

The Challenge of Public – Private Partnerships & Joint Ventures

According to an article written by everis associate Sandra Sans, the new government contracting law, which takes effect in less than two months, is not without controversy. Sans says that from builders to employers, there is a feeling of wariness about the widespread use of so-called "competitive dialogue" in the concession contracts. The fact that the administration has been involved in a continuous dialogue aimed at reaching a consensus with regard to the different project details and conditions could lead to cost over-runs costs and the need for more project start-up lead time.

This everis associate also goes on to say that for projects having substantial levels of functional complexity in their programming or legal and financial structure, an iterative refinement of this nature during the bidding process can only be advantageous for achieving the appropriate definition of a public-private partnership that is expected to remain in effect for approximately 20 or 30 years.

But for this everis Public Administration Unit professional, beyond the voices that are either in favor or against this new reality, the essential importance of the content of this legislation is that public-private joint ventures be configured as a typical form of contracting. In an era characterized by the incessant increase in the use of technology by society, it has become evident that for the Spanish public administration to be able to provide its citizens with quality public services, local governments need to assure not only the construction of the infrastructure that is fundamental for the rendering of basic public services, but also to ensure the rendering of the intermediate services that are intrinsically linked to this infrastructure; from simple maintenance and cleaning services to the most complex communications and information technology.

The everis associate explains, however, that according to data from the last five years, as opposed to concessions, Spain is lagging in the development of public-private type of joint ventures. Specifically, Catalonia has five projects involving a total investment of € 1.85 million, far less than Madrid, which has invested € 6.030 million in 11 initiatives over the course of the same period.

But how do we overcome the gap that currently exists between the public and private sector? How do we convince the public that an employee-owned company can be contractually encouraged to defend quality public services? How do we train and educate private sector managers to comprehend the values that define quality public service? How do we overcome the lack of experience in managing this type of contract?

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