

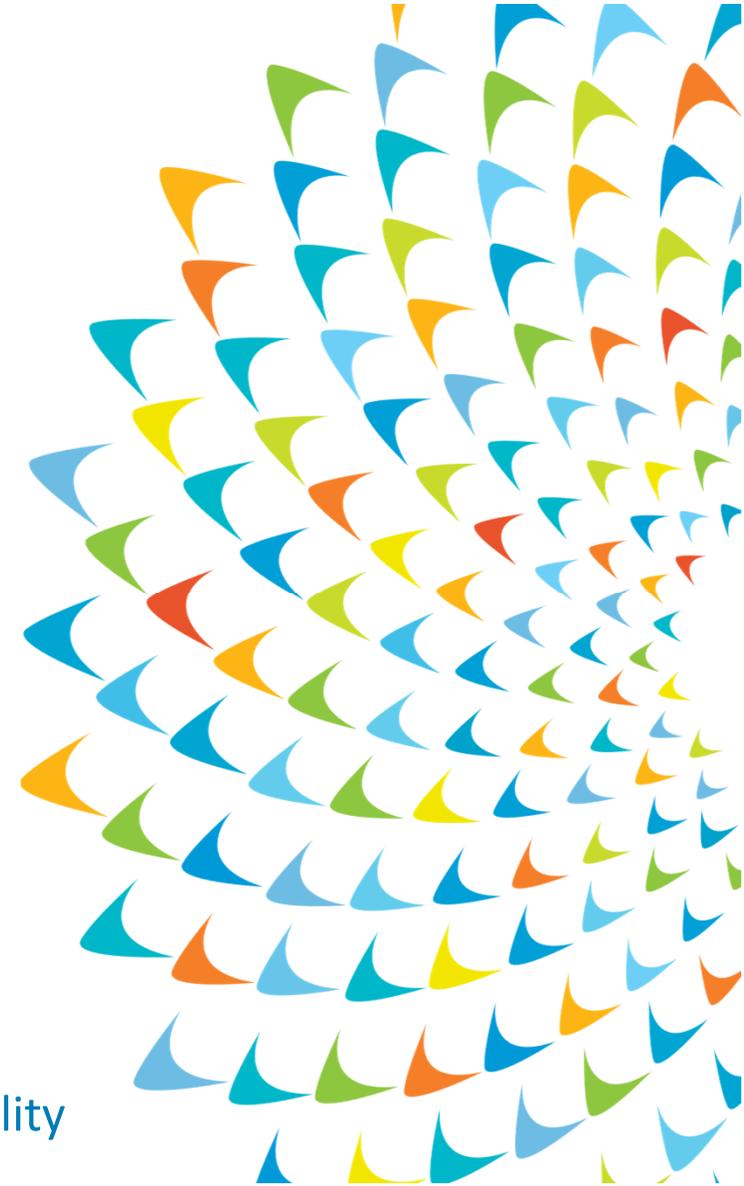
*The views expressed in this presentation are the views of the author/s and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this presentation and accepts no responsibility for any consequence of their use. The countries listed in this presentation do not imply any view on ADB's part as to sovereignty or independent status or necessarily conform to ADB's terminology.*

ADB

# S4C: Keeping the Taps Flowing: O&M Contracting and Water Infrastructure Sustainability

**S. BESSADI, Sr Procurement Specialist**

A one ADB initiative to improve infrastructures sustainability



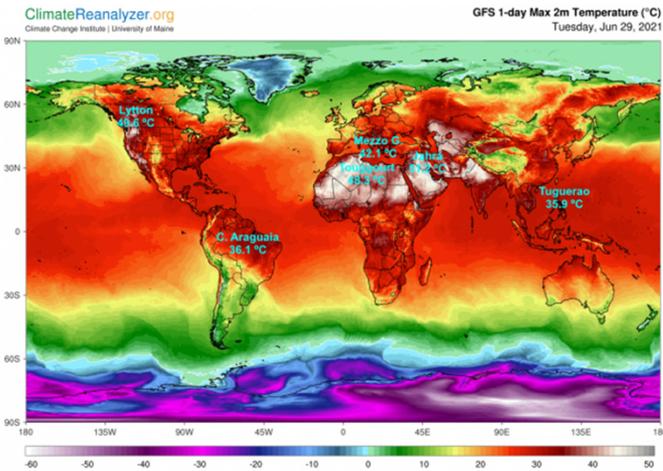


# Operations and Maintenance Contract Template for the Water and Wastewater Sector :

➔ An initiative to support projects sustainability

**Targets :** Secure assets financed by ADB along time, better understand the infrastructures to plan future investments, reduce energy consumption

**Proposed solution :** Develop a new contract template to better operate water and waste water systems on the long term and increase efficiency and life time



Deliver water for customers in a scarce Asian and the Pacific context

## Expected outcomes

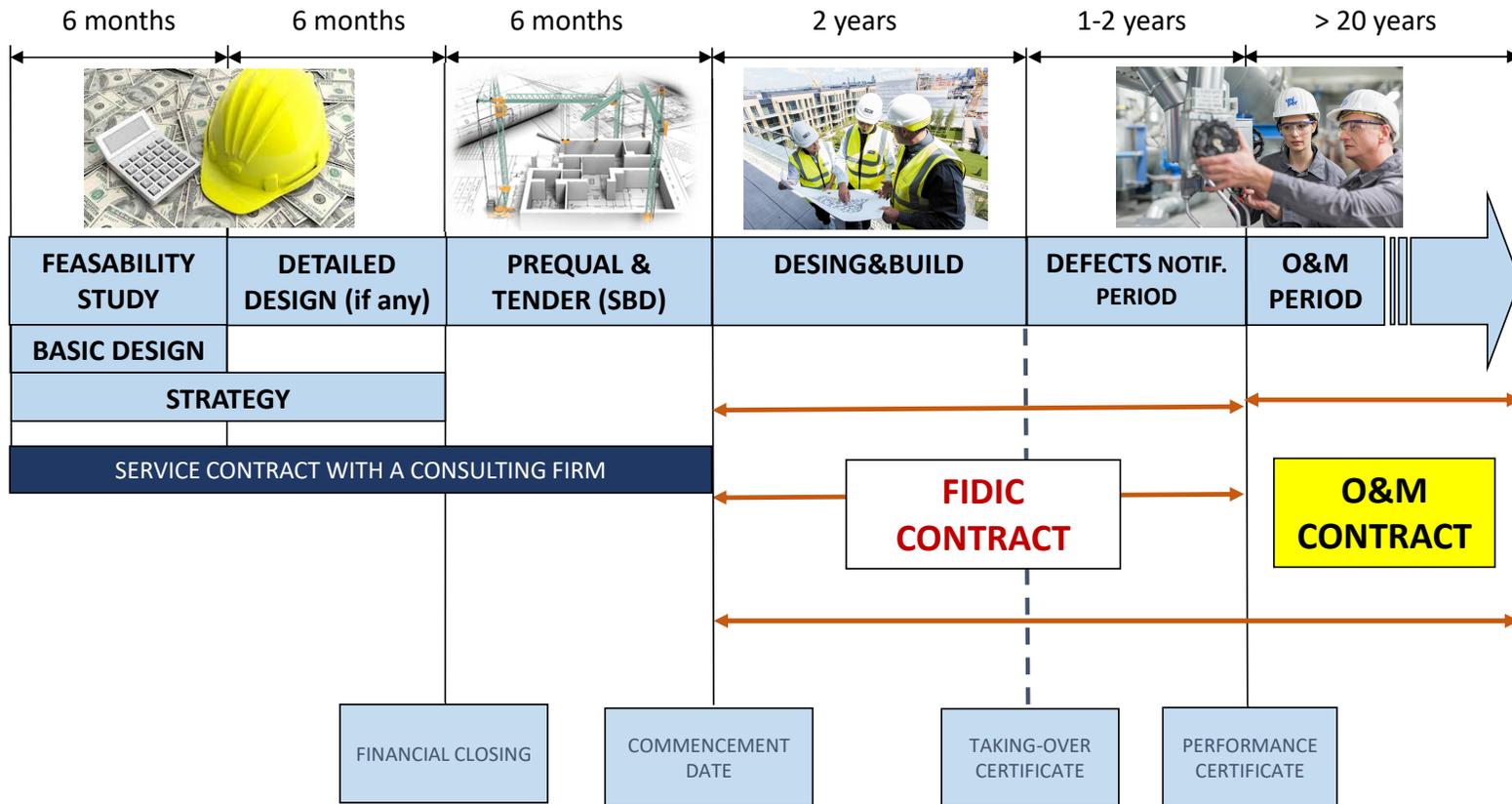


- Optimise scarce water resources
- Transfer technology and knowledge
- Reach KPIs
- Improve customer services



→ **Transform water organisation with an efficient O&M**

# TYPICAL WTP/WWTP PROJECT LIFE CYCLE

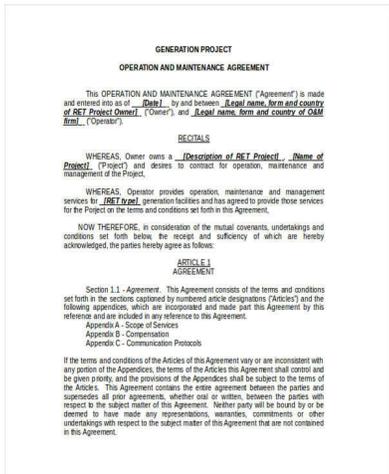




# Expected output

ADB

- Define a contract template that cover the different cases to secure assets built:



To be developed by Fidic in 2022

- D&B + O&M : gold book (yellow book + O&M) (greenfield)
- Build + O&M : red book + O&M plug in (greenfield)
- Standalone O&M (brownfield)
- O&M, D&B, O&M : bronze book (greenfield)

## Technical and contractual/legal approach

- An innovative approach combining high level contractual and technical consultants, hired to :
- Benchmarks good practices on existing O&M to identify proofed solutions and best approaches
- Define Head of Terms
- Define New O&M procurement template/guidelines
- Disseminate, through seminars & trainings



# ADB Operations and Maintenance Contract Template

Work plan



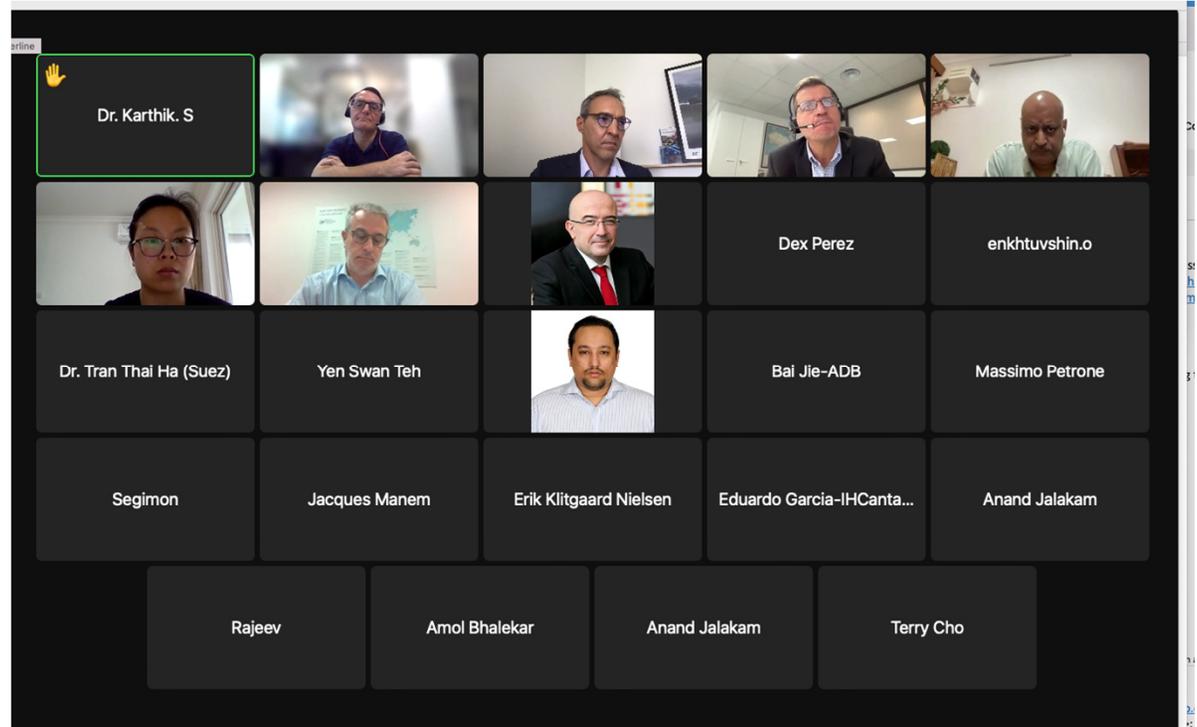
	<b>INCEPTION PHASE Q1 2022</b>
	<b>HEADS OF TERMS Q2 2022</b>
	<b>O&amp;M TEMPLATE Q3 2022</b>

Concept

- Confirm interest from the market
- Validate the O&M forms and get inputs on O&M contract specifications and positioning

## Workshop with private sector

- Questionnaires and letter from sent by ADB
- Survey sent early May 2022 to the industry (water utilities, government, consultants)



## Workshop with private sector

- 57 respondents
- 32 participants in the workshop including water utilities CEOs

### Key learnings

- Interest for O&M contract confirmed with collaborative aspects
- No silver bullet template but a modular format with key principles on fairness/risk, baseline agreement, payment
- Water distribution and production employers requirements to be developed separately
- KPIs should specially address sustainability
- Additional actions for EAs are required (contract management, support to financial sustainability, FM, creditworthiness)

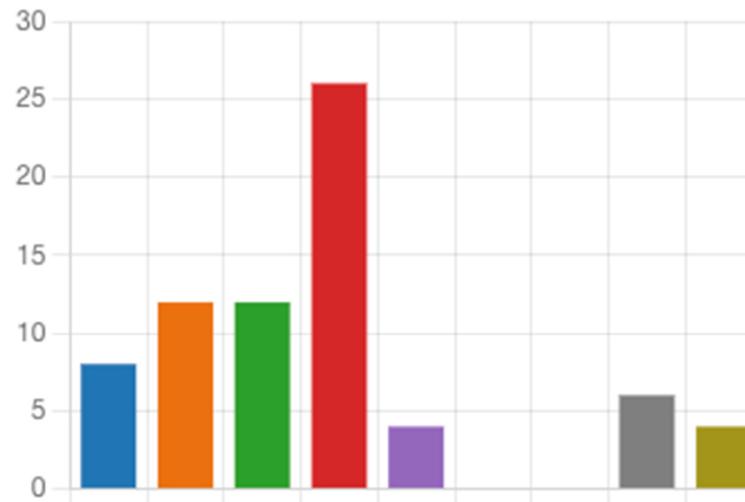
**THANK YOU!**

# Who are the respondents?

1. What is your primary role in the construction industry in general, and in relation with O&M Contracts in the water and wastewater sector in particular?

## [More Details](#)

● a) Public authority /Employer	8
● b) Utilities	12
● c) Contractor	12
● d) Consultant	26
● e) Engineer/Employer's Represe...	4
● f) Lawyer/Legal adviser/Counsel	0
● g) Insurer	0
● h) Lender/Project financier	6
● Other	4

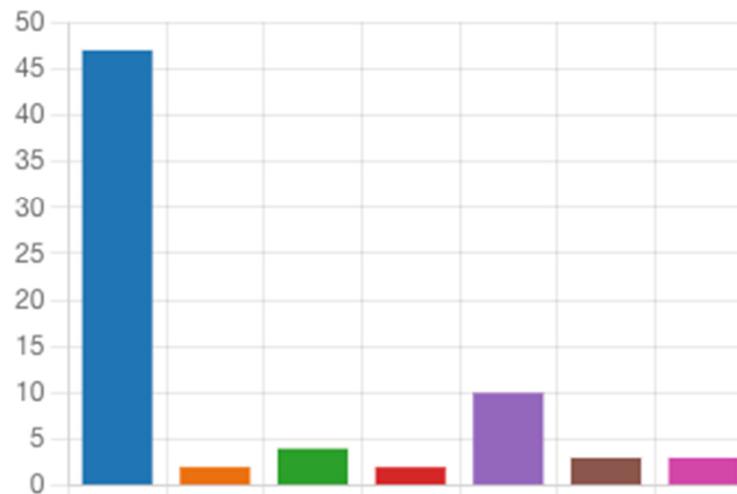


# Country represented

2. In which country your organisation is based?

[More Details](#)

<span style="color: blue;">●</span> a) Asia/Pacific	47
<span style="color: orange;">●</span> b) South America	2
<span style="color: green;">●</span> c) North America	4
<span style="color: red;">●</span> d) Africa	2
<span style="color: purple;">●</span> e) Europe	10
<span style="color: brown;">●</span> f) Middle East	3
<span style="color: magenta;">●</span> Other	3



# Attractivity of O&M

6. In your experience, would you say that a standard O&M Contract template in the water and wastewater sector will attract more practitioners and for what reasons? \*

- a) Clear responsibilities sharing
- b) Reachable KPIs and incentives
- c) Securing payments and financial guarantees
- Other

6. In your experience, would you say that a standard O&M Contract template in the water and wastewater sector will attract more practitioners and for what reasons?

[More Details](#)

- a) Clear responsibilities sharing 46
- b) Reachable KPIs and incentives 36
- c) Securing payments and finan... 37
- Other 11



# Sustainability and O&M

8. Do you think that a standard O&M contract form will contribute to ensure sustainability of water and wastewater infrastructures on the long term? \*

a) Highly probable

b) Probable

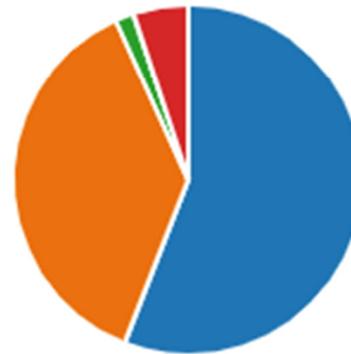
c) Not probable

Other

8. Do you think that a standard O&M contract form will contribute to ensure sustainability of water and wastewater infrastructures on the long term?

[More Details](#)

<span style="color: blue;">●</span> a) Highly probable	33
<span style="color: orange;">●</span> b) Probable	22
<span style="color: green;">●</span> c) Not probable	1
<span style="color: red;">●</span> Other	3



## Discussion points

- **Interest and sustainability**
- Confirmation of the strong interest of O&M contracts for the private sector
- Interest in brownfield ?? At which conditions ?
- O&M is confirmed as key for sustainability of infrastructures
  
- **How to attract private sector**
- Fair and clear risk allocation, reachable KPIs, securing payments
- Prequalification
- Long term and performance based contracts with KPIs
- Clear responsibilities and secured payments
- Fair risk allocation, standard form of contract
- Existence of site data (what about brownfield ? ), attractive remuneration (not always acceptable by clients)