

GI Hub concludes regional consultative workshops on its PPP Contract Management Tool

INTRODUCTION

GI Hub, with Turner & Townsend, concluded two consultative regional workshops on its new PPP Contract Management Tool which looks at managing PPP contracts after financial close. The workshops were held in two key hubs in Bogotá, Colombia, and Singapore, on 10 and 15 November 2017 respectively.

Infrastructure is the foundation of a stable and productive society and global demand is being driven to unprecedented levels. Governments are increasingly looking to the private sector to bring expertise and financing to infrastructure delivery. For this reason, governments are increasingly considering Public Private Partnerships (PPPs) as a procurement and financing model for infrastructure delivery.

A lot of attention is often paid to the procurement and negotiation processes of PPPs. However, this is only the start of delivering a successful project and in many ways

the hard work begins after financial close has been reached (through the construction and operations phases). A PPP contract must be managed effectively throughout these stages to ensure value for money is preserved and the project's objectives are met.

The reference tool on managing PPPs – which the GI Hub is developing with Turner & Townsend aims to address this by providing practical, user-friendly, interactive guidance that can be used globally by public officials responsible for the management of PPPs.





In order to create such a tool, it was important to hold regional workshops with key stakeholders to further inform both the content and structure of what was, at the time, the draft of the tool. The majority of the data collection and case study interviews had been completed, and so, the workshop discussions were centred around seeking feedback on the draft structure and leading practice guidance proposed for the reference tool, as well as discussions on the challenges and lessons learned from the representatives of the countries present.

The countries represented from the Asia region were Bangladesh, China, the Republic of Korea, Philippines, Singapore, Thailand, and Vietnam with Argentina, Brazil, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala and Nicaragua being represented from Latin America. The World Bank was represented in Singapore, and the Inter-American Development Bank and the International Finance Corporation in Colombia, along with other prominent infrastructure legal practitioners from King & Wood Mallesons and Norton Rose Fulbright.

THE PPP CONTRACT MANAGEMENT TOOL

The PPP Contract Management Tool is being developed on the basis of research into real life examples of PPP performance post financial close and throughout construction and operations, to ensure that the key challenges of PPP contract management are adequately addressed.

The methodology for this research involves collecting data on a random sample of 250 PPP projects in economic infrastructure which reached financial close between 2005 and 2015 with the aim to identify the key challenges in PPP contract management and their prevalence. Twenty-five projects were then chosen to be looked at in more detail and prepare detailed case studies on the real life examples of lessons learned and leading practices employed by public officials in the management of PPP contracts. The final data will inform the guidance in the final reference tool.

The draft guidance on managing PPP contracts after financial close is split into three key areas:

1. setting up the procuring authority team
2. construction and operations routine contract management
3. major non-routine challenges such as disputes, terminations, renegotiations and insolvencies.

The workshops largely followed this structure. The overall structure and the methodology behind the reference tool were also discussed and endorsed by the attendees, and their feedback will be incorporated in the final reference tool.



1. SETTING UP THE PROCURING AUTHORITY TEAM

The PPP Contract Management Tool looks at what is required in the setting up of a procuring authority team, including structure, size, required skillsets and ongoing training requirements. Broad topics include:

- Setting up the procuring authority team
- Procuring authority training

2. CONSTRUCTION AND OPERATIONS – ROUTINE CONTRACT MANAGEMENT

The draft PPP Contract Management Tool has identified a range of routine aspects of PPP contract management which must be addressed proactively to ensure project success. These are activities which are commonly undertaken in the management of PPP projects and which the research has shown have the potential to cause challenges for those managing a PPP project. Topics include:

- Stakeholder Management
- Document and Information Management
- Transition Management
- Performance Management
- Managing Claims
- Change in Ownership and Refinancing

3. MAJOR NON-ROUTINE CHALLENGES

The reference tool on managing PPP contracts after financial close has identified a range of non-routine aspects of contract management which may or may not occur on a particular project. If they do occur, they pose substantial challenges to the ongoing success of a project and have the potential to erode the original value for money assessment. Topics include:

- Force Majeure
- Disputes
- Renegotiation
- Insolvency and Step-in
- Material Adverse Government Action & Termination



About Global Infrastructure Hub

Launched in 2014 by the G20, Global Infrastructure Hub is the only organisation dedicated solely to infrastructure in both developed and emerging markets. The global challenge remains acute given population growth, increasing urbanisation, and the need to replace rapidly ageing infrastructure. We are helping governments unlock trillions of dollars in private investment to fund much needed public infrastructure, creating productive economies and more liveable cities.

We work with both public and private sectors to facilitate knowledge sharing, highlight reform opportunities, support the adoption of leading practices and help to build the global pipeline of quality, bankable infrastructure projects. We are independent, with the agility of a start-up and the credibility of an international organisation, providing all our tools and services on an open and free to access platform.

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