

Developing Contract Management Plan

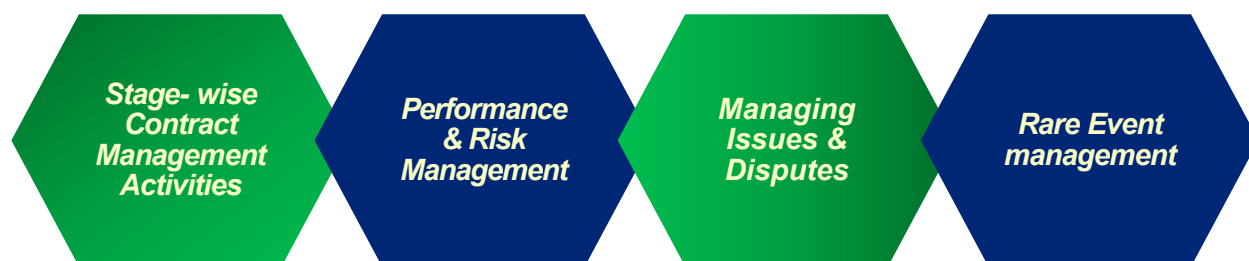
A Contract Management Plan is necessary for a comprehensive understanding of procedures of approaching each contract management activity in a highway concession. It needs to be designed with great care so that all aspects of contract management are covered in it and Authority officials can grasp all its nuances with ease. This makes a contract management plan is one of the most important documents for any Authority to run the project well.

After the Contract management team is appointment, the first step to be undertaken it is the development of the contract management plan. The process includes:



Template for a typical Contract Management Plan is provided in **Annexure A** and procedure for development of Contract Management Plan is provided in **Annexure B**.

The main contents in any contract management plan include:



After the contract management plan is designed it is also necessary that it is reviewed and updated from time-to-time to ensure it remains most relevant for implementation. Changes or updates to the project which have a possible impact on contract management (both positive and negative), must be documented as they occur. Rare events

Appropriate modifications must be made in the contract management plan to reflect the new scenario. Persons or teams responsible for tracking and implementing each change must be identified. A template for the ongoing review plan has been added as **Annexure C**.

Thus, a stage wise plan, effective from date of project award till contract termination, will help the Authority manage routine, regular and rare events and ensure project objectives are achieved. The next section presents how Highway PPP Concessions are to be managed and the responsible Authority officials for it, leading to smooth exit.

Annexures

A. Template for Contract Management Plan

Activity	Detailed activates assigned	Primary Responsibility	Reporting Authority	Timelines	Escalation on Default
<i>Stage wise Contract Management Activities</i>					
a) Development of concession Agreement	Stage- Signing of				
<i>Performance Management</i>					
a) Concessionaire KPIs					
<i>Rare Event Management</i>					
a) Handling variations					
b) Change in Law					
c) Liquidated Damages					
<i>Handling Issues & Disputes</i>					
Dispute Management					

B. Procedure for Development of Contract Management Plan

Step 1: Need Assessment for Contract Management

The focus of any contract management plan lies in solving the issues faced by the Authority and other stakeholders currently. Thus, a need assessment is essential for effective problem identification and resolution. This approach follows the 'first principle' school of thought, focusing on firstly identifying what is the need that the contract management plan would fulfill or in other words, "why do the stakeholders need a contract management plan". The contract management plan would then be developed focusing on the needs of the stakeholders to give the best experience possible.

Step 2: As- is analysis of Contract management practices

The first part of drafting a contract management plan is to undertake an analysis of best contract management practices followed in the organization and outside. This helps the Authority to identify innovative solutions and best SOPs that can be leveraged to help in the PPP project.

Key focus should be on similar PPP projects sector wise in developing countries, due to strong similarities in the issues being faced. A thorough analysis needs to be done including but not limited to document review, management interviews, site visit and others.

Step 3: Draft the plan

The development of an effective contract management strategy must be carefully planned. The contract manager can begin the planning process by asking the following questions:

- **What contract management tools and processes may be required for the project?** Manager should list the tools and processes relevant to the particular project.
- **What human, financial and technology resources are available?** The available resources may dictate the form taken by contract management tools and processes.
- **What time constraints should be set for the development of the contract management tools and processes?** The time constraints should be matched to both the available resources and the expected project delivery dates and milestones.

Step 4: Develop and implement contract management tools and processes

After obtaining appropriate resources, and collecting and analyzing relevant information, project manager should proceed to develop and implement the necessary contract management tools and processes. The processes and tools developed and implemented for contract management purposes should be collated in a Contract management plan. The Contract management plan and the performance reports produced over the life of the contract are key documents for the project. Few contract management tools include:

More details on each one of them can be found in their respective chapters.

Step 5: Establish a system of ongoing contract management & review

In establishing a system of ongoing contract management and review, the project manager relies on the same tools and processes that have been identified earlier. The project manager should also establish a culture of ongoing contract management which includes the systematic review of the contract management strategy and tools and processes during the lifecycle of the project.

- *Risk Register*
- *KPI Templates*
- *Issues management review report*
- *Dispute Resolution Tracker*
- *Tool to analyze effect of Traffic variations*
- *Tool to analyze effect of Termination*
- *Tool to analyze effect of Change in Law*

SAMPLE RISK
REGISTER

SAMPLE DISPUTE
TRACKER

Senior management needs to support the culture of effective contract management in the relevant government entity.

As part of establishing an effective contract management culture, contract manager and its team should have undertaken training that provides skills and competencies in the contract management of PPP projects

C. Template for Ongoing Review Plan

Category	Type of Change <i>(Illustrative)</i>	Description of change <i>(Illustrative)</i>	Action plan <i>(Illustrative)</i>	Responsible person / team for tracking and executing change <i>(Illustrative)</i>
Contract Management arrangements	Contract Management Team	Key personnel leaving the organization	Plan to recruit internally / externally, train and onboard the new resource	Operations Level, Supervisory Level, Decision Making Level (as applicable)
	Management team of Concessionaire	Change in key contract management personnel of the Concessionaire	Update risk register, onboard new personnel in the partnership structure	Operations Level, Supervisory Level, Decision Making Level (as applicable)
Performance obligations	Service level obligations	Need to operate fewer toll plazas due to reduction in traffic	Revise service performance register to reflect changed threshold level	Operations Level
Project risks	New insurance products	New products to transfer risks	Evaluate insurance product and update risk mitigation strategy	Operations Level
	New financial market products	Possibility to hedge interest rate or currency risks / possibility to refinance	Evaluate options and update risk mitigation strategy	Operations Level
Rare events	Competing facility	Potential diversion of traffic due to competing facility	Revise Performance KPIs for Concessionaire, Update risk register	Operations Level, Supervisory Level