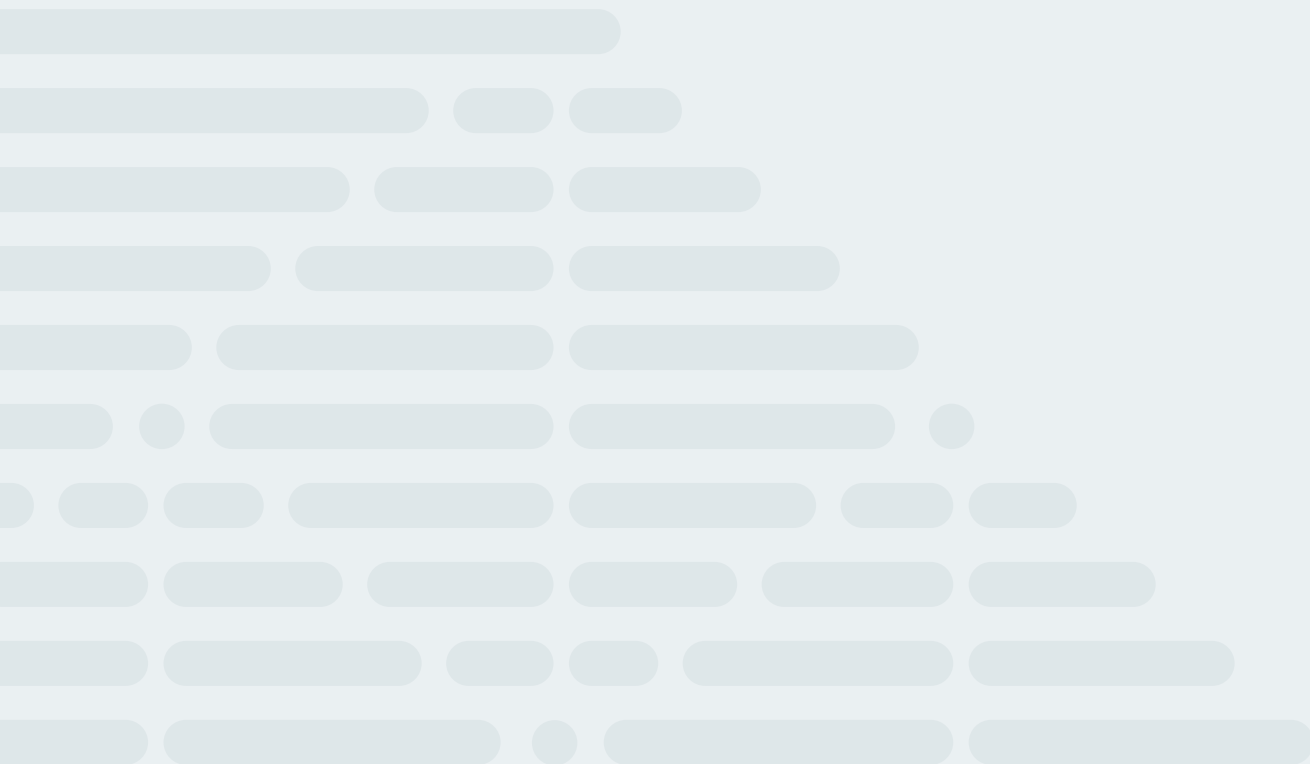


CHAPTER 2

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# Contract management team set-up and training



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## 2 Contract management team set-up and training

The existence of an effective contract management team is vital to ensure a project's objectives are met in the long term. Chapter 2 provides guidance on how to set up a Procuring Authority's contract management team to carry out this role in the most effective manner, considering the challenges any project is likely to face. Training of project staff also needs to be planned and delivered by the Procuring Authority, covering both general training as well as PPP-specific training, and this chapter provides guidance on the specific topic of staff training.

For the purposes of this chapter, the 'contract management team' refers to the Procuring Authority's contract management team. The Project Company will also have a team responsible for managing its contractual obligations and liabilities and interfacing with the Procuring Authority's team; however, that is not the focus of this chapter.

The topics covered by this chapter are:

- Contract management team set-up (Section 2.1)
- Contract Management team training (Section 2.2)

### 2.1 Contract management team set-up

The size and structure of a contract management team will be dictated by several factors, including the level of obligations and risks taken on by the Procuring Authority and the overall complexity of the project. Where the Procuring Authority has taken on a high level of risk and has a significant number of obligations as part of the PPP contract, it must assume an active role in contract management. Where the risks and obligations retained by the Procuring Authority are fewer, the Procuring Authority may be able to take a more passive role, although its responsibilities should not be underestimated. With these considerations in mind, the Procuring Authority will need to determine what skills are required within the team, and what expertise can be brought in using external advisors or other government departments.

#### SECTION STRUCTURE

This section provides a background to contract management team set-up in Subsection 2.1.1 (Background), and provides guidance on setting up the contract management team. The key elements of successful contract management team set-up are summarised below and discussed in detail in Subsection 2.1.2 (Guidance):

- A. Consider the scope of the Procuring Authority's role in the management of the specific PPP contract
- B. Base the size of the contract management team on the nature of the project and the availability of external resources
- C. Ensure the Procuring Authority's contract management team has an appropriate governance structure, and skillset and competencies required for the project
- D. Plan the set-up of the contract management team before financial close
- E. Centralise resources where there is a program of PPPs and benefits could be generated through synergies between different projects
- F. Use external consultants where appropriate and ensure transitions between consultants are managed effectively
- G. Evaluate the structure and resourcing of the contract management team on an ongoing basis and make adjustments as necessary
- H. Plan for staff turnover and ensure adequate procedures are in place to manage continuity of knowledge
- I. Consider setting up the contract management team in a way that mitigates the risk of a change in government or policy

### 2.1.1 Background

Regardless of the characteristics of a PPP project (such as the size, project type, complexity or contract structure), the Procuring Authority must have a team that is responsible for its management.

The complexity, size and duration of PPP contracts means that success is dependent on having staff within the Procuring Authority who have defined responsibilities for managing the different phases of the PPP project, including relationships with key stakeholders and effective lines of communication with other relevant government departments and regulators.

Setting up a contract management team should be carefully planned and reviewed, as the skillset required following financial close is different from the transactional expertise needed to successfully reach agreement on the terms of the PPP contract.

The requirements for managing the risks taken by the Procuring Authority and the associated liabilities on a PPP project should not be underestimated. PPPs are different from traditional government procurement (e.g. under a construction contract), as they involve significant risk transfer and have a long contract duration. This must be taken into account when developing the Procuring Authority's contract management team when procuring long-term PPP contracts.

The existence of a dedicated team is key to ensuring value for money is retained through the life of a project and that the project's objectives are met. Understanding project-specific challenges and PPP contract terms from an operational perspective is essential for determining the optimum size of the contract management team, and the nature and timing of the expertise needed for effective contract management.

Some of the common challenges identified during the data collection process regarding the set-up of a contract management team were:

- Vision, values and strategic objectives of the Procuring Authority not being communicated to and shared with the Project Company, leading to underperformance by the Project Company
- Lack of clarity on roles and responsibilities within the Procuring Authority's contract management team
- Lack of clear and sufficient delegation of authority to the contract management team to make timely and informed decisions without continuously seeking approvals from other relevant government agencies
- Lack of capability within the contract management team
- Inadequate stakeholder engagement
- Lack of an effective performance management framework
- Ineffective systems and processes

## 2.1.2 Guidance

### A. Consider the scope of the Procuring Authority's role in the management of the specific PPP contract

The first step for the Procuring Authority is to understand the nature of the role that it is required to play in managing the relevant PPP contract. The structure and size of the contract management team should depend on the level of involvement the Procuring Authority is required to have in the contract management activities.

The structure and size of the team will depend on several factors that should be considered on a case-by-case basis:

- The size, geographic distribution and complexity of the project
- The scope and complexity of the service(s) being delivered, including its sector
- The complexity of the contractual arrangements
- The risks that have been retained by the Procuring Authority under the PPP contract, or are inherent to the Procuring Authority irrespective of what is agreed in the PPP contract, such as social risks and counterparty risks
- The Procuring Authority's positive obligations under the PPP contract

There are two broad approaches to contract management which play a role in determining the size and structure of the Procuring Authority's contract management team: active contract management and passive contract management. The appropriate approach will depend on the factors outlined above.

#### Active contract management

Active contract management broadly refers to the circumstance where a Procuring Authority has taken on substantial obligations and risks, and needs to be closely and actively involved in contract management activities to manage those risks.

On large or complex projects, the Procuring Authority may still need to be closely and actively involved in the contract management, even where there has been substantial risk transfer to the Project Company.

There are several aspects of PPPs that are likely to require more active contract management:

Performance monitoring. PPPs are typically based on the principle that the Project Company will be self-monitoring, and will consequently submit a large volume of regular reports to the Procuring Authority for verification and approval. The Procuring Authority must therefore have personnel with the capability and experience to understand and analyse the Project Company's monitoring reports, and data interpretation may be resource intensive.

Stakeholder management. By their nature, PPP projects involve a vast array of inter-connecting relationships. These exist not only between the Procuring Authority and the Project Company, but also with and between other stakeholders including end users, the public, equity investors, lenders and other government departments. Adequate resourcing needs to be allocated to these relationships. On high-profile projects there is also the element of reputational risk that needs to be managed across these various relationships.

Land acquisition, enabling works and other obligations. The Procuring Authority may be responsible for enabling works, such as utility diversion, regulatory approvals or connection to interface infrastructure. The link between these activities and the Project Company's activities may present a significant risk. The Procuring Authority may also need to manage the performance of third parties whose projects and/or activities may have a material impact on the PPP contract. For many project types, it is common for the Procuring Authority to be responsible for land acquisition and right-of-way access.

PPP contracts also often require active involvement of the Procuring Authority during the construction period (e.g. sign-off on designs, construction programs, certification of completed milestones). The Procuring Authority needs to respond quickly to avoid being responsible for Project Company delays.

Scope changes and Project Company claims. Any kind of scope change, variation or Project Company claim can have significant financial implications for the Procuring Authority, and robust systems are required to effectively manage them.

Other aspects of PPP projects that require active management by the Procuring Authority team are disputes (the data indicates that 17% of PPPs encounter a dispute in the first four years after financial close), managing renegotiations

(the data indicates that 45% of PPPs are renegotiated by their tenth year after financial close) and information management, which is relevant to many other activities.

The other chapters and sections of this reference tool detail the management of the aspects described above: Section 3.1 (Transitions), Section 3.2 (Performance monitoring), Section 3.3 (Stakeholder management), Section 3.4 (Information management), Section 3.5 (Claims), Chapter 5 (Disputes), etc.

### **Passive contract management**

Most PPP contracts will require a degree of active contract management.

For some PPP contracts, the Procuring Authority may be able to take a more limited role in contract management, if it is exposed to a lower level of risk with less onerous contractual obligations, or if the project is smaller and less complex. For example, in some power purchase agreements (PPAs), a Procuring Authority agrees to purchase energy generated by a Project Company over a certain period of time and provides limited oversight, such as administering performance reports, tariff changes, and performing periodic audits on asset condition and financial performance.

However, even in such cases, the Procuring Authority may also be responsible for the interface with related projects, such as a transmission line for an energy asset. The Procuring Authority would then be exposed to a higher level of risk and more onerous obligations with respect to delivery of the adjoining project. This must be carefully managed and a more active approach is often required.

### **EXAMPLE**

#### **Passive contract management in Brazil**

The energy regulator in Brazil, the National Electric Energy Agency (ANEEL) has recently signed 10 new hydroelectric plants, which have added 2,607 MW of generating capacity. Design, construction and operational requirements are the responsibility of the Project Company, which takes the energy demand risk, and hence the Procuring Authority focusses on a small number of performance indicators associated with the frequency and duration of failures in supply.

### **B. Base the size of the contract management team on the nature of the project and the availability of external resources**

The guidance above describes the need to consider the nature of the role that the Procuring Authority is required to play in managing the relevant PPP contract. These considerations, and the subsequent decision whether to take an active or passive approach to contract management, play a key role in determining the appropriate size of a contract management team.

There is no set formula for the size and structure of a Procuring Authority contract management team. It can vary from a couple of individuals to more than 50, depending on the complexity of the contract and the project and the level of involvement of the Procuring Authority.

Most commonly, the contract management team will comprise a small number of permanent staff (fewer than 10, and often fewer than five). A well-managed PPP may deploy a small core team, which relies on the professional expertise and support provided by other departments within the Procuring Authority, central PPP unit and/or external advisors.

Projects will rarely exist in isolation, and some broader consideration is required by the Procuring Authority when determining the size of the contract management team. Other relevant considerations are detailed below, including whether there is external support that can assist.

**EXAMPLE****Procuring Authority team structures around the world**

In Sao Paulo, Brazil, individual PPP contracts generally require the creation of a dedicated Procuring Authority contract management team. A central PPP taskforce includes PPP professionals, such as lawyers, engineers and economists, as well as administrators with PPP experience who help address key contract management challenges such as renegotiations or rebalancing.

In the Philippines, the PPP Center provides legal, technical, and financial expertise to the Procuring Authority. The PPP Center also helps the Procuring Authority in setting-up and implementing its monitoring regime. This spares the Procuring Authority from having to hire the additional skills needed for setting-up and managing PPP contracts. The Procuring Authority team remains mainly technical.

For highway projects in Colombia, the Procuring Authority, the Colombian National Infrastructure Agency (ANI) creates a team to manage a road project which may consist of around nine people, including specialist legal and financial expertise, as well as having access to a more specialized legal team which sits across around 40 projects.

In Scotland, the Scottish Futures Trust, a public company, provides legal and financial expertise in setting-up a project. It remains involved at a higher level during the construction and operations phases to provide any assistance when necessary. The Procuring Authority team is mainly technical with operations phase monitoring performed at a regional level rather than having a team dedicated to each project.

**C. Ensure the Procuring Authority's contract management team has an appropriate governance structure, and skillset and competencies required for the project**

The governance approach adopted by the Procuring Authority should allow its contract management team to reach effective resolutions on day-to-day issues and make timely decisions on strategic matters.

The core expertise required by the team encompasses contract management, project management, risk management and general commercial negotiation expertise. Additional specialised skills that are required include legal, communications, financial, insurance, technical and administrative expertise. A thorough list of competencies required in a contract management team with respect to continuous training is detailed in Section 2.2 (Contract management team training).

The team should be headed by a contract manager, project manager or project director, whose role is to act as the Procuring Authority's primary representative when dealing with the Project Company. Depending on the nature of the project and resources available to the contract manager (such as external consultants and other government teams), other dedicated performance managers, contract administrators, legal managers, financial managers, communication managers, insurance managers and other technical specialists may also be needed. The team at the contract management level should meet regularly to discuss day-to-day operational management issues.

As this chapter is focused on the contract management team that sits within a Procuring Authority, it does not focus on other governance arrangements, such as the existence of steering or other strategic committees with broader government officials, nor does it focus on any governance arrangement with the Project Company, such as nomination of Project Company board members. Those topics are detailed in Section 3.3 (Stakeholder management).

#### **D. Plan the set-up of the contract management team before financial close**

The contract management team needs to be at least partly in place before financial close to ensure that the transition into the construction phase is smooth and effective. It is also important that both the Project Company and the contractor (and possibly key subcontractors) are required to maintain overlapping staff.

It is advantageous to involve the contract manager in the tender process before financial close.

The contract manager should thoroughly understand the contract from an operational point of view, which can be facilitated by understanding the development of the contract structure following negotiations with the Project Company. Involvement of the contract manager before financial close has an ancillary benefit: to have contract management responsibilities and objectives fully considered in the drafting of the PPP contract before it is signed.

The research indicates that Procuring Authorities often change their contract management team completely following financial close. Where this is the case, a carefully managed and comprehensive handover is vital. Handover at this stage, and staff changes during transitions are detailed in Section 3.1 (Transitions).

#### **E. Centralise resources where there is a program of PPPs and benefits could be generated through synergies between different projects**

The driver for centralising resources is to share specialised professional expertise and functions so they are available as needed across several projects (e.g. legal expertise). It also facilitates the sharing of knowledge between projects within a single jurisdiction and provides PPP training and capacity building. The type of support available will have an impact on the size and expertise needed within a contract management team.

In many jurisdictions, one or more central government bodies support the contract management team. This can take the form of a central PPP unit or a specific support team that sits within the Procuring Authority, which is involved in many PPP contracts. There may also be a sector-specific network established to promote PPPs, such as the Waste Infrastructure Delivery Programme in the UK. Centralised resources can play an important role in staff training, which is detailed in Section 3.2 (Contract management team training).

The extent of involvement of centralised professional expertise in PPP contract management responsibilities on individual projects can vary. For example, Colombia's Agencia Nacional de Infraestructura (ANI) provides extensive support. In many other jurisdictions, PPP units are not as big as ANI and provide only ad hoc or intermittent ongoing support to the Procuring Authority's day-to-day contract management team in terms of specialised expert advice (e.g. legal), PPP training and development, and other contract management support.

#### **EXAMPLE**

##### **The Waste Infrastructure Delivery Programme in the UK**

The Waste Infrastructure Delivery Programme (WIDP) in the UK helps promote best practice and knowledge sharing. The members are encouraged within a closed network to talk openly with peers and share lessons learned. The WIDP has issued a contract manual that is widely used and considered helpful. This network can provide transactional support and any other contract management advice on specific issues, and helps members stay abreast of topical issues and challenges faced by fellow members.

#### **EXAMPLE**

##### **Agencia Nacional de Infraestructura in Colombia**

The Colombian National Infrastructure Agency (ANI), a government agency responsible for PPPs, was set up in 2011 as part of the Ministry for Transport. It has about 700 people leading infrastructure development of around 40 highway PPP projects worth approximately US\$25 billion. As well as the structuring and implementation of PPP contracts, ANI is also responsible for contract management.



#### **F. Use external consultants where appropriate and ensure transitions between consultants are managed effectively**

Some areas of expertise are best suited to the use of external advisors, such as specialised legal, financial, insurance and technical expertise. However, external advisors can be expensive and it will sometimes be more cost effective to hire permanent staff for those roles. The key to deciding between permanent staff or consultants is how regularly the relevant expertise will be used.

If legal advice is likely to be needed only for a renegotiation or a one-off dispute, then appointing external advisors to fulfil that function may be the appropriate approach. Where a payment mechanism is complicated, involving financial models that need to be understood by the Procuring Authority frequently, it will likely be more cost effective to hire permanent financial resources. Engagement of an independent certifier is common practice to assist the Procuring Authority to monitor the performance of the Project Company. The role of independent certifiers is detailed in Section 3.2 (Performance monitoring).

Continuity of external advisors avoids loss of knowledge and also minimises the administrative effort involved in any change. However, retaining external advisors on a long-term basis can also become an issue for ensuring competitiveness and demonstrating value for money in the procurement of such services. External advisors can provide some continuity of knowledge over the long term, particularly where government policies require public officers to move to different positions after a few years.

Value for money is more achievable when there is adequate competition among potential advisors. Government policies in several countries specify that advisory contracts must be re-tendered on a regular basis. Where this is not the case, the potential costs saving in competitively tendering external services should be balanced against the efficiency losses caused in the transferring of services from one external advisor to another.

Where the Procuring Authority is required to transition between advisors, continuity of knowledge is vital, and the contract management team should manage the advisors involved in a transition to ensure this process is efficient and that knowledge is effectively transferred from an outgoing advisor to the incoming advisor. This is best achieved when there is good understanding within the contract

management team of the service being delivered by the advisors, so the appointments and transitions can be effectively managed.

#### **EXAMPLE**

#### **A disadvantage of changing advisors**

The Intercity Express Programme project in the UK highlights the importance of retaining key staff and advisors for a long period of time whenever possible. In this project, the Procuring Authority was required by central government policies to re-tender its advisory contracts, which resulted in a change of some of its advisors, creating inefficiencies as documents and knowledge had to be transferred.

*For more information, see the Intercity Express Programme Case Study.*

#### **G. Evaluate the structure and resourcing of the contract management team on an ongoing basis and make adjustments as necessary**

It is important to recognise the changing nature of the contract management workload throughout the life of a project. The changing responsibilities of the Procuring Authority are detailed in Section 3.1 (Transitions). The effect of this is that a contract management team needs to periodically re-assess the scope of the work required and whether it has adequate staff to fulfil the required tasks. Two key factors that change over time are risk and the frequency of issues arising.

For example, where a Procuring Authority is responsible for land acquisition for a highway project, which is completed over the course of the construction period. The risk and responsibility associated with this activity decrease over time, while others continue throughout the life of a project.

The frequency of issues is also relevant. Some activities are performed on a day-to-day basis, some on a periodic basis and others, while performed rarely and on an ad hoc basis, may have major implications on the PPP contract and require extensive resources from the contract management team (e.g. dealing with a large dispute or claim or a renegotiation).

The Procuring Authority should also scrutinise how well the Project Company's self-monitoring

is working and alter its internal procedures accordingly. Where the Procuring Authority is not satisfied with the quality of the service being provided by the Project Company, it may be appropriate to increase its own level of monitoring. Some PPP contracts also give the Procuring Authority the right to increase its monitoring at the cost of the Project Company. Performance monitoring is detailed in Section 3.2 (Performance monitoring).

#### EXAMPLE

### Increased responsibilities during design and construction

The I-495 Express Lanes project in the USA highlights the need to commit additional resources during peak production periods to meet contract management obligations. In that project, the Procuring Authority needed to commit appropriate resources throughout various phases of project delivery and increased resources during peak production periods (both design and construction). This helped to expedite progress and assisted in schedule recovery, resulting in opening the project 45 days ahead of schedule.

*For more information, see the I-495 Express Lanes Case Study.*

#### H. Plan for staff turnover and ensure adequate procedures are in place to manage continuity of knowledge

The composition of the contract management team is likely to change over the life of a project, which can be more than 30 years. Continuity of knowledge is a challenge for all major projects, especially those with long life spans such as PPPs. The team therefore needs to be managed in such a way that performance does not suffer over time. It is important to have procedures in place to ensure knowledge is retained and passed on when staff leave.

Teams generally change between stages of a project, with distinct skills required during procurement, construction and operations, detailed in Section 3.1 (Transitions). This carries the risk of loss of knowledge with departing team members.

The research highlighted the important role a Procuring Authority's leaders can play in the overall success of a project. In some instances the Procuring Authority recruits these leaders on a long-term contract basis, as recognised leaders within the industry, who are capable of taking charge of the overall success of the project.

#### EXAMPLE

### Continuity of key staff

A range of projects highlighted the benefits of the continuity of key staff through the different stages of a project.

On a waste project in the UK, the majority of Procuring Authority staff were involved in the procurement process, and hence had a good knowledge of the contract.

The Segarra Garrigues Irrigation System project in Spain highlighted the benefit of having continuation of staff between the construction and operations phases.

*For more information, see the Segarra Garrigues Irrigation System Case Study.*

The Procuring Authority should, however, avoid the situation where it is too reliant on any single individual. One way of doing this is by having adequate succession plans in place. In some jurisdictions there are restrictions around public sector employees staying in a particular post for more than a few years, which presents an added challenge for contract management of long-term projects such as PPPs.

Training new employees is important to the continuity of knowledge; they must be brought up to speed on the project through the handover process. Information management is also important in this respect, and the Procuring Authority needs to ensure that information is recorded effectively and comprehensively, so new employees can access the full details of the project in a systematic manner. Training requirements are detailed in Section 2.2 (Contract management team training) and information management is detailed in Section 3.4 (Information management).

### **I. Consider setting up the contract management team in a way that mitigates the risk of a change in government or policy**

Challenges may arise with a new central or regional government due to newly elected politicians that may not be familiar with the project, having a different approach to the project or having a mandate to change the approach to PPPs. One way of managing this is to set up a dedicated team to manage the PPP projects project, and in such a way to mitigate, to the extent possible, the risk of external political changes having an adverse impact on the project, to the extent possible.

Changes can also be managed by deploying specialised legal or other expertise. For example, where a change requires a renegotiation, or a change in law or material adverse government action claim, which are detailed in Section 3.5 (Claims) and Chapter 4 (Renegotiation). Guidance on managing a transition between governments is detailed in Section 3.1 (Transitions).

#### **EXAMPLE**

### **Setting up a dedicated management agency**

The Procuring Authority for the Gautrain Rapid Rail Link project in South Africa began as the Department for Roads and Transport in the Gauteng Province. Given the size and complexity of the project, a specialised agency, the Gautrain Management Agency, was set up to monitor and manage the project. This allowed the team to focus entirely on the project and its challenges, although it still relied on external consultants.

*For more information, see the Gautrain Rapid Rail Link Case Study.*

#### **EXAMPLE**

### **Setting up a dedicated Project Management Unit**

The Project Management Unit (PMU), established by the Jordanian Ministry of Transport on the Queen Alia International Airport Expansion project in Jordan, played a key role in managing the risk of political and institutional changes that were not related to the project itself. The airport expansion was a high-profile, high-value project, which meant setting up a dedicated unit was the most effective solution. The PMU team had sufficient authority and remained the same throughout a variety of political changes, ensuring continuity of knowledge and contract management.

*For more information, see the Queen Alia International Airport Expansion Case Study.*

## 2.2 Contract management team training

Infrastructure projects span a long period through both the construction and operational phases, and employee skills need to be kept up-to-date. It is reasonable to expect changes in staff, regulation, law and technology over the life of a PPP project.

The goal of contract management team training is to ensure the continuity of knowledge across new staff, strengthen the understanding of the processes already in place for current staff, and develop the skills to be up-to-date with the current industry standards. These goals in return will contribute to the continuity of contract management functions, which is key to successfully managing PPP projects after financial close.

The challenges faced in staff training range from cultural to technical and managerial. In some cases, the project requires a complete transformation of the work culture. For example, this can be the case if an asset, such as an airport, is being run with private involvement for the first time. A change in the work culture will need to occur if the members of the Procuring Authority team are accustomed to more confrontational, fixed-fee type contracts, such as fixed-fee construction contracts, rather than the collaborative environment required for PPPs.

There are two key areas of training that need to be put in place by the Procuring Authority contract management team:

- Project specific training, which covers the PPP contract and processes in place, as defined contractually
- General training on managing PPP projects

### SECTION STRUCTURE

This section provides guidance on contract management team training. The key elements of successful contract management team training are summarised below and discussed in detail in Subsection 2.2.1 (Guidance):

- A. Prepare a training program to cover all relevant topics, including PPP-specific topics and general training in contract management
- B. Consider arranging joint training between Project Company staff and Procuring Authority staff
- C. Use appropriate external resources to deliver training programs
- D. Consider developing a PPP contract management manual

2.2.1 Guidance

**A. Prepare a training program to cover all relevant topics, including PPP-specific topics and general training in contract management**

The Procuring Authority must plan for both initial and ongoing training of its contract management team. Training required during specific periods is detailed in Section 3.1 (Transitions).

Staff skill levels can vary significantly across a newly formed team, and tailored training is necessary to address the different capabilities and align all personnel to a common level of capacity.

Members of the Procuring Authority’s contract management team will typically need to be trained in the following areas, which are PPP specific:

- mobilisation, transitions and handback
- performance monitoring
- payment mechanisms and their application
- financial models and project financing
- stakeholder management and helpdesk
- claims management
- contractual scope change or variation management
- dispute resolution mechanisms and management
- the PPP contract and all relevant time periods
- PPP risk allocation and implications of the selected procurement model for the project
- other aspects related to the application of the contract (such as relevant notice periods)

Contract management staff will also require general training in contract management:

- project management
- risk management
- commercial skills
- issue resolution and negotiation skills
- health and safety, and environmental management
- data and information management
- effective communications planning
- promoting successful partnerships

**B. Consider arranging joint training between Project Company staff and Procuring Authority staff**

Training is not exclusive to the Procuring Authority’s contract management team. In some circumstances it may be in the best interest of the Procuring Authority to ensure that the Project Company’s personnel have access to joint training.

For instance, on some projects, a Project Company (or its subcontractors) may not be fully familiar with local working practices. Joint training may therefore be an option to address gaps in the Project Company’s (or its subcontractors’) knowledge of local or national laws and regulations.

Having private sector staff involved in the training may also help to develop the knowledge and skillset of the Procuring Authority’s contract management team and their understanding of the drivers of the Project Company.

In addition to the benefit of training Procuring Authority staff, joint training fosters the relationship between parties, building mutual respect and trust.

**EXAMPLE**

**Joint training program**

The Qiaoxi District Central Heating project in China highlights how experience of the private sector can assist Procuring Authorities with their training programs. On this project, the training for the Procuring Authority staff is primarily ‘on the job’, with employees learning from the technical staff of one of the equity investors in the Project Company, Beijing Yuantong Heat Company Ltd, a private company specialising in heat supply and management.

*For more information, see the Qiaoxi District Central Heating Case Study.*

**C. Use appropriate external resources to deliver training programs**

A national PPP unit, central PPP task force or other sector-specific network can assist a Procuring Authority, or take the lead in training and development. Centralised resources are detailed in Section 2.1 (Contract management team set-up). The Procuring Authority can also conduct training internally, with support from another government agency, or with the involvement of external consultants (or a combination of the above).

Available support may include:

- **Implementing training programs.** A central authority may be able to run programs to improve the skills of employees across multiple projects or sectors where this may not be cost effective for a single PPP. If the central authority has the technical, legal or financial expertise to run this type of program this may be the optimum approach.
- **Developing common tools.** In a similar way to training programs, a central authority may be able to develop tools and standard contract documentation for use across several projects. For example, a standardised contract management manual that can be modified to suit individual projects, saving the project team the effort of developing this resource from scratch.
- **Sharing knowledge, lessons learned and good practice.** Procuring Authority interviewees in the UK waste sector spoke highly of the Waste Infrastructure Delivery Programme, which gathers together contract managers to coordinate and share lessons learned. A similar initiative could be undertaken in jurisdictions where there is a pipeline of PPP projects, and a government commitment or policy to consider PPP procurement.

#### EXAMPLE

### Training during the transition from financial close to construction

To assist with knowledge transfer on the Barranquilla Airport project in Colombia, workshops were carried out with new staff joining after contract award by representatives from ANI's (Colombia's National Infrastructure Agency) central knowledge teams, and the ANI team and consultants that structured the contract. The external consultants involved in the structuring, also worked hand-in-hand with the Procuring Authority for six months after contract signing and provided continued support, as and when necessary.

*For more information, see the Barranquilla Airport Case Study.*

### D. Consider developing a PPP contract management manual

The research recognised the benefits of a contract management manual, which is a working document that facilitates the initial transition period between the procurement phase and the operational phase, and the subsequent transition between contract managers over the life of the contract. Any contract management manual requires ongoing development and customisation to suit the needs of a specific project.

Approximately 30% of projects investigated globally were found to use a form of contract management manual; however, there was significant variation between regions. Most projects in Australia and North America reported using a contract management manual, while use was much lower in Latin America and the Middle East. A number of existing contract management manuals have been identified as part of the existing literature review.