



PPIAF

Enabling Infrastructure Investment

DECEMBER 2014



PPIAF Supports the Institutional and Policy Environment for PPPs in Jordan

PPIAF has supported the Government of Jordan to improve the institutional and policy environment for public-private partnerships (PPPs). The objective is to provide the enabling conditions for the development of a PPP program that seeks to improve and expand access to infrastructure services to the people of Jordan. The Public-Private Infrastructure Advisory Facility (PPIAF) provided funding in 2013 to support the definition and establishment of a PPP Unit within the Ministry of Finance, provide recommendations to improve the legal and regulatory framework for PPPs, draft a PPP policy, and identify a pipeline of priority PPP projects. As a result of the PPIAF support, the PPP Unit has been established based on the recommended organizational structure. In addition, a new PPP Law passed through Parliament and was ratified on November 2, 2014.

Since 1994, Jordan has achieved financial closure on 17 PPPs with combined investment of \$6.6 billion across core infrastructure sectors. Nevertheless, given the infrastructure deficit in Jordan, there is substantial scope for additional PPPs to improve public services and generate fiscal savings across core infrastructure sectors, municipal services, health, education, and facilities management.

In order to expand Jordan's PPP program, the need for improvements to the institutional and legal environment for PPPs were identified. While PPPs have proceeded under some sector-specific laws (e.g., electricity) or Jordan's general privatization law (from 2000), the Government of Jordan (GoJ) through the Executive Privatization Commission (EPC) concluded that a special-purpose PPP Law was needed to address certain legal ambiguities (e.g., authority of private developers to collect government fees, step-in rights for lenders) and place Jordan's PPP program on a more certain legislative footing. Hence, in June 2011, the GoJ approved a draft PPP law, but despite submitting it to Parliament for approval on a priority basis, the law was not passed.

Despite the lack of legislative progress, in December 2012, the Minister of Finance announced his intention to improve the institutional framework for PPPs in Jordan through the establishment of a PPP Unit within the Ministry of Finance. It was in this context that the GoJ approached PPIAF, via the World Bank, to provide catalytic support to its PPP program.

PPIAF SUPPORT

In early 2013 the GoJ requested support from PPIAF to provide significant support to the enabling environment for PPPs in Jordan. Following the request, PPIAF provided multiple areas of technical assistance, including:

- Review of gaps in existing laws and regulations:
 - Review of current laws, procedures and regulations to identify gaps and overlaps to be addressed in the definition of the PPP Unit mandate and the new draft PPP Law (also re-drafted as part of this activity).
- PPP Unit mandate:
 - Helped to define the role of the PPP Unit on various issues related to the PPP Unit's mandate, roles, and authority, including on developing PPP policies, line ministry coordination, and the identification, development and management of PPPs. In addition, recommendations were made on the PPP Unit's organizational structure, and job profiles and human resource competencies were drafted.
- Development of a draft PPP policy:
 - Guidance document drafted that describes GoJ's PPP policy and key sectors of focus, in order to focus and guide line ministries and communicate the GoJ's intentions with the Jordanian public and potential investors.

- Identification of a pipeline of potential PPP projects:
 - Consultation with line ministries and other stakeholders to identify a pipeline of priority infrastructure projects suitable to be developed as PPPs.

OUTCOMES

Following the PPIAF-supported technical assistance, several outcomes have already been achieved and more are expected as the activity progresses. The PPP Unit has been established within the Ministry of Finance based on the organizational structure recommended by PPIAF. In addition, the preparation of a new draft of the PPP Law was supported under this activity, and the new PPP Law has since been passed by the Jordanian Parliament and ratified by King Abdullah II on November 2, 2014. Finally, a PPP policy has been drafted, and it is expected that this will be adopted and launched by the PPP Unit in early 2015. A second phase activity to support the further operationalization of the PPP Unit is currently under preparation.

DONOR COORDINATION

For the past several years the Jordanian PPP program has benefitted from significant support from the United States Agency for International Development (USAID), through capital funding support to the successful As Samra Wastewater Treatment Plant, which was developed under a Built-Operate-Transfer PPP structure. With particular relation to this PPIAF activity, USAID's Fiscal Reform Project II was modified to include further support to the establishment of the PPP Unit, including paying the salaries of select PPP Unit staff, and technical assistance for the development of PPP projects.

RELATED ACTIVITIES IN JORDAN

- 2013: JORDAN: Impact Assessment of Private Sector Participation in Infrastructure, \$69,950