



WORLD BANK GROUP
Governance

JORDAN 2018 Public Investment Management - Public-Private Partnership Governance Framework



May 19, 2018

Table of Contents

1. INTRODUCTION	3
2. SCOPE AND CHALLENGES	4
3. THE PROPOSED PIM-PPP GOVERNANCE FRAMEWORK FOR JORDAN	4
4. ROLES AND INSTRUMENTS IN THE PIM-PPP GOVERNANCE FRAMEWORK.....	10

1. INTRODUCTION

There is substantial evidence of inefficiency in public investment management regardless of country income level. This phenomenon is evident in terms of: (i) poor project selection (wasteful “white elephants”) that cannot be transformed into productive assets; (ii) unrealistic time schedules in ex-ante appraisal and consequent delays in completion; (iii) chronic under-execution of capital projects; (iv) cost overruns; and (v) neglect of operations and maintenance for newly-created assets.

These weaknesses relate to a range of areas of concern in Public Investment Management (PIM) Systems. Such weaknesses may include: (i) undue political interference and corruption in the PIM process; (ii) lack of objective criteria for project selection; (iii) unclear lines of authority, responsibility and accountability; (iv) a shortage of project appraisal, procurement and management skills; (v) perverse incentives for project managers to underestimate risk(s); and (vi) a lack of coordination between different levels of government and/or across jurisdictions

In the past, PIM in transition countries has focused mainly on public investment programs (PIP). However, a new paradigm shift in PIPs was introduced not so long ago. It is based on the integration of capital and recurrent expenditures in medium-term financial frameworks. As such, it improves selection criteria and screening processes within sector resource envelopes, as well as the application of PIPs as a tool for overall public expenditure management. However, concerns about the quality of public investment and its real impact on growth are not limited to countries with a low quality of governance.

In recent years, the management of public investment has kept pace with broader changes in PFM. The old approach of dual budgeting was abandoned in favor of a more integrated approach in which investment became increasingly delegated to spending ministries. Although initially successful, this response ended up downplaying the strategic importance of public investment to the economy, exposing long-term and costly decisions – characteristics of many large infrastructure projects – to shorter-term political whims and ultimately threatening economic prosperity. Realization of this danger has led to the resurgence of a more strategic approach to the management of public investment in which long-term priorities are more systematically identified.

A guidance note on PIM issued by the World Bank, Rajaram et al (2010) describes the key “must-have” features of a well-functioning PIM system. Regarding the “must have” features, the emphasis is on the basic processes and controls (linked at appropriate stages to broader budget processes) that are likely to yield the greatest assurance of efficiency in public investment decisions. The approach does not seek to identify *best* practice, as exemplified perhaps by a sophisticated high-level OECD system, but rather to identify the bare-bones institutional features that would minimize major risks and provide an effective systemic process for managing public investments. The authors then go on to define diagnostic indicators of inputs, processes and outputs that would enable assessment of the functioning of actual public investment systems. These indicators are linked to the desirable institutional features of a PIM system and are intended to provide objective measures of inefficiency that can help identify which existing processes might be failing.

The institutional features and indicators are arranged according to the eight stages of the PIM cycle, with corresponding imperatives, as follows: (i) ***Investment Guidance, Project Development, and Preliminary Screening***: the extent to which there is sound guidance on

national and sector policy priorities, a formal process for project development, and first-level screening of all projects for strategic alignment; (ii) **Formal Project Appraisal**: the quality of cases presented to justify new investment spending; (iii) **Independent Review of Appraisal**: the quality of review of project proposals; (iv) **Project Selection and Budgeting**: the process of deciding on priority projects to be funded by the budget; (v) **Project Implementation**: actual construction of the physical assets through effective procurement systems; (vi) **Project Adjustment**: monitoring project implementation and adjusting as necessary; (vii) **Facility Operation**: use of the assets for service delivery; and (viii) **Basic Completion Review and Evaluation**: ex-post collection of data regarding the total cost and time involved as compared to the original plan, as well as a selective evaluation of project results.

2. SCOPE AND CHALLENGES

The Government of Jordan (GoJ) is in the process of strengthening its framework for managing public investments to improve the efficiency and efficacy of capital expenditures. As such, it can better maximize finance for development through leveraging public-private partnerships (PPPs) where appropriate as part of its efforts to effectively deliver the Executive Development Plan (EDP).

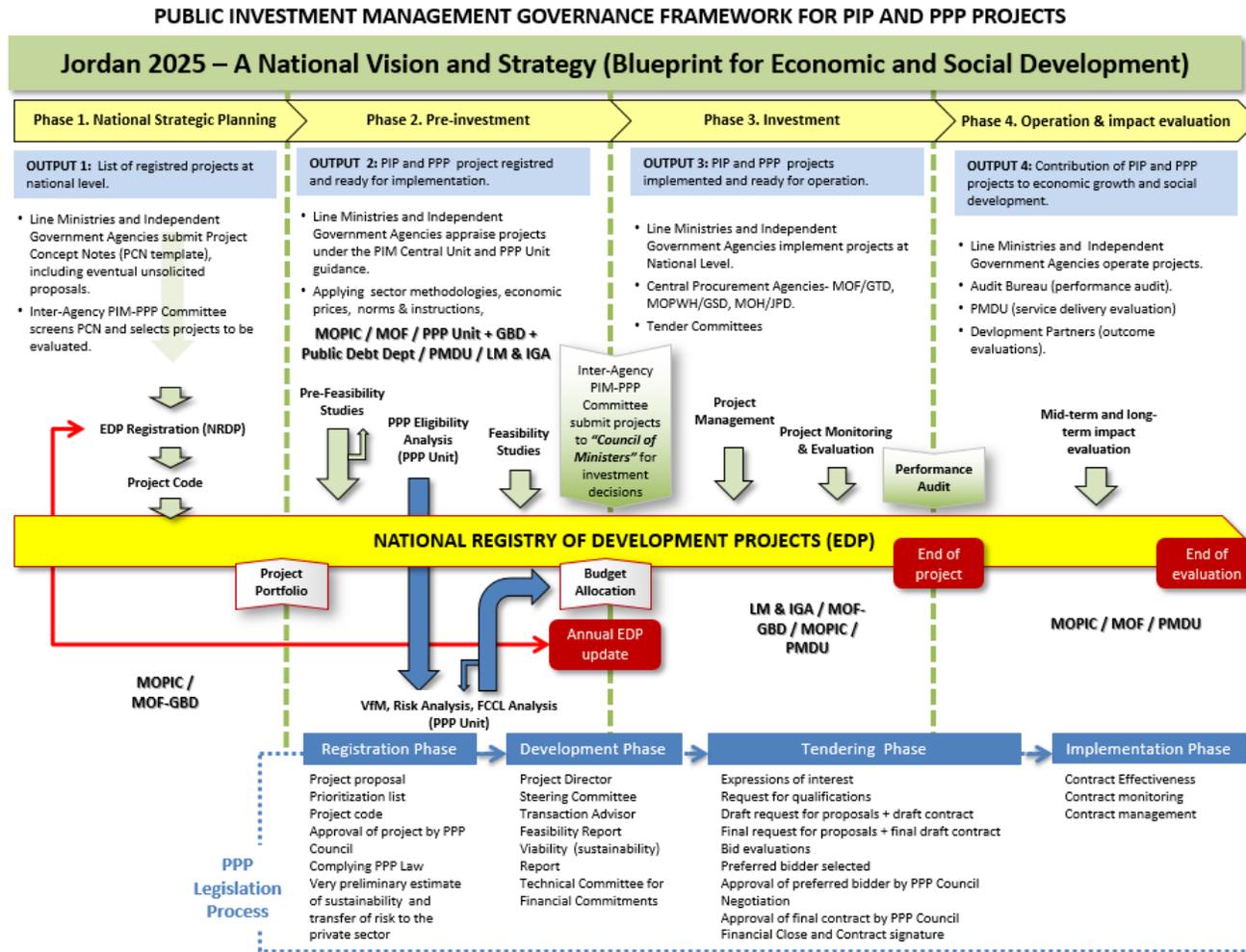
Efficiency in capital expenditures has become increasingly important in the face of foreseeable public funding constraints in Jordan. Many arguments for fiscal space are explicitly about the need to boost public investment in physical assets, such as public infrastructure and/or for social sector facilities (in health, education, and so on) that contribute to improvements in the country's human capital.

Despite recent progress in improving the quality of public investment in Jordan, several core challenges remain. These pending challenges result in many projects being erroneously selected, in repeated cost overruns, in implementation delays, in poorly finished outputs, and/or in the confusion and duplication of roles, responsibilities and processes.

3. THE PROPOSED PIM-PPP GOVERNANCE FRAMEWORK FOR JORDAN

Rigorous project identification and selection systems act as a screening mechanism to prevent inappropriate and inefficient projects from entering into the project cycle and gaining political support and momentum that make them difficult to stop at later stages. An integrated project management system allows for the slowing down of the investment decision process by introducing gradualism through a mandatory project life cycle. This concept is clearly integrated into the proposed PIM-PPP Governance Framework for Jordan, as shown in Figure 1.

Figure 1. The PIM-PPP Governance Framework for Jordan



Sources: World Bank GGOMN

Note: EDP= Executive Development Plan; MoF GBD= General Budget Department; MoF-GTD= General Tender Department; MoPWH-GSD= General Supply Department; JPD= Joint Procurement Directorate; LM= Line Ministry; IGA= Independent Government Agencies; MOF= Ministry of Finance; MOH= Ministry of Health; MOPIC= Ministry of Planning and International Cooperation; MOPWH= Ministry of Public Works and Housing; PMDU= Prime Minister's Delivery Unit; PCN= Project Concept Note; PIM= Public Investment Management; PPP=Public-Private Partnership; VfM= Value for Money. The specific PPP Process is undertaken in terms of the PPP Law and its Executive Regulations. The focal point institution, the PPP Unit (Ministry of Finance), will implement the provisions of the PPP legislation.

Figure 1 shows the development of the Project Life Cycle, which is the process by which an idea is transformed into a concrete solution through the analysis of alternatives. The choice is then made for the most profitable alternative from the economic point of view. Every project has certain phases in its development and implementation. These phases are very useful in planning a project as they provide a framework for budgeting, resource allocation, scheduling project milestones in implementation, and establishing a monitoring and evaluation system. The project lifecycle and its constituent phases play a key role in the success of a project. In these phases, information is gathered and the necessary studies for the identification, formulation and appraisal of the project are done. The studies reduce the degree of uncertainty about the investment decisions, thereby leading to a more efficient allocation of fiscal resources.

PHASE 1: The **Strategic Planning** phase, the first step of the cycle, is concerned with the identification of potential public-sector projects. The purpose is to establish the basic desirability of a project and to identify high-priority projects that fall within the responsibility of the public sector. Projects are a valuable tool for directing strategic investments into the priority sectors of an economy.

The process of project identification is complex. Projects are brought forward one at a time and are generally identified with their sponsors, rather than as part of a coherent economic strategy. In the case of Jordan, this process refers to “Jordan 2025 – A National Vision and Strategy (Blueprint for Economic and Social Development)” and to the Executive Development Plan (EDP)

Line ministries and independent public agencies shall submit a Project Concept Note (PCN) to the Central PIM Unit. The Unit will then assess the project’s consistency with the strategic goals of the Government, which will perform a qualitative assessment of the proposal. Based on the results of this assessment, the sponsoring agencies may include these project initiatives for funding to progress to the next phase(s).

Box 1: Project Concept Note

The Project Concept Note is a template-tool that facilitates project planning and registration at the National Registry of Development Projects. The main advantage of casting investment decisions into a project format is that it enables the establishment of a framework for analyzing information in a more systematic way. In addition, the PCN assists Line Ministries and Independent Public Agencies in screening public investment proposals in a consistent and comprehensive manner during the planning process.

PHASE 2: The **Pre-Investment** phase is a gradual process of elaboration of project ideas. It follows the Project Development Cycle until an appraisal conclusion is reached. This phase corresponds to the process of preparing the necessary studies and analysis for the identification, preparation and evaluation of the project that can solve the problem or meet the needs that triggered the problem. As such, it aids in reducing the degree of uncertainty regarding investment decisions. This process includes the proposed PIM-PPP project’s decision-making process, as shown in Figure 2.

Box 2: Pre-Feasibility Study

A Project Pre-Feasibility Study, to be performed on all projects (irrespective of public investment or PPP), requires some modules for: preliminary economic viability, demand, technical/engineering, human resources/administrative support, environmental concerns, institutional/legal studies; and financial, economic and social appraisal and risk analysis. The result of a Pre-Feasibility Study is normally a recommendation to either abandon the project or to advance the project by performing a deeper Feasibility Study. Importantly, the Pre-Feasibility Study is also the stage during which some projects should be labelled as potential PPPs. For PPPs, projects will proceed under the PPP Law project cycle process, and the PPP

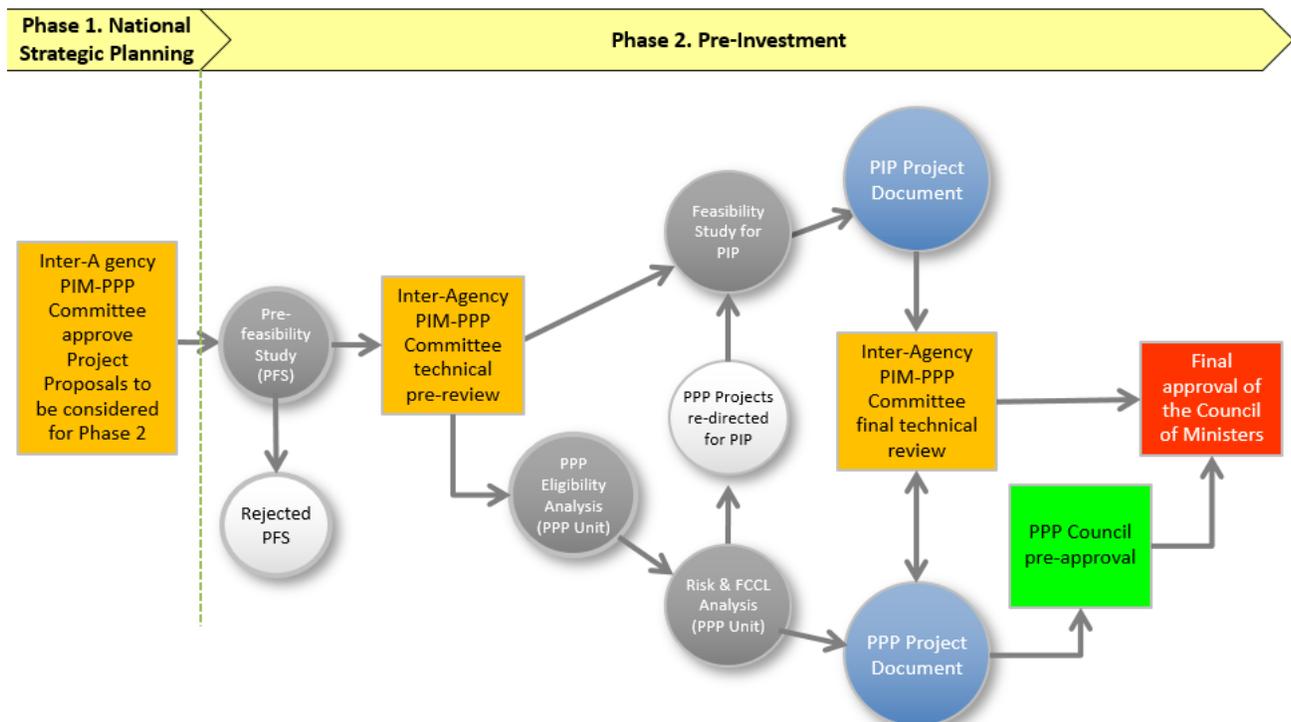
Unit will work with line ministries on preliminary development of projects. Once projects are sufficiently developed, the line ministries will prepare a project proposal to be submitted to the PPP Council. Project proposals approved by the PPP Council will be formally registered as PPP projects.

A Project Feasibility Study is normally the most expensive study. It is also the last opportunity to stop a bad or poorly-conceived project before implementation. In a Feasibility Study, the main focus is to improve the accuracy of key variables. In addition, the study concentrates on optimization of some critical variables of the project. Contrary to the previous stages, a Feasibility Study it is expected to use primary sources of information, (that is, direct interviews, polls or on-site measurements, such as samples, geological and soil and rock mechanics, drilling, and so on). For PPPs, a feasibility and sustainability report is prepared by the responsible governmental entity, with support from a transaction advisor. The aim is to assess the financial and fiscal viability of a project, and to design the optimal project structure, taking into consideration issues such as value for money, affordability, risk allocation, demand, capital investment needs, and the revenue model. The feasibility and sustainability report will identify whether any government financial commitments are required to support the project. It will also be used to determine whether to proceed to the tendering phase.

Regarding the final investment decision and budgeting, after the Project Feasibility Study is terminated, the decision may be to provide funding, either through the traditional fiscal budget, PPPs, through International Cooperation (donor funding) or a combination, and to proceed to the execution of the project. The efficient implementation or execution of a project is obviously critical to ensure that investment flows ultimately become productive assets for the country. For PPPs, the tendering phase will include the preparation of tender documents by the responsible governmental entity, with support from a transaction advisor. Following the completion of the tendering process (for example, international competitive bidding), the PPP Council will approve the final contract award to the winning bidder.

Figure 2. The PIM-PPP Project’s Decision-Making Process

Phase 2: PIP and PPP project have to be technically reviewed by the Inter-Agency PIM-PPP Committee, before being submitted to the Council of Ministers for budget funding.



Source: World Bank GGOMN

PHASE 3: The **Investment Phase** is the next stage in the project development cycle. It entails actual implementation, starting with the investment phase. In this stage, project investments take place. The process involves the preparation of detailed architectural designs, engineering and/or specialties as deemed appropriate, and a complete project execution plan. The execution plan involves the implementation of all construction works.

This is the phase in which the Project Execution Plan (PEP) designed in the prior project life phases is put into action. The purpose of project execution is to deliver the project's expected results (deliverables and other direct outputs). Typically, this is the phase where most of the budgetary resources are applied.

Box 3: Investment Phase

During project execution, the construction team utilizes all the schedules, procedures and templates that were prepared and anticipated during the prior phases. Unanticipated events and situations will inevitably be encountered, and the Project Manager and Project Construction Team will have to deal with them as they arise. In the standard division of project management discipline, this phase is called "Project Execution and Control". Project implementation involves planning, procurement, fabrication, civil works construction, installation, and the formulation of contract terms and conditions. These are utilized to develop detailed schedules and plans for making or implementing the product, and so on.

For PPPs, the investment phase will also include the completion of all conditions previously stipulated in the PPP contract by both the governmental entity and the private sector operator. The governmental entity will also ensure that construction is completed according to the terms of the PPP contract. An independent engineer may be hired to monitor the construction process.

However, there is another monitoring and control process in place; this has to do with budget execution. The Ministry of Finance (MOF) ensures cash releases during the budget year consistent with the efficient implementation of the capital investment budget. In addition, the MOF monitors the disbursement of allocated project funds. It can also provide incentives and penalties to avoid finishing the fiscal year with unused resources. At the end of this phase, there is the Commissioning and Hand-over. This involves performance tests, the actual hand-over, as-built drawings, the close down, decommissioning and disposal, and so on.

PHASE 4: The **Operation and Impact Evaluation Phase** is the development period when production capacity gradually increases. The final phase is one of full operations. Implementation is a dynamic process in which everyone involved with the project is required to constantly respond to new problems and/or changing circumstances that may affect the project's outcome. After a reasonable period of operating the project, it is important to verify whether the problem has been solved by the intervention. This process is known as project's impact evaluation. This task is very important because all projects face some implementation problems. The problems may arise either because of some flaw or shortcoming in the planning of the project, or simply because of changes in the broader economic and political environment. Project impact evaluation involves assessing the actual operational results of a project and comparing them to the planned forecasts. The focus is on establishing whether the project represents "value for money", as well as on learning lessons for the design and implementation of similar projects in the future. All Ex-Post Evaluations shall be the responsibility of the MOF's General Budget Department (GBD)¹. However, as is stipulated in PPP Law Number (31) for the year 2014, the post implementation monitoring of PPP Projects will be the responsibility of the contracting authority in coordination with the PPP Unit and the PPP

¹ The Organic Budget Law No. (58) for the year 2008 –Article 4(f) &5(d) states that the GBD is in charge of the follow-up related to the performance evaluation of the departments and government units' programs, projects, and activities to ensure the achievement of the expected results. Programs, projects and activities are to be efficiently and effectively implemented to reach their goals.

Council.

Box 4: Operation and Impact Evaluation Phase

During the operation and impact evaluation phase, the project fully evolves into its operational stage when it is able to produce its final deliverables, (for example, a new plant, product, system, and so on). The management processes in this stage now shift toward the effective and efficient delivery of the products and outputs from the new services, plants or mines. A permanent organizational structure is put in place, thereby replacing the project implementation/construction structure. The new team has to earn revenues and/or produce the economic benefits. As such, it will also have to incur operational expenses (for production, maintenance, and so on). This phase is obviously the responsibility of the project-sponsoring agency. For PPPs, the operational phase is the responsibility of the private sector operator. The project-sponsoring agency plays a monitoring and supervision role to ensure that project operations meet the terms of the PPP contract. Periodic reporting on project performance is also provided to the PPP Unit.

The objective of Ex- Post Evaluation is to determine the efficiency and efficacy of the investment initiatives. This is done through a feedback structure with management controls and measurements of short-, medium- and long-term results of projects. To develop the operational techniques of project appraisal and improvements in the accuracy of evaluations, it is useful to compare the “predicted performance” with the “actual performance” of projects. In carrying out an impact evaluation, the elements of both successes and failures are systematically analyzed. In this context, it need not be conducted only for completed projects. Indeed, it may take place at various stages during the project implementation and operational phases.

Once a project has been implemented (that is, the construction phase is finished), the results are revised, and cost deviations are analyzed — assuming that the benefits are achieved. The focus is on project management indicators, such as schedules, construction time, overall construction costs, and quality and technical specifications. Changes in the expected economic criteria are explained according to higher investment costs, timing, size, and so on. This short-term impact evaluation is focused solely on project costs, scheduling and checking the assumptions made during the project pre-investment stage. The holistic, medium-term impact evaluation determines if the project has indeed achieved its original scope, goals and purposes.

A Special Case: The Treatment of Public-Private Partnerships. As noted in the sections above, and laid out in the lower part of Figure 1 (above), there is a special procedure for projects that could potentially become PPPs. These procedures are stipulated in PPP Law Number (31) for the Year 2014, and accompanying PPP Regulations and Guidelines (together these documents comprise the PPP legislation). Basically, a PPP is a contractual arrangement involving the private sector in the delivery of public services. It is based on a partnership approach, whereby the responsibility for the delivery of services remains with the public sector, but the private sector is contracted to provide the actual service. Both bring complementary skills and their ability to manage the various risks to the enterprise.

In the context of a PIM System, PPP projects are just a small subset or subcategory of general public capital investments. Therefore, it is considered a best practice to subject this group of projects to similar rules in terms of project appraisal and applying the general capital investment case, following the processes laid out in the PPP legislation. However, in the case of potential PPPs, additional analysis is required given the complexity and sophistication of PPPs. Obviously, in the case of Jordan, there are special considerations as stipulated in the PPP Law, as well as by the MOF-PPP Unit and the PPP Council. In this regard, it is recommended that after the pre-feasibility stage has been performed, and the economic viability of a project has been confirmed, the project should be exposed to PPP eligibility analysis (which is currently being developed by the PPP Unit) to assess a project’s PPP potential.

Box 5: Cost-Benefit and Value for Money Analysis for PPP Projects

According to international best practices, the Cost-Benefit Analysis assesses the economic viability of a project, to understand its potential contribution to the Jordanian economy. For PPP projects, this Cost-Benefit analysis is combined with Value for Money (VfM) Analysis, to understand whether a project can be structured as a PPP in order to reduce the cost of service and/or improve the quality of service versus a traditional public delivery alternative. This entails a thorough evaluation of project costs, risks, financing costs, and potential fiscal liabilities. The VfM requires: (i) a high level of accuracy of information regarding regulatory frameworks; financial leverage and debt structuring; risk analysis; detailed considerations of private discount rates; financial modelling; and — most of all — contingent liabilities. This forces public-sector decision makers to wait for the results of these assessments before advancing to the next steps of PPP structuring and project bidding. In other cases, decisions involving private sector participation in a given project may be based on political economy considerations, previous experiences, and specific pre-structured questions based on expert opinion of PPP specialists, among others.

Once the project has successfully passed the economic evaluation, only then should the government discuss the project execution modality and/or the most convenient procurement alternative. The PPP legislation lays out a clear process for projects selected as PPPs. The process is led by the relevant Contracting Authority, with support at all stages from the PPP Unit. In the pre-investment phase, the Contracting Authority submits a project proposal to the PPP Unit for review and onward submission to the PPP Council for approval. Following registration approval by the PPP Council, a Project Director and Steering Committee are selected by the Contracting Authority to provide day-to-day supervision of the project's development, and a transaction advisor is recruited. The transaction advisor prepares a feasibility report and sustainability report to design the project structure, verify the affordability and sustainability of a project, identify whether any government financial commitments are required to support the project, and determine whether to proceed to the procurement phase. The Technical Committee for Financial Commitments reviews projects to assess the affordability of any financial commitments and contingent liabilities included within the project design. Projects will then proceed to the procurement phase, and the transaction advisor prepares all required procurement documents, including the expression of interest, request for proposals, and draft PPP contract. Following the completion of the bidding process, the Contracting Authority will evaluate bids and select a preferred bidder. The PPP Council then approves the selection of the preferred bidder and the Contracting Authority enters negotiation. Once negotiation is complete, the PPP Council approves the final PPP contract, and the Contracting Authority proceeds to contract signature.

4. ROLES AND INSTRUMENTS IN THE PIM-PPP GOVERNANCE FRAMEWORK

The *Central PIM Unit* must be the single responsible government agency in charge of systematic oversight and monitoring of the entire pre-investment process. Having been granted regulatory autonomy and exclusivity regarding the project appraisal process, this unit must ensure that all projects comply with the PIM System regulations, providing the final “Seal of Approval” to any investment initiative. In addition, the PIM Central Unit must guide the processes and procedures for the investment decision-making process by collecting and analyzing public investment data and preparing reports and statistics on public investments. (Please refer to following documents: “Jordan PIM Central Unit Mandate” and “PIM-PPP Committee Mandate”.)

The *PPP Unit* will work with the *Central PIM Unit* during the pre-investment phase to analyze Project Concept Notes and Pre-feasibility Studies to identify projects demonstrating PPP potential,

and prepare preliminary PPP-specific project analysis. If a project is selected to proceed on a PPP basis, the project will be filtered through the PPP Law project cycle process under the supervision of the PPP Unit. The core responsibilities of the PPP Unit are laid out in the PPP legislation, and the PPP Unit will continue to support Contracting Authorities during all stages of the PPP project cycle process laid out in the PPP legislation, including providing technical support to the preparation of PPP project proposals, feasibility and sustainability reports, and bidding documents. It should then submit them to the PPP Council, and provide technical support to the governmental entities throughout the PPP Law project cycle process, including serving on project committees. To ensure consistent, high-quality preparation of PPP projects, the PPP Unit is also responsible for the design of standardized template documentation and guidance for all phases within the PPP project cycle process. As such, it will provide PPP capacity building to governmental entities. The PPP Unit will also manage a PPP project database. Specifically, this will include the archiving of PPP project documents and periodical PPP project reports from governmental entities. Table 1 summarizes the joint and specific functions.

Table 1. Central PIM Unit and PPP Unit Functions

FUNCTIONS	Central PIM Unit	PPP Unit
Joint functions	<p>The joint activities of the PIM Unit and PPP Unit are related to the pre-investment phase, or Phase 2, particularly managing the National Registry of Development Project (NRDP), and the joint review of all projects (both public investment and PPP) via the Project Concept Note and the Pre-feasibility Studies.</p> <ul style="list-style-type: none"> • The PIM Unit will lead, review and supervise/provide oversight with the support of the PPP Unit for pre-investment studies. They will supervise the technical/economic analysis of the public investment initiatives of ministries, departments and agencies (MDA) at central and governorate levels, including state-owned enterprises (SoEs). The PPP Unit’s focus during this process will be on the identification of projects with PPP potential. 	

FUNCTIONS	Central PIM Unit	PPP Unit
Joint functions	<p style="text-align: center;">In addition, both units must:</p> <ul style="list-style-type: none"> • Develop a “National Registry of Development Projects” as a MoPIC website application (e-Government) that includes all necessary data on Public Investment Projects (PIP) and Public-Private Partnership (PPP) projects to be listed in the Executive Development Plan (EDP). • Manage shared resources across all projects through the implementation of the 3-year rolling Executive Development Plan (EDP). • Coordinate, communicate across projects. • Provide technical support to local development units (LDUs) at the governorate level, undertake training and institutional capacity building, and provide coaching, mentoring, and oversight of services (note that the PPP Unit is already doing this for PPPs, per the PPP legislation). • Monitor compliance with PIP-PPP system standards, policies, procedures, and templates through project audits. Enforce the use of these standards and provide guidance on how to follow PIM standards. • Establish a mechanism of integration and coordination among projects, both within each sector and among sectors. Find interdependencies and synergies among investment projects and promote inter-sectoral coordination among such projects. 	

Specific Functions	Central PIM Unit	PPP Unit
	<ul style="list-style-type: none"> • To perform the supervisory functions of public and mixed investment projects, a Central PIM Unit must conduct — directly or indirectly — a technical and economic analysis of public investment initiatives. • To analyze public investment projects and recommend to the Interagency PIM-PPP Committee (to be established) their decision about the project, which can be a definite rejection, a project re-design, or a granting of the final “seal of quality” to investment projects. Only those projects that have this “seal of quality” should be deemed fit to compete for funding (through the annual budget, funds or loans, grants, PPPs, and so on). • To establish standards, technical and economic procedures, guidelines, rules and methodologies to apply to ex-ante evaluations of projects financed through public funds. • To develop methodologies and standards for project preparation, as well as to propagate and clarify best practices. • To calculate and update the economic prices (also known as national parameters or shadow prices) to conduct the economic analysis. • To support technically Local Development Units at the governorate, municipal and independent government agency levels. • To conduct analytical studies on the impact created by the implementation of projects, that is, to perform impact project evaluations and impact assessments. • To define and update general and sector rules, instructions and norms to guide the formulation of investment projects inside the PIM system. 	<ul style="list-style-type: none"> • Reviewing PPP project proposals, feasibility and viability reports received from governmental entities and submitted to the PPP Council; • Providing technical support to the contracting parties throughout all phases of the PPP project, and serving on project committees; • Designing standardized template documentation and guidance for project implementation phases; • Conducting PPP capacity building to governmental entities; and • Managing a project PPP project database, to include the archiving of project documents and periodic PPP project reports from governmental entities. The PPP project database will also be expanded to record and manage fiscal commitments and contingent liabilities arising from PPPs.

The **Inter-Agency PIM-PPP Committee** is mandated as a Technical Secretariat charged with preparing the selection of PIP and PPP projects already registered in the National Registry of Development Projects (National Registry of Development Projects [NRDP] – MoPIC Website application) for the Y+1 EDP and endorsement by the Council of Ministers. The composition of the Committee includes representatives from the following: (i) MoPIC / Central PIM Unit; (ii) MoF / PPP Unit and Public Debt Directorate; (iii) the General Budget Department; (iv) the Prime Minister’s Delivery Unit (PMDU); and (vi) the Concerned government institution or independent government agency.

The Log-Frame Matrix and Key Performance Indicators (KPIs) are analytical, presentational and management tools which can help planners and managers to: (i) analyze the existing situation during activity preparation; (ii) establish a logical hierarchy of means by which objectives will be reached; (iii) identify the potential risks to achieving the objectives and sustainable outcomes; (iv) establish how outputs and outcomes might best be monitored and evaluated; and (v) monitor and review activities during implementation.

The **Simplified Methodology for Economic Appraisal of Public Investment Projects in Jordan** provides general guidance on Project Preparation and Evaluation techniques and procedures, presenting case studies and templates. This guidance is relevant for all government organizations that produce investment projects. The PIM-PPP Governance Framework requires the use of a Project Preparation and Appraisal Manual by all parties, including government agencies, consultants, and donor agencies. The PPP legislation to date includes detailed draft Guidelines for PPP projects.

Specific Project Evaluation Methodologies, Guidelines and Norms. The increasing complexity and high specialization of certain types of projects make it necessary to ensure uniformity in the measurement of costs and benefits so as to avoid lengthy and difficult discussions between the parties. The early adoption and publication of specific project preparation and appraisal guidelines is a key feature to achieving consistent standards for conducting project appraisals. These guides will also specify the formats of the reports and spreadsheets to be used in project appraisal. They can then be transferred to the reviewing, approving, or budgeting agency for their easy use. The GoJ shall require the use of specific project preparation and appraisal guidelines by all parties, including government agencies, SOEs, consultants, and donor agencies.

Economic (shadow) Prices. Given existing economic distortions and externalities in a country, market prices may not reflect the social value of resources and services. There are also many goods and services for which there are no markets (such as clean air, fishing stocks, human life, and so on) but they do have a social value. Using simple market prices in economic project appraisals can be inadequate. Therefore, the PIM Central Unit shall perform the necessary calculations to determine the consumer's willingness to pay (or shadow prices) of the most important prices and national parameters. It will then provide the results to all government entities, consultants, and donor agencies. The PIM System requires the mandatory use of economic prices by all parties, including government agencies, consultants, and donor agencies.

PIM Training Program for Project Preparation and Project Appraisal. A PIM System is not just a sophisticated computer system. It is based on a large number of professionals who know how to prepare and evaluate investment projects. As such, Jordan should now seek to build a critical human resource base. It is recommended that a set of annual courses be organized by the PIM Central Unit to train public officials across government in public investment topics. Based on international experience, the training program should include three different levels: (i) a Basic Course for Project Preparation and Appraisal (an introductory course targeted to public servants from Line Ministries, Municipalities and Public Services all over the country); (ii) an Intermediate Level Course on Project Financial and Economic Appraisal (targeted to public servants who graduated with high scores from the basic courses, as well as other public sector professionals who have to pass a sufficiency exam); and (iii) an Advanced Level Course (Diploma) on Project Preparation and Financial, Economic and Risk Analysis (targeted to public servants who graduated with high scores from the intermediate courses, as well as other public sector professionals who have to pass a sufficiency exam).

The National Registry of Development Projects (NRDP). This database represents the single, exclusive information system (relational database) designed to support public investment management. It contains the registry of any development project that annually applies for public financing, or public endorsement in the case of PPPs. It is recommended to build the system around a single conceptual unit (the project), according to its phase within the project life cycle. This file would then be continuously updated, and it will accompany this investment initiative as long as it takes (that is, until the project operation has concluded, or until the project is discarded). The NRDP must monitor each development project as it progresses through the different phases of the project life cycle during each fiscal year. Specifically, it monitors the project registration, the economic analysis and its recommendations, the budgetary process and budget allocation, the fiscal and physical execution of the project, and the project impact analysis. Along with the processing and controlling of public investment, the NRDP also provides information of a different nature for operational control and management analysis activities. The PPP Unit is currently managing a PPP Database focused exclusively on tracking PPP projects. In the short term, modifications to the PPP Database could be considered to meet the functional requirements of the NRDP. In the medium term, the existing PPP Database may be merged or linked with the NRDP.

Box 5: Main Objectives of a Computerized NRDP

- + *To supply a single, unambiguous identification number to each investment initiative. This ID will accompany the project during its entire project life cycle.*
- + *To establish a database of public investment projects at the national, sub-national and municipal levels, as well as for each sector.*
- + *To reflect the reality of each project as it is continuously updated.*
- + *To cover the entire project life cycle for every investment initiative, (that is, from “cradle to grave”).*
- + *To facilitate aggregate or specific analysis of public investments.*
- + *To facilitate project impact evaluation.*