

Contract Management Plan

The Contract Management plan must be prepared by the Contracting Authority and agreed by contract signing. Its essential elements include:

- The agreed partnership approach to Contract Management.
- Ensuring service delivery management.
- PPP agreement administration.
- Key challenges and tasks of the PPP Contract Management.
- The Contract Management Plan.
- Roles and responsibilities of the contracting agency and Concessionaire.
- It is essential that the contracting agency compiles a document which sets out the responsibilities and obligations of the service provider (Concessionaire) and the contracting agency itself. Where appropriate, the arrangements should be time bound.

The bases of these arrangements will be the provisions in the contract covering service delivery and payments. The main arrangements in the Contract Management Plan will include:

- Clearly defined outputs, performance levels and objective information requirements.
- Penalties in case of default.
- Roles and responsibilities in monitoring and information provision.
- Commencement and other key dates of activities.
- Cost bearing agreement for all Contract Management activities.
- Reporting of results arrangements.
- Dates and service releases in specific sectors.
- Payment mechanisms.
- Mechanisms for benchmarking and testing where relevant.
- Managing change mechanisms e.g. changes in law, bidding, control etc.
- Mechanisms for problem solving and resolving disputes.
- Contingency arrangements in case of failure or default.
- Rights of the contracting agency.
- Other as may be necessary for particular projects management with stakeholders.
- On contingency plans for dealing with emergencies.
- Frameworks for independent auditing.
- Public Consultation Needs.

The overall aim should be to develop a framework in which the contracting agency and the concessionaire can work in partnership together. The Contract Management plan should not be too complex in order to maximize its effectiveness and avoid costly and difficult to enforce activities.

There are generally 3 stages in the development of Contract Management:

- **Procurement Stage:** Rules are established for the life of the Contract.

- **Development or Construction Stage:** From award of contract to the start of output based revenue. (This may be divided into two phases i.e. from contract award to construction commencement and construction).
- **Delivery Stage:** Provision and use of contracted services.

Contract management tasks during the Procurement Stage

The Procurement stage requires the laying of foundations for the future partnership even though it will be at a time of negotiations. However, good relationships should not be at the expense of the government's rights and expectations under the contract. Ideally, the Contract manager designate should be party to the negotiations and contract.

The contract must allow for monitoring of performance against which payments will be made. Monitoring requirements will be based on objectives and clear quantitative data. The implications of poor performance must be spelt out. Good practice suggests that the Contract Management requirements, including monitoring and auditing processes should be made clear even at the bidding stage, with bidders encouraged to propose Contract Management procedures that are effective and minimize cost and time burdens on both parties.

The Construction Development Stage

At this stage, issues commonly include:

- Design of the new facility or clarification of services to be provided
- Integration of new facilities into existing facilities
- Maintaining ongoing monitoring including site access and rights to raise issues related to contractual failures and non compliance
- Delays or changes to the construction program
- Variations if any requested by the contracting authority
- Determining readiness for occupation/operation
- Any construction defects
- Property and planning issues
- Staffing issues
- Risks borne by the contracting authority

The Delivery of Services Stage

Issues commonly arising include;

- Definition, implementation and operation of the contracting authority's monitoring system
- Handling of a settling in period
- Monitoring contracted services
- Transfer of Contract back to Government or Rebidding