

# Post- Award Contract Management Manual for PPP Concessions

**Volume – III: School Sector**



**PPP Cell, Infrastructure Division,  
Department of Economic Affairs,  
Ministry of Finance**

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## **Preface**

Over the last decade, Government of India (GoI) has been placing a strong emphasis on the use of Public Private Partnerships (PPPs) in its strategy for expanding the provision of infrastructure services. Also, to facilitate a large scale expansion of PPPs on a sustainable basis, GoI introduced several initiatives which inter-alia included establishment of PPPAC, PPPIADF, an Infrastructure Project Development Fund, Viability Gap Fund to provide financial support for PPP projects, implementation of a National PPP Capacity Building Program, development of knowledge products and guidance material including PPP toolkit. These initiatives have helped India develop a large PPP program in the infrastructure sector.

In the process of implementation of PPP projects, policy makers have been increasingly identifying issues related to project delivery of PPP projects. Such issues primarily focus on Post Award Contract Management of these PPP projects, at the transaction as well as programmatic level and also the broader fiscal implications such as, for example, direct and contingent liabilities.

With this objective, the Department of Economic Affairs, Ministry of Finance, Government of India has made an attempt to develop guidance material for improving the post-award management of PPPs, with particular focus on day-to-day monitoring and proactive management of key risks in a manner that best preserves the interests of the users of infrastructure services and the concessioning authority. The guidance material developed for Post Award Contract Management of PPP Concessions has three components:

**Post Award Contract Management Guidelines:** “Post-Award Contract Management Guidelines” have been developed as a quick reference strategic road map for Authorities and Contract Managers. The guidelines provide the foundation principles of post award contract management for PPP projects irrespective of the sectors. The Guidelines establish only “Why” and “What” of contract management practices and therefore, to understand “How” contract management needs to be undertaken in a specific sector, the “Post-Award Contract Management Manual” has been developed.

**Post Award Contract Management Manuals:** The Post Award Contract Management Manual for PPP Concessions has been designed to provide guidance on various activities required to be undertaken by the Authority officials at different stages of project lifecycle. The manuals have been developed for PPP projects in three sectors, viz. Highways, Ports and Schools (Volume I, II and III respectively), where each manual is based on the Model Concession Framework of Government of India for that sector. These manuals serve as model post award contract management guides with a detailed, step-by-step approach to effective contract management in these sectors.

**Online Toolkit:** The online toolkit is a web-based application which provides a quick reference, interactive and user friendly toolkit to understand and manage PPP projects. The online toolkit provides option to the users to use various checklists, project progress plans and excel tools to manage the PPP contracts. It also provides an interactive toolbox which is a dedicated tool for tracking progress of various post award activities. This feature allows officials to update the status of the activities, save their details and print for future use.

This toolkit would be available in the existing [www.pppinindia.com](http://www.pppinindia.com) web portal hosted by PPP Cell, Infrastructure Division, DEA. It can also be accessed through an existing online database by DEA for Infrastructure Projects, [www.infrastructureindia.gov.in](http://www.infrastructureindia.gov.in).

This guidance material for Post Award Contract Management for PPP Concessions has been developed by Deloitte Touche Tohmatsu India Private Limited. We would like to acknowledge the support and guidance of staff and officers of DEA, especially, Ms. Sharmila Chavaly, Joint Secretary, DEA and Ms. Abhilasha Mahapatra, Director, PPP Cell, DEA for providing their valuable inputs and feedback in making this guidance material highly comprehensive and user-friendly.

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## List of Abbreviations

Abbreviation	Explanation
BOT	Build Operate Transfer
CA	Concession Agreement
COD	Commercial Operations Date
CP	Condition Precedent
CPIS	Computerized Project Information System
EOI	Expression of Interest
EPC	Engineering, Procurement and Construction
INR	Indian National Rupees
KPI	Key Performance Indicator
LOA	Letter of Award
LOI	Letter of Intent
MCA	Model Concession Agreement
MHS	Maintenance, Health and Safety
MIS	Management Information System
O&M	Operations and Maintenance
OMT	Operate, Maintain and Transfer
PPP	Public Private Partnership
PRS	Performance Review System
RFP	Request for Proposal
RFQ	Request for Qualification
SMIS	School Management Information System
TPC	Total Project Cost

# I. Introduction to Post-Award Contract Management in School PPP Concessions

## 1. Defining Post Award Contract Management in PPP Concessions

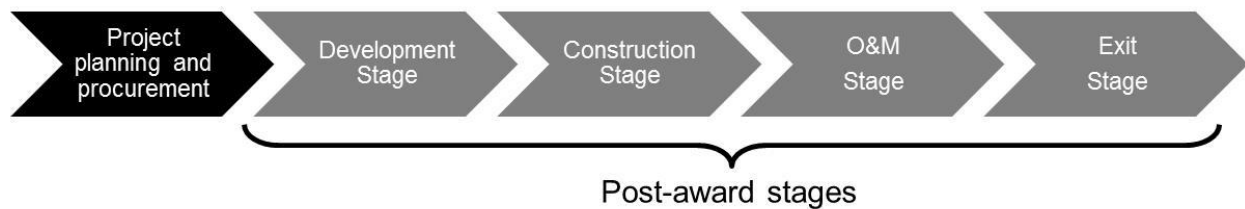
Public Private Partnerships (PPPs) have gained immense importance in India in the last decade. PPPs have enabled the public sector to harness the expertise and efficiencies of the private sector to delivery facilities and services traditionally procured by the public sector. For any PPP project to commence, a Concession Agreement (CA) is signed between two parties i.e. the Government Authority and the Private Party/ Concessionaire. Each of these parties is assigned a set of rights and obligations under the terms of the agreement.

The post-award period in any PPP concession, commences upon award of the concession/ project (i.e. from the date of issue of Letter of Award to the successful bidder) and ends on the completion of the project and expiry/ termination of Concession Agreement. Thus, from the viewpoint of the Authority,

*“Post-Award Contract Management includes all activities that are required to be undertaken by the Authority to administer, manage, govern and execute the concession from the time of award of the concession till its termination.”*

## 2. Understanding Project Lifecycle Stages for Post Award Contract Management

PPP concessions are generally long term in nature and undergo a full lifecycle, right from the Authority inviting applications from interested private parties through Request for Qualification (RFQs) and Request for Proposal (RFPs) and ending with the facility’s handover to the Authority upon expiry of the concession period. This project lifecycle may be split into the five stages, namely, Project Planning and Procurement, Development, Construction, Operations & Maintenance and Exit stage, as shown in the figure below. The post-award stage commences upon issuance of Letter of Award (LOA) to the successful bidder (Development Stage) and ends on expiry/ termination of the concession. All four post-award stages of a concession are marked by a timeline comprising a start and an end date.



### 3. Need and Objective of Post Award Contract Management Manual

The key objective of Post-Award Contract Management of School PPPs is to ensure that the PPP concession meets its objectives on a continuous basis, while managing risks proactively and maintaining cordial working relationships with various stakeholders.

The Concession Agreement clearly lays down the obligations of each contracting party to the Agreement, their associated risks and rewards and the policy and regulatory framework for project implementation. It also addresses other important concerns such as user protection, independent monitoring and dispute resolution mechanism.

Although the Concession Agreement clearly specifies the role and responsibility of each stakeholder, yet various financial and operational issues emerge subsequent to the signing of the agreement resulting in delay in project execution. **In such a scenario, Contract Management becomes highly critical owing to the long tenure of projects, complex nature of activities, involvement of various stakeholders etc.**

Thus, it is important for all the Authority officials to identify their obligations and resolve existing contract management issues in a timely manner. To serve these needs, the “**Post-Award Contract Management Manual for School PPP Concessions**”, hereinafter referred to as “*Manual*”, has been developed.

The sector-agnostic “**Post-Award Contract Management Guidelines**” have been developed as a quick reference strategic road map for Authorities and Contract Managers. However, the Guidelines only establish “Why” and “What” of contract management practices and is generic in nature. Therefore, to understand “How” contract management needs to be undertaken in a specific sector, the “**Post-Award Contract Management Manual**” has been developed.

*This **Post- Award Contract Management Manual for School PPP Concessions** has been designed to provide guidance on various activities required to be undertaken by the Authority officials at different stages of project lifecycle. Subsequent sections in this chapter describe “How” this manual will add value to Authority officials.*

The “Post Award Contract Management Manual” has been developed to serve as a model guide for the Authority officials; however, the templates in this Manual may be appropriately customized by the Project Authority to meet project-specific requirements as each concession is structured differently according to technical, market, operational, and financial conditions..

## II. Public Private Partnerships in Indian Education Sector

### 1. Introduction

Availability of quality infrastructure is a pre-requisite to achieve broad based and inclusive growth on a sustained basis. Infrastructure is also critical for enhancing productivity and export competitiveness. The XII Five Year Plan (FYP) (2012-2017) has an ambitious target of infrastructure investment and is envisaged at US \$ 1 trillion (or about Rs. 41 lakh crore, about 10 per cent of GDP). This projected investment is about twice the investment envisaged in the XI Plan and 27 per cent of the gross domestic savings. Given the enormity of the investment requirements and the limited availability of public resources for investment in physical infrastructure, it is imperative to explore avenues for increasing investment in infrastructure through a combination of public investment, Public Private Partnerships (PPPs) and occasionally, exclusive private investment wherever feasible.

The PPP model has been utilized widely, internationally as well as in India, to address the need for rapid infrastructure development along with a focus on improving access and imparting quality services to its citizens. The application until now has been confined mainly to physical infrastructure sectors such as roads, ports, aviation and urban infrastructure in India; however, with higher emphasis placed by the Government of India on social sectors, including education sector, its application has gained evident importance. PPPs can address not only the challenges of access to education and required infrastructure, but also the challenge of enhancing quality of education. Schools on PPP basis can be considered to become the **“Center of Excellence”** in India through combined features of private schools driven by specialized skills and output based service delivery; and public schools through enforceable contracts and affordable and universal education. Globally, many countries have made use of PPP models to build and operate School infrastructure and service delivery capabilities. Given this background, various PPP models for developing educational institutions have been introduced and initiated; however, no single model has been adopted.

The Government of India is also committed to achieve the national goal of universal education, a responsibility which is large as well as complex in a country like India. The Government has enacted the ‘Right of Children to Free and Compulsory Education Act, 2009’ (RTE) to provide every child “fulltime elementary education of satisfactory and equitable quality in a formal school”. The Government has also continued to increase expenditure on education in each of the previous FYPs with a specific focus in XII FYP.

With this perspective on the sector, a comprehensive **“Post Award Contract Management Manual for PPP Concessions”** on Senior Secondary Schools has been prepared based on learning’s from international as well as domestic case examples. Special emphasis has been placed on monitoring and evaluating performance standards of the Concessionaire. The framework adopted suggests parameters for setting up Key Performance Indicators (KPIs) including concessionaire’s performance in curricular and co-curricular activities, services and standards for education providers. It also suggests penalties for failure based on social repercussions of not meeting the standards and incentives for bettering the KPIs in view of the requisite levels of performance. While all necessary care been undertaken to cover all relevant and related aspects associated with the education sector, all suggestions and inputs in this regard will be highly appreciated.

## 2. Indicative PPP Arrangement for Manual

As there can be various PPP project structures for delivery of School Concessions, this Manual has been prepared with a focus that incorporates best practices and successful PPP structures delivered internationally and in India.

*This Manual is to be read in conjunction with the PPP arrangement between the parties as detailed in following pages. The arrangement is generic based on certain assumptions (such as project structure, concession period, risk allocation, type of financial support) and therefore it should be adapted as per project specific needs. This arrangement has been developed only for the purpose of this Manual and it doesn't represent recommendation of the Government for School PPPs.*

***This PPP Arrangement for the Manual is indicative in nature and the following assumptions have been drawn based on the best practices.***

#	Criteria	Structure
1.	<b>Signatories</b>	<ul style="list-style-type: none"> <li>This Agreement shall be executed between Concessionaire and Education Ministry / Department</li> </ul>
2.	<b>Definition and rules of interpretation</b>	<ul style="list-style-type: none"> <li>The definitions and rules of interpretation shall be as per the requirements of the contract and laws of India</li> </ul>
3.	<b>Description of the Project</b>	<ul style="list-style-type: none"> <li>The Concessionaire is to undertake establishment, management and operation of Senior Secondary Schools [classes VI to XII<sup>1</sup>] on design, build, finance, manage, operate and transfer (<b>DBFMOT</b>) basis (<b>Public Private Partnership mode</b>). The Concessionaire is expected to build and manage the School in accordance with the CBSE guidelines.</li> <li>Each Senior Secondary School shall have a design capacity of [560<sup>2</sup>] students, with a minimum of [two] sections in each class from [VI to XII].</li> </ul>
4.	<b>Concession Period</b>	<ul style="list-style-type: none"> <li>The <b>Concession period</b> for the project is [30] years.</li> <li>At the end of the Concession Period, the Authority shall have the right to <b>extend the Concession period</b> for the existing Concessionaire.</li> <li>The Concessionaire in this case would be eligible to have the <b>First Right of Refusal</b> if the <b>Concessionaire's bid lies within a range as specified by the Authority</b>, and if the <b>performance score</b> of the Concessionaire has been <b>more than [0.9] during the last [five] years</b> of the concession and has not fallen below [0.75] in any year of the Concession.</li> </ul>

<sup>1</sup>The square brackets are indicative figures and would differ on case to case basis.

<sup>2</sup>Each section shall have 40 students based on acceptable teacher: student ratio of 1:40. With minimum 2 sections for each standard of class, an estimated number of students from Class VI to XII shall be 7\*40\*2 = 560 However, the number of students may vary on case to case basis.

#	Criteria	Structure
5.	<b>Risk Allocation</b>	<ul style="list-style-type: none"> <li>• <b>Land:</b> The Project Land shall be provided by the Authority to the Concessionaire, where Project Land Lease Agreement shall be executed between the two on payment of nominal lease rentals by the Concessionaire.</li> <li>• <b>Procurement of EWS Students:</b> During the first [7] years of operations, procurement of Economically Weaker Section Students shall be the responsibility of the Authority. Subsequent to the completion of [7] years of operations, the Concessionaire shall be solely responsible for identifying and ensuring admission of Economically Weaker Section students.</li> <li>• <b>Constructing Facility:</b> Construction of the school including design, development, engineering, procurement, delivery, testing, commissioning and other activities incidental to the construction.</li> <li>• <b>Operating &amp; Maintaining Facility:</b> Regular Operation and Maintenance of the facilities of the School including maintenance of furniture and fixtures and development of health and safety plans.</li> <li>• <b>Academic Operation of the School:</b> The performance of the Concessionaire on this front shall be monitored on an annual basis through various Key Performance Indicators.</li> </ul>
6.	<b>Economically Weaker Section (EWS) Students</b>	<ul style="list-style-type: none"> <li>• At least 50% of the student capacity in each section of each class would be assigned to EWS Students.</li> </ul>
7.	<b>Sources of Revenue for Concessionaire</b>	<ul style="list-style-type: none"> <li>• <b>Financial Support from Government based on appropriate Scheme of GoI<sup>3</sup>.</b></li> <li>• <b>EWS Student Revenue:</b> The voucher amount shall be provided by the Authority to the Concessionaire throughout the Concession Period for the students occupying EWS seats.</li> <li>• <b>Non-EWS Student Revenue:</b> The revenue from Non-EWS students shall serve as one of the three revenue streams of the Concessionaire.</li> </ul>
8.	<b>Financial Support (Bidding Criteria)</b>	<ul style="list-style-type: none"> <li>• The bids shall be invited on <b>lowest financial support required by the bidder.</b></li> <li>• Bidder instead of seeking a Grant may also offer to pay an <b>“Annual Premium”</b> to the Authority for award of Concession.</li> </ul>
9.	<b>EWS Student Revenue</b>	<ul style="list-style-type: none"> <li>• The annual tuition fees applicable to each Economically Weaker Section (EWS) Student in each Senior Secondary</li> </ul>

<sup>3</sup>Financial support may also be leveraged through various schemes which would depend on project specific requirements.

#	Criteria	Structure
		<p>School for the [first] year of COD will be the lower of (I) <b>Base Voucher<sup>4</sup> Indexation Amount</b> fixed as per the Concession Agreement; or (II) the average tuition fees collected per student from students occupying Non EWS Seats. The Base Voucher Indexation Amount shall be escalated by [5%] on a compounded basis, every year.</p> <ul style="list-style-type: none"> <li>• The Voucher Amount shall be paid by the Authority in the following manner for any given year to the Concessionaire: <ul style="list-style-type: none"> <li>➤ The Voucher Amount shall be divided into [4] installments and be deposited into the Escrow Account (“Voucher Installments”);</li> <li>➤ [Three] Voucher Installments shall be deposited by the Authority on the 1st day of the following months: [July] (“First Installment”) [October] (“Second Installment”) and [January] (“Third Installment”) of each Academic Year during the Concession Period.</li> <li>➤ These installments shall be [equal] in amount and be equal to a [quarter] of the Base Voucher Indexation Amount payable for the relevant year;</li> <li>➤ The [fourth/final] installment shall be determined based upon the: <ul style="list-style-type: none"> <li>a) Calculated average tuition fees per student collected by the School from the students occupying Non- EWS Seats, and,</li> <li>b) Performance score achieved by the Concessionaire</li> </ul> </li> </ul> </li> </ul>
10.	<b>Non-EWS Student Revenue</b>	<ul style="list-style-type: none"> <li>• Revenue from Non-EWS students shall serve as one of the three revenue streams of the Concessionaire.</li> </ul>
11.	<b>Appointment of Project Reviewer – Construction Period</b>	<ul style="list-style-type: none"> <li>• A Project Reviewer shall be appointed by the Authority to review the design and drawings; review, inspect and monitor the Construction Works; conduct tests on completion of construction; assist the parties in resolution of disputes and undertake all other duties and functions as envisaged under the Agreement.</li> <li>• The Project Reviewer shall be selected through a tender process and shall be appointed for a period commencing from the Date of Award of Concession to the date of expiry of [6] months from the Date of Commercial Operations.</li> </ul>
12.	<b>Appointment of Project Reviewer – Operations Period</b>	<ul style="list-style-type: none"> <li>• A Project Reviewer shall be appointed to <b>inspect and verify the obligations of the Concessionaire on a regular basis during the Operations period</b> and submit its periodic evaluation reports to the relevant committees and the</li> </ul>

<sup>4</sup> Voucher Amount is quantum of sums paid by the Authority to the Concessionaire for Economically Weaker Section Students.



#	Criteria	Structure
		Authority.
13.	<b>Appointment and Composition of other Project Reviewers</b>	<ul style="list-style-type: none"> <li>• A <b>State Level &amp; District Level Committee</b> shall be formed and comprise <b>representatives from the School Authorities, the Concessionaire, Parents and Independent Industry Experts</b> to consider representations from all stakeholders.</li> <li>• These committees shall <b>hold regular review meetings</b> [twice in a year] to discuss the performance of existing School facilities and share their concerns and progress plans for effective school management.</li> <li>• In the inspections that would be carried out by the Committee, <b>special emphasis shall also be placed on learning outcomes, key performance indicators, curriculum, school infrastructure and other critical parameters</b> as identified in the Concession Agreement.</li> <li>• <b>Incentives and penalties linked with the outcomes (both academic delivery and service facility) would be monitored regularly by the Project Reviewers.</b></li> </ul>
14.	<b>Fulfillment of Conditions Precedent</b>	<ul style="list-style-type: none"> <li>• The Agreement shall come into full force and effect on the Effective Date, which is conditional upon the Authority's fulfillment of the following Conditions                             <ul style="list-style-type: none"> <li>➢ Allocating the Project Land to the Concessionaire;</li> <li>➢ Executing the project land lease agreement with the Concessionaire and delivering unencumbered peaceful possession of the Project Land;</li> <li>➢ Establishing the State Level and District level Committee;</li> <li>➢ Entering into the Escrow Agreement for the Project;</li> <li>➢ Executing and Procuring execution of the Substitution Agreement.</li> </ul> </li> <li>• Further the Concessionaire shall fulfill the following requirements as part of Conditions Precedent:                             <ul style="list-style-type: none"> <li>➢ Confirming that the Concessionaire is duly constituted and this Agreement is binding and enforceable against the Concessionaire;</li> <li>➢ Executing and procuring execution of the Substitution Agreement;</li> <li>➢ Executing the Construction Contracts;</li> <li>➢ Executing the Financing Agreements;</li> <li>➢ Entering into an Escrow Agreement for the Project, and</li> <li>➢ Executing the Project Land Lease Agreements.</li> </ul> </li> </ul>
15.	<b>Achievement of Financial Closure</b>	<ul style="list-style-type: none"> <li>• Financial Close shall mean the fulfillment of all conditions precedent to the initial availability of funds under the Financing Agreements and shall be achieved within [180]</li> </ul>

#	Criteria	Structure
		<p>days from the signing of the Concession agreement.</p> <ul style="list-style-type: none"> <li>• The Concessionaire shall be entitled to a further period not exceeding [120] days, subject to payment of Damages to the Authority in a sum calculated at the rate of [0.1%] of the Performance Security for each day of delay.</li> <li>• In the event that Financial Close does not occur, for any reason whatsoever, within the period set forth or the extended period provided thereunder, all rights, privileges, claims and entitlements of the Concessionaire under or arising out of this Agreement shall be deemed to have been waived by, and to have ceased with the concurrence of the Concessionaire, and the Concession Agreement shall be deemed to have been terminated by mutual agreement of the Parties.</li> </ul>
16.	<b>Project Milestone</b>	<ul style="list-style-type: none"> <li>• <b>Project Milestone 1</b> <ul style="list-style-type: none"> <li>➤ Project Milestone-I shall be completed upon the submission of designs.</li> <li>➤ The Concessionaire shall attain Project Milestone-I no later than [30<sup>th</sup>] day from the Effective Date.</li> </ul> </li> <li>• <b>Project Milestone 2</b> <ul style="list-style-type: none"> <li>➤ Project Milestone-II shall have been achieved by the Concessionaire when the Concessionaire has obtained the Construction Completion Certificate.</li> <li>➤ The Concessionaire shall attain Project Milestone-II no later than [450<sup>th</sup>] day from the Effective Date.</li> </ul> </li> </ul>
17.	<b>Key Performance Indicators</b>	<ul style="list-style-type: none"> <li>• Key Performance Indicators or the performance score of the Concessionaire shall be defined by Expected Level of Service Delivery and Expected Level of Academic Achievement. To assess the score of the Concessionaire, a weighted average score of Service Delivery and Academic Achievement shall be obtained. This performance score shall be used to incentivize or penalize the Concessionaire, leading to debarment in severe cases.</li> <li>• Calculation of Expected Level of Academic Achievement shall be based on various performance driven academic indicators. An illustration for ELA calculation has been elaborated in Annexure I.</li> <li>• Calculation of Expected Level of Service Delivery shall be based on Operational efficiency or service quality including complaint response and redressal KPIs, Facility Maintenance KPIs etc. An illustration for ELSD calculation has been elaborated in Annexure I.</li> <li>• The percentage of the voucher payment for economically weak students shall be linked to performance score of the</li> </ul>

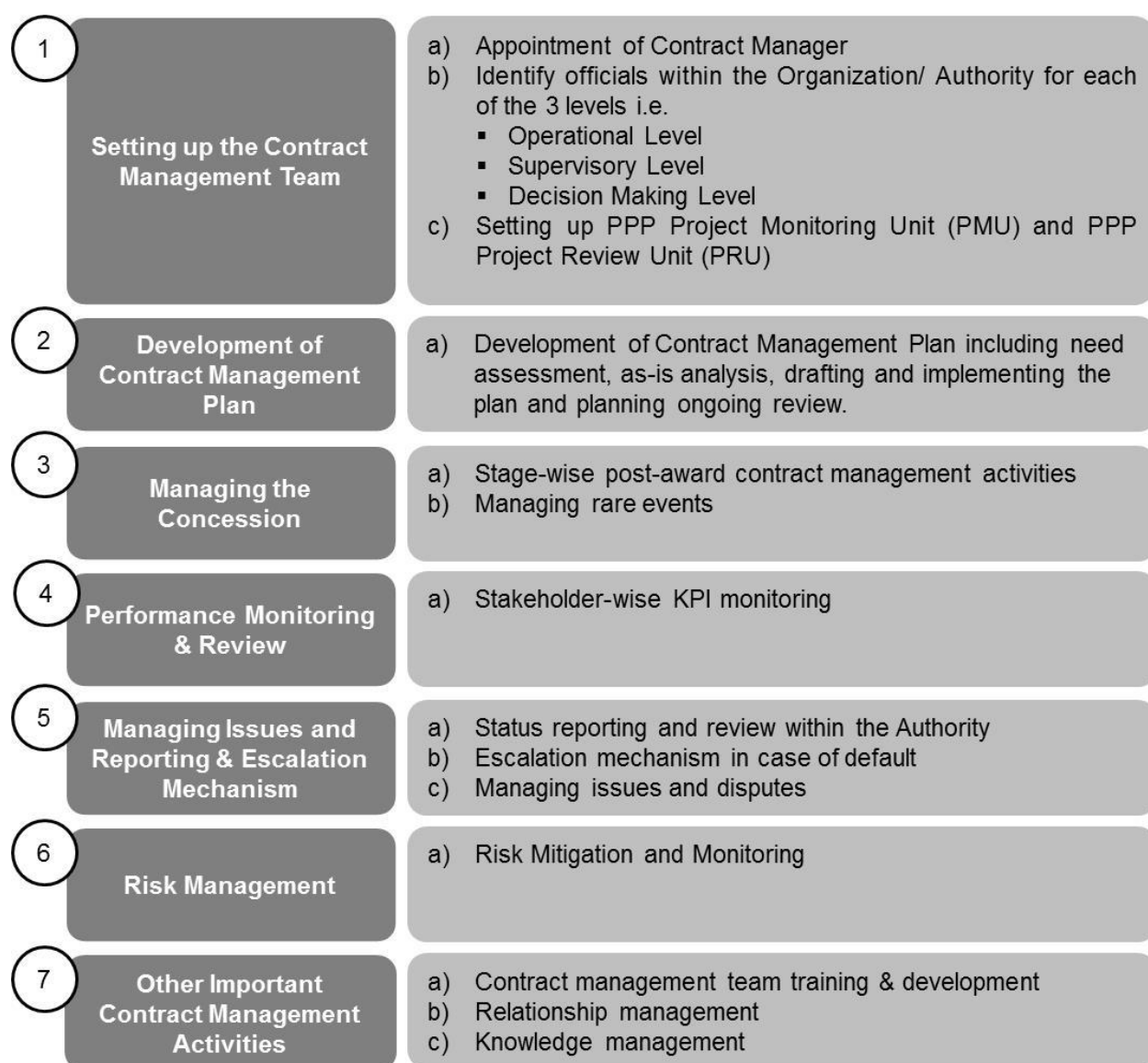
#	Criteria	Structure
		Concessionaire.
18.	<b>Classroom Student and teacher Student Ratio</b>	<ul style="list-style-type: none"> <li>The Concessionaire shall not exceed the Classroom Student ratio from [1:40] and shall maintain the Teacher-Student ratio to be a minimum of [1:25].</li> </ul>
19.	<b>Affiliation with CBSE</b>	<ul style="list-style-type: none"> <li>The Concessionaire shall affiliate the school with Central Board of Secondary Education (CBSE) and any failure to obtain affiliation shall result in material breach leading to Concessionaire's default.</li> </ul>
20.	<b>Force Majeure</b>	<ul style="list-style-type: none"> <li>The affected party shall be granted by the other Party, extension of Concession for a period during which the relative performance was affected by the Force Majeure Event.</li> </ul>
21.	<b>Dispute Resolution Mechanism</b>	<ul style="list-style-type: none"> <li>The various tiers of dispute resolution process as well as seat of arbitration will be specified. <ul style="list-style-type: none"> <li>➤ <b>Tier 1:</b> Amicable resolution between the parties</li> <li>➤ <b>Tier 2:</b> Conciliation between the Concessionaire and the Authority where either Party may call upon the Project Reviewer/State and District Level Committee<sup>5</sup> to mediate and assist the Parties in arriving at mutually agreeable settlement thereof;</li> </ul> </li> <li><b>Tier 3:</b> Arbitration as per concession agreements and as per the provisions of the Arbitration and Conciliation Act, 1996.</li> </ul>
22.	<b>Disallowance of Advertising in School Premises</b>	<ul style="list-style-type: none"> <li>The Concessionaire shall not undertake any form of commercial advertising in the School Premises.</li> </ul>
23.	<b>Duration of Teaching</b>	<ul style="list-style-type: none"> <li>The duration of teaching in the school with reference to number of days and hours would be in accordance with the CBSE guidelines and good industry practices.</li> </ul>
24.	<b>Vocational Education</b>	<ul style="list-style-type: none"> <li>The School Management shall provide vocational education to its Students in conjunction with the regular curriculum,</li> </ul>
25.	<b>Teacher Appointment and Student Admission Policy</b>	<ul style="list-style-type: none"> <li>The teacher appointment and student admissions shall be undertaken in accordance with the CBSE guidelines.</li> </ul>
26.	<b>Provision of CCTV Camera</b>	<ul style="list-style-type: none"> <li>The School should have adequate provision of CCTV camera for safety of the students.</li> </ul>
27.	<b>School Management Information System</b>	<ul style="list-style-type: none"> <li>School Management Information System (SMIS) shall be <b>developed as an application to record all activities</b> in a structured manner that enables ease of access and analysis of performance and attendance of each class on a real time</li> </ul>

<sup>5</sup> While this Manual provides for constitution of State and District Level Committee, other committees such as disciplinary committee, executive committee, etc may be formed as per requirements of the Concession Agreement and for orderly function of schools.

#	Criteria	Structure
		basis. This also <b>indirectly helps in more effective performance monitoring and risk management of the PPP concession.</b>

### III. Key Elements of Post Award Contract Management in School PPP Concessions

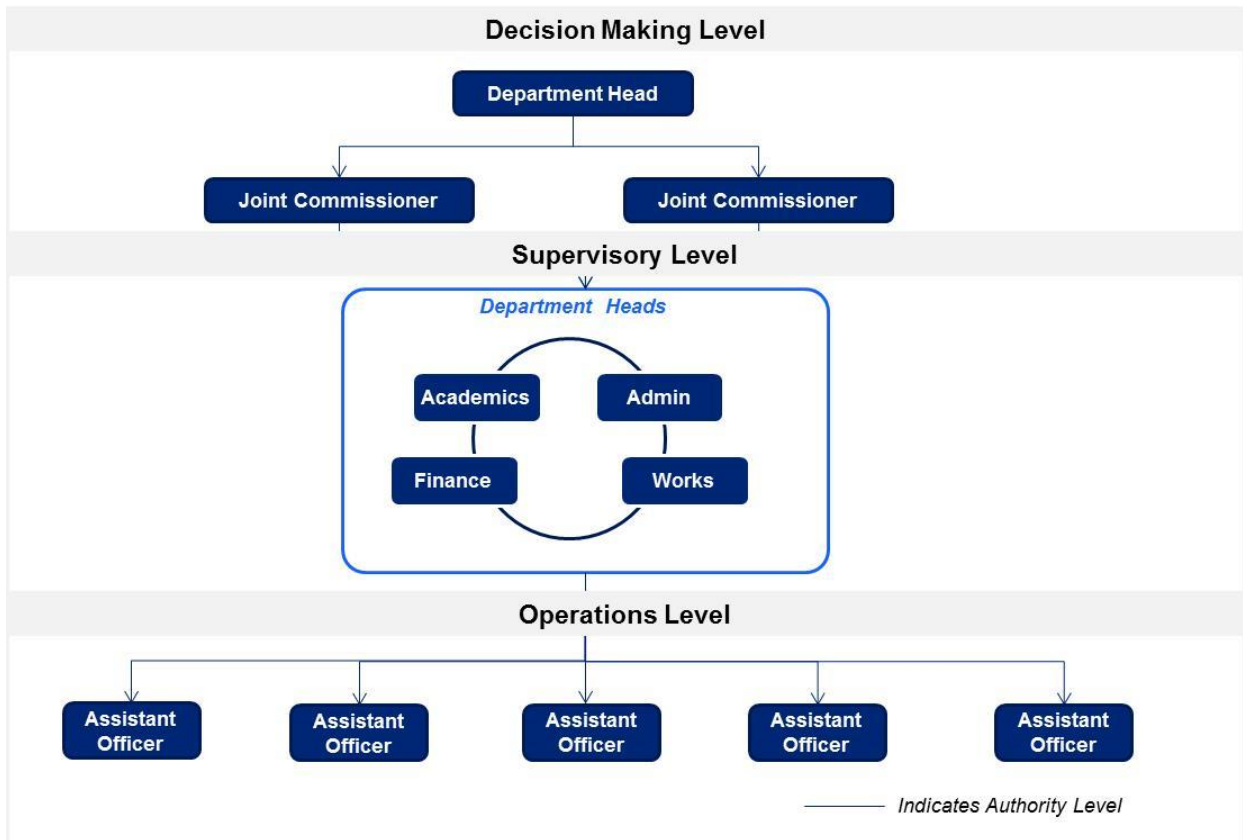
Post-Award contract management starts from appointing a dedicated Contract Management team within the Authority and having clear understanding of roles and responsibilities to be executed in a school concession. This Contract Management team prepares a Contract Management Plan elaborating all guiding rules and principles for effective management of the school concession including management of regular activities, rare events, issues and disputes, performance monitoring and risk management. Finally, the Contract Management team executes the Contract Management actions as per the Plan. The following pictorial highlights the section covered under this manual and describes these processes in further detail in the subsequent sections.



1

**Step 1: Setting up of the Contract Management Team**

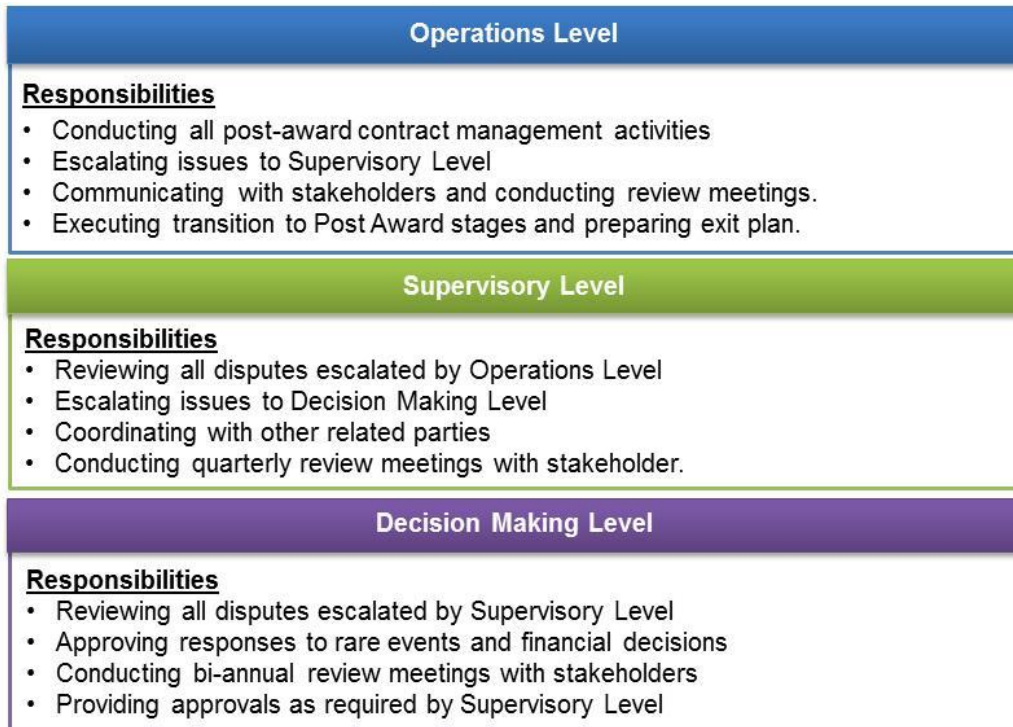
School PPPs is still an emerging sector in India and therefore a formal institutional structure to manage such PPPs is not in place. A high-level structure presented below is recommended to be followed in future PPPs; however, it may be modified as necessary to accommodate sector and concession-specific requirements.



The contract management team plays an important role in managing the entire gamut of activities in any project execution. Thus, members of Contract Management team at each level within the Authority have to be appointed keeping in mind their roles and responsibilities and ensuring that each one of them is apprised of their duties in a clear and transparent manner.

The process of identification and setting up of the contract management team begins from appointing the Contract Manager who plays a critical role in coordinating with each team member and is the overall in-charge of the project. After the Contract Manager is selected, the next step is defining contract management team requirements, its structure and composition. It is suggested that the Contract Management Team consists of three levels: Operations Level, Supervisory Level, and Decision Making Level. The size of the contract management team required is to be decided based on: size of project, complexity of project activities, risks envisaged and their potential consequences and quantum of efforts estimated for the appointed officials based on allocation of responsibility. Usually, not more than 3-4 officials at the Operations Level, 2-3 at the Supervisory Level and one at the Decision Making Level need to be appointed.

as a part of the team. The diagrams below outline indicative roles and responsibilities of officers at each level. However, the designations or responsibilities allotted to relevant personnel may vary from concession to concession.



2 **Step 2: Development of Contract Management Plan**

A Contract Management Plan is necessary for a comprehensive understanding of procedures for approaching each contract management activity in a School concession. It needs to be designed such that all aspects of contract management are covered and Authority officials are directed such that they execute their tasks with ease. The following diagram highlights process to be followed for development of a Contract Management Plan.



3

### Step 3: Managing the Concession

After the contract management plan is designed, it is necessary to update and review the plan on a timely basis for effective implementation and execution of the project. Any changes or updates to the project, which may have a possible impact on the Contract Management plan must be documented as they occur. Thus, a stage wise plan depicted as below, effective from date of project award till contract termination, will help the Authority manage routine and rare Contract Management Activities.

3A

#### Step 3A: Contract Management at Development Stage

For the purpose of Contract Management, Development stage commences from the date of issue of **Letter of Intent (LOI)** and continues till the declaration of **Effective Date** (date from which the concession period starts). During this stage, various activities are undertaken by the Authority for which different level of officials are made responsible as per the Contract Management Plan. The diagram below presents a list of activities during the Development stage of the project execution.



1. Signing of the Concession Agreement
2. Receipt and verification of Performance Security
3. Achievement of Conditions Precedent of the Concessions Authority
4. Damages for delay by the Authority in fulfilling Conditions Precedent
5. Achievement of Conditions Precedent of the Concessionaire
6. Damages for delay by the Concessionaire in fulfilling Conditions Precedent
7. Achievement of Financial Closure
8. Declaration of Effective Date
9. Monthly review and escalation of issues, if any

For detailed activities refer Chapter III – Contract Management Activities in Development Stage

3B

#### Step 3B: Contract Management at Construction Stage

For the purpose of Contract Management, the Construction stage commences from the Effective Date and continues until achievement of Commercial Operations Date. The diagram below presents a list of activities in the Construction stage.





1. Review of designs and drawings
2. Disbursement of Financial Support, if applicable
3. Ensuring Adequate Insurance
4. Monitoring Construction Progress
5. Certification of Works by Project Reviewer
6. Notification of Commercial Operations Date
7. Approval of Maintenance Programme
8. Monthly Review and Escalation of issues, if any

For detailed activities refer Chapter IV – Contract Management Activities Construction Stage

3C

### Step 3C: Contract Management at Operations and Maintenance Stage

For the purpose of Contract Management, the Operations and Maintenance stage commences from the Commercial Operations Date (COD) and continues till the end of the Concession period. During this stage various activities are undertaken by the Authority where different levels of officials are responsible as per the Contract Management Plan. This section provides an activity based roadmap for post-award management of the contract in this stage. The diagram below presents a list of activities in the Operations and Maintenance stage.



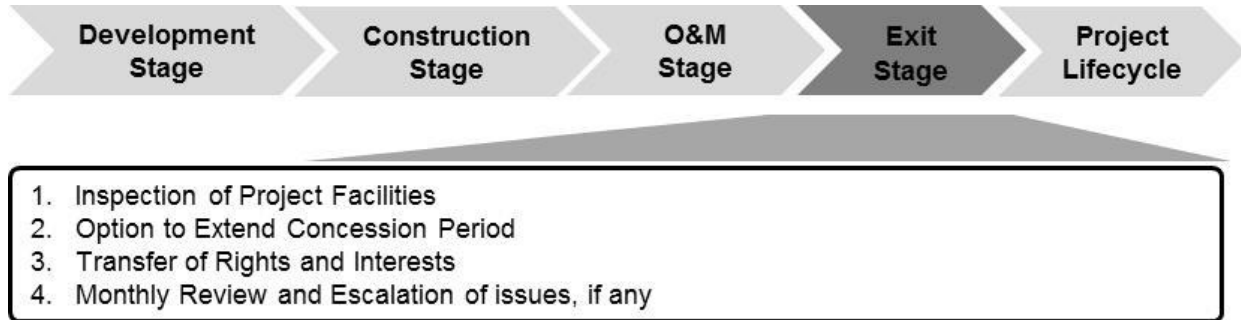
1. Quality Assurance Certification
2. Fresh Performance Security
3. Monitoring Academic and Service Facility Indicators
4. Collection of Premium, if any
5. Disbursement of Student Subsidy
6. Capacity Expansion
7. Monthly review and escalation of issues, if any

For detailed activities refer Chapter V – Contract Management Activities during O&M Stage

3D

### Step 3D: Contract Management at Exit Stage

For the purposes of contract management, Exit Stage commences from the Termination Date and continues till the final settlement. The following diagram highlights key activities undertaken by Authority officials.

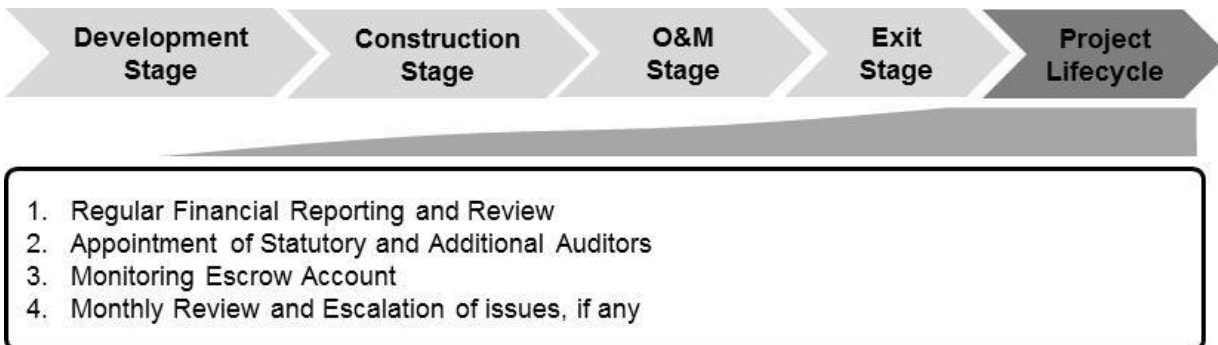


For detailed activities refer Chapter VI – Contract Management Activities during Exit Stage

3E

### Step 3E: Contract Management during project Lifecycle

Throughout the Project life cycle (i.e. from Letter of Intent till final settlement), various key activities are undertaken by the Authority for which different levels of officials are made responsible as per the Contract Management Plan. The diagram below presents a list of post-award Contract Management activities throughout the project life cycle.



For detailed activities refer Chapter VII – Contract Management Activities During Project Lifecycle

3F

### Step 3F: Managing Rare Events

There are many risks a project faces pertaining to change in policy, force majeure events such as natural calamities which are unexpected, untimely or premature terminations of project due to unforeseen circumstances. Such events occur rarely, but when they do, they leave a huge impact on the project leaving the progress stalled for a long period and causing huge inconvenience to all stakeholders. This section describes all major rare events and how the Authority should manage them to limit the losses out of them.

## Managing Rare Events

1. Change in Scope
2. Change in Law
3. Force Majeure
4. Compensation for Breach of Agreement
5. Assignment and Charge creation requests
6. Substitution Agreement
7. Indemnity Claims
8. Termination on Event of Default
9. Change in Ownership
10. Monthly Review and Escalation of issues, if any

For detailed activities refer Chapter XII – Managing Rare Events

4

### Step 4: Performance Monitoring and Review

Performance of the Concessionaire and other related parties should be regularly monitored and reported by the Contract Manager to ensure the project remains within the pre-planned cost levels and timelines. This section identifies Key Performance Indicators for each stakeholder Concessionaire, Project Reviewer and Safety Consultant that must be tracked and reviewed on a regular basis to ensure efficient project execution.

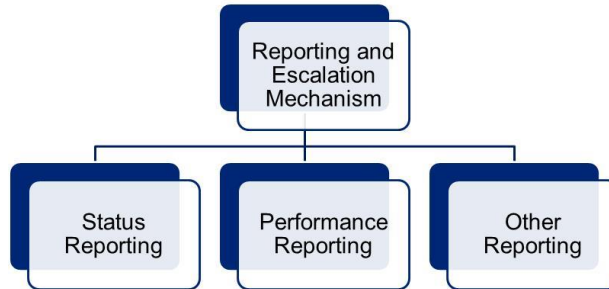
For detailed activities refer Chapter VIII – Performance Monitoring and Review

5A

### Step 5A: Reporting and Escalation Mechanism

In any School concession, even if management and monitoring of each project activity is done actively, it has been observed that no such activity is complete without regular and timely

reporting of these activities by the Authority officials at higher levels. Moreover, it is critical from the project execution viewpoint that any issue which crops up is escalated in a timely fashion to the Supervisory and Decision Making Level for fast, suitable and timely action.



This section describes how project status reporting, review and escalation of issue activities are to be executed within Operations Level, Supervisory Level and Decision Making Level of the Authority and how performance should be reported on a regular basis to ensure smooth functioning of the concession.

**For detailed activities refer Chapter IX – Regular Reporting and Escalation**

**5B**

**Step 5B: Managing Issues and Disputes**

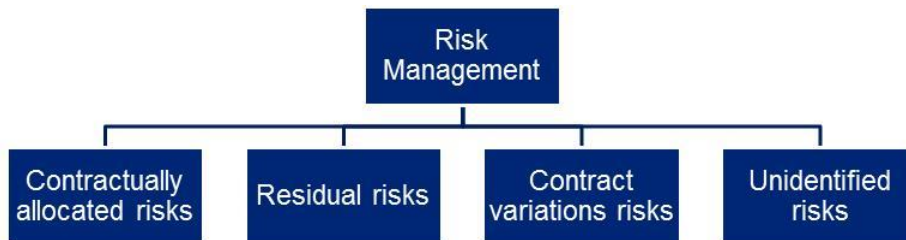
Timely resolution of disputes is of great essence for the Authority as well for all other stakeholders to achieve the desired project milestones as per the given timelines. Thus this section elaborates on how a well-defined Dispute Resolution Mechanism and Managing issues can be devised.

**For detailed activities refer Chapter X – Managing Issues and Disputes**

**6**

**Step 6: Risk Management**

The Authority needs to develop a comprehensive risk management plan for all PPP Concessions so that proactive management of risks is done on a regular basis. This section clearly lists down all major risks for a project and provides mitigation and monitoring practices.

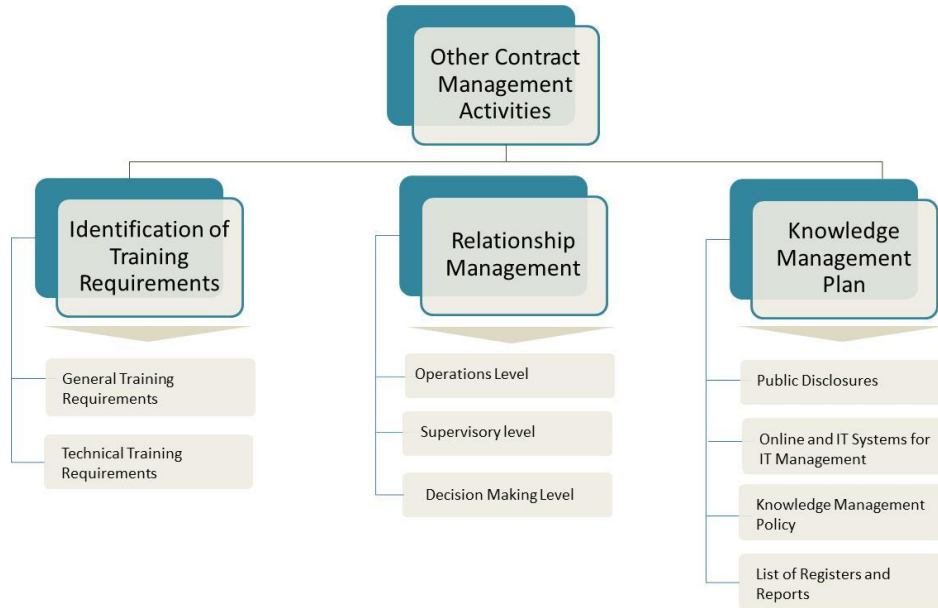


**For detailed activities refer Chapter XI – Risk Management**

7

Step 7: Other Contract Management Activities

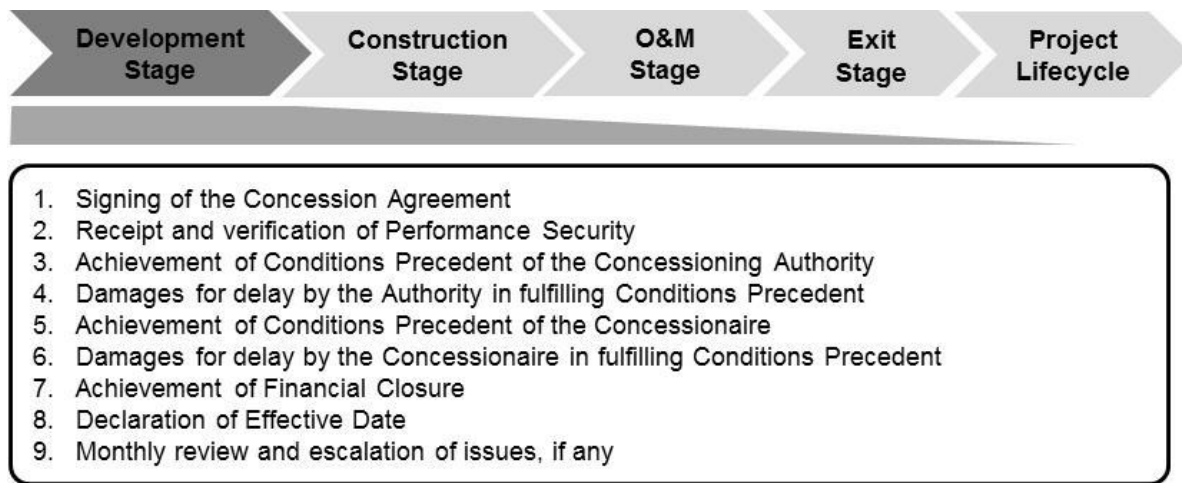
Knowledge Management and Information Dissemination is an important aspect for managing all documented assets of the project which can be used for future references. This section clearly highlights the provisions to be made by the Authority for sound Knowledge Management and Information Dissemination practice.



**For detailed activities refer Chapter XIII – Other Contract Management Activities**

## IV. Contract Management Activities in Development Stage

For the purpose of contract management, the Development stage commences from the date of issue of **Letter of Intent (LOI)** and continues till the declaration of **Effective Date** (date from which the concession period starts). During this stage, various activities are undertaken by the Authority for which different level of officials are made responsible as per the Contract Management Plan. This chapter provides an activity based roadmap for post-award management in the “**Development stage**” of project execution. The diagram below presents a list of activities in the Development stage. These activities may be assigned to the Operations / Supervisory / Decision Making Level as appropriate. For detailed activities including timelines, refer Annexure D.



### 1. Signing of the Concession Agreement

The key activities that are required to be undertaken between issue of LOI and signing the Concession Agreement are provided below:

- *Communicate the results of evaluation of bids and issue Letter of Intent and subsequently the Letter of Award to the successful bidder;*
- *In case the successful bidder does not submit the LOI and LOA acceptance within the stipulated timeline as specified in the bidding documents, initiate the process for forfeiture of bid security submitted by the successful bidder;*
- *In case of receipt of timely acceptance of the LOI, seek submission of draft society / trust / not for profit company formation documents from the successful bidder (alternatively an existing society / trust / not for profit company can take up the project);*
- *Seek comments on the draft society / trust / not for profit company formation documents (as submitted by successful bidder) from Legal / Finance Department and communicate the same to the successful bidder;*

- *Receive final society / trust / not for profit company formation documents along with Certificate of Incorporation from the successful bidder and initiate the process for execution of the Concession Agreement;*
- *Sign the Concession Agreement with the successful bidder.*

## **2. Receipt and Verification of Performance Security**

Once the Concessionaire submits the Performance Security in form of the Bank Guarantee, the Authority needs to verify and authenticate the same. The key activities undertaken in this regard are provided below:

- *Verify the Bank Guarantee from issuing bank branch and ensure authentication*
- *Issue an acknowledgement to the Concessionaire*
- *In case of non-submission of Bank Guarantee within the stipulated timeline as mentioned in the Concession Agreement, proceed for encashment of bid security as per provisions of Concession Agreement*

## **3. Achievement of Conditions Precedent of the Authority**

For the Concession to be effective, the Authority has to carry out certain tasks. They are Conditions Precedent to the agreement. The key activities involved in this process are provided below:

- *If the land is to be leased to the Concessionaire, liaise with relevant authority who shall lease land to the Concessionaire and ensure timely allotment of Project Land*
- *Ensure execution of Land Lease Agreement between the Concessionaire and the entity leasing the land.*
- *Constitute the District Level and State Level Committee by appointing members identified in the Concession Agreement*
- *Ensure execution of other project agreements (as part of Conditions Precedent) as specified above.*
- *Notify the Concessionaire when all of the Authority's Conditions Precedent are fulfilled*

## **4. Damages for delay by the Authority in fulfilling Conditions Precedent**

As per the provision of the Concession Agreement the Authority has to pay liquidated damages on account of its failure or delay in fulfillment of Conditions Precedent (for which Authority is responsible). The key activities in this regard are provided below:

- *Receive request from the Concessionaire for payment of damages*
- *Review the request received from the Concessionaire*

- *In case it is determined that damages are to be paid, initiate the payment process*

## **5. Achievement of Conditions Precedent of the Concessionaire**

The key activities undertaken in this regard are provided below:

- *If the land is to be procured by Concessionaire itself, ensure relevant processes for the same are completed*
- *Seek comments on the draft Agreements (submitted by the Concessionaire) from Legal/ Finance Department and communicate the same to the Concessionaire*
- *Issue a letter to the Concessionaire regarding approval / acceptance of the Escrow Agreement, Substitution Agreement, Financing Agreement, Project Land Lease Agreement and Construction Contracts.*
- *Provide necessary support for land acquisition and ensure land is acquired within specified timelines*
- *Validate supporting documents of applicable permits and representations & warranties as submitted by Concessionaire*
- *Validate receipt of constituent documents of the Concessionaire, resolutions adopted by Board of Directors of Concessionaire, Shareholding Certificate, and financial standing of the Concessionaire and obtaining concurrence from respective Departments*
- *Issue “No Objection Certificate” to the Concessionaire for procurement of affiliation with Central Board of Secondary Education or relevant State Board*
- *Provide necessary support and assistance to obtain approvals / permits from other government authorities*
- *Issue an acknowledgement letter to the Concessionaire after receiving these documents and Performance Security*
- *Upon receiving notification from the Concessionaire stating that all its Conditions Precedent are fulfilled, issue a notice to the Concessionaire confirming the same*

## **6. Damages for delay by the Concessionaire in fulfilling Conditions Precedent**

As per the provision of the Concession Agreement the Concessionaire has to pay liquidated damages on account of its failure or delay in fulfillment of Conditions Precedent (for which Concessionaire is responsible). The key activities of the Authority in this regard are provided below:

- *Calculate amount of damages that the Concessionaire is liable to pay*
- *Raise request to the Concessionaire for payment of damages*



- *Follow up and receive the amount of damages*

## 7. Achievement of Financial Closure

Achievement of Financial Closure is part of the Conditions Precedent designated to the Concessionaire. The key activities undertaken in this regard are provided below:

- *Seek comments on the Financial Closure documents (as submitted by Concessionaire) from Legal/ Finance Department and communicate the same to the Concessionaire*
- *Issue a letter to the Concessionaire regarding approval / acceptance of the Financing Agreement*
- *In case of delay in Financial Closure, initiate claim for damages for delay as per provisions of the Concession Agreement*
- *In case of failure to achieve Financial Closure, the Authority may consider to initiate termination as per the provisions of the Concession Agreement, encash bid security and appropriate the proceeds thereof as damages*

## 8. Declaration of Effective Date

After both parties fulfill their Conditions Precedent, the Authority may declare the Effective Date. The key activities undertaken in this regard are provided below:

- *Issue acknowledgement to Concessionaire after receiving the status of Conditions Precedent from the Concessionaire*
- *If both the parties have fulfilled all of their Conditions Precedent, declare the Effective Date*

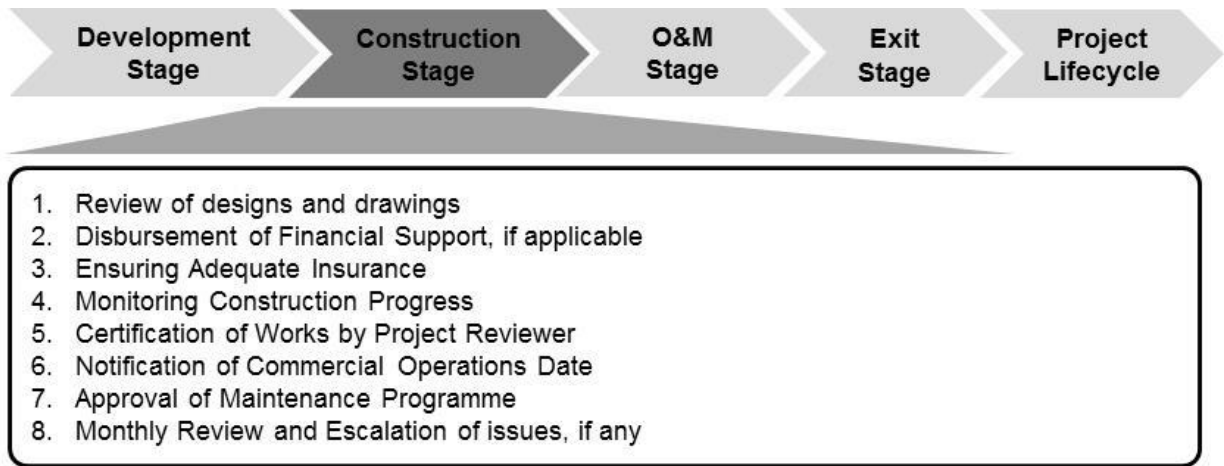
## 9. Monthly Review and Escalation of Issues

The Supervisory Level and Decision Making Level would be responsible for following key activities:

- *Ask for monthly status reports of all ongoing projects from the concerned Operations/ Supervisory Level*
- *Review all files/documents forwarded by Operations/ Supervisory Level*
- *Provide required inputs for project execution*
- *Report to the Decision Making Level / Chairman in case of default*

## V. Contract Management Activities in Construction stage

For the purpose of Contract Management, the Construction stage commences from the Effective Date and continues until achievement of Commercial Operations Date. During this stage, various activities are undertaken by the Authority for which different level of officials are made responsible as per the Contract Management Plan. This chapter provides an activity based roadmap for post-award management in this stage. The diagram below presents a list of activities in the Construction stage. For detailed activities to be undertaken including timelines, refer Annexure E.



### 1. Review of Designs and Drawings

As per the provisions of the Concession Agreement, the Concessionaire submits the designs and drawings to the Authority. The Authority has the right but not the obligation to review such drawings. The key activities undertaken in this regard are provided below:

- *Receive designs and drawings submitted by the Concessionaire for review;*
- *Review design and drawings within stipulated timelines (as specified in the Concessions Agreement);*
- *In case Authority has any comments, observations and suggestions on such drawings, it may forward the same to the Concessionaire*
- *Review updated designs and drawings submitted by the Concessionaire*
- *Receive and maintain records of final set of as-built drawings received from the Concessionaire after Project Completion*

## 2. Disbursement of Financial Support, if applicable

In case the concession involves financial support through any of the appropriate scheme of Gol<sup>6</sup>, it must be disbursed through the Escrow Account as per timelines specified in the Concession Agreement. The key activities undertaken for disbursement of financial support are provided below:

- *Ascertain whether the conditions specified in the Concession Agreement for the financial support are met by the Concessionaire*
- *Disburse the financial support through the Escrow Account, in the amount and as per timelines specified in the Concession Agreement*

## 3. Ensuring Adequate Insurance

As per the provisions of the Concession Agreement, the Concessionaire must purchase and maintain insurance covers as per the requirement of the project. The key activities undertaken in this regard are provided below:

- *Ensure that the Concessionaire is maintaining insurance for all insurable assets and all insurable risks associated with the project;*
- *Respond to Concessionaire's notice on list of insurances it proposes to maintain, mentioning such other insurances that it believes would be necessary;*
- *Ensure that all funds received as part of insurance claims are utilized against the relevant claims being raised;*
- *In case the Concessionaire does not maintain necessary insurance the Authority may pay the premia itself and recover the costs thereof from the Concessionaire*

## 4. Monitoring Construction Progress

As per provisions of the Concession Agreement, the Concessionaire is to meet the project milestones as specified in the Concession Agreement. In case of any delay, the Authority is to respond as per the provisions of the Concession Agreement. The key activities undertaken in this regard are provided below:

- *Ensure the Concessionaire appoints an external Project Reviewer to inspect the construction progress*

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<sup>6</sup>Financial support may also be leveraged through other schemes which would depend on project specific requirements.

- *Review monthly / quarterly progress reports submitted by Concessionaire including action taken by the Concessionaire to correct deficiencies / defects reported by the Project Reviewer*
- *Inspect, at regular intervals, asset register maintained by the Concessionaire*
- *In case the Concessionaire does not meet the milestones within the specified timelines, issue a notice to the Concessionaire to pay damages for delay*
- *Calculate damages as per the provisions of the Concession Agreement*
- *In case the Concessionaire does not meet the extended timelines set forth in the Concession Agreement, initiate termination process for the project*

## **5. Certification of Works by Project Reviewer**

The key activities undertaken for issue of Completion Certificate are provided below:

- *Appoint representative to witness completion tests to be carried out by the Concessionaire*
- *Conduct or require to conduct additional tests, in accordance with good industry practice, to determine compliance of the School infrastructure with Project Specifications and Standards*
- *Receive Project Reviewer's certificate and verify whether all necessary approvals for commencing School operations have been obtained*
- *Issue a Construction Completion Certificate on completion of construction works*

## **6. Notification of Commercial Operations Date**

After construction is completed and Completion Certificate is issued the Authority must notify the Commercial Operations Date. The key activities undertaken in this regard are provided below:

- *Ensure completion of construction and procurement of necessary approvals for commencing operations*
- *Confirm enrolment of specified number of students in the School project*
- *Issue the Commercial Operations Date Certificate to the Concessionaire*

## **7. Approval of Maintenance Programme**

Maintenance, Health and Safety (MHS) plan or a Maintenance program is to be prepared and adhered to by the Concessionaire for the Construction and Operations period. The Authority would be responsible for following key activities in this regard:

- *Review draft MHS plan submitted by Concessionaire*

- *Communicate accept / reject decision on the plan within stipulated timelines*
- *Monitor compliance with MHS plan on a regular basis*
- *In case the Concessionaire fails to comply with the requirements of the MHS plan, the Authority to carry out a survey for the School facilities to assess its compliance with the requirements;*
- *Notify the Concessionaire in advance about intention to carry out survey*
- *Manage the survey with minimal disruption to the School operations*
- *In case as a result of the survey non-compliance with requirements is found, then issue a notice requiring the Concessionaire to take appropriate corrective measures at its own expense*

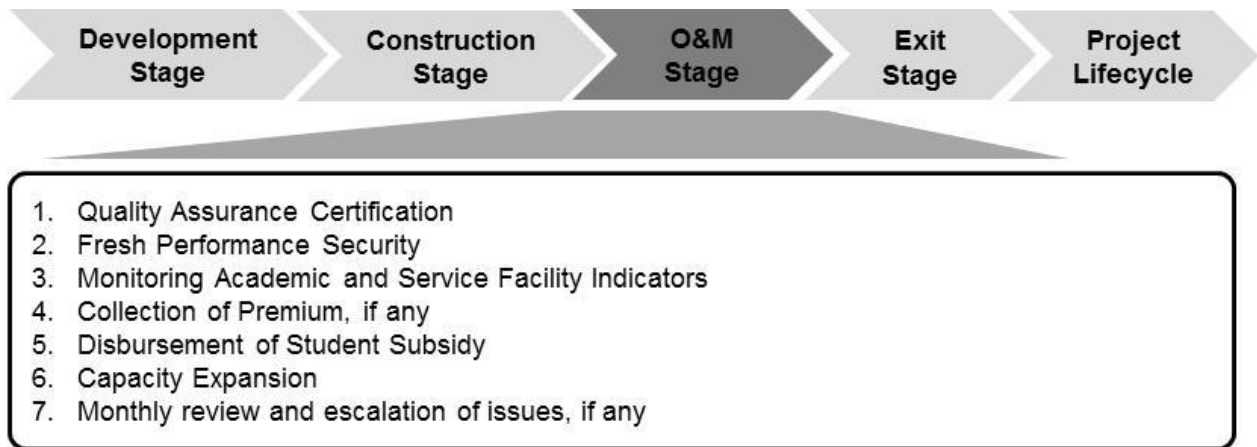
## **8. Monthly Review and Escalation of Issues**

The Supervisory Level and Decision Making Level would be responsible for following key activities:

- *Ask for monthly status reports of all ongoing projects from the concerned Operations/ Supervisory Level*
- *Review all files/documents forwarded by Operations/ Supervisory Level*
- *Provide required inputs for project execution*
- *Report to the Decision Making Level / Chairman in case of default*

## VI. Contract Management Activities in Operations and Maintenance Stage

For the purpose of contract management, the Operations and Maintenance stage commences from the Commercial Operations Date (COD) and continues till the end of the Concession period. During this stage various activities are undertaken by the Authority where different levels of officials are responsible as per the Contract Management Plan. This chapter provides an activity based roadmap for post-award management of the contract in this stage. The diagram below presents a list of activities in the Operations and Maintenance stage. For detailed activities to be undertaken including timelines, refer Annexure F.



### 1. Quality Assurance Certification

Following the Commercial Operations Date, the Concessionaire has to submit a Quality Assurance Certification to the Authority for the completed works stating that the works comply with the relevant Codes as prevalent. The key activities undertaken in this regard are provided below:

- *Receive and review the Quality Assurance Certificate submitted by the Concessionaire*
- *Communicate comments, if any, on the report to the Concessionaire and request for appropriate changes*

### 2. Fresh Performance Security

The Performance Security given during the Development stage expires at the time of COD. It needs to be renewed on COD and then 7 years after the COD. The details of activities to be undertaken in this regard are provided below:

- *Verify the renewed Bank Guarantee from issuing bank branch and ensure authentication*
- *Issue an acknowledgement to the Concessionaire*

- *In case of non-submission of Bank Guarantee within the stipulated timeline as mentioned in the Concession Agreement, proceed for encashment of previous performance security as per provisions of the Concession Agreement*

### **3. Monitoring Academic and Service Facility Indicators**

As per the provisions of the Concession Agreement, the Concessionaire is responsible for the Operations and Maintenance of the Project facilities and services operations, repairs and maintenance, replacement of equipment, replacement or restoration of facilities etc. The key activities undertaken in this regard are provided below:

- *Ensure the Concessionaire duly appoints an independent Project Reviewer for regular monitoring of the O&M activities.*
- *Review the duration of teaching in the school with reference to number of days and hours to be in accordance with the CBSE guidelines.*
- *Review the report submitted by the Project Reviewer on the inspection of the service facility indicators including responses of the Concessionaire on the remedial measures taken.*
- *Review the academic achievement report of the students submitted by the Concessionaire and/or the Project Reviewer.*
- *Review the teacher appointment and student admission process to be in accordance with CBSE guidelines.*
- *Review the provision of vocational educational services to the students of the school.*
- *Review that the Concessionaire is not undertaking any form of commercial advertising in the School premises.*
- *Appoint, at its discretion, another person or firm to inspect the School Infrastructure and operations once a year, review the report of such inspection and forward a copy to the Concessionaire*
- *Participate in monthly progress meetings organized by the Concessionaire*
- *If Authority decides to inspect the project site, give reasonable notice to the Concessionaire*
- *Conduct or appoint representative to conduct appropriate tests to assess the compliance with the maintenance manual and compliance by the Concessionaire with its obligations*

- ☞ *In case defects are noticed, ensure the Concessionaire takes appropriate corrective measures*

#### **4. Collection of Premium, if any**

Depending on the bidding criteria, the Concessionaire may have to pay a premium to the Authority. The key activities undertaken in this regard are provided below:

- ☞ *Monitor receipt of payments from the Concessionaire on a regular basis*
- ☞ *Review periodical financial information of the Concessionaire as certified by its Statutory Auditors*

#### **5. Disbursement of Voucher Payment**

The Authority has to make voucher payments to the Concessionaire for the Students. The key activities undertaken in this regard are provided below:

- ☞ *Calculate amount of payment to be disbursed in accordance with the requirements of the Concession Agreement, including any adjustments / retentions to be made*
- ☞ *Disburse the amount through the Escrow Account*
- ☞ *Monitor payments, adjustments and retentions on a regular basis*

#### **6. Capacity Expansion**

Five years after the Effective Date of the Agreement, the Authority may plan to increase the capacity of the School facility. The details of activities to be undertaken in this regard are provided below:

- ☞ *Frame suitable guidelines for increase in designed capacity of the School while ensuring compliance with requirements of the Concession Agreement, affiliating education board and additional performance requirements (if any)*
- ☞ *Provide for reservation of additional seats, if required, for economically weaker students*
- ☞ *Ensure compliance with framed guidelines while executing capacity expansion*

#### **7. Monthly Review and Escalation of Issues**

The Supervisory Level and Decision Making Level would be responsible for following key activities:

- ☞ *Ask for monthly status reports of all ongoing projects from the concerned Operations/ Supervisory Level*
- ☞ *Review all files/documents forwarded by Operations/ Supervisory Level*



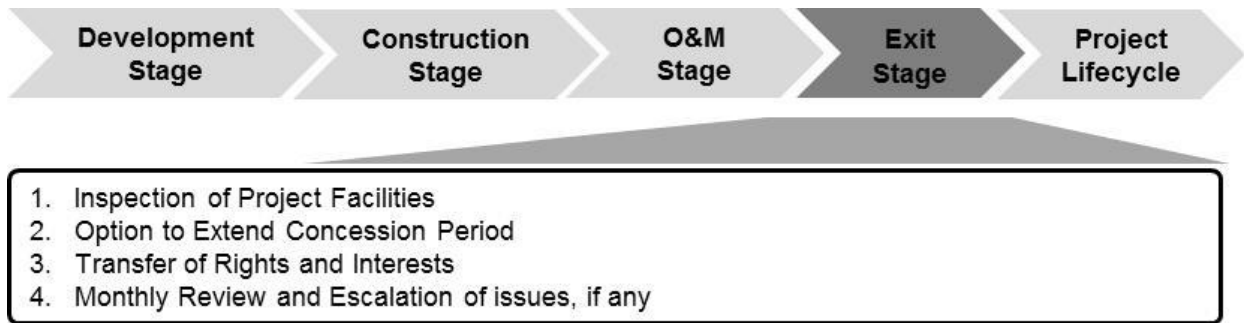
- *Provide required inputs for project execution*
- *Report to the Decision Making Level / Chairman in case of default*

## VII. Contract Management Activities in Exit Stage

For the purposes of contract management, Exit Stage commences from the termination date and continues till the final settlement. During this stage various activities are undertaken by the Authority, for which different levels of officials are made responsible as per the Contract Management Plan.

On termination of the concession, the Concessionaire is responsible for completing contract responsibilities and handing over the school facilities and assets back to the Authority. The Authority, on the other hand, is responsible for ensuring service continuity for users.

This chapter provides an activity based roadmap for post-award management in the exit stage. It also provides illustrative plans for asset handover and service continuity. The diagram below presents a list of activities in the Exit stage. For detailed activities to be undertaken including timelines, refer Annexure G.



### 1. Inspection of Project Facilities

Prior to the expiry of the concession period, the School Facilities must be inspected to ensure whether they are in compliance with requirements and in appropriate condition to take over. The Authority would be responsible for the following key activities:

- ☞ *Inspect the Project Facilities prior to contract expiration to evaluate whether they comply with the requirements of the Concession Agreement.*
- ☞ *If the Project Facilities have not been operated and maintained as per the Agreement, the Authority may direct the Concessionaire to take all necessary steps to put the assets in good working condition*
- ☞ *In case of defects / deficiencies in the Project Facilities within the specified time period after contract termination, ensure that the Concessionaire repairs / rectifies the same at its own cost*
- ☞ *If the Concessionaire fails to carry out such repairs / rectification, the Authority shall carry out the same at the Concessionaire's risk and would be entitled to be reimbursed for the cost*

## 2. Option to extend Concession Period

At the end of the Concession Period, the Authority may extend the Concession period and the land lease agreement with the existing Concessionaire beyond 30 years. The Concessionaire would be eligible to have the First Right of Refusal if the Concessionaire's bid lies within a specified range as mentioned in the Concession Agreement. The following key activities are to be undertaken:

- *Invite competitive bids for operations and management of the School Project from private parties including Concessionaire*
- *Evaluate bids received and check if Concessionaire qualifies for extension*
- *Evaluate performance score of the Concessionaire and check if it qualifies for extension*
- *Grant / reject extension, as applicable*

## 3. Transfer of Rights and Interests

In case the Concession Period is not to be extended, the Concessionaire shall transfer all rights, titles and interests in the Project Facilities and Assets executing necessary deeds and documents. It shall handover Project Contracts, drawings, manuals, records etc. as well as applicable permits. Subsequent to this, both Concessionaire and Authority shall be discharged from their obligations under the Concession Agreement. The following key activities are to be undertaken:

- *Meet with Concessionaire within 10 days of either party giving termination notice and agree on procedures for transfer of facilities*
- *Receive detailed list of structures, equipment and items to be transferred*
- *Receive relevant records, manuals and reports pertaining to the Project and Project Assets*
- *Execute deeds / agreements / documents to transfer permits, titles, rights and interests in project assets*
- *Ensure both parties meet their respective obligations on contract expiry*
- *Ensure smooth transfer of Project Assets considering safety of users and avoiding undue delay or inconvenience to users*

## 4. Monthly Review and Escalation of Issues

The Supervisory Level and Decision Making Level would be responsible for following key activities:

- *Ask for monthly status reports of all ongoing projects from the concerned Operations / Supervisory Level*

- Review all files/documents forwarded by Operations / Supervisory Level
- Provide required inputs for project execution
- Report to the Decision Making Level / Chairman in case of default

## 5. Asset Handover Plan

The Authority must plan for Asset Handover sufficiently in advance, in coordination with the Concessionaire, and ensure that the handover process is completed by the contract termination date. The table below presents an indicative asset handover plan. This must incorporate any additional termination requirements specified by the Concession agreement or mutually agreed to by the parties.

Activity (Illustrative)	Responsible person / team	Supervisor person / team	Deadline (Illustrative)
Major maintenance / replacement required	Concessionaire	Authority, Project Reviewer appointed by Authority	Contractually agreed timelines
Finalizing Asset register	Concessionaire	Authority, Project Reviewer appointed by Authority	1 year before contract expiration
Inspection	Concessionaire	Authority, Project Reviewer appointed by Authority	6months before contract expiration
Handover of operations records	Concessionaire and Authority	Authority	30 days before contract expiration
Legal transfer of asset ownership	Concessionaire, Legal Consultant	Authority	0-30 days after contract expiration

## 6. Service Continuity Plan

Planning for service continuity involves a two-step process:

### 6.1. Step 1 – Assessing ability of existing assets to serve market requirements

The condition of the existing assets must be compared with market requirements to ascertain whether the existing School can fulfil current market needs.

Category	Factor	Unit	Value / Remarks( <i>Illustrative</i> )
Condition of School Facilities	Residual life of civil structures	Year(s)	10 years
	Residual life of equipment's	Year(s)	6 years
	Quality of School assets	N/A	Good
	Maintenance requirements	N/A	Medium
Market requirements	Number of students	Number	[xx] per annum
	Alternative facilities	N/A	None
	Other market needs	N/A	None

Authority must carry out such analysis and prepare a summary. A detailed technical / engineering study and market study will be required for this analysis. This activity must be done at least one year before contract termination to allow sufficient time for ensuring service continuity.

## 6.2. Step 2 – Analyze and choose amongst options

Based on analysis in Step 1, Authority must choose amongst various options. A recommendation must be placed before Decision Making Level personnel who would take the final decision. This process must be done at least 10 months to one year prior to contract expiration.

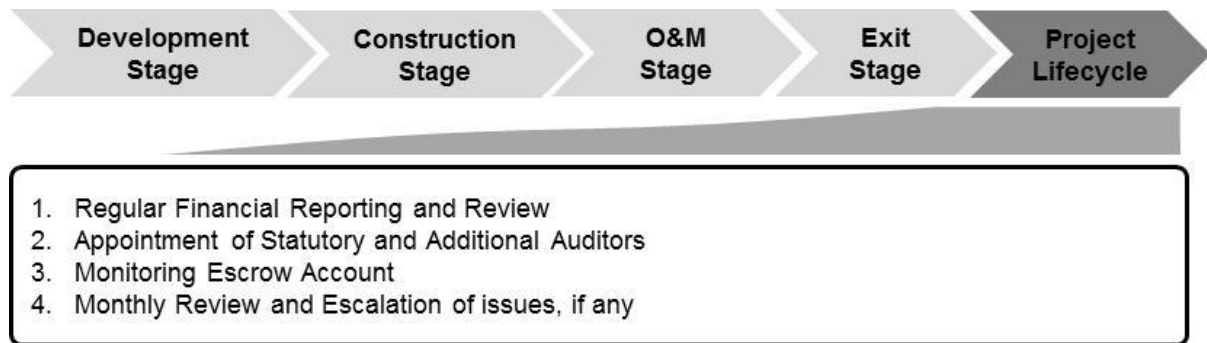
The table below presents various likely scenarios and illustrative recommended actions under each scenario.

#	Scenario ( <i>Illustrative</i> )		Recommended action
	Can existing School Assets serve market requirements?	PPP suitable?	
1	Yes	Yes	<i>Fresh OMT contract</i>
2	Yes	No	<i>Outsource O&amp;M, Authority taking over the operations</i>
3	No	Yes	<i>Fresh BOT contract</i>

Step 1 above will help conclude whether the school assets can serve market requirements. For PPP suitability, a preliminary feasibility analysis must be carried out by appointing a financial consultant. Additional aspects may also affect the decision for service continuity. These will depend on the nature and complexity of the project and any special termination requirements of the Concession agreement. These must also be taken into account.

## VIII. Contract Management Activities throughout the Project Life Cycle

Throughout the Project life cycle (i.e. from Date of Letter of Intent till Final Settlement), various key activities are undertaken by the Authority for which different levels of officials are made responsible as per the Contract Management Plan. This chapter provides a roadmap for post-award management activities throughout the project life cycle. The diagram below presents a list of activities to be undertaken throughout the project lifecycle. For detailed activities to be undertaken including timelines, refer Annexure H.



### 1. Regular Financial Reporting and Review

As per the provisions of the Concession Agreement, the Concessionaire shall maintain books of accounts and supporting evidences. As per the requirements of the Concession Agreement, the Concessionaire has to submit annual audited accounts, unaudited quarterly financial statements, annual statement of revenues generated, explanation of variation in quarterly & annual results in excess of defined thresholds, operational statement (backed by detailed workings) and budget for the year (at the start of each financial year) to the Authority for review. The key activities to be undertaken in this regard are provided below:

- ☞ *Inspect and verify the books of accounts of the Concessionaire periodically*
- ☞ *In case of any discrepancy, communicate the same to the Concessionaire and ensure that it is rectified*

### 2. Appointment of Statutory and Additional Auditors

For the audit of books of accounts, the Concessionaire has to appoint an Auditor from the Panel of Chartered Accountants mutually agreed by the Authority and Concessionaire. The Authority may also appoint another firm from the panel to act as Additional Auditor from time-to-time. The key activities undertaken in this regard are provided below:

- ☞ *Ensure appointment of Statutory Auditor by the Concessionaire as per the provisions of the Agreement*

- *Appoint an independent firm of Chartered Accountants as an Additional Auditor, as necessary, and clearly define their scope of work*
- *Review reports of the Auditors and take appropriate follow-up action as necessary*

### **3. Monitoring Escrow Account**

The key activities undertaken for monitoring the Escrow Account are provided below:

- *Monitor deposits to and withdrawals from the Escrow Account*
- *Ensure withdrawals and appropriations are in the order of priority specified in the Concession Agreement*
- *At the end of the Concession Period, ensure amount in the Escrow Account is appropriated in the order of priority specified in the Concession Agreement*

### **4. Monthly Review and Escalation of Issues**

The Supervisory Level and Decision Making Level would be responsible for following key activities:

- *Ask for monthly status reports of all ongoing projects from the concerned Operations / Supervisory Level*
- *Review all files/documents forwarded by Operations / Supervisory Level*
- *Provide required inputs for project execution*
- *Report to the Decision Making Level / Chairman in case of default*

## IX. Performance Monitoring and Review

Performance of the Concessionaire and other related parties should be regularly monitored and reported by the Contract Manager to ensure the project remains within the pre-planned cost levels and timelines. If a performance monitoring and rating system exists in the organization, the results of such regular monitoring shall be additionally sent to officials designated for that purpose.

This chapter (along with Annexure I) elaborates the stakeholders and their relevant Key Performance Indicators (KPIs) that must be tracked, reported and reviewed on a regular basis to control project execution. KPIs here have been separately identified for each stakeholder, i.e. the Concessionaire and Project Reviewer for all major activities within a project lifecycle.

### 1. Concessionaire

For any project to be executed smoothly, Concessionaire's performance needs to be monitored regularly. As the Concessionaire is the main party to the contract and is primarily responsible for project execution, it is important that Concessionaire's performance is tracked on regular basis to identify defects and deficiencies in construction, academic service delivery, service facility implementation and execution. A key component for a successful performance monitoring tool is a well-defined set of Performance Indicators against which the Concessionaire needs to be evaluated for ensuring that all project deliverables meet the required timelines and are quality compliant.

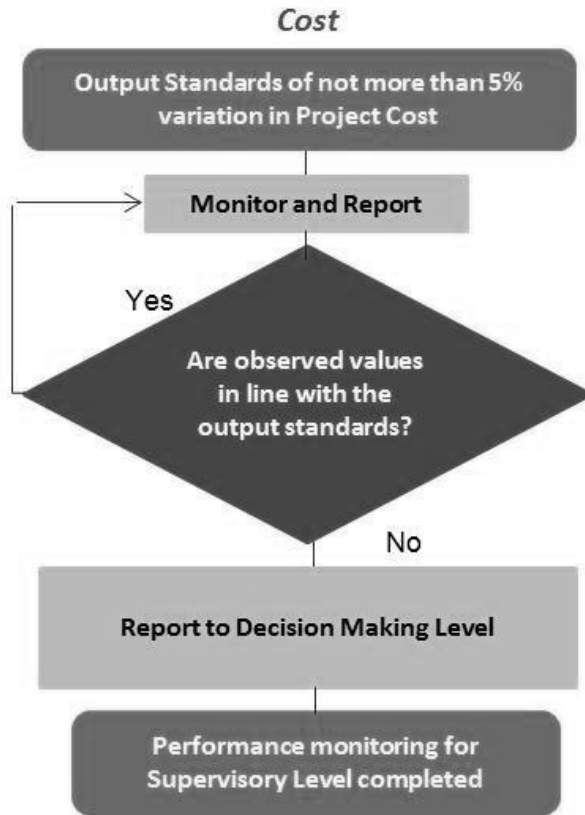
The overall performance of the Concessionaire will be evaluated throughout the project lifecycle in the following areas:

- *Academic Key Performance Indicators*
- *Service facility Key Performance Indicators*
- *Time Line – Actual Vs. Targeted Date*
- *Project Cost*
- *Quality of Services*
- *Safety Considerations*
- *Communication and Responsiveness*
- *Project and Contract Management*

The Concessionaire's performance will be evaluated against KPIs under each of these areas and will be compared against the acceptable performance range for the respective indicator. Discrepancies, if any, and beyond the control of the Authority in-charge need to be escalated to the next level on timely basis so that necessary action can be taken on the same. To illustrate this idea, the monitoring and review process of the Performance standard on Project Cost has been described in the below flowchart:



*Concessionaire’s Performance Monitoring for Project*



**Annexure I** lists a set of KPIs which would help in evaluating Concessionaire’s performance.

**2. Project Reviewer**

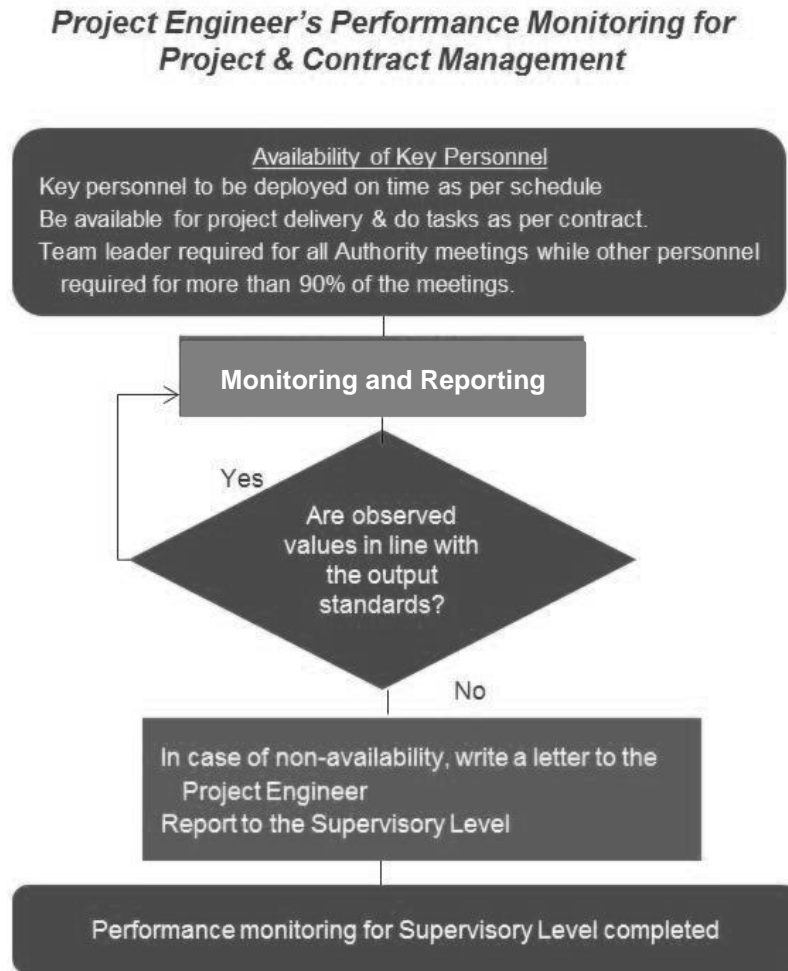
A Project Reviewer – Construction Stage shall be appointed by the Authority to review the design and drawings; review, inspect and monitor the Construction Works; conduct tests on completion of construction; assist the parties in resolution of disputes and undertake all other duties and functions as envisaged under the Agreement. In addition Project Reviewer – Operations & Maintenance Stage shall be appointed to inspect and verify the obligations of the Concessionaire on a regular basis during the Operations period and submit its periodic evaluation reports to the relevant committees and the Authority.

The Project Reviewer would have a major role to play in ensuring that the project progress is in line with the set timelines, the quality of project developed by the Concessionaire is as per the desired standards and discrepancies/issues, if any, have been flagged and brought to the notice of the Authority officials in a timely manner. Major performance parameters to be monitored for reviewing Project Reviewer’s performance are:

- *Project Reviewer KPIs throughout the Lifecycle*
- *Time Line – Actual vs. Targeted Date*
- *Quality of Services*
- *Communication and Responsiveness*

➤ *Project and Contract Management*

As an example, to demonstrate the monitoring and review procedure of the Performance standard on Project and Contract Management for the Project Reviewer, a flowchart has been developed as shown below:



Details on each of these performance parameters and KPIs can be found in ***Annexure I***.

## X. Regular Reporting and Escalation Mechanism

In addition to performance monitoring, regular reporting of project activities and status within the Authority officials helps to ensure effective control. Also, it is critical from the project execution viewpoint that any issue which crops up is escalated to the higher Authority level for timely action. This chapter describes how project status reporting, review and escalation activities are to be done and performance is reported on regular basis at each level of the Authority to ensure smooth execution of the concession.

### 1. Regular Reporting and Review

Reporting has to be done on a regular basis to appraise higher levels in the Authority of the project status and key issues in its implementation. Once information has been provided, supervisory levels must review it to provide suggestions and intervene at appropriate times to ensure that the project remains on track.

#### 1.1. Operations Level to Supervisory Level Reporting

The objective of Operations Level to Supervisory Level reporting is to apprise Supervisory Level of the project progress and seek support for key decisions or approvals. The Operations Level to Supervisory Level reporting includes Status reporting, Performance reporting and other reporting. Reports must be prepared at Operations Level and submitted to Supervisory Level for review on a monthly basis. Supervisory Level members should then meet on a monthly basis to review submissions from Operations Level and take appropriate action on the same. The following sections provide templates for generation of the stated reports and illustrations to complete the templates. These templates must be modified appropriately as per respective Concession Agreements and project specifications.

##### 1.1.1. Status Reporting

###### A. Project Progress

Stage ( <i>Illustrative</i> )	Sub-stage ( <i>Illustrative</i> )	Completed? ( <i>Illustrative</i> )	Remarks ( <i>Illustrative</i> )
Development	Land transfer	Yes	
	Other clearances and approvals	Yes	
	Financial closure	Yes	
	Declaration of effective date	Yes	
Construction	Appointment of Project Reviewer	No	
	Drawings and designs approval	No	
	Commencement of construction	No	
	Completion of construction	No	
	Testing and certification	No	

	Declaration of Commercial Operations Date (COD)	No	
Operations and Maintenance	Appointment of Project Reviewer for Performance and Safety reviews	No	
	Ongoing Operations and Maintenance	No	
	End of Operations and Maintenance	No	
Exit	Asset transfer	No	
	Contract termination	No	
	Service continuity	No	

### B. Status of Activities for which Authority is responsible

Activity (Illustrative)	Status (Illustrative)	Original completion date (Illustrative)	Target date (Illustrative)	Reason for delay (Illustrative)	Plan of action (Illustrative)	Support needed (Illustrative)
Land transfer	Complete	Apr, 2012	May, 2013	Preexisting encumbrances	N/A	N/A
Project clearance	Ongoing	May, 2012	Sep, 2013	External claims	Escalate	Decision Making Level intervention with Ministry

### C. Status of Activities for which Concessionaire is responsible

Activity (Illustrative)	Status (Illustrative)	Original completion date (Illustrative)	Target date (Illustrative)	Reason for delay (Illustrative)	Plan of action (Illustrative)	Support needed (Illustrative)
Performance Security	Complete	Apr, 2013	Apr, 2013	N/A	N/A	N/A
Escrow agreement	Complete	Apr, 2013	Apr, 2013	N/A	N/A	N/A
Representations and warranties	Complete	Apr, 2013	Apr, 2013	N/A	N/A	N/A
Legal opinion of Concessionaire's authority	Complete	Apr, 2013	Apr, 2013	N/A	N/A	N/A
Financial closure	Complete	Jan, 2014	Jun, 2014	Financial risks	N/A	N/A
Drawings	Complete	Jun, 2014	Jun, 2014	N/A	N/A	N/A

Activity (Illustrative)	Status (Illustrative)	Original completion date (Illustrative)	Target date (Illustrative)	Reason for delay (Illustrative)	Plan of action (Illustrative)	Support needed (Illustrative)
/designs						
Asset handover	Not started	Jun, 2032	Jun, 2032	N/A	N/A	N/A

## D. Status of Action Plan finalized in previous period's report

Activity (Illustrative)	Status (Illustrative)	Original completion date (Illustrative)	Target date (Illustrative)	Reason for delay (Illustrative)	Plan of action (Illustrative)	Support needed (Illustrative)
Escalation of project clearance issue	Completed	Jan, 2014	Jan, 2014	N/A	N/A	N/A

### 1.1.2. Performance Reporting

In addition to the project execution reporting, performance reporting must also include reports on risk levels, payment reports and observations of the Project Reviewer appointed for project inspection.

- Academic and Facility Service Performance** – Report must be prepared as illustrated in section on KPIs
- Receipt and Payment mechanism and escrow account operations** – A periodic [semi-annual]<sup>7</sup> receipt - payment report must be generated including the following details:

Date (Illustrative)	Receipt / Payment description (Illustrative)	Amount (Illustrative)	Adjustments (Illustrative)	Adjustment amount (Illustrative)	Further action required (if any) (Illustrative)
May, 2014	Financial Support	INR 1 crore	N/A	NIL	N/A
June, 2014	Land lease rental	INR 20 lacs	N/A	NIL	N/A
June, 2014	Premium	INR 10 lacs	N/A	NIL	N/A

### 1.1.3. Other Reporting

- Issues or Disputes identified** – Specific issues or disputes that arise in the contract which cannot be resolved at Operations Level must be forwarded to the Supervisory Level.

<sup>7</sup> Periodicity of the receipt payment report may be modified based on the Concession Agreement

Additionally, issues or disputes that are settled at the Operations Level however are significant enough to merit Supervisory Level’s attention must also be reported.

- Contract Management concerns** – While planning for contract administration or while undertaking an ongoing review of the contract, the Operations Level team may identify concerns which may cause potential time or cost overruns in the future. Such concerns, to the extent identified in advance, must also be reported appropriately to the Supervisory Level.

## 1.2. Supervisory Level to Decision Making Level Reporting

The objective of Supervisory Level reporting to the Decision Making Level is to appraise Decision Making Level of key issues/ challenges in contract administration and of activities that require their approval and/ or intervention. Supervisory Level reporting to Decision Making Level also consists of Status reports, Performance reports and other reports. These reports are required to be submitted at-least on a quarterly basis. Decision Making Level members must then meet each quarter to review the submissions from Supervisory Level and take appropriate action on the same. In case of emergency, the status/ performance must be reported not later than 3 days from the date of occurrence of such event, for immediate action and approvals. The following sections provide templates for generation of the stated reports and illustrations to complete the templates. These templates must be suitably modified as per respective Concession Agreements and project specifications.

### 1.2.1. Status Reporting

#### A. Project Status and Approvals Required

Stage ( <i>Illustrative</i> )	Sub-stage ( <i>Illustrative</i> )	Decision Making Level approvals required at this stage ( <i>Illustrative</i> )	Deadline approval ( <i>Illustrative</i> )	for	Remarks ( <i>Illustrative</i> )
Development	Project clearances	N/A	N/A		Decision Making Level intervention required with Ministry
Construction	Commencement of construction	N/A	N/A		Not commenced pending project clearance

**Additional support required from Decision Making Level for Operations Level and Supervisory Level tasks** – Reports should also list type of support required from Decision Making Level, apart from approvals identified above, for completing responsibilities of Operations Level and Supervisory Level.

## 1.2.2. Performance Reporting

**Concessionaire non-performance** – Non-performance on part of the Concessionaire, as identified by KPI reporting, may cause significant cost/time overruns and therefore must be reported on priority. The following template needs to be completed from the KPI report for Performance reporting.

KPI <i>(Illustrative)</i>	Threshold <i>(Illustrative)</i>	Actual <i>(Illustrative)</i>	Reason for non-performance <i>(Illustrative)</i>	Action plan to control performance <i>(Illustrative)</i>
<i>Dropout rate</i>	<i>20 students / year</i>	<i>25 students / year</i>	<i>Low quality teaching</i>	<i>Recruit better quality teachers</i>

**Additional concerns** – Key observations of Project Reviewer must be reported to the Decision Making Level. The following is a template for the same.

Concern <i>(Illustrative)</i>	Reason for concern <i>(Illustrative)</i>	Action plan to control performance <i>(Illustrative)</i>
<i>Lack of sufficient preventive maintenance</i>	<i>Project Reviewer's report highlights fall in performance and consequent disruptions</i>	<i>Use of alternative maintenance contractors</i>

## 1.2.2. Other Reporting

**Issues or disputes identified** – Specific issues or disputes that arise in the contract which cannot be resolved at Supervisory Level must be communicated to Decision Making Level immediately. Additionally, issues or disputes that are settled at the Operations Level or Supervisory Level itself but are significant enough to merit Decision Making Level's attention must also be reported.

## 2. Escalation of Issues in case of Default

In case any party does not fulfil Concession Agreement requirements, it is to be escalated to the appropriate level within the Authority. Escalation of issues is required in the following conditions:

- (a) Default by Concessionaire or other parties like Project Reviewer, Escrow Agent, etc.
- (b) Default within the Authority

## XI. Managing Issues and Disputes

Timely resolution of disputes is of great essence for the Authority as well as for all other stakeholders to achieve the desired project milestones as per the given timelines. This chapter describes how a well-defined Dispute Resolution Mechanism can be devised by the Authority for effective tracking and resolution techniques.

### 1. Managing Issues

Service delivery issues for any school PPP projects primarily comprise of delivering lower quality of education, lower teacher student ratio than prescribed, inadequate maintenance of infrastructure etc. The Concessionaire must maintain the following set of registers to track these service delivery issues:

- Service register to track Service Delivery issues through an action taken report;
- Complaints register to track public grievances and resolve issues and complaints of the users.

The Authority is responsible for periodic review of these registers, to ensure that all issues are addressed and closed within a reasonable time span. A review report must be maintained by the Authority to record their reviews. A report template is shown hereunder.

Review date ( <i>Illustrative</i> )	Major issues during the period ( <i>Illustrative</i> )	Action taken on the issues ( <i>Illustrative</i> )	Status of issues ( <i>Illustrative</i> )	Issues to be escalated ( <i>Illustrative</i> )
Mar, 2014	Computers in computer lab not functioning	Issues addressed and closed within 10 days	Resolved	N/A
June, 2014	Missing apparatus in science lab	Not resolved till date	Pending	To be escalated to immediate supervisor

### 2. Dispute Resolution Mechanism

Designing a comprehensive dispute resolution mechanism requires serving interests of all stakeholders in the best possible manner and realizing an amicable solution within specified timelines. The Authority officials should focus on designing the mechanism in a manner such that prior to resorting to any legal action, disputes are solved through amicable discussions between the parties, mediation or conciliation and closed well in time. Disputes pending in courts take much more time for resolution compared to the ones solved through discussions between the parties. Also, as the intensity of dispute increases, the relationship between the stakeholders is damaged and long term negative effects can be seen. Given these concerns, a step by step approach to dispute resolution has been defined as below.

#### 2.1. Amicable Settlement

As per the provisions of the Concession Agreements / contracts, the settlement of disputes is to be undertaken through amicable settlement involving both parties in dispute. The Statutory Auditor may be called to be present during such discussions.



## 2.2. Conciliation

If this doesn't resolve it, the Project Reviewer and/or State and District Level Committee (based on relevance of stage) may be appointed to act as Mediator between both parties, with both sharing the cost equally. This Project Reviewer shall assist the Parties in arriving at mutually agreeable settlement of the dispute. In the event the Project Reviewer and State and District Level Committee have differing opinions, the State and District level Committee would have relevant powers as a binding Authority.

## 2.3. Arbitration

Any Dispute which is not resolved amicably shall be finally settled by binding arbitration under the Arbitration and Conciliation Act, 1996. The arbitration shall be invoked by one party issuing to the other a notice in writing invoking the arbitration and appointing an arbitrator. Upon receipt of the notice, the other party shall appoint the second arbitrator. The two arbitrators so appointed shall appoint the third arbitrator who shall act as the presiding arbitrator. The arbitrators shall make a reasoned award which shall be binding and final on both parties.

## 3. Dispute Resolution Tracker for Effective Management

A Dispute Resolution Tracker should also be maintained to track all disputes and ensure that they are resolved as soon as possible. An indicative template for Dispute Resolution Tracker is presented below which must be modified as per the Authority's requirements:

Dispute ( <i>Illustrative</i> )	Background of dispute ( <i>Illustrative</i> )	Possible consequence( <i>Illustrative</i> )	Dispute resolution procedure ( <i>Illustrative</i> )	Deadlines ( <i>Illustrative</i> )	Trigger to Escalate dispute ( <i>Illustrative</i> )
Change in scope requiring additional structures	Lack of robust technical studies	Delay in construction and increase in project cost	Inter-party discussions	August 2013	Dispute not resolved within 3 inter-party meetings
Need to redo drawings	Owing to technical issues	Delay in construction and increase in project cost	Mediation	January 2014	Dispute not resolved within 5 mediation meetings

## XII. Risk Management

There are many risks a School concession might be prone to during the project lifecycle such as delays in change of scope, risks pertaining to lower revenues than projected etc. Such risks if not mitigated and controlled in a timely manner, may occur frequently and may become reasons of dispute as observed often. Therefore, risk management forms a critical activity from the contract management perspective and needs special attention by the Authority officials. The Authority needs to develop a comprehensive risk management plan for the project so that proactive management of risks is done on regular basis. This chapter lists all major risks for a School concession and provides mitigation and monitoring practices for it. This must be modified as per the requirements of the project and Authority.

### 1. Risk Mitigation and Monitoring

Risk management is a complex process. Post identification of the risks it is necessary that they are actively monitored and mitigated. While risk monitoring encompasses tracking each risk from time-to-time and preparing an action plan in case the risk materializes, risk mitigation encompasses assessing the likelihood and consequences of each risk and strategizing alternatives to mitigate the same. While risk monitoring involves active administration and control of existing risks within acceptable limits, risk mitigation involves proactive management all potential risks. For effective risk management, a risk register in the following format should be designed in which all types of risks, their likelihood and their impact should be included by relevant Authority officials.

**Format for Risk Register**  
**Impact - Risk Occurrence**

Likelihood - Risk Occurrence		5 (Catastrophic)	4 (Major)	3 (Moderate)	2 (Minor)	1 (Negligible)
	5 (Certain)	Extreme	Extreme	Major	Major	Medium
4 (Likely)	Extreme	Extreme	Major	Medium	Minor	
3 (Possible)	Extreme	Major	Major	Medium	Minor	
2 (Unlikely)	Major	Major	Medium	Minor	Minor	
1 (Rare)	Medium	Medium	Minor	Minor	Minor	

In addition, mitigation and control strategies should be designed for each risk. It must be noted that in case a particular official is unable to control a materialized risk, it should be communicated to the next supervisory level in the Authority.

Risk identification, mitigation and monitoring practices will vary from project-to-project, depending on the nature of the project and how the Concession Agreement allocates risk between parties. Hence, the register below must be updated to reflect project specific needs.

**Post- Award Contract Management Manual for School PPP Concessions**

Category	Risk	Threshold	Likelihood	Impact	Frequency of monitoring	Mitigation strategy	Action plan in case risk materializes
Contractually Allocated Risks	Statutory Clearances Risk	Delay over 1 month	Medium	Time overruns	Fortnightly	Advanced planning and better coordination between Government entities	Escalate issue and seek higher authority support
Residual Risks	Design and Engineering Risk	Deviation from design and safety standards	Low	Time overruns Decline in service or safety standards	Fortnightly	Stricter inspections, Performance Guarantees, provisions for penalties	Claim damages, Evaluate the option of replacing Concessionaire with a new one
	Construction Risk	Delay over 1 month	Medium	Time overruns Decline in service or safety standards	Monthly	Stricter inspections, performance guarantees, provisions for penalties and liquidated damages	Claim damages, Evaluate the option of replacing Concessionaire with a new one
	Operation and Maintenance Risk	Delay over 1 month or major deviation from safety standards	Medium	Time overruns Decline in service or safety standards	Monthly	Stricter inspections, performance guarantees, provisions for penalties and liquidated damages	Claim damages, Evaluate the option of replacing Concessionaire with a new one
	Financial Risk	Different for each key ratio	High	Restructuring, Refinancing, Renegotiation, Termination	Monthly	Higher eligibility requirements at the time of bidding, financial covenants, collaterals, guarantees, hedging through financial products	Claim damages, Evaluate the option of replacing Concessionaire with a new one
	Concessionaire Managerial Risk	Change in top management of the Concessionaire	High	Restructuring, Renegotiation, Termination	Monthly	Higher eligibility requirements at the time of bidding, lock-in requirements for a certain time period	Evaluate the option of replacing Concessionaire with a new one
	Take Back Risk	Delay beyond pre-fixed response timelines	Medium	Time overruns, penalties	Monthly	Robust processes, competent contract management team and strict adherence to timelines	Train / replace contract management team personnel

**Post- Award Contract Management Manual for School PPP Concessions**

Category	Risk	Threshold	Likelihood	Impact	Frequency of monitoring	Mitigation strategy	Action plan in case risk materializes
Contract Variations Risks	Change in Scope	Different as per different requirements	Medium	Time and cost overruns  Restructuring, Renegotiation, Termination	Quarterly	Detailed market studies at the pre-award stage through expert consultants	Minimize impact through transparency and detailed planning
	Change in Law or Policy	Potential impact – over 5% cost escalation, over 5% reduction in revenue or delay over 1 month	High	Time and cost overruns, revenue reduction,  Additional approvals required	Quarterly	Increasing awareness of possible changes and planning ahead for responding to changes, if any	Minimize impact through transparency and detailed planning
Unidentified or Unresolved Risks	Force Majeure Risk	N/A	High	Multiple (depending on type of event)	Quarterly	Insurance  Having disaster recovery and business continuity plans in place	Minimize impact through transparency and detailed planning
	Social Risks	Substantial negative user perception	Medium	Time and cost overruns  Restructuring, Renegotiation, Termination	Monthly	Wider public communications, greater transparency, more user surveys at the development stage	Deeper engagement with public and community interest groups

## XIII. Managing Rare Events

As described in the last chapter, there are many risks a project faces pertaining to change in policy, force majeure events such as natural calamities which are unexpected and untimely or premature terminations of project due to unforeseen circumstances. Such events occur rarely, but when they do, they leave a huge impact on the project leaving the progress stalled for a long period and causing huge inconvenience to all stakeholders. This chapter describes all major rare events and how the Authority should manage them to limit the losses out of them. The diagram below presents a list of activities to be undertaken to manage Rare Events. For detailed activities to be undertaken including timelines, refer Annexure J, Managing Rare Events.

### Managing Rare Events

1. Change in Scope
2. Change in Law
3. Force Majeure
4. Compensation for Breach of Agreement
5. Assignment and Charge creation requests
6. Substitution Agreement
7. Indemnity Claims
8. Termination on Event of Default
9. Change in Ownership
10. Monthly Review and Escalation of issues, if any

#### 1. Change in Scope

The Authority may require additional work or services beyond those included in the scope of the project. The key activities undertaken for change of scope are provided below:

- *Authority to determine the necessity and cost reasonableness of the Change of Scope*
- *Authority to issue a notice to the Concessionaire specifying in detail the works and services entailing the Change of Scope*
- *Review the response received from Concessionaire on the adverse impact and the likely cost to be incurred with respect to the Change of Scope*
- *Convey its agreement or disagreement on implementation of such change*
- *Agree on compensation terms for the Change of Scope and issue a Change in Scope Order*
- *Make advance payment for Change of Scope to the Concessionaire as per the Order*

### Change of Scope Checklist

A checklist to ensure that the all the required steps are done by the Authority to nullify the change in scope effect has been provided in Annexure K.

## 2. Change in Law

Since School concessions are generally long term in nature ranging from 20-30 years, there may be situations when a legal amendment or new law is passed after the signing of the contract which might have an impact on the project progress. In such a scenario, the impact of the change in law observed is calculated on the project and the residual payment is made by either the Authority or the Concessionaire to the other party to compensate for it. Some of the key activities undertaken in this regard are provided below:

- *Issue a notice to the Concessionaire regarding Change in Law, if any*
- *Review the request submitted by the Concessionaire regarding Change in Law*
- *Arrange a meeting with Concessionaire to modify the relevant terms of the agreement to mitigate the impact of the Change in Law*
- *Send all related documents to the Financial / Legal Department for review and comments and also estimate the variation in NPV as per the provision of Concession Agreement.*
- *Process the payment to the Concessionaire against Change in Law as per the provision of the Concession Agreement, if any.*
- *Send a notice to the Concessionaire for recovery of payment against Change in Law as per the provision of the Concession Agreement, if any*

### Change in Law Checklist

A checklist to ensure that the all the required steps are done by the Authority to nullify the change in law effect has been provided in Annexure K

## 3. Force Majeure

An extraordinary event or circumstance which is beyond the control of affected party is referred as Force Majeure Event. This primarily includes events such as wars, riots, or natural calamities like earthquake, floods, hurricane etc. Such unavoidable incidents impact the project by obstructing the ability of the parties to meet their obligation as specified in the Concession Agreement. Some of the key activities undertaken in this regard are provided below:

- *Issue a notice to / receive a notice from the Concessionaire to report occurrence of Force Majeure, if any*
- *Receive periodic (fortnightly/monthly) reports from the Affected Party until the Party continues to get affected by such events*
- *Grant extension of Concession to the Affected Party for a period during which the relative performance was affected by the Force Majeure Event*

- *Assess the allocation of cost upon occurrence of Force Majeure event*
- *Process for the required adjustment*
- *Upon cessation of situation causing Force Majeure, notify the Concessionaire of the same*
- *In the event that the Force Majeure event occurs for a continuous period of 6 months, initiate process to terminate the Agreement*

### **Force Majeure Checklist**

A checklist to ensure that all the required steps are done by the Authority to nullify the Force Majeure effect has been provided in **Annexure K**.

## **4. Compensation for Breach of Agreement**

In the endeavor to enforce the clauses of the agreement and implement the contract effectively, both the signing parties of the contract i.e. Concessionaire and Authority are bound to compensate for any breach as per the contract terms. Some of the key activities undertaken in this regard are provided below:

- *Review the documents submitted by Concessionaire with respect to the breach of Agreement by the Authority*
- *Process for the compensation for the breach of the Agreement by the Authority*
- *Raise compensation demand for material default by the Concessionaire, supported by necessary particulars*

## **5. Assignment and Charge Creation Requests**

Concession agreement signed by the Concessionaire and the Authority, entitle the Concessionaire to assign or subcontract work in selected instances only. If the Concessionaire wants to assign or hire a sub-contractor for tasks not mentioned in the concession agreement, approval from Authority is required and requests for the same need to be created. Some of the key activities undertaken in this regard are provided below:

- *Review the request submitted by Concessionaire and may decline the consent without assigning any reason, if required*
- *Process to assign and/ or transfer any of its rights and benefits and/or obligations under this Agreement*

## **6. Substitution Agreement**

As per the provisions of the Concession Agreement, Project Agreements contains provisions that entitle the Authority to step into such agreement, in its sole discretion, in substitution of the Concessionaire in the event of termination or suspension. The key activities undertaken in the event of termination or suspension are:

- *Evaluate the project with respect to the substitution*
- *Secure necessary approvals*
- *Implement the right of substitution*

## **7. Indemnity Claims**

During the tenure of the concession agreement, various claims could arise due to interaction with numerous stakeholders as part of the project. In lieu of this, consent of both the parties is required to settle respective claims through a pre-defined process specified in the Concession Agreement. Some of the key activities undertaken in this regard are provided below:

- *Notify the Concessionaire on receipt of request for processing claims to the third party or for entitlement as the beneficiary of an indemnity*
- *Review such claim or entitlement*
- *Process the claim payment subsequent to the approval of the Concessionaire*

## **8. Termination on Event of Default**

In case of Concessionaire's default, the Authority may suspend all rights of the Concessionaire and will collect all fees and revenues on behalf of the Concessionaire. In this scenario, the Authority will take over the operations and shall ensure effective operations of the school, Some of the key activities undertaken in this regard are provided below:

- *Issue notice to the Concessionaire suspending all its rights under the Agreement and exercising such rights itself*
- *Upon the Concessionaire having cured the Concessionaire Event of Default within a period not exceeding 90 (ninety) days from the date of Suspension, the Authority shall revoke the Suspension forthwith and restore all rights of the Concessionaire under this Agreement.*
- *Issue "Notice of Intention to Terminate" to the Concessionaire specifying the underlying Event of Default and request the Concessionaire to make a representation within specified timelines*
- *Inform the Lender's representative about Authority's intention to issue Termination Notice and request the Senior Lenders to make a representation within specified timelines*
- *Consult with Concessionaire as to what steps shall be taken to address the situation, with a view to preventing termination*
- *After receiving the Representation from Concessionaire and the Lender's representative and on the expiry of the consultation period, to take adequate action as per the provisions of the Concession Agreement*



- Issue a “Termination Notice”, upon occurrence of Concessionaire’s default or withdraw the notice in case the event of default has been cured or waived
- In case of the Authority default and after receiving an intimation of termination notice from Concessionaire, Authority to make representation to the Concessionaire
- Process for the termination payment, in case of termination
- After termination of the Project, Authority to take possession and control of the Project and all materials and plants of the site as per the provisions of the Concession Agreement

#### **Termination Checklist**

A checklist to ensure that the all the required steps are done by the Authority to nullify the Termination effect has been provided in Annexure K.

### **9. Change in Ownership**

Some of the key activities in this regard are provided below:

- Send all legal documents submitted by the Concessionaire to the Legal / Finance Department for review and comments.
- After receiving the opinion from Legal / Finance Department, communicate the same to the Successful Bidder
- Issue a letter to the Concessionaire and approve the documents subject to the incorporation of comments.

#### **Change in Ownership Checklist**

A checklist to ensure that the all the required steps are done by the Authority to nullify the equity transfer effect has been provided in Annexure K.

### **10. Monthly Review and Escalation of Issues**

The Supervisory Level and Decision Making Level would be responsible for following key activities:

- Ask for monthly status reports of all ongoing projects from the concerned Operations/ Supervisory Level
- Review all files/documents forwarded by Operations/ Supervisory Level
- Provide required inputs for project execution
- Report to the Decision Making Level / Chairman in case of default

## XIV. Other Important Activities for Post-Award Contract Management

Knowledge Management and Information Dissemination is an important aspect for managing all documented assets of the project which can be used for future reference. This chapter highlights the provisions to be made by the Authority for sound Knowledge Management and Information Dissemination practice.

### 1. Identification of Training Requirements

The Contract Management team at each level should be provided appropriate training to ensure that they execute their roles with efficiency and effectiveness. These training programs should include a general overview on contract management, project management, and information and knowledge of the industry sectors they operate in.

The table below provides a list of training courses required at different levels.

Type	Course	Contents	Level	Frequency	Pedagogy	Procurement
General	Fundamentals of Contract Management	<ul style="list-style-type: none"> <li>• What is Contract Management</li> <li>• Overview of Contract Management Guidelines</li> <li>• Key issues in Contract Management</li> <li>• Policy / Guidance for Contract Management</li> </ul>	Operations Level, Supervisory Level, Decision Making Level	One-time	Lecture / E-learning	Internal
	Project management	<ul style="list-style-type: none"> <li>• General overview of Project Management</li> <li>• Project Management tools and techniques</li> </ul>	Operations Level, Supervisory Level	One-time	Team projects	Internal
	Commercial and financial skills for PPPs	<ul style="list-style-type: none"> <li>• Understanding of PPP contract</li> <li>• Commercial aspects of PPP contracts</li> <li>• Financial Modeling</li> <li>• Value-for-Money assessment</li> <li>• Public Sector Comparator</li> </ul>	Operations Level, Supervisory Level, Decision Making Level	One-time	Lecture / E-learning	Internal
	Negotiation skills	<ul style="list-style-type: none"> <li>• General Negotiation skills</li> </ul>	Operations Level, Supervisory Level, Decision Making Level	One-time	Case studies / Team projects	External
Technical	Developing Contract Management Plans	<ul style="list-style-type: none"> <li>• Overview of contents of various plans</li> <li>• How to prepare the plans</li> <li>• How to update plans</li> </ul>	Operations Level, Supervisory Level	One-time	Case studies / Team projects	External
	Performance Monitoring	<ul style="list-style-type: none"> <li>• Information collection and analysis</li> <li>• Helpdesk systems</li> </ul>	Operations Level, Supervisory	One-time	Case studies / Team	External

Type	Course	Contents	Level	Frequency	Pedagogy	Procurement
		<ul style="list-style-type: none"> <li>• KPI generation and reporting</li> <li>• Regular reporting and review</li> <li>• Knowledge Management</li> </ul>	Level		projects	
	Risk Management	<ul style="list-style-type: none"> <li>• Risk identification</li> <li>• Risk mitigation</li> <li>• Risk monitoring</li> </ul>	Operations Level, Supervisory Level	One-time	Case studies/ Projects	External
	Relationship Management and Dispute Resolution	<ul style="list-style-type: none"> <li>• Type of Stakeholders involved</li> <li>• Partnership protocols</li> <li>• Issue Management and Escalation of Issue procedure</li> <li>• Dispute resolution</li> </ul>	Operations Level, Supervisory Level, Decision Making Level	One-time	Case studies / Team projects	Internal
	Change Management and Contingency Planning	<ul style="list-style-type: none"> <li>• Types of changes/ contingencies</li> <li>• Planning for management of changes and contingencies</li> </ul>	Operations Level, Supervisory Level, Decision Making Level	One-time	Case studies / Team projects	Internal
Sector-specific	Issues specific to a particular sector	<ul style="list-style-type: none"> <li>• Sector specific issues / risks / concerns</li> <li>• Sector updates</li> <li>• International sector updates</li> </ul>	Operations Level, Supervisory Level, Decision Making Level	Bi-annual	Seminar	External

Depending upon the skill level of resources of the team, the Contract Manager must decide who should undergo which training module. Also, certain projects may have added bunch of complexities which may call for additional training courses. The Contract Management Plan must ensure that every person on the Contract Management Team undergoes the courses mandatory for his/her level. A control process to ensure this must be in place.

Apart from identifying type of courses, the Contract Manager must also finalize the training method (pedagogy). This involves various alternatives such as case studies, team projects, lectures, e-learning or seminars. The Contract Manager also needs to finalize, whether the training would be imparted by an internal resource or through an externally procured trainer.

## **2. Establishing Regular Review Forums for Relationship Management**

To ensure a close and cordial relationship between the Government Authority, Concessionaire and other related parties, a formal forum structure must be established at all three levels (to match the Authority's institutional structure). The Operations level forum would be responsible to deal with day-to-day coordination with the Concessionaire, the Supervisory level forum would ensure middle management coordination and the Decision Making level would uphold a close strategic relationship with the Concessionaire. Meetings must be conducted regularly to obtain updates on project progress as well as discuss ideas and issues pertaining to the project execution. This would help in quick amicable resolution of issues, disputes and strategic

concerns and ensure the execution of the school project happens as planned. The constitution of each level, roles and responsibilities, and meeting frequencies must be fixed in advance. An illustration of such a formal forum structure is given below.

Level	Authority	Purpose	Constitution	Responsibilities	Meeting frequency
Operations Level	Project Operations Level Forum	Day-to-day coordination with Concessionaire	<ol style="list-style-type: none"> <li>1. Authority Contract Manager (Operations Level)</li> <li>2. Authority Assistant (Operations Level)</li> <li>3. Project Reviewer/ Concessionaire/ Contract Manager</li> <li>4. Concessionaire Assistant</li> </ol>	<ul style="list-style-type: none"> <li>• Ensure close coordination between Authority and Concessionaire</li> <li>• Discuss and close issues and small disputes that arise from time-to-time</li> </ul>	Weekly
Supervisory Level	Project Supervisory Level Forum	Middle management coordination with Concessionaire	<ol style="list-style-type: none"> <li>1. Authority Supervisory Manager (Supervisory Level)</li> <li>2. Authority Contract Manager (Operations Level)</li> <li>3. Concessionaire Senior Manager</li> <li>4. Concessionaire Contract Manager</li> </ol>	<ul style="list-style-type: none"> <li>• To discuss and resolve issues that arise from review of reports by Authority at Supervisory Level</li> <li>• Forum for Concessionaire to voice opinion and discuss any concerns relating to the contract</li> <li>• Plan for contract administration</li> </ul>	Monthly
Decision Making Level	Decision Making Level Forum	Ensure close strategic relationship with Concessionaire	<ol style="list-style-type: none"> <li>1. Authority Chairman (Decision Making Level)</li> <li>2. Authority Contract Manager (Operations Level)</li> <li>3. Concessionaire Director</li> <li>4. Concessionaire Contract Manager</li> </ol>	<ul style="list-style-type: none"> <li>• To voice strategic concerns that the Authority or Concessionaire may have regarding the contract</li> <li>• To discuss and resolve issues which have substantial impact on the contract</li> </ul>	Quarterly

Through these forums it can be ensured that the relationship between the Authority and the Concessionaire is well maintained and issues, if any are first resolved amicably rather than resorting to formal resolution procedures. As per the project requirements, representatives from School users can also be included in these forums to seek their opinions on project and solve their grievances, if any.

### **3. Knowledge Management Plan**

As mentioned in the Guidelines, a comprehensive knowledge management and information dissemination plan should be developed as part of increasing efficiency and effectiveness of contract management system. Knowledge management and information dissemination will include:

- Public disclosures
- Online and other IT systems for knowledge management

- Knowledge Management Policy

### 3.1. Public disclosures

The Authority should target to increase the flow and information and transparency, by mandating the private party to maintain a database of important documents available for access to the general public and other stakeholders. Back-up copies of documents and accessible resources should be also maintained. Those documents that must be included in a category of comprising:

- Concession Agreement
- Maintenance Manual
- Maintenance Program
- Health and Safety Guidelines

Implementation of a Knowledge Management System by the private party involved in the agreement would assist the Authority in meeting its own accountability requirements and building a robust transparent system. Also, all necessary disclosures must be made under the provisions of the Right to Information Act, 2005.

### 3.2. Online and other IT Systems for Knowledge Management

Technology can be leveraged to a great extent these days to manage all documents. Some of the key applications which must be a part of the knowledge management system within and outside the Authority are:

Within the Authority:

1. Performance Review System (PRS): The system should display all KPIs and their current status with respect to a Concessionaire's performance in a particular project. Also, it should be able to generate reports and send the data on fortnightly, monthly and quarterly basis to Operations Level, Supervisory Level and Decision Making levels within the Authority where exceptions in KPIs may be highlighted. The access to this system should be at all levels.
2. Monthly Management Information System (MIS): It should capture all transactions related to a project on daily basis and generates a report regularly for the review of the Authority officials. This is of major use to the Operations Level and Supervisory Level officials.

Between Authority and other stakeholders:

1. Computerized Project Information System (CPIS): CPIS a computerized system should be developed to manage and monitor status of School Projects and provide an online and real time monitoring facility of report generation for the on-going projects using web based portal of the Authority, if any. The data required to generate these reports has to be entered online by the team of the respective Contract Managers.

2. School Management Information System (SMIS): School Management Information System (SMIS) should be developed as an application to record all activities of each School in a structured manner that enables ease of access and analysis for and in respect of each Class in the School and for the School as a whole on real time basis.

After the entire knowledge has been retrieved, stored and uploaded in a structured manner, it should be updated at regular intervals so that all the decisions are taken up with latest information on current health of the progress of a project.

### 3.3. Knowledge Management Policy

It is essential that all knowledge which is generated in form of communications and documents are maintained in a coherent manner within / by the Authority. Also, how the flow of information happens within the Authority is also a critical part of Information Dissemination Plan. At all three levels, Operations Level, Supervisory Level and Decision Making Level, information flow should be in accordance with the requirements and mapped to the roles and responsibilities of the officials at that level.

A policy on reviewing all the applications and systems developed as part of the plan, and escalation within the Authority should be designed. This policy should include:

- All protocols within the Authority Levels
- All compliance requirements to be met in documentation such as following IFRS accounting principles
- Training and user manuals as appendix to assist users in operation of these systems

This policy should be created by the Contract Manager after consultation with all stakeholders and their respective need and requirement.

Also, a Knowledge Management Register needs to be maintained where key details regarding all knowledge databases and systems are recorded. A Knowledge Management Register template is shown below:

Sl.No	Knowledge Source/ Data Application	Brief description on usability	Authorities with access to it	Contact Person in case of issues faced
Sample Template				

### 3.4. List of Registers and Reports

The following is a list of registers and reports to be maintained for Contract Management. These registers / reports must be maintained by the Operations Level team and forwarded to Supervisory Level and Decision Making Level officials as required.

#	Register / Report	Coverage
1	KPI Report	KPIs for each stakeholder
2	Service Performance Register	Indicators for Service level obligations of the Concessionaire

#	Register / Report	Coverage
3	Status report on Project progress	Project stage and sub-stage
4	Status report on Activities which are Authority's responsibility	Status of fulfilment of Authority's obligations
5	Status report on Activities which are Concessionaire's responsibility	Status of fulfilment of Concessionaire's obligations
6	Status report on action plan finalized in previous period's report	Status of previous period's action plan
7	Risk Register	Identify and monitor risks
8	Issue Tracker	Track service delivery issues
9	Dispute Tracker	Track status of resolving disputes
10	Ongoing Review Register	Track changes / updates
11	Complaints Register	Track public grievances and related action taken

The following registers and reports must be maintained by the Concessionaire and submitted to the Authority from time-to-time. These registers / reports should be reviewed by the appropriate person at the Authority and necessary action must be taken on the same.

Register / Report	Contents	Frequency of submission	Action plan of Authority
Service Register	List service delivery issues and action taken to resolve them	Monthly	Identify major issues, update Issue tracker and escalate issues, if necessary
Complaints Register	Track public grievances and related action taken	Monthly	Identify major complaints and escalate if necessary
Asset register	Details of all movable and immovable assets owned, acquired or held by the Concessionaire for the Project	Monthly	Inspect and take follow-up action as required

# Annexures



## Annexure A: Template for Contract Management Plan

Activity	Detailed Activates assigned	Primary Responsibility	Reporting Authority	Timelines	Escalation on Default
1. Development Stage					
1.1. <i>Signing of Concession Agreement</i>					
1.2. <i>Receipt and Verification of Performance Security</i>					
1.3. <i>Achievement of Conditions Precedent of the Authority</i>					
1.4. <i>Damages for delay by the Authority in fulfilling Conditions Precedent</i>					
1.5. <i>Achievement of Conditions Precedent of the Concessionaire</i>					
1.6. <i>Damages for delay by the Concessionaire in fulfilling Conditions Precedent</i>					
1.7. <i>Achievement of Financial Closure</i>					
1.8. <i>Declaration of Effective Date</i>					
2. Construction Stage					
2.1. <i>Review of Designs and Drawings</i>					
2.2. <i>Disbursement of Financial Support, if any</i>					
2.3. <i>Ensuring adequate insurance</i>					
2.4. <i>Monitoring Construction Progress</i>					
2.5. <i>Certification of works</i>					
2.6. <i>Notification of Commercial Operations Date</i>					
2.7. <i>Approval of Maintenance, Health and Safety plan</i>					
3. Operations and Maintenance Stage					

Activity	Detailed Activates assigned	Primary Responsibility	Reporting Authority	Timelines	Escalation on Default
3.1. <i>Quality assurance certification</i>					
3.2. <i>Fresh Performance Security</i>					
3.3. <i>Monitoring Academic and Service Facility KPIs</i>					
3.4. <i>Collection of premium</i>					
3.5. <i>Disbursements of voucher payment</i>					
3.6. <i>Capacity expansion</i>					
<b>4. Exit Stage</b>					
4.1. <i>Inspection of project facilities</i>					
4.2. <b>Option to extend Concession period</b>					
4.3. <i>Transfer of Rights and Interests</i>					
<b>5. Project Lifecycle</b>					
5.1. <i>Regular financial reporting and review</i>					
5.2. <i>Appointment of Statutory and Additional Auditors</i>					
5.3. <i>Monitoring Escrow Account</i>					
<b>6. Performance Monitoring</b>					
6.1. <i>Review of Concessionaire's <b>Academic KPI</b></i>					
6.2. <i>Review of Concessionaire's <b>Service Facility KPI</b></i>					
6.3. <i>Other KPIs for Concessionaire</i>					
6.4. <i>KPIs for Project Reviewer</i>					
<b>7. Rare Event Management</b>					
7.1. <i>Change in scope</i>					
7.2. <i>Change in Law</i>					

Activity	Detailed Activates assigned	Primary Responsibility	Reporting Authority	Timelines	Escalation on Default
<i>7.3. Force Majeure</i>					
<i>7.4. Compensation for Breach of Agreement</i>					
<i>7.5. Assignment and Charge creation requests</i>					
<i>7.6. Substitution Agreement</i>					
<i>7.7. Indemnity Claims</i>					
<i>7.8. Termination on Event of Default</i>					
<i>7.9. Financial Restructuring and Novation</i>					
<i>7.10. Change in Ownership</i>					

## Annexure B: Procedure for Development of Contract Management Plan

### Step 1: Needs Assessment for Contract Management

The focus of any contract management plan lies in solving the issues faced by the Authority and other stakeholders involved in the project. Thus, for an effective problem identification and resolution, it is important to conduct a detailed “Needs Assessment”. This approach follows the ‘first principle’ school of thought, where it is imperative to identify the need that the contract management plan would fulfill or in other words ascertain, “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 deliver 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 within the organization and outside. This helps the Authority to identify innovative solutions and best operating procedures that can be leveraged for 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. Contract management tools include:

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

#	Risk Category	Details	Likelihood	Consequences

Dispute	Background of dispute	Possible consequences	Responsible person / team

More details on each one of them are included in their respective chapters.

## Step 5: Establish a System of Ongoing Contract Management and 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. 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

## Annexure C: Template for Ongoing Review Plan

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

## Annexure D: Contract Management Activities in the Development stage

### 1. Signing of the Concession Agreement

#	Activities	Responsibilities / Action Points	Timeline
a)	Concession Agreement Signing	<b>Step 1:</b> Authority to accept the LOA acceptance letter from the successful bidder	Within 7 days of issuance of LOA
		<b>Step 2:</b> Authority may send reminder letter to the successful bidder in case the successful bidder does not submit the LOA acceptance letter to the Authority	Within 15 days of issuance of LOA
		<b>Step 3:</b> Authority to accept the LOA acceptance letter from the successful bidder after the reminder	Within 7 days of receipt of reminder letter from Authority
		<b>Step 4:</b> Authority may forfeit the Bid Security in case the successful bidder does not submit the LOA acceptance to the Authority within such timelines	Within 7 days of issuance of reminder letter
		<b>Step 5:</b> Authority to review and approve the submitted draft documents for incorporation of an society / trust / not for profit company by the successful bidder (alternatively an existing society / trust / not for profit company can take up the project)	Within 15 days of acceptance of LOA
		<b>Step 6:</b> Authority to send all legal documents (as submitted by successful bidder) to the Legal / Finance Department for review and comments  After receiving the opinion from Legal / Finance Department, Authority to communicate the same to the successful bidder	Within 7 days of receipt of such documents
		<b>Step 7:</b> Authority to suggest required changes in society / trust / not for profit company incorporation documents and further review and approve the revised documents submitted by the successful bidder	Within 7 days of receipt of such comments

#	Activities	Responsibilities / Action Points	Timeline
		<p><b>Step 8:</b> Authority to send all revised documents (as submitted by successful bidder) to the Legal / Finance Department for further review and comments</p> <p>After receiving Legal / Finance Department’s opinion, Authority to issue an approval letter to the successful bidder for incorporation of the society / trust / not for profit company.</p>	Within 7 days of receipt of such documents
		<p><b>Step 9:</b> Authority to review and approve the documents for incorporation of society / trust / not for profit company</p>	Within 7 days of approval of incorporation of society / trust / not for profit company
		<p><b>Step 10:</b> Authority to send all documents (as submitted by the Concessionaire) to the Legal / Finance Department for review and comments.</p> <p>After receiving the Legal / Finance Department’s opinion, Authority to issue a letter to the Concessionaire and agree to enter in to Concession Agreement</p>	Within 7 days of receipt of such documents
		<p><b>Step 11:</b> Authority to accept the Concessionaire’s mutual consent for signing of the Concession Agreement</p>	Within 7 days of receipt of such consent from Concessionaire
		<p><b>Step 12:</b> Authority to declare the Concession Agreement signing date</p>	Within 7 days of receipt of such acceptance
		<p><b>Step 13:</b> Authority and Concessionaire to execute the Concession Agreement</p>	Within 30 days of issuance of LOA



## 2. Receipt and Verification of Performance Security

#	Activities	Responsibilities / Action Points	Timeline
a)	Submission of Performance security	<b>Step 1:</b> Authority to accept Performance Security in the form of Bank Guarantee from the Concessionaire	Within 120 days of signing of Concession Agreement
		<b>Step 2:</b> Authority to verify the Bank Guarantee from the respective bank and subsequently issue an acknowledgement to the Concessionaire	Within 7 days of receipt of such Guarantee
b)	Encashment of Bid security	<b>Step 1:</b> The Authority may encash the Bid Security and appropriate the proceeds thereof as damages in case the Performance Guarantee is not provided by the Concessionaire within agreed timelines	Within 7 days of expiry of 120days of signing the CA
		<b>Step 2:</b> Agreement shall be deemed to have been terminated by mutual agreement of the Authority and Concessionaire	Within 7 days of expiry of 120days of signing the CA

## 3. Damages for delay by the Authority in fulfilling Conditions Precedent

#	Activities	Responsibilities / Action Points	Timeline
a)	Damage for delay by the Authority	<b>Step 1:</b> Upon receipt of notice from Concessionaire for damage for delay, if the Authority does not meet any of the Conditions Precedent within the specified period, the Authority to pay damages as specified in the Concession Agreement, provided that the delay does not occur due to breach of the Agreement by the Concessionaire or due to Force Majeure  Authority to review the request for damages received from the Concessionaire and negotiate appropriately with the Concessionaire	Within 7 days of request received from Concessionaire
		<b>Step 2:</b> Process the claim for damages and transfer the payment	Within 7 days from approval of request

#### 4. Damages for delay by the Concessionaire in fulfilling Conditions Precedent

#	Activities	Responsibilities / Action Points	Timeline
a)	Damage for delay by the Authority	<p><b>Step 1:</b> Issue notice to the Concessionaire for damage for delay, if the Concessionaire does not meet any of the Conditions Precedent within the specified period, as specified in the Concession Agreement, provided that the delay does not occur due to breach of the Agreement by the Authority or due to Force Majeure</p> <p>Authority negotiate appropriately with the Concessionaire</p>	N/A
		<b>Step 2:</b> Follow up and receive the claim for damages	N/A

#### 5. Achievement of Financial Closure

#	Activities	Responsibilities / Action Points	Timeline
a)	Financial Closure	<p><b>Step 1:</b> Authority to accept three copies of Financing Agreement along with 3 true copies of the financial package and financial model (in MS Excel version or any substitute thereof, which is acceptable to the Senior Lenders) submitted by the Concessionaire. All documents should be duly attested by a Director of the Concessionaire. Concessionaire to execute the Financing Agreement also.</p>	Within 120 days of signing the CA
		<p><b>Step 2:</b> Authority to send Financing Agreement to the Legal / Finance Department for review and comments.</p> <p>After receiving the opinion from Legal / Finance Department, Authority to communicate the same to the Concessionaire.</p>	Within 7 days of receipt of such documents
		<p><b>Step 3:</b> Authority to further review the revised Financing Agreement submitted by the Concessionaire after making all changes suggested by Authority.</p>	Within 7 days of receipt of such comments
		<p><b>Step 4:</b> Authority to send revised Financing Agreement to the Legal / Finance Department for further review and comments.</p> <p>After receiving the opinion from Legal / Finance Department, Authority to issue a</p>	Within 7 days of receipt of such documents

#	Activities	Responsibilities / Action Points	Timeline
		letter to the Concessionaire and declare the Financial Closure, if the terms and conditions of Financing Agreement is acceptable to the Authority or ask for the further changes, if any and repeat the above process.	
b)	Delay in Financial Closure	<p><b>Step 1:</b> In case of delay in Financial closure, Authority to receive damages at the rate specified in the Concession Agreement. Authority to issue a notice for the damage claim to the Concessionaire</p> <p><b>Step 2:</b> The performance period shall be deemed to be extended by the number of days for which damages are paid and if Financial Closure is not achieved within such extended period, the agreement shall be liable to be terminated</p> <p><b>Step 3:</b> Upon termination, the Authority to encash the Bid Security and appropriate the proceeds thereof as damages. If the Bid Security shall have been substituted by Performance Security, the Authority shall be entitled to encash therefrom an amount equal to Bid Security.</p> <p>If Financial Close has occurred on account of failure of the Authority, the Bid Security / Performance Guarantee shall be returned to the Concessionaire</p>	<p>Within 7 days of expiry of 120 days of signing the CA</p> <p>Within 7 days of end of 120 of signing the CA</p> <p>Within 7 days of end of 120 of signing the CA</p>

## 6. Declaration of Effective Date

#	Activities	Responsibilities / Action Points	Timeline
a)	Status of Conditions Precedent	<p><b>Step 1:</b> Authority to receive a written update from the Concessionaire at least once a month about the status of Conditions Precedent for which it is responsible</p> <p><b>Step 2:</b> Authority to notify the Concessionaire in writing at least once a month about the status of Conditions Precedent for which it is responsible</p>	Monthly
b)	Condition Precedent of Concessionai	<p><b>Step 1:</b> Authority to –</p> <p>a) Get all Conditions Precedent documents verified from Legal / Finance Department</p> <p>b) Declare the Effective Date</p>	Within 7 days of receiving of such documents

#	Activities	Responsibilities / Action Points	Timeline
	re	<p>c) If all Conditions Precedent are not fulfilled within specified period then damages would be claimed from Concessionaire</p> <p>d) Damages would be appropriated from Performance Guarantee</p>	
c)	Appropriation of Performance Security	<b>Step 1:</b> Authority may encash and appropriate damages from the Performance Security upon Concessionaire default or failure to meet Conditions Precedent	Within 7 days from 120 of signing the CA
		<b>Step 2:</b> In case the Concessionaire does not cure its default within extended period, the Authority is entitled to encash and appropriate such Performance Guarantee as damages and to terminate the agreement	Within 7 days of expiry of extended period

## 7. Monthly Review and Escalation of Issues

#	Activities	Responsibilities / Action Points	Timeline
a)	Monthly status reports and review of documents	<b>Step 1:</b> Supervisory Level officer to review and provide inputs on the monthly status reports received from Operations Level officers on all ongoing projects and report to Decision Making Level in case of default	1 day of default
		<b>Step 2:</b> Decision Making Level officer to review and provide inputs on the monthly status reports received from Supervisory Level officers on all ongoing projects and report to Board / Chairman in case of default	5 days of default

## Annexure E: Contract Management Activities in the Construction stage

### 1. Review of Designs and Drawings

#	Activities	Responsibilities / Action Points	Timeline
a)	Review of Designs and Drawings	<b>Step 1:</b> Authority has the right but not the obligation to review designs and drawings submitted by the Concessionaire and to provide comments on the same  In case the Authority does not provide any comments within the specified time period, the drawings shall be deemed to have been approved	30 days of submitting the drawings
		<b>Step 2:</b> Authority to receive and review updated drawings received from the Concessionaire	7 days of forwarding comments
		<b>Step 3:</b> Authority to receive and maintain set of records of final approved designs and drawings	7 days of forwarding comments

### 2. Disbursement of Financial Support, if applicable

#	Activities	Responsibilities / Action Points	Timeline
a)	Disbursement of Financial Support, if applicable	<b>Step 1:</b> Authority to ascertain whether the conditions specified in the Concession Agreement for the financial support are met by the Concessionaire.	7 days of submitting the documents
		<b>Step 2:</b> Disburse the financial support through the Escrow Account, in the amount and as per timelines specified in the Concession Agreement	30 days of verifying the documents

### 3. Ensuring Adequate Insurance

#	Activities	Responsibilities / Action Points	Timeline
a)	Notice to the Authority	<b>Step 1:</b> Authority to receive notice from the Concessionaire stating information on the insurances that it proposes to effect and maintain	Within 45 days prior to commencement of the Operations and Maintenance Period
		<b>Step 2:</b> Authority may require the Concessionaire to effect and maintain such other insurances as may be necessary. In the event of any disagreement relating to such insurances, the Dispute Resolution Procedure will apply	Within 30 days of receipt of such notice
b)	Evidence of Insurance Cover	<b>Step 1:</b> Authority to receive notarized true copies of the certificate(s) of insurance, copies of insurance policies and premium payment receipts in respect of such insurance.	Within 15 days of obtaining any insurance cover
		<b>Step 2:</b> No such insurance shall be cancelled, modified, or allowed to expire or lapse until the expiration of at least 45 days after notice of such proposed cancellation, modification or non-renewal has been delivered by the Concessionaire to the Authority.	At least 45 days' notice
c)	Remedy for failure to insure	<b>Step 1:</b> If the Concessionaire fails to effect and keep in force all insurances for which it is responsible, the Authority has the option to either keep in force such insurances, pay the premia and recover the costs thereof with interest at the rate specified in the Agreement	N/A

### 4. Monitoring Construction Progress

#	Activities	Responsibilities / Action Points	Timeline
a)	Monthly Progress Report	<b>Step 1:</b> Authority is entitled to receive monthly / quarterly progress reports from the Concessionaire during the Construction period	Within 7 days of the close of each month / quarter
b)	Damages in	<b>Step 1:</b> In case the Concessionaire does not meet construction milestones within the	Within 7 days of 90

#	Activities	Responsibilities / Action Points	Timeline
	case milestones are not met	specified period, Authority to issue a notice to the Concessionaire to pay damages, unless such failure has occurred due to Force Majeure or for reasons solely attributable to the Authority.	days of Scheduled Milestone date
		<b>Step 2:</b> Authority to receive payment for damages by the Concessionaire at the rate specified in the Concession Agreement	N/A
		<b>Step 3:</b> In case the aggregate delay exceeds the extended period, the Authority shall be entitled encash to encash the entire performance security and terminate the CA	Within 7 days of exceeding the time / value limit

## 5. Certification of Works

#	Activities	Responsibilities / Action Points	Timeline
a)	Tests	<b>Step 1:</b> Designate representative to monitor inspection and tests of the facility carried out by the Concessionaire	At least 60 days before project completion date
		<b>Step 2:</b> Project Reviewer to conduct all tests and report on compliance with Specifications and Standards  After the completion of each Test, Concessionaire to provide copy of all Test data and detailed Test results to the Authority  Authority to direct the Concessionaire to remedy/rectify the defects/deficiencies or suspend/delay such Tests, in case the performance of the Facility does not confirm to required specification and standards	N/A
b)	Completion Certificate	The Authority to issue a Completion Certificate to the Concessionaire and the Authority, upon determining all Tests to be successful	7 days of completing Tests

## 6. Notification of Commercial Operations Date

#	Activities	Responsibilities / Action Points	Timeline
a)	Notification of	<b>Step 1:</b> Authority to confirm completion of construction and enrollment of specified number of students in the School	N/A

#	Activities	Responsibilities / Action Points	Timeline
	Commercial Operations Date	<b>Step 2:</b> Authority to issue the Commercial Operations Date certificate to the Concessionaire	7 days of issuing Completion Certificate

## 7. Approval of Maintenance Program

#	Activities	Responsibilities / Action Points	Timeline
a)	Approval of Maintenance program	<b>Step 1:</b> Review draft Maintenance, Health and Safety (MHS) plan submitted by Concessionaire	1 day of default
		<b>Step 2:</b> Communicate any comments on the plan and the accept / reject decision on the plan to the Concessionaire, without which the plan shall be deemed to have been approved by the Authority	45 days of default
		<b>Step 3:</b> Accept and record the final MHS plan after the Concessionaire updates the same	N/A

## 8. Monthly Review and Escalation of Issues

#	Activities	Responsibilities / Action Points	Timeline
a)	Monthly status reports and review of documents	<b>Step 1:</b> Supervisory Level officer to review and provide inputs on the monthly status reports received from Operations Level officers on all ongoing projects and report to Decision Making Level in case of default	1 day of default
		<b>Step 2:</b> Decision Making Level officer to review and provide inputs on the monthly status reports received from Supervisory Level officers on all ongoing projects and report to Board / Chairman in case of default	5 days of default



## Annexure F: Contract Management Activities in the Operations and Maintenance stage

### 1. Quality Assurance Certification

#	Activities	Responsibilities/ Action Points	Timelines
a)	Monthly reports	<b>Step 1:</b> Receive and review the Quality Assurance Certificate issued by the Authority	Within 10 days of issue of COD
		<b>Step 1:</b> Communicate comments, if any, on the report to the Concessionaire and request for appropriate changes	Within 7 days of receipt of the certificate

### 2. Fresh Performance Security

#	Activities	Responsibilities / Action Points	Timeline
a)	Submission of Performance security	<b>Step 1:</b> Authority to accept renewed Performance Security in the form of Bank Guarantee from the Concessionaire	30 days prior to the COD and  30 days prior to the expiry of the seventh anniversary of the COD
		<b>Step 2:</b> Authority to verify the Bank Guarantee from the respective bank and subsequently issue an acknowledgement to the Concessionaire	Within 7 days of receipt of such Guarantee

### 3. Monitoring Academic and Service Facility Indicators

#	Activities	Responsibilities/ Action Points	Timelines
a)	Project Engineer's	<b>Step 1:</b> Project Reviewer shall provide annual reports to the Authority on academic and service facility indicators of the school as prescribed in the Concession	Within 15 days of end of each year for academic

#	Activities	Responsibilities/ Action Points	Timelines
	reports	Agreement and additional information requested by the Authority	KPIs Within 7 days from the end of previous month for service facility KPIs
b)	Appointment of additional inspectors	<b>Step 1:</b> Authority may for the purpose of verifying that the school is operated and maintained in accordance with performance standards, O&M standards and safety standards appoint another person or firm  The Concessionaire shall provide access to the school and provide all necessary cooperation to such Project Reviewer for carrying out the verification	Annually

#### 4. Collection of Premium / Disbursement of Voucher Payment

#	Activities	Responsibilities / Action Points	Timeline
a)	Collection of payments	<b>Step 1:</b> Monitor receipts and disbursements from / to the Concessionaire on a regular basis	Monthly
		<b>Step 2:</b> Review six-monthly statement of premium / voucher payment certified by Statutory Auditors of the Concessionaire	Half-yearly

#### 5. Capacity Expansion

#	Activities	Responsibilities / Action Points	Timeline
a)	Collection of payments	<b>Step 1:</b> Frame suitable guidelines for increase in designed capacity of the School while ensuring compliance with requirements of the Concession Agreement, affiliating education board and additional performance requirements (if any)	After expiry of 5 years from Effective Date
		<b>Step 2:</b> Provide for reservation of additional seats, if required, for voucher students	N/A
		<b>Step 3:</b> Ensure compliance with framed guidelines while executing capacity expansion	N/A

## 6. Monthly Review and Escalation of Issues

#	Activities	Responsibilities / Action Points	Timeline
a)	Monthly status reports and review of documents	<b>Step 1:</b> Officer to review and provide inputs on the monthly status reports received on all ongoing projects and report to Decision Making Level in case of default	1 day of default
		<b>Step 2:</b> Decision Making Level officer to review and provide inputs on the monthly status reports received on all ongoing projects and report to Board / Chairman in case of default	5 days of default

## Annexure G: Contract Management Activities in the Exit stage

### 1. Inspection of Project Facilities

#	Activities	Responsibilities / Action Points	Timeline
a)	Condition survey	<b>Step 1:</b> Authority shall inspect the Project Facilities to check compliance with specifications and standards	6 months prior to expiry of Concession period
		<b>Step 2:</b> If the Project Facilities have not been operated and maintained as per the Agreement, Authority shall require the Concessionaire to take all necessary steps to put the assets in good working condition	7 days of submission of inspection report
		<b>Step 3:</b> In case the Concessionaire fails to carry out such repairs / rectification, the Authority may itself do so and get reimbursed by the Concessionaire for the same	6 months prior to expiry of Concession period

### 2. Option to extend Concession Period

#	Activities	Responsibilities / Action Points	Timeline
a)	Option to extend Concession Period	<b>Step 1:</b> Invite competitive bids for operations and management of the School Project from private parties including Concessionaire	To be started 6 months before contract expiry and completed by contract expiry
		<b>Step 2:</b> Evaluate bids received and check if Concessionaire qualifies for extension	To be started 6 months before contract expiry and completed by contract expiry
		<b>Step 3:</b> Evaluate performance score of the Concessionaire and check if it qualifies for extension	To be started 6 months before contract expiry and completed by contract expiry
		<b>Step 4:</b> Grant / reject extension, as applicable	To be started 6 months before contract expiry

#	Activities	Responsibilities / Action Points	Timeline
			and completed by contract expiry

### 3. Transfer of Rights and Interests

#	Activities	Responsibilities / Action Points	Timeline
a)	Transfer of rights and interest	<b>Step 1:</b> Meet with Concessionaire and agree on procedures for transfer of facilities	Within 10 days of either party giving termination notice
		<b>Step 2:</b> Authority to execute necessary deeds and documents and complete legal formalities to transfer rights, titles and interests in Project Facilities and Assets	To be started 6 months before contract expiry and completed by contract expiry
		<b>Step 3:</b> Authority to take handover of project documents, data, permits, approvals etc. from Concessionaire	To be started 6 months before contract expiry and completed by contract expiry

### 4. Monthly Review and Escalation of Issues

#	Activities	Responsibilities / Action Points	Timeline
a)	Monthly status reports and review of documents	<b>Step 1:</b> Supervisory Level officer to review and provide inputs on the monthly status reports received from Operations Level officers on all ongoing projects and report to Decision Making Level in case of default	1 day of default
		<b>Step 2:</b> Decision Making Level officer to review and provide inputs on the monthly status reports received from Supervisory Level officers on all ongoing projects and report to Board / Chairman in case of default	5 days of default

## Annexure H: Contract Management Activities throughout the Project Life Cycle

### 1. Regular Financial Reporting and Review

#	Activities	Responsibilities / Action Points	Timeline
a)	Regular financial reporting and review	Authority to receive and review unaudited quarterly financial statements and explanation of variation in quarterly & annual results in excess of defined thresholds	Quarterly
		Authority to receive and review annual audited accounts, annual statement of revenues generated, operational statement (number of teachers & students and changes thereto during the year) and budget for the year (at the start of each financial year) submitted by the Concessionaire	Annually

### 2. Appointment of Statutory and Additional Auditors

#	Activities	Responsibilities / Action Points	Timeline
a)	Additional Auditors	<b>Step 1:</b> Authority to appoint an independent firm of Chartered Accountants as an Additional Auditor, if required, and clearly define their scope of work	N/A
		<b>Step 2:</b> Review reports submitted by the Additional Auditor and take appropriate follow-up action as necessary	N/A

### 3. Monitoring Escrow Account

#	Activities	Responsibilities / Action Points	Timeline
a)	Monitoring Escrow Account	Authority to monitor deposits into and withdrawals from the Escrow Account and ensure they are in the order of priority specified in the Concession Agreement	Monthly

#### 4. Monthly Review and Escalation of Issues

#	Activities	Responsibilities / Action Points	Timeline
a)	Monthly status reports and review of documents	<b>Step 1:</b> Supervisory Level officer to review and provide inputs on the monthly status reports received from Operations Level officers on all ongoing projects and report to Decision Making Level in case of default	1 day of default
		<b>Step 2:</b> Decision Making Level officer to review and provide inputs on the monthly status reports received from Supervisory Level officers on all ongoing projects and report to Board / Chairman in case of default	5 days of default

## Annexure I: Performance Monitoring – Key Performance Indicators (KPIs)

Performance Monitoring and review is an important part of Post Award Contract Management as it helps in tracking the performance of the Concessionaire and other related parties. The purpose of developing Key Performance Indicators for the Concessionaire is to monitor the delivery of their services on academic performance and facility management aspects. In addition, implementation of ongoing projects can also be improved by regularly monitoring the performance, identifying defects and deficiencies in construction / implementation / execution and suggesting ways to resolve the same and ensuring that delivery of services satisfy the required timelines and be quality compliant.

These Key Performance Indicators are important to be monitored by the Authority officials to ensure that the Concessionaire operates each School in a manner, that the minimum key performance indicators as specified in the Concession Agreement are achieved. The objective of these KPIs is to measure performance of the schools, while allowing sufficient time to the Concessionaire to establish their model and come at par with their counterparts at National level. Therefore, for the first two years from the Commercial Operations date, there would be no evaluation of PPP Schools. Post this period, the performance of the school will be evaluated according to the KPIs defined in the following three categories:

1. **Academic Performance KPIs:** These sets of KPIs specifically measure the method and mode of academic delivery and performance of students during a given academic year.
2. **Facility Management KPIs:** These KPIs measure whether the School Facility is well-maintained with all services being provided as per the Concession Agreement and the benchmark standards.
3. **General KPIs** for measuring performance of each related party including Concessionaire and Project Reviewer

The payment to the Concessionaire by the Authority should be linked to the performance of the Concessionaire on all of these KPIs. In case the score of the Concessionaire is below a threshold level, adequate deductions should be made from the voucher payments made to the Concessionaire.

These KPIs are indicative in nature and may be modified / enhanced based on specific requirements and structure of the project.

### 1. Indicative Academic Performance KPIs

The Authority should also take into consideration the applicable laws and regulation while adapting these KPIs and should customize the same as per the specific project requirements.



#	KPI	Description	Assessment Criteria	Measurement Frequency
1	To measure the education imparted to all students	Proportion of students in the school securing threshold percentage	Ratio of number of students who <b>secured threshold marks</b> in the Examination and the number of students in who <b>appeared for the Examination</b> .	Annual
2	To measure the education imparted to economically weak students	Proportion of economically weak students securing vis-à-vis non-economically weak students.	It shall be calculated as number of <b>economically weak students</b> who secured threshold marks vis-à-vis number of <b>non-economically weak students</b> in who secured threshold marks.	Annual
3	To measure dropout rate of economically weak students	Proportion of economically weak students who dropped out vis-à-vis total economically weak students in the school	It shall be calculated as number of economically weak students who <b>appeared for the examination</b> vis-à-vis number of economically weak students who <b>enrolled in the school</b> at the start of the same academic year.	Annual
4	To measure English reading and comprehension skills of economically weak students	Proportion of average marks scored by economically weak students in English in a school with respect to average marks scored by Economically weak Students in English across all operational Authority PPP Schools	It shall be calculated as sum of average percentage of marks obtained by all economically weak students of the <b>specific school in the English subject</b> vis-à-vis sum of average percentage of English marks obtained by all economically weak students <b>in all operational PPP schools of the Authority</b> .	Annual
5	To measure Computer Awareness skills of Economically weak students	Proportion of average marks scored by economically weak students in Computer Awareness in a school with respect to average marks scored by Economically weak Students in	It shall be calculated as sum of average percentage of marks obtained by all economically weak students of the <b>specific school in the Computer Awareness subject</b> vis-à-vis sum of average percentage of Computer Awareness marks obtained by all economically weak students	Annual

#	KPI	Description	Assessment Criteria	Measurement Frequency
		Computer Awareness across all operational Authority PPP schools	<b>in all operational PPP schools of the Authority.</b>	
6	To measure Mathematics knowledge of economically weak students	Proportion of average marks scored by economically weak students in Mathematics in a school with respect to average marks scored by Economically weak Students in Mathematics across all operational Authority PPP Schools	It shall be calculated as sum of average percentage of marks obtained by all economically weak students of the <b>specific school in the Mathematics subject</b> vis-à-vis sum of average percentage of Mathematics marks obtained by all economically weak students <b>in all operational PPP schools of the Authority.</b>	Annual
7	To measure knowledge of Science of economically weak students	Proportion of average marks scored by economically weak students in Science in a school with respect to average marks scored by Economically weak Students in Science across all operational Authority PPP Schools	It shall be calculated as sum of average percentage of marks obtained by all economically weak students of the <b>specific school in the Science subject</b> vis-à-vis sum of average percentage of Science marks obtained by all economically weak students <b>in all operational PPP schools of the Authority.</b>	Annual
8	To measure teacher attendance	Proportion of sum total of number of days all teachers attended school with respect to total number of days the school was operational	It shall be calculated as sum of number of days <b>teachers attended the school</b> vis-à-vis sum of total <b>number of days the school was operational.</b>	Quarterly
9	To measure student attendance	Proportion of sum total of number of days all students attended school with respect to total	It shall be calculated as sum of number of days <b>students attended the school</b> vis-à-vis sum of total <b>number of days the school was</b>	Quarterly

#	KPI	Description	Assessment Criteria	Measurement Frequency
		number of days the school was operational	<b>operational.</b>	
10	To measure students' class repetition	Proportion of total number of students having to repeat a class with respect to total student enrollment in the school	It shall be calculated as sum of <b>students having to repeat a class vis-à-vis total number of students enrolled in the school.</b>	Annual

### 1.1 Example for Calculation of Expected Level of Academic Achievement (ELA)

Calculation of Expected Level of Academic Achievement (ELA) is based on **10 Key Performance indicators**. All these KPIs have been assigned a weightage and have been **capped at a maximum value of 1**. The following table demonstrates an illustration for calculation of Expected Level of Academic Achievement.

S.No.	Indicator	Weightage <sup>8</sup>	Score Obtained <sup>9</sup>	Weighted Score
1	Education imparted to all students	10.0%	0.6	0.06
2	Education imparted to economically weak students	10.0%	0.5	0.05
3	Dropout rate of economically weak students	30.0%	0.4	0.12
4	English reading comprehension skills of economically weak students	7.5%	0.5	0.04
5	Computer Awareness skills of Economically weak students	7.5%	0.8	0.06
6	Mathematics knowledge of economically weak students	7.5%	0.7	0.05
7	Science knowledge of economically weak students	7.5%	0.6	0.04
8	Teacher attendance ratio	10.0%	0.9	0.09

<sup>8</sup>The weightages assigned to each KPI are indicative in nature and may be modified and customized as per the relevant Concession Agreement

<sup>9</sup> The values for score obtained are illustrative in nature to demonstrate an example to the users of this Manual. These figures should be appropriately replaced by actual figures.

S.No.	Indicator	Weightage <sup>8</sup>	Score Obtained <sup>9</sup>	Weighted Score
9	Students attendance ratio	7.5%	0.6	0.04
10	Students' class repetition ratio	10.0%	0.2	0.02
<b>Weighted Average Score (Expected Level of Academic Achievement (ELA))</b>				<b>0.58</b>

## 2. Indicative Facility Management KPIs

The Authority should also take into consideration the applicable laws and regulation while adapting these KPIs and should customize the same as per the specific project requirements.

#	Performance Standard	Measurement frequency	Response time in case of default
1	Toilets and wash/shower areas to be completely clean and free from odours, stains, dirt, mould, limescale and dry germs. A streak and smear free finish is required	Daily	Permanent rectification within 30 minutes
2	Prevent theft and physical damage to the school facilities; respond to fire, intruder, security alarms	Daily	Permanent rectification within 30 minutes
3	Appropriately functioning facilities should be provided to the students including requisite classrooms, toilets, computer rooms, laboratory, library, playground <sup>10</sup>	Daily	Respond within 2 hours
4	Ensuring that separate functional toilets are provided to boys and girls	Hourly	Respond within 1 hour
5	Ensuring that adequate and safe water drinking facility are provided to the students during operational hours of the school	Hourly	Respond within 2 hours

<sup>10</sup> This key performance indicator could further be segregated and expanded into different KPIs based on the requirement of the Authority

#	Performance Standard	Measurement frequency	Response time in case of default
6	Ensuring that the boundary wall is constructed with adequate height to prevent encroachments within the school premises.	Weekly	Respond within 24 hours
7	Traffic breakers are constructed and maintained at adequate places in front of the school gates for safety of the students.	Daily	Respond within 24 hours
8	The school infrastructure should be utilized for appropriate educational purposes only.	Weekly	Respond within 24 hours
9	Ventilation services should perform at required rates and there should be no leakage observed for the same.	Weekly	Respond within 2 hours and permanent rectification within 3 days
10	Grassed areas should remain free of weeds and litter, with no lifting of turf	Weekly	Respond within 24 hours and permanent rectification within 3 days
11	Roofs and awnings must be free of noticeable distortion and remain weather tight	Monthly	Respond within 24 hours and permanent rectification within 15 days
12	Paint work must remain of uniform color, with no chalking or lifting of the coating	Quarterly	Respond within 24 hours and permanent rectification within 15 days.
13	Cafeteria of the school must be regularly cleaned and proper hygiene should be maintained	Daily	Respond within 30 minutes of filing of the complaint.
14	The garbage areas should be well maintained with regular and	Hourly	Respond within 30 minutes of filing

#	Performance Standard	Measurement frequency	Response time in case of default
	appropriate cleaning.		of the complaint.

## 2.1 Example for Calculation of Expected Level of Service Delivery (ELSD)

Calculation of Expected Level of Service Delivery (ELSD) is based on **15 Key Performance indicators** elaborated above. All these KPIs have been assigned a weightage and shall be assigned either a score of 1 in case the KPI has been duly completed by the Concessionaire or zero for either non-performance or under-performance of the KPI. The following table demonstrates an illustration for calculation of Expected Level of Service Delivery.

S.No.	Indicator	Weightage <sup>11</sup>	Score Obtained <sup>12</sup>	Weighted Score
1	Maintaining cleanliness of toilets and wash/shower areas	5%	0	0.00
2	Preventing theft and physical damage to school facilities	5%	1	0.05
3	Maintaining school facilities as per required standards	5%	1	0.05
4	Providing appropriately functioning utilities such as computer rooms etc	5%	1	0.05
5	Ensuring separate functional toilets for boys and girls	10%	0	0.00
6	Ensuring adequate and safe water drinking facility	10%	1	0.10
7	Preventing encroachments within the school premises	5%	1	0.05
8	Maintaining traffic breakers in front of school gate for safety of students	10%	0	0.00
9	Utilization of school infrastructure for educational purposes only	10%	1	0.10

<sup>11</sup> The weightages assigned to each KPI are indicative in nature and may be modified and customized as per the relevant Concession Agreement

<sup>12</sup> The values for score obtained are illustrative in nature to demonstrate an example to the users of this Manual. These figures should be appropriately replaced by actual figures.

S.No.	Indicator	Weightage <sup>11</sup>	Score Obtained <sup>12</sup>	Weighted Score
10	Maintaining appropriate ventilation services	5%	1	0.05
11	Maintaining grassed area – free of weeds and litter	5%	1	0.05
12	Appropriately maintaining roofs and awnings from distortion	5%	0	0.00
13	Maintaining the paint work of the buildings	5%	0	0.00
14	Maintaining cleanliness and hygiene in the cafeteria of the school	5%	0	0.00
15	Appropriate and regular cleaning of garbage areas	10%	0	0.00
<b>Weighted Average Score (Expected Level of Service Delivery (ELSD))</b>				<b>0.50</b>

### 3. Example for Calculation of Consolidated Score

To arrive at consolidated score, 50%<sup>13</sup> weightage shall be assigned to both ELA and ELSD score of the Concessionaire. The Consolidated score shall be calculated as follows:

$$\begin{aligned}
 \text{Consolidated score} &= \text{Weightage for ELA} \times \text{ELA score} + \text{Weightage for ELSD} \times \text{ELSD score} \\
 &= 50\% \times 0.58 + 50\% \times 0.50 \\
 &= 0.54
 \end{aligned}$$

### 4. Voucher Payment and Performance Linkages

The percentage of the voucher payment for economically weak students shall be linked to the ELA and ELSD consolidated score of the Concessionaire. **The following guidelines are indicative in nature and may be modified as per the relevant Concession Agreement.**

1. If consolidated score  $\leq 0.75$ , 75% of the voucher payment would be released
2. If  $0.75 < \text{consolidated score} < 1.0$ , then ELA\*100 voucher payment will be released, and

<sup>13</sup>The weightages assigned to each category of KPI (Academic and Service Delivery) are indicative in nature and may be modified and customized as per the relevant Concession Agreement

3. If the consolidated score is equal to 1, 110% of the voucher payment is released

## 5. Stage wise Concessionaire KPIs

### 5.1. Concessionaire KPIs during Development Stage

#	Parameter	Description	Source	Frequency	Action Point	Issue Escalation Timeline
a)	Signing of Concession Agreement	Bidder to incorporate an society / trust / non-profit company and request the Authority to accept the Concessionaire as the entity which shall undertake and perform the obligations and exercise the rights of the selected bidder/ Consortium under the LOA and execute the Concession Agreement	Concessionaire	Within 30 days of acceptance of LOA	To ensure the Concession Agreement has been executed on time. In case of any delay, write a letter to the Concessionaire	Within 15 days
b)	Submission of Performance Security	Concessionaire to submit Performance Security within specified timelines as detailed in the Concession Agreement.	Concessionaire	Within 120 days of date of signing of Concession Agreement	To ensure performance security has been submitted on time. In case of any delay, encash the Bid Security and appropriate the proceeds thereof as Damages.	Within 7 days from 120 of signing of CA
c)	Financial Closure	The Concessionaire to achieve financial closure within targeted timelines as	Concessionaire	Within 120 days of date of	To ensure that Financial Closure has been achieved on time. In case	Within 7 days



#	Parameter	Description	Source	Frequency	Action Point	Issue Escalation Timeline
		specified in the Concession Agreement.		Concession Agreement	of any delay write a letter to the Concessionaire and appropriate liquidated damages.	
d)	Fulfilment of Conditions Precedents	Concessionaire to meet all Conditions Precedent as specified in the Concession Period within 120 days from the date of Agreement.	Concessionaire	Within 120 days from signing of CA or any time decided by both parties	To ensure all Condition Precedent of the Concessionaire have been fulfilled on time. In case of any delay, penalty payment would be appropriated from Performance Security.	N/A
e)	Variance in project cost	No/least variation in Total Project Cost in the Financing Agreement (at the time of the financial closure) with respect to Total Project Cost mentioned in the Concession Agreement.	Concessionaire	-	To ensure that the deviation in Total Project Cost is less than or equal to 5% from the cost approved by the Authority at the time of Financial Closure or as approved by the Project Reviewer.  In case, a variation greater than 5% is observed report to the higher level	Within 7 days

## 5.2. Concessionaire KPIs during the Construction Stage

#	Parameter	Description	Source	Frequency	Action Point	Issue Escalation Timeline
a)	Timely submission of monthly /quarterly progress report	All 12 monthly progress reports in a year to be submitted on time to the Authority	Concessionaire	Monthly	To ensure Concessionaire has submitted all monthly progress reports and other relevant information on time. In case of any delay, write a letter to the Concessionaire.	Within 7 days
b)	Financial Progress status corresponding to Physical Progress	The variation between the financial and the physical progress should not exceed 10% at any stage of project execution.	Project Reviewer	Monthly	To ensure the variation between the financial and the physical progress does not exceed 10% at any stage of project execution. In case the variation is more than 10%, write a letter to the Concessionaire.	Within 7 days
c)	Achievement of Project Milestones and Scheduled Project Completion Date	The concessionaire to achieve all the project milestones on time and the project to be completed within the scheduled project completion date as specified in the Concession Agreement.	Project Reviewer	On milestone Date	To ensure that the Concessionaire meets all milestones as per the Schedule of the Concession Agreement. In case of any delay in achieving any of the milestones, write a letter	Within 7 days

#	Parameter	Description	Source	Frequency	Action Point	Issue Escalation Timeline
					to the Concessionaire.	
b)	Quality of construction and extent of defect identified	No major defects or deficiencies to be identified in the design, construction or implementation of the project.	Project Reviewer	-	To ensure that the quality of the construction is maintained as per the standards specified. In case of any variation write a letter to the Concessionaire	Within 7 days of Notice from Project Reviewer
a)	Responsiveness on delivering additional scope of work	The concessionaire to provide timely responses covering the following aspects to the satisfaction of Project Reviewer  (1) Any adverse impact which the Change of Scope is likely to have on the Project.  (2) the cost to be incurred by the Concessionaire for and in respect of such Change of Scope.	Project Reviewer		To ensure that Concessionaire responds on time to the satisfaction of Project Reviewer. In case of any delay in response or not as per the direction of the Project Reviewer, write a letter to the Concessionaire	Within 7 days
b)	Responsiveness to instruction, queries or notice of	Concessionaire to be responsive to the instructions issued and queries raised, Concessionaire responds	Project Reviewer		To ensure that the Concessionaire is available and responds on all occasions to the	Within 7 days

#	Parameter	Description	Source	Frequency	Action Point	Issue Escalation Timeline
	Authority, Project Reviewer – Clarity, Completeness and Timeliness	promptly on more than 90% of the occasions to the satisfaction of the Project Reviewer.			satisfaction of the Project Reviewer. In case response from the Concessionaire is not up to Project Reviewer /Authority’s satisfaction, write a letter to the Concessionaire	

### 5.3. Concessionaire KPIs during the Operations and Maintenance stage

#	Parameter	Description	Source	Frequency	Action Point	Issue Escalation Timeline
a)	Reviewing Academic and Service Facility Indicators	This would include reviewing the academic KPI as specific in Section 1 of Annexure I and Service facility KPIs as specified in Section 2 of Annexure I.	Project Reviewer/ Concessionaire	Monthly/ Annually	To ensure that the Concessionaire are meeting these KPI for effective delivery of services. In case of any under-performance or non-performance write a letter to the Concessionaire	Within 7 days of review completion
a)	Meeting target timeline for correction	The Concessionaire to repair or rectify the defects or deficiencies, as set forth by the Project Reviewer within the	Project Reviewer	-	To ensure that the correction works have been completed on time. In case of any delay,	Within 7 days of Notice from Project

#	Parameter	Description	Source	Frequency	Action Point	Issue Escalation Timeline
a)	Reviewing Academic and Service Facility Indicators	This would include reviewing the academic KPI as specific in Section 1 of Annexure I and Service facility KPIs as specified in Section 2 of Annexure I.	Project Reviewer/ Concessionaire	Monthly/ Annually	To ensure that the Concessionaire are meeting these KPI for effective delivery of services. In case of any under-performance or non-performance write a letter to the Concessionaire	Within 7 days of review completion
	works	timelines specified in the Concession Agreement.			write a letter to the Concessionaire.	Reviewer
b)	Submission of Monthly Reports	All monthly reports (in a year) on performance to be submitted on time to the Authority. The concessionaire shall not be penalized for any delay on account of the Authority.	Concessionaire	Monthly	To ensure that the Concessionaire has submitted monthly reports on time. In case of any delay, write a letter to the Concessionaire.	Within 7 days of Notice from Project Reviewer
c)	Timely payment of premium	All monthly payments to be made prior to the seventh day of the succeeding month.	Concessionaire	Monthly	To ensure that the Concessionaire has made all monthly payments on time. In case of any delay, write a letter to the Concessionaire.	Within 7 days

#	Parameter	Description	Source	Frequency	Action Point	Issue Escalation Timeline
a)	Reviewing Academic and Service Facility Indicators	This would include reviewing the academic KPI as specific in Section 1 of Annexure I and Service facility KPIs as specified in Section 2 of Annexure I.	Project Reviewer/ Concessionaire	Monthly/ Annually	To ensure that the Concessionaire are meeting these KPI for effective delivery of services. In case of any under-performance or non-performance write a letter to the Concessionaire	Within 7 days of review completion
d)	Provide Certified Accounts on time	The Concessionaire to submit to the Authority financial statements every year, duly certified by its Statutory Auditors.	Concessionaire	Within 30 days of end of such period	To ensure that the Concessionaire has submitted the statements on time. In case of any delay, write a letter to the Concessionaire.	Within 7 days of Notice from Project Reviewer
e)	Quality of Maintenance during operation period	The concessionaire to conform to the maintenance requirements of the concession agreement.	Project Reviewer	-	To ensure that the quality of the maintenance is as per the good industry practice and all comments/ notices issued by Project Reviewer has been resolved  In case the comments of Project Reviewer have	Within 7 days of Notice from Project Reviewer

#	Parameter	Description	Source	Frequency	Action Point	Issue Escalation Timeline
a)	Reviewing Academic and Service Facility Indicators	This would include reviewing the academic KPI as specific in Section 1 of Annexure I and Service facility KPIs as specified in Section 2 of Annexure I.	Project Reviewer/ Concessionaire	Monthly/ Annually	To ensure that the Concessionaire are meeting these KPI for effective delivery of services. In case of any under-performance or non-performance write a letter to the Concessionaire	Within 7 days of review completion
					not been resolved, write a letter to the Concessionaire.	
g)	Escrow account withdrawals	The order of withdrawals and appropriations from the escrow account by the Concessionaire to be in line with the specifications of the Concession Agreement,	Escrow Agent	Monthly	To ensure non-occurrence of escrow default and withdrawal to be made as per the Concession Agreement. In case of any deviation, write a letter to the Concessionaire.	Within 7 days
h)	Payment outstanding to Project Reviewer /Sub-Contractors/ Other	No delay to be recorded for the payment made to the Project Reviewer/Statutory Auditor and no adverse notice to be received by the Authority relating to the delay in the payment to the sub-	Concessionaire	Monthly	To ensure that the Concessionaire has made the payment to the Project Reviewer/Statutory Auditor/ Sub-contractors or other agencies if any	Within 7 days

#	Parameter	Description	Source	Frequency	Action Point	Issue Escalation Timeline
a)	Reviewing Academic and Service Facility Indicators	This would include reviewing the academic KPI as specific in Section 1 of Annexure I and Service facility KPIs as specified in Section 2 of Annexure I.	Project Reviewer/ Concessionaire	Monthly/ Annually	To ensure that the Concessionaire are meeting these KPI for effective delivery of services. In case of any under-performance or non-performance write a letter to the Concessionaire	Within 7 days of review completion
	Agencies	contractors.			on time. In case of any delay, write a letter to the Concessionaire.	
i)	Compliance with the safety measures	The Concessionaire to ensure compliance with the safety standards set out under Applicable Law/international conventions, as relevant, from time to time including those required under the Concession Agreement.	Project Reviewer	-	To ensure that the Concessionaire complies with all safety measures as per Concession Agreement. In case of any deviation, write a letter to the Concessionaire.	Within 7 days

## 6. Project Reviewer

The Project Reviewer has a major role to play in ensuring that the project progress is in line with the specified timelines, the quality of project developed by the Concessionaire is as per the desired standards and discrepancies/issues, have been flagged and brought



to the notice of the Authority officials in a timely manner. This section lists those KPIs that help the Authority officials monitor whether the Project Reviewer is working as per the expectations set from it.

#	Parameter	Description	Source	Frequency	Action Point	Issue Escalation Timeline
a)	Timely Reporting of change in scope and flagging of expected delays in achieving project milestones	Timely reporting of change in scope, additional works, variations in cost & quality, and other issues that could have resulted in delay in achieving project milestones. All such measures to facilitate Authority in taking timely actions.	Reports from Project Reviewer	Monthly	To ensure that the Project Reviewer is timely reporting change in scope and flagging expected delays in achieving project milestones. In case of any delay, write a letter to the Project Reviewer	Within 7 days
b)	Adherence to timelines for reviews and reporting	All the Inspection Reports and review activities like conducting tests, overview of status, progress, quality and safety of construction are completed on time.	Reports from Project Reviewer	Monthly	To ensure that the Project Reviewer is reviewing and reporting all mentioned reports on time. In case of any delay, write a letter to the Project Reviewer.	Within 7 days
c)	Timely curing of Defects by Concessionaire	Timely review of curing of defects by the concessionaire.	Reports from Project Reviewer	-	To ensure that the Project Reviewer is reviewing the curing of defects made by the Concessionaire on time. In case of any delay, write a letter to the Project Reviewer.	Within 7 days
d)	Accuracy in the review of Design, Document,	The Project Reviewer to review the accuracy of design and drawings	Reports from Project	-	To ensure high accuracy levels of the Project Reviewer. In case of deficiencies in the	Within 7 days

#	Parameter	Description	Source	Frequency	Action Point	Issue Escalation Timeline
	Drawings and Procedures	furnished by the Concessionaire along with supporting information.	Reviewer		report or methodology adopted for review, write a letter to the Project Reviewer.	
g)	Adequacy of Responses to Authority queries	The responses to the Authority queries to be factual, consistent and the Project Reviewer to show considerable ease in discussing project details during the meetings. More than 90% of responses to be acceptable to the Authority.	Reports from Project Reviewer	-	To ensure that the response received from Project Reviewer are factual and consistent. In case of any deviation/doubts, write a letter to the Project Reviewer.	Within 7 days

## Annexure J: Managing Rare Events

### 1. Change of Scope

#	Activities	Responsibilities / Action Points	Timeline
a)	Change of scope	<b>Step 1:</b> If the change of scope is within the cost limits specified in the Concession Agreement, the Authority to issue a notice to the Concessionaire detailing the change in scope	N/A
		<b>Step 2:</b> Authority to review the feedback on adverse impact and cost to be incurred, as received from the Concessionaire and convey its agreement or otherwise thereto	7 days of receiving feedback
		<b>Step 3:</b> If an adverse impact is notified by the Concessionaire and / or Authority disagrees with the cost assessment, the parties shall mutually modify the change of scope as necessary	30 days of notification of adverse impact / cost
		<b>Step 4:</b> If an adverse impact / cost is not notified and the change of scope is to be proceeded with, issue an order requiring Concessionaire to proceed with the implementation of such change	30 days of change of scope notice
		<b>Step 5:</b> Authority to process advance payment of cost of change of scope towards such change	7 days of change of scope order
		<b>Step 6:</b> Authority to process remaining payment against bills submitted by the Concessionaire	30 days of receipt of such bills
		<b>Step 7:</b> Authority may, if it so decides, also seek competitive bids from external parties and award additional work accordingly	N/A

### 2. Change in Law

#	Activities	Responsibilities / Action Points	Timeline
a)	Change in Law – Increase in Cost	<b>Step 1:</b> The Authority to receive notice from the Concessionaire regarding change in law, if any	
		<b>Step 2:</b> On receipt of notice by the Concessionaire, the Parties shall meet at the earliest but no later than 30 days from the date of notice and settle on mutually agreeable amendments to the Agreement.	Within 30 days of receipt of such Notice

#	Activities	Responsibilities / Action Points	Timeline
		<b>Step 3:</b> In case no Agreement is reached within 90 days of such notice; the Authority may receive a notice from the Concessionaire to settle the financial impact of Change in Law.	Within 90 days of receipt of such Notice
		<b>Step 4:</b> The Authority to make payment to the Concessionaire to compensate for the financial loss on account of Change in law within 15 days of receipt of such notice.	Within 30 days of receipt of such Notice
		<b>Step 4:</b> The Authority to receive amount specified therein from the Concessionaire, within 15 days of receipt of such notice along with particulars thereof.	Within 30 days of such notice

### 3. Force Majeure

#	Activities	Responsibilities / Action Points	Timeline
a)	Force Majeure Event	<p><b>Step 1:</b> Affected party shall by notice report occurrence of Force Majeure event to the other party including particulars of:</p> <p>(a) the nature, time of occurrence and extent of the Force Majeure Event with evidence in respect thereof;</p> <p>(b) estimated duration and the effect or probable effect which such Force Majeure Event has on the Affected Party's ability to perform its obligations under the Agreement;</p> <p>(c) Measures which the Affected Party has taken for alleviating the impact of such Force Majeure Event;</p> <p>(d) Any other relevant information.</p>	Within 7 days of event
		<b>Step 2:</b> Authority to assess the impact on Concession period and allocation of cost upon occurrence of Force Majeure event.	Within 7 days of receipt of such request.
		<b>Step 3:</b> On the occurrence of the Force Majeure Event, the Affected Party shall be excused from the performance of the obligations as reasonably warranted. Each Party shall bear its costs, if any, incurred as a consequence of the Event.	N/A
		<b>Step 4:</b> If the Force Majeure Event subsists for a period of more than 180 days the	Within 180 days of the

#	Activities	Responsibilities / Action Points	Timeline
		parties may mutually decide to terminate the Agreement.	Event

#### 4. Compensation for Breach of Agreement

#	Activities	Responsibilities / Action Points	Timeline
a)	Compensation for Breach in Agreement - default by the Authority	<b>Step 1:</b> Authority to receive compensation demand for material default, supported by necessary particulars from the Concessionaire	Within 7 days of event
		<b>Step 2:</b> Authority to pay within 30 days of receipt of the demand	Within 30 days of receipt of the demand
b)	Compensation for Breach in Agreement - default by the Concessionaire	<b>Step 1:</b> Authority to raise compensation demand for material default, supported by necessary particulars	Within 7 days of such default
		<b>Step 2:</b> The Authority to receive all direct costs suffered or incurred by Concessionaire as a consequence of such material default within 30 days of receipt of the demand.	Within 30 days of receipt of the demand

#### 5. Substitution Agreement

#	Activities	Responsibilities / Action Points	Timeline
a)	Substitution Agreement	The Lender’s representative, on behalf of Senior Lenders, may exercise the right to substitute the Concessionaire pursuant to the agreement for substitution of the Concessionaire (the “Substitution Agreement”)	

#### 6. Indemnity Claims

#	Activities	Responsibilities / Action Points	Timeline
a)	Indemnity	<b>Step 1:</b> In the event, either Party is notified for an indemnity claim, it shall notify the	Within 7 days of receipt

#	Activities	Responsibilities / Action Points	Timeline
	claims	other Party (the “Indemnifying Party”) within 15 days of receipt of the notification and shall not settle or pay the claim without the prior approval of the Indemnifying Party.	of such claim
		<b>Step 2:</b> In the event that the Indemnifying Party contests or disputes the claim or demand, it may conduct the proceedings in the name of the Indemnified Party, subject to the Indemnified Party being secured against any costs involved thereby.	

## 7. Termination

#	Activities	Responsibilities / Action Points	Timeline
a)	Termination for Concessionaire’s Default	<p><b>Step 1:</b> The Authority is entitled to terminate the Agreement by issuing a Termination Notice to the Concessionaire.</p> <p>The Authority shall by a notice inform the Concessionaire of its intention to issue such Termination Notice and grant 15 days to the Concessionaire to make a representation before issuing the Termination Notice</p>	Within 7 days of Termination Notice
		<b>Step 2:</b> Authority to get representation from Concessionaire within 15 days of intimation by the Authority.	Within 15 days of notice
		<b>Step 3:</b> The Authority is also required to send a copy of the notice (notice of intention to issue a Termination Notice) to the Lenders’ Representative and grant 15 days for making a representation on behalf of the Senior Lenders.	Within 7 days of Termination Notice
		<b>Step 4:</b> The Senior Lenders to make representation to the Authority within 15 days of intimation.	Within 15 days of notice
		<p><b>Step 5:</b> The Authority at its own discretion may either withhold Termination or suspend the rights of the Concessionaire for a period of 180 days from the date of Lender’s representation.</p> <p>If Lenders’ Representative procure that the default specified in the notice shall be cured within 180 days, the Authority shall withdraw its notice and restore all the rights</p>	N/A

#	Activities	Responsibilities / Action Points	Timeline
		of the Concessionaire. Upon written request from the Lenders' Representative and the Concessionaire, the Authority shall extend the period of 180 days by period not exceeding 90 days.	
b)	Termination for Authority Default	<b>Step 1:</b> Authority to receive Termination notice from Concessionaire upon occurrence of any default on account of Authority. Subsequently, Authority to be informed by the Concessionaire of its intention to issue the Termination Notice. The Concessionaire to grant 15 days to the Authority to make a representation on the issue of the Termination Notice.	N/A
		<b>Step 2:</b> Authority to submit a representation to Concessionaire within 15 days of intimation by the Concessionaire.	Within 15 days of such intimation

## 8. Change in Ownership

#	Activities	Responsibilities / Action Points	Timeline
a)	Equity Transfer	<b>Step 1:</b> Authority to <ul style="list-style-type: none"> <li>Issue an acknowledgement to the Concessionaire.</li> <li>Get all Legal documents (as submitted by Concessionaire) verified from the Legal / Finance Department.</li> <li>Suggest required changes or approve the documents for further processing.</li> </ul>	Within 15 days of receipt of such request

## 9. Monthly Review and Escalation of Issues

#	Activities	Responsibilities / Action Points	Timeline
a)	Monthly status reports and	<b>Step 1:</b> Supervisory Level officer to review and provide inputs on the monthly status reports received from Operations Level officers on all ongoing projects and report to Decision Making Level in case of default	1 day of default

#	Activities	Responsibilities / Action Points	Timeline
	review of documents	<b>Step 2:</b> Decision Making Level officer to review and provide inputs on the monthly status reports received from Supervisory Level officers on all ongoing projects and report to Chairman in case of default	5 days of default



## Annexure K: Checklists

### 1. Change of Ownership

#	Checklist Item	Tick (if yes)	Comments (if any)
1.	Clarity on justification of equity transfer / buy / sale	<input type="checkbox"/>	
2.	Ownership buyer, if new, has agreed to all Concession Agreements	<input type="checkbox"/>	
3.	Opinion from Financial / Legal Consultant has been taken	<input type="checkbox"/>	
4.	No risk on national security or no restriction imposed on new party perspective imposed under the Applicable Law or the conditions of bidding (including restrictions to avoid anticompetitive and monopolistic practice) and/or public policy	<input type="checkbox"/>	
5.	All comments of Financial / Legal Consultant or Authority are resolved	<input type="checkbox"/>	
6.	Is in compliance with Concession Agreement	<input type="checkbox"/>	
7.	No disproportionate rights to any owner	<input type="checkbox"/>	
8.	No increase in Authority's liability in amount and time	<input type="checkbox"/>	
9.	No objection from Decision Making Level in Authority issued as a necessary condition	<input type="checkbox"/>	
10.	Draft documents reviewed by Authority for checking compliance with Concession Agreements and Authority policy	<input type="checkbox"/>	
11.	Letter issued to the Concessionaire and approval given to all documents subject to the incorporation of comments	<input type="checkbox"/>	

#	Checklist Item	Tick (if yes)	Comments (if any)
12.	Executed version of the Agreements submitted to Authority within 15 days of execution	<input type="checkbox"/>	

## 2. Change of Scope

#	Checklist Item	Tick (if yes)	Comments (if any)
1.	Clarity on reason for change of scope	<input type="checkbox"/>	
2.	Interested party has issued a notice to other party regarding change of scope	<input type="checkbox"/>	
3.	Entire information related to Change of Scope is provided by Concessionaire to the Authority	<input type="checkbox"/>	
4.	The Information submitted by Concessionaire was reviewed by the Project Reviewer pertaining to costs	<input type="checkbox"/>	
5.	The options, cost and time line was decided by Authority with assistance from the Project Reviewer	<input type="checkbox"/>	
6.	A Change of Scope Agreement has been executed between Concessionaire and Authority	<input type="checkbox"/>	
7.	Check if the particular change of scope is permitted under agreement	<input type="checkbox"/>	
8.	Increase in cost due to single change of scope is within limits specified in the Concession Agreement	<input type="checkbox"/>	
9.	Change of Scope doesn't delay the completion of the Project beyond the Scheduled Completion Date in the Construction Period		
10.	Methodologies for effecting change in scope analyzed and plan of action finalized	<input type="checkbox"/>	

#	Checklist Item	Tick (if, yes)	Comments (if any)
11.	Payment for change in scope agreed upon	<input type="checkbox"/>	
12.	Change of scope formalized in a formal change of scope order	<input type="checkbox"/>	
13.	A Change of Scope Agreement has been executed between Concessionaire and Authority	<input type="checkbox"/>	
14.	Relevant work to start and advance payment as specified in the Concession Agreement to be made accordingly	<input type="checkbox"/>	

### 3. Change in Law

#	Checklist item	Tick, if yes	Comments (if any)
1.	Private Party's understanding of the changes in service obligations due to change in law is adequate	<input type="checkbox"/>	
2.	Authority assigned to look after the management of all changes due to change	<input type="checkbox"/>	
3.	Opinion from Financial / Legal Consultant has been taken	<input type="checkbox"/>	
4.	If Change in Law is resulting in reduction in costs, there is financial gain to the Private Party by more than <b>[xx]</b> crore in any Financial Year because of Change in Law for which the Authority has to seek compensation	<input type="checkbox"/>	
5.	The private party to compensate the govt. in lump- sum payments or not exceeding four half yearly installments, subject to payment of interest at the specified rate on the amount the payment of which is deferred.	<input type="checkbox"/>	
6.	The variation in Financial position is not recoverable from the users	<input type="checkbox"/>	

#	Checklist item	Tick, if yes	Comments (if any)
7.	If Change in Law is resulting in increase in costs and there is an additional cost to be borne by the Private Party in any Financial Year because of Change in Law for which the Private Party can seek compensation for the additional cost beyond Rs. [yy] Crore after negotiation with the Authority or extension in Concession Period.	<input type="checkbox"/>	
8.	Information provided to all stakeholders involved	<input type="checkbox"/>	
9.	Meeting called for all parties to discuss and agree on required changes	<input type="checkbox"/>	
10.	Is in compliance with the Concession Agreement	<input type="checkbox"/>	

#### 4. Renegotiation

#	Checklist item	Tick, if yes	Comments (if any)
1.	Change proposed is agreed by both parties	<input type="checkbox"/>	
2.	Information provided to all stakeholders involved	<input type="checkbox"/>	
3.	Costing for the renegotiation agreed and understood by both parties	<input type="checkbox"/>	
4.	Contract Management Team considered employing a third party in the renegotiation process	<input type="checkbox"/>	
5.	Opinion from Financial / Legal Consultant has been taken	<input type="checkbox"/>	
6.	Timelines & scope of project redefined	<input type="checkbox"/>	
7.	Increase/ Decrease in funds justified	<input type="checkbox"/>	

#	Checklist item	Tick, if yes	Comments (if any)
8.	Is in compliance with the Concession Agreement	<input type="checkbox"/>	
9.	Payment mechanism and scheduled restructured as per the renegotiated contract	<input type="checkbox"/>	

## 5. Force Majeure

#	Checklist item	Tick (if yes)	Comments (if any)
1.	Any Political Event, Non-Political Event or any other Event as defined in the Concession Agreement has occurred in India	<input type="checkbox"/>	
2.	Affected party has issued notice to other party to report happenings	<input type="checkbox"/>	
3.	All information related to Force Majeure event is provided by the Affected party	<input type="checkbox"/>	
4.	Information provided to all stakeholders involved	<input type="checkbox"/>	
5.	Parties meet to discuss and decide on a collective response	<input type="checkbox"/>	
6.	Correct classification of force majeure event as political event, non-political event or other event	<input type="checkbox"/>	
7.	Continuation/Termination of agreement due to force majeure	<input type="checkbox"/>	
8.	Agreement on effect of Force Majeure on Concession period	<input type="checkbox"/>	
9.	Costs arising due to force majeure allocated	<input type="checkbox"/>	

#	Checklist item	Tick (if yes)	Comments (if any)
10.	Termination payment determined and paid, if required	<input type="checkbox"/>	
11.	Formal agreement among all stakeholders regarding proceedings	<input type="checkbox"/>	

## 6. Termination

#	Checklist item	Tick (if yes)	Comments (if any)
1.	Affected party has issued notice to other party issuing termination	<input type="checkbox"/>	
2.	Information provided to all stakeholders involved	<input type="checkbox"/>	
3.	Parties met to discuss and agree on timelines	<input type="checkbox"/>	
4.	Termination Payment is estimated as per the Concession Agreement	<input type="checkbox"/>	
5.	Opinion from Financial / Legal Consultant has been taken	<input type="checkbox"/>	
6.	Agreement on termination payment to be made between parties	<input type="checkbox"/>	
7.	Authority to take possession and control of project/equipment	<input type="checkbox"/>	
8.	Assume control over access rights and personnel of project	<input type="checkbox"/>	
9.	Closure of agreement by completing payment and other formalities	<input type="checkbox"/>	

## Bibliography

For development of these guidelines a number of external sources of literature and references have been referred to. They can be enlisted as follows:

### Databases:

- [DEA PPP in India Web Portal](#)
- [PPIAF PPI Database](#)

### PPP Guidelines, Manuals and Toolkits:

- [Partnership Victoria, Contract Management Policy, 2003](#)
- [Partnership Victoria, Contract Management Guide, 2003](#)
- [Municipal Service Delivery and PPP Guidelines](#)
- [DEA Guidelines for appraisal of PPP projects in India](#)

### Other Collection of Links

- [DEA PPP Cell Website Links](#)

