Ministry of Investment
Public-Private Partnership Unit

PPP Guideline

Contents

Abbreviation

CA	:	Contracting Authority
CP	:	Condition Precedents
EISA	:	Environmental & Social Impact Assessment
FC	:	Fiscal Commitments
FCU	:	Fiscal Commitments Unit
GoJ	:	Government of Jordan
Law	:	Public Private Partnership Law No (19) of 2023
M&E	:	Monitoring and Evaluation
Minister	:	Minister of Investment
MOF	:	Ministry of Finance
MOIN	:	Ministry of Investment
NRIP	:	National Register for Infrastructure Projects
PCN	:	Project Concept Note
PDA	:	Project Development Account
PIM	:	Public Investments Management
PPP	:	Public Private Partnership
PPPU	:	Public Private Partnerships Unit
PPPU Director	:	The director of the Public Private Partnership Unit.
RFP	:	Request for Proposals
RFQ	:	Request for Qualification
VfM	:	Value for Money

Definitions

PD Account	:	Account designated for the Unit's spending on preparing PPP Projects, funding studies and reports related to them, contracting with advisors, seeking assistance from experts and tendering process.
Affordability	:	Financial ability of the Public Authority to meet its Fiscal Commitments under the PPP Contract from its budget allocations, and the ability of the end user to afford the tariffs or prices of the services provided by the PPP Project.
Contracting Authority	:	Public Authority that sign the PPP Contract.
Condition Precedents	:	A term in a contract which provides that the agreement or certain parts of the agreement will only come into force if and when certain conditions are satisfied.
Fiscal Commitments	:	The long-term financial effects on the General Budget resulting directly or indirectly from the PPP Project.
Fiscal Commitments Unit	:	An organizational unit established within the Ministry of Finance to assess fiscal commitments for PPP projects.
Feasibility Report	:	Detailed analysis of the PPP Project feasibility from institutional, legal, technical, environmental, social, economic, financial, and public safety aspects. Studying the PPP Project sustainability and verifying the Value for Money and the financial ability of the Public Authority to meet its fiscal commitments under the PPP Contract. Analyzing, mitigating and allocation of the PPP Project risks to the party best able to manage them, and specifying the Fiscal Commitments on the General Budget.
Fiscal Commitments Report	:	The report prepared by the Fiscal Commitments Unit.
Invitation for Expression of Interest	:	An invitation announcement issued by the MOIN to the private sector to express interest in participating in the PPP Project.
National Register for Infrastructure Projects	:	A Register that established at the Ministry of Planning and International cooperation for registering PPP projects, and organize all matters related to it.

PPP Project Concept Note	:	A preliminary document of the Public Investment Project proposal prepared by the Public Authority and submitted to the Unit for preliminary assessment in accordance with the provisions of this Regulation.
Public Investments Management Unit	:	Public Investments Management Unit at the Ministry of Planning and International Cooperation.
Project Advisor	:	The natural or legal person who is appointed as a project adviser in accordance with PPP law No. (19) for the year 2023 ~~this Law~~.
Project Company	:	Company established for the purpose of implementing the PPP Project in accordance with the provisions of the Law.
PPP Contract	:	The agreement concluded by the Contracting Authority and the Project Company for the purpose of implementing the PPP Project in accordance with PPP law No. (19) for the year 2023~~this Law~~, in which the terms, conditions, procedures, and the rights and obligations of the parties are specified.
PPP High Committee	:	The committee formed pursuant to the provisions of the Law.
PPP Project	:	Any activity which aims at providing or improving a public service under a long-term contract between the Public Authority and private sector based on risk allocation and shall be under the supervision and responsibility of the Contracting Authority and listed in the Registry.
PPP Project Committee	:	Committee formed in accordance with the PPP Regulation by and under the supervision of the Minister to assist PPPU in its work during the preparation and implementation phases of the PPP Project.
PPP Regulation	:	Public Private Partnership Regulation Number (9) 2024.
Public Authority	:	Any ministry, department, official public institution, public institution, commission, council, authority, municipality, or a company wholly owned by the government or by any of the said bodies or in which the government's shareholding or by any of the said bodies exceeds (50%).
Preliminary Feasibility Study	:	Preliminary analysis of the economic feasibility of the PPP Project.
Request for Pre-Qualification	:	An invitation issued by the MOIN that includes information relating to the PPP Project, its implementation terms, the terms and procedures, and the technical and financial criteria necessary to prequalify the bidders.

Registry	:	National Registry of Public Investment Projects established in the Ministry pursuant to the provisions of the Public Private Partnership (PPP) Projects Law.
Request for Proposals	:	An invitation issued by the MOIN to the pre-qualified bidders to submit their proposals and it shall include Tender Documents, description of the Project, and terms and procedures for submitting proposals.
Small-Scale PPP Project	:	PPP Project which capital costs is less than the amount set by the Council of Ministers pursuant to the provisions of the Law.
Tender Documents	:	All the documents relating to the PPP Project tendering and awarding in accordance with the PPP Regulation.
Unit	:	PPP Unit established pursuant to the provisions of the PPP Law
Value for Money	:	The PPP Project ability to achieve the targeted benefit against the anticipated cost in the most efficient and effective manner throughout the PPP Project's duration

1. Introduction

1.1 Background of Jordan's PPP Guideline

The Government of Jordan ("GoJ") believes that the private sector can play a pivotal role in accelerating the delivery of strategic national investments through Public-Private Partnerships ("PPPs"). These partnerships have the potential to benefit the economy by providing quality infrastructure services, advancing the development of projects that reduce poverty, and promoting gender equality and women's empowerment, all in line with GoJ's Economic Modernization Vision and its strategic goals.

PPPs are an alternative method for procuring and delivering both infrastructure assets and services. Traditionally, infrastructure development in Jordan has been financed by the government through its budget. Contracting Authorities paid for the infrastructure works from their respective budgets and assumed responsibility for the asset(s) after the completion of construction. The long-term management of the infrastructure assets and their related risks were the direct responsibility of the government.

PPPs are partnerships between public sector entities and the private sector, aimed at enhancing infrastructure delivery by leveraging public capital to attract private investment and enabling the execution of a larger portfolio of infrastructure projects. PPPs offer the advantages of private sector expertise, cost-reducing technologies, and efficiencies in the operation and maintenance of infrastructure. However, the transactions involved in implementing PPP projects are complex and critical. It is essential to balance the divergent needs of commercial private interests with the government's objectives of inclusive development and growth. Achieving economically optimal gains from private participation in infrastructure projects requires the fair allocation of risks between private and government partners and ensuring balanced benefits for both parties.

In 2023, the Jordanian government proposed a new law to repeal and replace the Public-Private Partnership Law No. 17 of 2020 ("Repealed PPP Law") with the Public-Private Partnership Law No. 19 of 2023 ("PPP Law"). The government recognized the need to amend the Repealed PPP Law and its regulations to strengthen the role and authority of the PPP Unit within MOIN and to reorganize the responsibilities of all stakeholders. The PPP Regulation has now been approved in accordance with due process and is legally in force. The PPP Law aims to reformulate PPP governance, making it more attractive for private investors, more accessible for Governmental Parties, and more efficient for the public to benefit from.

The Public-Private Partnerships Regulation No. 9 of 2024 ("PPP Regulation") came into force in March 2024, establishing the legal and institutional framework for the implementation of PPP projects. The PPP Regulation provides for the establishment of PPP Project Committees and outlines the procedures for implementing PPPs throughout the entire project cycle, from inception to the signing of the project agreement. Additionally, it defines the contents of the PPP agreement.

The Public Private Partnership Account Regulation No (10) of 2024 came into force in March 2024 (PDA Regulation) to implement Article 11 of the Law, this PDA Regulation seeks to regulate Unit's spending on preparing PPP Projects, funding studies and reports related to them, contracting with, seeking assistance from experts, and tendering process.

The National Registry for Infrastructure Projects Regulation No (8) of 2024 (NRIP Regulation) came into force in March 2024 pursuant to Articles (5) and (21) of the PPP law. Based on this regulation, the PIM Unit was formed at the Ministry of Planning and International Cooperation for the management, follow-up, preparation, planning and implementing of public projects and enhancing the partnership between the public and private sectors.

The Law, PPP Regulation, PDA Regulation, and NRIP Regulation are published on the Unit's website, provide public, government entities and private investors as well as committees' members with the legislations which set out the requirements and procedures needed to be followed to implement a PPP Project.

The Guidelines presented in this document are firmly grounded in the policy and legal framework that has been put in place by the Government for the implementation of PPP projects.

1.2 Purpose and Scope of the Guideline

The PPP Guideline supports the delivery of public infrastructure and services through PPPs in Jordan. It provides an overview of the concepts, procedures, and requirements necessary for the successful implementation of PPP projects. This Guideline should be used in conjunction with the PPP Law and Regulation.

1.3 Scope of Application of the Guideline

As provided in Article (4) of the PPP Law, this Guideline apply to PPP projects registered in the Registry.

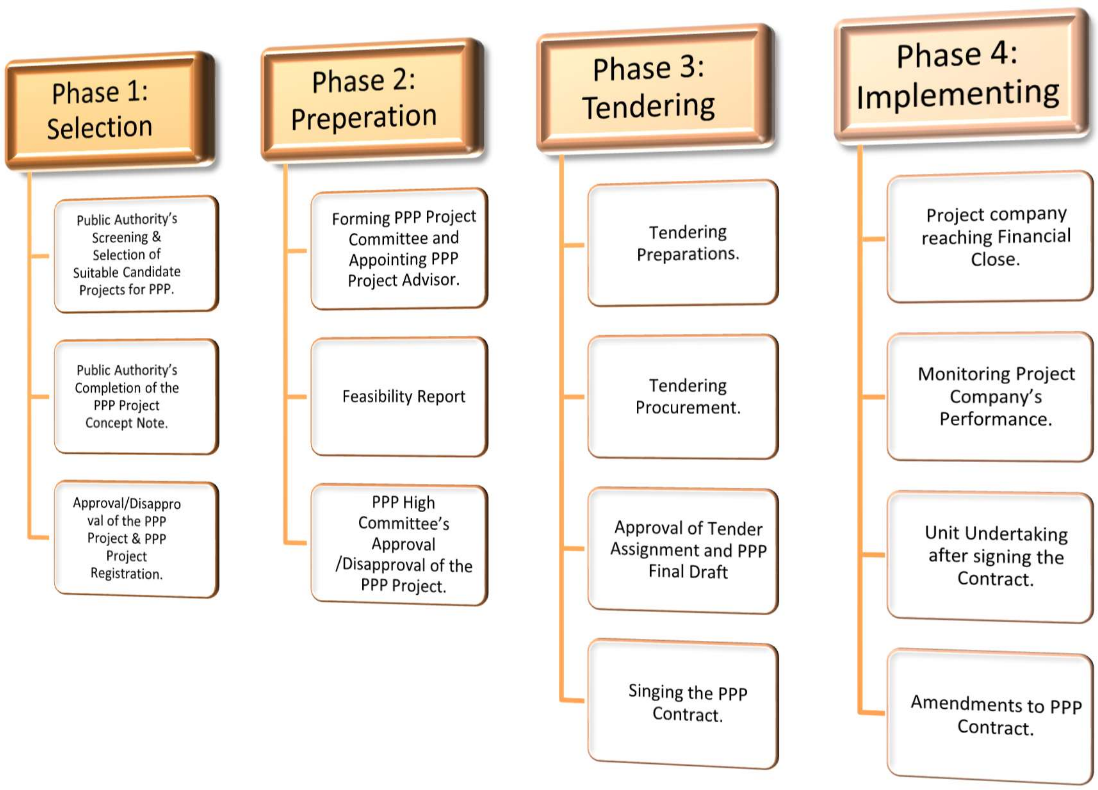
2. Overview of the PPP Project Cycle in Jordan:

As provided in Article (13) of the PPP Regulation No, (9) of 2024, the PPP Project Life Cycle consists of the following phases:

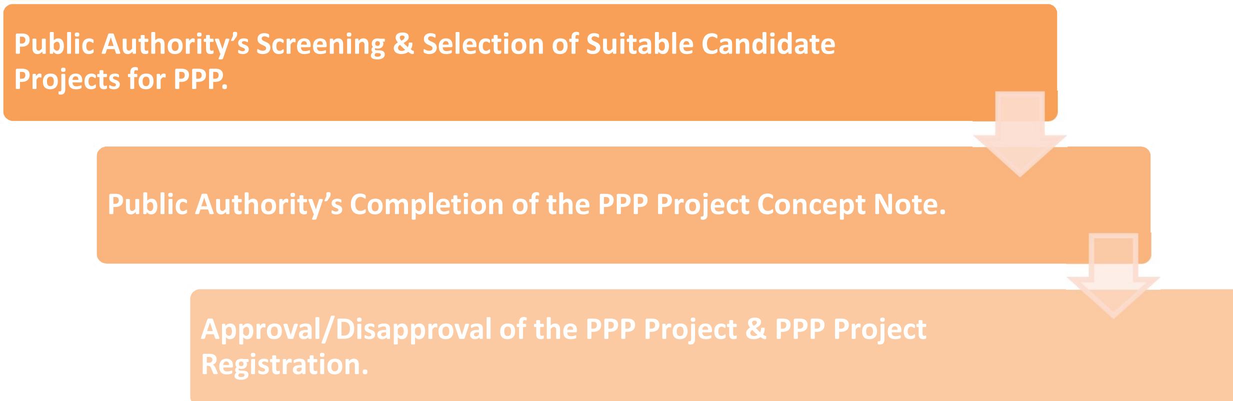
- Phase 1: PPP Project Selection Phase.
- Phase 2: PPP Project Preparation Phase.
- Phase 3: PPP Project Tendering Phase.
- Phase 4: PPP Project Implementation Phase.

Where figure (1) shows snapshot of the PPP process flow according the PPP regulation

Figure 1 – Major PPP Tasks within the PPP Project Life Cycle



2.1 Phase (1) – PPP Project Selection Phase



a) Public Authority's Screening & Selection of Suitable Candidate Projects for PPP

Purpose:

The purpose of this procedure is to streamline the selection of investment projects, ensuring that the Government allocates their limited time and resources to conducting PPP feasibility studies more effectively.

Requirements:

This procedure requires gathering the following sources of information:

- Public Authority's current list of priority investment projects from its public-sector investment plans and any other sector policy statements, performance goals, or masterplans, etc.
- Jordan Economic Modernization Vision (EMV) & Government Implementation Program and strategic importance fit of the Project for the sector.
- Any summary information or data on these candidate investment projects including economic qualitative assessment.

This task does not yet require detailed studies to be completed on these projects rather a summary information about the estimated project sizes and their general concepts will be sufficient.

Public Authority shall develop a list of the Public Authority's projects that have the following characteristics:

- The nature of the project and its compatibility with the general policy of PPP Projects.
- Project level of priority and sector's need.
- The marketability of the project to the investors.

- The capacity of the Public Authority to perform the project and the availability of appropriate expertise.
- The existence of successful precedents at the international level of projects similar to the proposed project.
- The ability to develop a bankable PPP Contract.

Output:

Public Authority selecting the PPP Candidate Project.

b) Public Authority's Completion of the PPP Project Concept Note

Purpose:

This procedure consists of the Public Authority answering a clear list of questions about the characteristics of the PPP Candidate Project to determine if it warrants spending more resources to conduct a full PPP Feasibility Report, and what key issues and risks that feasibility study should focus on.

Requirements:

This procedure is performed by the Public Authority; whereby the Unit will play a role in helping and supporting Public Authorities to implement this procedure. The PCN being prepared by the Public Authority with the assistance of the Unit will consists of:

- A brief description of the PPP Candidate Project and its envisaged duration.
- Quality of the expected service and its potential positive impact on the end user(s).
- Estimated overall costs of the PPP Candidate Project.
- PPP Project compliance with needs, objectives, and national strategies.
- Previous experiences in presenting and developing a PPP Project, if any.
- Economic benefits of the PPP Candidate Project.
- The envisaged extent of the interest of the private sector and its capability of implementing the PPP Candidate Project.
- The possibility of transferring financial, technical, and operating risks to the private sector, and mitigation of their impact.
- Affordability.
- Identify whether the PPP Candidate Project requires financial support from the Treasury in case sufficient information is available in this phase.
- Any other ~~date~~ data required by the nature of the PPP Project.

Output:

Public Authority's submitting Project Concept Note before the Public Investments Management

Unit at PIM (MOPIC).

c) Approval /Disapproval of the PPP Project & PPP Project Registration

Purpose:

Based upon the initial information that is available, about whether to invest additional time and resources in preparing a full pre-Feasibility Report it is important, therefore, that these limited resources are invested wisely in those projects that can show that they are clear priorities for the public sector and that they would make suitable and attractive candidates for PPP.

Requirements:

PIM shall evaluate the PPP Project Concept Note to select the eligible Project according to the following qualification criteria: -

- The nature of the Project and that it follows the general policy and priorities of PPP Projects.
- The need of the Public Authority for the Project to reduce its activities, and transfer the operational role to the private sector, and focus its efforts on the main activities and increasing its efficiency.
- The proposed Project's economic feasibility and its potential to attract investors.
- Possibility of transferring the risks associated with the Project to the private sector and mitigating their effects on the Public Authority efficiently and effectively.
- Adapting the Project to climate changes.
- Possibility of the Project's beneficiaries bearing its costs without obtaining government financial support.
- Capability of the Public Authority to implement the proposed Project and the availability of appropriate expertise at its disposal.
- Existing successful projects at the international level of a similar nature to the proposed Project.
- Bankability of the proposed Project from local and international sources, with the capability of preparing a PPP Contract.

This procedure consists of the following tasks:

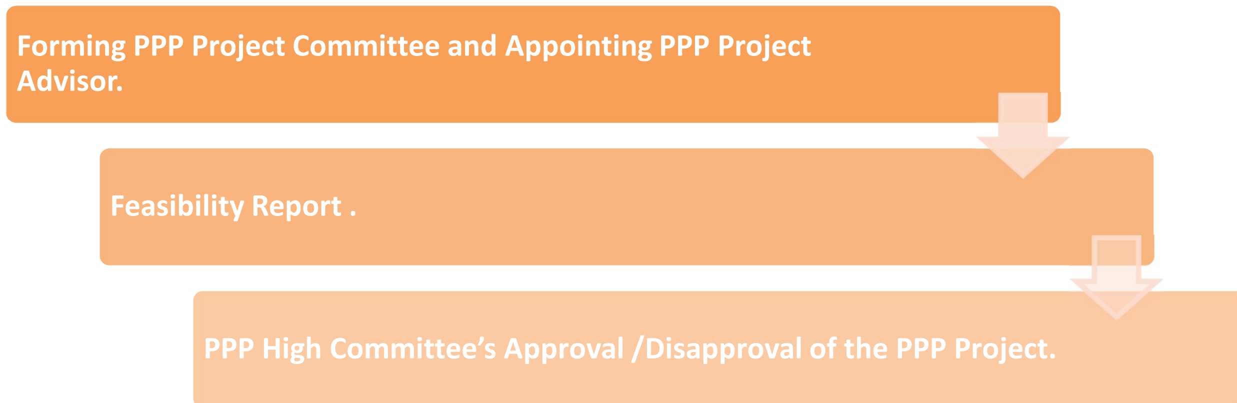
- Task 1: The Public Investments Management Unit at PIM undertakes an initial evaluation of the of the PPP project within fifteen (15) working days from the date of submission full completed PCN.

- Task 2: The Public Investments Management Unit at PIM has the choice to conduct a Preliminary Feasibility Study for Projects whose nature requires this.

- Task 3: The Public Investments Management Unit at PIM registers the PPP project in the Registry after consulting with the PPP Unit.

Output: Register the candidate PPP Project in the Registry.

2.2 Phase (2)- PPP Project Preparation Phase



a) Forming PPP Project Committee and Appointing Project Advisor

Purpose:

This procedure begins after the PPP Project registration in the Registry as a candidate for PPP Project. This procedure officially establishes the PPP Project Committee and appoints PPP Project Advisor to be responsible for overseeing the completion of not only all the Phase 2 procedures but also most of the Phase 3.

Requirements:

MOIN should cover the expenses of the Project Advisor from the PD Account in accordance with the terms stipulated in the PDA Regulations or from its own budget.

The PPP Project Committee will include representatives from the Public Authorities involved in the PPP Project, along with representatives from the Unit and the Fiscal Commitments Unit. All members must possess essential expertise in legal, financial, technical, and other aspects relevant to PPP.

The PPP Project Advisor should meet the following criteria:

- Maintain independence, impartiality, and avoid conflicts of interest with any party associated with the relevant PPP Project.
- Have the requisite qualifications and experience in similar PPP Projects.

This procedure requires several actions as the following: -

– The Minister shall form a PPP Project Committee based on the Director's recommendation to prepare and implement the PPP Project.
– PPPU & PPP Project Committee preparing PPP Project Terms of Reference for the PPP Project Advisor Template.
– MOIN tendering PPP Project Advisor.
– Minister approves PPP Project Advisor appointment.

Output:

Forming PPP Project Committee and Appointing PPP project Advisor.

b) Feasibility Report

Purpose:

MOIN is responsible for preparing Feasibility Reports and studies and making the necessary decisions in this regard. Throughout Phase 2, the PPP Project Committee and Unit should collaborate closely with the PPP Project Advisor. This entails ensuring that all required information for preparing the Feasibility Reports is accessible, reviewing interim findings and recommendations, and overseeing overall performance.

Requirements:

The Public Authority is responsible for the following:

– Preparing the technical specifications and furnishing the MOIN with the necessary information, data, and documents pertinent to the nature of the PPP Project, ensuring their validity, accuracy, and completeness.
– Establishing the level of services needed for the PPP Project and defining the requirements for safety, security, and environmental protection.

A typical Feasibility Report would include, but not limited to, the following sections:

Section 1: Develop & Draft the PPP Project's Required Output Levels of Service

This procedure initiates the development of key output service levels outlined in the PPP Feasibility Report, essential for achieving the project's objectives and addressing its needs effectively. These service levels must be clear, measurable, enforceable, and financially feasible for private bidders. It's important to note that this initial outline of PPP output standards is subject to refinement and updating throughout the completion of the Feasibility Report. The Public Authority is responsible for preparing technical specifications, supplying necessary project-related information to MOIN, ensuring its validity, accuracy, and completeness. Additionally, it determines the required service levels for the PPP Project, including safety, security, and environmental protection standards.

This procedure requires performing the following sequence of procedures on these inputs:

– Identify the major technical components of the PPP project, including both its core and any required ancillary or supporting services. The following task will require identifying output service levels for these components of the project.
– These technical components are typical of many PPP projects and would often include:

- The provision of serviced facilities/core project facilities.
- The provisions of inclusion of climate change responsive measures and green buildings initiatives
- Any alterations are required to existing buildings or facilities.
- Provision of grounds, car park or other external facilities.
- Buildings, installations, and asset maintenance requirements of the Project.
- Grounds maintenance services.
- Cleaning and waste management services.
- Furniture and equipment to be supplied, installed, & maintained.
- Energy management and conservation services.
- Site supervisory services.
- Security and safety services.
- Catering–related services Information technology services.

– Within each of the technical components of the PPP project identified by the task above, begin drafting output standards for the overall performance of the project. When developing and drafting output standards it can be useful (although not required) to organize them according to the following general categories:

- Geographic Scope: Specify the geographic scope or describe the area of demand that the new project must serve.
- Capacity & Demand Requirements: Specify the number of users or the volume demand for services that the project would need to meet.
- Timeliness: Estimate the minimum time requirements the project must meet.
- Reliability: What is the minimum level of operational reliability that the new project should function at?
- Technical Quality Standards: Each sector of infrastructure and public services features its own sector-specific measures of technical quality of service.
- Industry standards for each sector should be researched, assessed, and identified.

– Maintenance Standards and facility management: as maintenance is an input rather than an output, they are often not part of required output performance standards. However, some PPP contracts can require that private operators maintain specific equipment and assets to meet the Original Equipment Manufacturers (OEM) maintenance and operational standards.

Output: PPP Project's Required Output Levels of Service.

Section 2: Conduct the PPP Affordability & Fiscal Commitments Analysis

Affordability analysis is the procedure for determining the maximum amount that the clients of a PPP, whether a Public Authority (ie a "single off-taker"), multiple end-users, or a combination of both, can afford to pay for the new PPP project's services over the entire life of the contract. This procedure is often completed by setting an "affordability limit" that clients can be expected to pay, and PPP prices or tariffs that are above this are considered unaffordable and therefore cannot be approved by the PPP High Committee.

Analyzing the direct and contingent Fiscal Commitments of the PPP Project on an annual basis throughout the duration of the Project.

This procedure requires gathering the following sources of information:

- Check if a budget has already been established for the specific project by the Public Authority or the General Budget Department under the Ministry of Finance.
- Budget plans and public expenditure frameworks for the sector.
- The latest budget and forecast for the Public Authority.
- National plans for the sector, if available, listing and describing priority projects, targets for the levels of services to be provided, especially any budget resources that are committed to meeting these goals.
- For PPP projects where end users are expected to pay their own tariffs directly, any existing data on the current prices being charged in the sector or any studies of consumer ability or willingness-to-pay.
- Any available international benchmark comparisons of current public services prices in the sector.

This procedure requires performing the following tasks:

- Task 1: Reviewing and analyzing the PPP Project cash flow sensitivity to indicate its ability to meet its direct and indirect financial obligations in the Feasibility Report.
- Task 2: Evaluating the Fiscal Commitments of the PPP Project.
- Task 3: Reviewing the Value-for-Money analysis in the Feasibility Report.
- Task 4: Reviewing the financial risk matrix of the PPP Project to evaluate the main financial risks and their allocation quantitatively and qualitatively.
- Task 5: Reviewing the financial assumptions of the PPP Project Feasibility Report.
- Task 6: Check if a budget has already been established for the specific project by the Public Authority or by the Ministry of Finance's budget office.
- Task 7: If these budget figures are available, summarize these capital and operating budget limits on a Present Value basis as well as the annual budget cash flow using the

Government's current cost of borrowing as the initial discount rate.

- Task 8: If no clear, approved budget limit has yet been set for the project, then the Public Authority and its PPP Advisors should continue to the next procedures until they come to the procedure to develop the PPP Financial Feasibility Model to develop an estimate of the project's whole-life capital and operating costs, and then use this level as the basis for recommending that the Public Authority's budget office determine if the estimated budget is affordable or not.
- Task 9: If, however, the available estimates of project's costs are above the budget limit that has been set by the Public Authority, then either the PPP project's scope and output standards may need to be reduced (to make the project less costly), or else the project may need to be placed on hold until a new, higher affordability limit is approved. Otherwise, the Public Authority may risk proceeding with a PPP project that may turn out to be beyond its, or its end-users', capacity to pay.

Note that this procedure should be briefly "updated" at the end of Phase 2 by the Fiscal Commitments Unit to reconfirm that the proposed PPP project is still affordable after the other key elements of the PPP project structure (its output standards, its technical, financial, and environmental & social impact mitigation costs, and its PPP risk-allocation structure) have all been set.

Output: PPP Project Affordability Analysis & Fiscal Commitments of the PPP Project Analysis

Section 3: Conduct Project Demand Analysis

Demand analysis is the procedure that forecasts the volume of service that the Public Authority client or end users will need from the project over its entire economic life of the project (such as 20 years for many new long-term public facilities).

This demand forecast gives a very important indication of how large the project must be in terms of its design capacity, to adequately meet projected demand.

This procedure requires gathering the following sources of information:

- The PPP Project PCN and relevant comments and recommendations from the PPP Unit, as well as any attached, relevant sources of technical, financial, economic, and planning information available about the project.
- The Project's Proposed Output Levels of Service Report.
- Any other relevant planning reports and analyses on the given infrastructure sector, especially related projected growth rates of the local population, of the local economy, and policies setting targets for ensuring that the given public service is available to local users and consumers.

Infrastructure demand forecasting is usually based upon two different strategies: (1) For the whole country, region, or municipal area, it generally uses regression analysis; and (2) For a portion of an administrative jurisdiction, it often uses the case method.

Analysis models for projecting demand levels link past demand growth rates for the given service (as the dependent variable) to factors such as past GDP growth rates, population rates, cost, etc. (as the independent variables). This enables planners to make new projections of future demand for the given service, based upon other, well-established, and generally available projections of medium-to-long term population growth rates in for the area, or of short-to-medium term projections of GDP growth.

By contrast, the case method is generally used for projects whose demand cannot be projected linearly.

This procedure's report on the project's demand should clearly address the Public Authority Reponses to the following:

- What general method is being used to estimate the demand for the new project's services? (Regression, Case Method, or Other). Describe & explain why.
- Present the projected level of demand using to at least 3 general scenarios:
- Base Case
- Optimistic Case
- Pessimistic Case
- Describe the assumptions used for each scenario and briefly explain the reasons for selecting the assumptions of each scenario.
- List and describe any relevant and significant specific risks to demand for the project, such as single-industry risks, etc.
- At this initial stage, who would likely be able to best manage the project's demand risks - the Government or the PPP private partner? Briefly explain why. This forecast of demand determines:

    - The size of the project and therefore the capital costs of its construction and start-up
    - The size of the operating & maintenance, and periodic renewal costs needed to sustain the project over its entire economic life.
    - The size of the economic and social benefits the project can provide to the local economy.
    - The size of any public sector supports or risk-sharing in the PPP project by the Government of Jordan to realize these net economic benefits from the project.
    - Whether or not the specific project's demand risks can be best managed by the PPP private partner, by the Government, or should be shared between the two.

Output: Project Demand Analysis Report.

Section 4: Conduct Project Technical Feasibility Analysis

A PPP project's technical feasibility analysis identifies the key functional components of PPP Project, the applicability of existing technologies to meet the planned output standards, as well as the size and probability of key risks to the technical performance of the project and its component parts. PPP contracts need to be output based and to assign the risks of selecting the project's inputs (like selecting the technology, design, materials, etc.) to the private partner. However, this procedure does not seek to prescribe what technical inputs the private partner must use. Rather this procedure confirms that a viable technical solution to the project does exist, it analyzes key risks to the technical performance of the project and provides inputs for subsequent procedures that estimate the project's capital and operating costs.

This procedure requires gathering the following sources of information:

- PPP Project PCN and its attached, relevant technical, financial, economic, and planning information available about the project.
- Report on the Project's Proposed Output Levels of Service Report, showing the current estimates of target technical levels of service, the project must meet Project Demand Analysis Report, showing the levels of demand for the project's services that the technical solution must meet.
- Any relevant reports on the current levels of performance in the sector, that can be used to indicate how well existing technologies are working in practice, whether they provide a viable model for the new project's technology, and whether new technologies would likely be needed.
- Planning reports from the Public Authority or the relevant sector to provide ancillary facilities, such electricity, water, and communications' interconnections for the new project, approach roads, and other needed technical components.
- Infrastructure projects that have been planned for many years, but not yet implemented, may already have preliminary technical designs, and estimates of construction costs by project component. If so, these usually make very good input sources of information for this procedure.
- Access to key technical, engineering, and design specialists within the public Authority.

This procedure requires performing the following tasks:

- Task 1: For each relevant technical solution for the project, identify & describe the main technical components required, estimate the capital and operating costs for the overall technical solution (or for each component if available), including the need for any additional renewal of these components during the overall life of the project.
- Task 2: Describe and analyze any key technical risks facing each component of the project.
- Task 3: Estimate the total time likely required for the construction, completion, and commissioning of the given technical solution.

The following matrix can be used to organize and present the output of this task:

Table (1) Name of Technical Solution				
#	**Technical Component Description**	**Estimated Cost (+/- 20%)**	**Asset Life & Periodic Renewals (Yrs.)**	**Technical Risks for this Project Component (Describe & Analyze)**
1	Land Acquisition			Location's appropriateness
2	Site Preparation & Civil Works			Antiquités Sub-soil testing
3	New Building & Facility Design & Construction			Non-performance of the design &technology
4	Provision of existing public assets & facilities			Unknown condition of existing assets or non- performance
5	Equipment Supply & Installation			Non-performance of the equipment/ technology
6	Ancillary Facilities (Approach Roads, parking facilities, on-site housing, etc.)			Risk of delay or not completing PPP \ Ancillary facilities in time
7	Interconnections (electricity, water, communications, other bulk supplies & disposals)			Risk of delay or not completing connections on time
8	Storage Facilities (reservoirs, fuel storage, chemical storage, etc.)			Risk of inadequate supply of inputs
9	Input/Fuel Supplies (fuel, raw water, bulk wastewater, etc.)			Risk of insufficient supply of fuel inputs
10	Transmission & distribution assets (bulk water mains, electricity transmission lines & distribution pipes, etc.)			Risk that transmission and distribution assets may be inadequate to meet output requirements
11	Safety & Security Facilities			Risks to the security and safety of project's assets
12	Waste disposal facilities & Systems			Risk of failure to comply with collection and management standards of wastes
13	Operation & maintenance Systems			
14	Other technical components Required			
15	Total Estimated Costs for Technical Solution			
16	Total Estimated Construction Period and Economic Life for the Technical Solution			

This technical feasibility analysis may conclude that a given technology should not be considered for the project due to problems of safety, incompatibility with existing technologies in the sector, lack of proven track-record of successful performance, unacceptable environmental and/or social impacts, etc. If this is the case, the explanation should be clearly stated as a conclusion of this procedure and should also be clearly shared with potential bidders during the Phase 3 PPP Tendering Implementation Process.

Output: PPP Project Technical Feasibility Analysis Report.

Section 5: Develop Project Financial Model & Conduct PPP Project Financial Feasibility Analysis

Financial feasibility analysis for a PPP estimates the total costs of the project and then identifies the likely range of tariffs, fees or per-unit prices, prices for provided services that will be required to recover all these costs for the project to become financially viable as a PPP. These cost estimates must include a realistic, expected return on the private partner's equity.

Financial feasibility analysis differs from economic feasibility analysis, which estimates and includes the non-cash benefits and costs of the project (ie reduced traffic congestion, shorter commuting times, reduced pollution levels, etc.) as well as the traditional cash-based revenues and costs of financial feasibility analysis.

This procedure requires gathering the following sources of information:

- PPP Pre-Feasibility Study.
- Project's Proposed Output Levels of Service Report.
- Affordability Analysis Report.
- Project Demand Analysis Report.
- Technical Feasibility Analysis Report.

Reports available on sources of project financing for PPPs in Jordan, such as any available debt instruments and equity funding sources, including general estimates of the expected terms, tenors, and minimum coverage ratios generally required by current lenders. For this information, the project financing specialists within the PPP Unit may be a relevant source of expertise.

The basic design of PPP financial feasibility spreadsheet models should have three general components:

- Inputs of data.
- Manipulations and displays of data.
- Analytical results.

While each individual PPP project is unique, all PPP financings have a few components in common to manipulate and display data and to clearly show the analytical results. These components include:

- Key Inputs and Results: When designing any model is advisable to place the key input variable cells as well as to display the key analytical results. This makes it much easier to understand the sensitivity of the project's key results to given changes in the inputs.
- Capital Expenditures (Capex): This includes lists of construction costs, equipment purchases, working capital, testing & commissioning, and other start-up costs.
- Financing Structure: This shows how the total capital expenditure and startup costs will be met, by equity, by debt, by subordinated debts, and any other sources. Either within this component, or as a sub-component, debt repayment schedules should be shown for each loan.
- Profit & Loss Statement: This should show the project's revenues, operating costs, depreciation, interest, taxes and finally its net income. For project's whose revenues are subject to varying levels of demand, a separate sub-component dealing with demand levels may be needed.
- Cash Flow Analysis: This converts the accounting results of the income statement into cash flows. The key results from this component include the investor's return on equity as well as the key coverage ratios important to lenders.
- Balance Sheet: This tracks the total assets and liabilities of the project company through the life of the project.

Outputs: The recommended outputs that an effective PPP financial model should produce include PPP Project Financial Feasibility Analysis Report and Financial Model:

Table (2)
PPP Financial Feasibility Analysis Model Outputs

#	PPP Financial Model Outputs	Explanations
1	Overall cash flow	This should show not just accounting measures of revenues, expenses, and net income; but show actual cash flow, including cash flow available to pay debt
2	Cash flow available to equity participants (Cash flow waterfall)	This is net cash flow, available after cash expenses, debt service, and taxes
3	Profitability/Viability	The Financial Internal Rate of Return(FIRR) for the whole project, and the Internal Rate of Return on the equityinvestment or "IRR on Equity"
4	Cost Recover (expressed as a Payback Period)	The number of years to pay back the equity investment. The norm is 5-7 for commercial investments, but for long-term infrastructureinvestments, 10-15 years can be common
5	Annual Debt Service Coverage Ratio(DSCR)	The cash flow available to repay debt each year (after operating cash expenses have been paid) should be at least 1.5x – 1.3x thedebt payment that is due that year. The minimum DSCR varies from sector-to- sector, but often lenders look for an initial minimum of 1.5x for projects facing demand risks, which can be reduced if the project's creditworthiness is strengthened.
6	Estimated FinancialNet Present Value (FNPV)	As a project's investment costs occur duringthe first 2-3 years and then its profits/returnsoccur later in the future (years 4-20) is it difficult to compare them over time. The FNPV uses a common "discounting" technique to express all costs and returns in today's monetary terms, which allows an investor to determine whether total returns are greater than total costs, and by how much.
7	Life Loan Coverage Ratio	Is a financial ratio used to estimate the solvency of the Project or the ability of the project to repay an outstanding loan?

Table (3) Recommended PPP Financial Model Outputs		
#	**Financial Model Result**	**Explanations**
1	Length of thePPP contract	The length of a PPP contract is usually determined by the length of the useful life of the new assets created by the PPP plus (+) approximately 20 to 25%. Debt raised by the PPP should have a term roughly equal to the useful life of its key assets. Good practices recommend having an additional contract term margin, or cushion, of 20-25% in case the PPP ever needs to be financially restructured, and the debt terms extended by a sufficient amount. The length of the PPP contract shall not exceed 35 years pursuant to the Law.
2	Financial impact of different types of debt and equity	This looks at whether there may be a role in the project for subordinated debt, or secondary equity
3	Optimum debt &equity ratios	For most large PPPs the D/E is around 70/30, (depending on the sector). Higher risk sectors & projects generally require more equity (30-40+%), while lower risk PPPs need less equity (15-25%). The lower the equity, the lower the PPP's cost of financing, up to a point, as high leverage raises credit risks.
4	Losses in early years (if applicable) that need to be met by PPP private partner (and/orby GoJ).	A new project facing market demand risk, like a tollroad may need many months (or even years) before traffic levels grow to the point where they cover theproject's full O&M and debt service costs. In the meantime, the project still needs to pay its O&M expenses and to make its required, regular principal + interest payments to lenders.
5	Government support that may be needed	If the PPP financial model indicates that based upon tariff levels, the project would not be able to recover all of its costs then additional public sector support or risk-sharing mechanisms may be required. The PPP financial model can usually provide estimates for the levels of public sector support that would be needed for the project to be financially viable. Such options could include the public sector contributing additional equity to an institutional PPP or providing a guaranteed minimum level of demand for a PPP, especially during the project's early years. These new options will require updating and reconfirming the PPP's affordability analysis procedure.
6	Corporate tax revenue to GoJ (when profits are made)	As financially viable projects, PPPs should generate positive net income and therefore to have to pay corporate taxes on that income. The financial model should accurately show the taxes the project will need to pay, to make sure that tariffs are set to recover these costs, and to be able to calculate the net level of Govt. support needed. For example, if a project requires $10 million of public support at the start of the project, but later on, it pays $10 million of taxes (on a net present value basis) during the life of the contract. The net impact of the GoJ. support for this PPP would be zero.
7	Impact of changing key variables such as tariffs, project costs, etc.	This result requires conducting sensitivity analyses on the project's key variables. What analysts want to know is, "If one input variable such as the tariff level (or revenues, construction costs, operational costs, interest rates, forex rates, etc.) falls by 10%, by how much do the key output results of the project (Project IRR, IRR on Equity, DSCR, Payback Period, etc.) change?" When a project is no longer financially viable due to a relatively small change in an input variable, we say that the project is very sensitive to that variable. This may indicate an area where Government support may need to help share the risk.

When analyzing the outputs of a PPP's financial model, the outputs listed and described in the matrix above should be areas the PPP project analyst should focus on. Analysts responsible for implementing this procedure should provide analyses and descriptions of these specific outputs for the proposed PPP project whose feasibility is being analyzed.

Using the matrices above, prepare a PPP Project Financial Feasibility Analysis Report. This report should include:

– Description of the design of the financial feasibility model
– Explanation for the sources of key input data that has been gathered, such as estimates of construction costs, operating costs, lending terms, tenors, and coverage ratios, expected returns on equity, etc.
– Descriptions of the need for any public sector support required by the project.

Section 6: Conduct Legal & Institutional Feasibility Analysis

This procedure assesses the existing laws and regulations that are relevant to the specific project and determines whether these are adequate to make the project viable, or if the proposed project does not comply with all existing laws and regulations.

This procedure also analyzes whether the existing public-sector institutions have the capacity and resources to enforce these laws & regulations and to sustain all of the public sector's roles and obligations throughout the term of the PPP contract.

This procedure requires gathering the following sources of information:

– PCN
– Proposed Output Levels of Service Report.
– Project Demand Analysis Report.
– Project Technical Feasibility Analysis Report.
– Access to all major laws and regulations related to the given infrastructure sector
– Access to other laws and regulations related to such issues as land acquisition labour impacts, environmental and social safeguards management, and other functional requirements of the PPP project.
– Access to key technical, organizational, and senior management specialists within the Public Authorities.

Legal & regulatory Feasibility analysis consists of a systematic review of all existing, relevant laws and regulations within the given infrastructure sector in question. The legal specialist(s) tasked with carrying-out this review should be familiar with both the infrastructure sector in question and with the consequences of risks and risk allocation options for PPPs.

This review includes:

Table (4)
Legal & Regulatory Feasibility Analysis

#	Legal & Regulatory Feasibility Question to Answer	Explanation
1.	Do the existing laws and regulations clearly allow a private contractor or PPP approach to be used in offering the proposed public service?	In many cases existing laws do notexplicitly allow for Government agencies to “transfer” this right to provide public services to outside private contractors, but they also do not explicitly prohibit it.
2.	Are there Ministerial regulations or implementing rules in the sector which prescribe additional specific steps that must be followed in a PPP?	Some sector regulations may require their own specific processes that must be followed in areas of PPPs like land acquisition,resettlement, labour-impacts, tendering, stakeholder, consultation, etc.
3.	Do laws allow for private companies to collect payments or fees directly from end users?	Some sector laws may only allow a public or statutory corporation tocollect end user fees.
4.	Do existing laws allow a PPP private partner to legally own the infrastructureasset it either constructs or manages? Can a private partner borrow against (ie. mortgage) project assets?	Some sector laws may not allow private ownership of the underlying infrastructure assets. In such cases the GoJ may retainlegal title or “ownership” rights but instead transfer specific or operating rights to PPP private partner.
5.	Are more than one Public Authority required to award the PPP or to contribute assets needed?	Some PPPs require both national and local Government assets, suchas land, buildings, & other assets be provided to the project and could be delayed by legal uncertainty over existing asset ownership assets.
5.	Are the legal procedures for acquiring the land needed for the project clear and m[illegible]?	
6.	What are all of the permits,licenses and approvals that the project needs from different Public Authorities? How long will it take to obtain each one?	
7.	Would a PPP contract be clearly enforceable? What factors might affect the ability to enforce the contract by either the Govt. or PPP private partner?	
8.	Are there key risks of legal liability in the proposed PPP?	In sectors like roads, the legal liability from traffic accidents that may occur on the road can be considerable. In many cases, such legal liability for accidents is better managed by the Govt. than by the PPP private partner.
9.	Will the PPP likely require partial guarantees from the Government? What is the process for obtaining & approving such guarantees, and how long would it require?	If a financial performance guarantee or “comfort letter” is required for the PPP, the process for preparing, approving, and providing such a guarantee should be confirmed.

Institutional Feasibility Analysis:

Institutionally, does the public sector have the resources and the skills needed to oversee and to monitor the performance of the PPP contractor throughout the life of the contract? This includes the public sector having the resources to enforce compliance with the terms of the contract by end users, by other Government agencies, and especially by the private contractor.

Plans for establishing within the client public Authority a Project Management Unit.

Are new laws, decrees, or regulations needed to establish and create a budget for a new organization or to give it legal authority to enforce the PPP contract?

Output: Legal & Institutional Feasibility Analysis Report

Section 7: Project Environmental & Social Impact Assessment (EISA):

This procedure explains how to decide what level of environmental and social impact analysis is needed for a proposed PPP project, which environmental permits will likely be required, how to determine the project's overall environmental feasibility, and which additional environmental and social impact remediation measures the project would require.

A robust gender-impact assessment should be part of the ESIA would include the following:

- Identification of risks for the local population as users of the infrastructure services, workers and residents, and how women and men would be impacted by these risks;
- Assessment of different mitigation and compensation measures that take differences between men and women into account;
- Identification of potential benefits of the project for the local community, disaggregated by sex (for example, through employment, skills development, local supplier development, community initiatives or benefit sharing), and ways to enhance benefits for women;
- Assessment of possibilities for women (and women's representatives) to get involved in the design, implementation, and monitoring of gender-sensitive activities; and
- Assessment of the design of a gender-sensitive grievance and redress mechanism.

The ESIA should include analysis of extent to which the PPP is project climate change responsive by evaluating its alignment with mitigation and adaptation goals, environmental impact, stakeholder engagement and implementing monitoring mechanism to continual improvement.

This procedure requires gathering the following sources of information:

- Phase 1's Summary Report on Project Initiation & Screening and its attached; relevant technical information available about the project. the Project's Proposed Output Levels of Service Report.
- Project Technical Feasibility Analysis Report.

- Access to all environmental laws and regulations related to the given infrastructure sector,
- Access to key technical, social, and environmental specialists within the Public Authority or to the specialists within.

The objective of the PPP project's Environmental and Social Impact Analysis should include:

- Provide accurate baseline information about the environmental conditions of the project.
- Provide reliable information on the potential environmental and social impacts of the project, including the nature of these impacts, their magnitude, their range and distribution, their duration, and which stakeholder groups would be affected.
- Identify appropriate and effective mitigation measures for these impacts, including estimating the costs.
- Assess and recommend the best alternative for properly mitigating and minimizing these environmental impacts taking into consideration the economic, financial, social, and environmental costs and benefits of these options.
- Provide the basis for developing an effective environmental and social management plan for the design, construction, and operation including decommissioning (if applicable on certain assets) of the entire project.
- The extent of the Project's response to climate change.

Output: Key Environmental & Social Impact Assessment Report.

Table (5) Key Environmental & Social Impact Assessment Report.	
#	**Outline of Key Environmental & Social Impact Assessment (ESIA) Requirements:**
1.	Introduction & Background: • Description of the approach to the ESIA. • Description of the policy, legal & administrative framework within which the EIA is being prepared. • Description of project, its spatial needs & areas tobe affected by the project. • Description of projects socio-economic benefits &impacts. • Description of other project impacts including resources consumed, waste produced, etc. • Summary of any relevant environmental studies completed. • Summary detailing the Project's responsiveness to climate change.
2	Existing Environmental and Social Conditions, Analysis of Alternatives & Preferred Design.
3	Direct & Indirect Ecological Impacts. Including impacts on Valued Ecosystem Components (VECs) includingwatersheds, key species, water supply, nature reserves, landscapes, housing, areas of socio-economic activity, & less fortune groups: • Energy, waste & resource impacts • Conservation & reparation potential • Preservation of urban, historic, & cultural qualities
4	Resettlement & Land Acquisition Needs, including aresettlement plan that includes: • Numbers of people affected. • Their livelihoods • Assets & other socio-economic activities • Identification of land values
5	Other Socio-Economic Impacts & Needs for Analysis, including: • Assessments of poverty, poverty alleviation & benefits distribution Impacts on less fortune peoples & genders. • Reduce gender gaps. • Promote gender equality and women's empowerment
6	Methods for Mitigating Environmental Impacts & Required Costs
7	An Environmental Management Plan, including: • Mitigation • Monitoring • Environmental Construction Guidelines • Resettlement & Rehabilitation Action Plan
8	Details of Stakeholder Consultations Undertaken

Section 8: PPP Project Risk Identification

Risk identification is the process of determining which specific possible risk events (such as increases in the costs of land to be acquired, higher than planned construction costs, higher than planned operating costs, less than projected levels of demand for the project, etc.) are the most important in determining whether the project will be viable as a PPP or not.

This procedure requires gathering the following sources of information:

- PCN
- Project's Demand Analysis Report.
- Project's Proposed Output Levels of Service Report.
- Project Technical Feasibility Analysis Report.
- Project Financial Feasibility Analysis Report.
- Project Economic Feasibility Analysis Report.
- Project Institutional & Legal Feasibility Analysis Report.
- Project Environmental and Social Feasibility Analysis Report.

Output: Environmental and Social Impact Analysis Report using the PPP Risk Identification.

This procedure requires identifying and describing all relevant, material risks for the PPP Project using the PPP Risk Identification below as a tool:

Table (6)
PPP Risk Identification

#	Risk Name	Risk Description	How this Risk impact the PPP Project
1.	Land Availability & Acquisition & Unsuitability	- The land needed for the project is not available or has not been acquired. - There is uncertainty over how much it would cost to acquire the needed land and its timing. - Unanticipated adverse ground conditions are discovered.	- This could increase the construction cost of the project beyond what is planned. - This could significantly delay construction, adding interest costs during construction and delaying when the project can earn its first revenues
2.	Environmental and Social	The project causes major environmental and social impacts on its surrounding natural resources.	- Neighboring resident's dependent upon these natural resources could lose their livelihoods, or lives. - The project may have to pay significant new, large sums to mitigate or correct these environmental damages. - The project may have to pay significant new, large sums in fines, penalties, or punitive damages. - The project may have to cease operations altogether or until it has successfully mitigated the damages.

3.	Health, Safety & Permits Licenses	Regulations and standards on health, safety, permitting, licenses, etc. are not complied with	- Workers or neighboring residents could suffer poor health, injuries, or other safety consequences. - The project could have to pay significant new, large sums to mitigate or correct these health/safety damages. - The project could have to pay significant new, large sums in fines, penalties, or punitive damages. - The project may have to cease operations altogether or until it has successfully corrected these violations.
4.	Currency Availability & Transferabilit y	- Foreign currency is not available to transferfunds from local to hard currency. - Profits earned by the PPP project inside thecountry cannot be repatriated to its owners outside the country.	- If this risk is present during the tendering phase, then international bidders will not bid on the project, and the tender may fail. - If this risk is present during the operating phase, investors will not be able to earn their projected financial returns, and may seek disputes, termination, or damages.
5.	Operating Costs	The costs of operating the project are higherthan they were expected to be.	- This would reduce the profitability If the projects for its owners, and the credit worthiness or coverage ratio for its lenders. - Lenders may require more investments, such as reserve accounts, from owners. - Investors may try to request price or tariff increases from the Government or its contracting agency.
6.	Interest Rate	Interest rates including its fluctuations on the loans used to construct the project increase.	- This would reduce the profitability of the projects for its owners, and the credit worthiness or coverage ratio for its lenders. - Lenders may require more investments, such as reserve accounts, from owners. - Investors may try to request price or tariff increases from the Government or its contracting agency.
7.	Exchange Rate	The local currency depreciates in value relative to the hard currencies in which the PPP project's loans and equity investments are denominated.	- This would reduce the profitability of the projects for its owners, and the creditworthiness or coverage ratio for its lenders. - Lenders may require more investments, such as reserve accounts, from owners. - Investors may require price or tariff increases from the Government or its contracting agency to be able to pay this higher debt service return on equity costs.
8.	Market	- The actual quantity of outputs or servicesdemanded by users, or the off taker is lessanticipated. - The project's tariffs or prices are not adjusted according to the escalation formula agreed upon.	- This would reduce revenue and therefore also the profitability of the project for its owners, and the creditworthiness or coverage ratio for its lenders. - Lenders may require more investments, such as reserve accounts, from owners. - Investors may view this a contract violation and thus seek disputes, termination, or damages.

9.	Responsibility of Design (in the event the design is fully carried by the Government)	The Government has provided a faulty orinappropriate design.	- This could increase construction costs as new, more expensive designs would have to be completed and built. - This could increase operating costs more than anticipated as a result of having to follow a faulty or inappropriate design. - This could significantly delay construction, adding interest costs during construction and delaying when the project can earn its first revenue. - Investors may require price or tariff increases from the Government or its contracting agency to be able to pay these higher construction and operating costs.
10.	Detailed Design, Specifications & Standards & Design Data	The project's performance standards and design specifications are inappropriate for the project's needs. Wrong or inaccurate data was used during the project's construction.	- This could increase construction costs as new designs may have to be completed and built. - This could increase operating costs more than anticipated as a result of having to follow an inappropriate design. - This could significantly delay construction, adding interest costs during construction and delaying when the project can earn its first revenues. - The private developer may have to pay penalties to the contracting agency for not be able to the project's minimum, contracted performance standards.
11.	Procurement & Construction& Program	Completion of the project construction was delayed. The completion of the project is delayed or there is a cost over-run due to faulty work scheduling.	- This could increase construction costs through higher interest-during- construction costs. - This could delay when the project can earn its first revenues. - The private developer may have to pay penalties to the contracting agency for not be able to start-up operations by the contracted deadline.
12.	Construction Cost	Total construction cost was more than anticipated.	- This would reduce the profitability of the projects for its owners, and the credit worthiness or coverage ratio for its lenders. - Lenders may require more investments, such as reserve accounts, from owners. - Investors may try to request price or tariff increases from the Government or its contracting agency.
13.	Operation	The project is not able to function and operate as fully as had been anticipated.	- This could reduce the project's revenues if it its outputs are lower than anticipated. - This could increase operating costs if more needs to be spent on operating costs to achieve higher levels of output. - This could significantly delay construction if a new, corrected design must be completed and built. - The private developer may have to pay penalties to the contracting agency if it is not able to the project's minimum, contracted output or performance standards.

14.	Maintenance	The project and its assets are not properly maintained.	- The project could face unscheduled outages, reducing its revenues, its credit worthiness and its profits. - The project may face higher and sooner than anticipated asset rehabilitation, renewal, and replacement costs on its un-maintained assets. - If the project is not able to meet its minimum, contracted availability standards, it may need pay penalties to the contracting agency.
15.	Ancillary Features	Ancillary infrastructure services that the project needs, such as approach-roads, interconnection facilities, etc. are not provided and completed on time.	- This could delay the date when the project can earn its first revenues, reducing its creditworthiness for lenders and profitability for investors. - The developer may seek either price increases or damages from the contracting agency or Government body responsible for completing and delivering the ancillary services on time.
16	Transfer	The condition of the project's assets at the end of the contract term when they are transferred back to Government, is not in compliance with the PPP contract's maintenance & performance standards.	- This could increase the costs to the Government and its contracting agency of renewing and rehabilitating the transferred assets in order to keep them operational.
17.	Regulatory	- The terms and conditions of the PPP contract about the private operator's ability to collect revenues and to seek reasonable tariff increase in accordance with the contract's price escalation formula are not fulfilled; or - New laws or regulations are passed which increase the costs or reduce the revenue of the PPP contractor without fair compensation.	- This would reduce the profitability of the projects for its owners, and the creditworthiness, or coverage ratios, for its lenders. - Lenders may require more investments, such as reserve accounts, from owners. - The developer may claim a dispute or seek compensation damages from the contracting agencies for the lost revenue, increased costs, or lost profits from the regulatory action.
18.	Political/ Sovereign	The Government nationalizes the project.	- The private developer may seek damages for breach of contract. - The Government may compensate the private developer at a level that is below its costs, making it unable to repay the balances of the loans is owes to lenders, and expected profits to owners. - If there is political risk insurance (or a Partial Risk Guarantee, then these may be called, and the Govt. may end up owing these multilaterals

19.	Force Majeure	The project is unable to perform due to terrorism, riots, war, or natural catastrophes (earthquakes, flooding, etc.).	- The project may be terminated if damage is fatal or complete. - If the damage is partial, the project may have a time limit within which to return to operation. - If the project has applicable insurance, the affected party may file a claim.

Section 9: PPP Project Risk Analysis

This is the process of estimating the size of the impact of each major risk to the PPP project as well as estimating the probability that this specific risk event will occur to estimate the total cost of the risk, in quantitative terms, to the proposed PPP project.

This procedure requires gathering the following sources of information:

– Project's Proposed Output Levels of Service Report.
– Project's Demand Analysis Report.
– Project's Technical Feasibility Analysis Report.
– Project's Financial Feasibility Analysis Report.
– Project's Institutional & Legal Feasibility Analysis Report.
– Project's Environmental and Social Feasibility Analysis Report.
– Obtain clear access to the public authorities experienced technical specialists and management leaders in disciplines including:

  - Project & technology design,
  - Construction management specialists,
  - Public budget managers,
  - Auditors
  - Procurement specialist,
  - Operating & maintenance specialists,
  - Financial management specialist,
  - Environmental and social management specialists, and
  - Any other relevant, experienced specialist required for the given project.

– Any available and reliable data from the public Authority's own past projects in the same sector, including data on the planned vs. the actual (preferably audited) results, including:

  - Project designs,
  - Construction costs,
  - Completion schedules,
  - Operating, maintenance & refurbishment costs,
  - The project's performance levels (quality, reliability, environmental, etc.)
  - Other relevant project performance data

This procedure requires identifying risks through the previous procedure's Risk Identification Matrix for each risk, estimate the most likely cost of each risk event happening as well as the most likely probability of the risk event occurring.

To assist the completion of this process, a risk analysis template can be used that proposes several scenarios for each risk event, such as:

- Catastrophic Scenario: The maximum possible cost from the risk event occurring.
- Critical Scenario: The costs from a large impact from the risk event occurring.
- Serious Scenario: The costs from a medium-sized impact from the risk event occurring.
- "No Change" Scenario: No risk event occurs, and the costs of the project are what they were predicted to be.
- Optimistic Scenario: The lower than planned costs due to better-than- planned management of the given risk.

Analysts should focus on the estimated size of each risk's probability- weighted cost to gain an understanding of how sensitive the project's overall viability may be to a given a risk. Risks that have high probability-weighted costs will need to be carefully allocated in the following procedure and if they are unusually large, they may need to be shared or may require additional contributions or credit enhancements from the public sector.

Output: Risk Identification Report.

Section 10: Recommended PPP Risk Allocation Structure

Purpose: Risk allocation is the process of determining which parties to make responsible for bearing the impacts of and for managing and controlling each project risks. These risks, which were identified and analyzed by the previous PPP private partner should each be clearly allocated between the different parties to the project, include: The Government/Public Authority, or shared between the two.

This procedure requires gathering the following sources of information:

- PCN
- Project's Proposed Output Levels of Service Report.
- Project's Demand Analysis Report.
- Project's Technical Feasibility Analysis; Report
- Project's financial feasibility analysis Report.
- Project's Institutional & Legal Feasibility Analysis Report.
- Project's Environmental and Social Feasibility Analysis Report.

Use the PPP Risk Matrix mitigation techniques to assess how the project's key risks can be best minimized, managed, and mitigated, and by which party.

Use PPP Risk Allocation Matrix as a guideline to analyze each identified, relevant project risk and to decide which party to allocate each risk: Government, Private, or Shared. While the matrix included suggested risk allocations for typical PPPs, each project should develop its own unique risk allocation structure that best suits the individual needs of that specific project.

This risk allocation structure will become the basis for the design and drafting of the actual PPP Contract.

Output: Project Risk Analysis Report & PPP Risk Allocation Report.

Section 11: Evaluating Suitability of PPP Value for Money Analysis (VfM) and Qualitative Likelihood & Quantitative Size of Potential VfM Benefits:

This procedure is to be followed to develop a PPP Value for Money (VfM) Financial methodology. VfM methodology is a tool for the public sector to both perform an affordability test and to appraise whether better value can be provided through a PPP arrangement. VfM in PPP terms generally asks "who provides better value? Does a project that is tendered as a PPP in fact provide better value for money if it costs less than the same project if it were provided by the Government?

Not all risks can be transferred by the Government; however, the costs of the transferable risk can be calculated as if it is on a normal public procurement basis. The value of the risk in a Public-Sector Comparator (PSC) measures the expected cost if all the risks remained in the financial responsibility of the Government. Accordingly, the results are considered as benchmarks for future procurements. The benchmark is then used to compare with the final PPP financial proposals. The results are of the comparison show whether the bids resulting from a PPP project have better VfM compared to normal public procurement.

This PPP VfM model is necessary because it is an integral component in undertaking a PPP project. The PSC estimates full costs and prices at an early stage of the procurement process, it enables the PPP Project Committee to focus more on the output specifications and allocation of risks rather than the inputs and other minor details. The PSC should also be updated and VfM reconfirmed during the subsequent PPP bidding process in Phase 3.

Without this procedure, it would not be possible to determine how much it would cost the public sector to meet the same level of performance under a PPP as compared to a traditional public sector procurement and delivery of the same project.

This procedure requires gathering the following sources of information:

- Detailed estimates of public sector costs.
- Detailed analyses of risk impacts, probabilities, weightings, & statistical analysis.
- Detailed proposal for allocation of project risks (transferred, shared, or retained).
- Estimates of the private partner's costs (based upon risks transferred).

- Any financial government support to the project.
- Analysis of Value for Money benefits.
- Affordability Analysis Report.
- Project’s Risk Allocation and Risk Analysis Reports.
- Additionally, analysts should also have access to the other key reports, including:

  - Project’s Proposed Output Levels of Service Report.
  - Project’s Demand Analysis Report.
  - Project’s Technical Feasibility Analysis Report.
  - Project’s Financial Feasibility Analysis Report.
  - Project’s Institutional & Legal Feasibility Analysis Report.
  - Project’s Environmental Feasibility Analysis Report.

This Procedure requires the following tasks:

- Task 1: Estimate Capital Expenditures (CAPEX).
- Task 2: Estimate public sector costs. Estimate Operating expenses (OPEX), generally calculated as a percentage of CAPEX.
- Task 3: Prepare a depreciation schedule to calculate the replacement of the project’s assets.
- Task 4: Analyses of risk impacts, probabilities, weightings, & statistical analyses.
- Task 5: Analyses for allocation of PPP project risks (transferred, shared, or retained).
- Task 6: Complete a PSC Model to determine if the project is affordable and assess the risk mitigation.
- Task 7: A risk matrix worksheet to assess the cost, probability and effects of the project risk will need to be developed.

To assess the cost of the risk, the following will need to be examined:

- List of possible risks: At this point constructing a list of possible key risks that might be encountered by the Public Authority in developing the project is necessary.
- Some project risks may be new to the public sector & often require outside expertise to identify as well as to analyze. Large projects include dozens of general, sector-specific, and project-specific risks, each of which must be identified, and a risk matrix can help in conducting this identification process.

Proposing Risk Allocation:

This is the process selected which risks the PPP private partner will become responsible for, which risks will still be retained by the Public Sector, and which specific risks may be shared between the two. Risk allocation is necessary:

- To estimate the costs that a PPP private partner should likely charge to have to manage these specific risks.
- To estimate the Public Sector costs for managing those specific risks that it still retains.

- To determine if this proposed PPP project structure offers better value for the public's money and is still within the affordability limit.
- To become the basis for later drafting the PPP contract, this legally assigns responsibility for managing each specific risk to the parties.

The responsibility for managing each risk should be allocated to that party which is best able to manage that specific risk:

Some risks may be too large for any single party to manage or may require the roles of both parties to manage them, and therefore should be shared between the two.

Although PPPs emphasize the transfer of risks onto the PPP private partner, some risks are usually still retained by the Public Sector (eg risk of acquiring needed land, risk of monitoring performance, risk of political or regulatory changes by Govt., etc.).

Risk profiling of each occurrence:

Next each risk is to be subjected to a ranked system of occurrence: Catastrophic, Critical, Serious, Marginal, and Insignificant. This process estimates the level of likelihood that a given risk event will occur and is necessary to determine if the project is highly exposed to a specific risk event happening or only slightly exposed. Developing a probability level, usually expressed as a percentage (%), of a specific risk event occurring is required. Some probabilities can be determined from known historical statistics (eg likelihood of adverse weather disrupting construction) speculative & not provable (eg probability of oil prices > $100/barrel) derived from historical experience but need seasoned judgment & outside expertise to assess useful probability levels.

Quantification of the consequences:

Values are assigned to all the key risks if the public sector is developing the project. This is probably the trickiest part of the analysis.

Quantifying means estimating the size of the impact of a risk event in terms of its additional costs to the project.

This is necessary to determine if each risk is large (and needs to be carefully analyzed, allocated & managed in detail) or is small and requires measuring the size of the change in the project's baseline outcome due to an individual risk event occurring (eg inflation increase of 10% vs. base)

Probability of occurrence:

After identifying the risks and assessing the potential consequences, it is then necessary to assess the likelihood or probability of each of the possible consequences. This process is conducted by multiplying the estimated risk impact (expressed as a cost) by the risk probability (expressed as a percentage), to provide a probability-weighted risk value (expressed as a cost). Each probability-weighted risk value that is calculated is added to its corresponding cost component of the baseline

PSC. In practice, many projects are subjected to several different risk events happening at the same time. Combining the estimated size of each risk's impact with the estimated probability of that risk, to produce a probability- weighted value for each risk, expressed as an additional cost to the baseline PSC. Adding the probability-weighted risk value to the PSC provides a more accurate estimation of the actual full costs of the project. This also indicates which risks might then be selected for transfer to a PPP private partner to provide better value for the public's money.

Two separate worksheets will need to be completed in to assess a) the PSC cash flow to demonstrate the cash flow of CAPEX, OPEX and the risk valuation 2) the affordability, which is measured by the NPV of the CAPEX, OPEX, Risks and Retained services.

Output: Comprehensive VfM Report which will include the following: -

- Detailed estimates of public sector costs:
- The output from this task will be the cash flow for capital and operating expenditures.
- Detailed development of risk impacts, probabilities, weightings, & statistical analyses:
- The output from this task will be a risk matrix.
- Detailed proposal for allocation of project risks (transferred, shared, or retained). The output from this task will be:
    - Risk allocation worksheet.
    - PSC adjusted to risk cash flow.
- Estimation of the PPP private partner 's costs (based upon risks transferred):
- The output from this task will be the PPP private partner's financial model demonstrating the projected cash flow of the Public Sector for a PPP structure.
- Analysis of Value for Money benefits:
- The output of this task will be the comparison of the PSC adjusted risk cash flow to the PPP cash flow (from the PPP private partner's model).
- Affordability analysis: comparing PSC and costs estimate to PPP private partner updated affordability limit to reconfirm project affordability:
- The output of this task will be a worksheet that calculates the NPV of the CAPEX, OPEX, Risks and Retained services.

Section 12: Assessing Private Sector Market Interest in & Appetite for the PPP Opportunity

This is the process of determining if both the general nature of the given project, plus the proposed risk allocation structure is one that serious private sector investors and their financiers would be willing to undertake as a PPP.

This procedure requires gathering the following sources of information:

- PCN

- Project’s Proposed Output Levels of Service Report.
- Project’s Demand Analysis Report.
- Project’s Technical Feasibility Analysis Report.
- Project’s Financial feasibility Analysis Report.
- Project’s Institutional & Legal Feasibility Analysis Report.
- Project’s Environmental feasibility Analysis Report.

Use the following Matrix as a Guideline to determine if there is likely to be serious private sector interest in the project as a PPP.

Table (6)
Private Sector Market Interest

	Private Sector Market Interest Questions	**Response for the Specific PPP**
1.	Are there previous examples of PPPs in the same sector, or for the same specific service in Jordan?	
2.	Are there previous examples of PPPs in the same sector, or for the same specific service in other countries?	
3.	Do local contractors, investors, and lenders have the financial and technical resources required to undertake the PPP project on their own? Are outside or international resources required?	
4.	What is estimated to be the biggest risk that the private sector will be exposed to in this PPP?	
5.	Have local or international service providers expressed interest in the project during the initial,early stages of the project? Do they still express interest based upon the proposed risk allocation structure?	
6.	Should additional enhancements be considered inorder to ensure better private sector interest in the project, such as more sharing of risks by the Govt., partial guarantees, and other credit enhancements?	

Output: Private Sector Market Interest Assessment Report.

c) PPP High Committee’s Approval /Disapproval of the PPP Project

Purpose:

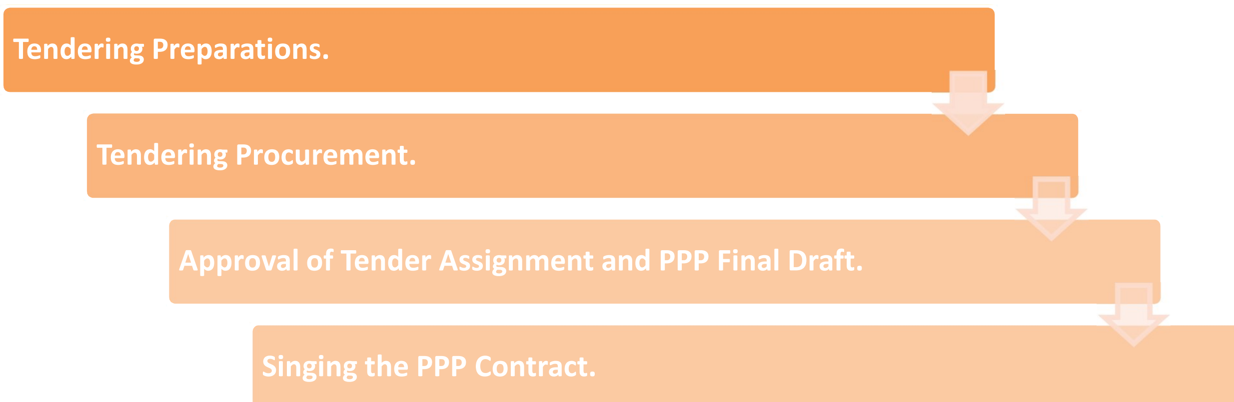
The PPP Project Committee shall submit the Feasibility Report to the PPPU who reviews it and verifies the feasibility of the Project in accordance with the requirements set out in the Law and the Regulation and submits its recommendations to the Minister. The Minister shall submit the Feasibility Report and his recommendations to the High Committee to take the decision to approve or refuse to proceed with the PPP Project.

Requirements:

If the Feasibility Report includes any incentives, benefits, or exemptions necessary for the Project, the Ministry must obtain the necessary approvals before proceeding with the tendering procedures.

Output: PPP High Committee's Approval/Disapproval PPP project proceed to Phase 3, or not.

2.3 Phase (3): PPP Tendering & Procurement



a) Tendering Preparations

Throughout the process of this stage, the PPPU, PPP Project Committee should expect to work closely with the PPP Project Advisor, ensuring that all information needed to prepare the work plan and implementation schedule is available.

The PPP Unit, with the assistance of PPP Project Committees and the Project Advisor, shall prepare the work plan, which includes Tender Documents, the draft PPP Contract, the proposed timetable for the tendering phases, and procedures to be followed in the tendering process. This plan is for completing the PPP RFQ and PPP RFP, which the Minister shall approve based on the recommendations of the PPP Project Committee and the PPPU.

Not all of the procedures need to be implemented in exactly the same chronological order in which they are presented in this PPP Guidelines. Several procedures can and should be implemented concurrently.

Several procedures are needed to prepare the work plan for Completing the PPP RFP: -

Section 1: Drafting & Issuing a PPP Project's Summary Documents & Invitation for Expression of Interest

Purpose:

The Summary Document is a summary of the most relevant information that private investors would need to understand the overall purpose, objectives, key components, and major financial requirements and return opportunities from the new project. This Summary document shall be prepared by the PPP Project Committee to determine whether there is a need for an Invitation for Expression of Interest or not.

Requirements:

Invitation for Expression of Interest is used at an early stage of planning which will target potential foreign investors and operator, it is important that the communications are clear about its nature and purpose so as not to create an expectation that would disappoint the market or the citizens if the project was not pursued.

This procedure requires gathering the following sources of information:

– All relevant reports from the project's Phase 1:
– Phase 2: "PPP Feasibility Analyses & Proposed
– Risk-Allocation Structure"
– Copies of Jordan's PPP law and the relevant regulations.

The Summary Documents consist of the following:

– Brief description of the PPP Project.
– General overview of the Kingdom's economy performance, investment environment, foreign investment and, any other key economic issues important to the PPP Project.
– The legal & regulatory framework for the PPP Projects, its objectives, and accomplishments in this field.
– Description of the relevant sector, its scope and performance; sector investment plans, institutional roles, demand levels in this sector.
– The level of services required to be provided in the PPP Project.
– Description of key elements of the PPP Contract including risk-allocation.
– The proposed timeframe for the tendering procedures of the PPP Project.
– Any additional information required by the nature of the PPP Project.

After Adopting the Summary Document for the PPP Project, based on the recommendation of the PPP Project Committee, the Unit may determine the content of the Invitation for Expression of Interest, the qualifications, and the information, the information to be submitted by interested applicants and shall publish the Invitation for Expression of Interest in Arabic and English languages in two widespread daily newspapers and on the Public Authority and the Unit websites. It is permissible, when necessary, to publish the Invitation for Expression of Interest in any advertising methods outside the Kingdom.

An Invitation for Expression of Interest document should generally contain the following information to obtain valid results:

- Name and brief description of the Public Authority functions.
- Objectives and overview of the project.
- Nature of the partnership being considered (i.e., Lease, PFI, concession, etc.).
- Required information about the private entity including the name, address.
- nature of the organization, relevant expertise and experience, technical input
- and comments on the project.
- Whether joint expressions of interest from combinations of private bidders is allowed or encouraged, and whether there any local participation requirements, such as requiring that all international bidders team up with local bidders, etc.

The Ministry, based on the recommendation of the PPP Project Committee, may not proceed with the Invitation for Expression of Interest if there is no need for that.

Output:

The output from this task is completion and distribution of The PPP Summary Documents itself and Issuance of the Invitation for Expression of Interest in Arabic and English language.

Section 2: Drafting the Request for Pre-Qualifications Document

Purpose:

Pre-Qualification is the process of selecting a limited number of private sector bidders to submit full and detailed proposals for the given PPP project.

Requirements:

This process ensures that only bids from qualified and experienced parties to be evaluated. Implementing this procedure requires that the Public Authority both prepare Pre-Qualification documents and criteria for evaluating submitted qualifications.

This procedure requires gathering the following sources of information:

- All relevant reports from Phase 2.
- Copies of Jordan's PPP Law and the relevant regulations.

When conducting a pre-qualification process, a pre-qualification document, "usually known as a "Request for Pre-Qualifications" (RFQ)" must be prepared (PPP Project Table of Contents of a Request for Pre-Qualifications.

An RFQ should contain sufficient information about the project to allow PPP private partner to make a judgment about the fit between their experience and qualifications and the project's required output standards and risks. Generally, the information requested by the RFQ should not require respondents to incur significant expenses in the preparation of their response, but it should be sufficient to allow for an informed evaluation by the Public Authority.

In the Pre-Qualification Invitation, the PPP Project Committee shall determine the qualification standards for the bidders provided that these standards shall include the minimum of the followings:

- The technical capability to implement the PPP Project, including any necessary qualifications or previous experience in implementing PPP projects of a similar nature.
- Financial capability to bear the costs of the PPP Project.
- The ability to manage the PPP Project risks and maintain the quality of the services and infrastructure.
- If the proposal for the PPP Project is submitted by a consortium, the suggested role for each member in the consortium, and its legal representative according to an authorization issued by the consortium members.
- Any other criteria required by the nature of the PPP Project, as the PPP Project Committee may deem appropriate.

Some guidelines on criteria to use when evaluating qualification submissions from interested private contractors can include:

The General Experience:

a. Require minimum Experience years in the relevant sector.
b. Be specific in the case of joint ventures whether the experience of each member is counted equally.
c. Require that the contractor /consortium has experience in a similar environment.

The General Financial Performance of the private contractor and ability to meet the financial requirements of the specific project:

a. Minimum required cash flow to meet the project's projected working capital needs and
b. collection periods
c. Audited financial statements for last 5 years, or 3 years for smaller projects.
d. If the project is foreseen to require long-term project-backed financing, require firms to show the size, term, and structure of financings as well as lenders.

Sector Specific/Project Relevant Experience:

a. Require private contractors to demonstrate the number, size, and age of similar relevant PPP contracts they have or are performing.
b. Be clear on how to treat the project experiences of lead developers vs. subordinate partners.
c. For specific sectors asks for relevant technical information on the size of previous projects,

such as number of transactions, key performance indicators, size and nature of new investments required, etc.

Personnel Capabilities:

a. Full CVs of key personnel with references
b. Clearly define what constitutes “relevant experience”
c. Generally, require a minimum of 5 years of relevant sector experience

Joint Ventures:

a. Ask consortia of contractors to clearly define the management structure of a joint venture, to clarify who is in charge
b. While consortia with a large number of contractors (>5) can appear impressive due to the different technical specializations they provide, the risk of default of the overall consortium (if one member withdraws) tends to be greater.
c. Request for information on other projects in which the consortia has successfully worked together.

Output:

A full draft of a Request for Pre-Qualifications document.

Section 3: Issuing the PPP Project Request for Pre-Qualifications (RFQ) Document, Receiving & Evaluating Submitted PPP Qualifications, and Announcing the Pre-Qualified PPP Bidders Short- list

Purpose:

This procedure describes how the Request for Pre-Qualifications (RFQ) document should be released to interested private bidders by the PPP Project Committee, and how the qualifications submitted by interested private bidders will be evaluated to produce a limited number of capable and experienced bidders to submit full, final bids.

Requirements: This procedure requires gathering the following sources of information:

– All relevant reports from the project’s Phase 1
– Phase 2: “PPP Feasibility Analyses & Proposed Risk-Allocation Structure”
– Request for Expression of Interests Report.
– Request for Pre-Qualifications Document.
– The most recent law on PPP and the relevant regulations.

The PPP Unit will draft the Pre-Qualification Invitation, comprising a brief overview of the PPP Project, it’s objectives, procedures for obtaining Pre-Qualification documents, the deadline for receiving Pre-Qualification applications, the method and location for submission, and any other essential information.

This Procedure requires performing the following sequence of procedures under the supervision of the Minister on these inputs:

1- Issuing the RFQ and Receiving Qualification Submissions:

MOIN shall publish the Pre-Qualification Invitation in both Arabic and English languages which should be published in at least two national newspapers, international media as appropriate, trade magazines, and website of PPP Unit &MOIN and other websites as appropriate for wide publicity.

2- Review & Evaluation of Qualification Submissions from Interested Bidders:

Based on the recommendation of the PPP Project Committee during the Pre-Qualification Invitation period, the Unit shall respond to interested parties' inquiries concerning the Pre-Qualification, receive, register, review and evaluate the Pre-Qualification Invitation applications in accordance with the qualification standards and prepare a report in this regard.

The purpose of pre-qualification is to ensure that they will be coming only from private contractors and consortia that are clearly qualified to do the work. International PPP experience has shown that successfully leading consortia of different private investors and contractors through the entire process of structuring integrated and competitive bids, negotiating well with Governments, reaching financial closure with lenders, managing construction risks, and sustainably operating and sustaining a PPP contract for its entire contract term – these are skills and experience that relatively few in the private sector clearly have. The pre- qualification evaluation criteria should weed out the "brief case companies" and only let through those that can manage and sustain the entire PPP process. Therefore, the pre-qualification evaluation criteria must differentiate between such general descriptions of experience like "sector technical experience" and "proven experience in managing important long-term PPP risks in the sector" including "design, installation, long- term operating contracts", and especially "experience structuring and raising long-term limited recourse project finance".

Output:

The PPPU based on PPP Project Committee recommendation shall prepare a Pre-Qualification Assessment Report to the, including its recommendations and the short list of all prequalified bidders and those who are not qualified and explain the justifications for excluding those who are not qualified.

PPP U shall submit the Pre-Qualification evaluation report to the Minister to decide thereupon.

After the Minister's approval of the Pre-Qualification evaluation report, the Unit shall undertake the following:

Formulate the short list of prequalified bidders and notify them through their official registered mail or by approved electronic mail stated in their application for Pre-Qualification Invitation.

Publish the Short List of the prequalified bidders on its website and on the website of MOIN .

Notify the bidders who have not been pre-qualified or excluded through their official registered mail or approved electronic mail stated in their application for the Pre-Qualification Invitation.

Section 4: Preparing & Maintaining the PPP Project "Data Room and Conducting Bidder Site Inspections

Purpose:

In addition to the PPP bidding documents, PPP Project Summary Documents, and the Draft PPP Contract, private bidders for large and complex PPP projects need access to additional, detailed and specialized background information about the PPP project in order to prepare competitive and innovative bids. Data rooms are typically libraries of numerous volumes of detailed records, reports, and plans relevant to a specific (usually large) infrastructure PPP project that bidders may access while they are preparing their bids.

Requirements:

This procedure requires gathering the following sources of information:

All of Phase 2's PPP Project Feasibility Analysis Reports and their input sources including:

PPP Project Demand Analysis Report and its supporting documents, reports, plans, and records.

- PPP Project Technical Feasibility Analysis Report and all of its supporting documents, reports, plans, and records.
- PPP Project Financial Feasibility Analysis Report and all of its supporting documents, reports, plans, and records.
- PPP Project Economic Feasibility Analysis Report and all of its supporting documents, reports, plans, and records.
- PPP Project Institutional & Legal Feasibility Analysis Report and all of its supporting documents, reports, plans, and records.
- PPP Project Environmental Impact Analysis Report and all of its supporting documents, reports, plans, and records.

This procedure requires performing the following tasks:

- Task 1: Establishing a PPP Project Virtual Data Room: The contents of the PPP project's virtual data rooms for the PPP project may include:
- Task 2: Existing project designs and construction engineering reports.
- Task 3: Updated infrastructure network maps and expansion plans.
- Task 4: Asset and equipment registries.
- Task 5: Inventory records.

- Task 6: Equipment maintenance and other maintenance records.
- Task 7: Customer databases and cadastral studies.
- Task 8: Existing service contracts held by the client Public Authority, etc.
- Task 9: Audited financial statements of the Public Authority if available.
- Task 10: Information on other liabilities, such as debts, held by client Public Authority.
- Task 11: Other detailed technical, financial, and legal reports and records relevant to the specific PPP Project.

This information can be kept in a virtual, or electronic, PPP project Data Room and/or in a physical location (data room) that is available to short-listed private bidders to review. Such a data room is also a useful asset for the members of the PPP Project Committee, their staff, and PPP advisors to have a single location for all relevant PPP project documents. PPP Project Committees should give confidence to interested bidders that all relevant information has been systematically collected, verified, and is readily available for their review.

PPP Project Site Inspections and" Walk-Through" Events and Preliminary Meetings:

For PPP projects that require complex construction tasks, such as for lengthy roads, for multiple new public buildings, etc. often feature site inspections and "walk-throughs" hosted by the PPP Project Committee and their PPP advisors for short-listed bidders. Usually the engineering-related specialists on the bid preparation teams responsible for PPP project design and construction management attend these events. The purpose is to allow them to see the proposed project sites first-hand and to prepare any new questions related to design and construction issues.

Any questions that emerge from these visits should be submitted to the PPP Project Committee in writing, and both the full text of the question as well as the full text of the answer or response by the PPP Project Committee should be distributed to all short-listed bidders.

The PPPU may, based on the recommendation of the PPP Project Committee The questions received from bidders as a result of the site inspection and the preliminary meetings may indicate the need for modifications to the PPP bidding documents, including the RFP package and the Draft PPP contract without affecting the prequalification qualification standards, provided that the Public Authority distributes the amendments or changes to the prequalified applicants within the time period stated in the Tender Documents.

Output:

PPP Project Virtual Data Room and Site Inspection/Walk-through Report, including:

- A list of all documents included in the physical and/or virtual data room.
- Copies of each document included in the physical and/or virtual data room.
- A summary description of all site inspections and walk-through meetings conducted, included who attended and what information was provided.
- Copies of all questions received from bidders during the site inspection(s) and walk-through(s)

– Copies of all responses provided by the PPP Project Committee.

Section 5: Preparing the Draft Request for Proposal (RFP) Document

Purpose:

The Request for Proposal document should include all the information needed by qualified bidders to submit full and detailed bids for a PPP project.

Requirements:

This procedure requires gathering the following sources of information:

– PPP Feasibility Analysis Reports.
– Draft of the PPP Contract(s).

This Procedure requires perform the following sequence of procedures on these inputs:

– Preparing Bid Documents:

PPP bid documents should contain the following general categories of information:

a. Complete information on the PPP Project including (technical, economic, financial, legal, environmental, and other feasibility analyses) as well as the detailed PPP risk allocation structure of the PPP project.
b. Conditions and procedures for preparing and submitting proposals, the number of copies to be submitted, site, and the deadline for submission of proposals.
c. The minimum requirements and technical specifications of the PPP Project, the requirements of the Public Authority and other public parties related to safety, security, and environmental protection.
d. The technical and financial standards and conditions required for the proposals and the evaluation methodology of technical and financial proposals, and the procedures followed in this regard.
e. Minimum services to be delivered by the bidders.
f. How the information, documents, and intellectual property rights of the bidde are dealt with.
g. Experiences and capacities of the bidders.
h. The validity period of the proposals.
i. The instructions to bidders for how to present their bids and the required formats in which their bids must be submitted and other requirements with which they must comply with.
j. Value of the bid bond, and the method of calculating of the performance guarantee, in accordance with the nature of the PPP Project and the phases of its implementation, and the validity of the guarantees.
k. Estimated timeline for the process of selecting the preferred proposal.
l. The criteria against which proposals will be evaluated, including minimum benchmarks that

proposals must meet to be deemed responsive.

m. The matters that the applicant is prohibited from doing and which are mentioned in
n. Any other documents need to be added.

– Approving Bid Documents: After preparing the Tender Documents by PPP Project Committee with the assistance of the Project Advisor, Director shall submit it to the Minister for approval.

Output:

Request of Proposal (RFP).

Section 6: Preparing Draft PPP Contract

Purpose:

The Draft of the PPP Contract is the first attempt to prepare a full version of the legal agreement that will become the legally binding document by which risks will be allocated for the entire term of the project, it which shall include the non-negotiable terms.

Requirements:

The PPP Contract must include the basic provisions that govern the PPP Project, regulate the relationship between its parties and define their rights and obligations, including the following:

a. Detailed description of the PPP Project, the scope and nature of the work that must be implemented, and the terms, specifications, and requirements of the implementation.
b. Specifications of the final product or level of services that the Project Company shall be committed to in accordance with performance indicators, safety and security standards, environmental and consumer protection, and other standards.
c. Quality control mechanisms, oversight tools, financial, administrative, and technical supervision and follow-up by the Contracting Authority of the Project's operation, exploitation and maintenance, and the approved performance indicators to assess the performance of the Project Company.
d. The conditions precedent to the PPP Contract.
e. The financial and technical obligations incurred by both parties to the Contract, the Project financing methods and its financial model.
f. Tariff or prices of the product or the service fee, and the principles, rules, and powers to determine and amend them in accordance with agreed upon indicators.
g. The extent to which any exemptions or privileges stipulated in the legislation in force apply to the Project Company.
h. Ownership of the assets of the PPP Project, its intellectual property rights, and the terms for acquiring the assets and transferring their ownership upon completion of the Project or upon early termination of the Contract.

i. Responsibility for obtaining the necessary licenses, permits and approvals to implement the PPP Project.
j. Events in which the Contracting Authority shall have the right to terminate the Contract unilaterally and the financial obligations arising therefrom.
k. How to amend the Contract after its signing.
l. The insurance coverage required for the PPP Project.
m. Performance guarantees and securities issued in favor of the Contracting Authority and the provisions and procedures for their recovery.
n. A table of risk allocation and the mechanism of addressing them, including risks related to legislative amendments or to confront unforeseen events, climate changes, or force majeure, and the compensation mechanism in the occurrence of such events.
o. Financial, technical, and administrative supervision of the PPP Project, the method for monitoring its various phases, following up on its implementation, requirements for preparing reports related to oversight activities, and determining the party that shall bear the oversight costs.
p. The duration of the Contract, events of early termination or rescission in whole or in part, and the rights and obligations of its parties.
q. The procedures and penalties that may be imposed on the Project Company for the breach of its contractual obligations.
r. Procedures for ensuring the sustainability of the Project and the works of the PPP Contract upon the expiration of the Contract duration or its termination, or in the event the Project Company breaches its contractual obligations.
s. Regulating the rules and procedures for recovery of the Project upon the expiration of the Contract duration or in the event of its early, unilateral, or partial termination.
t. The measures that the Project Company must take to preserve the environment.
u. Methods of settlement and dispute resolution.

When drafting PPP contracts, the project team needs to decide how identified gender commitments can be included. The following list highlights the main provisions in PPP contracts that are relevant to the integration of gender issues, along with examples of how these entry points could be used to achieve the gender goals of a project:

– General commitment to environmental and social standards—include a clear statement regarding the gender benefits both parties expect the project to achieve.
– Integration of safeguards documents—include gender commitments detailed in ESAPs, resettlement plans, and so forth, to make them legally enforceable.
– Commitments related to stakeholder engagement—include stakeholder-related commitments that target men and women separately (for example, household surveys to track users' satisfaction with new or upgraded infrastructure services, or income-generating activities enabled by the project).
– Commitments related to employment and/or entrepreneurship—ensure that commitments related to employment and/or entrepreneurship take concerns and priorities of men and women

into account (for example, commitments around gender-sensitive recruitment, hiring, training, management and promotion of a diverse and competent workforce throughout all project stages; development of a strategic equality and diversity plan; development of a training plan; development of or compliance with child-care, equal pay for equal work, and anti-sexual-harassment policies; and provision of separate facilities).

This procedure requires gathering the following sources of information:

– PPP Risk Allocation Report.
– PPP Project Output Levels of Service Report.
– Risk Identification Report.
– Legal & Institutional Feasibility Analysis Report, including copies of all relevant sector laws and Regulations and contract & investment laws & regulations in Jordan.

This Procedure requires the following tasks:

- Task 1: Risk Identification & Allocation:

Make sure that the risk identification matrix is complete and up to date. The draft PPP Contract should address all material risks explicitly and provide clear, legally enforceable requirements for how they will be allocated among the parties. Sometimes, reviews and analyses that have occurred since the completion of Phase 2's Risk Identification recommend that new risks be added to the project's structure, or that certain general risks be further sub-divided into more specific risk categories. Also, make sure that the risk allocation matrix (from Procedure 2.15) is also complete and up to date.

- Task 2: Outline the Security Package of Project Agreements Required:

While PPPs are often referred to having "a contract," in practice, most larger PPPs consist of a series of related contracts between a number of different parties referred to as a "Security Package." An important distinction should be made between the contracts between the Government and the PPP private partner, and other required contracts that the Government is not a party to, such as between the private owner of the PPP and their own commercial lenders or suppliers, etc. The purpose of this procedure is to provide a full draft of the key contract that the PPP private partner will expect to sign with the Public Authority.

- Task 3: Such Security Packages for PPPs project may include one or more of the following:

a. Off-Take Agreement: The Public Authority commits to purchase the services produced by the PPP contractor for the period of the contract.

b. Facilities Operation & Maintenance Agreement: The PPP private partner agrees to operate a facility owned by the Government.

c. Raw Inputs or Supply Agreement: The GoJ's. raw water, or fuel supply authority agrees to supply these required bulk inputs to the PPP private partner.

d. Concession Agreement: The GoJ transfers an exclusive sector-specific legal right (to provide specific public service directly to end users) to the PPP private partner.
e. Lease Agreement: The GoJ transfers the right to operate and manage (but not own) a public infrastructure asset or facility to the PPP private partner for the contract period.
f. Rolling Stock/Inventory Sale Agreement: At the start of a lease or concession contract the existing Public Authority may sell its short-term assets including its inventory and vehicles to the PPP private partner.
g. Permits & Licenses: though not technically "contracts," many PPP projects require that PPP private partner obtain specific operating permits and licenses from Government regulatory authorities.
h. Limited Guarantees by Government: For example, a temporary, limited, minimum traffic guarantee by the Govt. to a PPP toll operator. Or a guarantee by the Ministry of Finance of the ability of the Public Authority to make its required.

As noted, PPP security packages also feature a number of other contracts to which the public sector is not a party. While it is clearly not the responsibility of the Public Authority or public Contracting Authority to draft or negotiate these agreements, it is recommended that they be aware of the need for these contracts, their general contents, and their role in ensuring the overall security package provides a bankable and sustainable PPP project.

Such other agreements may include:

- Incorporation agreement among private shareholders for the new PPP project company.
- Loan agreements between the PPP Project Company and commercial lenders, including Stand-by Agreements whereby PPP project company owners pledge to lenders to contribute additional, limited equity to the PPP project if needed.
- Inter-Creditor Agreements between different commercial lenders to lend under common terms.
- Design-Build Contracts between the PPP project company and a construction engineering firm.
- Equipment Supply Contract between the PPP project company and the supplier of long-term equipment assets.
- Operating Contract between the PPP project company and a specialized firm to operate and maintain the facility.
- Insurance and other specific contracts between the PPP project company and its service suppliers.

The Contents of the PPP are relatively brief and focus only on legal definitions and general allocations of risk. However, the important technical details of the PPP contract, such as language specifying the important output levels of service required are included in attached "Schedule" volumes to the contract. The places in the contract, or especially in the Schedule, where for key inputs like the cost of the availability payments the bidder is proposing, the deadline for PPP project start dates, etc. should be left blank.

Articles of PPP Contract	
1	Definitions & Interpretation
2	Service
3	Contract Term
4	Contract Tariff or Fee
5	Technical Specifications
6	Conditions Precedent
7	Obligations of the Parties
8	Obligations of the Lender
9	Representations & Warranties
10	Liability & Indemnification
11	Performance Security
12	Insurance
13	Force Majeure
14	Political Event
15	Termination of Agreement
16	Hand back
17	Assignment of Agreement
18	Restriction on transfer of shares
19	Lender's Step-In Right
20	Dispute Resolution
21	Governing Law
22	Miscellaneous Provisions

The PPP Contract must include the following basic, non-negotiable terms contract that the Project Company is committed to adhering to it for the term of the PPP Project: -

a. The shareholders in the Project Company or the percentages of their contributions thereto may not be changed except after a specific period has passed from the date of the Project operation as stipulated in the Contract and based on prior approval of the Contracting Authority.
b. Not to liquidate the Project Company, change its legal form, decrease its capital, or assign it to others except after obtaining prior approval from the Contracting Authority.
c. Preserve and maintain the Project's assets and use such assets for the purpose set for them.
d. Not to sell any of what the Project Company may own in accordance with the terms of the PPP Contract including facilities, assets, movable and immovable properties that belong to the Project. This excludes the sale that takes place with the aim of implementing replacement and renewal in accordance with the terms of the Contract.
e. Submitting the documents, data and information requested by the Contracting Authority, including the audited annual financial statements of the Project Company within the first three months of the subsequent fiscal year.
f. Cooperating with the Contracting Authority's employees and allowing them to enter the Project Company's sites for inspection at any time.

g. Committing to transfer knowledge and experience to the Contracting Authority and train and qualify its staff as agreed upon.
h. Submitting periodic reports to the Contracting Authority on the phases of the Project implementation, including construction, equipment, development, operation, maintenance, management, and any other matters requested by the Contracting Authority.
i. Adherence to the environmental and health conditions of the Project and the general safety requirements of its workers and beneficiaries.
j. Not to subcontract except after obtaining prior written approval from the Contracting Authority. Such subcontracting shall be without prejudice to the Project Company's obligations under the PPP Contract, the Law and regulations issued pursuant thereto.

The PPP Contract must grant the right to the Contracting Authority to terminate it in the following situation: -

a. If the Project Company is unable to implement its contractual obligations.
b. Substantial or serious breach by the Project Company of the technical standards stipulated under the PPP Contract.
c. Failure of the Project Company to obtain the necessary financing for the Project within the period agreed upon in the PPP Contract.
d. Any other events agreed upon by both parties to terminate the Contract before its expiration.

The Jordanian laws shall be the applicable law to the PPP Contracts, and it may be agreed to settle the disputes related to PPP Contracts by alternative means of dispute settlement in accordance with the agreement of the two parties to the PPP Contract.

The PPP Contract may include a provision for referring any dispute between the parties to a council called (Dispute Adjudication Board), as a precondition before resorting to alternative means of dispute resolution or to the courts.

a. The Dispute Adjudication Board shall consist of one or three members, as agreed upon by the parties to the PPP Contract.
b. The method of appointing members of the Dispute Adjudication Board, its function, and issuing its decisions shall be determined in a special annex to the PPP Contract.
c. The decision issued by the Dispute Adjudication Board must be reasoned and shall be binding on the parties to the PPP Contract, and they must implement it unless it is canceled or amended pursuant to an amicable settlement or a judicial or arbitral decision in accordance with the PPP Contract.

Draft PPP Contract Approval: After preparing the Tender Documents by PPP Project Committee with the assistance of the Project Advisor, Director shall submit it to the Minister for approval.

Output:

ii

The full text of the Draft PPP Contract(s), and its attached Schedules.

b) Tendering Procurement

Throughout the process of this stage, PPU, the PPP Project Committee should expect to work closely with the PPP Project Advisor to keep the procurement process moving along clearly, smoothly, and effectively.

Section 1: Issuing the PPP Request for Proposal (RFP)

After the Minister has approved the Final Tender Documents and the draft PPP Contract, MOIN shall invite the prequalified bidders to submit their proposals in accordance with these terms and conditions: -

a. Proposals shall be submitted in a sealed envelope stating the applicant’s name and the Project.
b. The sealed envelope shall include two proposals in two separate and sealed envelopes, stating the applicant’s name and the Project, and clearly printed on each of the two proposals the phrase (Technical Proposal and Financial Proposal), with an indication as to whether the documents submitted are originals or copies.
c. The Technical Proposal envelope shall include all the technical documents specified in the Request for Proposals and the technical details for implementing the PPP Project, including the following: -

    - Documents related to the applicant, including the agreement of the consortium members to commit to the proposal submitted by them.
    - The bid bonds.
    - Authorization to represent the consortium members if the applicant is a consortium.

d. The Financial Proposal envelope shall include all the financial documents specified in the Request for Proposals, the financial proposal for the PPP Project, and any other information stipulated in the Request for Proposals. In all cases, the following must be considered:

    - If the proposal includes prices or monetary values, they must be written in numbers and letters, and the monetary value written in letters shall prevail in the event of a divergence with the monetary value written in numbers.
    - Financial proposals envelopes may not be opened and evaluated except for the qualified technical proposals’ applicants.

e. It is not permissible to amend, change or correct any of the proposals after the deadline for submitting the proposals.
f. The proposals shall remain valid, and their duration may not be less than the duration specified in the Request for Proposals.
g. The Ministry, based on the recommendation of the Project Committee, may confiscate the

bid bond in any of the following cases: -

- If the applicant withdraws its proposal or changes it after the expiry of the duration for submitting it, or if it does not adhere thereto, or violates the tender terms.
- If the preferred bidder refuses to sign the contract or submit the performance guarantee.
- If the proposal included incorrect information or the applicant had cheated in the information or documents provided to participate in the tender.

Section 2: The Receipt of Final PPP Technical & Financial bids

This procedure is performed by the PPP Project Committee to be followed to mark the official receipt of final proposals from private bidders.

This procedure requires copies of the final version of the Tender Documents, especially the instructions to bidders.

This Procedure requires the following tasks:

Task 1: Receipt of PPP Bids

The RFP should be explicit and clear about the precise place where bids must be submitted, the number of copies to be submitted, how envelopes should be marked, and the deadline. It is recommended that bidders each receive an official receipt confirming that their bids have been received and noting the time.

Task 2: PPP Project Timeframe:

Bidders should be notified of the schedule and estimated timeframe within which the PPP Project Committee plans to:

- Open technical proposals.
- Complete the evaluation of technical proposals.
- Announce which bidders are deemed “technically responsive”?
- Conduct the opening of financial proposals & announce the preferred bidders (the second preferred bidder is also often made aware of the fact that should negotiations fail with the preferred bidder they may also be approached)

Task 3: The Handling of PPP Proposals

The proposals shall be submitted in two separate and closed envelopes with the following data clearly printed:

1. Name and address of the bidder.
2. The Public Authority to which the proposal is submitted.
3. Name of the PPP Project.

4. Envelope type whether financial, or technical
5. Identify the type of documents submitted whether original or copies.

Section 3: PPP Committee's Evaluation of PPP Technical Proposals Bids & Announcement of Results

After MOIN receives the proposal envelopes, the PPP Project Committee shall be responsible for opening the technical envelopes and verifying those contents comply with the requirements of the Request for Proposals. Non-complying proposals will be disqualified and will not be included in the evaluation.

The evaluation of technical bids for PPP project is conducted by the PPP Project Committee with the assistance of the Project Advisor under the supervision of the Minister on the relevant technical conditions being proposed by each bidder, assigning specific scores to each of these conditions. This allows the evaluators to determine first whether a PPP technical proposal adequately addresses the PPP project's specific output performance needs, and is therefore deemed "responsive", or whether it does not address these PPP output performance standards and should therefore be deemed "non-responsive." The criteria and methodology to be followed in performing the technical evaluation is generally provided to each evaluator prior to beginning the evaluations. It should also be noted that each evaluation should be undertaken individually without comparing to other proposals already evaluated by the PPP Project Committee.

After completing the evaluation of the technical proposals, the Unit, upon the recommendation of the Project Committee, shall prepare a report thereon and submit it to the Minister for approval.

The announcement of the technical evaluation results will follow this review. The announcement of the technical evaluation of PPP proposals is done prior to and distinctly separate from the evaluation of financial and cost proposals. Importantly, this procedure also includes the requirement that the financial bids of all bidders found to be technically "non-responsive" will be returned to each bidder, still sealed and unopened.

This procedure requires the following tasks:

– Task 1: Prepare a meeting for bidders

Plan a public event for the official opening of each technical bid received before the deadline for proposal submission. Any proposal submitted after the deadline for proposal submission shall be excluded. All private bidders who submitted bids should be officially invited to attend and to witness this event, as should other relevant stakeholders, including interested lenders, relevant donor agency officials, and the local business press. All this strengthens the transparency of the overall tendering, procurement, and bid selection process, and improves that confidence of all parties the process is being conducted fairly.

– Task 2: PPP Project Committee announcement

The Head of the PPP Project Committee announcing the following for each technical bid package received:

- The name of the party that is submitting the bid written on the outside of the box or envelope containing the Technical Proposal.
- Cut or break open the seal of this box of envelope.
- Compose a list of titles of volumes contained in the box/envelop and the number of copies of each one.
- Announce to all present at the meeting the total number of volumes enclosed, the titles of each volume, and the number of copies of each volume included.
- Verify that the contents of each proposal comply with the requirements Request for Proposals.
- Verify that the Bid bond complies with the requirements Request for Proposals.
- Verify that the validity period of the proposal complies with the period shown in the Request for Proposals.
- Disqualify non-complying proposals.
- Announce that if any of the bidders have questions about this final receipt of technical proposals, they must submit them in writing and inform the bidders that proposal modifying, altering, correcting, or completing shall not be allowed.

– Task 3: Technical proposals evaluation

Evaluating of the technical proposals for a PPP often this is done through a PPP technical evaluation matrix which is given to each PPP Project Committee member to complete and submit to the Head of the PPP Project Committee should have been designed, drafted, and approved by the PPP Project Committee well earlier in the process.

– Task 4: Scoring each technical proposal:

An important issue is whether to score each proposal on a simple “pass/fail” basis, or whether to allow a flexible point-scoring range. It is both simpler to implement a “pass/fail” system and it makes the subsequent task of selecting the preferred bidder much simpler. However, a “pass/fail” system does not encourage as much innovation and possible improvements in the quality of service as a flexible “point-scoring system.” For example, if a PPP project’s output standards require the new facility to be available for use 95% of the time, but an innovative private bidder proposes a technical approach and technology that is capable of providing 99% reliability – ought to that bidder’s proposal be given a higher score than another bidder who proposes the required minimum 95% reliability level.

– Task 5: Requesting technical clarifications from Bidders:

Because some of the technical approaches taken by bidders are new and innovative, it may be difficult for some members of the PPP Project Committee to properly evaluate them. To ensure fairness and accuracy, such technical clarification questions should be submitted to these bidders in writing and responses should only be provided in writing. This ensures a clear and auditable record for the fairness and transparency of the entire procurement and bidder selection process.

– Task 6: Technical evaluations summary

Collect all the technical evaluations from each member and post a summary of all the scores. If necessary, convene meetings of the PPP Committee to discuss the results, especially if there are clear differences whereby some members find a bidder's technical proposal acceptable or responsive, while others find it to be "non-responsive."

– Task 7: PPP Project Committee decision

PPP Project Committee decides on a result each technical proposal as being either technically "responsive" or "non-responsive. "the PPP Unit, upon the recommendation of the Project Committee, shall prepare a report thereon and submit it to the Minister for approval which shall contain the following:

- The names of all the bidders that submitted proposals for the PPP project.
- The names of the bidders whose technical bids were determined, by the PPP committee to be "technically responsive."
- Describes the rights that any non-responsive bidder has to either request a de-briefing by the PPP Committee to explain the decision and describes any rights that bidders may have to officially request a re-evaluation by the committee. Such descriptions should include the deadline for the receipt of such requests, and how each request would be processed.

– Task 8: Technical bid rejection

MOIN shall send the rejection decisions to the submitters of the rejected technical proposals by registered mail or official approved electronic mail mentioned in the Pre-Qualification invitation application. The financial proposal envelopes of the rejected bidders shall not be opened. Bidders are entitled to recover it.

– Task 9: PPPU announcement for opening the financial envelopes

The PPPU, upon the recommendation of the PPP Project Committee, must announce the date, time, and place for opening the financial envelopes of the qualified technical proposals in the presence of the applicants or their representatives.

Output: Technical Proposal Evaluation Report

Section 4: PPP Committee's Evaluation of PPP Financial Proposals Bids & Announcement of the Selected Preferred PPP Bidder

This is the procedure to be followed for the transparent and public opening of the financial and cost proposals submitted by bidders who have been found to be "technically responsive." This procedure leads directly to determining who the preferred bidder is, as typically the technically responsive bidder with the lowest cost bid is the preferred bidder who is then awarded the PPP contract, with the understanding that should the negotiations be unsuccessful, the next preferred bidder will be contacted. Note that this procedure comes after and is distinctly separate from the previous evaluation of the technical proposals.

This procedure requires gathering the following sources of information:

- The Technical Evaluation Report and Announcement of technical bid results Report.
- Assemble all the financial proposals (still sealed and unopened) from the each of the bidders who have been determined to be "technically responsive" for evaluation.

This Procedure requires the following tasks:

- Task 1: PPPU announcement for financial envelops opening

PPPU shall announce the date, time and, site of the opening of the financial envelopes for the proposals that are technically responsive.

- Task 2: Opening financial envelops

The attending bidders, or their representatives, who attended the process of opening the financial envelopes shall sign the attendance registration form prepared by the PPP Project Committee prior to opening the envelopes.

- Task 3: Opening financial envelops responsibility

PPP Project Committee shall be responsible for opening the financial envelopes whereby the Head of the PPP Project Committee should:

- Read aloud the names of the bidders whose technical proposals were determined to be "responsive" and who's financial and cost bids will now be opened.
- In a manner that is visible for all to see, read aloud the name of the bidder visibly break the seal and open the financial proposal.
- Read aloud the bidder's proposed price for the first year and last year of the PPP contract.
- Announce that the rest of the bidders' proposed prices for all the intervening years of the PPP contract will be posted up, such as on a bulletin-board for all to see. This can also be posted on the public authorities or the PPP Unit's website.
- Verifying that financial envelope contents meet the requirements of the Request for

Proposals, subject to disqualifying the non-complying proposals, and not including them in the evaluation proposals.

– Task 4: Financial proposal evaluation

PPP Project Committee evaluating the financial proposal in accordance with the evaluation criteria set out in the Request for Proposals.

– Task 5: Prepare a simple financial model

The PPP Project Committee, if possible, create a simple financial model that calculates the Net Present Value of the proposed prices for all of the years of the contract at the approved and published discount rate for the Government and inter proposed prices for all bidders.

– Task 6: accepting or rejecting the offers technically

If the members of the PPP Project Committee disagree about accepting or rejecting the offers technically, this must be noted in the report after consulting with the Project Advisor.

– Task 7: Prepare the proposals evaluation report

Based on the recommendation of the PPP Project Committee upon completion of the evaluation of the financial proposals, the Unit shall: -

- Prepare a brief report on the entire tender procedures, including a description of the Project objectives, details of the qualification process, the Requests for Proposals, and a summary of the most important aspects of the PPP Contract.
- The proposals evaluation report must include, in descending order, the proposals that follow the technical and financial criteria, and a recommendation of the preferred bidder.

– Task 8: MOIN Minister approval for the proposal evaluation report

The Proposal Evaluation Report must be submitted to the Minister for approval, who refer the proposals evaluation report, the preferred bidder, and the Feasibility Report to the Fiscal Commitments Unit.

– Task 9: Prepare the fiscal commitment report

The Fiscal Commitments Unit shall submit the Fiscal Commitments Report to the Minister of Finance within thirty (30) days from the date of receipt of the Minister's request. (please see FCCL Guideline).

– Task 10: Minister of Finance recommendations

The Minister of Finance shall submit his recommendations regarding the Fiscal Commitments

Report to the High Committee and provide the Minister with a copy thereof within fifteen (15) working days from the date of receiving it.

– Task 11: MOIN reviewing the Fiscal Commitments Report

The Minister, after reviewing the Fiscal Commitments Report, may obtain the approval of the High Committee if the fiscal commitments stated in the Fiscal Commitments Report exceed those stated in the Feasibility Report before starting negotiations with the preferred bidder.

– Task 12: PPPU notification

The PPP Unit must notify the preferred bidder at the address set out in the response to the Pre-Qualification Invitation.

Output:- Proposal Evaluation Report & Preferred Bidder

Section 5: Complaints

Any of the bidders of the PPP Project may submit a written or electronic complaint against the decisions related to the Pre-Qualification, and the technical and financial qualification of the submitted Proposals within ~~seven~~ ten (10) days from the day after the date of the notification of the decision.

The Minister shall form a special committee to review and verify the complaint and submit its recommendations to the Minister. The said committee may request any documents it deems necessary from the aggrieved party or from the PPP Project Committee.

The Minister shall issue his decision on the complaint within (15) days of the date of submitting the recommendations of the special committee to him.

Section 6: Final Updating & Negotiation and Initialing of the PPP Contract

The management of PPP contract negotiations is the procedure that is followed to produce a final, agreed-upon version of the PPP contract after the selection of the preferred bidder has been completed and before the PPP project's financial negotiations between private investors and their lenders can occur. The negotiations will consist of clarifications and will result in updates to the PPP contract(s) and attached schedules. This is the last step before the final review and approval from the PPP High Committee.

In general, the finalization of the PPP contracts should be a relatively simple and quick process, because the detailed work was already done in preparing and reviewing the draft PPP contract. As noted previously, PPP bidding documents should already include a full copy of the draft PPP contract that the preferred bidder should be expected to sign, without significant modification. In fact, all bidders, including the preferred bidder had the opportunity to comment on the contract.

For purposes of preparing the final version of the PPP Contract, the PPP Project Committee should propose a clear schedule for when the negotiations begin with the preferred bidder as well as a specific deadline for completing to have and invite the Project Advisor to participate in the negotiations.

The negotiations shall be without prejudice to the non-negotiable terms and basic conditions of the PPP Contract and no alteration would be allowed to the following:

a. The technical and financial terms based on which the preferred bidder was selected.
b. The risks allocation bases set out in the Feasibility Report

Generally, such negotiations should begin within 2 weeks of the announcement of the preferred private bidder by the Government and should be completed within 2-6 weeks. To help ensure that the selected private bidder is cooperative, acts in good faith, and the Government should be able to call the bid bond of the selected bidder.

If, at that time, negotiations are still not completed, Minister has the option to either continue the negotiations, if it believes that real progress is being made with the selected bidder, or upon the recommendations of the Unit and the PPP Project Committee, may terminate the negotiations and inform the applicant of the reasons for terminating them in writing. In this case, and after the Minister's approval, the PPP Project Committee shall initiate negotiations with the next preferred bidder in order according to the Proposal Evaluation Report.

Output: PPPU & PPP Project Committee prepare Negotiation Report and Final Draft of the PPP Contract to be submitted to the PPP High committee containing the minister recommendation to Award the tender to the preferred bidder and confirming that the final terms, conditions, risk-allocation, and prices of the PPP contract are acceptable.

c) Approval of Tender Assignment and PPP Final Draft

After receiving the Final Report and the Final Draft of the PPP Contract the following tasks shall be done:

– PPP High Committee Recommending for the Council of Ministers' decision on the following:

- Tender assignment.
- The final PPP Contract and the authorization of its execution.
- The Project Company benefitting from the exemptions provided for in the applicable laws if any.

Output: Council of the Minister Decision on the following:

- Tender assignment. and the authorization to sign it and any subsequent amendments thereto.
- The final PPP Contract and the authorization of its execution.

- Granting the PPP Project any incentives, exemptions, or benefits necessary for its establishment or operation.

d) Signing PPP Contract

After the approval of the Council of Minsters the PPPU shall notify the preferred bidder of the award decision via registered mail or electronic mail at their address mentioned in the Pre-Qualification invitation application and set the date for sinning.

This procedure requires the following tasks:

– Task 1: Establishing Special Purpose Vehicle (SPV)

Preferred bidder shall incorporate a new SPV or Project Company in Jordan to sign the PPP contract and to undertake the PPP project registered in accordance with Jordanian law. The objective of the company shall be to implement the PPP Project activities and any other complementary or necessary objectives to implement activities related thereto. The capital of the Company shall not be less than the minimum decided by the Public Authority in the Request for Proposals and in accordance with the provisions of the Companies Law.

– Task 2: The Project Company documents

PPP Project Committee should:

- review registration certificate and Article of Association to assure that the shareholder structure and the Project Company objectives comply with the tender Documents and the preferred bidder proposal and Laws and Regulations and determine the authorized signature on behalf of the Project Company.
- verify that all internal approvals have been obtained; all conditions precedent for signing have been fulfilled such as the final design, Mother Company Guarantee, financial model if required, to be submitted before signing.

– Task 3: Before signing the PPP contract

the Project Company shall provide an unconditional and irrevocable performance guarantee in favor of the Contracting Authority issued by a licensed bank in the Kingdom.

– Task 4: Authorized Public Authority must verify that all internal approvals been obtained.

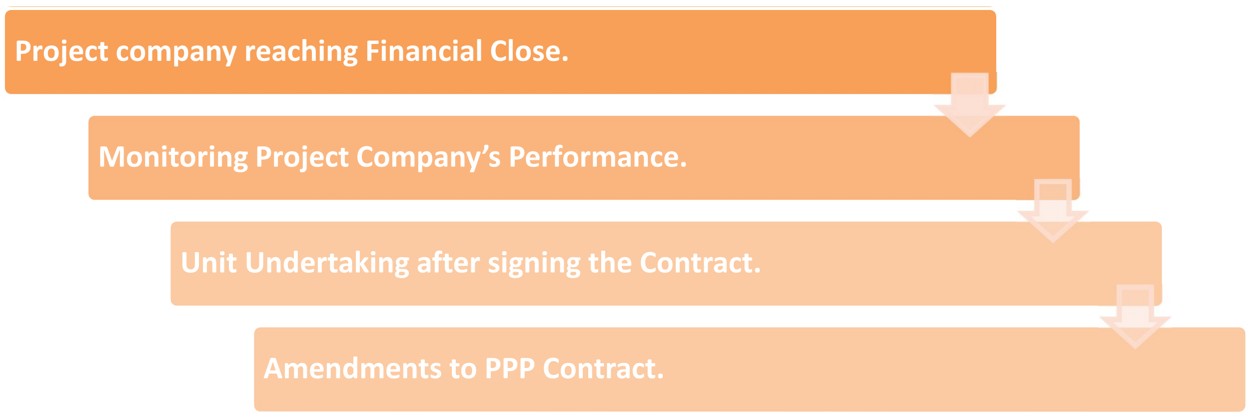
– Task 5: Authorized Public Authority and Project Company jointly print PPP Contract; review it to assure that this is the PPP contract that has been accepted.

– Task 6: Authorized Public Authority and Project Company jointly initial each copy of PPP Contract printed.

– Task 7: Authorized signatory of each party sign on behalf of that Party.

Output: PPP Contract signed

2.4 Phase (4): PPP Project Implementation Phase



a) Project Company reaching Financial Close.

The Contracting Authority and the Project Company, after signing the PPP Contract, are obligated to satisfy the conditions precedent set out in the PPP Contract to reach financial close for the PPP Project.

This procedure requires the following tasks: -

– Task 1: Reviewing Contracting Authority's Condition precedent

The contracting Authority shall review Contracting Authority's Condition precedent set out in PPP Contract and prepare CP working sheet to determine the Entity or Entities' responsible for fulfilling each CP and estimated time required.

– Task 2: Contracting Authority obligations

The contracting Authority shall take all required action needed from its side to fulfill its obligation within the timeline stipulated in the PPP or refer it to other Government Authorities and follow up with them until they fulfill this CP.

– Task 3: CP satisfaction notice

Contracting Authority issuing Contracting Authority's CP satisfaction notice to Project Company.

– Task 4: Project Company shall review the Condition Precedent

Project Company shall:

- review Project Company Condition Precedent set out in the PPP Contract and shall take all required action needed to fulfill its obligation within the timeline stipulated in the PPP Contract.
- issue Project Company's CP satisfaction notice to Contracting Authority.

– Task 5: Contracting Authority receiving lender's letter certifying that all CP under financing document for first disbursement either met or waived if required under PPP Contract.

– Task 6: Contracting Authority and Project Company jointly certifying Financial Close date.

Output: Financial Close Date Certificate.

b) Monitoring Project Company's Performance.

The next requirement in the PPP project life cycle is for the Contracting Authority, through its Project Manager or PPP PMU to actively monitor Project Company's performance of its contractual obligations including service levels, financial obligations, and risks arising from the project the performance, both during the construction and operating phases.

There are the series of procedures that should be followed when managing the creation and operations of a PPP contract compliance and performance monitoring:

i. Monitoring PPP Performance during Construction

During the construction stage of a PPP contract several important performance indicators that the monitoring body and its specialists should verify often include:

– Has all the land that the project requires for construction to begin been provided?
– Have all the permits and licenses that the PPP private partner ds to begin construction been obtained (environmental permits, zoning permits, building permits, import approvals, etc.)?
– Have all interconnection facilities, such as approach roads to the site or electricity, water, and sewerage interconnections been completed on schedule (often these are risks borne by the public sector and it is critical they are completed on time for the PPP project to meet its commercial operations deadline. Many PPP contracts require payments from Public Authorities to the private partner to cover the costs of delays due to interconnections not being completed on time)
– Has the design of the project been reviewed by the client Public Contracting Body (or the Independent Engineer it appoints) and, if relevant, any objections been submitted?
– Has the PPP private partner's performance bond been received and verified?
– Has the commissioning and testing of the new facility been completed (after construction is concluded)?
– Does the project construction progress is aligned with to the construction schedule agreed upon in the project agreements and plans?

ii. Monitoring during the Operational & Service Delivery Stages

The way in which performance should be monitored during the operational stage of a PPP greatly depends upon the sector, upon the way that the PPP contract allocates risks, and especially upon the required output performance indicators and the levels of service required of the specific PPP project.

During the operational phase of a PPP some of the kinds of data that the PMU must gather and verify include:

- New Connections: The number and timing of new connections or end-users being served by the private partner (for water, electricity or natural gas concession the number of accounts or connections may be measured. For solid waste collection, car parking, or urban transit PPPs the number end users served can be verified.
- Capacity: The proven ability of a new plant or facility, through periodic tests (such as once per year) to operate at its intended and contracted capacity
- Volume: The size of the key commodity or service being provided (such as bulk waste collected, processed, and treated, etc.)
- Availability: The percentage of time that the service is available for clients to consume or benefit from (note that for most bulk level facilities, time must be allotted for regular, planned "shut-downs" for periodic maintenance of key equipment's, such as boilers and generators, etc.)
- Technical Quality of Service: Each sector and project will have required levels of the technical quality of its services that must be met.
- Consumer Satisfaction: The number of proven and justified complaints received from consumers for inadequate levels of service (instances of consumer complaints should be systematically received and then verified by the PMU first, before they call for reductions in the level of payments to the private partner).
- Other Sector & Project Specific Operating Measures: Each infrastructure sector has its own specific levels of performance and relevant indicators for measuring them.

c) PPP Unit & Fiscal Commitments Unit Undertaking after PPP Contract signing.

After Signing the PPP Contract PPPU shall undertake the followings:

- Publishing a report on each PPP Project upon completion of its financial closure on its website and in the Official Gazette, provided that the report includes the following: -
  - The PPP Project title, its scope, duration, total cost, and procedures followed regarding it, including tendering procedures and the names of the bidders.
  - The name and address of the entity with which the financial closure of the PPP Project was completed or the beneficiaries and local agents of that entity, if any.
- Reviewing the periodic reports related to PPP Projects referred to by the Contracting Authorities

and submitting their recommendations regarding them to the Minister.

- Maintain, archive, and update the PPP Projects documents electronically.
- After Signing the PPP Contract Fiscal Commitments Unit shall undertake the Following:
- Ensuring the inclusion of financial resources necessary for the development and implementation of the PPP Projects when preparing the general budget, including the medium-term financial framework for expenditures.
- Following up on the allocations in the general budget for the payments due directly and the Fiscal Commitments that are realized during the implementation of the PPP Projects and the government support required for those PPP Projects.
- Ensuring that the due payments to be made to the Contracting Authority are consistent with the allocated resources to such Contracting Authority in the general budget for that Authority.
- Reviewing any proposed government support for any PPP Project whether direct or indirect and aligning such support to the government's affordability.
- Comparing between PPP Contracts that were agreed upon and the amendments made to them after execution to verify that there has been no material change to the allocation the risk, Fiscal Commitments, or the proposed government support.

d) Managing Requests & Instances of PPP Payment, Tariff Adjustments and Revise or Renegotiate PPP Contracts

Price adjustment techniques are models for making predictable decisions about whether and how any changes should be made to a PPP contract's prices or tariffs, in responses to specific changes in the surrounding conditions. These changes in conditions usually result in changes (ie increases) to the operating costs or the investments that a private partner must fund. The key decision about which price adjustment technique a PPP project should adopt depends upon what types of performance the Government would like to incentivize from the PPP private partner private; such as more efficient operations or increased investments.

There are two main options of setting and adjusting prices for long-term PPP projects. Each technique provides different incentives for the private partner to either make new investments in the project or to improve the operating efficiency of the project. Neither technique is necessarily superior to the other. Rather each should be applied to meet the unique needs and priorities of the project or of the given infrastructure sector and the specific PPP project.

Contract renegotiation and dispute Resolution generally refers to the mechanism for the solving larger differences that may arise in connection with a PPP contract, its interpretation or implementation, in this case between the Government and the private partner.

When any price adjustment or amendments are proposed to the PPP Contract after signing it, these proposed amendments shall be referred by the Unit to the Fiscal Commitments Unit

- Fiscal Commitments Unit shall review the proposed price adjustment amendments and shall compare between the PPP Contract and the adjustment amendments that will be made to it to ensure that there is no material in risk allocation or/and Fiscal Commitments and review the quantitative and qualitative risks in consultation with the Contracting Authority.

– The Fiscal Commitments Unit shall submit the Fiscal Commitments Report and its recommendations to the Minister within (60) days from the date of receiving the referral from the Unit.
– Considering the review of the Fiscal Commitments Report and the recommendations of the Fiscal Commitments Unit, the Minister shall submit his recommendations on the Report to the PPP High Committee.
– PPP High Committee based on the recommendation approve or disapprove the amendments.
– The prior written approval of the Council of Ministers must be obtained in the event of any amendment or change to the PPP Contract related to its outputs, price, duration, or any waivers of the rights stipulated therein that affect the risk allocation provided in the PPP Contract.

The END