Ministry of Investment
Public-Private Partnership Unit

PPP FCCL Guideline
(2024)

Contents

Abbreviations

CA	Contracting Authority
FC	Fiscal Commitments
FCCL	Fiscal Commitments and Contingent Liabilities
FCU	Fiscal Commitments Unit
GoJ	Government of Jordan
HC	Higher Committee for PPP
MOF	Ministry of Finance
MOIN	Ministry of Investment
NRIP	National Register for Infrastructure Projects
PCN	Project Concept Note
PIM	Public Investments Management Unit at the Ministry of Planning and International Cooperation
PPP	Public Private Partnership
PPPU	Public Private Partnerships Unit
VfM	Value for Money

1- Introduction

Over the past years, the Jordanian government has been keen to pay attention to partnership projects between the public and private sectors by drawing up the general policy for these projects, as they play a major role in enabling the government to implement projects efficiently and effectively, whether through establishing the necessary infrastructure, rehabilitating, operating, maintaining, managing, or developing. The government is also keen to benefit from the private sector's experience and technical knowledge in establishing and managing projects. However, the construction of infrastructure typically entails risks, which the government and the private sector distribute or share. This can pose significant challenges for the government, potentially leading to financial obligations, whether direct or indirect, deferred or emergency.

This guide is considered a comprehensive guide for government agencies concerned with public-private partnership projects to help them evaluate the direct and contingent financial obligations that may arise during the stages of the partnership project. The guide outlines the procedures and guidelines necessary to identify, evaluate, and mitigate the financial risks associated with PPP projects.

2- Purpose and Scope of the Guidelines

The Guide applies to all stages of PPP projects, from inception to completion, and is relevant to government agencies, the private sector and other entities participating in PPP initiatives across various sectors, as the financial obligations and contingent liabilities arising from projects are assessed and managed. Partnership between the two sectors during the project stages.

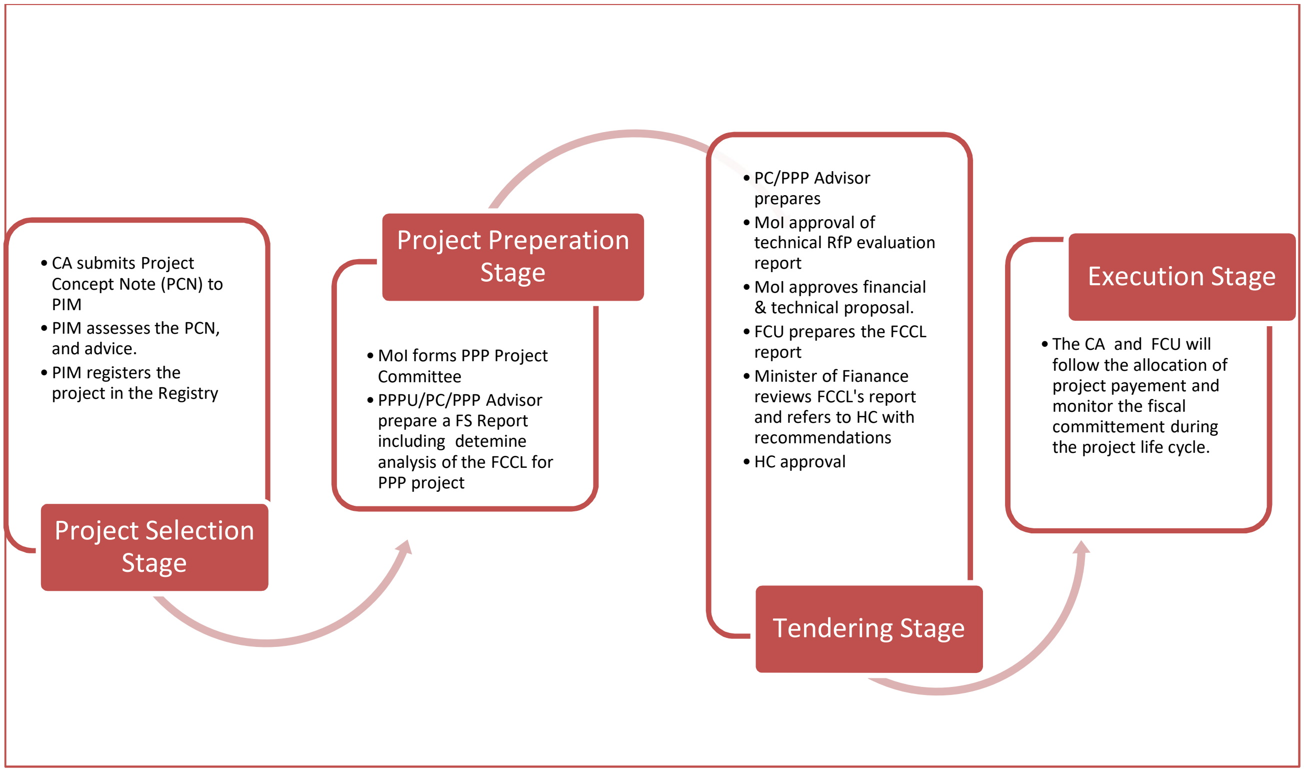
3- Scope of Application of the Guideline

As provided in Article (10) of the PPP Law No, (23) of 2023, where the PPPU is responsible for preparing the identical FCCL requirements for PPP projects, and as provided in Article (17) of the PPP Regulations No. (9) of 2024, where the feasibility report should include an analysis for FCCL during the PPP Project Life Cycle.

4- PPP Process Flow and Institutions

A snapshot of the FCCL process flow is provided below:

Figure 1 – Major FCCL Tasks within the Four Phases of JORDAN'S PPP Project Life Cycle



5- Overview of Fiscal Commitments & Contingent Liabilities:

Direct commitments, Fiscal commitments payable and incurred by the government during the project life cycle as specified in the partnership contract. the need for payment commitments is known, even though there may be some uncertainty about the exact value of the payments, for example, when the payment is based on the performance of the private party. Direct liabilities are not dependent on the occurrence of an uncertain future event Examples of direct liabilities arising from PPP contracts include:

- **Viability gap payments**: A government grant or other financial assistance given as a capital subsidy (grant or other financial support from the government) in order to make a project that is economically justified financially viable. The payment may be phased over construction based on the achievement of milestones, or against equity investments
- **Availability payments**: Consistent payments or subsidies given over the course of the project or agreement in exchange for the private partner providing the infrastructure, service, or asset at a quality level stipulated in the contract. Bonuses or penalties based on performance may be applied to the payment. These payments, which are a typical mode of payment in government-pay PPPs, are specified in the contract where important performance metrics are outlined.

- **Output-based or shadow toll payments**: an amount or subsidy that the government provides instead of the user. One of the two primary forms of payment methods is shadow payments per volume, which refers to payments made per unit or user of a service, such as per kilometer traveled on a toll road (which is also dependent on the performance of the private party).

Contingent liabilities, Contingent liabilities are payment commitments whose occurrence, timing, and value depend on uncertain future events outside the government's control. Examples of contingent liabilities in PPP contracts include:

- **Guarantees on specific risk variables:** a commitment to reimburse the private party for revenue losses if a certain risk variable deviates from a level that is stipulated in the contract. This means that the government and the private party share the associated risk.
- **Compensation clauses,** such as an obligation to repay the private party for losses or damages brought on by, named, uninsurable incidents of force majeure.
- **Termination Payment commitments**: These are commitments that will be paid if the contract is terminated early by either the public or private party. Upon such early termination, a predetermined sum will be paid. The circumstances surrounding the default may affect the amount of the payment.
- **Debt guarantees and other credit enhancements**: These are financial instruments designed primarily to give lenders more protection. They promise to pay back all or a portion of the debt that was taken out to fund the project. The assurance might extend to a particular risk or occurrence.

6- Managing fiscal commitments from PPPs

If FCCL are not explicitly acknowledged and handled, PPPs may be pursued simply to delay the budget impact of public investment and to shift the associated debt off the government balance sheet, ignoring the longer-term implications for public finance. Managing FCCL (Fiscal Costs and Contingent Liabilities) under PPPs presents several challenges. First, FCCL are long-term commitments that extend for the duration of the PPP contract and often begin several years after the deal is signed. Second, due to the uncertain nature of contingent liabilities, payments can come as a shock when a trigger event occurs. Additionally, most government budgets are cash-based, have a short planning horizon (such as a three- or four-year Medium-Term Expenditure Framework), and are developed using a process that isn't very adaptable to "in-year" changes.

If governments don't manage FCCL carefully, this may reduce the potential benefits of PPPs and increase the possibility of large-scale fiscal exposure in the future. It is crucial to identify fiscal commitments, estimate the cost of these commitments, and assess their affordability during the preparation phase. During the implementation phase, several essential functions must be considered:

- **Project monitoring and information gathering** for regular fiscal commitment tracking over the lifecycle of the project.
- **Risk allocation and management** for PPPs.

- **Budget management** and timely release of funds for any fiscal commitments when its occurred. **Fiscal Accounts impact** of the PPP fiscal commitments and
- **Reporting and disclosure** of fiscal commitment.

As the key gatekeeper for the FCCL, the MoF has overall responsibility for assessing, managing, and monitoring PPPs related FCCL before the commercial close and during the execution of the project.

The FCU at MOF is responsible for evaluating the government's ability to bear fiscal commitments and manage them according to budget priorities, in addition to monitoring the impact of the fiscal commitments of the PPP project on public revenues and public debt.

7- FCCL in the feasibility Report

The FCCL Report presents the key fiscal liability assessment which evaluates the expected budgetary requirements of direct and contingent public sector liabilities over the duration of the proposed PPP contract. For each PPP project, the FCCL Report is prepared and updated in two stages:

- as part of the feasibility study Report and
- before signing the PPP contract

The PPP Unit will be responsible for ensuring that the FCCL analysis and calculation is a part of the feasibility study,

The feasibility report must include a special section for fiscal commitments in accordance with the provisions of Article (17) of the PPP Regulation No (9) of 2024, which will be provided to the FCU with a copy of the feasibility report and the financial model for the project.

As provided in Article (17) of the PPP projects bylaw no. (19) for the year 2023, the feasibility report for each project must include the following:

Figure 2: Feasibility Report Outline

Objectives of the PPP project

- The purpose of the PPP project and a brief summary about the project.

Project services

Determine the level of service expected to be provided by the PPP project.

Affordability

- Analyzing the ability of the public sector to bear the costs of the PPP project, which includes determining the financial obligations of the CA on an annual basis and throughout the duration of the project.

Fiscal Committements & Contingent Liabilties

- Analyzing the direct and contingent financial obligations of the PPP project on an annual basis and throughout the duration of the project.

Project Revenues

- analyze the expected financial revenues generated from the PPP project on an annual basis and throughout the duration of the project.

Legal, Institutional, Technical, Financial & Economic

- Analysis of the legal, institutional, technical, financial and economic aspects of the PPP project.

Social & Environmental

- Evaluate the social and environmental impact and the extent of the project's response to climate change.

Demand Analysis

- Analysis of the demand for the service expected from the PPP project.

Competition Analysis

- Analyzing the effects of the PPP project on competition, including its impact on the market and on the beneficiaries' use of the services provided by the project, and how to avoid monopoly and limit its effects.

Risk Analysis

- Identify, Analyze and Allocate risks for the PPP project and ways to mitigate them.

Risk Allocation

- Proposing a structure to distribute the risks of the PPP project.

Value-for-Money Analysis

- Determine the ability of the PPP project to achieve the targeted benefit with maximum efficiency and effectiveness in exchange for the expected cost throughout the project duration.

Market Sounding

- Testing the extent of the private sector's interest in the PPP project.

Other Analysis

- Any other testing or analysis required by the nature of each PPP project.

8- FCCL Report produced by FCU:

As provided in Article (12) of the PPP Law, and Article (5) of the PPP regulation, the FCU will prepare the FCCL report before signing the PPP contract based on the feasibility study and the financial model for the PPP project that received from MOIN, The FCU will then prepare and submit the FCCL report to the Minister of Finance, who will submit his recommendations to the HC.

The FCCL Report includes determining the financial flows that the government will be expected to receive from the private party (concession fees), and/or are required to pay to the private party (availability payments, Viability Gap Funding, subsidies, etc.). It also includes examining contingent liabilities that may occur under stressed scenarios, such as higher or lower demand growth rate, the occurrence of risk events, delayed implementation of the project, etc.

According to the “FCCL Operational and Procedural Manual” that was prepared by the FCU, the unit uses “PPP fiscal risk assessment model” (PFRAM) developed by the World Bank and the IMF as an analytical tool to assess the potential fiscal costs and risks arising from PPP projects. PFRAM has been developed as an analytical tool to quantify the macro-fiscal implications and potential fiscal risks of PPP projects. It is designed to be used mostly by FCU in Ministry of Finance.

So, based on the PFRAM tool, the FCCL report contains the following:

Figure 3: FCU FCCL Report Outline

Brief description of the PPP Project

- Main project characteristics and summary information

Key Assumptions

- Revieweing social cost and benefits
- Review and analysis of the sensitivity indicator of the PPP

Project Parameters & Assesments

- Project cash flows to demonstrate the extent of its capacity to fulfil its direct and indirect fiscal commitments in the Feasibility Report
- Evaluation of contingent fiscal commitments

VfM

- Review the value for money analysis in the Feasibility Report

Risk Matrix Allocation

- Financial risk matrix of the PPP Project for the quantitative and qualitative assessment of the main financial risks

Reviewing

- Review of the financial assumptions included in the Feasibility Report

PPP Ceiling

- Recommending a ceiling for the Fiscal Commitments of each Project

Budeting

- Following up the budgetary allocations for the PPP Project

9- FCCL Report requirements

To produce a typical FCCL report to assess financial obligations of the PPP project, the following requirements are required, (Annex I present the data collection sheet template for PPP project according to the FCU requirements), that:

9.1 Description of the project

A brief description of the main characteristics of the project. As projects are developed, they sometimes change, especially those with high complexities or with a long period of development. The description of the project can be extracted from the project feasibility study.

9.2 Social cost and benefits of the project

Because PPPs are a kind of public investment, it is necessary to ensure that the underlying project has undergone the same kind of analysis and screening as possible publicly financed investments. This section should present the result of the analysis are the costs and benefits of the project for economy. A good project should present net benefits for society and be aligned with the strategies of the country.

9.3 Cash flows forecast.

These cash flows should be estimated, over the life of the proposed project, for the proposed PPP and for a publicly financed version of the project. The assumed quality of the project's outputs should be the same in the two cases. This may mean that the cost of the publicly financed version of the project is higher than the out-of-pocket cost of historical publicly financed projects if those projects have been of lower quality than what is expected of the PPP.

In a government-funded PPP, the main issue is to forecast the government's payments. The payments may depend on the availability of the service, but forecasting on the assumption that the service is fully available is probably reasonable. In a user-funded PPP, the government may still be expected to subsidize construction or the provision of services, and any such subsidies should be forecast. This information should be readily available to the PPP Unit, which is already in charge of developing these projections at the project assessment stage.

9.4 Contingent liabilities and risk analysis

In this section, we propose to consider the risks surrounding the forecast cash flows. On the one hand, some relatively predictable payments may vary with inflation, customer demand, or other factors. On the other hand, the government may bear risks that create the possibility of payments even if the most likely outcome is no payment. For example, the government might have guaranteed some of the private partner debt. Or, in a user-funded concession, it might have guaranteed a certain level of revenue. In many contracts also provides for the government to compensate lenders and shareholders if the PPP ends early.

Assessing the risks of PPPs done by public enterprises requires analysis of the risks borne by the enterprise and of those borne by the government. The government may have explicitly guaranteed the enterprise's payments and, if not, there may still be an implicit guarantee, especially if the enterprise is wholly government owned. Understanding the risks to the government created by PPP requires analyzing the finances of the enterprise and how they are affected by the PPP. Do tariffs currently cover the enterprise's costs or does the government subsidize them? Are they expected to cover costs in the future? If the PPP goes wrong, will the enterprise need a cash injection from the government, or will it be able to bear the losses?

Government risk-bearing is sometimes desirable. If the PPP allocates a risk to the firm, the firm generally will want to be compensated by higher user fees or government payments. If the risk in question is best managed by the government, the trade-off will be a bad one: it would be less costly overall for the risk to be retained by the government. But because government risk-bearing creates uncertain future costs not controlled by the budget, it requires scrutiny. The question should be asked: is it efficient for the government to bear the risks it is being asked to bear, or could the proposed allocation be motivated by a desire to circumvent the budget by substituting contingent costs for direct costs of equal expected value? Particular attention should be paid to risks allocated to the government even though it has little or no control over them.

9.5 Fiscal accounts impact

It's useful to estimate the effect of the project on the government's accounts. The accounts to look at are those used to test compliance with the government's most important fiscal targets.

PPPs are off balance sheet in these accounts. This is the most intuitive approach. The assets created by the project is not recorded on the government's balance sheet, and the government records spending on the PPP only when it starts to make payments. When a PPP is off balance sheet, its forecast effect on the government's accounts will be much the same as the forecast of the government's cash flows.

But modern accounting and statistical norms often require a different approach. When the allocation of the PPP project's risks, rewards, and control suggests that the government is the true economic owner of the project, the Government Finance Statistics Manual 2014 of the IMF puts the PPP on the government's balance sheet. This implies that government expenditure is recorded during the project's construction, even though the investment is made by a private firm. International Public-Sector Accounting Standards have a similar effect, though they employ different criteria and highlight a measure of the deficit that is unaffected by investment spending.

9.6 Value for Money assessment

The probable fiscal cash flows caused by the project were estimated under the assumption that the project is done as a PPP and under the assumption that it is done with public finance. If the net present value of the cash outflows is lower in the case of a PPP, that is prima facie evidence that the project should be done as a PPP. This evidence is typically sensitive to assumptions that are very uncertain, so other factors should also be considered. It is not the purpose of this note to provide detailed guidance on whether to do a project as a PPP, but two issues are worth noting.

9.7 Affordability analysis

If the project has passed the previous tests, it remains only to be seen whether it is affordable in the long run and, for projects that are large relative to the size of the government, not too risky.

Since PPPs are long-term contracts with long-term implications, it is necessary to consider the fiscal commitments against long-term projections of the government's finances to assess affordability, ideally projections with a term as long as the PPP contract.

9.8 PPP Ceiling

PPP Ceiling is the maximum limit that the Ministry of Finance can allocate to cover the fiscal commitments that arise from PPP projects. The rationale for such limits is to avoid tying up too much of the budget (whether at the sector or aggregate level) in long-term payment commitments.

Jordan's PPP Regulation provides a mechanism for limiting the fiscal risks coming from PPP scheme using a ceiling for the overall Fiscal Commitments. This limit is established at the beginning of each financial year, upon the FCU recommendation, by the decision issued by the Minister of Finance in accordance with any of the following:

a) A percentage of the gross domestic product.

b) A percentage of the public revenues.

c) Public Debt Target Approach.

The PPP fiscal ceilings fulfill two main purposes, first, they are designed to provide confidence that the PPP program is fiscally sustainable, and second, they provide adequate incentives to select the right projects, since the ability to commit public resources is restricted by the PPP fiscal ceiling. Although, there is no simple rule of thumb for setting a PPP fiscal ceiling, the assessment should consider the budget affordability of the PPP program in terms of direct and contingent commitments in the short, medium, and long term.

10- Fiscal Risk Assessment

According to the FCCL Operational and Procedural Manual that prepared by a technical assistant mission from the World Bank to the Ministry of Finance, the fiscal risk assessment by FCU Unit shall be as follows:

- Review of the expert-assessed Project Risk Matrix paying attention to the probability, timing and impact of project events associated with each of the key identified risks.

- Where provided, MoF shall also review the valuation of guarantees and calculation of estimated payments in the financial model.
- In ensuring the general sustainability of the fiscal support, PDM shall further assess if the project is within any PPP ceiling limits.
- Assess the government's fiscal capacity to make the estimated payments; that is, in consultation with GBD, PDM and other related MoF units, from a budget priorities/constraints point of view, check the availability of appropriate liquidity provisions against the potential funding or government support requirements.
- If the FCU finds the fiscal risks of the project to be in order, it will, through the Minister of Finance, provide its recommendations for the approval/rejection with clear and detailed reasons with respect to all the parameters discussed above, and submit it to the High Committee for approval with a full version of FCCL Report.

The manual determined 11 main risk categories that will be assessed, which were broken down into 52 sub-categories. The main risks of PPP projects are:

1. **Governance risk**: possible obstacles and uncertainties linked to the partnership's management, decision-making, and supervision, which may cause project delays, inefficiencies, conflicts, and a decline in public trust, all of which can have an adverse effect on the project's financial viability and overall success.
2. **Construction risk**: potential obstacles that arise during the planning, building, and completion stages of a project, where it can impact the project's budget, schedule, and overall success, making it essential to effectively assess and manage them to ensure successful project delivery.
3. **Demand risk**: the uncertainty and potential variability in the demand for the infrastructure or services that the project provides, which have an impact on the project's revenue and financial viability, so precise forecasting and efficient risk management are essential to the project's success.
4. **Operation & performance risk**: the uncertainties and challenges associated with the ongoing operation, maintenance, and performance of the project's infrastructure or services after construction.
5. **Financial risk**: the uncertainties and potential issues related to the project's financing, financial performance, and economic viability.
6. **Force majeure risk**: are unforeseen and uncontrollable occurrences that have the potential to disrupt or stop a project's execution, which may affect the project's capacity to fulfill its contractual commitments and have the potential to cause setbacks, higher expenses, or even project suspension.
7. **Material adverse government actions (MAGA)**: unfavorable actions or decisions by government authorities that can negatively impact the project's performance, financial stability, or viability.

8. **Change in law**: is the potential adverse effects on the project resulting from significant changes in laws or regulations.

9. **Rebalancing of financial equilibrium risks**: the challenges associated with maintaining the agreed financial balance between public and private partners throughout the project's lifecycle.

10. **Renegotiation risk**: is the possible obstacles and issues that may arise when the PPP contract's provisions need to be revised or renegotiated because of modifications to project circumstances, financial results, or outside influences.

11. **Contract termination risk**: the potential for the PPP contract to be ended prematurely due to factors such as performance issues, financial difficulties, regulatory or legal changes, force majeure events, or mutual agreement between the parties, where it can impact project continuity, financial stability, and stakeholder relationships.

Annex I: Data Collection Sheet

DATA COLLECTION PPP PROJECT TEMPLATE

Note:	
	Fields with orange backgroud are optional data, but please provide if available.
	Fields with grey backgroud are to be filled according to the characteristics of the project.

Section A) CONTACTING AUTHOURITY

- Person in charge
- Phone number
- Email
- Steering committee
- Technical committee

Section B) PROJECT DATA

General

- Name of the project
- Type of project — *(e.g. BOT, BDOT, etc.)*
- Start year — *(e.g. 2015)*
- Length of contract

Financing structure

- Government shareholding %
- Share of investment costs financed by debt %
- Interest rate on loans %
- Debt in Foreign currency

Paste here

Project construction (Asset parameters)

- Project cost/Total construction cost/CAPEX — *(millon)*
- Construction period (total number of years)
- Year construction begins — *(e.g. 2015)*
- Useful life (total number of years)
- Land cost paid by the private partner — *(million)*

- Internal rate of return (IRR)
- Discounted rate
- Economic internal rate of return (EIRR)
- Net present value (NPV)
- Economic net present value (ENPV)

If the project has more than one asset (e.g., on a road there may be an asset for the construction of the base of the surface and of the upper layer of the surface, where the first has different characteristics of useful life and cost of construction than the latter)

If this is the case, please copy and paste the dotted box, as many times as there are assets and paste them to the right (where indicated)

Taxation

- Corporate income tax rate %
- GST

If the project is tax exemption, please attach the exemption letter.

Section C) PROJECT REVENUES (Please fill this section accordingly)

Complete this section if the annual revenues calculation ARE available.

Enter the projected annual revenues, as appropriate for each year

Years	0	1	2	3	4	5
Annual revenue (MN)						

Breakdown of revenues if there are more than one type (MN)

Year	0	1	2	3	4	5
Revenue 1						
Revenue 2						

Complete this section if the annual revenues ARE NOT available.

Paste here

Service parameters (REVENUES CALCULATION)

- Unit — (e.g. cars, pax, etc)
- Start year generating revenues

Fill in both if it is a combined project

User-funded

- Initial Price
  - *Indexed to inflation rate (Yes/No)*
  - *Indexed to exchange rate (Yes/No)*
- Initial Demand
  - *Indexed to GDP (Yes/No)*

Government funded

- Initial Price
  - *Indexed to inflation rate (Yes/No)*
  - *Indexed to exchange rate (Yes/No)*
- Initial Demand
  - *Indexed to GDP (Yes/No)*

If the project has more than one service (for example, in an airport you can have services from the runway and hangars, and on the other hand the part of shops and parking). The two have different amounts for the calculation of initial price and demand.

If this is the case, copy and paste the dotted box, as many times as there are services, and paste it to the right (where indicated)

If there is another adjustment factor to the price (%) enter them directly here annually.

Year	0	1	2	3	4	5
Initial price [USER FUNDED]						
Initial price [GOVERNMENT FUNDED]						

If there is another adjustment factor to the demand (%) enter them directly here annually.

Year	0	1	2	3	4	5
Initial demand [USER FUNDED]						
Initial demand [GOVERNMENT FUNDED]						

Section D) OPERATION AND MAINTENANCE COSTS / OPEX

Complete this section with the data that best suits the project. If the values are unified under O&M, enter it in the Maintenance row.

Year	0	1	2	3	4	5
Maintenance						
Operation						
User fees for government						
Royalties						
Other payments to government						
Other costs						

Section E) GUARANTEES *(if applicable)*

If there are minimum revenue guarantees, complete below:

Year	0	1	2	3	4	5
Guaranteed Revenue (MN)						

If there is any guarantee of debt and / or other payments to the government, please specify below

Percentage of private debt guaranteed

Year	0	1	2	3	4	5
Other government payment (MN) (Examples: lump sum, subsidy, etc.)						

Section F) SUPPORTING DOCUMENTATION

	Choose Yes/No
Contract of the PPP project	NO
Feasibility study	NO
Financial model	NO
Risk Matrix assessment (Risk assessment tab)	NO
Outstanding claims/penalties	NO

Annex II: Risk Assessment Sheet

Risk identification	Questions	Answer (Yes,No)	If your answer yes, please fill the cells			
			LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	WHAT ARE THESE MITIGATION STRATEG
GOVERNANCE RISK	Does the government have a strong public investment managementframework (PIM) guaranteeing that this is a priority project?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Does the MoF have the experience and/or capacity to manage fiscal risks from complex, long-term projects during their whole life-cycle?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Does the government disclose project and/or contract information?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
FORCE MAJEURE	Projects are always exposed to force majeure risks		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
RENEGOTIATION	Is the renegotiation of the contract a legal possibility?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
CHANGE IN LAW	Projects are always exposed to changes in law		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Does the contract provide for any kind of rate-of-return guarantee?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Does the contract include hardship clauses?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
MATERIAL ADVERSE GOVERNMENT ACTIONS	Projects are always exposed to MAGA events (also knows as "political force majeure")		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
DEMAND RISKS	Is the PPP project fully funded by the government?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	How are government payments to the private partner determined?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Does the PPP contract set a cap for the government payments?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Can the government influence demand?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Are maximum user fees specified in the contract?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
CONSTRUCTION RISKS	Is land already available to the private partner?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Is there a credible guarantee that land will be available for the project?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Will the private partner have to pay for land acquisition?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Are there people or activities subject to relocation due to project implementation?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Will the private partner have to pay for relocation of people or activities?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Is there a need for land decontamination?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Will the private partner have to pay for decontamination?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Is there a possibility of facing environmental/archeological issues?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Will the private partner have to pay for environmental and archeological issues?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Is there a possibility that the project phases geological issues?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Will the private partner have to pay for geological issues?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Will the project be subjected to licensing (e.g. subnational)?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Can the government be hold responsible for design failures, errors, or omissions?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Can the government be held responsible for any inherent defect in assets transferred to the private partner?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Can the government be responsible for compensation due to changes in design and scope required by procuring agencies?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Can the government be responsible for compensation in the event of excess volatility in input prices?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Will the private partner have to face excess volatility of input prices?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Can the government be responsible for compensation in the event of excess volatility in nominal exchange rate?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Will the private partner have to face excess volatility of nominal exchange rate?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
REBALANCING OF FINANCIAL EQUILIBRIUM	Does the legal framework or contract provided for a mechanism of rebalancing financial equilibrium?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Does the contract provide for any kind of rate-of-return guarantee?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Does the contract include hardship clauses?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
CONTRACT TERMINATION	Does the contract clearly define the reasons for early termination and their consequences?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
FINANCIAL RISKS	Is the private partner able to obtain finance for project implementation?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Is the private partner able to refinance short-term financing instruments?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Is the private partner able to cope with excess volatility of interest rates?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Has the government accepted contractual responsibility for excess volatility of nominal exchange rate?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Is the private partner able to cope with excess volatility of nominal exchange rate?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
OPERATIONAL AND PERFORMANCE RISKS	Does the contract give the government full access to information on project performance?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Does the contract clearly specify performance indicators, reference levels, and penalties/deductions?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Does the government have the capacity/procedures in place to monitor performance?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Does the contract address the introduction of technical innovation?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Is there the possibility of scarcity of specialized human resources?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	
	Is there the possibility of significant changes in labor costs?		LIKELIHOOD	FISCAL IMPACT	MITIGATION STRATEGY Is it in place?	
			Justification	Justification	Justification	