

Reconstruction contracts: plenty of urgency and little transparency

The Generalitat and the State government have overwhelmingly opted for the emergency contract model when contracting private companies to repair the damage caused by the DANA¹. This express model deactivates many control and monitoring mechanisms put in place for public tenders and favours companies with high turnover.



The La Torre de València building, an emblem of the real estate boom era that until the time of the DANA had never been inhabited. Dragados has received €18.3 million to repair defects. | JORGE FABREGAT

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¹ Translator's note: The DANA (Depresión Aislada en Niveles Altos, lit. Isolated Depression at High Levels, also known as a "cut-off low") is a weather event that led to the catastrophic floods of October 2024 in Valencia.

Almost €455 billion. This is the sum that the Spanish State and the Generalitat Valenciana allocated to private service contracts to repair damage during the months following last year's flood. For a few months, the contracting machine was in overdrive: by April 2025, the Generalitat had awarded up to 446 tenders (totalling €328,840,607), while the State administration had granted 47 (totalling €126,450,754).

All this frenetic activity has been possible thanks to the emergency contract model, a protocol limited to unforeseen circumstances affecting essential goods and infrastructure, usually used in response to natural disasters. In these circumstances, current regulations set aside a good part of the procedures, mechanisms and requirements which usually govern public procurement processes. "These services can be contracted by just a phone call, without anything in writing, and the company can start work immediately," explains Júlia Martí who, together with Marta Pérez Fargas (two members of the Debt Observatory in Globalisation (ODG)), has tracked the sequence of all the orders for works and services linked to post-DANA repair by the public administrations. "The first thing we found was a marked lack of information, especially from the Generalitat. It is very difficult to find out the conditions of each contract and verify if it has been carried out as agreed," says Martí.

Spanish State Law 9/2017 on public sector contracts updated all tendering procedures to harmonise them with European legislation. In addition to the usual procedures, it makes provision for extraordinary situations, such as so-called "urgent processing", provided for "non-deferrable needs" or processes that "must be accelerated for reasons of public interest". This includes several measures used to prioritise the case and halve the processing steps. However, the most expeditious protocol included in the law is for "emergency contracts", which can be activated in the case of "catastrophic events...that represent a serious danger" or "affect national defence". Under this protocol, the contracting body can take any measures it deems necessary without being subject to the provisions of the Law 9/2017 itself. The service can be agreed on verbally, it is not necessary to check the existence of sufficient credit on the part of the contracted company, the possibility of filing an appeal is not contemplated and work can start under the contract before it has even been signed. The only requirement is that the activity must start within one month of the agreement. However, the lack of published follow-up information makes it impossible to check whether this has been complied with.

All of this has put emergency contracts under suspicion due to the lack of control and monitoring. A paradigmatic moment in this regard was the pandemic, when some contracts related to the purchase of medical equipment ended up being investigated in the courts.

"The system includes some filters, but it contains loopholes which should be closed to avoid emergencies being used to justify contracts being given out that are not true contracts," explains Laura Presicce, a lecturer in administrative law at the Open University of Catalonia. "It is indisputable that rebuilding a flooded hospital is an emergency situation. But [administrations] often end up sneaking in works, purchases or services

that do not have the same immediate or socially vital character." The public procurement specialist believes that, in order to determine more clearly which projects should fall into the emergency category, "public procurement law should be modified to incorporate specific provisions with stricter controls, such as more precise interpretative criteria on the need for immediacy and the impossibility of using ordinary procedures, which serve both as a guide and a limit". And she believes that it would also be key for "the regulations to require contracting bodies to verify that successful bidders meet basic capacity and solvency requirements and that there are no conflicts of interest, and to exclude the possibility of making legal procedures more flexible".

FULL SPEED CONTRACTING

Some contracts awarded during the days after the DANA have come under scrutiny due to the fact that they were put into the emergency category. In Cheste (la Foia de Bunyol), the Ministry of Environment, Infrastructure and Territory awarded the Pavasal company a €3,279,100 contract for works to repair the flood damage to the track and accesses of the Ricardo Tormo circuit, usually used for motorcycle competitions. The construction company, which has been awarded a total of €10 million in DANA-related contracts by Carlos Mazón's government, appeared in 2007 in the judgment on the Mesa case, which states that it had contributed €240,000 to the opaque financial structure of the Valencian Popular Party.

It is not the only company in the sector that is now doing good business post-DANA and has been caught mired in corruption related to previous Popular Party governments. Gabriel Alberto Batalla, one of the shareholders of Becsa (one of the companies benefitting most from the reconstruction, awarded contracts worth €45 million, counting all administrations), was sentenced in 2007 to a year and nine months imprisonment for electoral crimes and falsification of documents in relation to the Gürtel scandal. The same sentence was received by Francisco Javier Martínez Berna, president of the construction company CHM, which has now been rewarded with contracts worth €19.5 billion (€14 billion of which comes from the Generalitat).

In other seemingly more essential areas, the emergency protocol has also led to questionable contracting. Among the contracts analysed by the ODG, there is an award to Acciona for €10 million to restore functional highway elements (i.e. rest stops, service stations and car parks) with an expected execution duration of 12 months. "Could works that last almost a year, that is, that are only moderately urgent, not be awarded through urgent processing? Although it reduces processing times, it maintains the democratic guarantees for an open procedure intact," Júlia Martí points out.

PRIVATISING THE NERVE CENTRE

One of the contracts that has caused the most consternation among the people directly affected by the flood has been the award by the Valencian executive to the consultancy PricewaterhouseCoopers (PwC), one of the first decisions made by the Catalan military man Francisco José Gan Pampols, appointed by Mazón as vice president shortly after the DANA and given the specific task of planning the reconstruction.

One of the functions of this consultancy, according to the Valencian government, will be to monitor a Project Management Office. According to Júlia Martí of the ODG, this way of operating shows how the infiltration of private capital interests into the public sphere is a growing trend and "is no longer limited to outsourcing services, but, for some time, has also included delegating the most key functions of any administration: planning and managing public resources". At the same time, the researcher sees a danger that "people who are neither officials nor representatives of the administration will take part in important decisions as reconstruction planning", and recalls that, "similar happened with the pandemic: consultants like PwC both advised businesses on how to influence the management model for the recovery funds, and advised the administrations on the definition of the distribution system".

In a similar vein, Juanmi Fernández, spokesperson for the Local Committee for Emergency and Reconstruction (*Comité Local de la Emergencia y la Reconstrucción*, CLER) of Alfafar (Horta Sur) also expresses concern about handing such a key role to a multinational. "A large consulting firm is not the same as a cooperative of the social and solidarity economy. Large companies are experts at shaping urban planning in the service of generating profit," he stresses. Like him, other voices in the affected region lament that, when it comes to repairing damage, companies with multi-million euro turnovers have been prioritised ahead of the local economy. According to Rut Moyano, spokesman for the Benetússer CLER, "models could be used that do not pour the entire budget of a contract into a single company and so let the local economy recover, but this has not been taken into account."

The ODG investigation supports this complaint. Only 15% of the DANA-related emergency contracts awarded by the Spanish government up to April 2025 were assigned to small and medium-sized enterprises (SMEs). In the case of the regional administration, the percentage is 18%. Keep in mind that a company with 250 workers and an annual turnover of €49 million is counted as an SME in the public sector.

Economist Raúl Contreras, a member of the Nittúa Platform for Social Change, argues that this concentration of assignments could have been corrected "with imaginative proposals which already exist, such as Dynamic Purchasing Systems, that is, platforms which act as marketplaces for companies. And each city council can choose. In fact, we have prepared a catalogue of 1,200 companies from all over the Spanish State, including environmental criteria."

Nittúa, in collaboration with several recovery committees such as Alfafar's, prepared a document with proposals for an action plan for the region with criteria based on transformational economics, "which must be languishing in some drawer within the Generalitat," Contreras laments. "We believe that the scenario that emerged after the DANA had the ideal conditions to become a space for experimentation, from which to promote an economic transformation consistent with the climatic, social and financial challenges we face," reflects the economist.

Some of the contracts related to restoration awarded by the Generalitat highlight the rush to get infrastructure located in zones with clear flood risk running again. This is the case of the skyscraper formerly known as the Torre Sociópolis, located in the de la Torre neighbourhood of Valencia, which was left unfinished and abandoned during the real estate crisis of 2008. In 2021, the Botánico coalition government commissioned the construction company Dragados to finish the project to build 184 public housing units, at a cost of €18.3 million. At the time of the DANA, the building was still empty, even though it had already been officially opened. After the floods, the Generalitat hired the same construction company to rehabilitate the basements and elevators, which had been damaged, with the aim of temporarily housing families who had been left homeless. The new contract cost €1,558,480.

Júlia Martí believes that the consequences of the DANA "posed a good opportunity to stop and see what was wrong, from an urban planning, economic, environmental and social point of view. And rethink it. However, the opposite path has been chosen: to redo everything as it was and as quickly as possible."