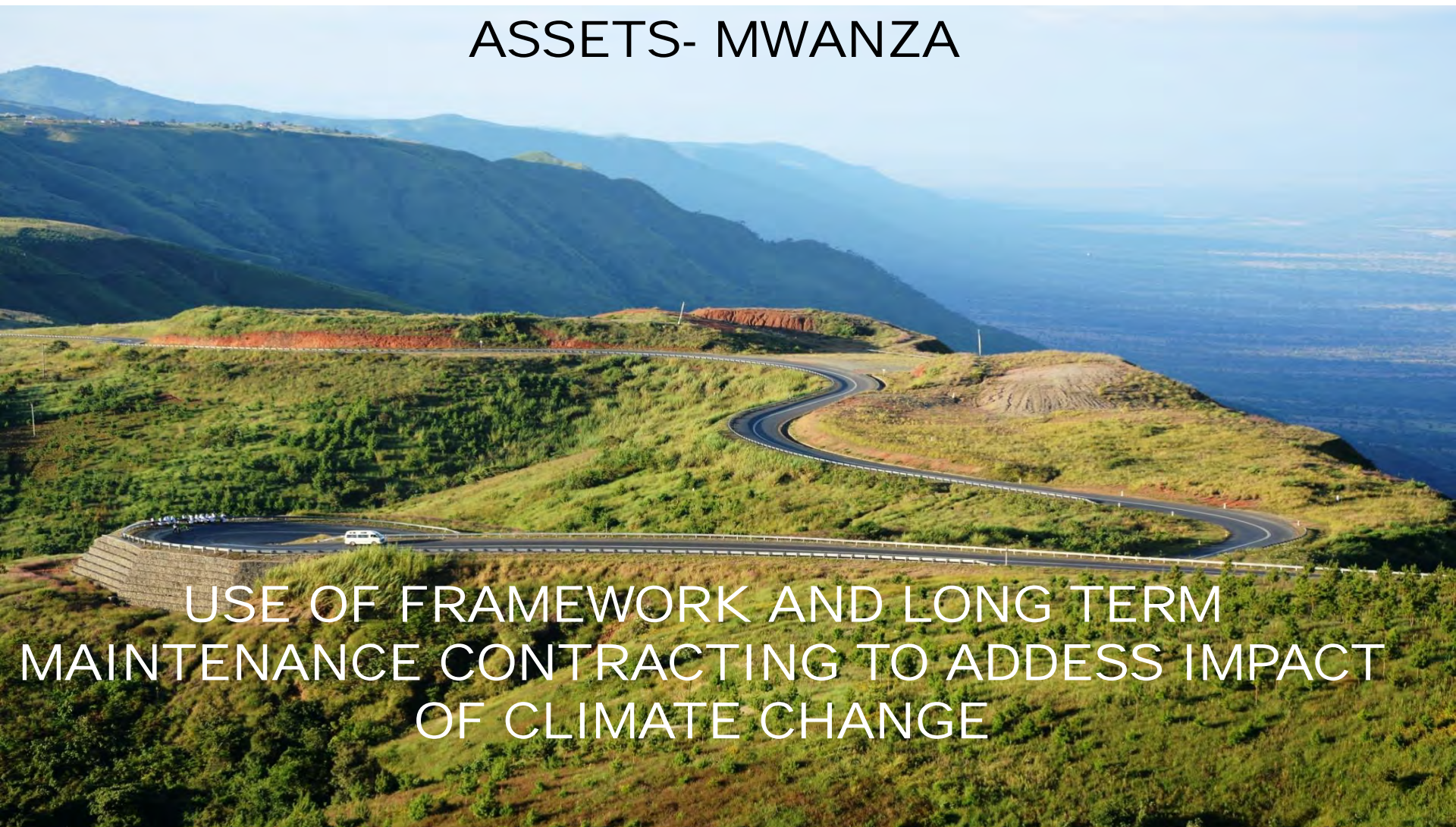


WORKSHOP ON IMPACT OF CLIMATE CHANGE IN MANAGEMENT OF ROAD ASSETS- MWANZA



USE OF FRAMEWORK AND LONG TERM MAINTENANCE CONTRACTING TO ADDRESS IMPACT OF CLIMATE CHANGE



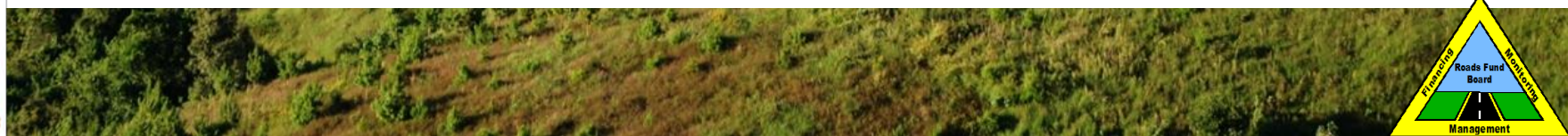
Outline

- Background
- Key terms
- ❖ Framework Contracts, Routine maintenance
- Long Term Maintenance Contracts
- Types of Long Term Maintenance Contracts
- Application of framework contracts
- Advantages of framework contracts
- Recommendation



Background

- The current practice of many small contracts with relative short durations imposes high operational costs for the road agencies as well as delayed interventions when emergencies occurs.
- Subject to very long procedures which also hinders prompt implementation of maintenance works to the extent that budgets allocated in the specific financial year rollover to the proceeding financial year.
- These contracts do not provide enough flexibility for the agencies to respond immediately to emerging small but dangerous damages that would need to be repaired to avoid disruption of flow of traffic and accidents.



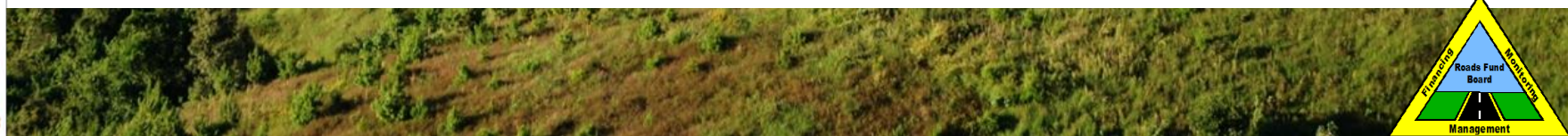
Background

- Processing of GN annually also takes considerable amount of time which delays timely maintenance interventions.
- Effects of Climate change does not allow flexibility in smooth execution of roads works, by the time procurement is completed the heavy rainfall starts.
- To improve the conditions on the network and reduce the transaction costs, it is now the right time the RFB together with TANROADS and TARURA to introduce long-term maintenance contracts especially for routine maintenance works.



Key Terms

- **Framework contracts** means a contractual arrangement which allows a procuring entity to procure goods, services or works that are needed continuously or repeatedly at an agreed price over an agreed period of time, through placement of a number of orders
- **closed framework agreement**” means an agreement with specified terms and conditions with an agreed price;
- **open framework agreement**” means an agreement with specified terms and conditions without an agreed price;



Key Terms

- **Routine Maintenance (RM)** Maintenance activities carried out regularly.
- is all about keeping the road in good condition and lengthening the life of the road through constant repair of minor problems when they appear. It includes; Pothole Patching, Clearing Pavement, Clearing Ditches and Culverts, Proper Drainage, Shoulder Grading, Traffic Sign and Road Marking, Repair of Roadway Lighting and Bridges.



7 Long Term Maintenance Contracts

- Long term; the size and duration of the contract must be attractive to the contractors as well as stimulate economies of scale
- Area-based long term contracts are more attractive than contracts that cover one road
- Conditions of the roads under long term contracts are expected to be fair to good during the contract implementation
- Typical examples – Bahi DC and Mpwapwa DC under AFCAP Study on Improved Maintenance Systems for District Roads in Tanzania between Feb 2010 and Dec 2012.



Types of Long Term Maintenance Contracts

- Framework contracts (input-based)
- Output Framework contracts
- Output-based contracts with multiple cycles
- Performance-based Maintenance Contracts
- Combination thereof



Framework Contracts

- Often used to deal with unforeseen and unpredictable needs and typically run for two to three years.
- There are two types of framework contracts;
 - i. input and
 - ii. output based contracts



Framework Contracts – *Input based*

- Involve call-orders by the Client for the Contractor to carryout maintenance of observed failures/damages.
- Management responsibility remains with the road agency.
- Road agency monitors the conditions of the assets and recommend for appropriate repairs.
- Not all implementing agencies have used these methods well. They allowed damages to grow beyond repair.
- This triggered the development of output-based framework contracts.



Framework Contracts – *Output based*

- Assigns the management responsibility of the roads under contract to the contractor.
- Contractor is responsible for identifying the damages and repairing them.
- Contractor shall inspect the conditions of the road on fixed intervals (usually monthly) and send the monitoring report to the road agency.
- The approach motivate contractors to identify and repair damages early.
- The size of an output-based framework contract should be of the magnitude attractive to Contractors.



Output-based cycle contracts

- Typically starts with a periodic maintenance intervention followed with cycles of recurrent maintenance.
- Appropriate when the recurrent maintenance needs to be executed at fixed intervals/cycles and when the volume of work does not vary a lot.
- Limited flexibility of attending damages that occur before the agreed cycles of routine works.



Performance-based Maintenance Contracts

- In its purest form, the management responsibility of the roads under contract shifts to the Contractor.
- The contract does not specify any works. Payments are done on the basis of the compliance of the road conditions with the specified service levels.
- PBMC requires that the roads under contract are in good or superior condition at the start of the contract.



Application of Framework contracts

- **Section 50 of the Public Procurement Act, 2011 as amended in 2016 requires the** procuring entities to engage in closed or open framework agreements for the purpose of efficiency of procurement process and reduction of procurement transaction costs where:
 - (a) the need for the subject matter of procurement is expected to arise on a repeated basis during a given period of time;
 - (b) the need for it may arise on an urgent basis during a given period of time; and



Application of Framework contracts

- The nature of road maintenance works are routine hence need framework agreement to ensure contractor is always at site.
- Contracts can be in a period of 1-3 years
- Procurement are done once in an agreed contract period
- Agreements can be closed or open, especially when the scope is re determined



Why using framework Contracts

- Ensure availability of contractors throughout the year
- Ensure timely and smooth road interventions
- Reduces procurement administrative and transaction costs, ie advertisement, evaluation, negotiation and approvals
- Saves contract costs- ie reduced mobilization and demobilization
- Saves procurement processing time
- Easy to cope with climate changes
- Increases absorption capacity



Recommendation

- Road agencies to conduct detailed analysis of the best fit approach.
- Consider the use of area-based output framework contracts for routine and recurrent road maintenance works.
- The contractor to carry out repair works at specified sections upon consent of the road agency-issued call of orders.
- The Agencies shall, in collaboration with the PPRA develop customized documents that fits for framework agreements – RFB has produced the first draft of customized tender document.



ASANTENI KWA KUNISIKILIZA

