Decision No. (18) of 2025

Regarding the Adoption of Regulations and Procedures for Partnership Projects

and the Financial and Technical Criteria and Requirements for Partner Selection

The Ruler's Representative for Administrative and Financial Affairs:

Having reviewed Law No. (2) of 2022 concerning the Regulation of Partnership between the Public and Private Sectors in the Emirate of Ajman and its amendments.

And Emiri Decree No. (15) of 2012 concerning the Department of Finance in Ajman, and its amendments,

And based on the submission of the Director General of the Department of Finance,

We have decided the following:

Article (1)

Adoption

The regulations and procedures for partnership projects and the financial and technical criteria and requirements for partner selection attached to this Decision are hereby adopted.

Article (2)

Updating

The Department of Finance shall be responsible for reviewing and updating the provisions of this Decision and its attached regulations and procedures as necessary, in coordination with the concerned government entities, to be submitted to us for adoption.

Article (3)

Entry into Force and Circulation

The provisions of this Decision and its attached regulations and procedures shall come into force from the date of its issuance, and the

Department of Finance shall circulate it to the concerned entities to adhere to the regulations and procedures contained therein.

Issued on 22/October/2025

Ahmed bin Humaid Al Nuaimi

The Ruler's Representative for Administrative and Financial Affairs

Regulations and Procedures for Public-Private Partnership

(Partnership Projects – Partner)

Attachment to Decision No. (18) of 2025

First Edition

October 2025

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Part One

General Framework for Partnership

Chapter One: Preliminary Provisions

The same definitions contained in Law No. (2) of 2022 and its amendment concerning the regulation of partnership between the public and private sectors in the Emirate of Ajman shall apply. Otherwise, the following words and phrases shall have the meanings assigned to each of them, unless the context requires otherwise:

Term	Definition
The Law	Law No. (2) of 2022 and its amendment concerning the regulation of public-private partnership in Ajman, and any amendments that may occur to it.
Grievances Committee	The committee responsible for ruling on grievances related to partnership projects with the private sector.
Due Diligence	The process of examination and verification that includes the study and verification of all relevant information and data.
Expression of Interest (EOI)	A response from a private sector company to an invitation to bid, expressing its desire to submit proposals.
Feasibility Study	A comprehensive study to assess the viability of a public-private partnership, taking into account, but not limited to, the financial, technical, legal, economic, and environmental aspects of the project, and its sustainability.
Financial Viability	A part of the feasibility study that includes the preparation of financial statements and analyses illustrating the expected cash flows throughout the project period.
Gross Domestic Product (GDP)	

Term	Definition
	The monetary value of all goods and services produced within the borders of the Emirate during a specific time period.
Internal Rate of Return (IRR) for the Project	The discount rate at which the net present value of all cash flows (positive and negative) from a project or investment equals zero. It is used to evaluate the overall attractiveness of a project or investment. A project is considered valuable if its IRR exceeds the cost of capital, the project's minimum hurdle rate, or the cost of financing the project.
Invitation to Bid (ITB)	The announcement issued by the concerned government entity before the bidding stage for a public-private partnership project, intended to attract private sector participation and gauge market interest in the project.
Net Present Value (NPV)	The difference between the present value of future cash inflows generated by the proposed projects and the present value of cash outflows. The present value of future cash flows is calculated using the cost of capital or the minimum required rate of return as the discount rate.
Partnership Committee	The committee formed by members of a concerned government entity to prepare feasibility studies and tender documents for public-private partnership projects.
Proposal/Offer	The proposal submitted by an investor to the concerned government entity in response to a request for proposals for a public-private partnership project.

Term	Definition
Request for Proposals (RFP)	The tender document issued by the concerned government entity to bidders requesting them to submit their proposals.
Request for Qualification (RFQ)	The tender document issued to potential bidders to assess their capabilities and/or qualifications regarding submitting their proposals for a public-private partnership project.
Statement of Qualifications (SOQ)	The statement submitted to the concerned government entity in response to a request for proposals for a public-private partnership project.
Tender/Bid	The procedures initiated by a government entity that include requests and approvals for proposals for a specific project.
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)	A financial indicator that assesses a company's performance by excluding interest, financial expenses, rent, taxes, depreciation, and amortization from its net income.
Value for Money (VfM)	The additional value generated or money saved by the government if a public-private partnership project is implemented compared to traditional methods.
Financial Close	The stage where the financing arrangements for the project are completed and the financing contracts are signed.
Service Level Agreement (SLA)	A framework that defines the required performance indicators and the level of service that the private partner must provide.

Term	Definition
Key Performance Indicators (KPIs)	Quantitative or qualitative measures to evaluate the performance level of the private partner.

General Objectives of the Regulations and Procedures

The public-private partnership regulations and procedures aim to:

1. Encourage all concerned government entities in the Government of Ajman to study and evaluate the possibility of implementing projects through partnership with the private sector as one of the available financing and implementation alternatives for all new and planned projects.
2. Clarify the key characteristics and features of public-private partnerships.
3. Outline the types and models of public-private partnership agreements.
4. Define the roles and responsibilities of all entities involved in public-private partnership projects.
5. Detail the steps that each concerned government entity must follow to successfully implement partnership projects.

Chapter Two: Characteristics, Models, and Governance of Partnership Projects

Key Characteristics of Public-Private Partnerships

Although the organizational structures of public-private partnerships vary, their key characteristics are shared as follows:

a. Financing

A public-private partnership often involves the private partner's commitment to providing financing for the project, or part of it, in addition to design, construction, and operation responsibilities.

b. Risk Sharing

The partnership is based on the principle of risk sharing between the public and private partners, where risks are borne in proportion to each party's ability and willingness to bear these risks.

c. Long-Term Commitment

Public-private partnership contracts are typically long-term, potentially extending for several decades, depending on the risk and return profile of the specific project.

d. Innovation

These partnerships encourage the private sector to introduce new ideas and modern technology along with best practices to achieve project objectives.

e. Performance-Based Approach

Public-private partnership contracts are built on a performance basis, where payments are linked to the achievement of predetermined performance targets.

f. Beneficiary Focus

The interests of the beneficiary are given top priority in public-private partnerships, with the goal of delivering high-quality services or infrastructure to the public.

Types and Models of Public-Private Partnership Agreements

Public-private partnership agreements are divided into multiple types and models based on the nature of the project. The appropriate partnership model can be determined by answering the following three questions:

1. What is the nature of the project?

Greenfield Projects: These include infrastructure development projects on previously undeveloped land, or the construction of new infrastructure such as highways, airports, hospitals, and schools. These greenfield projects require significant capital investment.

Brownfield Projects: These include projects to redevelop existing infrastructure or add new infrastructure, involving the development or renovation of existing highways, airports, hospitals, and schools, or adding new buildings or facilities to an existing site. Such projects also require capital investment to utilize existing infrastructure.

The project may also be a service currently provided by the government but requires improvements in quality and efficiency.

2. What are the tasks and responsibilities of the private sector partner?

There are nine key characteristics central to determining the most suitable model for a public-private partnership. These characteristics are usually identified during the feasibility study and are incorporated into the contract model. The following characteristics are mostly the tasks and responsibilities of the private partner:

Design (D): This includes creating a detailed project plan, defining the project scope, and setting key project milestones.

Build (B): When the project involves new infrastructure assets, the private partner is usually required to construct the assets and install all equipment.

Rehabilitate (R): When the public-private partnership involves an existing asset, the private partner may be responsible for rehabilitating or expanding the asset.

Finance (F): When the public-private partnership involves building or rehabilitating an asset, the private partner is usually also required to finance the capital and operational investments, partially or fully.

Maintain (M): This involves maintaining the infrastructure assets to a specified standard throughout the contract term.

Own (O): Where the private partner owns the asset for the duration of the contract.

Transfer (T): This refers to the transfer of the asset or the operation and maintenance of a project to the government sector after the contract term ends.

Lease (L): In some cases, the private partner leases assets from the government entity for the duration of the contract.

Operate (Op): The operational responsibilities assigned to the private partner within a public-private partnership can vary significantly depending on the nature of the underlying assets and the associated service. For example, the private partner may be responsible for:

- Operating assets and providing integrated services to government entities, such as water desalination plants.
- Operating assets and providing direct services to users, such as a water distribution system.
- Providing support services, while the government entity retains responsibility for delivering the public service to users, such as cleaning services in school buildings.

3. What is the payment mechanism for the private partner?

Payment by Users: The private partner provides the service to users and generates revenue by charging service fees to users according to the partnership contract, noting that the government is the one who sets and imposes the fee.

Payment by Government: The government may be the sole source of revenue for the private partner, with payments depending on meeting the performance standards specified in the contract for the asset or service.

Hybrid Payments: In some cases, specifically when the revenue collected from users is insufficient to cover the costs and expected profits of the private partner, a combination of the two previous payment methods is used.

Public-Private Partnership Models

Public-private partnership projects take various forms in terms of construction, operation, and financial and legal structure, which means these projects can be designed to provide the most suitable framework to meet the desired outcomes of each project. Below is a presentation of the most prominent public-private partnership models.

Table: Shows public-private partnership models based on the characteristics above.

<table>
<tr><th rowspan="2">Model</th><th colspan="9">Role of the Private Partner</th><th rowspan="2">Description</th></tr>
<tr><th>D</th><th>B</th><th>R</th><th>Op</th><th>M</th><th>O</th><th>L</th><th>T</th><th>F</th></tr>
<tr><td>Management Contract</td><td></td><td></td><td></td><td>X</td><td>X</td><td></td><td></td><td></td><td></td><td>The private partner assumes specific responsibilities within the service.</td></tr>
<tr><td>Lease Contract</td><td></td><td></td><td></td><td>X</td><td>X</td><td></td><td>X</td><td>X</td><td></td><td>The government leases the infrastructure managed and maintained by the private partner. (Asset transfer is optional).</td></tr>
<tr><td>Build-Own-Transfer (BOT)</td><td></td><td>X</td><td></td><td></td><td></td><td>X</td><td></td><td>X</td><td>X</td><td rowspan="4">In these models, the private partner finances, builds, and operates the asset for the duration of the contract.</td></tr>
<tr><td>Build-Own-Operate-Transfer (BOOT)</td><td></td><td>X</td><td></td><td>X</td><td></td><td>X</td><td></td><td>X</td><td>X</td></tr>
<tr><td>Build-Own-Lease-Transfer (BOLT)</td><td></td><td>X</td><td></td><td>X</td><td></td><td>X</td><td>X</td><td>X</td><td>X</td></tr>
<tr><td>Build-Own-Operate (BOO)</td><td></td><td>X</td><td></td><td>X</td><td></td><td>X</td><td></td><td></td><td>X</td></tr>
<tr><td></td><td>X</td><td>X</td><td></td><td></td><td>X</td><td></td><td></td><td></td><td></td><td>In these models, the private partner designs</td></tr>
</table>

Model	Role of the Private Partner									Description
	D	B	R	Op	M	O	L	T	F	
Design-Build-Maintain (DBM)										and develops the project, usually without financing.
Design-Build-Own-Maintain (DBOM)	X	X			X	X				
Design-Build-Own (DBO)	X	X				X				
Design-Build-Finance-Own-Maintain-Transfer (DBFOMT)	X	X			X	X		X	X	In these models, the private partner designs and develops the project, including private financing.
Design-Build-Finance-Maintain-Transfer (DBFMT)	X	X			X			X	X	
Rehabilitate-Own-Transfer (ROT)			X			X		X	X	These models involve the rehabilitation of an existing asset.
Rehabilitate-Own-Operate (ROO)			X	X		X			X	

Note: The symbol "X" indicates the role of the private partner within the specified model.

Excluded Contracts

The regulations and procedures outlined in this document do not apply to the following contracts and projects:

1. **Outsourcing Contracts:** These include legal agreements between government entities and external service providers (the contractor), where the contractor agrees to perform specific tasks or provide certain services for the government. These tasks or services are originally the responsibility of the government but are delegated to external sources to save money, improve efficiency, or focus on core competencies. Outsourcing contracts cover a wide range of services, including manufacturing, information technology, customer service, and research and development. They can be long-term or short-term agreements and often include specific terms and conditions for performance, payment, and dispute resolution, but there is no risk sharing for these types of contracts.
2. **Projects with a Total Value Below the Specified Threshold:** Projects with a total value of less than AED 40 million are excluded, as explained in the fifth criterion of the project evaluation criteria in Chapter One of Part Two.
3. **Procurement Contracts Related to National Security:** This category includes contracts related to defense equipment and technology, cybersecurity solutions, intelligence and surveillance systems, critical infrastructure, emergency services and supplies, and research and development.
4. **Government Projects Excluded by a Decision of the Chairman of the Executive Council based on the Recommendation of the Ruler's Representative:** This exemption includes any projects or categories of projects explicitly excluded by a decision of the Chairman of the Executive Council.
5. **Privatization:** This refers to the full private sector ownership of assets and services, as privatization involves the complete transfer of risk to the private sector.

Governance of Public-Private Partnership Projects

- **Governance Structure**
  The governance structure described below includes local projects only, in line with Law No. (2) of 2022, which regulates the partnership between the public and private sectors in the Emirate. The Emirate follows a centralized governance model in managing its local projects.
- **Institutional Roles and Responsibilities**
  Many roles and responsibilities are distributed among various authorities and entities throughout the duration of each public-private partnership project. The following table clarifies these roles.

a. Chairman of the Executive Council

This authority is entrusted with the following:

1. Identifying independent entities to which the Law applies.
2. Excluding certain government projects from the provisions of the Public-Private Partnership Regulation Law and this Decision.
3. Approving the arbitration clause in partnership contracts.
4. Approving the nomination of government representatives to the board of directors of the project company if the government contributes to it.
5. Authorizing the project company to collect fees and allowances related to the joint project and determining these fees and their sharing mechanisms among all concerned parties.

b. The Ruler's Representative

The Ruler's Representative is responsible for the following tasks:

1. Submitting recommendations to the Ruler regarding the issuance of legislation aimed at activating partnerships with the private sector and encouraging investment.
2. Submitting recommendations to the Chairman of the Executive Council to exclude some projects from the provisions of the Partnership Law.
3. Approving or rejecting public-private partnership plans submitted by the concerned government entities after their review by the Department of Finance.
4. Approving or rejecting the final study of the project after its review by the Department of Finance. This study must include the following: an overview of the project and strategic objectives, the current status of the asset or service, procurement alternatives, including value for money and the pros and cons of each, applicable public-private partnership models and the reasons for choosing one, technical analysis, legal analysis, financial analysis, social, economic, and environmental impact analysis, potential project risks, and the tender plan (before announcing and launching the project).
5. Identifying the concerned government entity or entities for the project to participate in the project's tendering processes and contract signing.
6. Nominating government representatives to the board of directors of the project company if the government contributes to it and submitting it to the Chairman of the Executive Council for approval.
7. Approving any partnership method not explicitly stated in Article (5) of the Ajman Partnership Regulation Law.
8. Approving the award of a partnership project if the total cost borne by the government entity in the partnership contract exceeds AED 50 million.
9. Granting preliminary approvals to contracting government entities to terminate or end the contract for the public interest.

10. Approving one of the submitted bids even if it is a sole bid or its value is higher or lower than the estimated value, to achieve the public interest.
11. Approving partnership contracts with a duration exceeding 30 years based on the recommendation of the Partnership Committee.
12. Deciding on grievances submitted by the private partner against any decision or action taken against it by the concerned government entity under the Law, this Decision, or the partnership contract.

c. Department of Finance

The Department of Finance undertakes the following tasks:

1. Proposing updates to the legislation regulating public-private partnership projects.
2. Reviewing public-private partnership plans submitted by the concerned government entities and submitting its recommendations to the Ruler's Representative.
3. Reviewing the final study of the project and submitting its recommendations to the Ruler's Representative for approval to launch or reject the project.
4. Nominating a member as a representative of the Department of Finance in the Partnership Committee formed by the concerned government entity if the total cost to be borne by the concerned government entity exceeds AED 10 million.
5. Submitting a recommendation to obtain the Ruler's Representative's approval on the request of government entities to grant preferential rights and conditions to certain categories of beneficiaries.
6. Approving the award of a partnership project if the total cost borne by the concerned government entity in the partnership contract is between AED 20 million and AED 50 million.

d. Concerned Government Entities

Government entities entering into partnership projects shall adhere to the following regulations and procedures:

1. Submit a public-private partnership project plan to the Department of Finance, which includes project identification, priorities, and a financial feasibility study for each project. The Department of Finance will then submit its recommendations on the partnership project plan to the Ruler's Representative for his preliminary approval or rejection of these projects.
2. Submit the final study of the project, which includes (financial and technical feasibility study, legal, environmental, social, and economic analysis, risk analysis, and the project launch plan) to the Department of Finance for its review and submission of its recommendations to the Ruler's Representative for approval to launch or reject the project.
3. Formulate the structure of the public-private partnership project, including determining the partnership model, the contributions of the partnership parties to the project, and the distribution of the resulting shares and financial returns.
4. Determine the technical specifications and requirements for the public-private partnership project.
5. Determine the appropriate partnership method for the nature of the project or service according to partnership methods.
6. Propose service fees related to public-private partnership projects.
7. Coordinate with other government entities to ensure the project's outputs are aligned with their plans.
8. Prepare quarterly reports, including a statement on the progress of work during the implementation of the partnership contract, any obstacles hindering its implementation, and propose appropriate solutions to address them, and submit these reports to the Ruler's Representative.
9. Select qualified consulting firms/project advisors to conduct studies related to the project.
10. Approve the award of partnership projects that generate revenue or financial savings.

11. Approve the award of a partnership project if the financial cost borne by it within its budget does not exceed AED 20 million.
12. Direct contracting with the private partner if the project is innovative by the private partner, subject to obtaining the approval of the Ruler's Representative.
13. Form the Partnership Committee to carry out the tasks stipulated in the Partnership Law.
14. Supervise the proper implementation of the project company's obligations stipulated in the partnership contract, and take the necessary and immediate measures to address any breach or default in the implementation of these obligations in a manner that ensures the project continues to achieve its desired objectives.
15. Work to overcome obstacles that prevent public-private partnership projects from achieving their desired objectives, in coordination with the competent authorities.
16. Fulfill its obligations under the partnership project agreement and utilize the rights contained therein.
17. Notify the Financial Audit Authority of any financial violations that may be committed by the partner or the project company.

e. Partnership Committee

The Partnership Committee undertakes the following tasks:

1. Ensure the principles of transparency, fair competition, and equal opportunities in accordance with the provisions of the Partnership Law and this Decision.
2. Prepare preliminary budgets for partnership projects.
3. Prepare feasibility studies, including technical, legal, and financial studies.
4. Prepare tender documents and requests for proposals.
5. Evaluate and open bids according to the evaluation procedures and criteria specified in the tender documents and this Decision.
6. Coordinate and manage the bidding process for public-private partnership projects and recommend the selection of the private partner.

f. Private Sector

Private sector partners are responsible for the following:

1. Submitting expressions of interest, qualifications, documents, and proposals.
2. Implementing projects in accordance with the terms of the public-private partnership contract.
3. Proposing potential public-private partnership projects as unsolicited proposals.
4. Raising financing for projects in accordance with the terms of the public-private partnership contract.

g. Financial Audit Authority

During the exercise of its duties in auditing government entities subject to its oversight, the Financial Audit Authority will audit partnership projects by reviewing all stages of these projects from the beginning of their feasibility studies until their completion and operation, as well as evaluating the current status of these projects and assessing the extent to which the defined success criteria for these projects have been adhered to.

h. Department of Legal Affairs

The Department of Legal Affairs conducts a prior legal review of the draft partnership agreement or contract before it is signed by the parties to the agreement or contract, within a period not exceeding (30) days from the date of its referral. The Department of Legal Affairs must coordinate with the Department of Finance to review the financial terms and clauses in the draft agreement or contract that may affect the financial interest of the government entity.

Chapter Three: Obligation of Concerned Government Entities to Prepare a Partnership Project Plan

Taking into account the deadlines set in the financial circulars related to the preparation of the financial plan and annual budget, the concerned government entity must formulate a plan to leverage public-private partnership opportunities and submit it to the Department of Finance for study, which will then submit it to the Ruler's Representative for his preliminary approval or rejection of these projects.

In the absence of a plan approved by the Ruler's Representative, if the concerned government entity finds a promising opportunity, it must submit a request for an exception to the Department of Finance for study, which will then submit it to the Ruler's Representative for a decision.

Part Two

Management and Implementation of Partnership Projects

Each concerned government entity must follow the steps below to successfully manage and implement partnership projects:

Chapter One: Project Identification

The concerned government entity must identify public-private partnership opportunities by reviewing all public services and assets it manages, and then evaluating all current and future opportunities based on the five criteria mentioned below to determine what can be implemented through a public-private partnership, as follows:

a. Identifying Public-Private Partnership Projects

Steps to be Followed

1. The concerned government entity must prepare a list of all public facilities and assets it manages, the public services it provides, the activities it undertakes, and its identified and future capital projects to determine the possibility of assigning them to the private sector through a partnership project.
2. Potential private sector partners may propose public-private partnership projects to the concerned government entity, as private sector partners are allowed to submit an unsolicited proposal for a public-private partnership project.
3. The concerned government entity evaluates all potential projects to determine their suitability and the feasibility of assigning the project to the private sector through a public-private partnership, based on the project evaluation criteria outlined below.
4. After selecting the projects that meet all five project evaluation criteria by the concerned government entity, the project can then proceed to the screening stage.

Project Evaluation Criteria	
1	The project does not involve issuing policies or regulations or relate to internal support services.

2	The extent of public benefit achieved from the project in terms of enhancing community safety, health, financial level, knowledge stock, or overall lifestyle.
3	The extent to which the private sector has better human resources and deeper knowledge to implement the project compared to the government entity's capabilities.
4	The possibility of transferring risks, partially or wholly, from the concerned government entity to the private sector partners (e.g., construction, financial, legal, and environmental risks).
5	The project value, specifically the total capital and operating expenditures, and its compliance with the minimum required value (please see the explanation of the fifth criterion below).

Explanation of the Fifth Criterion

To avoid wasting time by analyzing and structuring public-private partnership projects, which take longer compared to traditional methods and may not be economically viable, the concerned government entity must assess whether the total value of the project meets the following criterion:

Total Capital Expenditure + Total Operating Expenditure > = AED 40 million

Note: Projects with a value below this threshold may be considered as public-private partnerships provided they can demonstrate the potential to deliver added value and achieve tangible financial savings.

b. Unsolicited Proposals

What is an Unsolicited Proposal?

An unsolicited proposal is a feasibility study for a potential public-private partnership project, initiated by a potential private sector partner, and submitted directly to a government entity for consideration. It must be a new, innovative, and comprehensive project that directly addresses an urgent need requiring immediate attention in the Emirate of Ajman.

In this case, the concerned government entity must initiate coordination with the Department of Finance and not take any action before arranging the matter with the Department of Finance, especially regarding the plan and budget.

Who can propose or receive an Unsolicited Proposal?

The following conditions must be met before any potential private sector partner is allowed to submit an unsolicited proposal to a government entity:

- The decision to submit the proposal should not be based on a request, participation, supervision, or direction from a government entity.
- The proponent must not be a government entity, a government employee, or a consultant appointed to provide advisory services related to infrastructure projects or public services.

Steps for Submitting an Unsolicited Proposal:

- The private sector proponent must prepare a project proposal including a preliminary feasibility analysis and submit it to the concerned government entity, along with the proponent's data, experience, and qualifications.
- The concerned government entity evaluates the proposal and, based on this evaluation, decides whether to approve the proposal for review or reject it.
- If the proposal is approved, it undergoes a second review by the concerned government entity to ensure its alignment with strategic objectives and its potential to add value. After this review, the proposal is either approved or rejected.
- If the concerned entity approves the project in the second review, the private sector is requested to prepare a comprehensive feasibility study. The unsolicited proponent must prepare a comprehensive feasibility study, similar to regular partnership projects.

- The comprehensive feasibility study must include a detailed project description, outlining the need the project addresses, referring to specific objectives at the Emirate or government entity level to which the proposal is submitted, demonstrating why the private sector solutions are innovative and worth considering, including a high-level cost estimate, and a brief version of the needs assessment—stating the general project criteria, identifying key stakeholders, and detailing the project scope. The comprehensive feasibility study should be similar to the feasibility analysis prepared by the government entity with the help of a project advisor in traditional partnership projects. In short, this study should include project-specific objectives, identification of key stakeholders, project scope definition, output specifications, as well as technical, legal, and environmental due diligence analysis.
- The concerned government entity evaluates the entire feasibility study based on the evaluation criteria specified in this document, and the Partnership Committee may be asked to make some adjustments based on the evaluation.
- The Department of Finance reviews the feasibility study and provides its opinion.
- The Department of Finance submits its recommendations to the Ruler's Representative to decide on approving or rejecting the project.
- If the project is rejected at any stage, the concerned government entity must formally inform the potential private sector partner of the rejection decision.
- If the project is approved, the government entity must decide on the proponent's status. It is recommended to reward the proponent for their efforts in one of two ways, as described below:
    - Either direct contracting with the proponent, after the concerned government entity obtains the approval of the Ruler's Representative based on the recommendation of the Department of Finance, in accordance with the provision of Article (11/c) of the Law, with the Partnership Committee authorized to conduct negotiations with them.
    - Or the project is tendered publicly, following the same usual tendering process for bid evaluation and partner selection, with

a slight modification where the project proponent automatically qualifies for the Request for Proposals stage, with one of the following advantages at the discretion of the concerned government entity:

    - **Matching the Best Offer:** The original proponent is given the opportunity to submit an offer equivalent to any better offer submitted during the tendering stage by another party, ensuring the original proponent who conducted the preliminary studies has a fair chance to implement the project, provided they submit an offer that matches or exceeds the terms of the other offer.
    - **Reimbursement of Feasibility Study Costs:** The unsolicited proponent may receive an advantage as a reward for their efforts in proposing the project, such as partial or full reimbursement of the feasibility study costs. This advantage acknowledges their original contribution to proposing the project idea.

- To ensure fairness and transparency, the concerned government entity must inform bidders that the proposed project originated from an unsolicited proposal.
- To protect sensitive data, intellectual property rights, trade secrets, and the rights contained in the unsolicited proposal for a public-private partnership project, the government entity should follow these two necessary procedures:
  - **Signing Non-Disclosure Agreements (NDAs):**
    The concerned government entity must require all internal and external stakeholders involved in the review and negotiation process to sign NDAs before sharing any proposed details. These agreements should be legally reviewed to ensure their enforceability and should clearly define the disclosed information, what constitutes confidential information, the duration of the confidentiality obligation, and the consequences of a breach.
  - If the proposal contains ideas that could be classified as a patent or proprietary technology, the private partner has the right to request the signing of intellectual property rights agreements. The government entity must cooperate with legal

experts to draft agreements that accurately define the ownership of ideas or technology and the terms of their use and licensing. These agreements must include clauses that clarify how intellectual property rights will be handled during the proposal evaluation process and thereafter, whether the project is awarded or rejected.

Chapter Two: Project Screening

At this stage, the concerned government entity does the following:

a. Prioritizing Public-Private Partnership Projects

Steps to be Followed

1. The concerned government entity must use general evaluation factors to analyze each potential project. These factors are divided into two main categories: Project Impact and Ease of Implementation. These factors may be quantitative or qualitative.
2. The concerned government entity may include up to five additional evaluation factors or sub-factors that address specific aspects of different projects.
3. After identifying the evaluation factors for a potential project, the concerned government entity assigns each a relative weight reflecting its importance to the project.
4. After determining the weights and assigning them to the evaluation factors, the concerned government entity selects the projects.

General Evaluation Factors

Project Impact

1. Project Value
2. Financial Impact
3. Social Impact
4. Alignment with the Concerned Government Entity's Objectives
5. Enhancement of Efficiency and Quality

Ease of Implementation

1. Capabilities and Qualifications of the Human Resources in the Concerned Government Entity
2. International Success
3. Readiness of the Regulatory Environment
4. Market Capacity
5. Data Availability

Table: Examples of Factors in the Project Prioritization Process

Factor	Criterion	Unit	Evaluation Method	Weighting	Justification for Weighting
Project Value	Capital expenditure and operating expenditure for the first five years	Measurable (AED)	Preliminary assessment of capital and operating expenditures	10%	Entity provides justification for weighting
Financial Impact	Financial impact on the government's budget	Low Medium High	Preliminary assessment	10%	Entity provides justification for weighting
Social Impact	Reach to beneficiaries	Measurable	Preliminary assessment	10%	Entity provides justification for weighting
Enhancement of Efficiency and Quality	N/A	Low Medium High	Preliminary assessment	10%	Entity provides justification for weighting
Alignment with Entity's Objectives	N/A	Low Medium High	Comparison with objectives	10%	Entity provides justification for weighting
Capabilities and Qualifications of Human Resources in the	N/A	Low Medium High	Preliminary assessment	10%	Entity provides justification for weighting

Factor	Criterion	Unit	Evaluation Method	Weighting	Justification for Weighting
Concerned Government Entity					
Benchmark Study of Similar International Experiences	N/A	Low Medium High	Preliminary assessment	10%	Entity provides justification for weighting
Readiness of the Regulatory Environment	N/A	Low Medium High	Preliminary assessment	10%	Entity provides justification for weighting
Market Capacity	Number of potential private sector partners operating in the region	Low Medium High	Preliminary assessment	10%	Entity provides justification for weighting
Data Availability	N/A	Low Medium High	Preliminary assessment	10%	Entity provides justification for weighting

Table: Final Evaluation for the Prioritization Stage

Project	Project Value (AED)	Social Impact Score	Budget Impact Score	Final Score	Rank
Project 1	5 Billion	High	High	100	#1
Project 2	0.5 Billion	Medium	Medium	67	#3
Project 3	2 Billion	High	Medium	80	#2

b. Options Analysis

Steps to be Followed

1. The concerned government entity submits the public-private partnership project plan to the Department of Finance, which includes project identification, priorities, and a financial feasibility study for each project.
2. The Department of Finance evaluates the public-private partnership project plan with its aforementioned components.
3. The Department of Finance submits its recommendations regarding the public-private partnership project plan to the Ruler's Representative to obtain his preliminary approval or rejection of these projects.
4. If the plan or a specific project within it is approved, the project preparation stage begins. The concerned government entity forms the Partnership Committee, identifies and consults with stakeholders, and contracts with project advisors.

c. Project Preparation

After the Ruler's Representative approves the project, the concerned government entity forms the Partnership Committee, identifies and consults with stakeholders, and contracts with project advisors.

- **Forming the Partnership Committee**
  Each concerned government entity forms a Partnership Committee

for each approved project. This committee is tasked with helping to facilitate the implementation of all matters related to the project, from preparing feasibility studies for the identified projects to the tendering stage and the selection of private sector partners.

Each Partnership Committee consists of:

- A chairman, members, and a rapporteur nominated by the concerned government entity.
- A representative from the Department of Finance, appointed by its director, if the total cost to be borne by the government entity in the partnership contract exceeds AED 10,000,000.
- The concerned government entity monitors the work of the Partnership Committee and provides the necessary support. The Partnership Committee must include individuals specialized in the following areas:
  - Technical matters related to the sector or the public-private partnership project.
  - Commercial and financial affairs.
  - Project management.
  - Legal and regulatory affairs.
  - Engineering, IT, and construction affairs (for infrastructure projects only).

- **Consultation with Stakeholders**
  Collaboration between stakeholders and actors in a public-private partnership project plays a crucial role in the project's success. Therefore, the concerned government entity is required to identify key stakeholders in the early stages to ensure effective communication. This is essential to help them understand the project, provide the required community, commercial, and political support, attract potential investors, and reduce project-related risks. It also helps in recording their needs, concerns, and interests.

  Stakeholders are divided into two categories:

  Internal Stakeholders: This category includes officials and employees within the public sector who deal with the project directly or indirectly.

  External Stakeholders: This category includes banks, investment funds, government financiers, multilateral funding donors, public service users, the media, other government bodies, regulatory authorities, legislators, and non-governmental organizations.

  Poor or no communication can lead to the spread of rumors and misconceptions that can hinder the successful completion of the project. Hence the importance of developing an effective communication plan based on:

    - Identifying all target audiences for communication.
    - Clarifying the key concepts to be communicated based on the project's core elements, such as its outputs, the needs it will meet, and the target groups.
    - Nominating appropriate media channels for communicating with the concerned parties.
    - Defining the key characteristics of communication materials, preferably tailored for each target audience.
- **Appointing Project Advisors**
  If the concerned government entity does not have sufficient internal resources and expertise to conduct a comprehensive evaluation, it can appoint external advisors. Advisors can assist in conducting feasibility studies, structuring the project, managing tender documents, the bidding process, project award, and preparing the partnership agreement.

The need for advisors is generally prominent in the following four areas:

- Technical aspect: to conduct technical feasibility studies.
- Financial aspect: to conduct financial feasibility studies.
- Legal aspect: to conduct legal studies and analysis and to draft and review the necessary contracts, agreements, and documents.
- Environment and society: to assess the project's impact on the environment and the quality of life of the community.

Feasibility Study Sections:

Financial Feasibility	Technical Feasibility	Market Assessment
A preliminary financial analysis should be conducted to determine the financial feasibility of the project and provide an initial vision of the best ways to implement it (the most suitable Public-Private Partnership model). This analysis includes: • Potential Public-Private Partnership (PPP) models through which the project can be implemented (e.g., Build-Own-Transfer,	It is necessary to assess the technical feasibility of the project in the initial stages. The technical feasibility studies for the concerned government entity aim to verify the project's feasibility from a technical, environmental, social, and market perspective, and they must be conducted for infrastructure projects. At this stage, the concerned government entity is not required to decide on the project	A preliminary market segmentation covering the following aspects: • Market Size: Estimating the demand for assets or services related to the project. • Similar Projects: Identifying similar local projects, if any, or international projects. • Identifying Potential

Financial Feasibility	Technical Feasibility	Market Assessment
Rehabilitate-Own-Transfer, etc.). • Financial data reflecting the financial position of the public sector to measure the cost to the government if the project were to be completed by the public sector. • Financial statements (income statement and cash flow statements) for all identified PPP models and any other non-PPP implementation models (such as outsourcing). • Value for money for each model.	implementation mechanism. The technical feasibility should include: • An initial assessment of the optimal technical solution for implementing the project. • The costs associated with each potential option and the expected service levels (maintenance) for each option. • The environmental and social impact of each option.	Private Sector Partners: Identifying potential private sector partners capable of implementing the project. **Current Situation Analysis** A detailed analysis of the current state of assets or services provided by the government entity. This step is often associated with brownfield projects. The report should include general information about the services and assets currently provided by the public sector, including: • Currently provided assets and services and

Financial Feasibility	Technical Feasibility	Market Assessment
		their beneficiaries. • Service delivery mechanism. • Service performance standards. Details of capital expenditures, project implementation costs, operating costs, and revenues from assets and services.

Social and Environmental Analysis	Legal Analysis
An initial assessment of the social and environmental impacts of the project. This contributes to the decision to proceed with the project or not, based on clear and comprehensive data. This analysis must address the potential risks associated with these impacts, including risks related to environmental degradation such as pollution or destruction of natural habitats, and social impacts such as the risk of conflict with local communities, limited access to usual	A preliminary legal analysis must be conducted to ensure the project's viability within the general legal framework. This analysis clarifies the following aspects: • The project's compliance with legislation related to Public-Private Partnerships. • The project's compliance with real estate legislation. • Identifying the need for any legislative

Social and Environmental Analysis	Legal Analysis
routes, or any other negative effects on society. The assessment should also review potential opportunities such as job creation or achieving social and environmental gains, including improving access to clean water or rehabilitating the environment and natural habitats for wildlife. The analysis must be comprehensive and provide general recommendations to mitigate any negative impacts and maximize potential benefits. **Implementation and Project Management** A comprehensive description of the project implementation plan, including specific timelines, a proposed budget, and necessary resource requirements.	amendments in case of conflict between current laws and international standards. • The possibility of transferring or terminating any existing contracts related to the project. **Economic Analysis** A preliminary assessment to analyze the potential impacts of the project on the economy. This assessment should take into account both direct and indirect economic impacts, as well as the project's contribution to enhancing the Gross Domestic Product (GDP). Direct economic impacts refer to changes in government revenues and expenditures, while indirect economic impacts refer to changes in employment and consumer spending resulting from the project's implementation.

Chapter Three: Project Evaluation

Public-Private Partnership (PPP) projects are evaluated to study their technical, legal, and financial aspects to ensure the project's feasibility and success. This study also assesses the expected benefits against the potential risks to the concerned government entity and the private partner to ensure the partnership benefits both parties. The following section details all the studies necessary to conduct this evaluation.

It is important to note that most studies are usually conducted in parallel, with the total period for developing the feasibility study being approximately six months.

A. Preliminary Analysis

Owner: Partnership Committee

Completion Period: Two weeks

Reviewer: Concerned Government Entity

Summary and Objectives

It is necessary to conduct the following four analyses to gain a deep and comprehensive understanding of the market and the circumstances surrounding the project: current situation assessment, market assessment, gap analysis, and procurement alternatives analysis.

Current Situation Assessment

This assessment aims to understand the current state and conditions related to the project, and should include the following evaluations:

- Infrastructure (if any): Assessing the condition of the current infrastructure, such as roads, utilities, and transportation networks, which may be affected by the project or required for its implementation.
- Services Provided and Beneficiaries (if any): To determine the quality of services currently provided by the public sector and their beneficiaries.
- Current Service Delivery Model (if any): To determine how services are provided by the public sector.
- Operational Performance (if any): Assessing the efficiency of services provided by the public sector and identifying major performance gaps.
- Financial Performance to analyze the costs and revenues of operating current services.

For brownfield projects within a PPP framework, the Partnership Committee must provide a comprehensive transition plan for current employees, assets, and operations.

Market Sounding

The primary objective of this step is to identify all potential partners who have the competence and interest to complete the project, and to engage them in dialogues and discussions to explore their opinions and insights regarding the project.

- The first stage involves carefully compiling a list of potential partners who are interested and capable of achieving the project's objectives.
- The next step involves preparing a detailed document outlining the project's scope, including preliminary technical and financial aspects, as well as a potential risk-sharing matrix and a questionnaire for potential partners. The document should cover the following aspects:
    - Potential Partner Profile: To learn about the potential partner's experience, scope of work, and the services they provide.
    - Potential Partner's Interest: To gauge the potential partner's initial interest in pursuing the project and identify key preferences.
    - Readiness Assessment: To examine the potential partner's readiness and ability to participate in the required scope of work for the project.
    - Technical Review: To understand the technical capabilities and skills of the potential partner.
    - Financial Review: To determine the potential partner's preferred payment method, major costs, and obtain a preliminary cost estimate.
    - Key Challenges and Considerations: To identify any potential obstacles and critical factors for the project's success.

This is followed by arranging meetings between the Partnership Committee and a selected group of potential private sector partners. Through the questionnaire, the Partnership Committee gathers key insights to confirm market interest and improve feasibility studies, thus ensuring a strong and competitive bidding process. Market sounding is essential in any PPP transaction, as it goes beyond measuring the level of interest, capability, and financial criteria of participants, to expanding the project's scope and identifying the optimal implementation model based on the opinions and recommendations of stakeholders. This approach also helps build initial interest from investors and potential partners and serves as an early marketing opportunity for the project.

The step concludes with the Partnership Committee compiling all data and key opinions into a single document.

Gap Analysis

The results of the new assessments of the current situation and market analyses are used to develop a more accurate gap analysis, which may close potential gaps by introducing specific figures to replace the assumptions made in the feasibility studies.

To assess the gap, the strategic objectives of the concerned government entity regarding the project must first be identified, and then the current performance is evaluated in light of these objectives. This will highlight the differences and discrepancies between the current situation and the desired goals. Based on these results, a plan is designed to close these gaps, including specific steps to improve performance and achieve the set objectives.

Procurement Alternatives Analysis

This analysis should include the following:

- Researching available alternatives for procurement models (such as outsourcing, direct procurement, and alternative PPP models) with a focus on evaluating the economic and social impacts of each option. The Partnership Committee should carefully study and analyze the benefits and risks associated with each option.
- Reviewing PPP models to select the optimal model for the project and justify that choice. In addition, a risk-sharing matrix must be developed that details how risks are distributed between the concerned government entity and the private sector, which helps the Partnership Committee determine the most suitable and best PPP model for the project.

B. Technical Feasibility

Owner: Partnership Committee

Completion Period: 2-4 months

Reviewer: Concerned Government Entity

Summary and Objectives

The technical requirements of the project must be detailed enough to accurately define the project's basic structure. This data should provide all the necessary technical details to precisely determine the design, and should include the following points:

Multiple Alternatives

Various alternatives and available options for completing the project must be explored, including estimating the costs for each option. Each option resulting from the technical feasibility study should be based on the goal of providing a high-quality service with cost and energy efficiency, while maintaining environmental sustainability and commercial and economic viability.

Technical and Engineering Design

A general technical design for the project must be created, including the necessary engineering and architectural plans, in addition to assessing the availability and suitability of the materials, equipment, and technologies to be used.

Operational Analysis

This part includes an evaluation of the project's operational requirements, including staffing, training, maintenance needs, and potential risks and challenges.

Cost Estimation

The total expected costs for building and/or renovating and/or rehabilitating the assets or providing the service must be estimated, including operating and maintenance costs.

Inputs for Tender Documents

Opinions and clarifications related to the tender documents specifically (Requests for Proposals and Requests for Qualifications) must be provided, such as qualification and eligibility criteria and performance guarantees.

Approvals and Permits

Some projects may require specific approvals and permits. These approvals are divided into two categories:

1. Administrative approvals, which need to be issued by the public entity.
2. Regulatory approvals and permits from competent authorities: The public entity or the private partner may be responsible for obtaining these approvals, depending on the current stage of the project development process.

C. Legal Analysis

Owner: Partnership Committee

Completion Period: 2-4 months

Reviewer: Concerned Government Entity

Summary and Objectives

The Partnership Committee must conduct a thorough legal analysis to consider all legal aspects associated with the project, to ensure the project complies with all necessary legislative requirements. The legal analysis includes the following:

- A full assessment of the legal framework and regulations applicable to the Public-Private Partnership.
- Assistance in risk management by identifying and addressing risks and challenges in the technical and financial assessments.
- Mitigating potential legal issues during the study, bidding, awarding, and contracting phases, as well as the project implementation and development phases, by considering the requirements of each stage of the PPP process.

Preparing the Legal Analysis

It must be ensured that the project aligns with local and international legal requirements. While analyzing the legal dimensions of the project, the analysis must consider at least the following three main steps:

1. The first step involves studying the applicable legal framework, which includes identifying and analyzing relevant legislation that affects the project's progress. This is done by studying:
    - Enablers in PPP legislation, with a focus on the project's specific requirements, such as the minimum investment value and the maximum duration of contracts.
    - Studying the government procurement law and its executive regulations, looking for general guidance on contracts and procurement.
    - Considering legislation related to foreign investment, land ownership, and labor laws.
    - Verifying legislation related to planning, land use, and environmental protection.
    - Reviewing legislation specific to the sectors relevant to the project (for example: correctional and reform facility legislation may prohibit private sector participation in correctional and reform facility projects).
    - Reviewing legislation concerning dispute resolution and intellectual property laws.
    - Reviewing and analyzing legislation and regulations governing the transfer of ownership or management of public assets or the provision of public services to third parties.
    - Assessing the legal treatment of revenues generated from the project according to the regulations governing them.
2. The second step involves assessing the legal readiness of the concerned government entity, which includes verifying that the concerned government entity and other relevant institutions have the legal authority to initiate the project or grant approvals.
3. The third step involves subjecting the project's core issues to a comprehensive legal analysis. Large-scale infrastructure projects often have significant legal implications, requiring a careful assessment of the following elements:
    - The financial aspects of the project.
    - Commercial viability, including the project's bankability.
    - The mechanism for using available land and assets.
    - Potential property claims on real estate by any other parties.
    - Any rights of other parties, such as state-owned oil companies and their underground pipelines or roads passing under power transmission lines.
    - Employment and employee transfers.
    - Tax and accounting matters in the project's financial model.

Table: Examples of Legal Issues That May Need to be Addressed

Example	Category
• A thorough analysis of the chosen type of support or specific public guarantees, when necessary. • Procedures for obtaining approval for public support and identifying the relevant authorities. • Identifying and reviewing legal restrictions that may affect private sector end-beneficiaries, if any. • Verifying the legal capacity to develop additional commercial activities such as advertising, retail, and entertainment.	Financial Aspects
• Analysis of the type of rights that can be granted to the private sector. • Consideration of the country's specific circumstances regarding land availability (this may take the form of right-of-way or project permits for transport, or site ownership for facilities). • Laws applicable to asset ownership. • Responsibility for relocating people residing in designated areas.	Land and Property Assets
• Potential impacts on public sector employees if assets are transferred to the private sector.	Employment
• The system applicable to the project. • The system applicable to imports (when large equipment is included in capital expenditures).	Taxation and Accounting

Example	Category
• Provisions for tax exemptions and potential tax benefits for foreign direct investment.	
• Environmental approvals that may be required by law or a specific project type. • Environmental exemptions applicable to the site and/or project.	Environment

D. Financial Feasibility

Owner: Partnership Committee

Completion Period: 2-4 months

Reviewer: Concerned Government Entity

Summary

The financial feasibility of a Public-Private Partnership project aims to determine whether the project is financially viable for both the government entity and the private sector. This is done by calculating expected costs and revenues, estimating risks, and determining if the project will provide better value when implemented as a partnership compared to being implemented by the government entity alone.

This analysis includes considering the availability of financing under current economic and market conditions, with the goal of establishing a financially sustainable partnership that achieves mutual benefits for both the public and private sectors, while meeting the project's objectives.

Objectives

1. To ensure the project is bankable and profitable for both parties.
2. To ensure the concerned government entity will achieve the best value for money.
3. To ensure the private sector achieves appropriate profits and a rewarding return.
4. To assess and minimize financial risks as much as possible.

Financial Analysis Methodology

The Partnership Committee prepares 4 basic analyses:

1. **Baseline Case (Current Situation):**

   What happens if the government entity continues to operate the project as is without any improvements?
   → This establishes the starting point.

2. **Public Sector Comparator Case:**

   What if the concerned government entity implemented the project on its own with improved service and quality?
   → This compares the cost and return if the responsibility remained entirely with the government entity.

3. **Government's Case in the Partnership:**

   What would be the state of public finances if the concerned government entity implemented the project in partnership with the private sector?
   → Objective: To determine if public money is being used more efficiently.

4. **Private Partner's Case:**

   What are the expected profits and costs for the private sector upon entering the partnership?
   → Objective: To ensure the private partner has a strong financial incentive and can meet its obligations.

Steps for Preparing the Analysis

1. **Data Collection**
   - Past and current costs.
   - Demand volume and past revenues.
   - Data from similar projects.
2. **Cost Analysis**
   - Capital expenditures (land, equipment, construction...).
   - Operating expenditures (salaries, maintenance, materials...).
   - Other costs (taxes, financing...).
   - In a partnership: The concerned government entity may pay a portion of the funds to the private sector.

3. **Revenue Analysis**
    - For the government entity: Expected fee revenues or returns.
    - For the private sector:
        - Payments from the concerned government entity.
        - Or fees directly from beneficiaries.
4. **Growth Assumptions**
    - Inflation (affects costs).
    - Demand growth (affects revenues).
5. **Preparation of Financial Statements**
    - Income Statement: To measure profits and losses.
    - Cash Flow Statement: To measure liquidity and the ability to finance the project.
6. **Sensitivity Analysis (What-if tests):**
    - What happens if demand decreases?
    - What if inflation rises?
    - Objective: To determine the project's ability to withstand various conditions.

Assumptions for Conducting the Financial Analysis for the Four Basic Cases Mentioned Above to Accurately Assess the Project's Financial Feasibility

1. **Baseline Case (Current Situation (brownfield))**
    - The project remains as is under the management of the government entity only.
    - Reliance on past and current data in terms of costs, revenues, and demand volume.
    - No improvements in quality or increase in supply.
    - Objective: To know the situation if no development or partnership is undertaken.
2. **Public Sector Comparator Case**
    - The project is implemented and managed entirely by the concerned government entity with improved service and quality.
    - Revenues are estimated based on government operation only.
    - Costs include all operational and capital expenses borne by the government entity.
    - Objective: To determine the project's viability for the government if the concerned government entity continued alone without involving the private sector.
3. **Government's Case in the Partnership (PPP – Public Side)**
    - The project is implemented through a partnership with the private sector.

    - The government analyzes the project's impact on its budget:
        - Expected revenues that will enter the treasury.
        - Amounts to be paid to the private partner (if any).
        - Other resulting costs.
    - Objective: To assess whether the partnership achieves better value for money for the government compared to managing the project alone through the concerned government entity.
4. **Private Partner's Case (PPP – Private Side)**
    - A detailed analysis is conducted for the private partner:
        - Costs (investment, operation, maintenance, financing)
        - Revenues:
            1. Payments from the concerned government entity (in return for developing or operating the service).
            2. Or direct fees from beneficiaries, depending on the nature of the project.
    - Objective: To ensure the private partner is able to:
        - Achieve an appropriate return on investment.
        - Adhere to its financial commitments throughout the contract period.
        - Achieve a profit that incentivizes it to enter the partnership.

This way, the four cases can be compared:

- Baseline Case: The situation as is.
- Public Sector Comparator: If implemented by the concerned government entity alone.
- Government in Partnership: The project's impact on public finances with private sector participation.
- Private Sector: The project's profitability for the partner.

Below is a simplified comparison table that briefly and clearly illustrates the four cases, focusing on costs, revenues, responsibility, and risks:

Risks	Responsibility	Revenues	Costs	Case
High due to poor development and low revenues	Government is fully responsible	Limited revenues from the current service	Borne by the government only (operation and maintenance without	Baseline Case (Current Situation)

Risks	Responsibility	Revenues	Costs	Case
			significant development)	
Relatively high (financial and operational risks on the government alone)	Government is responsible for financing and implementation	Project revenues under government management	Borne entirely by the government (investment + operation + maintenance)	Public Sector Comparator Case
Medium (risks shared with the private sector)	Shared responsibility, but the government oversees and monitors	Government revenues from the project + improved value for money	Government may bear part of the costs or payments to the private partner	Government's Case in Partnership - (PPP Public Side)
Medium – High (but offset by appropriate returns and profits)	Partner is responsible for operation and investment	Revenues from the government (payments) or directly from beneficiaries	The private partner bears most of the investment and operating costs	Private Partner's Case (PPP – Private Side)

The Basic Idea:

- Government alone (Cases 1 and 2): Bears all burdens and risks.
- Partnership (Cases 3 and 4): Costs and risks are distributed between the government and the private sector, providing better returns and financial sustainability opportunities for both parties.

Conclusion:

The study helps estimate the value for money:

- Does the partnership achieve savings and benefits for the government compared to implementing the project itself?
- Will the private sector receive sufficient profit to remain committed?

Therefore, if the results show that the government achieves better value + the private sector profits, this means the partnership is financially feasible.

Source of Funding

The private sector conducts an in-depth assessment of the available financing options for PPP projects, given the need for significant capital. In the case of greenfield projects that do not generate cash flows during the development phase, it is unusual for capital expenditures to be fully financed through equity provided by private sector partners.

The methods of financing PPP projects vary between non-traditional and traditional options. Here we will discuss only traditional financing methods.

1. **Equity**

   The private partner is responsible for structuring and providing equity contributions to the PPP project. Typically, these contributions come from members of the consortium participating in the project. Other parties such as contractors, development organizations, or even public entities may also contribute to the equity.

   In case of project losses, equity investors are the first to bear the losses. Lenders are only affected if the equity is lost and is insufficient to cover the project's obligations. Due to the high risks associated with investing in a PPP project, equity investors are granted higher returns on their investments compared to creditors.

   The following chart illustrates the common sources of equity financing.

Typical Sources of Equity Capital

- Public Offerings / Equity Funds
- Owner / Stakeholder Contribution
- In-kind Contribution
- Retained Earnings

2. **Debt**

Within the framework of PPP projects, the burden of arranging debt financing falls on the private partner. This requires raising funds from a variety of sources including financial institutions such as banks and development organizations. The largest portion of this debt is provided as senior debt, from major lenders who require guarantees that the project will generate sufficient cash flows to repay the debt. These lenders demand preference in repayment and access to project assets compared to other creditors.

Typical Sources of Debt

- Commercial Banks
- Development Banks (e.g., Economic Development Board or World Bank)
- Bilateral Funds
- Bond Issuance

3. **Grants**

The government may provide financial (or sometimes non-financial) support through grants to development projects with social or economic benefits that might lack financial viability without this support. These grants aim to support the project's financial viability by funding initial capital expenditures, which reduces the overall financial risk of the project, thereby increasing its attractiveness to investors and enhancing the likelihood of its successful completion.

In addition, these grants stimulate economic growth and development by supporting projects that have the potential to create jobs, improve infrastructure, and promote innovation.

E- Contracting Model

Owner: Partnership Committee

Completion Period: 2-4 months

Reviewer: Concerned Government Entity

Summary and Objectives

The contracting model defines the scope of the project and the obligations of the public and private parties. The contracting model is extremely important, as it forms the basis for the final agreement. The Partnership Committee must prepare the contracting model, which may be prepared with the participation of specialized advisors between the concerned government entity and the private partner. Therefore, it must cover at least the following sections, with the possibility of including additional sections if needed:

1. **Scope of the Project and Contract, including contract duration and implementation plan and mechanism**

   The duration and scope of the contract in a PPP project depend on the type of partnership used. It should be chosen at the end of the feasibility study stage at the latest. The contracting model should also clearly define the specific objectives and outputs that the private partner is contracted to complete.

   The implementation of a PPP project can often take several years and go through multiple bidding stages. Therefore, the contracting model must include a detailed implementation plan that specifies steps and specific timelines for each stage. This could include launching the project in different phases such as design, construction, and operation of the infrastructure or service.

   It is important to note that the Partnership Committee must define the content of each implementation stage, such as the start date of implementation, which ensures that all stakeholders are aware of the project's progress and implementation method. This level of detail in the contracting model helps ensure that the project is implemented effectively and efficiently, and that the private partner fulfills its obligations under the contract.

2. **Governance - Financial, Administrative, and Technical Supervision and Monitoring of the Contract**

Governance in a PPP project refers to the mechanisms and processes put in place to ensure that the contract between the public and private partners is implemented effectively and efficiently. This includes monitoring and supervising the financial, administrative, and technical aspects of the project.

Financial governance involves monitoring and supervising the financial performance of the private partner, including revenues and expenditures. This may include regular financial reports and audits, and ensures that the private partner meets its financial obligations under the contract.

Administrative governance involves monitoring and supervising administrative aspects such as procurement, human resources, and risk management. This may include ensuring that the private partner complies with its obligations regarding laws and regulations, and that it has adequate systems and processes to manage the project effectively.

Technical governance involves monitoring and supervising the technical aspects, such as design, construction, and operation. This may include ensuring that the private partner meets its technical obligations under the contract and delivers the infrastructure or service according to the required standards. Technical governance may also include regular inspections and audits to ensure the private partner's compliance with the contract.

3. Key Performance Indicators for Evaluating the Private Partner's Performance

In-depth explanation of Key Performance Indicators (Example):

<table>
<tr>
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Defining Key Performance Indicators includes the following:

Identifying the strategic objectives the project aims to achieve.
Assigning one or more Key Performance Indicators for each strategic objective.
Defining the details of each indicator (such as reporting frequency, unit of measurement, evaluation methodology and mechanism, data source, and the importance of the indicator).

</td>
<td>Setting Performance Indicators</td>
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<td>
A score is assigned to each Key Performance Indicator based on the company's performance compared to the expected performance (an example of a service expected to take two hours is shown below).
<table>
<tr><th>Excellent</th><th>Good</th><th>Poor</th><th></th></tr>
<tr><td>5</td><td>3</td><td>1</td><td>Points</td></tr>
<tr><td>Less than 2 hours</td><td>2 - 3 hours</td><td>More than 3 hours</td><td>Performance</td></tr>
</table>
</td>
<td>Partner Evaluation</td>
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<td>

After determining the points for each Key Performance Indicator, all individual indicators are summed up to arrive at the overall score.
Penalties may be imposed or bonuses granted to the private sector partner based on the overall evaluation score and its

</td>
<td>Applying Bonuses / Penalties</td>
</tr>
</table>

success in achieving the target score specified in the contracting model. 3. Penalties or bonuses may also be imposed based on individual Key Performance Indicators of high importance.	

4. Ownership of the Project and its Assets, and Procedures for Handover and Change of Ownership

The ownership of the project and its assets under a PPP framework is usually a shared responsibility between the public and private sectors, where the private partner is responsible for design, construction, financing, and operation, while the public sector retains ownership of the assets and sets the general objectives and standards for the project.

The procedures for handover and change of ownership in PPP projects vary depending on the type of project, but generally follow these steps:

- Construction: The private partner designs and builds the project according to the contract terms.
- Operation: After construction is complete, the project is operated by the private partner, who also handles maintenance tasks.
- Operation Phase: During this phase, the private partner continues to operate and maintain for the period agreed upon in the partnership contract.
- Handover: At the end of the operation phase, the project is handed over from the private partner to the public sector.
- Transfer of Ownership: After handover, ownership of the assets is transferred to the public sector, which in turn takes over operation and maintenance.

It is essential to specify the precise details of the handover process and organize it in the contract, detailing procedures and completion stages to ensure a smooth transition, as well as conducting the ownership transfer in a way that preserves the assets in good condition and meets the future needs of the public sector.

5. **Financial Rules and Obligations between the Parties, including Revenue and Payment Mechanism (if any)**

The PPP agreement typically specifies the financial rules and obligations between the partners, including:

- Revenue and Payment Mechanism: This may include the payment structure related to the private partner, such as fixed fees, performance-based payments, or a combination of both. It may also include details of revenue sharing between the parties.
- Financing: The partnership agreement defines the financing arrangements for the project. These arrangements include sources of funding and the responsibilities of each party towards financing.

6. **Rules and Procedures related to Contract Suspension, Modification, or Termination**

An overview of the following rules should be included in the contracting model:

- Suspension: Defining the circumstances under which the contract can be suspended, such as non-compliance with terms or in cases of force majeure where it is impossible to continue the project.
- Modification: Defining how modifications can be made to the contract to meet changing circumstances or to improve project performance.
- Termination: Defining the reasons for which the contract can be terminated, such as a material breach of obligations or the economic non-viability of the project.
- Notification: Defining the required notice period before suspending, modifying, or terminating the contract, as well as the methods for providing notification.
- Justification: Defining the reasons on which a request for suspension, modification, or termination can be based, and the procedures required to review these requests.
- Compensation: Defining the financial compensation that either party can claim in the event of suspension, modification, or termination of the contract and the process for claiming such compensation.

F. Social, Economic, and Environmental Analysis

Owner: Partnership Committee

Completion Period: 2-4 months

Reviewer: Concerned Government Entity

Social Impact Analysis

Summary and Objectives

Social impact analysis focuses on measuring and understanding the effects that a project may have on local communities within its sphere of influence. This analysis aims to mitigate any potential negative impacts by taking these aspects into account during the decision-making process. Social impact analysis is important for reducing project-related risks by minimizing potential objections and increasing social support, as well as providing a broader understanding of the expected costs and benefits of the project.

Steps to be Followed:

The process of social impact analysis is legislatively regulated in many countries as part of the evaluation procedures for infrastructure projects. The Partnership Committee must follow the legislative rules in force in the United Arab Emirates, and the rules usually include the following:

1. Identifying the people who live or work within the project's impact area. This includes mapping communities and analyzing their social, economic, and cultural relationships with the project's target area, as well as identifying relevant social issues.
2. Preparing a social baseline that describes the current situation before the project implementation begins.
3. Assessing the potential impacts of the project on the identified communities within the impact area by comparing the situation with and without the project.
4. Identifying strategies to mitigate the negative impacts discovered in the previous steps, and preparing a social action plan that includes recommendations, a preliminary cost estimate, and an implementation timeline.

Economic Impact Analysis

The economic analysis determines the extent of the project's impact on the economy and typically includes the following:

- Direct Impacts: The immediate and direct effects of the project on the economy, such as reducing time, increasing the speed of service delivery, creating jobs, increasing economic activity, and improving infrastructure.
- Indirect Impacts: The secondary or indirect effects of the project on the economy, such as on suppliers and other local businesses.
- Induced Impacts: The economic effects resulting from the increased income and spending of project employees and other direct beneficiaries.
- Fiscal Impacts: The impact on public finances, including government revenues and expenditures, such as the tax revenues it will generate and the costs associated with the project.
- Quantitative Analysis (GDP impact calculation): Please see the example below.

Here are some examples of potential social impacts to consider:

1. Displacement and resettlement of populations and loss of livelihoods.
2. Changes in demographic status and social cohesion.
3. Loss of cultural heritage or sacred places.
4. Blocking access to resources and services.
5. Impact on community health and well-being.
6. Changes in the economic conditions of the community.
7. Impact on community safety and security.
8. Changes in community opinions about the project and its developing companies.

GDP Impact Calculation – Example of a PPP contract for a service:

[A diagram showing that Total GDP Impact = Direct GDP Impact + Indirect GDP Impact. Direct Impact = Wage Expenditures (Annual Employee Income x Wage Localization Factor) + Corporate Profit Expenditures (Annual EBITDA x Corporate Localization Factor). Indirect Impact = Direct GDP Impact x Indirect GDP Multiplier for Public Administration.]

Environmental Impact Analysis

Summary and Objectives

Private projects have positive or negative environmental impacts resulting from the construction and operation phases. These impacts may extend beyond the immediate project area and affect communities and environments in all affected areas. All these challenges, in addition to the requirements related to official approvals from environmental authorities, may result in delays in project implementation. On the other hand, environmental precautionary measures imposed on the project by regulatory authorities may affect the project's costs and return on investment.

Therefore, a comprehensive assessment of environmental impacts must be conducted during the project evaluation stage to identify and adequately address these issues and ensure they are included in the project decision analysis, while predicting and avoiding or working to minimize negative impacts.

Furthermore, some financial institutions adopt their own environmental standards that they impose on their clients, which may contain additional requirements. Therefore, these environmental standards must be understood and integrated into the evaluation process to ensure the project meets the necessary requirements of the financing entities.

Steps to be Followed:

Environmental feasibility analysis is a crucial step in the framework of PPP projects, as it aims to assess the possibility that any part of the project could pose a challenge in obtaining environmental approvals. To reach a satisfactory answer on this point, four main steps should be followed:

1. Identifying all legal and regulatory aspects related to environmental approvals. This process includes analyzing the environmental regulatory framework for approvals, identifying the body responsible for issuing these approvals, and understanding the required procedures, including the levels of approval needed.
2. Conducting a thorough environmental analysis to assess and describe the expected environmental impacts of the project. This is usually referred to as an environmental impact assessment, and should be in the form of a formal report that accurately reviews the project's environmental impact, including a comprehensive analysis of its effects on the target area and a description of the affected physical and biological components.
3. Developing a strategy to mitigate some of the specific impacts of the project, with a focus on the most significant main environmental impacts and identifying how to reduce them, such as changes in infrastructure design or output specifications and measures to compensate for unavoidable environmental consequences.

4. Obtaining environmental permits where possible and the final approvals necessary for infrastructure construction, taking into account that it may not always be possible to obtain all environmental approvals during the evaluation stage.

G. Risk Analysis

Owner: Partnership Committee

Completion Period: 2-4 months

Reviewer: Concerned Government Entity

Risk Management Methods

The responsibility for bearing and managing risks in PPP projects rests with all parties, as each party manages the risks it has the best ability and expertise to handle. Therefore, the following steps should be followed to enhance the distribution of responsibilities related to risks:

1. ### Risk Identification

   The Partnership Committee must identify all potential risks that may arise during the project period. This includes identifying all types of risks that stakeholders, including the concerned government entity and the private sector, may face.

   Table 7 shows some common risks that may arise during PPP projects, but please note that the uniqueness of each project exposes it to different types of risks.

   [Diagram showing the sequence: 1. Identify Risks -> 2. Assess Risks -> 3. Mitigate and Allocate Risks and Identify the Party Responsible for Managing Them]

Table (7): Common Risks in Public-Private Partnership Projects

Examples of Risks

Inflation	Employment	Financing
Demand Fluctuation	Compliance	Cultural Change
Operating Costs	Bankruptcy	Construction
Political Risks	Data Privacy	Change in Law
Force Majeure	Social Risks	Environmental Risks

2. Risk Assessment

The Partnership Committee must assess the potential impacts of the risks. This usually depends on available data and expert opinions. The Partnership Committee must estimate the magnitude or impact of the risks and their likelihood of occurrence when evaluating each case.

3. Mitigation and Allocation of Identified Risks

Some risks may require one of three mitigation strategies: avoiding the risk altogether, transferring the risk from one party to another, or monitoring the risk and acting when necessary. The attached appendix provides an example of the main risks associated with PPP projects and their mitigation measures.

Table: Examples of How to Assess Risks

Impact		**Likelihood**	
Financial	**Rating**	**Occurrence**	**Rating**
Direct loss exceeding AED 100 million	Very High	Very likely to occur with a probability exceeding 60%, has occurred frequently in similar circumstances	Very Likely
Direct loss of AED 10-100 million	High	High likelihood of occurrence, between 30-60%, under normal project conditions	Likely
Direct loss of AED 1-10 million	Medium	Possible to occur with a probability between 10-30%, similar individual incidents have been recorded	Possible
Direct loss of AED 0.1-1 million	Low	Likely to occur only under exceptional circumstances, with a probability between 1-10%, but the possibility remains low	Unlikely
Direct loss of less than AED 0.1 million	Very Low	Not expected to occur (< 1%), no similar incidents have been recorded	Very Unlikely
For other potential impacts resulting from the nature of the project, specifically its effect on the number of inspections required in the case of fire safety measures, the necessary studies and analyses must be conducted.			

H. Tendering Plan

Owner: Partnership Committee

Completion Period: Two weeks

Reviewer: Concerned Government Entity

The tendering plan defines the bidding process and details each step of the process, and should include the following sections:

Introductory Section

1. A summary of the Public-Private Partnership project, including the need for the project, the specific objectives and how to achieve them, technical elements, the contracting model, and details of risk allocation.

1. A summary of the expected market for the Public-Private Partnership (PPP) project, specifying whether the target market is local or international, and outlining the advertising and marketing program and any other steps to be implemented according to the approved bidding plan to attract investors and engage stakeholders.

Bid Preparation

1. Necessary preparations for bidding, including determining the number of employees and their roles, and any external advisory services.
2. The steps and timeline of the bidding process, including the number of clarification requests, and the schedule of activities and responsibilities at each stage.
3. Detailed procedures and mechanisms for bidding, the bidding method, its rationale, and its budget.
4. Provisions for communication with the private sector, qualified investors, or bidders to enable them to submit their bids.

Other Sections

1. Details of the approved evaluation procedures and criteria.
2. Risks of bidding and proposed measures to address them.
3. The approved method for submitting feedback and amendments to the bid documents, and the suggestions allowed for bidders regarding the possibility of submitting alternative technical proposals that would improve the PPP project.
4. The expected budget for the bidding procedures.
5. Draft bid documents (including notices, special and general provisions for the bidding process, a draft partnership project contract, and any other documents attached to the bid documents).

6. A statement indicating whether the bidding plan and documents contain any changes to the data and information provided in the business study documents or the project approval decision, with an explanation of the procedures and measures taken regarding those changes.

J. Final Analysis and Obtaining Approval to Launch the Project

Owner	Completion Period	Reviewer	Review Period	Approver
Partnership Committee →	Two weeks →	- Relevant Government Entity - Department of Finance →	Two months →	Governor's Representative

Steps to be followed:

1. The Project Committee gathers all the detailed analyses mentioned in this chapter into a single document and shares it with the relevant government entity.
2. The relevant government entity reviews the study and has the right to request any clarifications or amendments if necessary, then submits it to the Department of Finance.
3. The Department of Finance reviews the study and shares its comments and proposals with the relevant government entity, if any.
4. The Department of Finance submits the study to the Governor's Representative to make the final decision on whether to approve or reject the project launch.

The study must include the following:

- Project overview and strategic objectives
- Current status of the asset or service
- Procurement alternatives, including value for money and the pros and cons of each

- Applicable Public-Private Partnership (PPP) models and the reasons for choosing one
- Technical analysis
- Legal analysis
- Financial analysis
- Social, economic, and environmental impact analysis
- Potential project risks
- Bidding plan

Chapter Four: Bidding and Partner Selection

The processes outlined below describe the standard and comprehensive bidding procedure to be followed for all PPP tenders in accordance with the requirements of the Partnership Law. However, an exceptional method may be adopted, which is:

Direct Appointment

The direct appointment method may be used, where the relevant government entity negotiates directly with one or more potential partners. This method is used only in the case stipulated in paragraph (c) of Article (11) of the Law. In this case, the relevant government entity begins direct negotiations with the potential private partner after the approval of the Governor's Representative based on the recommendation of the Department of Finance. The directive issued by the Chairman of the Executive Council or the Governor's Representative for direct contracting on any partnership project shall be treated as the case stipulated in paragraph (c) of Article (11) of the Law.

Standard and Comprehensive Bidding Procedure

The processes outlined below explain the standard and comprehensive bidding procedure to be followed for all PPP tenders in accordance with the requirements of the Partnership Law.

A. Invitation to Bid and Expression of Interest

Owner	Completion Period	Reviewer	Review Period

Partnership Committee → One week → Relevant Government Entity → One week

Overview

The invitation to bid for a PPP project is a marketing document issued by the relevant government entity to invite potential private sector partners to express their interest in a specific partnership project with the government entity. This invitation opens the door for competition, motivates potential partners to participate, and provides an opportunity to discuss the project with potential bidders, gather their initial opinions, and understand their concerns about participating in the procurement process before they submit their bids.

> The Expression of Interest stage does not result in the qualification or disqualification of any potential bidder.

Steps to be followed:

The Project Committee prepares the Invitation to Bid document, which includes the following:

1. A summary of the project and the expected timeline.
2. A summary of the objectives, scope of work, and desired outcomes.
3. Instructions on the nature of the work, bid submission requirements, participation fees (if any), submission mechanism, and submission deadline.
4. Information on the accepted formats for submitting expressions of interest.

Criteria for competitive, transparent, and efficient procedures in selecting the private partner, through:

1. Subjecting the partner selection process to the principles of publicity, transparency, free competition, equal opportunity, and fairness, and

announcing the tender, ensuring that the partner meets the approved financial and technical criteria, controls, and requirements, and has the capacity and competence in the field of the proposed project.

2. The necessity of clearly announcing the project and its details in various media outlets well in advance of receiving bids, in addition to publishing the legally stipulated controls and criteria for evaluating bids.
3. The possibility for the government entity to hold preliminary meetings and encounters with qualified partners to discuss all matters related to the partnership project, with the government entity committing to the principle of confidentiality and not disclosing the partner's private secrets.
4. Requiring that the invitation to bid announcement includes all details related to the project, including partnership requirements from financial, technical, and administrative aspects, the approved partnership model, as well as the conditions for submitting bids and the required financial guarantees.
5. The necessity of including in the terms and specifications booklet prepared by the government entity complete information related to the project, technical conditions, final product specifications, and specific timelines, in addition to giving partners sufficient time to study the project and submit bids according to the project's complexity.
6. The necessity of having a specific mechanism for studying the submitted bids based on a technical and financial feasibility study, and that the government entity's decision to cancel the bid is justified, as well as defining the cases in which the bid is canceled and establishing the principle of the possibility of accepting a single bid for the public interest.
7. Adopting a mechanism for evaluating bids by the Partnership Committee in a way that ensures fairness of evaluation and according to the principles and procedures specified in the project's terms and specifications booklet, while granting full freedom to bidders and their legal representatives to attend the bid opening session.

B. Prequalification

Owner	Completion Period	Reviewer	Review Period	Approval Grantor
Partnership Committee →	Two weeks →	Relevant Government Entity →	Two weeks →	Relevant Government Entity

Interested parties are given a period of two weeks to submit a Statement of Qualifications starting from the date of delivery of the Request for Qualification.

Overview

The prequalification phase begins with the relevant government entity issuing a Request for Qualification (RFQ) to interested private sector partners, who in turn submit a Statement of Qualifications (SOQ). This phase is essential in the PPP process for the following reasons:

- Reason One: To ensure that private sector partners have the necessary technical and financial qualifications to execute the project efficiently and meet their contractual obligations. This includes:

Financial and Technical Conditions Required for the Private Sector Partner

When implementing government projects in partnership with the private sector (PPP - Public-Private Partnership), specific financial and technical conditions are set for the private partner to ensure their ability to execute the project efficiently and according to government standards. Below is a detail of the most important of these conditions:

First: Financial Conditions

1. **Financial Solvency:**
    - The private sector partner must have sufficient financial capacity to fund their share of the project.

    - Submission of audited financial statements for the last three years (income statements, balance sheets, cash flow statements).
    - An appropriate level of liquidity and debt-to-equity ratio (gearing ratio).
2. **Financing:**
    - Ability to secure financing from reliable sources (such as banks or institutional investors).
    - Submission of a clear financing plan (financing structure, sources of funds, terms).

Second: Technical Conditions

1. **Previous Experience:**
    - A proven track record in implementing similar projects in terms of size and complexity, both domestically and internationally.
    - Providing evidence of previous implementation of government projects or projects under a partnership system.
2. **Technical Capabilities:**
    - Possession of or contracting with qualified technical and administrative competencies.
    - Availability of the necessary equipment and infrastructure.
    - Efficiency in managing design, construction, operation, and maintenance, depending on the nature of the contract.
3. **Work and Implementation Plan:**
    - Submission of a detailed implementation plan that includes the timeline, project phases, and methods for risk and quality management.
    - Submission of a detailed technical plan showing the means of implementation, technical guarantees, and quality standards.
4. **Compliance with Standards:**
    - Adherence to technical specifications, and environmental, health, and safety standards.
5. **Operational Capability for projects involving operation and maintenance:**
    - Existence of an effective operational model.
    - Proven experience in the operation and maintenance of public or private facilities.

Additional Notes:

- The specific details vary by sector (e.g., transport, energy, health, education) and the nature of the project.
- These conditions are often regulated through the terms of reference or Request for Proposals (RFP) issued by the government entity.
- It may also be required to form a consortium or a Special Purpose Vehicle (SPV) for the project.

- Reason Two: To save time and avoid prolonging the final bidding stage by eliminating unqualified parties early in the bidding process.
- Reason Three: To qualify a limited number of participants with high technical expertise after excluding unqualified parties, which also contributes to reducing the costs and effort required in the evaluation stage.

Steps to be followed:

1. The Partnership Committee prepares the Request for Qualification (RFQ).
2. The relevant government entity reviews the RFQ and shares it with potential private sector partners who have expressed interest.
3. Potential private sector partners submit a Statement of Qualifications (SOQ), responding in detail to the points mentioned in the RFQ.
4. The Partnership Committee studies and evaluates the SOQs according to the specified criteria.
5. The Partnership Committee submits its recommendation to the relevant government entity, including the best candidates for approval.
6. The Partnership Committee communicates with the bidders to inform them of the qualification result.

Related Documents

1. **Request for Qualification (RFQ):**

Government Entity ⇆ Bidder

A bid document issued to potential bidders, requesting detailed information about their qualifications, competencies, and the reasons for their interest in a particular project.

> Discussions between potential private sector partners and the relevant government entity can be held throughout the process at the request of either party. The contact number of a member of the Partnership Committee in the relevant government entity should be included in the Request for Quotation to enable this line of communication to function effectively.

2. **Statement of Qualifications (SOQ):**

Bidder ⇆ Government Entity

A written statement sent to the government entity in response to the Request for Qualification.

C. Request for Proposals (RFP)

Owner	Completion Period	Reviewer	Review Period
Partnership Committee →	1-6 months →	Relevant Government Entity →	One month

Interested parties are given a period ranging from one to six months to submit their proposals after the issuance of the Request for Proposals (RFP). The duration is determined by the relevant government entity in the bidding plan, taking into account the complexity of the project.

Overview

The Request for Proposals is sent to qualified bidders to gather information that enables the relevant government entity to evaluate the proposals and identify the most suitable bidder to execute the project.

Discussions between potential private sector partners and the relevant government entity can take place throughout the process at the request of either party. Contact information for a member of the Partnership Committee from the relevant government entity is included in the RFP to facilitate this communication.

If the Partnership Committee is unable to agree with the best bidder based on the proposal evaluation results on the project terms and the project agreement, the Partnership Committee may cease negotiations with the best bidder and proceed to negotiate with the next-ranked bidders according to the proposal evaluation results.

Proposals for partnership projects are submitted by a single private sector partner or by a consortium of several private sector partners. If a proposal is submitted by a consortium, it should be submitted in the name of the entire consortium, and its members are prohibited from submitting individual proposals or proposals as part of another consortium, or submitting a proposal from a company in which a consortium member holds a majority stake or controls its management, unless the bidding terms state otherwise or with the approval of the Governor's Representative.

The relevant government entity reserves the right to cancel or amend the bidding procedures or the project at any stage before the contract is awarded, provided that a clear explanation of the reasons is given to all applicants.

Bidders are not entitled to claim compensation in the event of cancellation or modification of the bid or project.

To ensure transparency and fair competition, the evaluation criteria must be clearly stated in the RFP, and these criteria must be objective, measurable, and directly related to the project requirements.

The relevant government entity has the right, at its discretion and after completing negotiations with the bidders, to request the submission of a Best and Final Offer (BAFO), which shall be in accordance with the following procedures:

1. Official Request for the Best and Final Offer: The Partnership Committee should send a formal invitation to the selected candidates to submit their best and final offer, clearly stating the deadline for

this submission and explaining any changes or additional information required from previous bids.

2. Defining the criteria for the Best and Final Offer: The Partnership Committee must clearly define the evaluation criteria for the BAFO, ensuring they are consistent with the requirements specified in the initial bid.
3. Adherence to basic terms: The request for the BAFO should not change the essential terms of the original bid, maintaining consistency in the terms and fairness in the submission process.
4. Last chance to amend bids: The Partnership Committee must clarify that the request for the BAFO represents the last opportunity for bidders to amend their proposals and that there will be no negotiations after this stage.
5. Maintaining strict confidentiality: The Partnership Committee must ensure the complete confidentiality of the final best offers to prevent the disclosure of any offer's content to competitors, thus ensuring fair competition.

Steps to be followed:

1. The Partnership Committee prepares a Request for Proposals (RFP) form.
2. The relevant government entity reviews the RFP and shares it with potential private sector partners.
3. Potential private sector partners prepare their technical and financial proposals based on the conditions outlined in the RFP and submit them to the relevant government entity.
4. The Partnership Committee reviews and evaluates the proposals according to the RFP terms and submits its recommendation for the best bidder to the relevant government entity.
5. The relevant government entity prepares a summary of the best proposals with the selected bidder.
6. The award is made in accordance with Article (20) of the Partnership Regulation Law.

Related Documents

1. **Request for Proposals (RFP):**

Government Entity ⇆ Bidders

A bid document issued by the relevant government entity to invite bidders to submit their proposals for a PPP project, aiming to enable the relevant government entity to gather detailed information about qualified applicants to help select the most technically and financially suitable proposal for the project.

2. **Proposal:**

   Bidders ⇆ Government Entity

   A document submitted by bidders to the relevant government entity in response to a Request for Proposals for a PPP project.

Responsibilities of the Partnership Committee and the Relevant Government Entity in Review and Selection

1. **Opening of Proposals**
   - Receive all technical and financial proposals
   - Ensure receipt of all proposals and associated documents, record the names and number of documents received, and the date and time of their receipt.
   - Invite bidders to attend the proposal opening session if the approved bidding plan and RFP specify such a procedure.
2. **Evaluation of Technical Proposals**
   - Prepare a checklist to verify the documents, data, and other information that must be included in the technical proposals based on the RFP.
   - Receive and review the technical proposals to ensure their completeness and compliance with the RFP requirements.
   - Prepare a report detailing the compliant and non-compliant proposals (specifying areas of non-compliance and deficiencies after reviewing the approved list of requirements and conditions for the project).
3. **Evaluation of Financial Proposals**
   - Comprehensive evaluation of the financial proposals.

- Detailed analysis of the strengths and weaknesses of the financial proposals according to the specified evaluation criteria, and identify the required clarifications.
- Evaluate the financial proposals and determine which proposals pass the evaluation, taking into account any additional non-financial evaluation criteria stipulated in the bidding plan and RFP.
- Prepare the evaluation and ranking report.
- Clarify the information contained in the proposals based on the approved mechanism and timeframe.
- Update the evaluation report and identify any changes that occur in the ranking of the proposals.

> At the discretion of the Partnership Committee, specialized committees may be formed to assist in the evaluation process when needed, such as a financial proposal evaluation committee, a technical proposal evaluation committee, or a bid opening committee.

D. Awarding the Public-Private Partnership Project

Owner	Completion Period	Reviewer	Review Period	Awarding Authority
Partnership Committee →	One month →	- Relevant Government Entity - Department of Finance →	Two weeks →	According to the competent authority as per Article (20) of the law

E. Competent Authorities for Awarding and Final Approval of Partnership Projects

No.	Status of the proposed partnership project in terms of financial cost	Awarding and Approval Authority
1	The partnership project generates revenue or financial savings	Director General of the relevant government entity
2	The financial cost borne by the relevant government entity for the partnership project (not exceeding 20 million AED)	Director General of the relevant government entity
3	The financial cost borne by the relevant government entity for the partnership project (exceeding 20 million AED but not exceeding 50 million AED)	Director General of the Department of Finance
4	The financial cost borne by the relevant government entity for the partnership project (exceeding 50 million AED)	Governor's Representative

The Partnership Committee informs all bidders of the award decision, and the preferred partner is announced.

After selecting the private partner through an open competitive process and ensuring that this partner possesses all the required qualifications and specifications for the project, the Partnership Committee drafts the Public-Private Partnership project agreement, submits it to the relevant government entity for review, and forwards it to the Department of Legal Affairs for its prior review in accordance with Article (25) of the Law, before it is signed by both parties to the agreement or contract. The Department of Legal Affairs must, in this regard, coordinate with the Department of Finance to review the financial terms and clauses in the draft agreement or contract that may affect the financial interests of the government entity, ensuring that the partnership agreement includes the following:

1. Clear identification of the contracting parties, namely the government entity owning the project and the private partner through the project company established for this purpose if it is agreed to establish it between the two parties, with the possibility of the government entity participating in the project company through a limited liability company to support the private partner's confidence, with the possibility of exemption from establishing this company in special cases, provided that the necessary approvals are issued by the Governor's Representative.
2. Defining the contract duration necessary to complete and deliver the partnership project ready for operation, as well as the period set for the lease, at the end of which ownership is transferred to the government entity, taking into account the nature and scope of the work and responsibilities specified in the partnership contract.
3. The necessity of attaching a set of annexes to the contract that include technical specifications and implementation schedules, to be prepared by the private partner and approved by the government entity.
4. Emphasizing the commencement of the financial obligations on the government entity, such that this obligation is determined from the date the service is made available by the private partner, with the form of payment specified, which is often periodic according to the specified performance levels.
5. The distribution of both risks and returns, with each party committing to its defined role in the partnership contract.
6. Obligating the private partner to achieve localization ratios at all administrative levels of the project due to its importance in providing national employees with this type of experience.
7. The right to change or modify specifications or services and any resulting financial obligations within a framework that ensures the continuity of the contract and the financial balance of the project.
8. The necessity of providing for a periodic evaluation of the prices of the service provided by the private partner, so that market prices in the free economy enjoyed by the Emirate are taken into account.

9. Providing for the government entity's right to oversee the efficiency of operation to ensure the quality standards agreed upon at all stages of the project.
10. Defining clear and scheduled timings for the payment of financial obligations, with the possibility of amending them and studying their impact on the partnership contract, the reasons for the amendment, and the agreement between the government entity and the private partner.
11. The private partner's right to make profits, whatever they may be, unless financing plays a role in them, in which case it becomes necessary for it to be done according to a profit-sharing mechanism resulting from the credit facilities contributed by the government.
12. The government entity's commitment to consider circumstances that the private partner may face, which may not amount to force majeure.
13. Regulating cases of early termination of the contract and the resulting compensation.
14. The necessity of specifying the required insurance levels.
15. Allowing for amicable settlement of disputes as well as arbitration, provided that the Chairman of the Executive Council approves, making recourse to the judiciary the last resort.
16. In addition to including several clauses in the agreement, such as technical and implementation requirements, environmental and social requirements, performance guarantees and insurance requirements, implementation schedule, reporting obligations and oversight provisions, financial structure regulations of the contract, payment mechanisms, definition of force majeure and its provisions, dispute resolution and termination provisions, compensation upon termination, extension, renewal, and amendment, and project default.

Some of these rules and provisions, such as those governing unforeseen circumstances, contract termination, asset mortgage arrangements, etc., may vary from one project to another and must be detailed precisely in the project agreement and discussed and agreed upon clearly between the concerned parties.

We note that after the award and before the financial close, the private partner or partners should establish the project company (a special purpose vehicle), taking into account the exception provided in paragraph (c) of Article (22) of the Partnership Regulation Law.

Steps to be taken by the relevant government entity when negotiation with the partner is needed:

1. Form a negotiation team including members of the Partnership Committee and additional advisors as necessary. Members must have relevant expertise in the areas of negotiation and the details of the Public-Private Partnership project.
2. Request the best bidder, and standby bidders if necessary, to increase their guarantees to cover what is agreed upon during negotiations.
3. Determine the place and time for the final negotiations and prepare a precise schedule, taking into account the requirements related to the bid guarantees.
4. Communicate with the best bidder to discuss the details and requirements related to the final negotiations.
5. Formulate and document the negotiation strategy and determine the importance of each negotiation point as high, medium, or low, focusing on legal aspects and formulating the negotiation team's position on each point.
6. Record the details of the negotiations with the bidder and the final results for each negotiation point.
7. Prepare minutes that include the negotiations and what was agreed upon and send them to the bidder for signature.

Grievance against Bidding Procedures

According to Article 36 of the Partnership Regulation Law, any interested party may file a written grievance against any decision or action taken against them by the government entity under this law, the decisions issued thereunder, or the partnership contract. Grievance applications can be submitted for the following reasons, by way of example but not limitation:

- A. Violation of the bid documents or its procedures of the provisions of the Partnership Regulation Law, this decision, or other relevant laws.
- B. Violation of the partner selection procedures of the provisions of the Partnership Regulation Law, this decision, or other relevant laws

in a way that affects transparency and fair competition among bidders.

- C. Evidence of bribery, illegal commissions, bid rigging, fraud, or abuse of power with the intent to unlawfully influence the bidding procedures to an extent that these actions have an actual impact on the results of the bid award, without prejudice to the provisions of any other relevant law.

Formation of the Grievance Committee

A committee to decide on grievances related to the PPP bidding procedures shall be formed by a decision of the Governor's Representative, according to the provisions of Article (36) of the Partnership Regulation Law.

Grievance Process

1. Any of the bidders may submit a grievance application to the committee within a maximum of 15 days from the date of the decision or action being grieved. The application must include details and supporting documents, clarifying the direct impact of this decision or action.
2. The Grievance Committee will review the submitted grievance in detail and decide on its subject matter within 30 days from the date of its submission.
3. If the Grievance Committee finds that the reasons for the grievance are valid, the committee will issue its recommendations regarding the grievance, which include the following actions:
    - Correcting the wrongful procedure
    - Disqualifying one of the bidders
    - Taking any other measures
    - Rejecting the grievance for lack of valid reasons
4. The committee submits its recommendations to the Governor's Representative.
5. The Governor's Representative issues his decision on the grievance within (15) days from the date of receiving the recommendations, and his decision in this regard shall be final.

F. Commercial and Financial Close

After the bidding process is completed, necessary approvals are obtained, and relevant documents are updated to clearly confirm the project's status, the relevant government entity must conclude the contract, taking into account the fulfillment of the preceding conditions for the project to commence. In this context, it must do the following:

- Verify the completion of all necessary approvals for awarding and signing the contract.
- Prepare and complete the Public-Private Partnership project documents.
- Determine the time and place for signing the PPP project documents, and coordinate with the winning bidder.
- Allow the concerned parties to sign the contract.
- Establish regulations for the commercial and financial close.
- Finalize all financial close procedures for the PPP project, including any updates to the financial model and amendments to the contract to reflect the final financial terms.
- Begin the implementation of the PPP project, taking into account the fulfillment of the precedent conditions, including the provision of performance guarantees where necessary.

Commercial Close

Commercial close is achieved when the relevant government entity and the private sector partner reach an agreement on all terms of the Public-Private Partnership contract. This agreement necessarily requires that the private sector partner secures the necessary financing for the partnership project, if financing is required.

Financial Close

Financial close is achieved when all project and financing agreements are fully signed, and all conditions agreed upon in these agreements are met. This step aims to provide the necessary financing to start the project (whether through debt, equity, and/or grants), and identifying and arranging the financing sources for the project are activities leading to financial completion.

Importance of Financial Close for Various Stakeholders

Government Entity	• Ensure that the private sector partner has completed all financial preparations to provide the necessary financing for the project. • Understand the conditions that must be met before the actual disbursement of financing by the lenders.
Lenders	• Comprehensive understanding of the project's revenue model. • Verification of financing repayment capabilities. • Understanding the risk-sharing framework to determine if the terms are acceptable and financeable.
Private Sector Partner	• Confirming the receipt of sufficient financial support and commitment from lenders to implement the project.

Part Three

Partnership Contract Management

Preamble

Partnership contract management represents the final step in a Public-Private Partnership project and follows the financial and commercial close of the project. The relevant government entity assumes responsibility for managing the partnership contract with the private sector partner for the duration agreed upon in the contract. Each government entity determines the contract management mechanism based on the governance structure derived from the feasibility study, which is adjusted to suit the characteristics, duration, and required expertise of each project.

A. Importance of Contract Management

Contract management plays a pivotal role in the effective management of obligations within a PPP framework, as it helps save time and resources for both parties, benefiting their respective business strategies and procedures. The absence of complete contract monitoring and supervision and the failure to meet obligations can lead to lost savings opportunities, potential financial penalties, the high costs of litigation, and a deterioration in business relationships. Therefore, efficient contract management ensures the building of strong relationships, compliance with requirements, and risk reduction, especially in long-term partnership projects involving extensive services and works with complex contractual clauses. Careful project management allows the government to estimate and share the savings achieved between the parties. It is essential for both the government entity and the private sector partner to be aware of contract management procedures to ensure the efficiency and success of the PPP. The exchange of information and knowledge about existing partnerships is a vital element for improving future contracts and fostering continuous positive cooperation.

B. Contract Management Framework

The term contract management in PPP projects refers to the specific processes and procedures aimed at ensuring both parties adhere to the terms of the contract. These processes include:

1. Establishing a Governance and Contract Management Team: Establishing a governance and contract management team by the government entity in the early stages of the project provides significant benefits, such as reducing potential risks.
2. Contract Preparation: This includes project planning, procurement, and contract negotiation to ensure the project is properly structured both legally and financially.

3. Contract Execution: This includes mobilizing resources, starting construction, and delivering goods and services, to ensure the agreed-upon terms are implemented as required.
4. Performance Monitoring: This includes evaluating the performance of the private sector partner and determining their compliance with the contract terms. It also includes assessing the quality of goods and services provided, measuring compliance with performance objectives, and evaluating customer satisfaction.
5. Oversight: The Partnership Regulation Law has established a three-tiered oversight mechanism.
6. Dispute Resolution: This includes settling disagreements or disputes that may arise between the private and public partners, which may involve negotiation, litigation, or arbitration, with the goal of reaching a fair and acceptable solution for both parties. The Partnership Regulation Law grants the right to agree on dispute settlement through agreement with the private partner and according to mechanisms suitable for the nature of the partnership project, and it also recognizes arbitration (subject to the approval of the Chairman of the Executive Council) in addition to litigation before the competent courts.

In summary, contract management aims to ensure the project is completed within the specified timeline and budget while meeting the expectations of all participating parties:

Contract management is essential from the perspective of the relevant government entity to ensure:

- The private partner's commitment to fulfilling its responsibilities according to the agreement.
- The completion and operation of the project according to the minimum service standards outlined in the contract.
- The avoidance of any financial losses for the government entity.

Meanwhile, private sector partners consider the contract management process important for the following reasons:

- To ensure the public entity adheres to its obligations described in the agreement.

- To provide a means to raise issues and problems related to the project's implementation.

The following chapters will shed more light on the contract management processes mentioned above in greater detail:

Chapter One: Forming the Contract Management Team

The importance of Public-Private Partnerships in generating optimal value for money hinges on the efficiency of the private partner and the government's contract management systems and teams. This importance is particularly pronounced in contracts that involve government risks, such as minimum revenue guarantees or other contractual agreements. It is crucial to recognize that the formation of a contract management team alone is not sufficient to guarantee increased value for money in PPP contracts. Instead, it must be done within a framework of delegation, contractual status, and necessary resources that vary across different sectors and projects. Factors influencing the team's function include:

- The scope of the project or program of projects.
- The level of administrative complexity of the projects.
- The extent of risk borne by the government entity within the PPP agreement (which can be determined by considering the financial consequences for the government entity if the risks materialize).

The governance structures in PPP contracts require multiple levels of interaction between the two parties.

After the bidding process and the selection of partners, the relevant government entity must form a specialized team to manage the contract before the Partnership Committee is dissolved. Determining the ideal composition, role, and responsibilities of each team member is vital to ensure the effective and efficient execution of contracts. The team should include, but not be limited to:

- A Project Manager responsible for the overall supervision of the project, ensuring compliance with contractual obligations, and managing communication among stakeholders.

- The Financial Manager/Analyst: Monitors the financial aspects, including budget management, financial reporting, and ensuring the economic viability of the project.
- The Legal Advisor: Provides advice on legal matters, ensures the contract complies with laws and regulations, and provides legal support to resolve any potential legal disputes.
- The Technical Expert: Provides insights into the technical aspects of the project, ensuring that technical requirements are met.
- The Risk Manager: Identifies, assesses, and mitigates risks associated with the project.
- The Quality Assurance Manager: Ensures that the project outputs meet the quality standards and requirements stipulated in the contract.
- The team should be formed by the relevant government entity before the project is awarded and implemented.

Chapter Two: Contract Preparation

The contract preparation process begins from the date the project is awarded and continues until the start of construction operations. It includes all activities necessary to prepare for construction, such as land acquisition and obtaining the necessary permits. During this phase, the relevant government entity has responsibilities, including:

- Ensuring the private partner obtains the necessary financing, as appropriate, and has the financial adequacy to implement the project.
- Ensuring that all necessary assets for the project, such as land and buildings, are purchased or transferred in accordance with the terms of the contract.
- Ensuring the private partner completes all necessary technical and regulatory requirements to proceed with the project.
- Ensuring compliance with the provisions of the agreement.
- Additional responsibilities may arise during this stage depending on the project's requirements.

Chapter Three: Contract Execution

Contract execution in PPP projects refers to the implementation of the terms of the agreement concluded between the two parties, including all necessary procedures to start and complete the project and provide services and goods as described in the contract. The contract execution phase includes the following:

- The private partner prepares all necessary resources, such as equipment, labor, and materials, to begin work on the project.
- The private partner prepares a detailed plan for the contract execution process, clarifying resources, completion stages, outputs, and timelines. The plan should be approved by the relevant government entity.
- Contract management.
- The private partner begins construction operations and the provision of services and goods according to the execution plan and the contract.
- The private partner ensures that all necessary permits and approvals are obtained before the project begins.
- Both the private partner and the relevant government entity complete the preceding conditions stipulated in the partnership contract before the actual implementation of the project.
- The private partner cooperates with the government entity to resolve any issues or challenges that arise during the execution phase.
- The private partner adheres to safety, quality, and environmental standards as stipulated in the contract.
- The private partner submits periodic reports to the relevant government entity, reflecting the project's progress.
- The relevant government entity reviews the submitted reports and takes the necessary actions to ensure proper progress towards achieving the project's objectives.

Chapter Four: Performance Monitoring

This is a process aimed at evaluating the performance of the private partner against the terms of the contract. It also aims to ensure that the private partner is achieving the project's objectives and delivering goods and services as described in the contract. This process includes:

The following is a comprehensive and detailed vision of the procedures and controls through which the "seriousness of the project company can be verified."

First: Executive Procedures

1. **Adoption of a Project Monitoring Plan**

   The government entity must prepare a detailed plan to monitor the project implementation stages before the final contract is signed.

   The plan should include:

   - The timeline for the implementation phases (construction - trial operation - actual operation).
   - Key Performance Indicators (KPIs).
   - A mechanism for receiving reports from the project company and consultants.
   - A system for field and digital monitoring.
2. **Appointment of an Independent Technical and Financial Consultant**

   The government entity may appoint an Independent Engineer / Technical Advisor to undertake:

   - Monitoring the timelines.
   - Reviewing the executed works on-site.
   - Verifying compliance with contractual specifications.
   - Submitting monthly or quarterly technical reports.
3. **Mandatory Periodic Reports**

   The project company is required to submit periodic (quarterly) reports that include:

   - Actual completion rates compared to the plan.
   - Actual expenditures versus the budget.
   - Technical challenges and obstacles.
   - Incidents and realized risks.
   - The government entity must prepare periodic reports to be submitted to the Governor's Representative in this regard.
4. **Field Verification Procedures (Inspection & Audit)**

The government entity or the appointed consultant conducts periodic, unannounced site visits to verify:

  - The presence of crews and machinery.
  - Compliance with health and safety procedures.
  - Verification of the quality of materials and works.
  - The results of the visits are documented in an official Inspection Log.

5. **Early Warning and Escalation Mechanism**
    - If a shortcoming or unjustified delay is found, the government entity issues a written warning to the project company to rectify the situation within a specified period.
    - If the situation is not corrected, the entity escalates the matter to the Governor's Representative to decide on penalties or contract termination procedures.
6. **Milestone Approval Mechanism**
    - No phase of the project is considered complete until a certificate of approval is issued by the government entity or the consultant.
    - Financial payments are linked to the level of actually approved completion.
7. **Coordination with the Financial Audit Authority in the Emirate**
    - The government entity is committed to sending copies of the monitoring reports to the Financial Audit Authority for review and periodic auditing.
    - The government entity's reports are used as input for the Financial Audit Authority's reports.
8. **Verification of Operational Readiness**

    Before the start of commercial operation, the government entity conducts a comprehensive test of the outputs (Performance Test).

    - Operation is not permitted until a certificate of conformity is issued by the certified consultant.

Second: General Controls

- Commitment to impartiality and transparency in monitoring.
- Not combining the role of the monitor with the role of the implementer in the project.

- Documenting all observations and actions in a centralized electronic system.
- Coordination between the government entity and the Financial Audit Authority.

Chapter Five: Oversight

The Partnership Regulation Law in Ajman has established a three-tiered oversight mechanism:

The first: specific to the government entity owning the project as the entity with sufficient knowledge and background of the project.

The second: prior legal oversight of the partnership contract project by the Department of Legal Affairs before it is signed by the contract parties.

The third: related to the Financial Audit Authority in Ajman as the entity responsible for overseeing public funds in the Emirate.

All this is within a coordinated and non-obstructive framework, believing in the importance of facilitating procedures and encouraging investors.

Chapter Six: Dispute Resolution

Disputes are common in Public-Private Partnership projects due to their long duration. Therefore, the importance of effectively managing the relationship between the project parties to facilitate the proper resolution of future disputes is paramount, as improper dispute resolution can damage relationships and negatively affect project progress. Thus, it is essential to establish a mechanism for resolving disputes arising from PPP contracts, and for this purpose, consulting a legal advisor is permissible.

The agreed-upon dispute resolution mechanism is an important element in determining the risks of PPP contracts by the private partner. Therefore, it is necessary to build the confidence of the concerned private partners in the existence of a fair dispute settlement system to encourage their participation in these projects. It is preferable to settle disputes by resorting to any of the available dispute resolution mechanisms that are consistent with international best practices without resorting to legal procedures that are inherently long and costly.

Dispute Resolution Mechanisms

1. Negotiation: The most common means of resolving disputes, where the two parties meet to discuss and agree on a mutually acceptable settlement.
2. Arbitration: The contract may include arbitration procedures that the parties agree to be binding, involving a dispute resolution process by a third party called an arbitrator. The arbitrator's decision is binding on the contracting parties.
3. Litigation: Resorting to the competent court to resolve the dispute.

Below is a table summarizing the dispute resolution mechanisms:

Method	Time	Cost	Binding
Negotiation	Varies	Low	Binding
Arbitration	Slow	High	Binding
Litigation	Slow	High	Binding

Part Four

Rules of Disclosure, Conflict of Interest, and Confidentiality for those Involved in Partnership Projects

Chapter One: Basic Concepts and Parties Committed to Disclosure, Transparency, and Confidentiality

First: Basic Concepts

1. Disclosure

Disclosure means revealing specific information (financial, contracts, personal interests, related arrangements) to a regulatory body, the public, or relevant partners, for the purpose of transparency and accountability.

2. Conflict of Interest (COI)

A conflict of interest occurs when a public employee, a contracting party, or a participant in the contract has a personal or financial interest that may affect, or is perceived to affect, their decision-making or conduct in the execution, evaluation, or management of the contract.

- The conflict may be actual (when the interest actually conflicts with the duty).
- Or potential or apparent (when a conflict is perceived to exist, even if it has not yet materialized).

3. Confidentiality

This is the obligation not to disclose certain information classified as confidential or sensitive (commercial, strategic, financial) except through legal arrangements or with explicit consent, in order to protect the rights of the parties or to protect sensitive information from exploitation or competition. In the context of Public-Private Partnership contracts, these issues can arise in stages such as: project preparation, bidding, negotiation, implementation, supervision and monitoring, and transition or transfer at the end of the contract.

Second: Parties Committed to Disclosure, Transparency, and Confidentiality

Everyone whose duties, competencies, or interests are related to the preparation, implementation, or supervision of Public-Private Partnership projects is committed to disclosure, transparency, and confidentiality. This includes, in particular:

- a. Government entities involved in the projects, including public employees and members of technical, financial, evaluation, or negotiation committees formed under the provisions of this law or its contracts.

- b. The private partner (the project company, its subsidiaries, its partners, its legal representatives, its subcontractors, its suppliers, and its technical or financial advisors).
- c. Consultants and experts hired by government entities or the project company, whether on a permanent or temporary basis.
- d. Any person or entity who, by virtue of their work, assignment, or contract, has access to information or documents related to partnership projects.

All the above-mentioned parties are committed to the following:

- a. Disclosing any personal or financial interest, or direct or indirect relationship that may affect the objectivity of their decisions or their professional independence at any stage of the project.
- b. Observing transparency in all transactions, correspondence, and disclosures related to the project.
- c. Maintaining the confidentiality of the information and data they access and not using or disclosing it except as required for the implementation of the contract or by the applicable laws in the Emirate.

Violation of the provisions of disclosure, transparency, or confidentiality is considered a material breach, resulting in legal, disciplinary, or contractual measures in accordance with the prevailing legislation.

Chapter Two: General Rules Governing Disclosure, Conflict of Interest, and Confidentiality in PPPs and Cases of Conflict of Interest

First: General Rules Governing Disclosure, Conflict of Interest, and Confidentiality in PPPs

Within the framework of international legislation, guidelines, and model documents (such as the UNCITRAL guide and the World Bank), there are a number of rules or principles that are recommended to be followed:

Rule / Principle	Recommended Content / Function	Sources / Practical Examples
Principle of Transparency	The basic information of the contract (specifications, financial terms, criteria, expected outcomes, risks and their allocation, monitoring mechanisms) should be available to the public or regulatory bodies as much as possible.	The World Bank's "Framework for Disclosure in PPPs" document specifies disclosure elements before and after the tender.
Proactive Disclosure	It is not enough for parties to be asked to disclose when necessary; they are obligated to proactively disclose specific information at specified stages.	The same World Bank framework, where disclosure is divided into pre- and post-tender stages.
Defining Disclosure Categories and Responsible Parties	The law or contract must specify who the persons or entities responsible for disclosure are (executive bodies, employees, tender committee members, monitors, consultants) and what information they should disclose.	In UNCITRAL's legislative model documents, this type of text is included within the model legislative provisions for partnerships.
Exceptions for Confidentiality	In some cases, it is permissible not to disclose certain information considered	In the practices of some countries, a confidentiality clause is included in the

Rule / Principle	Recommended Content / Function	Sources / Practical Examples
	confidential (such as trade secrets, marketing information, security data), but these exceptions must be clearly defined, and each exception must be justified.	contract, specifying the time and scope for which the clause remains valid.
Disclosure of Interests of Parties (Private Partner, Consultants, Independent Parties, Subcontractors, Related Parties)	Each party must declare its interests or affiliations that could constitute a conflict or affect impartiality.	This is considered a fundamental practice for managing integrity and competitiveness.
Compliance with National Law and Regulations	The provisions of the contract and the obligations of disclosure and conflict of interest must align with the applicable laws in the Emirate and not contradict them.	Law No. 2 of 2022 and its amendment regarding the regulation of partnership in the Emirate of Ajman, which governs the relationship between the parties.
Penalties or Disciplinary or Civil Measures	If a party fails to disclose or violates its obligation, penalties may ensue, such as contract termination, fines, or civil, criminal, or disciplinary liability.	Tenders and procurement legislation in some countries prohibit non-disclosure and impose administrative or disciplinary

Rule / Principle	Recommended Content / Function	Sources / Practical Examples
		penalties on offending employees.
Independence and External Oversight	It is preferable to have independent regulatory bodies or a third-party review to monitor disclosures and ensure that conflicts of interest are managed correctly.	Some projects are supervised by independent committees or independent evaluation bodies to ensure impartiality.
Periodic Update and Review of Disclosure	Information is not a one-time thing; it must be updated if circumstances change or new data emerges, and it should be reviewed periodically.	In corporate practices and international policies, individuals are required to update their disclosure annually or upon a material change.
Internal Assessment and Monitoring	There should be internal mechanisms to review disclosures, examine potential conflicts of interest, and decide whether certain waivers or exceptions are permissible.	In professional policies for managing conflicts of interest, a specific person or committee is required to review disclosures to assess them and make a decision.

Second: Cases of Conflict of Interest in PPP Contracts and the Required Action in Each Case

Here are some typical cases where conflicts of interest may arise specifically in partnership contracts, and the expected rules or procedures:

Typical Case	**What is the Conflict?**	**How is it Managed or Addressed?**
A government employee involved in evaluating bids has an interest with one of the contractors.	A financial interest or business relationship that may affect their objectivity.	They must recuse themselves from the evaluation process, declare the conflict, and possibly be replaced by another employee.
The consultant who prepared the tender documents is later nominated as a bidder.	A conflict between their role as a preparer and their role as a competitor.	They are usually prohibited from bidding if they participated in preparing the documents, or a distinction is made between their advisory role and participation in the bid.
A private company also has a connection to a subsidiary or joint venture with another party in the project.	Organizational or structural conflict.	The structural relationships must be disclosed, and the entity may be required to terminate some contracts or restructure.
A public employee receives offers of gifts or services from a bidder.	Personal conflict or undue influence.	They are required to disclose and refuse the gifts or refrain from dealing if necessary.
A subcontractor employs a relative of a public employee with a supervisory role.	Conflict in personal relationships.	Disclosure is required, and an assessment must be made as to whether this employment affects integrity. A transfer or prohibition may be required.

Typical Case	What is the Conflict?	How is it Managed or Addressed?
Changes to the contract after signing may benefit one party without justification.	Conflict in contract modification.	It is required that amendments be transparent, carefully studied by an independent body, and a report on the amendment and its reasons be published.

Chapter Three: Implementing Rules in International Practices and Challenges in Application

First: Implementing Rules in International Practices

We refer below to some examples from international practices that stipulate provisions on disclosure and conflict of interest in partnerships: The World Bank / UNCITRAL

- The UNCITRAL Legislative Guide recommends that national legislation contain mandatory provisions for disclosure and identification of conflict of interest cases, with appropriate oversight mechanisms.
- The "PPP Framework for Disclosure" document prepared by the World Bank Group clarifies how countries should establish policies for disclosing project parts (pre-tender, at award, during implementation, after completion).
- In the practices of some countries, such as Chile, states directly disclose the entire contract after signing it as part of contractual transparency.

Second: Challenges and Considerations in Application

- Balance between transparency and confidentiality: Not all information can be disclosed (such as marketing plans or strategic commercial data). Therefore, the protection of confidential information must be carefully defined.

- Cost of implementation and oversight: Disclosure and its verification require administrative efforts and technical capabilities, and the government or private party may face resistance in this regard.
- Changing circumstances (dynamic conditions): In long-term projects, new relationships or interests may arise after contracting, so periodic review is necessary.
- Enforcement of penalties and ensuring implementation: A legal text and limits for punishment are necessary to ensure the seriousness of commitments.
- Coordination with other legislation: such as competition laws, transparency laws, anti-corruption laws, commercial secrecy laws, etc.

Appendices

The appendices attached to these controls and procedures are an integral part of them from a procedural and guiding perspective. They aim to clarify and detail the practical steps to be followed in the implementation stages of Public-Private Partnership projects, including the pre-qualification and request for proposals and evaluation stages.

The appendices do not create additional legal obligations beyond what is stipulated in these controls or in Law No. (2) of 2022 regarding the regulation of Public-Private Partnership in the Emirate of Ajman and its amendment. The provisions contained in the main body of the controls shall prevail in case of any conflict or duplication.

The appendices are used as an executive and procedural reference by the concerned government entities, the Partnership Committee, and private sector partners to unify procedures and enhance transparency and efficiency in applying the controls.

Appendix 1

International Definitions of Public-Private Partnership

Organisation for Economic Co-operation and Development (OECD)

An agreement between the government and one or more private sector partners (which may include operators and financiers), where these partners provide services to achieve government objectives and align with the profit goals of the private sector. The alignment of the parties' objectives largely depends on the transfer of risk to the private sector.

International Monetary Fund (IMF)

Arrangements through which the private sector provides infrastructure assets and services that are typically the responsibility of the government. These arrangements include private enforcement and financing of public investments. These partnerships are characterized by their focus on service delivery and investment by the private sector, leading to a significant transfer of risk from the government to the private sector.

European Commission (EC)

The concept of Public-Private Partnership has not been uniformly defined at the local level, but it generally includes forms of cooperation between government bodies and the private sector aimed at ensuring the financing, construction, renovation, management, and maintenance of the infrastructure necessary for service delivery.

Standard & Poor's (S&P)

Any relationship that extends over a medium or long period in which the public and private sectors share risks and benefits, leveraging specializations, expertise, and multi-sector financing to achieve desired goals.

European Investment Bank (EIB)

Public-Private Partnership is a term that refers to the diverse relationships between the private sector and public bodies. It is often used to employ private sector resources and expertise to support and deliver public sector services and assets. The term PPP covers a wide range of working arrangements from informal, loose, and strategic partnerships to comprehensive service contracts for design, build, finance, operate, and formal partnership projects.

Appendix 2

Examples of Sectors with Public-Private Partnership Projects

Examples of sectors where assets or services can be procured under a Public-Private Partnership system.

Type	Sector	Examples
Economic	Transport Roads	• New expressways or regular roads • Specific tunnel or bridge projects • Crossing points (e.g., to ports) • Development and expansion of roads and networks
Economic	Transport Railways	• High-speed rail lines • Conventional rail lines • Express links (e.g., to airports) • Operating leases for rolling stock

Type	Sector	Examples
		• Metro and other mass transit projects • Ticketing and fare collection systems • Metro stations
Economic	Transport Other urban mobility infrastructure	• Bus Rapid Transit (BRT) infrastructure • Parking facilities
Economic	Transport Ports and Airports	• New or upgraded airports • New or upgraded ports
Economic	Water and Waste	• Desalination plants • Wastewater treatment plants • Full water cycle concessions • Solid waste management systems • Waste-to-energy plants • Incinerators
Economic	Energy	• Independent power production plants through Power Purchase Agreements (PPAs) • Electricity transmission lines • Gas pipelines

Type	Sector	Examples
		• Energy efficiency (in public buildings or city lighting, for example)
Economic	ICT / Telecommunications	• Fiber optic lines or networks • Telecommunication / broadband networks
Economic	Tourism	• National parks • Cultural heritage buildings
Economic	Agribusiness	• Grain storage projects in partnership between public and private sectors • Irrigation projects
Social	Health, Education, Security/Prisons, Courts/ Justice, Social Housing	• Hospitals • Student accommodation • University facilities • School facilities • Courthouses • Prison facilities • Social housing
Social	Sports, Emergency Response, Local Security, Government Accommodations	• Sports centers • Fire stations • Police stations • Government offices

Appendix 3

Types of Risks (Example)

Risk Type	Description	Mitigation Strategy	Responsible Party
Failure to provide services as agreed in the contract	The services provided by the private sector may not meet the conditions or match the required specifications issued by the responsible government entity.	• Establish clear and precise output specifications • Monitor performance • Impose penalty deductions from payments released for each unit separately	Private sector partner
Project completion risk	The project may be delayed due to construction delays, design issues, unexpected events, or financing complications.	• Provide special insurance coverage (against project completion delays) • Appoint an independent and specialized body to	Private sector partner - unless the delay is due to force majeure or the sponsoring government entity.

Risk Type	Description	Mitigation Strategy	Responsible Party
		approve project completion • Liquidated damages, construction bonds, and other appropriate guarantees provided by the private partner as incentives for project completion, unless the sponsoring government entity is responsible for the delay.	
Cost overrun	Actual project costs during the design and construction phases may exceed the expected project costs as per its feasibility studies.	• Formulate fixed-price construction contracts • Define conditions related to contingency plans • Provide alternative	Private sector partner

Risk Type	Description	Mitigation Strategy	Responsible Party
		credit commitments/ facilities related to additional paid-in and expected equity in the financial model upfront for baseline cases.	
Design-related risks	The design developed by the private partner may not be compatible with the project output specifications.	• Prepare clear project output specifications • Define responsibilities for patent and latent defects • Consult with the responsible government entity and inform it of the work progress • Refer and appoint independent experts for quick and effective	Private sector partner

Risk Type	Description	Mitigation Strategy	Responsible Party
		dispute resolution	
Environmental risks	Consequences of losses resulting from environmental damage due to: • Construction works. • Works carried out by the government entity or a third party before transferring project responsibility to the private partner.	• Bidders must exercise due diligence by conducting extensive studies on the project and the prevailing conditions at the work site • Take necessary corrective steps to address identified environmental pollution problems	Public and private sector partners
Force majeure or circumstances beyond reasonable control risk	Unexpected circumstances beyond the reasonable control of both parties may occur in a way that affects the project's construction or operation activities.	• Properly define force majeure, which can be addressed by mechanisms including necessary relief measures.	Shared between public and private sector partners

Risk Type	Description	Mitigation Strategy	Responsible Party
		• Terminate the project due to force majeure events or circumstances beyond the reasonable control of both parties.	
Inflation risk	Actual inflation rates may be higher than expected.	• Link inflation indices to payment calculations, considering worst-case scenarios according to World Bank or IMF forecasts. • Add a clause in the PPP contract stating the need to review payments if inflation exceeds the expected rate by a certain percentage.	The agreed-upon price inflation should be agreed between the public and private partners. Anything above that is borne by the private partner.
Risks related to partnership	The private company may be		

Risk Type	Description	Mitigation Strategy	Responsible Party
termination or liquidation and dissolution of the private partner	dissolved or liquidated.	• Establish a special purpose vehicle (SPV) to manage the project's cash flows/liquidity. • Provide insurance and guarantees for the assets necessary for the project. • Place restrictions on the private partner regarding indebtedness and credit and financing constraints. • Notification obligations for financial data and information, and lawsuits or disputes with creditors. • Replace the private partner with another new	Private sector partner

Risk Type	Description	Mitigation Strategy	Responsible Party
		partner under a direct agreement.	
Insurance risks	Any insurable risk at the time of signing the project contract under an agreed insurance cover may become uninsurable. There is a significant increase in insurance premium rates.	In the first case, and at the sole discretion of the government entity, coverage is provided in the form of self-insurance by the government entity itself, or the PPP contract is terminated if insurance cannot be provided, such as termination due to force majeure events, provided the private partner is compensated.	If the private partner is the one who fails to provide insurance, it bears the liability. Otherwise, the risk is shared between the partners.
Interest rate risk	Factors that may affect the availability of financial credits and financing costs.	Provide means and tools for protection against financial losses (such as resorting to swaps) or borrowing at a fixed interest rate or adopting an appropriate hedging strategy by the private sector.	Private sector partner

Risk Type	Description	Mitigation Strategy	Responsible Party
Latent defects risk	Losses or damages that may result from hidden defects or deficiencies in the equipment and facilities, including project assets.	• The facilities should be designed and constructed by the private partner unless the project requires the handover of existing facilities to the private partner. In such a case, bidders must exercise due diligence by conducting extensive studies and necessary inspections of the facilities to detect deficiencies. The procedures and costs related to discovered deficiencies can be pre-agreed with	If the private partner undertakes the design work, it must bear the risk. Otherwise, the sponsoring government entity bears it, provided there is no sufficient insurance coverage to mitigate this risk.

Risk Type	Description	Mitigation Strategy	Responsible Party
		the private partner. • The private partner must immediately report discovered defects.	
Maintenance risk	The maintenance required to keep the assets in a suitable condition to provide the required services may cost more than stipulated in the project's projections, or maintenance may not be carried out at all.	• Prepare clear project output specifications. • Apply a penalty system and monitor performance. • Prepare an operation and maintenance contract that includes and meets all the requirements of the sponsoring government entity. • The sponsoring government entity reserves the right to replace the	Private sector partner

Risk Type	Description	Mitigation Strategy	Responsible Party
		private partner. • Provide special insurance coverage and guarantees in the form of final maintenance bonds.	
Risks related to supply and demand, service volume, or market mechanism	The demand for services provided under the project may be lower than expected or the desired level (e.g., lack of need for those services, their obsolescence, low demand, market competition, or customer objection to services provided by key external partners).	• For PPP projects where payment is per unit, payment should be based on service availability (not on actual use by the sponsoring government entity of the PPP project). • Implement an effective plan with clear objectives for marketing the concerned services.	For projects funded on a per-unit payment basis, the sponsoring government entity is responsible. For projects funded by charging fees to project users or beneficiaries, the private partner is responsible.

Risk Type	Description	Mitigation Strategy	Responsible Party
Operational risk	All factors that may affect the project's operational requirements including expected operating costs, required operating skills, and the like (except force majeure), such as: 1. Labor disputes 2. Employee capabilities and competency levels 3. Fraud and forgery by employees 4. Technical field defects 5. Environmental factors 6. Failure to obtain necessary approvals for necessary maintenance and meet its requirements	• Define clear project output specifications. • Apply a penalty system and monitor performance. • Prepare an operation and maintenance contract that includes and meets all the requirements of the sponsoring government entity. • The sponsoring government entity has the right to replace the private partner. • Provide special insurance coverage.	Private sector partner

Risk Type	Description	Mitigation Strategy	Responsible Party
Planning risk	The proposed use of the project site under the terms and conditions of the PPP agreement may conflict with applicable laws and regulations in the field of planning and land use, real estate, or buildings (such as urban planning and zoning requirements), or with any other requirements or approvals required under the foregoing, or delay or failure to obtain the necessary approvals, or even if such approvals are obtained, the project will be implemented at a much higher cost than the original expected costs under the project plans.	• The competent government entity must provide all necessary approvals for the detailed design and construction proposal for the project regarding large-scale planning to identify variances in the project's feasibility study. Approvals include everything related to land use and zoning and should be obtained before the project is tendered. • The private partner must identify all	For any approval of zoning and land use, the sponsoring government entity is responsible for the risk, unless the private partner is responsible for selecting the project site. For all approvals of any specific planning, design, construction, and buildings, the private partner is responsible.

Risk Type	Description	Mitigation Strategy	Responsible Party
		necessary planning cases in the project and request approval from the competent authorities for the project's design and construction proposal. The authorities must take all necessary measures and precautions and include them in their work schedule to arrange for obtaining approvals from the said authorities.	
Risks related to systems or measures	Government entities or any government bodies may take unexpected actions that have a severe negative impact on the expected revenues from	• Identify the risks of unexpected actions that have no other outlet in the PPP agreement and identify	In the event of an unexpected discriminatory act or any act leading to expropriation for public interest, for

Risk Type	Description	Mitigation Strategy	Responsible Party
	equity contributions to the project or debt and credit service, or in any way increase the costs borne by the private partner.	the risks of actions that lead to expropriation. • Distinguish between general and discriminatory actions. For unexpected discriminatory actions, special compensation is granted. For actions resulting in expropriation, the project is terminated and compensation is provided.	example, the sponsoring government entity is responsible for these risks. Unexpected general actions are borne by the private partner.
Regulatory risks	Necessary approval may be delayed or unobtainable, or even if obtained, the project will be implemented at a much higher cost than the original expected costs	• Legal survey/ study of the project's legal aspects by the government entity during the feasibility study stage to identify approvals.	If any approvals can be obtained before the contract is concluded and can be transferred to the private partner, the

Risk Type	Description	Mitigation Strategy	Responsible Party
	under the project plans.	• The government entity must take all necessary measures in coordination and consultation with various competent government bodies before starting the procurement stage. • The private partner must exercise due diligence to identify the necessary approvals to meet operational requirements.	sponsoring government entity is responsible for those risks. As for the operational requirements of the private partner, the private partner is responsible.
Facilities and equipment risk	Project assets may not be in the agreed-upon condition for their return to the sponsoring government entity	• The private partner must fulfill its obligations regarding maintenance and repair.	Private sector partner

Risk Type	Description	Mitigation Strategy	Responsible Party
	upon the expiration or termination of the PPP.	• Project assets must be inspected and reviewed when the project is nearing completion. • The private partner must provide a guarantee to the responsible government entity for the project, which may be in the form of final maintenance bonds or deductions from payments made on a per-unit basis, for example.	
Input or resource risk	There may be a shortage of supplies related to project inputs or resources (including financial credits), or an	• Conclude supply contracts to meet project requirements, such as contracts	Project requirements, such as contracts that depend on direct supply for immediate

Risk Type	Description	Mitigation Strategy	Responsible Party
	inability to provide the necessary supplies for the project's operation, including defects related to the quality of available resources.	based on direct supply against immediate payment. • Take prompt assistance measures only in case of deficiencies that are not the responsibility of the private partner.	payment. The private partner, unless the inputs are obtained from the sponsoring government entity.
Partner liquidation risk	Risk of subcontractor business liquidation or failure of this subcontractor to fulfill its contractual obligations. These risks may arise during the construction and/or operation phases.	• Key partners working under subcontracts in the project must have the necessary skills, knowledge, and experience to fulfill contractual obligations regarding the required performance level.	Private sector partner

Risk Type	Description	Mitigation Strategy	Responsible Party
		• Obtain prior approval from the government entity regarding subcontracting with alternative key partners. • The responsible government entity must exercise due diligence by conducting extensive studies that include reviewing the data of first-tier subcontracting partners to ensure their ability to overcome the risks they face.	
Tax risk	A change in applicable tax charges such as income tax or	If the changes are the result of unexpected discriminatory acts	Public sector entity

Risk Type	Description	Mitigation Strategy	Responsible Party
	value-added tax or the imposition of new taxes may reduce the expected revenues from equity contributions to the project.	or behaviors, special compensation will be granted to the private partner.	
Technical risks	The following may occur: 1. The technical inputs for activities outsourced by the government entity to external contractors may not provide inputs that match the required specifications. 2. The technical inputs may not be compatible with recent updates and developments in the field of technology.	• The private partner must, from time to time, update the technologies used in the project to keep pace with developments and meet project specifications and requirements. • Apply penalties in case of non-compliance with project output specifications.	Private sector partner

Appendix 4

Key Performance Indicators

Key Performance Indicators (KPIs) are criteria used to evaluate the performance of a project by comparing actual and expected performance in terms of effectiveness, efficiency, and quality. These indicators are based on technical and economic studies.

KPIs can be qualitative or quantitative and reflect the nature and importance of the services provided and their impact.

Process of Developing Key Performance Indicators:

Stage	Procedure
1. Procurement stage within the PPP project period	The Partnership Committee provides support to the concerned entity in developing KPIs.
2. Tender launch	Performance requirements are identified and defined, then area-specific KPIs are developed and detailed.
3. Contract management	KPIs are measured and monitored to assess the extent to which the private partner achieves the agreed-upon standards in the contract.

Types of Key Performance Indicators:

Type	Example
Service Quality	

Type	Example
	Roads project: Road quality. Water supply: Continuity of water supply, non-compliance of treated water supply with specified quality.
Financial Viability	Average cost of an ambulance trip.
Process Related	Airport project: Average arrival processing time and transfer time between flights. Water project: Delay in recording water meter readings and entering them into the computerized billing system.

Topics Related to Key Performance Indicators

1. Project Characteristics	2. Financial and Marketing Indicators for the Project	3. Project Operations
The original characteristics and features of PPP projects that affect project performance from the outset. These indicators usually do not change throughout the entire period of PPP projects, but they strongly influence partner selection, the agreement between the public and private sectors, risk allocation, and the extent to which the project will succeed under the influence of the economic, legal, and political	Financial and marketing indicators, innovation and learning indicators, and stakeholder indicators. These are specific project characteristics from the perspectives of economics, innovation, culture, and stakeholder utility. All indicators should be dynamic and measurable to reflect efficiency, customer satisfaction, business	Factors that may affect the process of construction, operation, maintenance, transfer, and post-transfer.

1. Project Characteristics	2. Financial and Marketing Indicators for the Project	3. Project Operations
environment in a specific host country.	success, product requirements, and future potential of the projects. Any change in performance can be measured through these indicators.	

1. Project Characteristics	2. Financial and Marketing Indicators for the Project	3. Project Operations
Physical Characteristics of the Project • Type of building • Level of design complexity • Level of construction complexity • Level of technological advancement • Extent of the concessionaire's knowledge of PPPs • Competitive bidding procedures • Standard PPP contract with	**Finance and Marketing Indicators** • Sound financial analysis • Sustainable profitability • Increased marketing • Financial capacity of all shareholders • Cost of financing • Optimal tariff/fee or price adjustment mechanism for the project • Realistic investment and revenue schedule	**Process Indicators** • High-quality controls • Safety management • Health control • Environmental protection • Effective risk management system • Facility management • Stress / conflict management • Resource utilization (materials and equipment) • Contract management

1. Project Characteristics	2. Financial and Marketing Indicators for the Project	3. Project Operations
sufficient flexibility • Public / social support • Stable and favorable macroeconomic conditions • Stable and favorable legal environment • Stable and favorable political environment • Commitment and responsibility between the public and private sectors • Technical feasibility of the project and its buildability and maintainability • Appropriate risk allocation, sharing, and transfer	• Insurance coverage • Construction and concession period **Innovation and Learning Indicators** • Investment in R&D in new technology. • Establishment of a learning organization • Employee training • Technological innovation (e.g., design, construction, planning, etc.) • Technology transfer • Financial innovation (e.g., creative financial package)	• Outstanding technical management and skill • Interface management between organizations and stages • Time management • Cost management • Good governance

1. Project Characteristics	2. Financial and Marketing Indicators for the Project	3. Project Operations
	Stakeholder Indicators • General customer satisfaction • General public / social satisfaction • Good relationship between the concessionaire, subcontractors, and suppliers • Good relationship in the Partnership Committee	

Appendix 5

Mortgage on Assets and Financier's Rights

These rules should be clearly defined in the project agreement after negotiations, taking the following points into account:

Approval for Mortgaging Project Assets:
Prior approval must be obtained from the concerned government entity for any mortgage on project assets. The terms of the mortgage, the assets involved, and the purpose of the mortgage should be clarified in the request.

Disclosure of Mortgage Terms:
The details of the mortgage arrangement must be disclosed comprehensively and transparently, including the lender, the terms of the loan, and its impact on the project assets.

Restrictions on Disposal of Assets:
The mortgage arrangement should not lead to the disposal or pledging of vital project assets in a way that affects its success and operation.

Right of Financiers to Replace the Partner:
Any agreement that grants the financier the right to replace the implementing partner must be explicitly stated with the approval of the government entity. This replacement is conditional on the new partner meeting all original criteria of capacity, experience, and financial stability.

Conditions for Control or Acquisition by Financiers:
If financiers seek to control or acquire the project, the conditions enabling them to do so should be clearly defined. This includes scenarios such as default, insolvency, or bankruptcy of the private partner.
The government entity must approve the financier's control or acquisition of the project, ensuring their ability to meet the project's requirements.

Compliance with Legal and Regulatory Frameworks:
All arrangements must comply with the relevant laws and regulations in the Emirate to ensure legal validity and adherence to national standards.

Default and Remedy Procedures:
Detailed procedures should be defined for handling cases of default by the private partner, including remedy steps and the rights of financiers in such situations.

First Right of Refusal:
The government entity should retain the first right of refusal for any significant changes in project ownership or control to ensure the protection of public interest.

Appendix 6

Guarantees and Undertakings:

First: Performance Guarantees

Performance guarantees are fundamental pillars for protecting the government party and ensuring the private partner's commitment to the quality of implementation and operation. Performance guarantees in PPP contracts are not just financial instruments, but an integrated system that includes financial, contractual, operational, and institutional guarantees, with the primary goal of protecting public funds and ensuring the quality of services provided to citizens.

1. Financial Guarantees
These aim to oblige the private partner to provide financial instruments that guarantee their commitment to implementing the project as agreed:
Performance Bond: Provided by the private partner in favor of the government entity, to be drawn upon in case of breach of obligations.
Advance Payment Guarantee: To ensure that advance payments are used only for their designated purposes.
Maintenance Bond: Covers the post-handover period to ensure that any construction defects are addressed.
Revenue Guarantee: If the project relies on user fees, the government entity can guarantee a minimum level of revenue.

2. Contractual Guarantees
Included within the main partnership agreement:
Service Level Agreement (SLA): Defines performance standards and Key Performance Indicators (KPIs) that must be adhered to.
Penalty Clauses: Financial penalties for breaching service levels or delays in implementation.
Right to Terminate or Renegotiate: If the private partner commits a material breach of its obligations.

3. Operational Guarantees
Linked to the operation and maintenance phase:
Performance Monitoring Mechanism: Through a government

supervisory body or an independent third party.
Key Performance Indicators (KPIs): Such as response times for breakdowns, service quality.
Periodic Contract Review: To ensure its suitability to changing variables (technical, economic).

4. Institutional Guarantees
- **Special Purpose Vehicle (SPV):** Established specifically for the project and legally responsible for its implementation, ensuring risk separation.
- **Government's Step-in Rights:** The government entity or another party can replace the private partner in case of a material breach.
- **Clear Risk Allocation:** To avoid disputes and reduce the likelihood of project failure.

Second: Letter of Comfort

The Letter of Comfort is a form of support that the government can provide, although it is not legally binding. It is a declaration of the government's intention to support the project and helps build confidence among potential investors and lenders. Although the Letter of Comfort does not have any binding legal force like other guarantees, it has a positive impact on encouraging financiers and enhancing private sector participation.

When is each type of guarantee selected?

Each type of guarantee is selected based on a careful assessment of the project's requirements, associated risks, and financing needs.

Performance Guarantees (The Preferred Model):

- **To mitigate project risks:**

  It is preferable to use performance guarantees when the project involves significant risks that require effective management. These guarantees help ensure that the private sector partner fulfills its contractual obligations, which is crucial for the project's success.

- **For complex infrastructure projects:**

  Performance guarantees are suitable for complex infrastructure projects facing various operational and legislative risks. They provide an assurance that the private partner will handle these risks effectively.

Letter of Comfort:

- **When legal obligations are limited:**

  A Letter of Comfort is recommended if the government wishes to provide a level of assurance to investors and lenders without offering legally binding guarantees. This letter may be appropriate when the government entity's legal obligations are limited.

- **For lower-risk projects:**

  In projects with relatively lower risks where comprehensive guarantees are not necessary, a Letter of Comfort can be sufficient to provide more flexible and less legally binding support.

Appendix 7

Guidelines for the Expression of Interest and Prequalification Stage

Objective

This appendix aims to shed more light on the Expression of Interest (EOI) and Prequalification stage, which is the first step in the procurement process. This stage aims to:

- Inform the market of the government entity's intention to launch the project and define the basic specifications to gauge the market's interest in the project.
- Provide private sector companies with the necessary information to make an informed decision about participating in the bidding process.
- Allow the government entity to identify, with a level of confidence, the most suitable bidders for the project who possess the necessary performance attributes for prequalification and are required to deliver the services.

By the end of this process, the government entity is expected to have a shortlist of preferred bidders who have the necessary skills and resources to deliver the required output specifications and have the financial capacity to participate in the project. The following steps should be followed:

1. Prepare the Expression of Interest document.
2. Announce the Expression of Interest.
3. Submit the Request for Qualifications (RFQ) and evaluate the bidders' Statement of Qualifications (SOQ).

Guidelines

1. Preparing the Expression of Interest (EOI) Document

The EOI document must provide clear guidelines and sufficient details about the requirements for delivering the project services and the government entity's evaluation processes. It must include at least the following:

- A summary of the government entity's main function and its purpose for launching the project.
- A brief description of what the project entails, including the reason for its launch, the primary public need it addresses, and who it intends to provide services for.
- The chosen delivery model for the project, including a clear scope of services to be provided by the private sector.
- The proposed risk allocation mechanism that defines the role of both the private sector and the government entity.
- The expected length of the concession period.
- A description of the project site - including location, area, design, and similar details.
- Any essential information, policies, laws, or regulations related to the project or any infrastructure it serves, as deemed relevant by the government entity.
- The physical address or website where interested companies can obtain the EOI document for free.
- The deadline for submitting responses to the Request for Expression of Interest and to whom they should be submitted.
- A clarification of the project timeline - when the process is considered complete, when the RFQ stage can be expected to be announced, and other details.

- Any qualifications or disclaimers the government entity deems necessary - such as stating, without restriction, the right to modify the project scope, or to amend, cancel, or suspend the EOI process or any specific investment opportunity stages at any time or for any reason without any obligations.

2. Announcing the Request for Expression of Interest

The Request for Expression of Interest is announced in government media, local, Arab, and foreign daily newspapers, and on the websites of the relevant government entities. If the government entity sees a need for international expertise from bidders, the announcement should also be published in widely circulated international newspapers and magazines.

3. Evaluating the Request for Qualifications (RFQ) and Statement of Qualifications (SOQ)

Bidders who express interest in the project by responding to the Request for Expression of Interest must submit the Request for Qualifications (RFQ) document, which will also include an Information Memorandum. The government entity may charge bidders a nominal fee for the Information Memorandum and RFQ.

This step will lead to the prequalification process for bidders, by inviting interested bidders to submit a Statement of Qualifications (SOQ) in response to the RFQ document to assess their eligibility for the project from the outset.

This process primarily aims to select a limited number of technically and financially qualified bidders who have sufficient experience and commitment to execute the project, as well as to clearly and explicitly define the rules for participation in the procurement process. The Information Memorandum will allow bidders to understand the project's scope and assess their interest and ability to participate in the bidding process. The Information Memorandum must include at least the following:

- Project Overview: A brief overview of the project and its nature.

- Commercial and Financial Matters: A summary of financing responsibilities, the expected payment structure for the project, and other commercial matters.
- Legal Matters: An overview of some key legal and regulatory aspects related to the project.
- Procurement Process: An indicative timeline for the project, the clarification process, and other details related to the procurement method.
- Prequalification Questionnaire: Specifies the information required from potential participants as part of their Statement of Qualifications.
- Submission Instructions: Provides instructions regarding the submission of the Statement of Qualifications in response to the RFQ.
- Evaluation: Describes the evaluation process that will be used to create a shortlist of qualified respondents to participate in the Request for Proposal (RFP) stage.
- Appendices: Provides any additional documents or forms relevant to the RFQ and the submission of the Statement of Qualifications.

Section	**Description**
Section 1: General Information	Provide a disclaimer affirming that the RFQ document does not constitute an offer or an invitation to bid on the project, and set out the terms and conditions of the RFQ document, including the absence of a contract or implied contract, conflict of interest statement, confidentiality, and define the purpose and structure of the RFQ document.
Section 2: Project Description	Provide an overview of the project, including a brief description of what it entails, clarifying the public need for it and how it can fill an apparent service gap, defining the project criteria in terms of technical and operational requirements, setting general financial and economic criteria, including high-level cost estimates, and defining the role of the private sector and how its expertise can be leveraged in procuring the project.

Section	Description
Section 3: Legal Information	Describe the legal framework governing public-private partnerships, including key articles in the law and regulations that apply; the PPP agreement and contractual structure (to be detailed in the RFP); define regulations related to consortium participation and member contributions; and describe special matters of importance, such as provisions related to foreign direct investment, applicable law, and land-related issues.
Section 4: Financial and Commercial Information	Specify the party responsible for financing the project, the project duration, revenue criteria and payment mechanism, and handover and transfer procedures.
Section 5: Procurement Process	Provide an indicative timeline for the procurement process, explain the clarification process with necessary logistical details for compliance. Present a brief introduction to the RFP process and associated logistical details such as clarification meetings and site visits.
Section 6: Submission Instructions	Provide the requirements that the Statement of Qualifications must comply with before submission; present logistical details, such as deadline and address, necessary for the smooth submission of the SOQ; and specify the grounds for disqualification from the procurement process.
Section 7: Information Required from Respondents	Describe the structure of the Statement of Qualifications, including but not limited to, the executive summary, corporate structure details, financial capability, technical capability, legal information, and any additional information, and necessary appendices, such as acknowledgment of

Section	Description
	receipt form, submission letter, confidentiality agreement, and declaration form.
RFQ Evaluation Report:	Government Entities

Prequalification Questionnaire

The prequalification questionnaire aims to assess whether bidders meet the minimum eligibility and competency requirements, as determined by the government entity and other key stakeholders in the project.

The general questionnaire should be detailed to focus on establishing the applicants' past experiences and assessing their ability to raise funds and their technical competence. The questionnaire must contain at least the following responses:

- Basic Information about the Respondents:
    - Address
    - Contact details
    - Company or consortium qualifications
    - Specific key financial indicators
    - Credit rating (if any)
    - Number of employees
    - Number of similar projects successfully completed.
- Financial information, including audited statements for the past five years, which helps calculate tangible net worth.
- A summary of past projects that will serve as a detailed track record highlighting the applicant's role in the project, which may include examples of past experience in implementing projects of a similar nature.
- A summary of past similarly structured projects executed by the bidder regionally and internationally.
- Experience in providing and/or raising financing for similar projects.

If the government entity wishes to increase international participation in the project, the eligibility requirements should, for example, give significant weight to experience in international projects and require a global presence. The minimum eligibility requirements could include a minimum tangible net worth, relevant experience in past projects of a similar nature and scope, and international experience in projects in a country other than the one where the bidder generates the largest proportion of its revenue, among others.

The government entity must ensure that the eligibility criteria are not so restrictive that only a limited number of bidders qualify, while still ensuring that only high-quality bidders are qualified. Generally, a number from 5 to 7 pre-qualified bidders per project is considered reasonable; a significantly higher number will reduce the interest of the most important bidders due to the lower probability of success.

Evaluation

When evaluating the submitted responses, the Partnership Committee must ensure it is conducted objectively to guarantee a level playing field for all. The following general evaluation metrics should be considered:

- Ability to deliver the stipulated services: The bidder's/consortium's capabilities must be considered to determine its capacity in terms of fundraising, technical expertise, and the required construction and operational experience.
- Consortium worthiness: If the bid is submitted by a consortium of members, as is recommended, each member of the consortium must have individual capabilities and it must be ensured that they are not just added to meet the minimum eligibility requirements. To ensure this, the Partnership Committee should appoint a "lead" member who must meet a certain number of the key minimum eligibility requirements.
- Past experience: To determine expertise, past experiences and projects should be carefully studied - highlighting those in the region - including the ability to adhere to schedules, innovation demonstrated in the method of service delivery, and any specifications adopted that may help increase value for money. The Partnership Committee must prepare an evaluation matrix to measure all financial and technical competency and eligibility requirements contained in the prequalification questionnaire in terms of their importance. The government entity will then decide

which private party or consortium is qualified to bid for the project according to the results of the evaluation table.

Appendix 8

Guidelines for the Request for Proposal (RFP) Stage

Objective

This appendix aims to shed more light on the Request for Proposal (RFP) stage, which aims to receive and evaluate proposals from qualified bidders by establishing a comprehensive and transparent framework and preparing the public-private partnership contract and its associated project contracts. At the end of this process, the government entity is expected to select the preferred bidder who meets the criteria set for the successful completion of the project and achieves the best value for money, by ensuring open competition among bidders.

Guidelines

Introduction

The purpose of the Request for Proposal (RFP) is to be a definitive document that defines the project, its nature, and scope in detail, specifies the basic inputs and outputs along with their corresponding performance indicators, the legal and commercial information that must be conveyed to bidders, financial information, and more. As one of the official documents issued by the government entity, the RFP document aims to further attract interested bidders and the private sector and convince them of the seriousness of the partnership's desire to procure the project. Furthermore, since the document is the primary source for bidding, a significant amount of time and resources will need to be invested to ensure that the document is of the highest quality and that it adequately defines the project's specifications, scope, and requirements. It is recommended to structure the RFP in a way that invites responses in three separate parts:

- Technical Information
- Legal/Commercial Information
- Financial Information

The government entity must ensure that bidders complete standardized forms so that a like-for-like comparison can be made among the submitted proposals. The government entity will prepare the document and the proposal form, based on the feasibility analysis prepared during the procurement stage.

Section	**Description**
Section 1: Introduction	Provide an introductory summary of the project, including its need and how the project meets those specific needs, an overview of the technical specifications, the specific procurement option, the role of the private sector company, a brief description of the bidding process and a timeline outlining stage dates, and a list of government entities involved in the project.
Section 2: Project Participation and Structure	Identify the agreements in which the preferred bidder will participate, with a brief description of them and how they relate to the responsibilities of the Special Purpose Vehicle (SPV); and define the responsibilities of the preferred bidder in the project company.
Section 3: Project Characteristics	Introduce the technical aspects of the project, including scope, location, capacity requirements, and approvals to be obtained, define prudent engineering and operational practices and the contracting authority's specifications and standards, request information demonstrating technical qualifications, request specifications of the proposed Engineering, Procurement, and Construction (EPC) and Operation and Maintenance (O&M) contractors, and present the mentioned project schedule.
Section 4: Legal and Commercial Information	Describe the legal information required from bidders, including a certified copy of the partnership or consortium agreement, a power of attorney authorizing the execution of said agreement, details of corporate structures, specify the party responsible

Section	Description
	for obtaining all permits and licenses, define the general environmental and social standards the project must meet, and request information regarding the bidder's insurance program.
Section 5: Financial Information	Request a full breakdown of the total project budget, as set out in a separate form, request details of operating and maintenance costs over the term of the agreement, as set out in a separate form, define the scope of the bidder's responsibility for arranging financing for the project's capital costs, propose the financing mechanism for the project, specify any portion of equity and debt for which the bidder must obtain binding terms, how this commitment should be expressed, and the extent to which it is subject to certain conditions, require the bidder to submit a detailed financial model specifying general requirements, its format, best practice methods and modeling guidelines, request a summary of the assumptions and criteria used, the required financial outputs the model should produce, sensitivity analyses to be performed as part of the model, and procedures and guidelines to be followed to ensure uniform submission of bids, and present the conditions for the financing model's assumptions.
Section 6: Bid Preparation and Submission	Includes logistical details, such as the address to which bids should be sent, the number of copies, their specific deadline, the requirement for a bid bond, and others; and details the bid clarification process.

Preparing the RFP Document

Technical Information

The RFP must specify the technical characteristics of the project, with a focus on accurately describing the project's technical design and specifications, including the following elements:

- Basic project information, including the economic and social objectives it seeks to achieve.
- Project scope and requirements.
- Location - described through diagrams.
- Capacity requirements (if any).
- Construction - what the project will focus on providing.
- Technical information required from the bidder - completed forms and technical data sheets, supplemented with additional descriptions, explanations, drawings, and any other information necessary for a comprehensive technical evaluation.
- Design, Procurement, and Construction - good practices, government entity specifications, standards, and requirements that bidders must adhere to and respond to.
- Operation and Maintenance - the relevant terms sheet including agreed pricing and associated long-term service agreements, if any.
- Specifications for services and facilities - expressed in terms of expected project outputs, improving upon the specifications mentioned in the feasibility study, and sometimes as inputs; in addition, the condition of assets at the end of the term should also be specified.
- Project implementation schedule.
- Forms to ensure all technical information is received on a like-for-like basis from bidders.

Commercial and Legal Information

Legal Form - Evidence of the company's existence as a legally recognized entity or a certified copy of the completed joint venture or consortium agreement signed by all parties must be provided as proof of the legal structure of the bidding consortium. Furthermore, to indicate the legal relationship between consortium members and the role and responsibility of each member in the consortium, bidders must provide details of their articles of association or other documents, including certificates of incorporation and commercial registration to conduct business in accordance with applicable legislation.

Approvals must be specified, with an emphasis on those for which the preferred bidder will be responsible - and all necessary approvals, permits, and licenses during the construction and operation phases, including the minimum environmental standards that must be adhered to as discussed with the Ajman Municipality. The costs associated with approvals must also be included in the bid.

Customs Duties and Taxes - Any relevant customs duties or taxes required and used in the project must be stated.

Insurance - Bidders must provide a summary of their insurance programs specifically designed to suit the risks associated with the construction and operation of the project.

Proposed Project Structure - Specify, for example, the necessity for the preferred bidder to participate in a project company to be established as a special purpose vehicle, who the stakeholders in that company are - and the associated agreements that the preferred bidder must enter into with other parties upon contract award.

Financial Information

Project Cost Estimates:

Project Budget Costs (Full details of the total project budget breakdown, including development costs, construction and contingency costs, operation and maintenance costs, etc., with the timing of incurred costs included to be specified in the relevant form.)

Operation and Maintenance Costs (A breakdown of O&M costs over the term of the agreement, classified as fixed or variable, then further broken down between local and international parts.)

Financing Requirements: The overall financing structure should be specified, with debt-to-equity ratios.

Financing Commitments: Bidders must obtain binding terms for the specified percentage of equity and debt required for the project, clearly demonstrated through the use of commitment letters and detailed term sheets signed by financiers to be included as part of the submitted bid.

Interest rate and foreign exchange hedging strategy.

Financial Model: Bidders must submit a detailed financial model for the project to support their bids, which will be linked to the relevant forms, including general requirements - bidders must consider the relevant regulations set by the government entity, for example, the model's ability to produce all calculations, the necessity to assume a specific concession period, and providing the model on a hard copy and on a CD or flash drive, among others. Furthermore, general modeling guidelines can also be provided - such as using logical operators instead of complex nested functions, using comments if equations are complex, and flexibility in terms of the ability to perform sensitivity analyses, and the like.

Model Inputs - Bidders must also provide a summary of the financial and economic assumptions used for the model using a specific template (preferably, as an appendix to the RFP) which must be linked to the rest of the model and be effective upon submission to help the government entity conduct a detailed evaluation.

Model Outputs - Bidders must be notified of the required financial projections that the model must produce, such as a cash flow statement with ratios, a profit and loss account, a balance sheet, etc.

Model Sensitivity Analyses - Bidders must be notified of the sensitivity analyses that must be performed as part of the model, which could include, for example, overruns in design, procurement, and construction costs, overruns in operation and maintenance costs, and inflation.

Bid Preparation and Submission Requirements

To ensure strict adherence to the guidelines set forth, the government entity must require that all bids adequately respond to the RFP document, submit completed versions of all forms and data templates, and provide all required information as outlined in the document. Emphasis should be placed on:

- The address to which bids must be sent.

- The number of copies required, and strict adherence to the deadline.
- Separation of technical and financial proposals to allow for separate and objective evaluation.
- The government entity may require a bid bond. In this case, the bid bond must include the form, value, and validity date specified as a condition in the RFP, and must be issued by a recognized bank acceptable to the government entity. Implied conditions for forfeiting the bid bond, which must be clearly stated, include:
    - The bidder withdraws their bid during the validity period.
    - The bidder fails to comply with any re-verification requirement or fails to submit a replacement bid bond within the timeframe notified by the government entity, in case the government entity extends the validity period.

Bid Clarifications

As part of the same section, the RFP should also include the procedure adopted by the government entity regarding clarifications, noting the following:

- Specify the timeline and contact person to whom bidder clarifications should be submitted.
- A provision stating that the government entity will seek to respond to all clarifications, but is not obligated to do so.
- If the response to a clarification is important, this information must be shared with all bidders and not limited to the bidder who submitted the question.
- A date for a clarification meeting, highly recommended, should be set during the bid submission period, with attendance encouraged though not mandatory.
- Clarify some matters of legal importance:
- Procedure for handling late bids.
- Bid validity period.
- Procedure for amending or withdrawing a bid.
- Confidentiality regulations.

Project Contracts

The partnership agreement is the legally binding document that the preferred bidder must enter into with the government entity if the project is awarded to them. It must be ensured that the draft agreement is flexible enough to accommodate necessary changes that will arise during negotiation and throughout the project life cycle. The approval of the Governor's Representative must be obtained for any material exceptions. The partnership agreement must include the following basic provisions:

- The nature and scope of the works and services to be performed and executed by the project company.
- Ownership of project assets and its intellectual property rights, the obligations of the parties regarding the delivery of the project site, and provisions for the transfer of ownership at the end of the project.
- Responsibility for obtaining licenses, permits, and approvals.
- Mutual financial and technical obligations between the contract parties, and methods of financing.
- Rules for the selling price of the product or for the service on which the project is based, and the bases and rules for their determination and modification.
- Methods of quality assurance, and tools for financial, administrative, and technical control, supervision, and follow-up for the operation, use, and maintenance of the project, and indicators for evaluating the performance of the project company.
- The rules governing the government entity's right to terminate or amend the partnership agreement, the extent of the project company's compliance with these amendments, and the bases and mechanisms for compensation in such a case.
- Types and amounts of insurance covering the partnership project and the risks of its operation and use, performance guarantees provided to the government entity, and the provisions and procedures related to the recovery of these guarantees.
- Bases for the distribution of risks associated with the project, in case of force majeure, unforeseen circumstances, or material difficulties, as well as determining the bases for estimating compensation for them.

- The duration of the contract and cases of its early termination, in whole or in part, and a statement of the rights and obligations of its parties.
- Specifying the cases in which the government entity may unilaterally terminate the contract.
- Penalties that may be imposed on the project company in case of breach of its contractual obligations.
- Rules and procedures for the recovery of the project, whether at the end of the contract term or in cases of unilateral, early, or partial termination of the contract.
- Procedures to ensure the continuity of the project and the works subject to the partnership agreement upon the expiration of the contract term, upon its termination, or in the event of the project company's breach of its contractual obligations.
- Provisions for utilizing the services of government entity employees at the project company, and determining the Emiratization percentage therein.
- Measures that the project company must take to preserve the environment.
- Specifications of the final product, and the level of service that the project company must comply with, including performance indicators, safety, security, environmental protection standards, and other standards, and the electronic systems and programs that the project company must use.
- Any other obligations specified by the Governor's Representative or the government entity under the decisions issued by them in this regard.

Additionally, all other documents, which will vary according to the type of project, must be identified in the RFP, with draft versions attached at the end to allow bidders to provide comments that will be examined by a legal representative of the government entity, and which will be used as a basis for concluding the agreements.

Bid Evaluation Mechanism

The evaluation aims to identify the "bid" that achieves the best value for money and demonstrates the greatest technical efficiency and commitment to the specified specifications, while offering a degree of innovation that increases savings. The terms of reference and specifications must clearly define the bid evaluation mechanism that the Partnership Committee will use in evaluating the submitted bids. In particular, the evaluation mechanism must specify whether:

- The financial and technical bid scores will be determined separately, and if so, what the specific weight of each component in each bid is.
- There will be a threshold for technical scores that must be met, after which the lowest price will automatically win.
- Technical bids will be evaluated, followed by a Best and Final Offer (BAFO) process where bidders will be asked to price the best solution, with the "winning" bidder receiving appropriate scores.

The best technical solution will be re-tendered through a competitive bidding process with the output specifications completely or partially replaced, from among multiple options. Although detailed guidelines on bid submission and evaluation are provided in the following sections of this document, the following should generally be considered as part of the evaluation methodology:

- Comparison of the submitted bid with the Public Sector Comparator - although the financial analysis has proven that procuring the project using a public-private partnership results in value for money savings compared to traditional procurement ("Public Sector Comparator"). The scope of deviation should be considered and its degree determined accordingly in order to award to the lowest price.
- Compliance with the stated requirements, adherence to the specified scope and output specifications, and providing information as required in the RFP.
- Responsiveness to technical aspects and commercial and financial information - including the accuracy of the financial model, clear adherence to the specified form submission guidelines, and consideration of basic insurance programs and taxes - as outlined in the RFP. The evaluation methodology section outlined in the RFP should include the following components:
    - An introduction summarizing the evaluation criteria used, presenting important terms and their definitions, and identifying the exclusion metrics for each section.

- Procedures for the completeness and compliance check of technical bids, which is the first step to be followed during the evaluation process, to determine the extent to which the bidder meets the minimum basic requirements, complies with all formal procedures, and includes all documents as stipulated in the RFP regarding technical bids.

- A detailed section for the evaluation of technical bids that indicates the focus of the technical evaluation, among other things, on the following: project management strategy, organizational structure, personnel, design solution, construction strategy and schedule, and facility management/operation and maintenance strategy and methodology. This section should contain, in a table format, the criteria to be evaluated, the specific weight for each criterion, the maximum initial score, and the maximum adjusted score that can be awarded. Afterwards, it is recommended to include a technical score summary section, which classifies the scores in the following order: "Excellent," "Very Good," "Good and/or Acceptable," "Poor," "Very Poor," and "Unacceptable and/or Totally Unacceptable."
- A detailed section for the legal evaluation, based on the evaluation conducted by the legal advisor of the comments on the project agreement included as part of the RFP, with proposals based entirely on the original template receiving a full 100 points. This section should contain, in a table format, the criteria to be evaluated derived from the core agreements, the weight, the maximum initial score, and the maximum adjusted score that can be awarded. The scoring guide should also emphasize that the scores are based on a sliding scale where lower scores are entirely linked to the transfer of risk to the government entity compared to the risk allocation in the PPP agreement.
- The technical bid score should be clearly stated, with weights assigned to the technical and legal evaluation scores. In addition, a financial threshold for the technical bid should be set, if applicable.
- Summarize the technical bid evaluation phase and provide an indicative timeline for when bidders will be notified of the final shortlists.
- Introduce the financial bid evaluation section, indicating that it will consist of a price evaluation - i.e., an evaluation of the bid price

proposed by the bidder - and a commercial evaluation - i.e., an evaluation of the commercial strength and feasibility of the bid.

- The procedure for the completeness and compliance check of financial bids, to determine the extent to which the bidder meets the minimum basic requirements, complies with all formal procedures, and includes all documents as stipulated in the RFP regarding financial bids.
- A detailed evaluation of the financial bid, which indicates that the evaluation contains a detailed analysis of the following commercial aspects, for example: the proposed financial structure, the financing plan including the cost of financing, the level of committed financing, the completeness of the term sheets, the feasibility of the financing solution including the likelihood of obtaining financing within the project implementation timeline, guarantee requirements from lenders, and the timing and amount of equity financing. A commercial scoring guide should be included in a table format with criteria such as financing strategy, debt strategy, equity strategy, overall quality of the financial model, feasibility of the solution within the cost and tax and accounting assumptions, as well as their weights, the maximum initial score, and the maximum adjusted score that can be awarded. A commercial scoring guide should be prepared that classifies the scores in a manner similar to the technical scoring guide.
- A formula for price evaluation must be specified that takes into account the lowest price, which is assigned a score of 100. In addition, a formula for the financial bid score must be prepared that takes into account the weight of the financial evaluation and the commercial and price scores. Based on the evaluation criteria set by the government entity, a formula for determining the overall scores should be clarified, emphasizing that it is a summary of the technical and financial evaluation scores.
- Detailed specification of the procedure for clarifications during the evaluation, including logistical and administrative details, clarification meetings, and the procedure for the government entity to request clarifications on the bids submitted by bidders.

Criteria to be Evaluated	Relative Weight	Maximum Initial Score	Maximum Adjusted Score
Project Management, Organization, and Personnel			
Project Management Proposal	2%	10	2
Project Management Plan and Strategy	3%	10	7
Organizational Structure of the Partnership Project Team	3%	10	3
Overall Project Delivery Schedule	7%	10	3
Total Relative Weight for Project Management	15%		15
Design Solution			
Design Management Proposal	2%	10	2
Design Methodology, Strategy, and Solutions	27%	10	27
Organizational Structure of the Design Team	3%	10	3
Design Delivery Schedule	3%	10	3
Total Relative Weight for Design	35%	10	35
Construction Strategy			
Construction Management Proposal	2%	10	2

Criteria to be Evaluated	**Relative Weight**	**Maximum Initial Score**	**Maximum Adjusted Score**
Construction Management Plan, Strategy, and Methods	17%	10	17
Organizational Structure of the Construction Team and Resource Capabilities	3%	10	3
Construction Schedule	3%	10	3
Total Relative Weight for Construction	25%		25
Facilities Management Strategy and Methodology			
Facilities Management Proposals	2%	10	2
Proposals for Facilities Management Service Delivery	4%	10	4
Facilities Management Performance Monitoring and Reporting	6%	10	6
Facilities Asset Management	6%	10	6
Facilities Management Integration	4%	10	4
Financial and Commercial Facilities Management	3%	10	3
Total Relative Weight for Facilities Management	25%		25

Basis of Scoring for Technical Criteria Evaluation	**Score**
Excellent: The information provided offers excellent evidence of the ability to meet the specified requirements, and the technical proposals offer excellent quality levels, significant additional benefits, and an appreciation of the contracting authority's requirements and the relevant technical, regulatory, operational, and environmental requirements.	9-10
Very Good: The information provided offers strong evidence of the ability to meet the specified requirements, and the technical proposals offer a very good level of quality, significant additional benefits, and an appreciation of the contracting authority's requirements and the relevant technical, regulatory, operational, and environmental requirements.	7-8
Good and/or Acceptable: The information provided meets the contracting authority's requirements, and the solution offers a good level of quality and an acceptable appreciation of the relevant technical, regulatory, operational, and environmental requirements.	5-6
Poor: The information provided omits some specified requirements, and the solution offers only a limited level of quality and a somewhat poor appreciation of the relevant technical, regulatory, operational, and environmental requirements.	3-4
Very Poor: The information provided offers insufficient evidence of the ability to meet the specified requirements, and the solution does not offer an acceptable level of quality and poorly appreciates the relevant technical, regulatory, and environmental requirements.	2-3
Unacceptable and/or Totally Unsatisfactory: There is either an omission of information, so there is insufficient evidence to support the proposal to allow the contracting authority to conduct the evaluation, or the information provided is fundamentally unacceptable and/or totally unsatisfactory.	0-1

Appendix 9

Guidelines for Bid Submission and Evaluation

Objective

This appendix aims to shed more light on the bid submission process by defining and adhering to bid evaluation procedures upon receipt of bids, including the various evaluation components to be considered. Important considerations for managing the bid submission process and evaluation procedures should also be discussed, and a serious negotiation process should be followed to finalize the partnership agreement with the preferred bidder.

Guidelines

Receiving Bids

A simple mechanism for receiving bids should be established and used, taking into account the utmost importance of confidentiality and ensuring the protection of sensitive information from manipulation. It is recommended that financial and technical bid submissions be separated into separate sealed envelopes to ensure that the evaluation of technical qualifications is not biased by price criteria. Financial bids are only opened for bidders who pass the required threshold in the technical evaluation.

Bid Evaluation Procedure

The government entity must consider financial and non-financial criteria; however, the government entity has the right in each project to make an informed decision on the dominance of the criteria. The bid evaluation will consist of an assessment of the technical qualifications or past experience requirements of each bidder (or consortium of bidders), the financial proposal, the technical proposal, and the legal proposal. The specific weights for the mentioned bid components, scores, and requirements will be reflected in the RFP document.

Technical Qualifications or Past Experience Requirements

The technical qualifications or minimum past experience requirements of each bidder or consortium of bidders are evaluated according to the matters set forth in the RFP. If the bidder is a single entity, it must meet the past experience requirements. A consortium of bidders must appoint a lead member, and if the lead member does not meet all past experience requirements, the consortium's experience will be evaluated with respect to the remaining past experience requirements. If the lead member does not meet any of the past experience requirements, another member of the consortium must meet them ("qualified consortium member"). Furthermore, the lead member or qualified consortium member must pass each past experience requirement individually and not in collaboration with another entity.

Financial Evaluation

Financial bids shall be evaluated in accordance with the matters set forth in the RFP, including an assessment of:

- The bidder's financial model.
- The bidder's cost proposal.
- The bidder's plans for financing the project.

Bidder's Financial Model

The bidder's model must comply with all requirements specified in the RFP, which include, but are not limited to, the following:

- The ability to perform all calculations required by the RFP and to demonstrate the model's terms for any additional agreements, as appropriate, and attach this to the RFP document.
- Submission in the specified format.
- Adherence to best practice standards as described in the RFP.
- Undergoing an independent audit.
- Providing detailed operational instructions for the financial model as described in the RFP.
- Preparing a Value for Money analysis for the project.

Bidder's Financing Plans

The evaluation of the qualified bidder's financing plans will consider the following:

- The adequacy of financing commitments to meet the project's financing requirements as set out in the model, including interim financing. Qualified bidders must provide evidence of the required financing commitments to execute the project as part of their bids.
- If the financing plans rely on a limited recourse or non-recourse financing system, bidders must provide a bank commitment letter.
- The level of contracting for goods and services appropriate for an Export Credit Agency (ECA) (if applicable) that the bidder's proposed design, procurement, and construction contractor is willing to commit to.
- If financing assumes any support from ECAs, the ECAs must also provide commitment letters demonstrating that they have fully reviewed the financial proposal and agree to the availability of financing and/or guarantee of the facilities that are part of the bidder's financing plan.
- Bids evaluated as not providing sufficient financing commitments to execute the project may be rejected.
- Provide evidence that financing commitments have been made after the financial institutions have reviewed the project agreements.
- The bid must provide evidence of its bankability, through committed equity and debt.

Technical Evaluation

The evaluation of technical proposals aims to assure the government entity that the contractors who will build the project have the necessary technical expertise and relevant past experience to deliver the specified services while adhering to the set schedule. Technical proposals are evaluated based on, but not limited to, the following:

- Technical compliance of the bid with the requirements of the RFP, as detailed in the project requirements section, functional specifications, as well as other relevant sections.

- The scope and nature of exceptions, if any, from the RFP requirements.
- The proposed operation and maintenance plans by the bidders for the project will be evaluated, as well as the alignment of their financial model with the plans.
- Bidders must demonstrate that their submitted proposals for the project comply with the architectural, geotechnical, environmental, and technical requirements as detailed in the functional specifications section and the additional agreements attached to the RFP. Bids that do not meet this condition are considered non-compliant.
- Bidders must demonstrate through drawings the feasibility of the proposed layout for the physical structure on the site and its full consideration of site safety, equipment access, environmental requirements, and its ability to provide all necessary site services.
- The construction program proposed by the bidders for the project must be detailed as specified in the relevant form.
- Evidence supporting the completion of the construction program must be provided. For example, dates for the availability of major equipment items should be provided, and priority should be given to firm evidence of the availability of critical equipment.
- Bidders must provide details of all major subcontractors/suppliers, specifying the type of work or service to be subcontracted and the country of origin.
- The eligibility of the bidders' contractors to perform their duties satisfactorily with respect to the project is evaluated.
- Compliance with health, safety, and environmental guidelines and Ajman Municipality guidelines.

Legal Evaluation

The legal evaluation of the submitted bids must consider, among other requirements, the following:

- An assessment of the scope of any deviation from the requirements of the agreements attached to the RFP, including the nature of the exceptions and the extent to which the risk allocation in both the agreements and the project as a whole is affected.

- An assessment of the impact of the qualified bid being conditional on any outstanding material issue.
- Submission of a commitment letter.
- Compliance with past experience requirements.

Important Considerations for Managing the Bidding Process

Disclosure

All members of the Partnership Committee, including representatives of the project advisors, must be required to disclose any personal or family conflicts of interest that may be related to any of the bidders or the project. In addition, the government entity must decide, in advance, what action will be taken to handle such conflicts, such as excluding any members with personal conflicts of interest from managing the project.

Code of Conduct

All members of the Partnership Project Committee, including representatives of the "Project Advisors," must be required to sign a code of conduct that requires compliance with specific rules and regulations to be applied uniformly in every project. A similar code of conduct must be prepared for all potential bidding consortia and their advisors to sign in each project.

Secure Environment

The government entity must prepare a security plan to ensure the confidentiality of data and business and to prevent industrial espionage and economic theft.

Clarification Meetings

The government entity is strongly urged to hold clarification meetings with bidders during the interim period between the issuance of the RFP and the receipt of bids. These meetings aim to clarify issues in the RFP that bidders can discuss openly and to introduce the main representatives of the government entity to the bidders. Individual meetings between the government entity and bidders can also be organized, provided that this is done in advance, and that any non-proprietary clarifications are shared with all bidders, ensuring a level playing field for all.

Bidder Due Diligence

To receive bidder due diligence, prior due diligence for the project must be provided and bidders must be given access to the project site. To facilitate this process, contact and access details regarding the time and manner of granting this permission should be specified in the RFP.

Bid Validity Period

The bid validity period must be shown in the RFP so that all bids are valid for a specific period of time determined by the government entity.

Appendix 10

Guidelines for Appointing Project Advisors

Objective

The objective of this appendix is to shed light on the role and procedures for hiring a "Project Advisor," with a focus on how to structure the Terms of Reference (ToR) and the Request for Proposal (RFP) document, and how to handle the hiring process to select the most suitable advisor for the project.

Guidelines

1.1 Role of the Project Advisor

The Project Advisor(s) is a consortium of professional advisors - which may include commercial, financial, technical, legal, environmental, insurance, or other services - from one or more firms working in coordination with the Partnership Committee during the procurement and contracting phases. Their roles must be defined before the selection phase to ensure that all requirements and expected deliverables from the advisors are met.

1.2 The Appointment Process

After defining the role of each advisor, the government entity must ensure that a sufficient number of qualified project advisors are selected to be briefed on the process and to promote appropriate competition among them. The process of appointing a project advisor is similar to the process used for procuring the project: a Request for Proposal (RFP), the contents of which are detailed below, is issued to provide clarity regarding the scope of work expected to be delivered by the project advisor in the project. The project advisor's proposal generally includes a technical proposal in response to the scope of work in the RFP with a practical methodology, and a financial proposal that includes pricing for these services. These proposals are then submitted to the designated government entity, followed by a competitive bidding process to select the project advisor.

The project advisor's technical proposal is generally evaluated based on the following criteria:

- Local, regional, and international experience over the past five to ten years in working on procurement projects, firstly in the same sector as the project under discussion; and secondly, in other procurements.
- Relevant past experience working with the government entity or other entities within the country.
- Relevant past experience in leading the development of similar projects, or in structuring a relevant payment mechanism.
- Relevant past experience in developing government-guaranteed or supported projects, supporting the project's bankability, and fundraising.

1.2.1 Terms of Reference (ToR)

At the beginning of the hiring process, the project advisor's Terms of Reference (ToR) must be prepared. The ToR should provide the government entity with a comprehensive evaluation mechanism and will be used as a basis during the drafting of the RFP. The clearer and more accurately the ToR is prepared, the higher the efficiency of the bidder, and the greater the confidence in the procurement process. As a minimum, the ToR should include the following: (proposed terms for the RFP are included in parentheses):

Overview (to be included in the RFP): A detailed outline of the project, including the description prepared in the project concept report, along with a summary of why the state government entity is interested in procuring this project based on the needs the project aims to meet.

Scope of Work (to be included in the RFP): A clear definition of the scope of work, including output specifications and reference drawings - if any - for which the project advisor is being appointed.

Schedule of Deliverables (to be included in the RFP): A complete list of deliverables that the project advisor is expected to prepare, along with proposed delivery dates, should be clearly prepared to help the project advisor price their services accurately.

Skills and Experience (to be included in the RFP): The range of required project-specific skills and experience should be clarified - especially in complex specialized projects. Furthermore, special emphasis should be placed on the requirements for the availability of the resources mentioned in the submitted proposal - on the ground, if necessary - once the project starts, and the commitment to dedicate time to the successful completion of the project.

Budget for the Project Advisor's professional fees (if announced, should be included in the RFP): Based on the accurate cost estimate conducted by a technical specialist within the government entity, a budget for the project, and consequently, for the project advisor's services, is determined, which may or may not be announced. If announced, the government entity will have a definitive benchmark to measure all technical responses against; consequently, there is no incentive for bidders to submit cheap and technically poor proposals, which, in principle, improves the quality of average proposals. However, there are risks that highly competent advisors who would have provided technically superior solutions may be excluded due to inaccurate cost estimation and may not prefer to bid due to poor estimation of the cost of services. If not announced, there is a greater chance of receiving a good variety of proposals, as both components of the submission will be evaluated.

Response to the RFP's Scope of Work (Technical Proposal) and Pricing (Financial Proposal) - and reducing the incentive for quality compensation. However, a risk arises that some advisors, with poor past experience and technical expertise, may deliberately reduce the prices of their services. Furthermore, if a very low bid is rejected, despite clear technical flaws, the government entity must justify it as a loss to the treasury. In short, the government entity makes the decision on a case-by-case basis for each project. In projects requiring specific technical expertise, the budget can be announced to ensure that scores are awarded exclusively on the quality of the technical response. The budget does not need to be announced in projects where there is a local and regional track record and sufficient competition among bidders, in order to encourage competition.

Payment System and Schedule (to be included in the RFP): The "Project Advisor" should receive their fees according to a specific schedule using a combination of a retainer, which is disbursed upon completion of each agreed-upon deliverable, and a success fee - typically paid upon reaching financial close. The work performed by the project advisor can significantly exceed the agreed-upon scope in large and complex projects. If so, a payment method should be agreed upon to compensate the advisor for this additional work, such as using stipulated daily rates. The agreed-upon scope of work with the "Project Advisor" should contain "deliverables" at the end of each phase.

Payment Arrangements (to be included in the RFP): There are two options for disbursing payments:

Expenses such as travel are paid as reimbursement of costs, provided that supporting invoices are submitted, within the limits stipulated by the project advisor in their proposal.

The "Project Advisor" can be required to provide an all-inclusive price for their internal expense budget, and the government entity disburses the payment as a series of retainer payments.

In general, the second option is recommended, which is the option followed by most countries in the region. The first option involves excessive administrative burdens, as individual expenses need to be approved, while the second option resolves this hassle by setting a total amount that includes budgeted expenses and mitigates the risk of companies over-budgeting expenses.

Administrative Arrangements for the Government Entity: This will define the reporting and management protocols that the project advisor will have to follow.

Conflict of Interest (to be included in the RFP): Full disclosure of any vested interest that bidders may have in the project should be sought, and project advisors should be informed that if they win, they will be excluded from advising any of the bidders in the procurement process.

Bidding Rules (to be included in the RFP): The rules regarding the submission of bids by the project advisor should be clarified. The project advisor will typically be required to submit a proposal that combines a technical response to the RFP's scope of work and a financial response consisting of the set price for the services.

Submission Requirements (to be included in the RFP): The rules regarding bid submission must be clearly defined, including the required supporting documents, the format in which they should be submitted, and the address to which they should be sent, among other details. Most importantly, the submission should be in two separate envelopes - one for the technical response and the other for the financial response, so that the price is not known when evaluating the technical proposal.

Bidding Process (to be included in the RFP): The processes related to bid submission and the briefing session should be detailed.

Bid Evaluation Weights and Criteria (to be included in the RFP): Specific criteria for evaluating the "Project Advisor's" responses should be clearly defined, with weights assigned to the technical and financial responses, as well as other components such as track record, team members' experience, relevant fundraising experience, etc.

Background and Supporting Documents: Where applicable, any non-confidential supporting documents are provided, before work or research begins, and the basic knowledge for all relevant bidders, preferably through a data room. This could include any previous internal feasibility studies, any needs assessment, any relevant policy or regulatory documents that the project may help achieve, and any project-specific objectives previously defined by the government entity. This is important for price evaluation, as reviewing and updating previously prepared work is priced completely differently from preparing entirely new feasibility studies.

Draft Agreement (to be included as part of the RFP) - Bidders have the right to review the contractual provisions of the agreement they will enter into if the project is awarded to them. To this end, a draft template of the final agreement should be attached to the ToR to enable bidders to provide their comments and feedback on it, if possible.

1.2.2 Advertisement

An advertisement should be prepared for publication in popular Arabic and English newspapers and magazines and on the websites of the relevant government entities. The advertisement should present brief details about the project, provide a contact person at the government entity, and provide details of any briefing sessions, which are usually held at some point in the middle of the allocated preparatory period. Sufficient time should be provided for bidders so that the project advisor can form the best possible consortium, prepare a detailed response that takes the RFP into account, and accurately cost the project. Once the advertisement is published, bidders should be allowed to send inquiries to the contact person specified in the government entity, and it must be ensured that all responses to inquiries are widely shared, especially if they provide clarity on an issue in the RFP that would benefit all bidders.

1.2.3 Briefing Session

It is recommended that the government entity hold a briefing session for bidders, usually at some point in the middle of the allocated preparatory period, with the session focusing on summarizing the ToR and answering bidders' inquiries. Attendance should be encouraged although not mandatory. However, it must be ensured that attendance does not give preference or advantage to bidders, and that any information exchanged in this session is also shared with all potential bidders. In addition to providing an opportunity for clarifications, briefing sessions contribute to increasing bidders' knowledge of the key representatives of the government entity, whose attendance should be strongly encouraged - as well as allowing bidders to get to know the competition.

1.2.4 Finalizing and Concluding the Agreement

A contact person within the government entity should be appointed to receive bids from interested bidders on or before the specified deadline. The technical and financial proposals should be received and kept separate. If bids are opened upon submission, it must be ensured that the guidelines set forth in the terms of reference and specifications are strictly adhered to, and bidders are informed as soon as possible of potential disqualification.

After evaluating the bids, the government entity should invite the preferred bidder to finalize the terms of the contract, which should take into account both the ToR and the comments submitted on the draft contract as part of the winning bid. It should be clarified that the government entity has the right to negotiate prices with the preferred bidder, and if a consensus is not reached, the entity may conduct negotiations with the next highest-scoring bidder. In this case, the primary bidder will be informed in advance and in writing of the reason for their disqualification from continuing in the negotiations. After successfully completing negotiations with the preferred bidder, the parties must agree on the contract, draft its terms, and conclude it. As a final step in this process, the unsuccessful bidders must be informed of the decision.