Implementation of the Executive Development Plan (EDP)

Jordan Economic Growth Plan (JEGP 2018–2022)

Technical Guide for Pre-Selection of Public Investment Projects

07 May 2018
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<tr>
<td>EDP</td>
<td>Executive Development Plan</td>
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<tr>
<td>EIRR</td>
<td>Economic Internal Rate of Return</td>
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<td>ENPV</td>
<td>Economic Net Present Value</td>
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<td>EPVC</td>
<td>Economic Present Value of Costs</td>
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<td>FS</td>
<td>Feasibility Studies</td>
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<td>GBD</td>
<td>General Budget Department</td>
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<td>GoJ</td>
<td>Government of Jordan</td>
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<td>JD</td>
<td>Jordanian Dinar</td>
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<td>JEGP</td>
<td>Jordan Economic Growth Plan</td>
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<td>MCA</td>
<td>Multi-Criteria Approach</td>
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<td>MOF</td>
<td>Ministry of Finance</td>
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<td>MOPIC</td>
<td>Ministry of Planning and International Cooperation</td>
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<td>PFS</td>
<td>Pre-feasibility Studies</td>
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<td>PIM</td>
<td>Public Investment Management</td>
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<td>PPP</td>
<td>Public-Private Partnership</td>
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<td>PSC</td>
<td>Public-Sector Comparator</td>
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<td>PSF</td>
<td>Pre-Selection Framework</td>
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<td>VfM</td>
<td>Value for Money</td>
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1. **MOTIVATION: WHY DO WE NEED TO PRESELECT PROJECTS?**

One of the most important challenges facing a government is how to allocate scarce resources between an infinite number of needs and a few good investment projects. Developing countries, such as Jordan, are not an exception. In this context, the operational effectiveness of the official Public Investment Management–Public-Private Partnership (PIM–PPP) Governance Framework should be an important priority. Among other issues, introducing better practices for conducting and prioritizing project selection is key.

One very important aspect of project selection and prioritization lies in determining its actual contribution to the welfare of society. Several questions arise about this process, including, among others:¹

- What is the aim of the project?
- Is this project the best available option?
- Does the project have separable components?
- Who are the stakeholders that may affect the investment decision or the performance of the project?
- What is the fiscal impact of the project?
- Is the project financially sustainable (feasible)?
- What is the environmental impact of the project?
- What are the sources and magnitudes of the risks?
- Does the project contribute to economic growth?
- Does the project contribute to the reduction of poverty?
- Is the project a source of political risk?
- Relative to others, is the project the most desirable in competing for the same budget or into the budgetary portfolio?

Project appraisal activities create the analytical basis for an informed decision regarding whether a project is viable from a societal perspective, that is, whether it represents the most ‘socially profitable’ use of the requisite public financial resources. By the time a project reaches appraisal (entailing a feasibility study), however, planning momentum will already have gathered. Indeed, in some cases, it may already be too strong to stop a project from going forward to implementation.

Pre-selection of projects provides the opportunity to halt weak concepts before they advance too far in the planning process — or before there is too much political commitment in support of them. This is especially important with politically driven, ‘white elephant’² projects, which should be ‘killed’ at the earliest occasion. At pre-selection, projects undergo a preliminary screening and only those assessed as being worthy of further study can proceed to appraisal.

Project pre-selection introduces gradualism into the assessment process, creating space for reflection about the declared merits and logic of the project, as well as its coherence with government and sector strategic policy priorities. It provides an opportunity to consider alternative solutions to the project being considered. Appraisal is costly. A figure of around 5 percent of capital costs would not be unusual where appraisal is taken seriously. This could

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² A white elephant is “a property requiring much care and expense and yielding little profit”.
https://www.merriam-webster.com/dictionary/white%20elephant
prove to be a waste of public resources if a project is very likely to be stopped at this point. Thus, pre-selection represents an opportunity for the Jordanian Government to make the project selection system more efficient by producing a shortlist of good project profiles for the appraisal studies.

2. NOTES ON THE PRE-SELECTION METHODOLOGY

A. What is this methodology?

This simplified methodology is intended to serve as a guide to the Government of Jordan (GoJ) in developing its methods of pre-selecting investment project profiles at a basic level. It contains a methodology for project pre-selection, including practical guidance on how to proceed with an appropriate methodology. This document supplements all other project appraisal and budgeting manuals applicable to the relevant government investment decisions at the central level. However, a comprehensive project selection methodology will be drafted in 2018, based on this preliminary methodology. As such, it will add more sophisticated tools for final project selection.

B. Who should use this methodology?

The methodology to determine the pre-selection criteria for public investment projects is intended for various users. It serves as a technical reference for the Ministry of Planning and International Cooperation (MoPIC), the General Budget Department (GBD), the Ministry of Finance (MoF), and other sector ministries. It will also aid other public-sector managers and relevant government officials in the preparation, formulation, appraisal, and selection of public investment projects. In other words, any government entity participating in the PIM system should use this pre-selection methodology.

The first step in the pre-selection process begins with the economic entity, its departments and subordinate units. The head of an economic entity is responsible for putting into place formal systems to ensure that the project pre-selection methodology is identified through robust processes, and that it is properly and accurately presented in the pre-selection reports.

While the responsibility for preparing the pre-selection report rests with the planning unit within the economic entity, it should be done in close coordination with the division or unit that will be responsible for implementing the project, as well as with the unit responsible for budgeting. It is the planning unit’s responsibility to coordinate the translation of the project idea into a coherent project concept or project profile. The Ministry of Planning and International Cooperation, the General Budget Department, and the Ministry of Finance are responsible for the selection and provision of funds for the implementation of the public investment program. As such, they reserve the right to verify that adequate internal systems are in place for PIM, including for project pre-selection.

The Ministry of Planning and International Cooperation, the General Budget Department and the Ministry of Finance issue an opinion on the project profile based on the submitted pre-selection report. This is the culmination point of the broader pre-selection process. Only projects that have passed this internal scrutiny and been formally approved shall be allowed to proceed with a request for financing further appraisal studies.

During the 2017–2019 transition period, the challenge for the Government of Jordan will be to manage and implement the 2016–2018 Executive Development Plan (EDP) — and, in parallel,
to strengthen the operational effectiveness of the official PIM–PPP Governance Framework. This first pre-selection methodology will be directly applied, albeit gradually, until its use becomes mandatory. Thereafter, the next phases of final project selection will be implemented, probably as a pilot program within selected line ministries.

C. Objectives of methodology

The pre-selection process involves a formal decision about whether to proceed to more in-depth project pre-feasibility studies and appraisal. The final objective is to exclude from further development all those projects that:

⇒ Are inconsistent with government or sector priorities (that is, those projects for which there is no strategic fit);
⇒ Are unlikely to be economically viable; and
⇒ Have little chance of being affordable under foreseeable fiscal constraints.

In addition, pre-selection prevents public financial resources from being wasted on redundant pre-feasibility and feasibility studies. Pre-selection also assists in restraining expansionary pressures on the budget by containing the adoption of ineffective/inappropriate projects. All projects, whether financially significant or not, are expected to follow the formal pre-selection process — although some lessening of the intensity of research and analysis is acceptable for low-cost, non-financially significant projects with limited recurrent-cost implications.

Considering the mission to enhance the quality of investment decision-making in both the project pre-selection and appraisal stages, this Technical Guide presents the methodology and criteria for public investment pre-selection.

D. Framework of pre-selection methodology

The structure of this Technical Guide is influenced by the review of textbooks and methodological guides from different countries and international organizations, including: Chile (Ministry of Social Development, 2015); Colombia (National Directorate of Planning, 2015); the European Community (The Cost-Benefit Analysis Guide Team, 2008); Mexico (Secretary of Finance and Public Credit, 2015); Peru (Ministry of Economy and Finance, 2015); the Philippines (National Economic and Development Authority, 2013); the Republic of South Africa (Limpopo Provincial Government, Department of Financial and Economic Development, 2004); and the United Kingdom (Her Majesty’s Treasury, 2013).

E. Structure of project pre-selection filters or stage-gates

Pre-selection requires a formal decision as to whether to proceed with a more in-depth project appraisal. The pre-selection framework involves the application of three sequential filters or stage gates:

The first filter/Stage Gate 01: The **PROFILING STAGE** provides project profiling, that is, the qualitative validation and classification of project proposals to determine whether a project is eligible to be a part of the Executive Development Plan (EDP). This process entails aligning project profiles to strategic priorities and assessing their compatibility with national strategic priorities.

The second filter/Stage Gate 02: The **APPRAISAL STAGE** involves the quantitative validation and classification of project proposals as eligible to receive funds for the elaboration of Pre-feasibility Studies (PFS) and/or Feasibility Studies (FS). This second filter provides a rigorous quantitative assessment, including technical, financial and economic (costs and benefits) analysis of the project. As part of the financial analysis, a preliminary determination should be made regarding the affordability of the project with respect to the GoJ’s capital and operating budget and/or end-user tariffs, if any. If relevant and attainable, the financial analysis can present the expected implementation options available, including potential risk allocation, should a PPP be considered as an option.

According to the PIM Framework, all project pre-feasibility studies should be done in nine required modules/studies. The first five modules are considered the “project building blocks” (that is, demand, technical/engineering, human resources/administrative support, environmental, and institutional/legal studies), and the last four are considered the “analytic modules” (financial/private appraisal, economic/social appraisal, distributional/basic needs appraisal, and risk analysis modules). Pre-feasibility studies must give sufficient and equal attention to all building blocks while maintaining the same quality of information across all nine modules.

After the pre-feasibility stage’s economic evaluation has been conducted, and if the agency responsible — together with the PPP Unit — perceive that a specific project shows potential to be implemented with private sector participation, then the project should be exposed to a first scrutiny. Specifically, this refers to the PPP multi-criteria eligibility analysis. At this early stage of the project cycle, it is important to highlight any characteristics of the project that suggest that a PPP scheme may be considered as a future procurement option.

Like any project, the evaluation of a PPP project must be done both from the private/financial point of view and from the economic/social point of view (that is, the point of view of the entire society). Additionally, a full risk analysis must be implemented. Also, at this stage, a first gap analysis together with a bankability and affordability study should be performed.

The result of a pre-feasibility study is normally a recommendation to abandon the project or to advance to a deeper feasibility study.

The third filter/Stage Gate 03: The **SELECTION STAGE** provides a qualitative and quantitative analysis of the project using feasibility studies. These studies enable the selection of infrastructure investments among those in the portfolio of “well-prepared projects”.
According to global best practices, candidate PPP projects should involve a feasibility study at this stage. The study should contain an additional “Value for Money (VfM)” analysis that should also include the calculation of a Public-sector Comparator (PSC)\(^4\). At this stage, it is also important to note that a project’s budget allocation or a PPP procurement option for investment projects is usually a political decision. However, this political decision should be a well-informed one.

Taken together, these filters establish a Pre-selection Framework (PSF) that contributes to the implementation of the EDP, thereby improving the efficiency of public investment projects and delivering a set of complete and profitable projects. This process is shown in Figure 1.

Figure 1: Capital Projects Cycle

![Capital Projects Cycle](image)

Source: based on international best experiences.

The pre-selection filtering processes are among the sequenced and disciplined reviews and decision-making processes involved in the implementation of PIM, as follows:

- Pre-Selection
- Appraisal

\(^4\) Given the complexity of a full-scale PSC model and the heavy data requirements, this procedure might pose significant implementation challenges. Therefore, it might be advisable in the short/medium term to develop a customized model better suited for Jordan.
Together, these quality-at-entry processes constitute a complete filtering system by which projects are passed through finer and finer sieves until all that are left are projects eligible to be considered for implementation. This is illustrated graphically in Figure 2:

Source: based on international best experiences.

Note: A Project Concept Note is a report that describes main parameters of a project, summarizing all the relevant information to submit it to the PIM System.

F. Project pre-selection for the appraisal budget

Project pre-selection involves the financial approval of a project utilizing an appraisal budget. The eventual goal is for the project to be included in the annual budget for funding as a government and/or PPP project — should a PPP be identified as a potential implementation option. The role of the pre-selection process is to endorse or to reject the project before the appraisal stage.

The project pre-selection process is typically overseen by a high-level committee, which is often chaired by the Ministry of Planning and International Cooperation and/or the Ministry of Finance. It is important that the director or a member of the MoF/PPP Unit be included in the
technical committee responsible for making the preliminary assessment of projects prior to them being sent to the high-level committee.

Following approval of the project pre-selection, the project is included in the appraisal budget proposal. For internationally-funded projects, this can also involve negotiating a separate financing agreement.

3. PROPOSED TECHNICAL GUIDE FOR PROJECT PRE-SELECTION

A. Appropriate multi-criteria evaluation and indicators

This Technical Guide is based on an integrated project pre-selection analysis. Such an analysis is useful for performance measurement in terms of the development performance of public investment programs and projects through the linkage between project planning and budgetary allocation. In this context, the criteria most used for development evaluations are: intervention logic and strategic priorities (relevance and assessment of compatibility with the EDP and Jordan Economic Growth Plan – JEGP 2018–2022); preliminary economic analysis; and implementation and sustainability.

INTERVENTION LOGIC AND STRATEGIC PRIORITIES (assessment of project compatibility and relevance to the EDP and Jordan Economic Growth Plan – JEGP 2018–2022). This refers to the assessment of project design and timing, measuring the extent to which project and program objectives meet the beneficiaries’ requirements, the country’s needs, and related global priorities. In other words, it is a measure of the consistency with which project objectives align with the needs of project beneficiaries. It also refers to the relevance of the project in view of the policies and priorities of the nation and the specific sector, in this case, its alignment with the EDP and Jordan Economic Growth Plan – JEGP 2018–2022.

The intervention logic includes the following details:

- A description of the specific problem that the project is intended to address and its severity;
- An explanation of how the referenced project would alleviate the identified problem; and
- A description of alternative ways of addressing the problem, including policy measures.

The starting point for a project solution should be the clear identification of the problem. Any project formulating/sponsoring agency must first clearly identify the problem that gives rise to the idea of a given project. Problem identification should conclude with a literal definition of the problem under scrutiny.

The identification process implies the identification of gaps in the economy, and the definition of investment priorities for the public sector. The gaps in the economy could lie in one or more sectors, such as basic infrastructure, food and agriculture, heavy or basic industry, or social sectors such as health and education. A project may be identified through a variety of sources, including national, regional or sector policies.

5 “Manual for Pre-Selection and Appraisal of Public Investment Projects” (Republic of Cyprus, 2016).
A typical description of a problem requires the definition of: (1) the area of influence of the project; (2) the target population; and (3) the present and projected demand, supply, and deficit of the service to be provided by the project. In addition, an indication of the severity of the problem should be given, preferably as a quantitative measure. Project promoters are then required to briefly explain how the project will address the cause(s) of the identified problem.

At the second stage, different options, or alternative projects, should be identified to solve the problem. In examining solutions, and selecting alternatives for further study, project promoters should consider the relevant findings from project completion reports, as well as ex-post evaluation studies from similar projects.

The scope of the project should be sufficiently wide to capture all the expenditures necessary to deliver project outputs and achieve its purpose. The proposal requires a description of the project and its components, supported by an explanation of how these represent a comprehensive solution. During the identification process, project promoters will need to ensure that the scope of the project is appropriate, and that critical components or activities have not been omitted.

The project should identify the target final beneficiaries (that is, the end-users of the services to be provided by the project). The project should also provide an approximate assessment of the likely demand for the services to be provided by the project. In addition, the project should specify and estimate the physical capacity of the proposed facilities, expressed in the same unit of measurement as demand to allow for comparison. This measure allows for a preliminary assessment of whether the proposed supply of services is likely to be commensurate with the likely demand. Such an assessment also provides an early check on whether the proposed facilities are being significantly under- or over-charged.

A critical component of a core pre-selection criterion is the strategic case for the project. The project should demonstrate its relevance to the Government’s strategic priorities and sector policies. This is a key requirement and must be fulfilled. Even if the project demonstrates a logical case for intervention, including attendant, adequate demand, it may still not be a strategic priority for the country or its sector(s).

**PRELIMINARY ECONOMIC ANALYSIS.** This refers to the economic estimation of the profitability of the project, including the costing, estimated benefit, and calculation of evaluation criteria (the Economic Net Present Value (ENPV), the Economic Internal Rate of Return (EIRR), and/or the Economic Present Value of Costs (EPVC), if available).

Ideally, the project analysis must include the externalities analysis, considering aspects such as the identification of any significant external impact, including intangible benefits and both positive and negative externalities. In addition, it is recommendable that project identify any positive and negative impact that are difficult to be valued.

The proposal should include indicative implementation cost estimates for the project, as well as for relevant alternatives. In principle, these estimates should include all implementation expenditures required to create a fixed asset capable of delivering the anticipated benefits to end-users (such as a detailed design, land acquisition, construction, plant and equipment, and fixtures and fittings).
At the project profile stage, no preliminary design is yet available. Therefore, detailed item-by-item costing is not possible. However, even if notionally, estimates should encompass all the elements of capital costs required to achieve the project’s purpose. Alternatives should include those projects that have been rejected because of high costs, as well as those that are considered worthy of further examination (that is, for a pre-feasibility study). Estimated costs for project preparation (preliminary design, feasibility study, impact studies, and so on) should also be indicated, albeit separately. Where available, the unit cost of a similar completed project should be reported.

The most reasonable approach is to use indicative estimates based on unit rates for equivalent physical outputs, for example, Jordanian Dinar (JD) per kilometer (km) of road, or Jordanian Dinar per square meter ($m^2$) of floor-space in buildings differentiated by complexity of construction, and so on.

**Project benefits** must relate closely to the problem identified, and beneficiaries must also be clearly distinguished. Although services may not necessarily be paid for by the citizenry, users may still receive benefits, for example, time and vehicle operating cost savings for road users or amenity benefits for users of parks. These benefits should be highlighted. Benefits and costs that are external to the project should also be highlighted (for example, increases or decreases in noise or air pollution from transport projects).

In addition, the project should include a preliminary assessment of its **economic viability**, assessing whether it is likely to be a worthwhile use of public money. It will not be possible to devise a definitive answer about the economic viability of a project before the completion of a pre-feasibility study. The study will involve a cost–benefit analysis, or a cost-effective analysis in cases where benefits are difficult to quantify. However, when this information is available (through pre-feasibility and feasibility studies), it should be highlighted.

In addition, at an early pre-selection stage (that is, at the pre-feasibility study stage) in traditional procurement or in the establishment of a PPP, it is usually too early to make a firm decision about the preferred procurement method for the project. However, it will be important to highlight any characteristics that would suggest that a PPP scheme may be considered as a procurement option. Complex projects for which private entities can provide design and management solutions are good candidates for PPP procurement, if: (a) outputs and quality can be clearly defined and monitored; (b) user needs are stable over time; (c) the project is reasonably robust against policy changes; and (d) the pace of technological change is not expected to require significant changes in project design.

Although preferable, it is not essential to identify the potential for using a PPP at this very early stage. A project does not require having been flagged as a potential PPP at the pre-selection stage to be assessed for its suitability as a PPP at the next appraisal phase, but it helps. As explained in the second stage gate, a gap analysis together with a bankability and affordability study, should have been performed for all those projects that show potential to become a PPP.

According to the PPP Law and relevant regulations:

- The feasibility and pre-feasibility study will include value for money, affordability, a gap analysis and bankability.
Projects under JD15 million (US$ equivalent) are considered to be small projects and may follow simplified procedures; these should be identified in the project selection process.

 IMPLEMENTATION AND SUSTAINABILITY. This refers to the preliminary assessment of the affordability of the proposed project. This assessment examines all the risks of program and project outputs and outcomes. It also assesses the likely sustainability of the project in terms of finance, management capacity, environment and society/community. Therefore, it is linked with the maintenance of the project’s capacity to provide goods and services as defined in the original conceptualization, and according to the initial standards set. Importantly, the analysis should focus on financial sustainability to ensure the existence of sufficient resources (required budgetary support) to continue generating the flow of outputs and outcomes from programs and projects.

This process begins by setting out the budgetary impact of the project in financial terms and expressed in current prices. Budgetary impact includes capital costs — and operations and maintenance costs (to maintain the asset). In addition, any revenues earned directly from the project should be included.

The project unit should seek to demonstrate that there will be adequate fiscal space over the entire implementation period. This is achieved by comparing implementation costs to medium-term allocations and trends, ongoing commitments and projected spending on newly-agreed initiatives. Any funding gaps should be identified and proposals for filling them should be outlined. Project promoters should include relevant provisions in the budget. Sector budget ceilings will be the most important criteria for financially significant projects.

Regarding implementation arrangements, the project should include an initial description of implementation arrangements and an assessment of whether implementation could face any constraints or impact negatively on other projects. The project must include a brief overview of tentative project management and oversight arrangements, proving that the competent organization possesses the necessary management/oversight capacity, not only with regard to its professional adequacy but also in terms of time-availability taking into account the organization’s management/oversight program. These do not have to be definitive or detailed, but there needs to be evidence that arrangements to deliver the project on time, to budget and within specification have been considered at an early stage.

At the implementation arrangements should be highlighted any characteristic of the ongoing projects that would suggest an immediate action. These aspects can be related to procurement methods, adequacy of human resources, permits to work (PTW), costs overrun, schedule slippage and legal aspects. For example, PTW are formal procedures used to control activities that are considered high-risk (issuing permits to work can be a complicated and time-consuming process); lawsuits, legal disputes and conflicts can severely slow down or impede construction; project progress cannot be proportional to cost overrun; implementing agency cannot have the adequate experience to manage the project, etc.

Potential constraints. The project should include an initial description of implementation arrangements, as well as an assessment of whether implementation
could face any constraints — or impact negatively on other projects. The project must include a brief overview of tentative project management and oversight arrangements, proving that the competent organization possesses the necessary management/oversight capacity, not only in terms of its professional adequacy, but also in terms of its time-availability. These do not have to be definitive or detailed, but there needs to be evidence that arrangements have been made to deliver the project on time, and within budget. Such specifications should be considered at an early stage.

The project should demonstrate concise evidence of project leadership capacity, including also relevant capacities of supporting staff from the organization ultimately responsible for project implementation. Capacity can be defined in terms of staff numbers, qualifications and experience. Even in cases in which day-to-day project management and supervision may be outsourced, the project should nevertheless consider high-level leadership capabilities. Project leadership should be capable of overseeing and interacting with external project managers, supervising consultants, and performing other necessary high-level management functions.

In addition to resources, the project should outline other potential implementation constraints and additional measures that can be identified at this early stage. These might include issues such as land purchase, population resettlement or environmental safeguards. Additional measures, such as legal or regulatory changes required to make the project effective, should also be identified. An indicative timeframe for the implementation of any additional measures should also be provided.

**Stakeholders impacts.** Delivering sustainable benefits for end-users requires more than capital investment. It also requires the identification and quantification of extra-economic impacts of project. For example, poverty alleviation and political necessities identification, evaluation of project impact in terms if basic needs goals; or any distributive appraisal that could be helpful to justify the project social impacts.

Ideally, all project profiles should consider completing their log-frame\(^6\) matrix as evidence of project preparation.

**B. Key review criteria for project pre-selection**

Table 1 proposes a set of criteria for the pre-selection of investment projects. The table should be completed by project planners with scores of 0 or 1 (that is, whether a project is in compliance with the sub-criteria).

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\(^6\) “A log frame is a tool for improving the planning, implementation, management, monitoring and evaluation of projects. The log frame is a way of structuring the main elements in a project and highlighting the logical linkages between them.” [https://www.unodc.org/documents/human-trafficking/Toolkit-files/08-58296_tool_10-3.pdf](https://www.unodc.org/documents/human-trafficking/Toolkit-files/08-58296_tool_10-3.pdf)
### Table 1: Core Pre-Selection Criteria and Indicators

<table>
<thead>
<tr>
<th>Core Criteria</th>
<th>Sub-Criteria / Indicators</th>
<th>Pre-Score</th>
<th>Weight</th>
<th>Score</th>
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<tbody>
<tr>
<td>General evaluation</td>
<td>The information provided in the project is adequate to arrive at a pre-selection opinion (yes/no).</td>
<td>0:1</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>The organization and implementing project framework is clear: who will be responsible for delivering the project on time and to budget is properly identified (yes/no).</td>
<td>0:1</td>
<td></td>
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</tr>
</tbody>
</table>
| Intervention logic and strategic priorities | Problem identification  
The problem or opportunity to be addressed is clearly demonstrated, and the way in which the project will help to solve the problem or respond to the opportunity is explained and makes sense. | Sum 3     |        | Pre-score * weight |
|                                        | - The project uses a log frame approach to present the solutions (yes/no)                                          | 0:1       |        |       |
|                                        | - Project rationale and justification (yes/no)                                                                     | 0:1       |        |       |
|                                        | - Consistency with national, sector and governorate-level development goals/strategies/territorial/sector master plans (yes/no) | 0:1       |        |       |
| Scope of the project                   | The description of the scope of the project is sufficiently detailed for pre-selection stage and there are no obvious omissions of major components that could potentially jeopardize the achievement of the project purpose (yes/no) | 0:1       | 1      | Pre-score * weight |
### Core Criteria

**Intervention logic and strategic priorities**

**Identification of target final beneficiaries**

When identifying target beneficiaries, the project should focus on the end-users of the services provided by the proposed facilities. Target beneficiaries could be defined as members of the public, disadvantaged groups, specific communities or businesses.

- Specific target group of final beneficiaries intended to benefit from this project (yes/no).
- Approximate estimate of how many end-users there will be for the services provided by the project, indicating the unit of measurement (e.g., individuals, households, businesses) (yes/no).
- There is an urgent need, i.e., within the next 3 years, for the services of the project as demonstrated by evidence: existing demand for a facility close to the end of its economic life or technologically obsolescent; a severe capacity constraint in existing facilities resulting in suppressed demand; strongly growing demand, likely to outstrip the capacity of existing facilities in the near future; or demand for new services not previously provided (yes/no).

**Strategic case for the project**

To set the project in the broader context of government policy, the following must be demonstrated in the project profile:

- Consistency of the project with the Government’s strategic goals, and its contribution to the goals and objectives of the economic entity.
- Compatibility between the project and the timeframe for achieving the strategic goals and objectives that it is intended to serve.
- The project contributes to the achievement of Ministry objectives. In demonstrating that a project is supportive of a Ministry’s goals and objectives, these linkages must be clearly established.
- The project will contribute to the achievement of relevant strategic goals and objectives, as set out in approved national or Ministry strategic plans or other such documents.

<table>
<thead>
<tr>
<th>Core Criteria</th>
<th>Sub-Criteria / Indicators</th>
<th>Pre-score</th>
<th>Weight</th>
<th>Score</th>
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<tr>
<td><strong>Intervention logic and strategic priorities</strong></td>
<td><strong>Identification of target final beneficiaries</strong>&lt;br&gt;When identifying target beneficiaries, the project should focus on the end-users of the services provided by the proposed facilities. Target beneficiaries could be defined as members of the public, disadvantaged groups, specific communities or businesses.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Specific target group of final beneficiaries intended to benefit from this project (yes/no).</td>
<td>0:1</td>
<td></td>
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<tr>
<td></td>
<td>• Approximate estimate of how many end-users there will be for the services provided by the project, indicating the unit of measurement (e.g., individuals, households, businesses) (yes/no).</td>
<td>0:1</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• There is an urgent need, i.e., within the next 3 years, for the services of the project as demonstrated by evidence: existing demand for a facility close to the end of its economic life or technologically obsolescent; a severe capacity constraint in existing facilities resulting in suppressed demand; strongly growing demand, likely to outstrip the capacity of existing facilities in the near future; or demand for new services not previously provided (yes/no).</td>
<td>0:1</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Strategic case for the project</strong></td>
<td><strong>Consistency of the project with the Government’s strategic goals, and its contribution to the goals and objectives of the economic entity.</strong></td>
<td>0:1</td>
<td></td>
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</tr>
<tr>
<td></td>
<td><strong>Compatibility between the project and the timeframe for achieving the strategic goals and objectives that it is intended to serve.</strong></td>
<td>0:1</td>
<td></td>
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</tr>
<tr>
<td></td>
<td><strong>The project contributes to the achievement of Ministry objectives. In demonstrating that a project is supportive of a Ministry’s goals and objectives, these linkages must be clearly established.</strong></td>
<td>0:1</td>
<td></td>
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</tr>
<tr>
<td></td>
<td><strong>The project will contribute to the achievement of relevant strategic goals and objectives, as set out in approved national or Ministry strategic plans or other such documents.</strong></td>
<td>0:1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core Criteria</td>
<td>Sub-Criteria / Indicators</td>
<td>Pre-score</td>
<td>Weight</td>
<td>Score</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>------------------------------------------------------------------------------------------</td>
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<td>--------</td>
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</tr>
<tr>
<td>Preliminary economic analysis</td>
<td><strong>External effects (externalities analysis)</strong>&lt;br&gt;• Project identify clearly any significant external impacts, including intangible benefits and both positive and negative externalities. 0;1</td>
<td>Sum</td>
<td>1</td>
<td>Pre-score * weight</td>
</tr>
<tr>
<td></td>
<td>Project identify clearly positive and negative impacts that are difficult to be valued. 0;1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Costs</td>
<td><strong>Details on time (schedule): number of days, time of execution planned (yes/no).</strong> 0;1</td>
<td>Sum</td>
<td>1</td>
<td>Pre-score * weight</td>
</tr>
<tr>
<td></td>
<td><strong>Source of information: none, secondary (conceptual design: averages, websites, expert opinion) sources or primary (detailed data: detailed design, well-defined specifications, final data, plans, actual quotes, final prices in contracts) sources.</strong> 0;1</td>
<td></td>
<td>3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>In summary, there is good reason to believe that the proposed project costs are likely to be exceeded by the potential benefits. 0;1</td>
<td></td>
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</tr>
<tr>
<td>Project Benefits</td>
<td><strong>The proposed project benefits are plausible and the target beneficiaries represent a priority for government (yes/no).</strong> 0;1</td>
<td>Sum</td>
<td>3</td>
<td>Pre-score * weight</td>
</tr>
<tr>
<td></td>
<td><strong>Benefits to users are likely to be achievable at an acceptable cost, for example, approximate capital costs per user or per unit of output are in line with comparable projects and/or international experience (yes/no).</strong> 0;1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicators of evaluation criteria</td>
<td>Indicators of evaluation criteria. There is an estimation of the ENPV, EIRR o EPVC (yes/no). 0;1</td>
<td></td>
<td>1</td>
<td>Pre-score * weight</td>
</tr>
<tr>
<td>PPP as an implementing option</td>
<td><strong>Should the project be considered as a potential PPP, the effect on the budget, cost constraints and affordability should also be taken into consideration in an implementation plan.</strong> 0;1</td>
<td>Sum</td>
<td>1</td>
<td>Pre-score * weight</td>
</tr>
<tr>
<td></td>
<td><strong>The medium- to long-term budgetary impact of the project is not inconsistent with budgetary projections and trends, taking into consideration the existing commitments of the economic entity proposing the project.</strong> 0;1</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Core Criteria

<table>
<thead>
<tr>
<th><strong>Existence of funding plan</strong></th>
<th><strong>Sum</strong></th>
<th><strong>Pre-score</strong></th>
<th><strong>Weight</strong></th>
<th><strong>Score</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• If the project is to be implemented and operated by a self-financing economic entity, its overall financial position — cash flow and solvency — is sound and likely to remain so.</td>
<td>0;1</td>
<td></td>
<td>5</td>
<td>Pre-score * weight</td>
</tr>
<tr>
<td>• Provision has been made for financing of operations and maintenance (through revenues or the state budget).</td>
<td>0;1</td>
<td></td>
<td>5</td>
<td>Pre-score * weight</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Proposed arrangements for overseeing and/or managing project implementation</strong></th>
<th><strong>Sum</strong></th>
<th><strong>Pre-score</strong></th>
<th><strong>Weight</strong></th>
<th><strong>Score</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Adequacy of human resources for implementing projects of the scale and nature of the proposed project, as well as any additional measures that may be required to ensure sufficient staff capacity.</td>
<td>0;1</td>
<td></td>
<td>5</td>
<td>Pre-score * weight</td>
</tr>
<tr>
<td>• Possible constraints that will need to be overcome or additional measures to be put in place before the project can be successfully implemented.</td>
<td>0;1</td>
<td></td>
<td>5</td>
<td>Pre-score * weight</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Potential constraints</strong></th>
<th><strong>Sum</strong></th>
<th><strong>Pre-score</strong></th>
<th><strong>Weight</strong></th>
<th><strong>Score</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• The sustainability of the project is not likely to be compromised by a shortage of funding for operations and/or maintenance — or by critical weaknesses in the capacities of the operating entity that are unlikely to be resolved in time for project completion.</td>
<td>0;1</td>
<td></td>
<td>3</td>
<td>Pre-score * weight</td>
</tr>
<tr>
<td>• Mitigation measures can be foreseen for any potentially critical/adverse environmental or social impacts.</td>
<td>0;1</td>
<td></td>
<td>3</td>
<td>Pre-score * weight</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Stakeholders impacts</strong></th>
<th><strong>Score</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Potentially significant social impacts that may need further investigation, particularly those relating to the allocation of costs and benefits between the various project stakeholders</td>
<td>0;1</td>
</tr>
</tbody>
</table>


### C. The score

The final score is a weighted average of different indicators, sub-criteria and criteria. Each weight was proposed based in expert judgment and international best practices. However, they can be reviewed and fitted to Jordan’s current context. The summarized final score formula is shown as follows:

\[
\text{Score}_i = \left(\frac{1}{3}\right) \times \text{INTERVENTION LOGIC } i_{jx} + \left(\frac{1}{3}\right) \times \text{ECONOMIC ANALYSIS } i_{jx} + \left(\frac{1}{3}\right) \times \text{IMPLEMENTATION } i_{jx}
\]
Where:

\( i \) denotes the project

\( j \) denotes the sub-criteria (\( j = \text{INTERVENTION LOGIC, ECONOMIC ANALYSIS, IMPLEMENTATION} \)).

\( j_z \) denotes the indicator \( z \) into the sub-criteria \( j \).

Then, the INTERVENTION LOGIC criteria score is equal to:

\[
\text{INTERVENTION LOGIC } i_{jz} = 3 \times \text{Gen.eval.} + 5 \times \text{Prob.ident.} + 1 \times \text{Scope} + 3 \\
\text{Identificaion of target final beneficiaries + 5 \times Strategic case}
\]

The ECONOMIC ANALYSIS criteria score is equal to:

\[
\text{ECONOMIC ANALYSIS } i_{jz} = 1 \times \text{Ext.Effects} + 3 \times \text{Costs} + 3 \times \text{Benefits} + 1 \times \text{Indicators} + 1 \times \text{PPP}
\]

Finally, the IMPLEMENTATION criteria score is equal to:

\[
\text{IMPLEMENTATION } i_{jz} = 5 \times \text{Existence of funding plan} + 5 \times \text{Arrangements} + 3 \\
\text{* Potential Constrains} + 3 \times \text{Stakeholers}
\]

References


