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Contract Issues: Lack of Data

John Sitton, Technical Director,
Public Sector Services
Emerging Markets Group Ltd.



Lack of accurate, reliable system data

- Makes risk assessment, quantification difficult
- Resulting in:
 - Fewer bids
 - Lower bids
 - Contract failure
- Is common in developing countries, due to:
 - Lack of metering
 - Weak asset management (asset inventory, condition assessments, maintenance records)



DAWASA design sought to overcome lack of data

- “Bidder’s” assumptions became part of contract
- Initial KPI values and transition values for key measures were to be agreed following an “enhanced monitoring period”
 - 12 months of data to be gather within first 18 months of contract
 - Bulk meters required for flow data provided to operator under separate contract
- Only non-performance penalty in first year was for failure to collect data



DAWASA design sought to overcome lack of data

- “Material change in circumstances” if
 - 10% difference between actual values and bidder’s assumptions for certain key assumptions, e.g.
 - Water available for billing
 - Unit cost of production
 - Electricity consumption
 - Chemical usage
- Operator tariff would automatically adjust for a material change
 - Contract to be re-balanced if Regulator did not approve adjustment



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To protect against cheating

- Government included its assumptions in bid documents
- Bidder had to support the basis for any difference of more than 10% between the Bidder's assumptions and the Government's
 - E.g. had to provide due diligence documentation