

FREQUENTLY ASKED QUESTIONS

1. What is ForoPPP?

ForoPPP is a multi-sectorial Association that represents all the private entities involved in the concessions of infrastructures and public services in Spain. ForoPPP is sponsored by around forty companies belonging to the six areas that constitute the Public-Private Partnership (PPP): finance, services, consultancy, engineering, legal and construction.

2. Why was this Association created?

ForoPPP is founded in 2007, as a result of the necessity to gather in a plural and independent voice the queries that companies involved in PPP were dealing with.

This happens months before the approval of the Law 30/2007 of Contracts in the Public Sector (http://www.foroppp.com/documentos/ley_contratos.pdf), which increases the importance of PPP. This Law takes as a reference the Green Paper on Public-Private Partnership presented by the European Commission in 2004 (http://europa.eu/legislation_summaries/internal_market/businesses/public_procurement/l22012_en.htm) and the British PPP model that projects concessions into traditional sectors (as it is the infrastructures one), but into areas as social facilities too (hospitals, schools etc.). ForoPPP shares and promotes this philosophy.

This encompassing vision of PPP is new in Spain, a country that up to this moment had been a leader in transport infrastructures concessions, and whose public sector now finds in the PPP formula the means to answer to a growing request of social services. This happens at the same time of a decrease in European aids and a consequent reduction of the Public Administration budget dedicated to investments. This situation makes the beginning and development of projects hard to realize without cooperating with other entities.

3. What are the aims of ForoPPP?

The aims of the Association are:

- Promoting CPP as a model of growth and development for Spain.
- Creating and sharing PPP know-how aimed to all the entities involved in its process and to the citizens.
- Maintaining an internal debate, plural and favorable to CPP progresses and tendencies.

- Monitoring the policies and projects carried out by the Spanish Public Administrations (Central, Autonomous and Local Governments).
- Defining agreed opinions and ideas about PPP.
- Being an internal (between members) and external media, to pass on the doubts and contributions of the whole private PPP sector to the public authorities, the media and the citizens.

4. ¿How is the working structure of ForoPPP?

ForoPPP counts on five Committees:

- **Financial Committee:** its aim is examining, comparing and spreading the ongoing actions in PPP in Spain and other countries.
- **Legal Committee:** spreads the know-how on PPP structures and aims to obtain legal security in the instruments for tendering and contracting.
- **Water Committee:** This group of studies is formed by representatives of companies specialized in the management of water and in the use of PPP for projects concerning the design, construction, exploitation and total management of the cycle of water. It was created in 2008 given the importance of this sector and the growing interest in water CPP projects of the Central Government and the autonomic and local authorities.
- **Transport Committee:** The priority of this group is studying, selecting, proposing and debating topics of interest in all the areas related to the study and application of PPP formulas in the transport sector.
- **GTCOM:** The “Communication on PPP” Group is formed by communication experts of the companies associated to ForoPPP. It aims to create communication synergies between ForoPPP and its Members; to have a “picture” about communication on PPP in Spain; to unify the messages about it.

The results of these studies are compiled in reports, evaluations and technical documents and presented to the Public Administration or competent Public institutions with the purpose of contributing, through a constructive participation, to the improvement of the public-private relationship in concessions and to a bigger contribution of PPP in the economic and social environment.

5. What is Public-Private Partnership (PPP)?

The PPP is the formula produced by Public Administrations in order to develop infrastructures and public services in risk-sharing with private companies. This formula prevents the limitations in the budget of Public Administrations from braking the development and necessity for social equipments. In this relationship established between the Administration and the company, the first party defines the strategy of the project (organizing, regulating and supervising it), while the second one provides its know-how and experience.

It is a formula that helps financing, building, renewing or exploiting an infrastructure or service in a more efficient way. PPP is present in transports, public health, education, security, waste management and distribution of water or energy. This contribution to public wellbeing justifies the inclusion of the PPP in the European initiative for growth (http://europa.eu/legislation_summaries/employment_and_social_policy/community_employment_policies/g24223_en.htm).

6. What is the availability payment?

The availability payment is a model used by the Public Administration to pay a fee to concession holders not depending on the demand (as in the cases of the payment for use or tolls), but on the availability and the quality of the infrastructures and the services provided.

This model keeps under account a middle-long term vision that allows the evaluation, through time, of the quality of infrastructures and of the efficiency of services. In this case, the risk taken on by the concession holder derives from the availability, that is, it depends on the capacity of the private company to offer the user an infrastructure or service with a specific service level (previously determined). The Administration reduces the payments to the company if the provided service doesn't supply the quality required.

7. What is the PEI?

The Extraordinary Infrastructures Plan (PEI) is the Public-Private Partnership program presented in April 2010 by the Ministry of Public Works, which will mobilize 17 billion euro for railway and road concessions. This plan will unfold between 2010 and 2012.

Based on a concession model, the PEI establishes the payment for infrastructures, once the work is finished and it's working, through a wide period of time (about 25-30 years). This way, its repercussion over the public budget is delayed until 2014.

These are the first projects of the PEI that will be tendered:

- the railway access to the Alicante Airport
- the railway access to the Algeciras Harbor
- the stretch Benavente-Zamora of the A-66 divided highway
- the railway logistic centre of Aranjuez
- the High Speed line Albacete-La Encina-Alicante (facilities)
- the High Speed line Olmedo-Ourense-Santiago
- the High Speed line Zaragoza-Teruel (electrification)
- Vialia complex in Vigo – High Speed station

8. Are there other formulas of relation between the public and private sectors?

Yes, there are. We can enumerate, as an example: the outsourcing of services (in which the Administration takes on all the risk) and the privatization (that differs from Public-Private Partnership for the fact that the ownership of the infrastructures or services is private instead of public -as it is in the PPP-).

9. What are the advantages of the PPP for the Public Administration and the citizens?

The PPP allows the development of infrastructures and public services that otherwise the Administrations, for budgetary reasons, wouldn't be able to carry out.

The past experience in Spain and in the rest of European countries has shown how, through the PPP, it is possible to realize projects in a shorter period of time, using the technical know-how and the experience of the private companies and saving largely on expenses.

Furthermore, the Administration can (by using the PPP) keep control over the public service.

From the citizen's point of view, the PPP is the way of obtaining and having benefit from services and public infrastructures that keep a high level and a universal access to what is public (by combining the experience and the efficiency of specialized companies in these projects).