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Developing Abu Dhabi's Infrastructure

On Monday, 12 July 2010, King & Spalding's Tim Burbury joined a panel of construction industry experts to discuss issues facing suppliers, contractors and developers as the Abu Dhabi Government proceeds with its ambitious infrastructure plans. This briefing note highlights some of the points discussed by the panel.

Panel

Louise Birchall, Editor of the Big Project, moderated the panel discussion which comprised the following members:

- Mike Baron, Division Manager Middle East - Planning and Transport, Mott Macdonald
- Tim Burbury, Counsel, King & Spalding LLP
- Cynthia Corby, UAE Audit Partner and Construction Leader UAE, Deloitte
- Howard Gaunt, Corporate and Commercial Banking Head, Abu Dhabi Commercial Bank
- Karl Hamer, Director, Al Habtoor Motors (Mitsubishi)
- Chase Pense, Operations Director, Al Fara'a Group
- Mark Scorer, General Manager, Al Habtoor Leighton Group

Brief Background

Plan Abu Dhabi 2030, Abu Dhabi's Urban Structure Framework Plan (the Plan), is designed to help Abu Dhabi respond to current and future infrastructure development needs. It also establishes a planning culture and introduces strong guiding principles for new infrastructure development.

The Plan includes an analysis of Abu Dhabi's infrastructure and transport needs and states that it is essential to accommodate the population growth without overdevelopment. The Plan reports that infrastructure is one of the areas that demands particularly careful attention as Abu Dhabi grows rapidly over the next quarter of a century. The Plan does not include detailed infrastructure planning within its scope, but a consciousness about infrastructure needs and conditions has informed the plan.

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Advanced, reliable infrastructures are absolutely fundamental to fostering rapid economic development. Since infrastructures manage the flows of energy, water and waste in the urban system, they are also fundamental to the delicate ecology of the city's environs.

The current infrastructure capacity will not meet forecast demand and the resulting development envisioned in the Plan. Clearly new supply options must be determined, designed, funded and implemented as soon as possible.

Issues

Many issues were tabled and discussed by the panel and audience. Different perspectives were offered: from suppliers, contractors, financial advisers, technical advisers, lawyers, bankers and facilities managers.

Some of the highlights from the evening are included below. These issues and the event itself will be covered in the August issue of *The Big Project*.

Please contact Tim Burbury in the interim if you have any questions.

Tendering & Competition

- There is a long list of contractors bidding for every contract in Abu Dhabi – how is this impacting margins? Are contractors looking outside the UAE (and the Gulf) for opportunities? What margins are contractors receiving in the current market and how does this compare to two years ago?
- Many of Abu Dhabi's large infrastructure projects are quickly snapped up by large contractors. What does this mean for small to medium contractors?
- Are tenders too long and drawn out?

Delivery Models

- The delivery model for projects in Abu Dhabi has not developed with the rest of the world - will new models be acceptable? Are developers using alternate delivery models, and if so, what are they and how do these differ from two years ago, one year ago, today?
- Abu Dhabi's lack of standardisation of documentation can cause challenges, with a high level of amendments made by developers to standard from FIDIC contracts. What effect is this having on pricing and risk?
- Is it practical to have public private partnerships (PPPs) to deliver Abu Dhabi's large transport projects? Where else can PPP play a role?
- Is enough attention being given to lifecycle costs and infrastructure management and maintenance?

Legislation

- Are the building codes and regulations envisaged for Abu Dhabi sufficient to enable and aid the 'sustainable' development of Abu Dhabi's infrastructure?
- Where is Abu Dhabi with Estidama, and how does Estidama work with the building codes?



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Dispute Management

- How are disputes and differences being resolved in Abu Dhabi? Are we likely to see an increase in disputes, as we have in Dubai?

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