

**Law No. (22) Of 2015 on
Regulating Partnership between Public and Private Sectors in Dubai**

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Ruler of Dubai

After perusing the Law No. (5) of 1995 on the Establishment of Department of Finance;

The Law No. (7) of 1995 on the Financial System of Governmental Departments in Dubai and its executive regulation;

The Law No. (6) of 1997 on Contracts of Governmental Departments in Dubai and its amendments;

The Law No. (35) of 2009 on Management of Public Monies of Government of Dubai as amended;

The Law No. (8) of 2010 on the Financial Audit Department as amended;

The Law No. (6) of 2011 on Regulating the Participation of Private Sector in Electricity and Water Production in Dubai;

The Decree No. (24) of 2007 on the Formation of the Higher Committee of Financial Policy in Dubai as amended;

The following Law is hereby enacted:

Name of Law

Article (1)

This Law shall be called “Regulating Partnership between the Public and Private Sectors in Dubai No. 22 of 2015”.

Definitions

Article (2)

Unless the context otherwise indicates, the following words and phrases wherever provided in this Law shall have the meanings assigned to them respectively:

Emirate: Emirate of Dubai.

Government: Government of Dubai.

Higher Committee: Higher Committee of Financial Policy.

Department: Department of Finance.

Governmental Body: Governmental departments, corporations, public institutions, councils and authorities including free zone authorities and any other body affiliated to the government.

Competent Authority: Body in charge of signing off the partnership project according to this Law.

Director General: Director General of governmental body including CEO and Secretary General of any of them and alike.

Project: Any facility, service, activity or product supervised, provided or produced by the governmental body.

Public Sector: Includes governmental bodies.

Private Sector: Includes private institutions and companies.

Partnership: Contractual relation between the public and private sectors created according to this Law, the decisions issued thereunder and the partnership contract which purpose is the whole or partial execution of the project to secure quality of services or raise revenues of governmental body or any other matter through utilization of the private sector's efficiency and financial and technical potentials and others.

Partnership Contract: A contract concluded by the governmental body with the project's company whereby the Company is bound to execute the project according to this Law, the decisions issued thereunder and the conditions provided in the Contract for specific term against specific amount or proceeds of the project wholly or partially.

Project's Company: Any sole proprietorship or local or foreign company licensed to work in the Emirate that performs the partnership contract which meets the conditions determined in the decisions issued in enforcement of this Law.

Partner: Any juristic person or consortium of juristic persons of the private sector which is a party to the partnership contract.

Bid: Set of announced procedures according to the conditions provided in this Law and the decisions issued thereunder, whereby the governmental body is bound to choose the best proposal whether financially or technically to conclude the partnership contract with its bidder.

Partnership Committee: The committee formed by the governmental body according to this Law.

Purposes of the Law

Article (3)

This Law aims at fulfillment of the following:

1. Regulate partnership between the public and private sectors.
2. Encourage the private sector to participate in development projects and leverage investment in its various fields to serve the economic and social development in the Emirate.
3. Enable the government to efficiently and effectively execute its strategic projects.
4. Utilize the financial, administrative, regulatory, technical and technological potentials and expertise available in the private sector to enable the society members to receive the best services at the least costs.
5. Increase productivity, improve public service quality and secure effective management to develop those services.
6. Communicate knowledge and experience from the private sector to the public sector and train and qualify UAE national staff of the governmental bodies to manage and operate projects.
7. Execute projects that provide added value to the public money in excellent level and reduce financing burdens from the balance sheet of the government in incurring costs of projects whether at the stage of its establishment or operation or costs of maintenance.
8. Reduce financial risks burden from the government that may result from the execution of high risk projects.
9. Transform in the management of certain infrastructure projects and public services from execution, operation and direct management to other forms of governmental performance related to adoption of policies and monitor of public services provision quality according to governance requirements.
10. Provide higher competitive capability for projects in the local, regional and international markets.
11. Reinforce governance principles upon the management of economic activity and activate financial resources management procedures.

Scope of Application

Article (4)

The provisions of this Law shall apply to:

1. Governmental bodies subject to the balance sheet of the government. The Higher Committee may add any governmental body not subject to the balance sheet of the government to this Law.
2. All projects which are the object of partnership contract between the public and private sectors in the Emirate regardless its type, form or nature of activity in respect of which partnership contracts are concluded by the bodies set out in Clause (1) of this Article, having applied this Law excluding the following:
 - a. Partnership projects related to electricity and water production covered by the Law No. (6) of 2011.
 - b. Contracts of works and materials' and services' supply covered by the Law No. (6) of 1997.
 - c. Any other contracts determined by the Higher Committee under its decisions issued in this regard.

Partnership Terms

Article (5)

- a. Partnership between the public and private sectors shall be made under partnership contract according to this Law.
- b. It is stipulated to conclude partnership contract according to this Law that the project is economically, financially, technically and socially feasible.
- c. No partnership contract that results in payments due on the governmental body shall be concluded if the appropriations of such payments are not reflected in the balance sheet of this body.

Choice of Project

Article (6)

The following shall be observed in the choice of projects forming the object of partnership:

1. Fulfillment of interest of the government, and public benefit for society members by the project.

2. Economic feasibility of the project and its positive effect on the approved development plans of the Emirate.
3. Size of risks that may result from the project execution by partnership in particular in the environmental field.
4. Size of capital investment and technical expertise that may effectively participate in enhancement of public facilities' performance and services' quality.
5. The best international practices in the field of project execution by partnership.
6. Project priority and its operational effect and fulfillment of the needs required in the Emirate.

Partnership Approaches

Article (7)

Partnership shall be made through following any of the following approaches:

1. Establishment, finance, ownership, commercial benefiting of the project by the partner and its operation for such period agreed on in the partnership contract then assignment and complete conveyance of title to the governmental body upon the expiration of the period specified in the partnership contract.
2. Establishment, and finance for commercial benefiting of the project by the partner and its operation for such period agreed on in the partnership contract then assignment of its right of usufruct to the governmental body upon the expiration of the period specified in the partnership contract.
3. Establishment of the project by the partner and assignment of title to the governmental body while keeping the right of commercial usufruct and operation for the period agreed on in the partnership contract.
4. Transfer the benefit of the project from the governmental body to the partner for purposes of enabling the partner to commercially benefit of and operate the project for the period agreed on in the partnership contract.
5. Any other approach adopted by the Higher Committee based on recommendation of the governmental body and the Department including the maintenance, expansion or qualification of any existing project.

Authority Competent of Project Approval

Article (8)

- a. Partnership projects are approved according to the following authorities:
 1. Director General or whoever he authorizes if the partnership contract generates revenue or financial surplus.

2. Director General or whoever he authorizes if the total cost incurred by the governmental body for the partnership contract is not more than (200,000,000) two hundred million Dirhams.
 3. The Department, if the total cost incurred by the governmental body for the partnership contract exceeds (200,000,000) two hundred million Dirhams up to (500,000,000) five hundred thousand Dirhams.
 4. The Higher Committee, if the total cost incurred by the governmental body for the partnership contract exceeds (500,000,000) five hundred thousand Dirhams.
- b. The Department and the Higher Committee shall issue their written consent to the partnership project according to Clauses (3) and (4) of paragraph (a) of this Article based on recommendation of the governmental body, studies related to feasibility, services level guarantee, quality and maintenance of facility assets, terms and conditions provided in this Law and the decisions issued thereunder.
 - c. The governmental body shall not take any action for entry into contract with the partner before being sanctioned by the competent authority, according to paragraph (a) of this Article.
 - d. The Department and the Higher Committee may authorize any of their authorities described in Clauses (3) and (4) of paragraph (a) of this Article to the Director General of the governmental body concerned with the partnership contract. Such authorization shall be written and specific.

Competencies of the Department

Article (9)

For purposes of this Law, the Department shall handle the following tasks and authorities:

1. Lay down the general policy to regulate partnership projects between the public and private sectors and submit it to the Higher Committee for approval.
2. Propose the update and development of legislations regulating the partnership according to the best practices applicable in this regard, results of governmental bodies' experiments in partnership projects' execution and notes and proposals of such bodies, in observation of interests of the public and private sectors.
3. Provide help and assistance to the governmental bodies in preparation and development of its initiatives in the partnership field.
4. Participate in providing appropriate environment for investment in partnership projects and promote for them in and outside the Emirate, in coordination with the competent bodies in the Emirate.
5. Prepare general manual contains the rules and procedures that must be observed if the governmental body wishes to enter into partnership contract.

6. Overcome all hardships that may hinder work of the project's company, in coordination with the concerned governmental bodies.
7. Propose necessary measures to develop partnership as a way to manage projects and provide governmental services.
8. Any other tasks necessary to fulfill objectives of this Law.

Competencies of Governmental Body

Article (10)

For purposes of this Law, the governmental body shall:

1. Prepare studies necessary to determine the reasons requiring the execution of the proposed project. Such studies shall include financial, economic, technical and social feasibility of the partnership, its beneficiaries, appropriate criteria of partner choice, project execution program and analysis of execution-related risks.
2. Specify human, financial and technical resources necessary for the project, ways of finance, participation of its parties therein, distribution of generated dividends, consideration of service provision and exemption from it, intellectual property rights and others.
3. Coordinate with the governmental bodies concerned with the project to identify in particular its impact on its plans and on the strategic plans of the government in general.
4. Study and evaluate all financial sides of the partnership contract and approve same from the Department.
5. Propose the criteria that must be fulfilled by the body to enter into contract with; and propose the initial partnership contracts and its addenda.
6. Coordinate with the Department to determine partnership approaches suitable to the nature of project or service according to the partnership approaches described in this Law.
7. Choose qualified consulting companies to conduct studies related to the project.
8. Form work team with the private sector to cooperate regarding work mechanisms, provide, exchange and update necessary information and cooperate in respect of technical developments and work needs.
9. Supervise performance by the project's company of its obligations defined in the partnership contract and take necessary and immediate measures to rectify any breach or default in performance of such obligation in the form that guarantees the project continuity to achieve the desired objectives.
10. Coordinate with the competent authorities in overcoming obstacles that may preclude the project execution.

11. Notify the Financial Audit Department of any financial offence committed by the project's company.
12. Prepare quarterly reports on the work course during the performance of partnership contract, obstacles that hinder its performance, if any, propose solutions suitable for its rectification and submit reports to the Department.

Formation of Partnership Committee

Article (11)

- a. An internal committee called "Partnership Committee" shall be formed at the governmental body. Members of the Committee shall be designated by decision of the Director General. This Committee shall be assigned all tasks described in this Law and the decisions issued thereunder. The decision of the Committee's formation shall specify its work mechanism and the way of holding meetings.
- b. For purpose of performing the assigned tasks, Partnership Committee may solicit anyone it thinks fit of the experienced and professionals.
- c. Partnership Committee shall consist of representative of the Department designated by its director general, if the total cost incurred by the governmental body for the partnership contract exceeds (200,000,000) two hundred thousand Dirhams.

Proposing Partnership Projects

Article (12)

Projects that can be the object of partnership shall be proposed by the governmental body or the private sector.

Control of Partnership Projects

Article (13)

The Financial Audit Department shall control the performance of partnership contract according to the law of its establishment, this Law and the decisions issued thereunder, partnership contract terms and legislations in force in the Emirate.

Basics of Partner Choice

Article (14)

- a. The partner choice in the project is governed by principles of publicity, transparency, freedom of competition, equality of opportunities, equality, announcement of competition and fulfillment of public interest requirements. It shall be prepared according to the rules and procedures provided in this Law and the decisions issued thereunder.
- b. The partner shall meet the approved financial and technical criteria, controls and conditions and the capability and efficiency in its field of work and specialization.
- c. Notwithstanding paragraph (a) of this Article, the governmental body may directly enter into contract with the project's company if the project is innovated by the company.

Qualification of Companies

Article (15)

Subject to paragraph (c) of Article (14) of this Law, the governmental body shall before be engaging in the bid, take the necessary actions to qualify the companies that may enter into partnership. The following shall be observed:

1. Announce the project and its details clearly in different means of media adequate time before initiating the bid.
2. Controls and criteria provided in this Law and the decisions issued thereunder.

Preparatory Meetings

Article (16)

- a. The governmental body may hold preparatory meetings and gatherings with the qualified partner to discuss the matters related to specifications and conditions precedent of the project and other related questions.
- b. A qualified partner may stipulate that the governmental body shall not publish or disclose the data of its economic or financial forecasts related to the project, object of partnership, to maintain its confidentiality.
- c. Qualified partners shall be treated according to the principles and basics defined in Article (14) hereof to guarantee complete equality of opportunities and equality among them.
- d. Before initiating the bid and based on justifying reasons, by consent of the competent authority, the governmental body may amend certain specifications of the project and

conditions of partnership approach in a way that would not affect qualification criteria. The governmental body shall announce such amendments clearly and expressly in the different means of media adequate time before initiating the bid.

Determination of Conditions and Securities

Article (17)

Invitation to tender for partnership shall include all the project details including partnership requirements in financial, administrative and technical aspects, type of project, partnership approach, conditions of participation in bid, financial securities to be submitted by the project's company in requiring cases and the conditions, procedures and cases where such securities and guarantees can be forfeited and returned.

Conditions and Specifications Book

Article (17)

The governmental body shall prepare conditions and specifications book of the project, object of partnership contract. The book shall contain the following:

1. Information of the project as necessary to prepare and present proposals.
2. Specifications of the project and technical and financial conditions that must be met by the proposals submitted in its regard.
3. Specification of final product, level of required service inclusive performance indicators, criteria of safety, security and environment protection and others.
4. Principal and supplementary conditions of the partnership contract.
5. Documents, forms and dates related to partnership.
6. Value of bid bond and way of performance bond calculation.
7. Determine the ways and basics of comparison among submitted proposals.
8. Deadline of proposal submission.

Bid Offering

Article (19)

After approving the project by the competent authority, the governmental body shall invite qualified partners to receive the conditions and specifications book to be offered for partnership according to the basics, rules and procedures defined in the decisions

issued in enforcement of this Law. Invitees shall be granted adequate time to be able to submit proposals according to the conditions and specifications book of the project.

Admission of Proposals

Article (20)

For admission of any proposal submitted for partnership, it shall meet all conditions and specifications described in the conditions and specifications book of the project whether in technical or financial aspects. Each proposal fails to meet such conditions and specifications shall be eliminated.

Consortium

Article (21)

- a. A consortium consists of more than one qualified company may apply for one bid. The proposal shall be in name of the consortium, unless the conditions and specifications book requires submission of separate proposals.
- b. Neither of the consortium members shall submit individual proposals directly or through another consortium, nor submit proposal by a company which the majority of its share capital is held by a consortium member, or who controls its management, unless otherwise is provided in the bid conditions or approved by the Department.

Bid Evaluation

Article (22)

Partnership Committee shall technically, financially and legally examine and evaluate the submitted proposals, determine accepted and eliminated proposals, and evaluate the conformity to stated conditions and specifications. Each proposal shall be given evaluation mark according to the basics and procedures set out in the conditions and specifications book of the project.

Envelope Opening

Article (23)

Partnership Committee shall invite bidders or their legal representatives to attend envelope opening session. The project shall be awarded to the bidder of the most technically and financially feasible proposal among the submitted proposals, after

application of relative weight of financial and technical bid elements set out in the conditions and specifications book of the project.

Bid Cancellation

Article (24)

- a. Procedures of offering bid for partnership can be cancelled by the Partnership Committee in any of the following cases:
 - 1. If only one accepted proposal is submitted or remains after elimination of rejected proposals.
 - 2. If there are reservations to all or majority of proposals inconsistent with the required conditions and specifications and it is hard to technically or financially evaluate them.
 - 3. If the value of the least proposal in an unjustified way exceeds the initial estimations set by the governmental body or the value of the highest proposal is less than those estimations for the contracts that generate revenue.
 - 4. If the public interest requires bid cancellation.
- b. Decision of bid cancellation shall be accounted for. Neither of the bidders may claim any compensation for the cancellation.
- c. Notwithstanding paragraph (a) of this Article, the Partnership Committee may in exclusive cases accept the sole proposal or the proposal which value is less or more than the estimated value, whenever required by the public interest.

Establishment of Project's Company

Article (25)

- a. The governmental body concerned with the project may participate in the establishment of project's company with the private sector. Such participation shall be in the form of a limited liability company.
- b. If the governmental body is reluctant to participate in the project's company, the successful bidder of partnership contract shall establish a company called "Project's Company" which sole purpose is the execution of the project, object of the partnership contract. The decisions issued under this Law shall determine the conditions that must be met in the project's company.
- c. Notwithstanding paragraph (b) of this Article, the governmental body may by consent of the Department, permit the successful bidder of partnership contract to execute the project of contract without the need to establish company for the project, if the successful bidder has the capability to execute the project as-is in its available

financial and technical capabilities and to provide adequate financial guarantees. The partner in such case shall be treated as the project's company.

Content of Partnership Contract

Article (26)

Partnership contract shall contain the underlying provisions that regulate partnership and the mutual obligations between parties thereto, the most important of which are:

1. Nature and scope of works and services which the project's company must perform and execute.
2. Ownership of the project assets and intellectual property rights, obligations of parties related to handover of the project site and provisions of title conveyance at the end of project.
3. Responsibility of issuing licenses, permits and consents.
4. Mutual financial and technical obligations between the contract parties and ways of finance.
5. Rules of product sale pricing or consideration of service on which the project is based and basics and rules of their determination and change.
6. Means of quality assurance, tools of control, supervision, financial, administrative and technical follow up for the project operation, exploitation and maintenance and the project's company performance evaluation indicators.
7. Regulate the right of the governmental body to terminate the partnership contract or amend conditions of the contract, the compliance of the project's company with such amendments and compensation basics and mechanisms in such case.
8. Types and amounts of insuring partnership project, operation or exploitation risks, performance bonds issued to the governmental body and provisions and procedures of recovery.
9. Determine basics of distribution of risks related to the project in case of force majeure, urgent circumstances or material hardships and determine basics of estimating compensation.
10. Term of contract, partial or total early termination cases and rights and obligations of parties.
11. Determine cases where the governmental body may unilaterally terminate the contract.
12. Procedures and sanctions that may be imposed on the project's company if it breaches its contractual obligations.
13. Regulate rules and procedures of project recovery whether upon the expiration, unilateral termination or early or partial termination of contract.

14. Procedures of securing continuity of the project and works, subject of partnership contract, upon the expiration or termination of contract or if the project's company breaches its contractual obligations.
15. Provisions of utilizing services of governmental body staff at the project's company and specify nationalization rate thereat.
16. Measures to be taken by the project's company to preserve environment.
17. Specifications of final product, level of services that will be provided by the project's company inclusive performance indicators, safety, security, environment protection and other criteria, and systems and software used thereby.
18. Any other items set by the Higher Committee, the Department or the governmental body under the decisions issued thereby in this regard.

Term of Partnership Contract

Article (27)

- a. Term of partnership contract shall be determined as agreed on between the governmental body and the project's company. This term shall not exceed (30) thirty years begin from the date of signing the contract or the date scheduled by the Partnership Committee.
- b. Notwithstanding paragraph (a) of this Article, the Higher Committee may according to the public interest requirements and based on recommendation of the Partnership Committee, approve the conclusion of partnership contracts for more than (30) thirty years.

Consideration of Services

Article (28)

The project's company shall not operate the project or charge any considerations, fees, tariffs, prices or any other amounts of whatever type against the works and services agreed on in the partnership contract unless after the governmental body issues written certificate accepts the quality level of available works or services according to the performance level agreed on in the partnership contract.

Equality among Beneficiaries

Article (29)

- a. The project's company shall abide by complete equality among the beneficiaries of services provided by the project as well as the legislations regulating the

service provision and conditions of the partnership contract related to this concern.

- b. After obtaining the consent of the Partnership Committee and the Department, whenever required by public interest, the project's company may establish favorable rights and conditions for particular categories of beneficiaries according to general rules agreed on in advance between the governmental body and the project's company.

Amendment of Partnership Contract Terms

Article (30)

After obtaining consent of the Director General or whoever he authorizes, in the framework of limits and controls agreed on in the partnership contract, the Partnership Committee may amend terms of this contract, whenever required by public interest. Such amendment shall be made in writing under an addendum of contract executed for this purpose.

Urgent Circumstances

Article (31)

The partnership contract may be amended based on the basics and rules defined therein in urgent circumstances. The decisions issued pursuant to this Law shall determine the urgent circumstances, disbursement of compensation to the partner and the way of amending partnership contract and its controls.

Obligations of Project's Company

Article (32)

In addition to the obligations provided in this Law and the decisions issued thereunder, articles of partnership contract, the project's company shall:

1. Not dissolve, liquidate, change legal form of, reduce capital of or assign to third party the project's company unless after having the prior consent of the Partnership Committee.
2. Preserve, maintain and take care of assets of the project and use same in the purpose for which it is prepared.
3. Not sell facilities, assets, movables and immovable of the project possessed on conditions of the partnership contract excluding the sale effected to carry out

replacement and renewal program on the conditions set out in the partnership contract, having attained the prior consent of the Partnership Committee.

4. Provide all papers, information and data requested by the governmental body, the Department or the Financial Audit Department, cooperate with their staff and grant them access to their sites for inspection at any time.
5. Communicate knowledge and experience to the governmental body and train and qualify staff of this body according to the agreement made on this regard.
6. Submit periodical reports to the governmental body for the project execution works as building, outfitting, development, operation, maintenance, management and any other matters required by the governmental body.
7. Meet environmental and health conditions and safety requirements of staff in the project and the beneficiaries.
8. Not enter into contract with subcontractors unless the prior written consent of the governmental body is obtained for that. This however shall not affect the obligations of the project's company established under this Law and the decisions issued thereunder and partnership contract articles.

Breach of Obligations

Article (33)

Without prejudice to the right of the governmental body in compensation and imposition of sanctions established under the partnership contract, the governmental body may by itself or through another party it chooses, perform the partnership contract if the project's company substantially or materially breaches the performance of its obligations or fails to achieve the quality levels established in this Law and the decisions issued thereunder or the partnership contract concluded with the project's company, having notified the project's company of the aspects of breach and default in performance and the failure to rectify its positions within the period specified in the notice.

Verification of Project's Company Seriousness

Article (34)

Without prejudice to competencies of the Financial Audit Department, the governmental body shall follow up the phases of the project establishment and outfitting and provision of services of the partnership contract and verify the fulfillment of the required quality levels. To this end, the governmental body may appoint representatives to monitor execution on the terms and conditions provided in the partnership contract and the legislations in force in the Emirate. This body shall submit periodical reports of work progress to the Partnership Committee according to the procedures, controls and periods determined in the decisions issued pursuant to this Law.

Applicable Law

Article (35)

- a. Partnership contract including the conditions, rules and obligations shall be governed by this Law and the decisions issued thereunder. Where no special provision is made in the partnership contract, the legislations in force in the Emirate including the Law No. (6) of 1997 shall apply.
- b. It shall not be provided in the partnership contract to settle disputes arising from the partnership contract by arbitration outside the Emirate or to submit any controversy in its regard or procedures related thereto to any laws or principles other than the laws and principles applicable in the Emirate. Any provision contravenes same shall be void and non-binding.

Finance of Project's Company

Article (36)

The governmental body may, in coordination with the Department in line with the legislations in force in the Emirate, permit the project's company to enter into contract with the banking institutions to have the works and activities of the project's company financed by such institutions. The project's company alone shall incur in such case all resulting obligations.

Lodging Grievance

Article (37)

- a. Every interested party may lodge written grievance to the Department against any decision or procedure taken against such party by the governmental body under this Law or the decisions issued thereunder or partnership contract within (30) thirty days from the date of issuing the decision or the procedure of grievance. Such grievance shall be supported by instruments and documents.
- b. The Department shall examine the grievance mentioned in paragraph (a) of this Article within (30) thirty days from the date of lodging and issue its suitable decision in its regard.

Issuing Executive Decisions

Article (38)

The President of the Higher Committee shall issue the decisions necessary to enforce this Law.

Repeals

Article (39)

Any provision in any other legislation, to the extent it contravenes this Law, shall be hereby repealed.

Publication and Effectiveness

Article (40)

This Law shall be published in the official gazette and shall come into force (60) sixty days after the date of publication.

Mohammed Bin Rashid Al

Maktoum Ruler of Dubai

Issued in Dubai on August 10, 2015

Corresponding to Shawwal 25, 1436 AH