Chairman of the Department of Economic Development

Administrative Decision No. 179 of 2020

Regarding the Regulation of Public-Private Partnership

Having reviewed Law No. (1) of 1974 on the Reorganisation of the Governmental Apparatus in the Emirate of Abu Dhabi, and its amendments.

And Law No. (1) of 2017 Regarding the Financial System of the Government of Abu Dhabi.

And Law No. (3) of 2018 Regarding the Abu Dhabi Executive Office, and its amendments.

And Law No. (7) of 2018 on the Reorganisation of the Department of Economic Development.

And Law No. (1) of 2019 on the Establishment of the Abu Dhabi Investment Office.

And Law No. (2) of 2019 Regarding the Regulation of Public-Private Partnership.

It is decided as follows:

Definitions

Article (1)

For the purposes of implementing the provisions of this Decision, the following words and phrases shall have the meanings assigned to each of them, unless the context otherwise requires:

The Emirate:	The Emirate of Abu Dhabi.
The Government:	The Government of Abu Dhabi.
The Office:	The Abu Dhabi Investment Office.
The Law:	Law No. (2) of 2019 Regarding the Regulation of Public-Private Partnership.

The Partnership Projects Guideline:	The guide attached to this Decision regarding the stages of preparing and implementing Partnership Projects.

Article (2)

Adoption of the Guideline

a. The Public-Private Partnership Projects Guideline attached to this Decision is hereby adopted and shall be considered a complementary reference to the Law.

b. The Office shall update the Partnership Projects Guideline whenever the public interest so requires, to reflect best practices based on the practice and experience gained by the Office and all Government Entities.

c. All Government Entities shall be committed to ensuring that tenders for Partnership Projects are conducted in accordance with the provisions of the Law, this Decision, and the Partnership Projects Guideline.

d. Both the Office and the Government Entities shall undertake the roles and responsibilities assigned to them in accordance with the provisions of the Law, this Decision, and the Partnership Projects Guideline.

Article (3)

Exemption from the Abu Dhabi Procurement Manual

Partnership Projects approved in accordance with the Law and the Partnership Projects Guideline shall be exempted from the provisions of the Procurement, Tenders, Auctions, and Warehouses Manual in force under the aforementioned Law No. (1) of 2017, and any standards, rules, or decisions that may replace them.

Publication and Entry into Force

Article (3)

This Decision shall come into effect from the date of its issuance and shall be published in the Official Gazette.

Mohammed Ali Al Shorafa Al Hammadi

Chairman of the Department

Issued in Abu Dhabi:

On: 12/Muharram/1441 H

Corresponding to: 31/August/2020 G

Public-Private Partnership Projects Guideline

Partnerships for Infrastructure Projects

March 2020

Disclaimer

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Version Control

Draft	Date	Author	Notes
First	2 March 2020	Abu Dhabi Investment Office	Circulated to stakeholders for feedback
Second	19 March 2020	Abu Dhabi Investment Office	Incorporate feedback from stakeholders in target sectors

Contents

Section One: Introduction

1.0 Introduction

1.1 Overview

1.1.1 Why Choose Partnership Projects?

The Government has identified Partnership Projects to encourage private sector participation in development projects and as a means to accelerate infrastructure investments, secure private sector financing, and improve the delivery method and quality of public facilities and services.

Effectively structured Partnership Projects have brought numerous benefits to economies around the world by creating many job opportunities, promoting sustainable economic growth, and stimulating private sector investment in targeted sectors.

Among the benefits the Government seeks to achieve through the implementation and establishment of Partnership Projects are:

- Increasing private sector investment in Abu Dhabi's infrastructure sector (through local and international developers and investors).
- Establishing genuine partnerships with private sector investors and developers.
- Enhancing accountability for government spending through effective analysis and development (and adherence to) consistent and transparent processes.
- Increasing the Government's access to private sector innovation, entrepreneurship, and efficiencies.
- Distributing the cost of supplying public assets and services through long-term contracting.
- Increasing accountability for the provision and long-term management of public facilities and services through performance-linked payment mechanisms.

1.1.2 The Government's Approach to Partnership Projects

The Government works to ensure that Partnership Projects in Abu Dhabi generally align with the following characteristics (although the structure of each Partnership Project will be considered on its own merits):

- Requiring the private sector partner, as appropriate, to design, finance, build, maintain, and operate public assets and facilities based on output-based specifications (rather than input-driven specifications).
- Requiring the private sector partner to operate assets and provide services over the long term.
- Providing payments according to the terms of the Partnership Agreement, generally once the assets are operational.
- Providing payments over the term of the Partnership Agreement based on services provided, subject to meeting Key Performance Indicators (KPIs) and output specifications.
- Stipulating the return of assets to the procuring entity at the end of the term in accordance with specified contractual handover requirements.

1.1.3 Legislative Background

To encourage the development, supply, and tendering of Partnership Projects, the Government has issued the following:

- Law No. (1) of 2019 on the Establishment of the Abu Dhabi Investment Office (ADIO Establishment Law).
- Law No. (2) of 2019 Regarding the Regulation of Public-Private Partnership (PPP Law).

The Government subsequently issued Executive Regulations in accordance with the PPP Law (the Regulations), to facilitate and clarify the implementation of the PPP Law.

The Abu Dhabi Investment Office issues this Guideline under the powers granted to it by the ADIO Establishment Law, the PPP Law, and its Executive Regulations.

1.1.4 Structure of this Guideline

The Partnership Projects Guideline (the Guideline) sets out the steps and procedures to be followed for the development, tendering, and management of Partnership Projects in Abu Dhabi. The Guideline consists of the following four sections:

- Section One: Introduction presents the structure and purpose of this Guideline, describes the broader legislative framework, briefly outlines the role of the Abu Dhabi Investment Office, other relevant government entities, and Project Teams, and defines the core principles to be followed by parties involved in the development, procurement, and management of Partnership Projects.
- Section Two: Structuring and Due Diligence describes the stages of originating, structuring, and conducting due diligence for a candidate project, particularly the development of the Concept Report and Feasibility Study, up to the point where an investment decision is made.
- Section Three: Tendering Management describes the processes and methodologies to be followed during the tendering, negotiation, and contract award of a Partnership Project.
- Section 23.

1.1.4.1 Technical and Other Available Information

When preparing the Concept Report, the Project Team must assess the level of technical and other details provided as part of the project proposal at the origination stage and determine the best way to integrate and prepare this information to meet the requirements of the Concept Report.

A candidate project may reach a mature level of technical design at the origination stage, for example, but it is essential to assess and develop the economics of the design in accordance with the requirements of the Concept Report.

For example, the Procuring Entity may have already prepared a technical feasibility study or concept design, or may have a detailed design and tender package in place (e.g., employer's requirements, specifications, and fully coordinated detailed design) in anticipation of traditional procurement. While this may provide advantages to the Project Team in terms of providing details for costing and planning, the design may not be economically viable, and the approach may be more prescriptive than is appropriate for a Partnership Project model.

The scope of the relevant work is a factor in the level of detail available at that time, but the expectation is that the technical and financial information provided as part of the project proposal will be assessed and validated, and prepared to the level of detail and format required to enable:

- The collection of accurate information necessary to initiate a detailed feasibility study.
- An initial investment decision to be made before proceeding to the feasibility study stage.

1.1.4.2 Needs Assessment

The needs assessment evaluates the social and economic needs of the candidate project by reference to a set of agreed objectives. The Project Team should use available reliable data to assess all relevant factors below, unless a relevant needs assessment commissioned by the Government is available.

Needs Assessment	
Capacity	The capacity of existing infrastructure to meet the growing demand for infrastructure and services, future growth projections, and development plans (e.g., congested road networks, inadequate availability of healthcare services manifested in long waiting lists, etc.)
Obsolescence	Obsolescence of existing infrastructure (e.g., technologies, equipment, and whether assets are fit for purpose)
Compliance	Compliance of existing infrastructure with regulatory and/or environmental standards (e.g., emissions from

Needs Assessment	
	coal-fired power plants or inappropriate solid waste management practices)
Condition	The condition of existing infrastructure (e.g., the need to replace cracked or worn-out infrastructure)
Service Levels	The scope of current service levels (e.g., any obvious gaps and operational inefficiencies)
Other	In addition to the above, the Project Team should consider the social and environmental pros and cons of candidate projects

The needs assessment does not determine or influence the choice of contracting model.

1.1.4.3 Global or Regional Benchmarking Analysis of Similar Projects

This analysis identifies global and regional examples of projects similar to the candidate project. The objective is to identify precedents of successfully implemented Partnership Projects to draw key lessons learned for technologies, costs, revenue streams, tariff structures, project structuring, identifying the potential universe of bidders, the procurement process, contractual arrangements, and other critical success factors.

1.1.4.4 Cost and Revenue Benchmarking Analysis

This analysis identifies the cost and revenue that the candidate project could generate in order to assess its relative benefits. It should include supporting empirical benchmark cost data derived from databases that include projects of similar size, complexity, and scope (and adjusted where necessary for any differences in specifications, location, and the base date of the data). This information is typically provided by the Procuring Entity and any appointed technical advisors.

This information should include:

Cost and Revenue Benchmarking	
Capital Expenditure	The standard Building Cost Information Service (BCIS) format should be used for cost analysis and cash flow analysis, which should be an S-curve for construction consistent with the construction programme, in a relevant industry standard format, for example, for infrastructure projects including social and transport infrastructure.
Operating Expenditure	Include all soft facilities management and hard facilities management costs (including reactive and planned maintenance) in BCIS format or a similar format.
Lifecycle Sinking Fund	Expressed as a cost per relevant functional unit in real terms or as a percentage of capital expenditure, typically, but not necessarily, in five-year intervals over a time horizon of at least 25 years. It is expected that the Project Team will develop the lifecycle sinking fund model at the Feasibility Study stage in BCIS format.
Revenue	Including assumptions covering third-party revenue, user fees, and any revenue realization and capital payments expected to be collected through the financial leveraging of assets.

1.1.4.5 Project Programme

The Project Team will develop a Project Programme that covers the overall transaction timeline and the construction and operation programme. This may be done at a preliminary level in the Concept Report and further detailed and updated in the Feasibility Study.

Project Programme	
Transaction Timeline	• Identify the key steps to complete the structuring and due diligence and the tendering management stage up to commercial close.

Project Programme	
	• This should include the expected time to receive approvals from relevant approving bodies.
Construction Programme	The Project Team should outline the expected construction programme with timelines, depending on the level of detail used in the cost and revenue benchmarking analysis.
Operational Programme	The Project Team should outline the expected operational programme for the project. This may be done at a very preliminary level in the Concept Report.

1.1.4.6 Preliminary Risk Assessment and Allocation

The Project Team will conduct a preliminary risk assessment, to the extent that information is available, which will include the most prominent project risks, allocation of risks to responsible parties, and risk mitigation and management strategies.

1.1.4.7 Preliminary Procurement Options Analysis

The Project Team will identify procurement options (including lessons learned from global and regional benchmarks) and select preliminary alternatives for the contracting model based on the defined objectives and scope of the candidate project. The goal is to identify a preferred contracting model that can be finalized in the Feasibility Study.

1.1.4.8 Preliminary Value for Money Analysis

The Project Team will conduct a Value for Money (VfM) analysis focusing on qualitative aspects and qualitative value for money (further details on VfM are provided in Appendix 5.8).

1.1.4.9 Progression to Feasibility Study Preparation

Upon completion, the Project Team will submit the Concept Report to the Abu Dhabi Investment Office and the Procuring Entity and will consult with the Office to determine whether the candidate project should proceed to the Feasibility Study analysis. If the Office and the Procuring Entity grant their approval, the Project Team can proceed to prepare the Feasibility Study as specified in paragraph 2.3.3.

1.1.5 Feasibility Study

The purpose of the Feasibility Study is to build on the analysis in the Concept Report to demonstrate the financial and economic viability of the candidate project if it were to be procured as a Partnership Project, as an alternative to the traditional procurement model.

The Feasibility Study must include the elements below, along with other elements described in Appendix 5.6.

Feasibility Study	
Procurement Options Analysis	A detailed analysis of procurement options to establish a preferred contracting model that best aligns with the Government's core objectives (taking into account whether a full options analysis was conducted as part of the Concept Report stage).
Technical Study	A detailed technical study that includes a summary of the project scope, technical considerations, and any supporting technical information necessary to clarify and describe the proposed project scope, which should include all relevant technical components covering planning, design, construction, commissioning tests, operations, and handover requirements (if appropriate for the preferred contracting model).
Financial and	Financial and economic analysis that includes the preparation of a shadow bid model and public sector comparator, a Value for Money (VfM) assessment

Feasibility Study	
Economic Analysis	(including risk quantification, etc.), and a financial risk assessment.
Transaction Structure	The proposed transaction structure, including a legal and regulatory assessment and recommendations.
Market Sounding	Feedback and conclusions from the market sounding process.
Procurement Plan	A detailed procurement plan.
Partnership Agreement	The key terms of the proposed Partnership Agreement, for example: • Term of the concession. • Scope of obligations. • Payment arrangements. • Termination arrangements. • Relief mechanisms. • Equity or capital contribution and ownership rights by the Government. • Other key provisions as stipulated in Article (12) of the PPP Law.

The scope of the relevant work will be a factor of the information available in the Concept Report (if prepared by the Abu Dhabi Investment Office), but it is expected that the Feasibility Study will include the required level of information and analysis to support a decision to proceed to the tendering management stage.

1.1.5.1 Procurement Options Analysis

Procurement Options Analysis	
Purpose	To select a preferred contracting model that best aligns with the Government's core objectives through a transparent and well-documented selection process that

Procurement Options Analysis	
	identifies, assesses, and compares all applicable forms of available procurement models and their variants. Where possible, the aim is to further develop and refine an established procurement solution by discussing it in a selection process that involves innovative procurement solutions and focuses on maximizing Value for Money for the Government.
Procedures	The options analysis should generally be carried out in four consecutive steps: • Step 1: Agree on the scope, objectives, and evaluation criteria. • Step 2: Identify and evaluate contracting model options. • Step 3: Conduct a preliminary market sounding. • Step 4: Select the contracting model.
Outcomes	• At the end of the options analysis, the Project Team should prepare a summary report detailing the process undertaken during the options analysis, including the findings and a summary of any preliminary market sounding conducted. • If the options analysis identifies a preferred contracting model for the candidate project, the Project Team should proceed to the financial and economic analysis stage. If not, the Project Team should discuss alternative procurement models with the Abu Dhabi Investment Office and the Procuring Entity.

1.1.5.2 Detailed Technical Study

If a detailed technical study was not conducted as part of the Concept Report, the Project Team must ensure that a detailed technical study is carried out, including the following:

- Project scope and technical considerations (and any supporting technical information necessary to clarify and describe the proposed project scope, which should include all relevant technical components covering planning, design, construction, commissioning tests, operations, and handover requirements if appropriate for the preferred contracting model).
- A technical summary of the preferred technical solution.
- A summary of the technical requirements for design, construction, and operation (requirements and output specifications).
- Identification, measurement, and summary of technical risks (including implementation risks and termination events).
- A summary of the technical components of the proposed payment mechanism (including Key Performance Indicators and availability).
- A summary of tests on completion, including a summary of the role and scope of the Independent Certifier.
- Project programme and phasing assumptions (including any planning and utility approvals).
- Preparation of detailed cost data and revenue models (with periodic updates as needed).
- Detailed cost and revenue benchmarking analysis.

1.1.5.3 Financial and Economic Analysis

The financial and economic analysis aims to assess the financial viability of the project from the perspectives of both the Procuring Entity and the Project Company, taking into account the long-term nature of the candidate project, the proposed risk allocation, potential funding sources to be used by the Project Company, and the financial commitments of the Government.

The financial and economic analysis should focus on the following key components:

<table>
<tr><th colspan="2">Financial and Economic Analysis</th></tr>
<tr><td>Risk Allocation</td><td>The Project Team should prepare a comprehensive risk analysis that includes:
Identifying relevant material financial risks.
Understanding the relative value and cost of these risks.
Determining who should bear responsibility for the risks.
Considering how to reduce or mitigate the impact of each risk.
Determining how risks will be monitored and managed throughout the life of the Partnership Project.</td></tr>
<tr><td>Financial Commitments</td><td>The Project Team must assess the long-term financial commitments arising if the candidate project is procured as a Partnership Project to ensure that these commitments can be met and managed by the Procuring Entity and the Government.
The Project Team should include explicit financial commitments in the assessment (i.e., regular availability payments) and implicit financial commitments (i.e., the cost of providing associated services), as well as contingent liabilities arising from retained risks, such as guarantees, wage payments, and termination payments.
The Project Team should take measures to minimize long-term financial commitments as part of this analysis.
The Project Team should bear in mind that the Department of Finance will likely need to understand the following to approve the feasibility study for a candidate project:
The impact of any required annual financial commitment.
The total impact of the financial commitment over the life cycle of the candidate project.</td></tr>
</table>

Financial and Economic Analysis	
	• Therefore, the Project Team must include this analysis in this section of the Feasibility Study.
Value for Money	• The Value for Money (VfM) analysis is a key factor in the decision-making process regarding whether to procure a specific project as a Partnership Project. • The VfM analysis compares the risk-adjusted cost of traditional procurement of the project against a comparable Partnership Project and considers the project's life cycle costs, benefits, and expected risk transfer. • A combination of quantitative and qualitative VfM analysis must be conducted throughout the procurement process. • Please review Appendix 5.8 for further guidance on the VfM assessment methodology.

The financial and economic analysis should include the following data outputs:

Financial and Economic Analysis Outputs	
Cost and Revenue Benchmarking	Present supporting empirical benchmark cost data derived from databases that include projects of the same size, complexity, and scope, and a market analysis regarding any revenue-based assumptions, if relevant.
Financial Model	Present model outputs, including expected project returns shown in Net Present Value (NPV) and Internal Rate of Return (IRR). The provision of summary financial information, including ratio analysis, provides a quantitative assessment of the financial viability of the Partnership Project to assist the Project Team in evaluating the Partnership Project, as well as assessing risks and sensitivity to specific inputs affecting the project.

Financial and Economic Analysis Outputs	
Cost Data	Present capital expenditure, operating expenditure, and lifecycle sinking fund inputs if relevant, including associated cash flows/timeframes and underlying assumptions (all of which should be in BCIS format).

1.1.5.4 Transaction Structure

The Project Team will develop a detailed transaction structure based on the preferred contracting model (the Transaction Structure).

The preparation of the Transaction Structure is an iterative process, and it is recognized that adjustments and updates may be required from time to time before finalizing the Feasibility Study as a result of inputs from the financial and economic analysis, market sounding, or during the preparation of the draft key terms of the Partnership Agreement.

The Transaction Structure should include:

Transaction Structure	
Commercial and Technical Affairs	An overview of the key technical and commercial aspects, presented as an executive summary.
Contracting Model	An explanation of the preferred contracting model, including a commercial and contractual analysis, which includes: • Definition of "Key Performance Indicators" and "Availability Criteria". • A list of all public and private sector participants. • The proposed ownership model for the project or parts thereof. • The proposed commercial and contractual structure governing the relationship between participants, including their roles and responsibilities. • The proposed payment mechanism.

Transaction Structure	
	• Details of risk allocation and analysis. • The proposed key terms of the Partnership Agreement.
Regulatory Framework	A summary of the regulatory framework, including: • An explanation of relevant laws and regulations (and any exemptions that may be necessary). • Required regulatory approvals.
Financing	Details of the proposed financing considerations: • The proposed financing plan (describing private financing instruments and providers). • The expected terms of this financing.
Timeline	The proposed procurement and construction timeline.

1.1.5.5 Market Sounding

It is recommended that the Project Team conduct a market sounding in a form decided by the team and include the findings as part of the Feasibility Study.

Market sounding provides an opportunity for the Project Team to understand the perspectives, concerns, and suggestions of various market participants regarding the candidate project and its transaction structure (including its scope, size, and allocation of responsibilities) before the actual launch of the tendering process. It also enables interested parties to begin consortium formation discussions.

The main objectives of the market sounding process should be:

Testing market appetite for the Candidate Project.

- Requesting market verification of the key technical, legal, and commercial assumptions that support the transaction structure.

The Abu Dhabi Investment Office may require appropriate non-disclosure agreements to be signed by private sector participants, which the Project

Teams must ensure, before disclosing any sensitive information regarding the Candidate Project.

Some Candidate Projects may not require a market sounding process. For example, if Partnership Projects of the same type have already been initiated through a bidding process and/or closed, and/or if a market for previous projects exists, the Project Team may prefer not to conduct a market sounding. In such cases, the Project Team must state in the Feasibility Study that a market sounding was not conducted and provide the reason why.

1.1.5.6 Procurement Plan

The Project Team must develop a Procurement Plan detailing the process that will be followed to manage and complete the bidding process.

The Procurement Plan must include:

- Proposed procurement schedule (specifying the timeline for each stage of the bidding process).
- Estimated procurement budget.
- Summary of bid documents.
- Stakeholder engagement plan.

The Procurement Plan should include detailed timelines regarding both the required approvals and the steps necessary to obtain them.

The Procurement Plan included in the Feasibility Study is expected to be of a general nature, but a detailed Procurement Plan must be developed before launching the bidding process.

During the bidding process, the Project Team must update the Procurement Plan as required to reflect changes in the schedule or other material changes.

1.1.5.7 Required Approvals

The Abu Dhabi Investment Office and the Procuring Entity will approve the submission of the Feasibility Study to the relevant Approving Authorities for financial elements only (i.e., the estimated whole-life costs of the project) for their approval to enable the Candidate Project to proceed to procurement as a Partnership Project in accordance with Section 3.

The Project Team will manage the process of obtaining approval from the relevant competent authorities in coordination with the Abu Dhabi Investment Office and the Procuring Entity.

1.1.5.8 Fast-Tracking and Pre-Qualification Process

The Project Team may, on an exceptional basis, request approval from the Abu Dhabi Investment Office to initiate a limited bidding process while awaiting final approval from the competent Approving Authority on the relevant Feasibility Study, upon receiving the initial endorsement of the Feasibility Study and then submitting the Feasibility Study for final approval.

This limited bidding process may include:

- Preparing bid management procedures.
- A marketing campaign.
- Issuing a Request for Expression of Interest. and/or
- Issuing a Request for Qualifications.

Section Three: The Bidding Process

2.0 The Bidding Process

2.1 Overview

Section 3 outlines the steps and procedures to be followed in the bidding, negotiation, and awarding of contracts for the Partnership Project, in accordance with Article (9) of the Public-Private Partnership Law and Article (7) of the Regulations.

2.2 Stages of the Bidding Process

The Procurement Plan will define the stages of the bidding process and the proposed implementation schedule.

The Project Team must prepare the bidding documents, management procedures, and other relevant documents in accordance with this guide.

These documents shall include (as applicable):

Bidding Process Documents	
1	Expression of Interest (EOI) letter (if applicable)
2	Request for Qualifications (RFQ) (unless part of the Request for Proposals)
3	Request for Proposals (RFP) structured as follows: • Volume 1 contains Instructions to Bidders. • Volume 2 contains the Form Sheets. • Volume 3 contains the Partnership Agreement. • Volume 4 contains the Procuring Entity's Technical Requirements.
4	Best and Final Offer (BAFO) (if applicable)
5	Award Letter to the Preferred Bidder and notification to the Reserve Bidder and unsuccessful bidders)

Bid management procedures including:

- Bid opening procedures for responses to the Statement of Qualifications (SOQ), Request for Qualifications (RFQ), and Best and Final Offer (BAFO), if selected at the RFP stage.
- Evaluation criteria and evaluation methodology for responses to the SOQ, RFQ, and BAFO, if selected at the RFP stage.

2.3 Optional Bidding Procedures

2.3.1 Summary of Optional Procedures

The marketing campaign, pre-bid conference, and Expression of Interest (EOI) stages of the bidding process are optional procedures available to the Project Team.

The adoption of these optional procedures must be specified in the Procurement Plan before the bidding commences. These optional procedures are recommended unless there is a valid reason not to include them as part of the bidding process (i.e., there is a known limited pool of bidders or a limited timeframe available for the bidding process).

2.3.2 Marketing Campaign

The Project Team must plan and implement a targeted marketing campaign, if included as part of the Procurement Plan, once the relevant competent authority approves the Feasibility Study and the bidding process is launched. This may include roadshows, market testing sessions with potential applicants (and other relevant parties), and appropriate advertising in national, regional, and international trade publications, websites, etc.).

Marketing campaigns should target:

- Potential investors, lenders, and contractors at the Abu Dhabi and global levels.
- Interested government stakeholders.
- The general public to build awareness of the project.

2.3.3 Pre-Bid Conference

The Project Team may schedule a pre-bid conference or meeting before issuing the Request for Qualifications (RFQ) and/or the Expression of Interest (EOI) letter (if necessary), which is open to all interested parties, in order to:

- Explain the key features of the Partnership Project.
- Clarify the bidding process.
- Provide an opportunity for interested parties to ask the Project Team questions about the above.

The purpose of the pre-bid conference should be to ensure that potential applicants are fully aware of the key features of the Partnership Project and the bidding process to enable them to gauge the scale of bid resource requirements and secure them (including the extent of any required consortium formation) so they can respond to the RFQ (or EOI letter, as applicable) in a timely manner and with a compliant Statement of Qualifications (or response to the EOI letter).

2.3.4 Expression of Interest (EOI)

The EOI letter should provide a "high-level" description of the key features of the Partnership Project and the bidding process, if included as part of the Procurement Plan. It should also identify the government stakeholders and the EOI timeline, along with any other relevant details necessary for interested parties to determine if the project is of interest to them.

The EOI letter must request responses by a specific date, be issued to a comprehensive list of potential applicants, and be formally announced in the following media (as chosen by the Abu Dhabi Investment Office):

- The Procuring Entity's website and circulars.
- The Abu Dhabi Investment Office's website and social media.
- The local press.
- Local, regional, and international specialized press and relevant periodicals.

2.4 Mandatory Bidding Procedures

2.4.1 Overview

The Request for Qualifications (RFQ) and Request for Proposals (RFP) stages are mandatory procedures and must be issued sequentially. However, in exceptional circumstances, the Project Team may request approval from the Abu Dhabi Investment Office to manage the RFQ stage as part of the RFP stage if the characteristics of the Partnership Project indicate that it is appropriate to expedite the bidding process and the pool of bidders is known to the Project Team (e.g., a recurring project).

There should be no interaction or communication between the Project Team and the private sector during the RFQ, RFP, and evaluation stages, except as described in Section 3.

2.4.2 Request for Qualifications (RFQ)

The Project Team will conduct an RFQ stage (either as part of the RFP process, if approved by the Abu Dhabi Investment Office, or as a separate process before the RFP process) to evaluate applicants in order to obtain a shortlist of potential bidders. If the RFQ forms are part of the RFP as described in paragraph 2.4.2, they must be modified and integrated as appropriate by the Project Team in consultation with the Abu Dhabi Investment Office and the Procuring Entity.

2.4.2.1 RFQ Process Steps

The RFQ must be prepared according to the following steps:

RFQ Process Steps	
1	Define qualification criteria
2	Prepare the evaluation methodology to be used for evaluating applicants, shortlisting bidders, and bid opening procedures
3	Prepare RFQ documents for submission to potential applicants
4	Review and evaluate received responses (Statements of Qualifications)
5	Prepare a shortlist of qualified applicants

2.4.2.2 RFQ Requirements

The issued RFQ must include the following:

RFQ Requirements	
1	Be issued in English and require Statements of Qualifications to be submitted in English as well
2	Describe the Partnership Project opportunity, the Procuring Entity's expectations, the project location, and other relevant project characteristics
3	Provide the RFQ timeline and the preliminary RFP timeline, both of which should allow a reasonable period for applicants/bidders to prepare and submit a compliant Statement of Qualifications and/or bid, as determined from feedback during any market sounding and pre-bid conference, with the aim of avoiding requests from

RFQ Requirements	
	applicants/bidders to extend the timeline for the Statement of Qualifications or bid, respectively
4	Provide instructions on the required format and an email/website address for submitting the Statement of Qualifications and supporting materials
5	Provide a single point of contact for applicant inquiries and clarifications
6	Describe the clarification process before the submission of the Statement of Qualifications, including protocols associated with receiving and responding to clarifications, the schedule for submitting clarifications, and the timeline for receiving responses
7	Define the qualification process, evaluation criteria, and evaluation methodology, and describe the Project Team's methodology when evaluating each of the accepted Statements of Qualifications
8	Describe the contracting model and any other commercial or contractual details relevant to the RFQ
9	Clarify that costs incurred by applicants in preparing and submitting Statements of Qualifications will not be borne by the public sector unless explicitly stated otherwise in the RFQ
10	Include rules regarding the formation of consortia, restrictions on applicant eligibility, and statements about conflicts of interest
11	Clarify that the Project Team may amend, change, or terminate the RFQ and the entire bidding process at any time and for any reason, and will not be liable for any costs to the applicant unless explicitly stated otherwise in the RFQ

The Project Team must open the Statements of Qualifications in accordance with the established bid opening procedures and review them according to the established evaluation methodology, as specified in the RFQ.

The Project Team will complete and submit the SOQ Evaluation Report (which includes the recommended final list of bidders) to the Abu Dhabi Investment Office for its review.

The Abu Dhabi Investment Office will review the SOQ Evaluation Report and submit its recommendations to:

- Approve the SOQ Evaluation Report.
- Announce the list of pre-qualified bidders.
- Issue the Request for Proposals (RFP).

A minimum of three bidders are required to issue the RFP. If fewer than three potential bidders are pre-qualified, the Project Team can choose from the following two options:

Option 1: Modify the RFQ requirements, re-issue it, and secure the minimum number of bidders to issue the RFP.

Option 2: Prepare a report explaining the results of the RFQ process, including a recommendation to proceed with issuing the RFP to fewer than three bidders, specifying:

- Clear justifications and rationale.
- Steps the Project Team will take to maintain value for money.

The Project Team may proceed with issuing the RFP to fewer than three bidders, subject to the approval of the Director General of the Abu Dhabi Investment Office and the Head of the Procuring Entity.

2.4.3 Request for Proposals (RFP)

The Project Team will execute the RFP stage in accordance with the bidding process guidelines with the ultimate goal of selecting a Preferred Bidder.

2.4.3.1 RFP Process Steps

The RFP must be prepared according to the following steps:

RFP Process Steps	
1	Prepare RFP documents for issuance to shortlisted bidders

RFP Process Steps	
2	Develop bid opening procedures and evaluation methodology for evaluating bids
3	Hold bidder conferences and arrange for site visits
4	Review and evaluate responses to the RFP
5	Prepare the Bid Evaluation Report for submission to the Bid Evaluation Committee

2.4.3.2 RFP Requirements

The issued RFP must contain the appropriate level of detail specific to the type of Partnership Project and must include the following requirements:

RFP Requirements	
1	Be issued in English and require bids to be submitted in English as well
2	Describe the role of the Abu Dhabi Investment Office in the competitive process and detail how bids will be evaluated
3	Provide the RFP timeline
4	Provide an overview of the project due diligence process, and the availability of data or reference materials, including access to a data room or other resources
5	Describe the clarification process before bid submission, including protocols associated with receiving and responding to clarifications, the number of clarification rounds, the schedule for submitting clarifications and receiving responses, and the circulation of clarifications after bidder conferences
6	Indicate the law applicable to the transaction, including any decrees, orders, laws, rules, and/or regulations

RFP Requirements	
7	Provide instructions on the required format and an email/website address for submitting bids and supporting materials
8	Provide a single point of contact within the Project Team
9	Provide a single point of contact within the Bidder
10	Clarify that costs incurred by bidders in preparing and submitting RFPs will not be borne by the public sector
11	Clarify that the Project Team may amend the RFP and procurement at any time and for any reason, and will not be liable for any costs incurred by the bidder
12	Unless with the approval of the Project Team, contact is prohibited between (1) bidders, (2) bidders and government officials, and/or (3) bidders and key stakeholders in the bidding process. Clarify the permitted communication during the bidding process and provide a confidentiality agreement to be signed by all bidders, with the approval of the Project Team
13	Prohibit collusion in procurement, conflicts of interest, bribery, and/or any corrupt conduct. Clarify that bidders must confirm their compliance with this, subject to applicable penalties or restrictions for violations
14	Clarify how bidders' materials and intellectual property received by the Abu Dhabi Investment Office will be handled
15	Describe the evaluation criteria and methodology related to the bids, detailing the financial and technical requirements along with the overall evaluation process
16	Prohibit and disqualify bidders for misrepresentation and fraudulent conduct in the bidding process and the bidder's submission
17	Specify any requirement for a bid bond or other forms of bidder security

RFP Requirements	
18	Specify whether the government will be a co-investor in the project's Special Purpose Vehicle (SPV)
19	Describe the Partnership Project opportunity, the Procuring Entity's expectations, the project location, and other relevant project characteristics
20	Describe the contracting model and any other commercial or contractual details relevant to the RFQ
21	Include form sheets for bidders' responses in the prescribed format
22	Include bid opening procedures

2.4.4 Form of the Partnership Agreement

The RFP will also be accompanied by the form of the Partnership Agreement for the Partnership Project. The Partnership Agreement will be prepared by the Abu Dhabi Investment Office and will include, in accordance with Article (9) of the Public-Private Partnership Law, a number of matters, including:

- Concession duration.
- Proposed payment mechanism.
- Key Performance Indicators (KPIs) and deduction regime.
- Termination arrangements.
- Performance security requirements.
- Refinancing arrangements.
- Relief mechanisms.
- Transfer restrictions.
- Output specifications.
- Emiratisation requirements.
- Construction and operation phase obligations.
- Construction completion arrangements (including provisions for the consequences of delay).
- All other provisions required under Article (12) of the Public-Private Partnership Law.

2.4.5 Bidder Conferences

2.4.5.1 Overview

The Project Team may schedule one or more bidder conferences (depending on the complexity of the Partnership Project).

If the Project Team deems it appropriate, it may host a bidder conference or meeting before issuing the RFP, which would be available to bidders selected during the qualification stage, to provide an overview of the most important features of the Partnership Project and details of matters expected to be included in the RFP by the shortlisted bidders.

It is recommended that the Project Team hosts a bidder conference or meeting for all Partnership Projects shortly after the RFP is issued to provide the following to the shortlisted bidders:

- An overview of the Partnership Project.
- An overview of the RFP documents and key bid requirements (including relevant deadlines and the timeline).
- An explanation of any complex aspects of the Partnership Project.
- Clarification regarding any inquiries or questions bidders may have at that time.
- Guidance on disclosed data.

All bidder conferences or meetings are intended to ensure their understanding of the bid objectives, bid requirements, bid documents, and procurement timeline, so that the quality of their bids is improved.

2.4.5.2 Bidder Conference Protocols

Attendance at bidder conferences or meetings should be limited to shortlisted applicants and any members of the consortium, including their specialized advisors.

The content presented at bidder conferences should be limited to commercial, technical, and legal information:

- Included in the bid documents.
- Or the subject of clarifications or addenda issued under the RFP.

Under no circumstances may any additional financial information related to the Partnership Project be disclosed in any material shared with bidders at the conferences.

After the bidder conference, the Project Team must circulate to the potential bidders a record of the questions raised and answered at the conference.

2.4.6 Site Visits

If government-owned land or facilities are included as part of the Candidate Project, the Project Team may (if necessary) arrange and coordinate site visits before the bid submission date. Bidders will be given the opportunity to visit all or part of the sites to investigate and familiarize themselves with the relevant terms and conditions.

Potential bidders have the right to request access to the sites for the purpose of conducting their own studies and investigations additionally and at a later time. These requests must be submitted to the Project Team, who will handle these requests and schedule visits as it deems appropriate.

Site visits shall be conducted in accordance with the schedule and procedures specified by the Project Team.

2.4.7 Clarifications and Addenda

The Project Team will seek to respond promptly and in sufficient detail to all clarifications submitted by potential bidders in accordance with the terms of the RFP.

If the Project Team or the Abu Dhabi Investment Office decides that the structure or terms of the Partnership Project should be amended (as a result of the clarification process or otherwise) after the RFP in accordance with Article (10) of the Public-Private Partnership Law, the Project Team must:

- Proceed with issuing an addendum to bidders clarifying this amendment, if this amendment is limited to a clarification, correction of an error, or an update to a non-material aspect of the Partnership Project (not affecting the conclusions contained in the Feasibility Study).

- Proceed with issuing an addendum to bidders clarifying this amendment, where the amendment can be considered to have a material impact on the Partnership Project (affecting any of the conclusions contained in the Feasibility Study), and actively engage with all relevant approving bodies to obtain approval for this amendment and only upon receiving such approval.

Clarifications and responses will be published among all bidders to ensure transparency.

2.5 Bid Evaluation

2.5.1 Overview

Received bids are opened in accordance with the applicable bid opening procedures as described in the RFP and evaluated by:

- The Project Team (primarily).
- The Bid Evaluation Committee.

The Bid Evaluation Committee shall consist of representatives from the Abu Dhabi Investment Office and the Procuring Entity. The representative from the Abu Dhabi Investment Office will lead the Bid Evaluation Committee and will have the authority to make final decisions on all matters decided by the Bid Evaluation Committee, and will retain the task of overseeing the Bid Evaluation Committee.

The Project Team and the Bid Evaluation Committee will apply the evaluation criteria and methodology, including any scoring procedures, as set out in the RFP.

The entire bid evaluation process must be documented, and the Project Team and the Bid Evaluation Committee will adopt transparent and compliant evaluation procedures.

The Project Team will be primarily responsible for evaluating all bids in accordance with paragraph 2.5.1, but the Project Team may not take any step to pass or fail any bidder without obtaining the approval of the Bid Evaluation Committee.

2.5.2 Summary of Processes

The bid submission and evaluation process follows a two-envelope, two-step evaluation process, whereby the technical proposal and financial proposal for each bid are submitted in two separate sealed envelopes and are opened and evaluated sequentially, unless otherwise specified by the Abu Dhabi Investment Office.

The Abu Dhabi Investment Office may from time to time choose to use different bid submission and evaluation processes after determining them to be the most suitable for a particular Partnership Project, including, but not limited to, a single-envelope system with parallel evaluation of technical and financial bids. However, the two-envelope system is expected to be the prevailing approach. The bid submission and evaluation process for each Partnership Project will be described in the RFP.

Received bids will be subject to a two-step evaluation process as follows, unless otherwise stated in the RFP or permitted by the Abu Dhabi Investment Office:

Bid Evaluation Process	
Technical Evaluation	• Technical proposals will be opened first, examined, and evaluated for compliance, then evaluated and ranked by the Project Team according to the agreed evaluation criteria and methodology (as set out in the RFP). • If the technical proposal is compliant and passes the technical evaluation, the bid is eligible to proceed to the second step of the evaluation process. • The Project Team may communicate with bidders for the purpose of clarifying any aspect of the technical proposal that is unclear. • If the bid does not pass the technical evaluation, the technical proposal will be returned with the unopened envelope containing the bidder's financial proposal to the relevant bidder, subject to the approval of the Bid Evaluation Committee.

<table>
<tr><th colspan="2">Bid Evaluation Process</th></tr>
<tr><td></td><td>The Project Team may choose to interview the bidder to clarify any aspect of the submitted technical proposals as part of the evaluation process.
Bidders may be required to give a formal presentation during the technical interview. The presentation must be in English using Microsoft PowerPoint (or any other medium specified by the Project Team) and may be followed by a question-and-answer session during which bidders will be asked to answer any questions related to their technical proposal.
The Abu Dhabi Investment Office will have the right to reject any bid where the bidder's technical proposal does not match and comply with the requirements of the relevant Approving Authority.</td></tr>
<tr><td>Financial Evaluation</td><td>The bidder's financial proposal will be opened, evaluated, and ranked according to the agreed evaluation criteria and methodology as set out in the RFP, upon passing the technical evaluation.
The evaluation will include a benchmark comparison of each bid with the Public Sector Comparator (PSC) and a value-for-money test, as well as the financial and economic assumptions prepared and adopted as part of the Feasibility Study.
The Abu Dhabi Investment Office will have the right to reject any bid where the bidder's financial proposal does not match and comply with the requirements of the relevant Approving Authority, including any financial models, which bidders are expected to duly complete and submit as part of their financial proposals.</td></tr>
</table>

2.5.3 Bid Evaluation Report

The Project Team is required to prepare a Bid Evaluation Report after receiving the bids, which includes:

- The separate results of the technical and financial evaluation and the resulting overall ranking of the bids.
- A recommendation to notify the highest-ranked bidder and grant them the status of Preferred Bidder or to use the Best and Final Offer (BAFO) procedure.
- A recommendation to notify the second highest-ranked bidder and grant them the status of Reserve Bidder.

The Project Team will submit the Bid Evaluation Report to the Bid Evaluation Committee, which will review the report and respond in writing, stating that it:

- Agrees with the findings in the Bid Evaluation Report.
- Does not agree with the findings in the Bid Evaluation Report, in which case it will provide comments and reasons and request the Project Team to revise the Bid Evaluation Report accordingly.

Once the Bid Evaluation Report is finalized, the Bid Evaluation Committee will authorize the Project Team to take one of the following actions:

- If the financial bid of the highest-ranked bidder improves upon the financial criteria set out in the Public Sector Comparator model and there is no qualitative reason not to recommend awarding the Partnership Project to the highest-ranked bidder, the Bid Evaluation Report is submitted to the relevant Approving Authority, with a recommendation to issue the Letter of Award to the Preferred Bidder (and notify the Reserve Bidder and unsuccessful bidders).
- If the financial bid of the highest-ranked bidder does not improve upon the financial criteria set out in the Public Sector Comparator model, the bid is analyzed in the context of the qualitative factors associated with the Partnership Project, and the Bid Evaluation Report is submitted to the Abu Dhabi Investment Office, along with a recommendation to either:
    - Issue a Letter of Award to the Preferred Bidder (and notify the Reserve Bidder and unsuccessful bidders).

    - Or use the Best and Final Offer (BAFO) procedure according to paragraph 2.5.4.
    - Or cancel the partnership bidding procedure.

The Project Team will have the flexibility to notify bidders of the bid evaluation results simultaneously or in a staggered manner.

2.5.4 Best and Final Offer (BAFO)

The Best and Final Offer (BAFO) procedure may be used in exceptional circumstances as recommended by the Bid Evaluation Committee and where one or more of the following criteria are met:

BAFO Requirements	
1	The bids submitted by two or more bidders are materially the same, and the Bid Evaluation Committee believes that a BAFO process will allow for differentiation between the bids
2	There are aspects of some or all bidders' financial proposals that appear financially unsustainable or do not achieve value for money
3	There are commercial or legal aspects of the RFP that were raised as issues/deviations in the submitted bids which require clarification to ensure the accuracy and improvement of the financial proposals

If used, the BAFO procedure will require bidders to resubmit the financial and/or commercial aspects of their bids for review.

To avoid doubt, a technically and financially compliant bidder is not obliged to participate in the BAFO process. However, their existing bid at the time of the BAFO process launch will be considered valid and will be included in the BAFO Bid Report.

The Project Team will prepare a BAFO Bid Report (by updating the Bid Evaluation Report) to show the results of the BAFO evaluation and recommendations regarding the award to bidders and their notification (BAFO Bid Report).

The Project Team will submit its BAFO Bid Evaluation Report to the Bid Evaluation Committee, which will authorize the Project Team to either:

- Issue a Letter of Award to the Preferred Bidder (and notify the Reserve Bidder and unsuccessful bidders).
- Or cancel the bidding process.

2.6 Award to the Preferred Bidder

2.6.1 Overview

Upon receiving approval of the Bid Evaluation Report (or BAFO Bid Report, as applicable) and its recommendations from the relevant Approving Authority, the Project Team may proceed to notify the bidders and take the actions described in this section.

2.6.2 Bidder Notification

The Project Team will take the following action, unless otherwise directed by the Abu Dhabi Investment Office:

Bidder Notification Procedures	
Preferred Bidder	• The Project Team will issue the Letter of Award to the Preferred Bidder to formally appoint the first-ranked bidder as the Preferred Bidder. • The Preferred Bidder will be announced on the websites of the Procuring Entity and the Abu Dhabi Investment Office. • The Project Team will seek to finalize the terms of the Partnership Project with the Preferred Bidder to sign the Partnership Agreement and any other required agreements with the Preferred Bidder. • The Project Team may enter into final negotiations with the Preferred Bidder where there is a clear opportunity to improve the terms and conditions of the Preferred Bidder's offer and/or enhance value for money.

<table>
<tr><th colspan="2">Bidder Notification Procedures</th></tr>
<tr><td>Reserve Bidder</td><td>The Project Team will issue a letter to the Reserve Bidder to formally appoint the second-ranked bidder as the Reserve Bidder.
If the Project Team is unable to finalize the terms of the Partnership Project with the Preferred Bidder, the Project Team has the right to enter into final negotiations with the Reserve Bidder, finalize the terms of the Partnership Project once compliant, and sign the Partnership Agreement with the Reserve Bidder, where there is a clear opportunity to improve the terms and conditions of the Reserve Bidder's offer.
If the Project Team is unable to finalize the terms of the Partnership Project with the Reserve Bidder, the Project Team will issue a letter to the Reserve Bidder formally notifying them that they have become an unsuccessful bidder (see below).</td></tr>
<tr><td>Unsuccessful Bidders</td><td>The Project Team will issue a letter to all other bidders (other than the Preferred Bidder and the Reserve Bidder) formally notifying them that their bid was unsuccessful (Unsuccessful Bidders).
In such a notification, Unsuccessful Bidders should be requested to immediately release their supporting parties from any obligations regarding the Partnership Project and to notify the Project Team of this. The Project Team will work to return the bid bond to the Unsuccessful Bidder upon receipt of the notification.
The Project Team may choose to invite Unsuccessful Bidders to meet with the Project Team to discuss the reasons why their bids were unsuccessful.</td></tr>
</table>

2.6.3 Final Feasibility Study

Upon completion of all negotiations, the Project Team will immediately update the Feasibility Study to reflect the actual technical and commercial outcomes resulting from the conclusion of the negotiation phase.

The final Feasibility Study will:

- Update all project-related information (needs, benefits, risk allocation, etc.), financial information (including cost inputs, revenues, financial models, etc.), economic factors (inflation rate, currency exchange, energy cost, etc.), and technical information (project outputs, quality, etc.), and clarify that all information is complete and up-to-date, to the best of the Project Team's knowledge, at the time of submitting the final Feasibility Study to the relevant Approving Authority.
- Update the value-for-money analysis.
- Update the description of the Partnership Agreement to reflect any changes in the contract structure and payment mechanism from those anticipated at the RFP stage.
- Attach the agreed form of the Partnership Agreement and related documents (including any direct agreements).

The Abu Dhabi Investment Office will authorize the Project Team to submit the final Feasibility Study for approval by the relevant Approving Authority. After approval of the submission of the final Feasibility Study, the Procuring Entity is authorized to enter into the Partnership Agreement as the counterparty.

In the event that any further negotiations are conducted with the Preferred Bidder (or the Reserve Bidder, as the case may be) after the preparation of the final Feasibility Study has begun, the Project Team will be required to obtain another confirmation that the negotiations have concluded and update the final business case accordingly.

2.6.4 Commercial Close

The Procuring Entity has the right to sign the Partnership Agreement provided that the following minimum conditions are met:

- All required approvals have been granted by the relevant Approving Authority before the signing of the Partnership Agreement.
- All Partnership Project documents have been updated and aligned with the final Feasibility Study.

2.6.5 Financial Close

Financial close can be achieved when all project and financing agreements are executed (either concurrently with or after the execution of the Partnership Agreement). This stage will enable the Partnership Project to be effectively implemented with financing resources available. The following conditions must be met for financial close to occur:

- Confirmation from Lenders (if any) and shareholders that all financing conditions precedent have been met or waived.
- The financial model is updated for permitted adjustments.
- The Partnership Agreement is updated (only if it needs to be amended to reflect permitted adjustments in the financial model and related documents), and the amendments are executed by the Procuring Entity and the Project Company.
- Confirmation from Lenders and shareholders that all financing conditions precedent have been met or waived.
- Funds are available to the Project Company.

2.6.6 Handover from Project Team to Contract Management Team

ADIO and the Project Team will support the Procuring Entity in transferring the knowledge of the Partnership Project gained during the structuring, due diligence, and bid process to the Contract Management Team (appointed in accordance with paragraph 3.4).

The Contract Management Team should support the Project Team in achieving Commercial Close and Financial Close where applicable. Once

Financial Close is achieved, the Project Team's role ends and the team can be disbanded.

Section Four: Contract Management

3.0 Contract Management

3.1 Overview

Section Four (to be read in conjunction with Appendix 4.8) sets out the transaction management principles and processes that Procuring Entities must implement to manage the Partnership Agreement and the Partnership Project after Commercial Close and Financial Close, where applicable.

3.2 Roles and Responsibilities

The Procuring Entity has the primary responsibility for managing the Partnership Agreement after Commercial Close and Financial Close where applicable. The Procuring Entity will coordinate its actions and activities with ADIO in doing so as provided for in Chapter 3.

The Procuring Entity must notify, consult with, and where necessary obtain the written approval of ADIO before taking an action or exercising a right under the Partnership Agreement (or related contracts) in relation to the aspects outlined in the table below, given ADIO's overall responsibility for overseeing Partnership Projects.

The Contract Management Team must ensure that relevant matters are escalated for approval in a timeframe that allows the Procuring Entity to comply with its obligations under the Partnership Agreement (or related contracts).

Action	Inform	Consult	Approve
[Acceptance of] Construction Completion / Commencement of Operations	Yes	No	No
Receipt / agreement of a delay claim (less than 30 days) from the Project Company	Yes	No	No
Receipt / agreement of a delay claim (more than 30 days) from the Project Company	Yes	Yes	Yes
	Yes	No	No

Action	Inform	Consult	Approve
Receipt / agreement of a financial claim (less than AED 50,000) from the Project Company			
Receipt / agreement of a financial claim (more than AED 50,000) from the Project Company	Yes	Yes	Yes
Approval of refinancing of the Project Company's debt	Yes	Yes	Yes
Awareness of Project Company insolvency	Yes	Yes	N/A
Awareness of a default event by the Project Company	Yes	Yes	No
Awareness of a default event by the Procuring Entity	Yes	Yes	No
Receipt of notice of default from the Project Company	Yes	Yes	No
A dispute arises	Yes	Yes	No
Commencement of formal dispute resolution (e.g., courts, arbitration, etc.)	Yes	Yes	Yes
Settlement of formal dispute proceedings	Yes	Yes	Yes
Issuing a notice of default to the Project Company	Yes	Yes	Yes
Acceptance of asset handover	Yes	Yes	Yes
Renegotiation / amendment of the Partnership Agreement / other key contracts	Yes	Yes	Yes
Signing of additional material contracts related to the Partnership Agreement	Yes	Yes	Yes
Material amendments to Project specifications	Yes	Yes	Yes
Approval of change in ownership of the Project Company / a key party	Yes	Yes	Yes
Approval of assignment or novation of the Partnership Agreement / a key contract	Yes	Yes	Yes
Receipt of a material notice from Project Lenders	Yes	Yes	N/A
Receipt of notice of termination of the Partnership Agreement from the Project Company	Yes	Yes	N/A
Notice of termination of the Partnership Agreement by the Procuring Entity	Yes	Yes	Yes

3.3 Additional Reporting Requirements

The Procuring Entity is obliged to provide ADIO with the following reports during the contract management phase:

Reporting Requirements	
A quarterly report identifying key developments and issues that arose in that quarter shall be submitted within 30 calendar days from the end of each quarter of the contract term.	**Quarterly Reports**
An annual report identifying the following shall be submitted within 30 calendar days from the end of each contract year: • Key developments and issues that arose in that year. • An updated version of the Final Business Case financial model where previously forecast or assumed figures for the reporting period are replaced with actual figures. A list comparing the following within 30 calendar days from the end of each contract year: • All committed obligations that were actually paid during the reporting period plus current exposure levels for any contingent liabilities. • The amounts originally forecast for committed obligations and the expected levels of contingent liabilities.	**Annual Reports**
Copies of any periodic project status reports received from the Project Company or prepared by the Procuring Entity, immediately upon receipt or preparation.	**Ad-hoc Reports**

3.4 Contract Management Team

The Procuring Entity must appoint a contract management team (Contract Management Team) to oversee the implementation and operation of the

Partnership Project and to coordinate with the Project Company, the Project Team, and various stakeholders, as soon as practicable after the announcement of the Preferred Bidder, and in any case at least 30 calendar days before the Commercial Close of the project. The Contract Management Team will act in accordance with the contract management principles set out in Appendix 5.8.

The size and structure of the Contract Management Team will depend on various aspects including the level of commitments and risks undertaken by the Procuring Entity and the overall complexity of the relevant Partnership Project.

The Procuring Entity, after considering the above, will need to determine the required skills for the Contract Management Team, and what expertise can be leveraged from external advisors or other government entities. The Procuring Entity should consider the following when doing so:

- Consider the scope of the Procuring Entity's role in managing the specific Partnership Agreement.
- Determine the size of the Contract Management Team based on the nature of the project and the availability of external resources.
- Ensure the Contract Management Team has an appropriate governance structure and the required skills and competencies for the project.
- Plan the setup of the Contract Management Team before Commercial Close.
- Engage external advisors when needed and ensure the transition between advisors is managed effectively.
- Continuously assess the structure and resources of the Contract Management Team and make adjustments as necessary.
- Plan for staff turnover and change and ensure appropriate procedures are in place to manage knowledge continuity.

3.5 Contract Management Team Training

The Procuring Entity should plan for both initial and ongoing training for the Contract Management Team and ensure that relevant staff have the appropriate expertise and understanding of their role within the team.

The Contract Management Team may require training in the following areas in relation to Partnership Projects generally and the specific Partnership Agreement in particular:

- Asset mobilization, transfer, and handover at the end of the contract term.
- Performance monitoring.
- Payment mechanisms and their application.
- Financial models and project finance.
- Stakeholder and helpdesk management.
- Claims management.
- Contractual scope, change, or variation management.
- Dispute resolution mechanisms and management.
- Partnership agreements and all relevant timelines.
- Risk allocation and the implications of the specific procurement model for the project.
- All other aspects related to the application of the contract (e.g., relevant notice periods).

Members of the Contract Management Team may also require general training in contract management, such as:

- Project management.
- Risk management.
- Commercial skills.
- Problem-solving and negotiation skills.
- Health, safety, and environment (HSE) management.
- Data and information collection management.
- Effective communication planning.
- Fostering a successful partnership between the various parties.

3.6 Contract Management Manual

The Contract Management Team must prepare a manual for use as a reference guide for managing and monitoring the contract, including monitoring and evaluating contract performance and the day-to-day management of the project (the Contract Management Manual), with input from the Project Team as needed. The Contract Management Manual must include, as a minimum:

- An overview of the Partnership Agreement, including key terms and conditions.
- A stakeholder management and communication plan.
- Process maps of the contract setup and governance procedures.
- Specific procedures and requirements for auditing and reporting.
- A schedule of all project documents.

The Contract Management Manual should be reviewed by the Procuring Entity on an ongoing basis. In addition, the following specific events should be considered:

- Discrepancies between each party's expectations and the actual project outcomes.
- Changes in the project itself through change events, contingency events, or as a result of transitioning from one phase to another in the project's life.
- Changes in the operating environment.

Section Five: Appendices

4.0 Appendices

4.1 Table of Abbreviations

Abbreviations	Definition
ADIO	Abu Dhabi Investment Office
BAFO	Best and Final Offer
BCIS	Building Cost Information Service
CAPEX	Capital Expenditure
DoF	Department of Finance
EC	Executive Council of the Emirate of Abu Dhabi
EoI	Expression of Interest
IRR	Internal Rate of Return
LCSF	Life Cycle Sinking Fund
NPV	Net Present Value
OPEX	Operating Expenditure

Abbreviations	Definition
PPP	Public-Private Partnership
PSC	Public Sector Comparator
RfP	Request for Proposal
RfQ	Request for Qualifications
SBM	Shadow Bid Model
SoQ	Statement of Qualifications
USP	Unsolicited Proposal
VfM	Value for Money

4.2 Glossary of Terms

Term	Definition
ADIO Code of Professional Conduct	The Code of Professional Conduct published by ADIO on its website from time to time.
Applicant	A company or consortium that responds to a Request for Qualifications.
Asset Monetisation	A type of contracting model specifically structured to allow the monetisation of existing investments from the public sector to the private sector, which amounts to a full sale of the asset to the private sector or a specific right granted to the private sector for a period not exceeding the concession itself. This contracting model is characterised by the public sector entering into a long-term contract with the private sector that regulates the distribution of risks and responsibilities between the parties, among other things, regardless of whether the public sector retains legal ownership of the asset.
Best and Final Offer	Submitted offers indicating that no further negotiations on the amount or terms are possible.
Bidder	An applicant who has met the eligibility conditions mentioned in the Request for Qualifications (where issued) and/or has been pre-qualified by ADIO to receive the Request for Proposal or the bid for the project.
Business Case	

Term	Definition
	A complete feasibility study prepared for submission to the relevant Approving Authority to obtain approval to proceed with a Candidate Project as a Partnership Project.
Candidate Project	Any project that meets the criteria of a Partnership Project as outlined in the Partnership Projects Manual and which has been identified by ADIO as a potential Partnership Project.
Code of Business Ethics	The Code of Business Ethics, set out in Appendix 5.3.
Commercial Close	The date on which the Partnership Agreement is signed (or concluded through an award letter), and to the extent that the effectiveness of the Partnership Agreement is conditional on receiving approvals from the relevant Approving Authority, with these approvals being issued and the conditions for such approvals being met.
Concept Report	As defined in paragraph Error! Reference source not found. of this Manual.
Contracting Model	A form of contract model prepared for the Partnership Project during the transaction structuring phase as described in Chapter Two, paragraph 1.1.5.4, which falls within the scope and coverage of the Procurement Framework.
Expression of Interest	A document issued by ADIO to ascertain market interest in a Partnership Project, which includes general descriptions of the Partnership Project with a clear description of the chosen contracting model along with the timeline for expressing interest (at a minimum) and any other relevant details.
Final Approval	Any approval granted by the Executive Committee of the Executive Council, the Executive Council, or any of the relevant Approving Authorities as applicable, as summarised below in Figure 1: Stages of the Candidate Project / Partnership Project.
Final Business Case	An update to the Business Case upon the completion of all negotiations with the Preferred Bidder (or as applicable, the Reserve Bidder) as described in paragraph 2.6.3.

Term	Definition
Financial Close	The date on which the financing agreements required to finance the total cost or a substantial part of the capital cost of the Partnership Project have been signed, have come into full force and effect, and the required funds under them are committed.
First Approval	Any approval from the Director General of ADIO, the Head of the Procuring Entity, the Chairman of the Department of Finance, or any relevant approving body as applicable at key stages of the Partnership Project process as shown in Figure 1: Stages of the Candidate Project / Partnership Project.
Financial Commitments	Any form of financial commitment on the part of the Government, the Procuring Entity, and any other government entity, whether contingent or unconditional, made or to be made in connection with a Partnership Project, and whether under the Partnership Agreement or associated documents entered into in connection with the Partnership Project.
Government	The Government of Abu Dhabi.
Manual	This Guidance Manual for Public-Private Partnership Projects.
Hard Facilities Management	Services such as planned maintenance, preventative maintenance, and reactive maintenance, and lifecycle management of buildings and assets (including management of all future replacements of built assets, building components, and equipment).
Key Stage Approvals	First Approval and/or Final Approval as illustrated in Figure 1: Stages of the Candidate Project / Partnership Project.
Life Cycle Sinking Fund Costs	The total cost of all future periodic replacement of built assets, building components, and equipment that reach the end of their expected economic life during the Partnership Agreement, which is separate from the cost of daily facilities management, operations, and maintenance or operating expenditure (including soft facilities management, such as cleaning, security, and hard facilities maintenance such as planned and preventative

Term	Definition
	maintenance, reactive management, and facilities management, which can be described along with the Life Cycle Sinking Fund costs as "Full Life Cycle Costs"). The private sector, under the Partnership Agreement and financing agreements, must maintain the Life Cycle Sinking Fund from the expected expenditure of the fund.
Partnership Agreement	An agreement between the Procuring Entity and the Project Company governing the relationship between the two parties with respect to the Partnership Project.
Partnership Project	Any capital expenditure project, asset monetization, or initiative identified as a Candidate Project that has been approved by the competent Approving Authority in accordance with Chapter Two.
PPP Law	Has the meaning specified in Chapter One, paragraph 1.1.3.
Preferred Bidder	A bidder who is granted status according to the mechanism described in Chapter Three, paragraph 2.6.
Procurement Framework	The PPP Law, the Regulations, this Manual, and all other guidance notes, tools, or templates issued by ADIO from time to time for the purpose of regulating the procurement and bidding of Partnership Projects in Abu Dhabi.
Procurement Plan	The procurement plan prepared exclusively for a Candidate Project as part of the Business Case.
Procuring Entity	The government entity that develops, procures, and/or monitors the Project / Candidate Project / Partnership Project (as the case may be).
Project Company	A special purpose vehicle established by the winning bidder to implement the Partnership Project (if applicable).
Project Team	A working group appointed to procure and tender the Partnership Project as defined in Chapter Two, paragraph Error! Reference source not found.
Proponent	A private sector entity that submits an unsolicited proposal.
Public Sector Comparator	A whole-of-life financial model that is an estimate of the risk-adjusted hypothetical costs of the Candidate Project if

Term	Definition
	it were to be prepared and implemented directly by the Procuring Entity in accordance with the required output specifications.
Regulations	Have the meaning ascribed to them in Chapter One, paragraph 1.1.3.
Relevant Approving Authority	A government entity authorized to provide one or more of the Key Stage Approvals as set out in Figure 1: Stages of the Candidate Project / Partnership Project.
Request for Proposal	A tender document requesting proposals from private sector participants for a specific Partnership Project.
Request for Qualifications	A tender document requesting specific information from private sector participants to assess whether they meet certain pre-defined qualification criteria with respect to the Partnership Project.
Shadow Bid Model	A fully costed and priced financial model of (1) the private sector's expected cost and financing requirements for a Partnership Project, accompanied by detailed financial projections and analyses with clear output specifications to be implemented over a specified period (including minimum construction and operation periods) and (2) for the purpose of evaluating bid submissions.
Soft Facilities Management	Services such as: cleaning, pest control, waste management, security, energy and utilities management, grounds maintenance service management, and health and safety management service.
Tender Evaluation Committee	As defined in paragraph 2.5.1 of this Manual.
Tender Evaluation Report	As defined in paragraph 2.5.3 of this Manual.
Tender Management Procedures	The procedures set out in Chapter 2 detailing the procedures to be used during the bidding process for the Partnership Project.
Tendering Process	The process set out in Chapter Three.

Term	Definition
Unsolicited Proposal	A proposal for an infrastructure project submitted by the private sector on its own initiative, rather than in response to a request from the government or a competitive tender requested by the government.
Value for Money	The concept explained in Appendix 8.

4.3 Code of Business Ethics

Objectives and Scope of the Code of Business Ethics

The Code of Business Ethics aims to establish principles and rules that serve as an ethical constitution governing the work of each individual and applying to them and to all entities involved in the Partnership Project process, including, but not limited to, the Project Team and the Tender Evaluation Committee (a "Party" if singular, "Parties" if a group of parties) in accordance with the business ethics expected in the procurement profession.

The Code of Business Ethics seeks to promote ethical conduct and emphasize the accountability of the Parties for protecting the reputation of ADIO and the Procuring Entities. It also seeks to prevent misconduct and unfair business behaviour during the tendering process.

General Principles

The Parties must perform all activities to make sound business decisions with integrity and honesty.

The Parties must be fully aware of and act in accordance with the Code of Business Ethics and the Procurement Framework. Violation of the Code of Business Ethics and the Procurement Framework due to unawareness of their contents is not acceptable.

The Parties must immediately report any violation of the Code of Business Ethics or the Procurement Framework to ADIO for verification and necessary action.

Any member of the Project Team who contravenes the Code of Business Ethics or the Procurement Framework is responsible for their actions and is subject to disciplinary or legal action based on the circumstances and applicable legislation.

Fiduciary Responsibility

The Parties must act in the best interest of ADIO and the Procuring Entities they represent.

The Parties must perform the duties and responsibilities entrusted to them in accordance with the Procurement Framework.

Compliance with Applicable Legislation

The Parties must perform all procurement activities in accordance with local and federal legislation.

The Parties must require all other parties to comply with local and federal laws, including any applicable health, safety, and environmental regulations when dealing with ADIO and the Procuring Entity.

They must report to the relevant government authorities any violation of any applicable legislation by any other party.

Professional Integrity

The Parties must act in accordance with the highest standards of integrity and must not exhibit intent or display unethical or demeaning behaviour in their professional relationships, actions, or communications.

The Parties may not abuse their official positions, grant special privileges, or make special promises on behalf of ADIO and the Procuring Entity to the party they represent.

The Parties must be impartial in carrying out procurement activities to ensure the confidence of all stakeholders in the outcomes, and they must demonstrate good procurement practices, accountability, and report any actual or suspected violation of the Procurement Framework.

Conflict of Interest

The Parties must proactively manage and avoid conflicts of interest.

The Parties must promptly disclose personal interests and roles or roles with potential conflicts that may affect, or may reasonably be perceived by others to affect, the integrity of decisions made by ADIO.

The Parties are prohibited from participating in any decisions or recommendations concerning individuals or institutions with which they have a current or potential material financial relationship.

The Parties may not grant any privileges or special treatment and must avoid personal and reciprocal agreements with Applicants, Bidders, or any other party. The Parties are not entitled to accept gifts or anything of material or moral value from any other party.

Confidential Information

The Parties must not disclose confidential or proprietary information for their personal or professional benefit.

Confidential information related to spending, contracts, pricing, Applicant or Bidder conferences, Applicant or Bidder performance, and business and strategic planning must be kept confidential and disclosed only to authorised personnel, and an electronic audit trail must be maintained.

The Parties are responsible for protecting financial, proprietary, and other confidential information provided by any Applicant, Bidder, or any other party to ADIO and the Procuring Entity.

Fair Dealings

The Parties must foster positive relationships with Applicants, Bidders, and any other party to maintain a competitive procurement environment by treating all parties equally and fairly.

The Parties may not exert any undue or coercive influence on any other party to provide prices below cost or to set terms deliberately that result in a loss or in the exclusion of any of the other parties.

Environmental Responsibility

The Parties must consider the concept of sustainability to avoid adverse social and environmental impacts resulting from the procured assets, services, and projects.

The Parties must strive to procure assets, services, and projects that meet environmental regulations and work to eliminate wasteful practices.

The Parties shall provide assistance to any other party when needed to help raise their environmental awareness in accordance with applicable local and federal environmental legislation.

Professionalism

The Parties must act professionally and apply high professional standards while performing their work.

They must adhere to the following principles:

- Not assigning a task that exceeds the qualifications of the appointee.
- Being familiar with the Procurement Framework.
- Being familiar with any applicable legislation to which ADIO or any government entity is subject.
- Giving the necessary professional attention to the implementation, supervision, and reporting of procurement operations.
- Maintaining professional competence through continuous professional development.

Code of Professional Conduct

The Parties shall adhere to the provisions of ADIO's Code of Professional Conduct as announced in [●].

The Parties must immediately inform ADIO in writing of any action taken by a party that conflicts with the provisions of ADIO's Code of Professional Conduct, especially if such a violation relates to matters concerning bribery or corrupt practices.

4.4 Concept Report

The Concept Report should consider the following questions:

Strategic Alignment and Project Needs Assessment: Consider questions such as:

1. Was the project prepared in response to a clear service need?
2. Does the project partially or fully meet the demand for the service?
3. Is the project aligned with the Government's strategic objectives?
4. Does the project serve the public interest?

Benchmarking of Successful Projects Globally: Consider questions such as:

1. Have similar projects been successfully implemented elsewhere?
2. What are the perceived components of such successful projects?
3. Would similar projects succeed in Abu Dhabi? What changes would be necessary if not?

Project Scope and Technical Feasibility: Consider questions such as:

1. What is the scope of the project?
2. Is the specified technical solution the best, or are there better alternatives?
3. Is there sufficient confidence that the technical feasibility of the project can be demonstrated?
4. Have the most prominent technical and operational risks been identified?
5. Has the site necessary for the project development been identified?
6. Is a preliminary design available (e.g., to demonstrate feasibility)?

Legal Feasibility: Consider questions such as:

1. What legal and administrative approvals are required, and who provides them?

2. Are there any legal, regulatory, or statutory obstacles to the procurement or implementation of the project?
3. Is it necessary to amend any laws or regulations?
4. Whether the Procuring Entity will have the legal capacity and authority to ultimately enter into the Partnership Agreement with respect to the Candidate Project.

Financial Feasibility: Consider questions such as:

a. What are the most prominent cost components of the project?

b. Has a preliminary analysis of market demand been conducted?

Socio-economic and Environmental Feasibility: Consider questions such as:

a. What are the expected socio-economic impacts of the project?

b. Are there any expected material environmental impacts?

c. Can the expected negative social and environmental impacts be mitigated?

Market Appetite Test: Consider questions such as:

a. What is the market's appetite for the project?

b. What is the likely supply/demand scenario?

c. What is the market's view on the project's configuration?

A list of key approvals required for the preparation and development of the project through the partnership model and/or its procurement and/or management.

Political support and consultation with stakeholders to ensure relevant government entities are aware of the project, noting potential concerns for action during the preparation of the "Feasibility Study".

4.5 Preliminary Transaction Management Plan

The Project Team must consider all key steps in the upcoming process when developing a preliminary transaction management plan as set out in paragraph Error! Reference source not found., including:

a. Implementation roadmap with key tasks and start and end dates.

b. Data to be collected and assessments to be performed.

c. Key documents or reports to be prepared.

d. Required internal and external capabilities.

e. Sources of funds and financing (if any).

f. Consultation with stakeholders.

g. Any legal or regulatory steps to be taken, including permits that may need to be obtained.

h. The competitive bidding process and the coordination interface with the private sector.

i. The government's decision-making and approval process.

4.6 Feasibility Study Requirements

Annex 5.6 outlines the recommended content for a Feasibility Study.

Feasibility Study	
Summary	This should include an executive summary of the following sections, with the addition of a specific concluding sub-section outlining the commercial, technical, financial, and legal issues requiring stakeholder approval.
Technical Matters	This should include an executive summary of the Concept Report, with the full report included as an annex.
Options Analysis	This should detail the process undertaken during the options analysis, including a summary of any preliminary market sounding conducted.
Financial and Economic Analysis	This should detail the process and outcomes of this analysis (including project scope and risk allocation, Public Sector Comparator, Shadow Bid Model, proposed financial commitments, and discount rate), the Value for Money analysis and results, and relevant outputs from any market sounding. Annexes should include the financial model, cost

	data, cost and revenue benchmarking analysis, and market analysis, as appropriate, regarding any revenue-based assumptions (from the Concept Report).
Structuring	This should detail the preferred partnership model, project scope, and technical, commercial, contractual, financial, and legal matters, including relevant findings from any market sounding.
Procurement Plan	This should outline the bidding process for the partnership project, including any variations from the procurement procedures set out in Chapter 2 (providing clear justifications).

4.7 Unsolicited Proposals

Overview

Annex 5.7 applies to any unsolicited proposal submitted in accordance with Chapter Error! Reference source not found., paragraph Error! Reference source not found..

All unsolicited proposals must be jointly evaluated by the Abu Dhabi Investment Office and the Procuring Entity. Any Procuring Entity that receives an unsolicited proposal must forward it to the Abu Dhabi Investment Office and vice versa. The Office and the Entity should seek to evaluate such proposals promptly upon receipt.

The Office and the Entity are entitled to request clarifications and meetings as necessary with the proponent to clarify any aspect of the proposal.

Compliant Unsolicited Proposal Requirements

An unsolicited proposal is expected to meet the following to be compliant:

Explain how the proposal meets the minimum related requirements outlined in Chapter Two, paragraph Error! Reference source not found., and must specifically explain how the unsolicited proposal:

- Meets a community need or provides clear and measurable benefits to the Emirate of Abu Dhabi.

● Includes an innovative offering – presenting unique features, innovative design, special/new technology or a new concept with very limited alternatives, and providing an innovative approach to project development and management, and a new and cost-effective way of delivering services.
● Achieves Value for Money for Abu Dhabi.
● Is affordable within the government's budget, funding priorities, and fiscal strategy.
● Allocates risk between the private sector and the government in a way that benefits the government.
● Is technically, commercially, and operationally feasible.
● Is something the proponent has the capacity and capability (financial, technical, and legal) to successfully deliver.
● Is suitable for public investment, i.e., it does not replace private sector activity, crowd out private sector investment, or conflict with principles of competitive neutrality.

● Includes a proposal that contains all aspects required under Chapter Two, paragraph Error! Reference source not found. and a well-prepared financial proposal showing the estimated cost to the Procuring Entity.
● Identifies whether proprietary intellectual property, if any, is required to implement the proposed project (including identifying the owner of the proprietary intellectual property).
● Details the costs (1) incurred by the proponent in preparing the unsolicited proposal, and (2) that the proponent expects to incur in submitting a compliant bid (in accordance with the bidding process) for the project proposed by the unsolicited proposal.
● Meets the unsolicited proposal submission requirements outlined below.

Unsolicited Proposal Submission Requirements

The unsolicited proposal must be submitted in accordance with the following requirements:

■ In a sealed envelope, one addressed to the Abu Dhabi Investment Office and the other to the relevant Procuring Entity, bearing the title of the unsolicited proposal, the proponent's name and address, and the words "Unsolicited Proposal for Partnership Project".

- Include at least two hard copies and two electronic copies in each envelope of the unsolicited proposal on a USB storage device (in Word or PDF format).

Handling of the Unsolicited Proposal

Each project proposed by a proponent is treated as an unsolicited proposal that the Abu Dhabi Investment Office and the Procuring Entity determine to be suitable to become a candidate project under this Guide in terms of structuring analysis, due diligence, and the bidding process, subject to the incentives outlined below. This initial engagement between the proponent, the Abu Dhabi Investment Office, and the Procuring Entity will typically include the following steps:

- The proponent contacts the Abu Dhabi Investment Office and the Procuring Entity regarding the unsolicited proposal.
- The Abu Dhabi Investment Office, the Procuring Entity, and the proponent attend a pre-submission meeting to determine if the proponent officially submitting the unsolicited proposal has the merit to do so.
- The proponent prepares and submits an initial, confidential proposal to the Abu Dhabi Investment Office and the Procuring Entity.
- The Abu Dhabi Investment Office and the Procuring Entity consider the initial proposal and notify the proponent if the Office or the Entity wishes to receive a detailed proposal.

- The proponent prepares a detailed proposal that complies with all the requirements of Annex 5.7 if requested to do so by the Abu Dhabi Investment Office and the Procuring Entity.

Incentives for Proponents of Unsolicited Proposals

The following incentives will be provided to proponents of unsolicited proposals to encourage their submission:

- **Direct short-listing for the Request for Proposals (RFP):** The proponent will be automatically short-listed to receive the RFP.

■ **Reimbursement of Unsolicited and Regular Proposal Preparation Costs:** The proponent shall be entitled to be reimbursed (by the successful bidder) for its reasonable direct costs incurred in preparing the unsolicited proposal, and in accordance with the level of preparation of the unsolicited proposal (provided that evidence is submitted), and these costs will be communicated to all bidders at least two weeks before the submission of responses to the RFP, which either:

- Are agreed upon between the proponent and the Project Team.
- Or, failing such agreement, as determined by a third-party auditor (jointly appointed by the Abu Dhabi Investment Office and the proponent).

The successful bidder will recover these costs on the date of execution of the commercial agreements or the financial close of the relevant partnership project, if applicable.

■ **Intellectual Property Licensing Costs:** If there is intellectual property involved in the unsolicited proposal that is:

- The property of the proponent or its suppliers.
- Required for the implementation of the partnership project.

The RFP will include details specifying the basis on which this intellectual property will be licensed to the successful bidder, including the amount payable to the proponent, if the proponent is not the successful bidder.

4.8 Value for Money (VfM) Analysis

The Project Team must perform the following to conduct a VfM analysis:

VfM Assessment Procedures	
1	Prepare a Public Sector Comparator (PSC) model and a Shadow Bid Model.
2	Apply weighting processes to the quantitative and qualitative factors (see below) relevant to the candidate project.
3	Conduct a quantitative VfM assessment comparing the cost of procuring the candidate project as calculated in the Shadow Bid

VfM Assessment Procedures	
	Model against the risk-adjusted cost of procuring the candidate project through traditional procurement as shown in the PSC model.
4	Apply appropriate discount rates to the PSC model and the Shadow Bid Model to convert both the estimated future costs and estimated future revenues of the proposed candidate project into a present value. These rates will reflect the relative assessment of risk and the typical returns expected from the public and private sectors.

The inputs for the quantitative VfM analysis should be based on empirical data (cost, revenue, efficiency, risk inputs, etc.) such as that extracted from previous agreements entered into by the Procuring Entity for the construction, operation, and maintenance of similar assets.

However, in the absence of such empirical data, other sources that can be used include bottom-up cost estimation (such as Building Cost Information Service cost analysis) that have been market-tested and through inputs from suppliers and published works on construction costs, as well as expert workshops.

Shadow Bid Model

The Shadow Bid Model represents the Procuring Entity's best estimate of the bids it expects to receive from the private sector. This model is a financial model that includes capital, operating, financing, and tax assumptions from the private sector's perspective for the specific partnership model.

Public Sector Comparator (PSC)

The PSC is a model of the costs and revenues (if any) associated with a candidate project delivered directly by the Procuring Entity. The components of this model are as follows:

Components of the Public Sector Comparator (PSC)	
Raw PSC	The base estimate of the total costs incurred by the Procuring Entity as a result of delivering a project through traditional procurement methods,

Components of the Public Sector Comparator (PSC)	
	including capital and operating costs associated with delivering the required outputs or services over a specified period, i.e., calculated as costs. capital plus operating costs minus revenues.
Risk Adjustments	Risks transferred to the private sector under the partnership model by the Procuring Entity that must be reflected in the PSC.
Retained Risk	Adjustments to cost and revenue estimates to reflect risks and uncertainties that the Procuring Entity would have to retain under traditional procurement.
Competitive Neutrality	■ Advantages of the Procuring Entity that may not be available to a private sector partner, i.e., tax advantages, regulatory exemptions available to government entities, reduced costs for permits and approvals, etc.

The PSC is calculated as the sum of the above components and is expressed as a net present cost of the expected cash flow discounted at an appropriate discount rate.

Quantitative VfM Estimate

VfM is defined as the absolute difference between the total cost of net project ownership revenue on a present value basis under the PSC model compared to the Shadow Bid Model.

A positive VfM indicates that the partnership model provides a higher degree of value for money compared to the PSC model.

In the example in Figure 3 below, the Procuring Entity makes monthly payments to the selected private partner for a period of 20 years. The VfM is calculated as the difference in cost to the Procuring Entity between the PSC and the adjusted Shadow Bid Model for the project, which in this case is AED 120 million.

Figure 3: Illustrative Example of VfM Analysis

Discount Rates

The selection of appropriate discount rates for the VfM analysis is important for the overall quantitative assessment of VfM. The discount rate for a partnership project must take into account the risks borne by the private partner. The risks facing a partnership project can be classified as follows:

Types of Risk	
Unsystematic Risk	Asset- or sector-specific risks that can be mitigated, managed, or even eliminated through portfolio diversification.
Systematic Risk	Market-level risks affecting all asset classes that cannot be reduced by portfolio diversification (e.g., demand risk associated with the overall economy, inflation volatility, etc.) (Systematic Risk).

The discount rates used in the PSC model and the discount rates used in the Shadow Bid Model differ according to the systematic risk borne by each party. The application of discount rates will also vary between social infrastructure projects and economic infrastructure projects as shown in the table below.

Project Type	Discount Rates	Justification
Social Infrastructure	PSC at a risk-free rate.	Systematic risk is transferred to the private sector for
	Shadow Bid Model at a target discount rate (risk-free plus systematic risk transferred to the private sector).	projects with net cash flows to the Procuring Entity (i.e., availability payment projects). Target discount rates are adjusted to reflect systematic risk and should be used to

Economic Infrastructure	PSC at a target discount rate (risk-free plus systematic risk). Shadow Bid Model at a risk-free rate.	discount the net cash flows of the Shadow Bid Model. ■ The estimated net return should be equal to the returns sought by the private sector for projects with net cash flows to the Procuring Entity (i.e., revenue-generating projects). The VfM should focus on selecting investments that deliver the best value. ■ The PSC should be discounted at the target discount rate (rather than risk-free rates).

Qualitative VfM Analysis

Cost estimates, discount rate adjustments, and risk assessments that form a quantitative analysis of actual value are based on estimates only, and on this basis, the process of determining VfM is only as accurate as the assumptions made. As such, the quantitative VfM analysis should be supported by a qualitative VfM assessment.

The qualitative VfM analysis identifies and compares the qualitative and non-financial benefits resulting from the partnership model against the qualitative benefits of traditional public implementation of the project. This includes assessing the rationale for the partnership model, the socio-economic impact that may arise from the absence of the project or service, and whether supporting conditions are in place to achieve VfM.

The qualitative VfM analysis has the advantage of distinguishing factors not reflected in the quantitative VfM analysis. The qualitative and quantitative outputs of the VfM should be examined together for a comprehensive assessment of the pros and cons of the partnership model versus traditional procurement.

The Project Team must perform the following to conduct the qualitative VfM analysis:

- ■ Conduct a qualitative VfM assessment comparing the qualitative cost of procuring the candidate project as calculated in the Shadow Bid Model against the qualitative cost of procuring the candidate project through traditional procurement as shown in the PSC model.
- ■ Conduct a qualitative VfM assessment comparing the non-financial and qualitative benefits of procuring the candidate project using the preferred partnership model. The assessment should include consideration of the project's characteristics, the institutional and legal framework, service delivery and operational requirements, and a range of design considerations. The assessment should include considerations of the specific criteria and questions below:

Key Criteria and Questions		
a. Direct Drivers of VfM	1	Output-Based Contracting ■ Is there scope for private sector innovation in the solution design or service delivery? ■ Does the private sector have any flexibility regarding the nature of the technical solution/ services or the project scope? ■ Is the solution free from constraints imposed by the Procuring Entity or from legal requirements, conditions, or technical standards that may affect service provision?
	2	Optimal Risk Allocation ■ Is there scope for transferring significant risks to the private sector? ■ Can the payment mechanism and contract terms incentivize good risk management by the private sector partner?
	3	Private Sector Outsourcing

Key Criteria and Questions

■ Are there significant cost advantages for the private sector compared to the Procuring Entity in delivering project assets and services (due to increased efficiency, economies of scale, and extensive experience)?
■ Can the private sector make better commercial use of the project assets, leading to increased revenues?

4 Project Lifecycle Optimization

■ Does the project offer the potential for increased efficiency from

project lifecycle optimization?
■ Can the design, construction, and operation elements of the project be integrated?
■ Will there be significant, ongoing operating expenses and maintenance requirements? Will these issues be related to the type of construction operations?

5 Performance-Related Payments and Incentives

■ Can the project's outcomes or outputs be described contractually in objective and measurable terms?
■ Will service delivery incentives be enhanced by a performance-related payment mechanism as proposed in the partnership project?

6 Private Finance

■ Is private finance necessary to undertake the project?
■ Is there a lack or unavailability of public funds such that the project cannot be undertaken or can only be implemented with significant delay unless private finance is provided?

7 Competitiveness

■ Has a pool of bidders capable of implementing the project been identified?
■ What was the impact (e.g., how much cheaper was the bid than the

parallel bid approved as the affordability limit) on competition in previously tendered projects?

8 Output Specifications

■ Is it possible to describe the services in clear, objective output terms to support outcomes (not activity-based) that can be included in a long-term contract?

■ Can contractual outputs be defined and identified so they can be measured objectively?
■ Can the quality of services be measured and analyzed objectively?
■ Can a link be established to verify output specifications, monitor actual performance, and the payment mechanism?

9 Revenue Source

■ Is there a known source of income for the project?
■ In the case of user-pays projects, are there enough users able and willing to pay for the services?
■ In the case of government-pays projects, does the Procuring Entity have the ability to commit to payments for the duration of the project's availability and throughout the concession contract term, and is the revenue source stable and predictable?

10 Procuring Entity's Operational Flexibility

■ Will the partnership model provide the Procuring Entity with the necessary and sufficient operational flexibility to respond to future needs?
■ What is the likelihood of a significant change in service needs during the partnership contract term that may require contract modification?
■ If the services provided under the partnership contract interface with other services or projects not covered by the partnership contract, can this interface be managed and handled?
■ If the partnership model requires the transfer of employees from the public

sector to the private sector, is it possible to complete the transfer of employees without significant difficulties?

11 Implementing Agency's Capacity

■ Does the Procuring Entity have the financial and human resources to prepare and tender the partnership project?

12 Regulatory and Control Constraints

■ Is there a clear government mandate to support the private sector in implementing the project?
■ Are there legal or regulatory barriers to delegating service provision to the private sector?
■ Is the provision of service under the partnership model consistent with protecting the public interest (e.g., regarding environmental sustainability, worker safety, and fair and legitimate competition)?
■ Is the provision of service under the partnership model consistent with other policy objectives (e.g., regarding land use, income distribution, and economic development)?

13 Significant Uncontrollable Risks

■ Are there significant risks beyond the private sector's control that could make private financing unfeasible or very expensive? This may include traffic-related risks (especially for greenfield projects and where macroeconomic factors are uncertain), uncertainties regarding the costs of meeting environmental regulations, the use of unproven technologies, and difficult terrain conditions.

14 Private Sector Capacity and Interest

■ Is there sufficient evidence that the private sector is financially and technically capable of implementing the project?

■ Is it likely that there will be a pool of bidders interested in the project to ensure effective competition?
■ Is there evidence that financiers will provide the necessary funding to invest in this type of project?

b. Socio-economic Impact	b 1 Early Delivery ■ Is it possible that the partnership model will result in earlier delivery of project outputs and services?

	■ Is it possible to identify, calculate, or estimate (where possible) the benefits resulting from early delivery? b 2 Improved Delivery ■ Is it possible that the partnership model will lead to improved project delivery? ■ Is it possible to improve the operational life of the assets (residual value) through private sector efficiency? ■ Is it possible to improve the quality of service performance, which may lead to an increase in the number of users and thus generate additional revenue? b 3 Additional Socio-economic and Environmental Benefits ■ Will the project lead to macroeconomic benefits due to the investment's impact on the economy and the environment?

VfM Assessment at Multiple Stages

VfM is assessed at the following stages of a partnership project:

VfM Assessment		
1	**Concept Report**	■ An initial qualitative and quantitative VfM analysis is performed to determine whether a project can be delivered via a partnership project.
2	**Feasibility Study**	■ An initial quantitative VfM analysis is performed that compares the Shadow Bid Model and the PSC model for the partnership model. ■ When this assessment yields negative VfM results, the recommendation to proceed with the partnership model must be accompanied by a statement to the relevant approving authority

		detailing the qualitative benefits that justify the recommendation.
3	**Bidding Process**	■ Bids received during the bidding process will be evaluated by comparing the risk-adjusted net present cost of the bid with the PSC model.
4	**Contract Management**	■ The estimated VfM during the bid evaluation can be tested during the actual implementation and operation of the project to confirm that the estimated VfM has been achieved.

The results of the VfM analysis should be used to support decision-making processes to:

- ■ Confirm the preferred partnership model.
- ■ Estimate the quantitative cost of procuring the candidate project.
- ■ Assess the qualitative socio-economic benefits of the candidate project.

The VfM analysis conducted during the procurement process can be repeated and re-examined as part of the bid evaluation and during the review of the final Feasibility Study.

4.9 Contract Management Principles

Overview

Contract management principles relate to partnership projects in general, and their implementation with respect to a specific partnership project will be subject to the terms of the specific partnership agreement and related project documents.

In many cases, the relevant matters will be considered at an early stage of the partnership project development and bidding process, and the Procuring Entity will have less influence on how these matters are managed by the time the contract management phase begins.

Transition Management

All partnership projects go through transitions between different project phases (i.e., from commercial close to construction, from construction to operation, and from operations to handback). Each of these processes represents a period of significant change, which may involve staff turnover within the Procuring Entity and the project company, as well as new responsibilities and challenges.

The Procuring Entity will need to communicate with other relevant government agencies during transition management to ensure potential delays are minimized and that sufficient resources are provided for the necessary transitions.

Transition Management		
1	**From Financial Close to Construction**	The Procuring Entity must do the following while managing the transition from financial close to the construction phase: - Recognize that partnership agreement documents are extensive and complex and may need to be translated into effective and accurate operational tools. - Establish a clear understanding among the contract management team of what the partnership agreement entails and incorporate key contract terms into the contract management manual. - Clearly define all roles related to preparing/updating and maintaining the contract management manual. - Engage with key stakeholders (e.g., local authorities, regulatory bodies, utility providers, and any other third parties) whose approvals, consents, or permits may be necessary to enable the start of construction works and cooperate with the project company, where needed, to ensure permit issues are resolved effectively. - Involve end-users and other affected parties throughout the process.

Transition Management		
		- Address outstanding land acquisition and access issues as early as possible, ensure sound resettlement practices are adopted where land acquisition affects local communities, work closely with the project company regarding any delays, and recognize the impact of delays on all parties operationally and contractually. - Maintain clear records and data management procedures regarding resettlement and compensation procedures to ensure transparency and overcome subsequent disputes. - Share relevant parts of the contract management manual with the project company to enhance coordination.
2	**From Construction to Operation**	The Procuring Entity must do the following while managing the transition from the construction to the operation phase: - Ensure adequate resources for testing and commissioning. - Plan for testing and commissioning early, and consider establishing a testing and commissioning committee. - Test the project company's performance management tools before commissioning to ensure they are effective and compatible with the Procuring Entity's systems. - Allow sufficient time for parties to familiarize themselves with the operational key performance indicators (KPIs) and payment mechanisms.

		- Focus on the relationship with the project company during the transition between construction and operation, and minimize the risk of disputes.
3	**From Operation to Handback**	The transition from the operation to the handback phase covers the period when the original partnership agreement ends. This generally involves the assets or the operation of the assets being handed back in accordance with the terms of the partnership agreement to the Procuring Entity or to a new operator. - The Procuring Entity must ensure the project company's compliance with contractually stipulated handback requirements, particularly concerning the condition and rectification of assets. - The Procuring Entity must manage this phase properly so that it is not left with an asset with a shorter remaining life than expected or in a condition that renders the Procuring Entity unable to continue providing the relevant service. - If the required condition of the assets is described according to technical standards that require independent verification, the Procuring Entity must plan for this to occur in accordance with the agreed contractual process.

Performance Monitoring

Performance monitoring focuses on monitoring the provision of contracted services, managing relevant performance risks and issues, and addressing broader performance management issues.

Regarding the regular provision of contracted services, the contract management team must have effective arrangements for monitoring outputs and a clear strategy on key contentious issues such as invoice payment and service payment reductions. An effective performance monitoring and reporting strategy depends on the following elements:

- The Procuring Entity's understanding of the business environment and the government's objectives in entering into the contract. Performance metrics are at the core of performance management, and it is important that performance metrics are linked to strategic objectives and desired outcomes.
- The Procuring Entity's understanding of the project company's internal operating environment, such as cash flows. Through this understanding, the Procuring Entity can gain awareness of the project company's strengths and weaknesses, including financial performance.
- The Procuring Entity's monitoring of the quality indicators of the project company's performance, looking for weaknesses or trends that could provide an early indication of risks facing the project.

- The Procuring Entity regularly reviews service quality against KPIs and output specifications. The Procuring Entity takes action after monitoring to mitigate or moderate emerging risks and to maximize value for money from the project.

Effective performance monitoring in a partnership project involves diligent monitoring of the provision of contracted services and access to relevant information to assess and mitigate any emerging risks.

The Procuring Entity should do the following during routine performance monitoring:

Core Practices for Performance Monitoring	
1	Ensure adequate resources for performance monitoring activities.
2	Utilize interim construction milestones to stay informed of progress.
3	Be aware of and use the most efficient performance monitoring tools, including automated reporting.

Core Practices for Performance Monitoring	
4	Use KPIs and payment mechanisms to ensure the project company's performance aligns with the partnership agreement, not as punitive measures.
5	Assess the operational effectiveness of KPIs before commissioning or early in the operational phase and on an ongoing basis.
6	Clarify the intended application of KPIs that are perceived as unclear or ambiguous with the project company.
7	Keep good records of performance data for broader use.

Stakeholder Management

The key elements of successful stakeholder management are summarized below.

Best Practices in Stakeholder Management	
1 Project Company	■ Consider the interests of the project company, including any changes in its circumstances. ■ Ensure meetings are held with appropriate frequency, including at relevant strategic levels. ■ Follow formal communication requirements when needed under the partnership agreement. ■ Recognize the pros and cons of appointing members to the project company's board of directors, when needed. ■ Consider co-location of office space with the project company, which can benefit the relationship. ■ Use contractual provisions to protect the Procuring Entity's rights rather than taking punitive measures. ■ Focus on a positive relationship, even in the presence of ongoing disputes.

2 Other Private Sector Stakeholders	■ Consider relevant private sector partners (including the construction contractor) in relevant communications and meetings, but without diluting the risk allocation position of the project company as the sole point of responsibility to the Procuring Entity under the partnership agreement.
3 End-Users, Businesses, and Local Community	■ Ensure end-users, businesses, and local community stakeholders are engaged at all stages of infrastructure delivery to ensure viability and enhance services. ■ Ensure ongoing transparent engagement with end-users, businesses, and local community stakeholders on all relevant issues. ■ Define the project company's role in managing end-users, businesses, and local community stakeholders. ■ Consider each relevant community group, as they may have different interests and desired outcomes.
4 Other Government Entities	■ Consider the level of engagement required from other government agencies. ■ Establish effective governance structures to manage relationships with other relevant government agencies. ■ Collaborate with the project company to work with other government agencies, as appropriate. ■ Plan early for managing other government or quasi-government agencies over which the Procuring Entity has no influence.

Data Collection and Management

The Procuring Entity must do the following when implementing the data aspects of the partnership project:

- ■ Understand the scope of data to be collected and maintained as part of the project.
- ■ Develop an information management system that works for the Procuring Entity and the project company.
- ■ Use similar information management systems and software across multiple projects where possible.
- ■ Agree on the level of detail required from the project company in a timely manner to set expectations about the format of the required information.

Claims

Changes during the lifecycle of a partnership project require proper management. Changes may be contemplated at the time of procurement and provided for in the partnership agreement, or they may not be contemplated during procurement but are considered desirable or necessary modifications to the services or the partnership agreement.

In both cases, change events are a source of risk and a potential opportunity to gain additional benefits from the project. The Procuring Entity must ensure that there is no unintentional withdrawal of risks allocated to the Project Company.

When managing claims, the Procuring Entity should do the following:

- Understand the Project Company's rights to claim under the partnership agreement and ensure the team is adequately resourced to assess claims.
- Monitor potential claim risks to mitigate their occurrence and prepare early for their receipt.
- Seek to maintain the risk allocation agreed upon at commercial close and ensure value for money when assessing scope changes.
- Understand the claim and scope change procedures set out in the partnership agreement and ensure the Procuring Entity complies with the procedures.
- Implement claim and scope changes quickly to avoid them escalating into disputes or having other adverse impacts on the project.

- Work with other government agencies to mitigate emerging claim risks and to assist with claim implementation.
- Develop policies to limit early and frequent scope changes.
- Be aware of the Project Company’s lenders’ interests and their conditions for implementing claims.

Change of Ownership

If the Project Company approaches the Procuring Entity to approve a change of ownership in accordance with the partnership agreement, it is important for the Procuring Entity to work closely with the Abu Dhabi Investment Office (ADIO) when assessing this change in order to:

- Consider the interests of the Procuring Entity and broader government considerations.
- Allocate appropriate resources to assess its financial, commercial, technical, legal, and political impact, engaging external advisors where necessary.
- Consider the interests of other relevant parties (e.g., lenders).

Refinancing

The Project Company will typically have raised debt capital for the project. Where it has taken debt financing risk, it is generally entitled to rearrange it (although this is often subject to certain restrictions under the partnership agreement).

The Project Company's financial structure is important to the Procuring Entity because it can affect the financial integrity of the Project Company and the project. For example, refinancing has the potential to raise additional debt that could overburden the project and/or increase the government’s contingent liabilities.

Refinancing may also be important to the Procuring Entity if the partnership agreement contains a provision for sharing financial gains from refinancing with the Procuring Entity.

The Procuring Entity must work closely with ADIO when assessing any requests related to refinancing in order to:

- Consider the impact of the proposed refinancing on the interests of the Procuring Entity and broader government considerations.
- Allocate appropriate resources to assess a potential refinancing, including appointing external advisors where necessary.
- Be aware of opportunities (e.g., sharing any refinancing gains) that may be available through refinancing.

Reviewable Services

Several intervals may be allocated for Reviewable Services, which will provide certain services subject to benchmarking (hard facility management services) or market testing (soft facility management services), in accordance with the terms of the partnership agreement. Reviewable Services are typically labor-based services such as cleaning, security, and facility management. Reviewing and testing the cost of Reviewable Services is a way to try to maintain the competitiveness of service costs throughout the project's life and ensure that the government achieves value for money. If this approach is adopted in the partnership agreement, review points will be specified, and the Procuring Entity will need to prepare for benchmarking or market testing accordingly.

Disputes

It is common for some form of disagreement or dispute to occur during the contract management period, given the long-term nature and complexity of partnership projects. Therefore, the Procuring Entity should focus on preventing disagreements from escalating into disputes wherever possible. Disputes can damage the relationship between the Project Company and the Procuring Entity, and while they are being resolved, there is a risk that service levels will be affected. The Procuring Entity's objectives should be to resolve disputes, where possible, to make decisions that will ensure the project proceeds in a viable and sustainable manner while maintaining value for money, and to manage the dispute appropriately to reach a conclusion quickly and cost-effectively, while maintaining a strong relationship with the Project Company.

The Procuring Entity should work closely with ADIO when managing disputes and seek the following in accordance with the terms of the partnership agreement:

- Understand the Procuring Entity's rights and obligations; use contractual provisions to protect the Procuring Entity’s rights rather than taking punitive measures.
- Monitor the Project Company’s performance to recognize potential problems and mitigate the risk of disputes.
- Accept and settle claims early, where appropriate.
- Deal with disagreements and disputes objectively; do not allow a poor relationship with the Project Company to influence the approach to the dispute, and do not allow the existence of a dispute to affect an otherwise positive relationship.
- Clarify ambiguous and unclear contract wording before it leads to a dispute.
- Ensure settlement agreements are prepared with appropriate legal input to ensure the dispute or disagreement is resolved unambiguously.
- Consider the full costs of escalating a dispute and the chosen dispute resolution mechanism.
- Actively seek negotiated outcomes for disagreements and disputes, as these have the potential to be more effective.
- Prepare and assemble adequate resources appropriately before entering negotiations.
- Consider the relevant private sector partners (including the construction contractor) in resolving disagreements and disputes related to them (but in accordance with the terms of the partnership agreement).
- Consider expert determination for disputes of a technical nature and appoint the appropriate expert for expert determination, where available and in accordance with the partnership agreement.
- Consider the full implications of taking a dispute to court or arbitration, in accordance with the terms of the partnership agreement.
- Select appropriate arbitrators, in accordance with the terms of the partnership agreement.

- Maintain contract management files and documents (including notices, letters, and emails) in sufficient format and detail at all times, so that this information is fit for purpose in the event a dispute is escalated to arbitration or the courts.
- Develop an open and honest culture where potential sources of claims are identified early, so that they can be mitigated as much as possible.

Default and Termination

It is important that partnership agreements are managed in a way that enables the Procuring Entity to identify early indicators of potential default and proactively mitigate the risk of termination, although it should be noted that it may not always be possible to prevent a default.

The Project Company has the ultimate responsibility for complying with the partnership agreement, and circumstances may arise where the Procuring Entity must seriously consider terminating the partnership agreement and taking back the assets or re-tendering the project. The Procuring Entity must work closely with ADIO when managing default situations in order to:

- Be aware of the rights of both parties and any agreed pre-termination procedures in the partnership agreement and under applicable law.
- Monitor for potential default by the Project Company in order to manage termination risk at an early stage.
- Consider termination and the full financial and non-financial implications of termination.
- Seek legal advice before issuing a termination notice.
- Plan early to ensure there is no interruption to service delivery upon termination of the partnership agreement.
- Consider all potential implications of a substitution, if a replacement Project Company is required.
- Consider the Project Company's lenders, including any potential rights they have to step-in to the role of the Project Company under the partnership agreement.
- Consider any rights of the Procuring Entity to step-in to take a certain action in place of the Project Company.

- Monitor and ensure compliance with the Procuring Entity's obligations under the partnership agreement and applicable law.
- Monitor the performance of key subcontractors, whose termination may pose a serious risk to the project.

Impact Assessment

An assessment should be made as to whether the partnership project is performing as expected and whether public resources have been used wisely at a certain stage of the partnership agreement's life. Partnership projects may be subject to different types of ex-post reviews at different times during their performance. The same type of ex-post review can be conducted more than once during the contract term and for various reasons. These reviews may be carried out by the Procuring Entity itself or by another government entity or its appointee.

The objectives of performance and impact assessment are:

- To improve the implementation of future projects more effectively through lessons learned.
- To ensure accountability by demonstrating the status of implementation and its impacts.

The Procuring Entity should be careful to cooperate with these reviews to the fullest extent possible, while ensuring that they do not adversely affect the operation of the assets or the delivery of related services.

4.10 Initial and Final Approvals

Phase	Section	Initial Approval	Final Approval
1	Project Initiation	■ Director General of ADIO ■ Head of Procuring Entity (Head of Government Entity) ■ Other relevant approvals (CPEC, Executive Committee of the Executive	■ Executive Committee of the Executive Council / Executive Council

Phase	Section	Initial Approval	Final Approval
		Council / Executive Council)	
2	Structuring and Due Diligence	■ Director General of ADIO ■ Head of Procuring Entity (Head of Government Entity) ■ Head of Department of Finance / for financial matters only	■ Approval of the feasibility study only by the Executive Committee of the Executive Council / Executive Council
3	Tendering Process	■ Director General of ADIO ■ Head of Procuring Entity (Head of Government Entity) ■ Head of Department of Finance / for financial matters only	■ Executive Committee of the Executive Council / Executive Council
4	Contract Management	**General Matters:** ■ Director General of ADIO ■ Head of Procuring Entity (Head of Government Entity) ■ Head of Department of Finance / for financial matters only	**Substantial Matters:** ■ Executive Committee of the Executive Council / Executive Council