

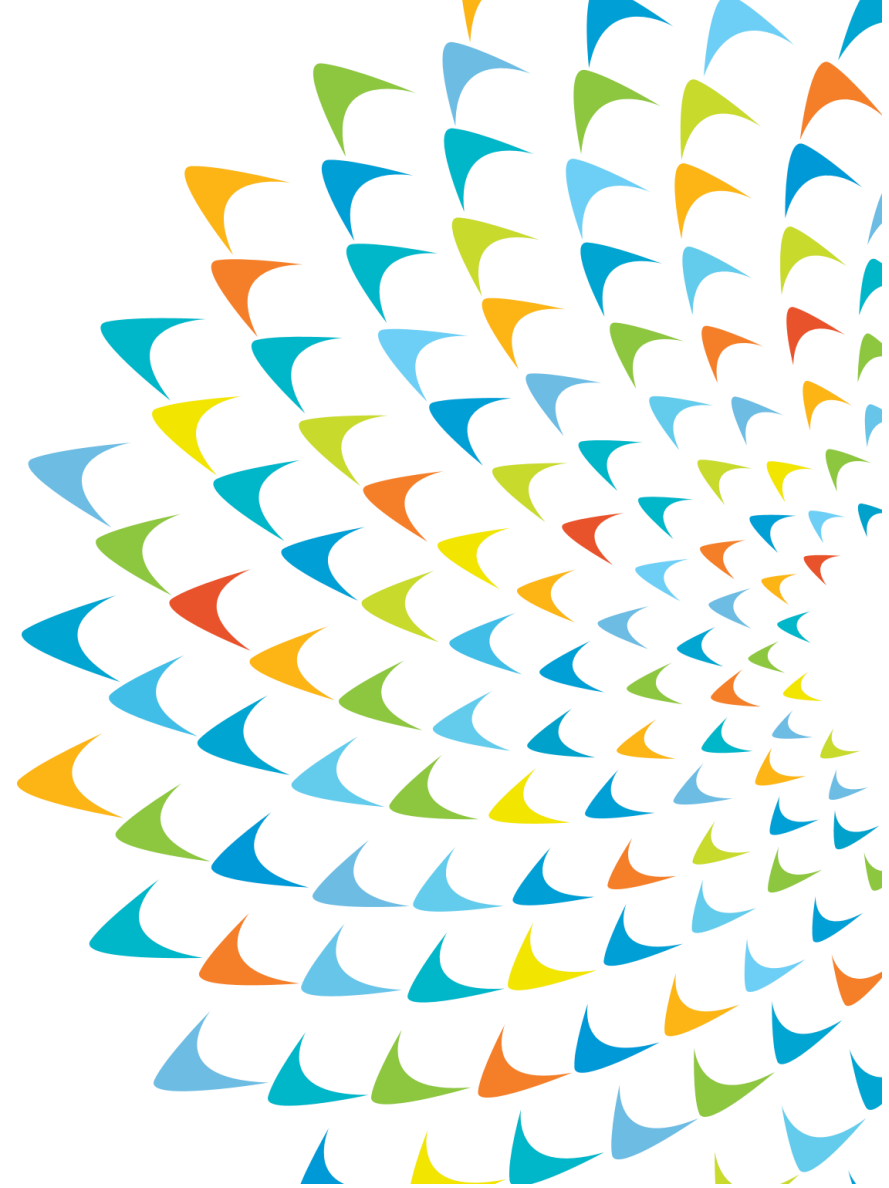


# How to make DBO contracts more applicable to infrastructure projects

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# Introduction

- Design Build and Operate Contracts are essential to ensure good quality and performance of infrastructures built,
- Private sector contractors are key players, as they bring know-how of new technologies and systematic approaches,
- What could be the key learnings to guide ADB project officers to expand the application of DBO?



# 1. Establishing the baseline

- Are the necessary **measurement equipment** in place ?

- All point mentioned as references have to be measured with agreed measuring equipment

- Points without measuring equipment have to be estimated according agreed rules

Ex. : In water contracts, is the requirement to have 100% of water meters installed and in working conditions realistic ?

- Are the **measurement rules clearly stated** ? And their frequency ? Is the measurement frequency meaningful ?

- Customer satisfaction measurement should be included



## 2. Setting improvement targets

- Setting **realistic target** is key (ex. : discussion of individual performance targets in a company)
  - ✓ Discussions should focus on how much is the “right” improvement;
  - ✓ It is recommended to quantify the reduction targets (not only %) and to include progress indicators;
  - ✓ It should be considered that some actions take time to produce effects;
  - ✓ It avoids endless renegotiations.
- Are the key **drivers of indicators in contractor’s hands?**
- Improvement should consider **indicators measuring quality of service to customers;**
- Contracts outputs should be clear for all stakeholders.



### 3. Design phase

- The key strength of DBOs contracts is that they include works that should be ‘efficient’ to reach the target level set in O&M phase;
- Different recommended techniques may lead to different designs to reach the target levels;
- It is important to let contractor bring his own expertise. Some solutions may be adapted in some cases ...or not !
- Identifying an optimized % of rehabilitation based on assets conditions should be an incentive for the contractor;
- Pareto rules apply: usually 80% of the issues will be concentrated on 20% of the assets;
- Asset management is key to better set rehabilitation targets. Full rehabilitation is rarely economically sustainable.

Don't forget the smart systems



- A central system may analyse 24/7 the data and compare them to the “normal range”
- In case of an anomaly it sends a message to the operator



## 4. The O&M phase : comprehensive actions

- It is important to let the contractor express innovative ideas including hard and soft components;
- Customer service activities should be considered (it is a topic by itself);
- Learning through knowledge transfer should be clearly included for a long-term gain.

Communication

Operations activities

Sensitive customers

Training / learning

Revenue / Collection

Complaints  
management

Asset management

Modelling



- Realistic targets should be set with relevant actions **in contractor hands**;
- Giving flexibility to the contractor is crucial during design but also O&M phase : open floor to **innovations** !

## Question time

