF TOTAL
Rail transport, except urban projects	108,760	43,70
Road transport, except urban projects	62,785	25,23
Air transport	15,700	6,31
Sea transport and ports	23,460	9,43
Intermodal goods and passenger transport (1)	3,620	1,45
Urban and metropolitan transport	32,527	13,07
Research, development and innovation	2,040	0,82
TOTAL PLANNED PEIT ACTIONS	248.892	100,00

FINANCING OF THE MASTER PLAN 2005-2020

Type of investment	Budgetary	Not budgetary	% total inv.
Roads	75%	25%	26,81%
Railways	81,4%	18,6%	48%
Airports	2,2%	97,8%	6,5%
Harbours	9,7%	90.30%	9,72%

BASIC ASPECTS IN CONCESSION REGULATION

- **Political Stability**
- **Legal Stability**
 - Fair competition
 - Transparency
- **Economic Stability**
 - Maximizing the private resources contribution
 - Profitability- risk
 - Risk transference in order to:
 - Consider as extra budgetary financing
 - Transfer of risks to the private sector
 - Exchange rate risk
- **Financial Stability**
 - Valuation of financial risks

PUBLIC-PRIVATE PARTNERSHIPS (PPP)

Types of Infrastructure Contracts

Administrative Contract – Contract with Private party to design and build public facility

- certified payments
- turn key payments (German method)

Types of PPP

- **BOT** – Contract with a private sector contractor to design, build and operate a public facility for a defined period, after which the facility is handed to the public sector
- **DBFO** - Contract with a private sector contractor to design, build, **finance** and operate a public facility for a defined period, after which the facility is handed to the public sector. The private sector recovers costs through public subvention (shadow tolls).
- **Concession** – As for DBFO except private party recovers costs from user charges.

Legal framework for the concessional Spanish system

- The act 13/2003, of May 23, which rules the contract of public works concession
- Joint to these dispositions, The particular Clauses tender must be added for each concrete performance.

Main characteristics of the concession act

- The assumption of the risk by the concessionaire for the construction, conservation and exploitation of the public work
- The principle of financial and economic balance of the concession;
- The diversification of financial sources
- The introduction of market approach in all the phases of a concession contract.

Some innovative elements

- crossed financing
- clause of progress, The concessionaire has the obligation to maintain the infrastructure according to the progress of the science , technical rules, environmental aspects, and users' security
- Privates Initiative
- Diversification of financial sources

Key stages in the life cycle of the Concession

- Study of viability → Public information
- Study of environmental impact
- Preliminary project of Construction and exploitation
- Tender of administrative particular specifications → Public information
- Tender → Award systems
- Bids presentation
- Award

Tender and award Procedures

- **Open procedure.** Any operator can present its offer
It is the procedure that is used in Spain,
It allows speed and security, technical quality of the project, correct distribution of risks
appropriate definition of the paper of the diverse agents: Administration, concessionaire and user .
- **Restricted** Any economic operator can request its participation, but only those that are invited can present its offer.
- **Negotiate** There are two types of negotiated procedure.
Without prior advertisement, the contracting authority is not required to issue an OJEU notice and may negotiate directly with the supplier of its choice.
With prior advertisement, however, an OJEU notice must be published, inviting expressions of interest. From those meeting its selection criteria, the contracting authority may select a minimum number to be invited to negotiate
- **Competitive dialogue** The awarding powers publish the bid announcement
. The awarding powers invite selected candidates to dialogue about the legal , economic and technical solutions
- The green book of EU-2004- contemplates the use of electronic procedures

BID AND AWARD OF TOLL FREEWAYS IN SPAIN

- Number of projects bid in the last 8 years: 38
- Total length: 2.200 km, for a value of 8.000 Mill E
- Number of bidder per project: 6-10
- Preparation period: 2 years per maturation project
- Tender process cost for the bidders: 0.5 Mill E
- Period of award: 2 month
- Signature of the award: 1 month after the decision
- Beginning of the construction since the award: 4-6 months
- Internal rate of return, before taxes: 6.5-7.5%
- Risk cost assume by the concessionaire: 2.-3%
- Closing of the financial project: 12 months
- Financial costs of the investment: 5-6.5%
- Construction period: 2-3 years

The PPP sector development

- The legal framework adapted in Spain has allowed the development of a very competitive sector
- The toll freeways length in service in Spain overcomes 3.500 Km Including the projects already bid or in execution phase, This figure approaches to 4.000 Km
- The figure means more than 25% of the Spanish net of highways, which are responsibility of the State and Autonomous Administrations.
- 38 projects of highways 2.200 km have been implemented in the last 10 years, for an amount of 8.000 million euros

TRANSPORTES
PRINCIPALES PROMOTORES DE CONCESIONES. 2005

EMPRESA	N.º de concesiones	
	Contratadas*	En licitación
ACS Dragados (Spain)	46	21
MIG / Macquarie Bank (Australia)	36	8
Ferrovial / Cintra (Spain)	26	29
FCC (Spain)	21	16
Abertis (Spain)	21	3
Laing / Equilon (UK)	20	5
Sacyr Vallehermoso (Spain)	19	11
Cheung Kong Infrastructure (China)	17	7
OHL (Spain)	17	5
Vinci / Cofiroute (France)	15	22
Acciona (Spain)	15	18
Alstom (France)	13	6
Hochtief (Germany)	12	15
EGIS Projects (France)	12	12
Balfour Beatty (UK)	12	1
Andrade Gutierrez (Brazil)	10	4
AMEC (UK)	10	4
Bechtel (US)	8	6

* Concesiones en carreteras, puentes, túneles, ferrocarriles, puertos, aeropuertos y colaboraciones público-privadas superiores a \$50m, en servicio o en construcción, desde 1985. Fuente: Public Works Financing.

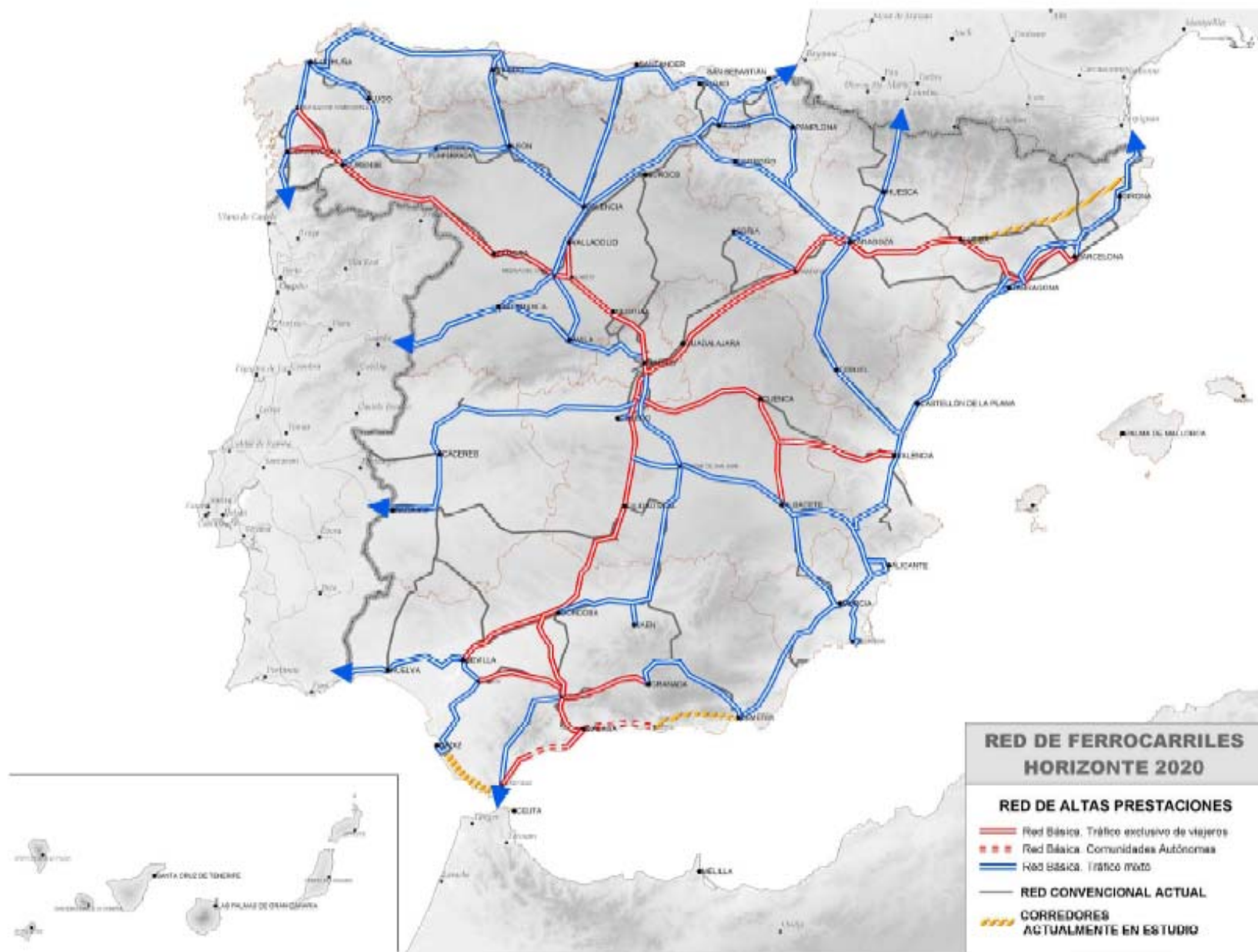
ROADS NETWORK. 2020 HORIZON



MAP OF THE CONCESSIONAL INVESTMENT IN 2006



RAILWAYS NETWORK. 2020 HORIZON



"Quick Start" Programme: Spain



3

**High Speed Train
South West Europe**

- Figueras-Perpignan
- Lisboa/Porto-Madrid

19

**Interoperability High
Speed Train**

I Vigo-behave

21

Be Highways

- South West Europe
- South West Europe



SCHEDULES

From the moment when the necessity of the highway appears until it is open takes approximately 8 years

Within the budgetary system this figure is approximately 10 years



THE AWARDING SYSTEM:

Technical approach: the functional and environmental aspects of the highway have a maximum score of 400 points

Economic approach: solvency and economic viability. 400 points