

INDICATIVE TERMS OF REFERENCE

CR-T1274 – Component 1 (Upstream interventions)

Technical support to the implementation of a Project Preparation Facility for the implementation of efficient, responsible, and sustainable Public-Private Partnerships in Costa Rica.

1. Background and Justification

- 1.1.** Costa Rica has shown a strong commitment to developing its infrastructure through sustainable and innovative financing mechanisms, including Public-Private Partnerships (PPPs). This approach is considered a strategic avenue to bridge the infrastructure gap, enhance economic growth, and improve the quality of public services. However, the country faces significant challenges in preparing and structuring viable PPP projects, including limited technical capacity, fragmented legal frameworks, and the need for standardized processes to ensure project viability and attract private investment.
- 1.2.** Multilateral organizations such as the International Monetary Fund (IMF) and the Inter-American Development Bank (IDB) have been actively supporting Costa Rica in strengthening public financial management, promoting economic stability, and enhancing infrastructure investment. The IMF has provided technical assistance and policy advice to improve fiscal sustainability and create a favorable environment for private investment. In recent years, the IMF has emphasized the importance of structural reforms, including the development of robust PPP frameworks, to foster long-term economic resilience. Within the framework of Costa Rica's agreements with the International Monetary Fund (IMF), the implementation of a Project Preparation Facility was considered key for the development of efficient and sustainable PPP projects and complementary to the technical assistance that the IDB is providing us in terms of regulatory and institutional strengthening PPPs. The foregoing, given that the FPP would not only provide economic resources for revolving funding but would also improve governance for the development of the studies necessary for the preparation of projects, through the provision of technical capacity and constant advice.
- 1.3.** The IDB has been a key partner in infrastructure development in Costa Rica, providing financing, technical support, and capacity-building to enhance the country's ability to effectively implement PPP projects. The IDB's commitment has included supporting the modernization of regulatory frameworks, improving public sector capacity, and promoting private sector participation in infrastructure projects. Additionally, the IDB has played a critical role in promoting best practices in project preparation, evaluation, and financing through its various initiatives and technical cooperation programs.
- 1.4.** In the context, recognizing the need to further advance PPP capabilities, Costa Rica aims to establish a dedicated Project Preparation Facility (PPF) for PPPs. This facility will be essential in addressing current limitations by providing a structured approach to project preparation, including rigorous feasibility studies, risk assessments, and financial modeling. The PPF will serve as a centralized unit responsible for enhancing the quality and viability of PPP projects, thereby

increasing their attractiveness to private investors and ensuring alignment with national development priorities.

- 1.5. The establishment of the PPF aligns with the broader objectives outlined in Costa Rica's National Development and Public Investment Plan, which underscores the critical role of infrastructure in promoting economic competitiveness and social inclusion. By improving the preparation and structuring of PPP projects, the PPF will contribute to the government's strategic goals of enhancing infrastructure delivery, optimizing public resources, and achieving sustainable development outcomes.
- 1.6. To ensure the successful establishment and operation of the PPF, the Government of Costa Rica seeks to hire a consulting firm with extensive experience in PPP frameworks, legal and regulatory design, and operational guidelines development. The consultancy will focus on drafting the necessary regulatory frameworks, designing the operational structure of the PPF, and developing processes and procedures aligned with international best practices. This initiative is expected to further strengthen Costa Rica's infrastructure agenda, supported by continued collaboration with multilateral organizations such as the IMF and IDB.
- 1.7. Established in 1959, the Inter-American Development Bank ("IDB" or "Bank") is the main source of financing for economic, social and institutional development in Latin America and the Caribbean. It provides loans, grants, guarantees, policy advice and technical assistance to the public and private sectors of its borrowing countries.
- 1.8. The IDB PPP Single Window team is dedicated to assist public entities in Latin America and the Caribbean to contribute to economic growth and equity with upstream activities (regulatory and institutional framework strengthening); project preparation (prioritization, identifying, developing and preparing bankable and infrastructure projects that have the potential of reaching financial closure); PPP knowledge dissemination (workshops and publications).
- 1.9. In order to efficiently provide advisory services under this technical cooperation, the IDB PPP Single Window team will finance consulting services to develop regulations and operational guidelines for the Project Preparation Facility (PPF) for PPPs.

2. Objectives

- 2.1. The primary objective of this consultancy is to develop regulations and operational guidelines for the Project Preparation Facility (PPF) for PPPs. This includes:
 - 2.1.1. Drafting the regulatory framework for the PPF.
 - 2.1.2. Designing the operational structure, including governance, roles, and responsibilities.
 - 2.1.3. Developing processes and procedures for project identification, selection, preparation, and financing.
 - 2.1.4. Establishing guidelines for staffing, internal regulations, stakeholder engagement, risk management, and key directives for project monitoring and evaluation.

3. Key Activities/scope of services

The consultant is required to perform the following tasks:

3.1. Task 1: Inception Report and Work Plan

- Conduct an inception meeting with key stakeholders to understand expectations and objectives.
- Prepare an Inception Report detailing the work plan, methodology, and timeline.

3.2. Task 2: Review of Existing Frameworks and Best Practices

- Review of National Frameworks: Examine the current legal, regulatory, and institutional frameworks related to PPPs in Costa Rica.
- International Benchmarking: Conduct an international comparative analysis of project preparation facilities in Latin America, focusing on countries with successful experiences in PPP project preparation, such as Colombia, Brazil, and Mexico. Key aspects to analyze include:
- Governance and Institutional Structures: Review how these facilities are structured, including governance models, institutional alignment, and stakeholder participation.
- Financing Mechanisms: Evaluate the financial models used, including the role of revolving funds, grant financing, and private sector contributions.
- Project Preparation Processes: Analyze methodologies for project identification, prioritization, feasibility studies, and risk assessments.
- Operational Best Practices: Identify best practices in operational guidelines, staffing, capacity building, and internal regulations.
- Impact and Performance: Assess impact and performance metrics used to evaluate the effectiveness of these facilities, including project success rates in achieving financial closure.
- Comparative Analysis: Conduct a comparative analysis of Costa Rica's current frameworks against the identified benchmarks, highlighting strengths, gaps, and opportunities for improvement.
- Stakeholder Consultations: Engage with stakeholders from benchmark countries to gather insights on their experiences, challenges, and lessons learned.
- Best Practices Report: Prepare a report summarizing the findings of the comparative analysis, including recommendations for designing the PPF in Costa Rica.

3.3. Task 3: Development of a Regulatory Framework

3.3.1. Legal Review: Conduct a thorough review of existing national and local laws, regulations, and policies related to PPPs, public procurement, and infrastructure development in Costa Rica. This includes:

- Public-Private Partnerships Law: Analyze in detail Law No. 8687, its implementation, and amendments.
- PPP Regulation: Evaluate the corresponding regulation and its impact on PPP project operations.
- Other Relevant Regulations: Review other regulations and policies influencing the legal framework for PPPs.

3.3.2. Gap Analysis: Identify legal gaps, inconsistencies, or conflicts within the current

regulatory framework that may impact the establishment and functioning of the PPF.

- 3.3.3. Stakeholder Consultations: Consult with relevant government ministries, legal experts, and other stakeholders to gather input on legal challenges and opportunities for the PPF.
- 3.3.4. Fundraising strategy: Develop drafts of processes and procedures to mobilize funding from other donors, including MDBs, to catalyze funding through the PPF
- 3.3.5. Drafting Legal Provisions: Develop drafts of legal instruments, including laws, regulations, or amendments necessary to establish the PPF, ensuring alignment with Costa Rica's legal and institutional context.
- 3.3.6. Legal Validation: Facilitate workshops or meetings with legal experts, policy makers, and other stakeholders to validate and refine the drafted legal provisions.
- 3.3.7. Compliance Analysis: Assess the proposed legal framework against international standards and best practices to ensure compliance and sustainability.

3.4. Task 4: Design of Operational Guidelines

Activities associated with Operational Guidelines:

- 3.4.1. Governance Structure: Define the governance structure of the PPF, including roles, responsibilities, and decision-making processes for key stakeholders.
- 3.4.2. Staffing Plan: Develop a detailed staffing plan, including:
 - Organizational structure and hierarchy.
 - Job descriptions, qualifications, and roles for key positions.
 - Staffing levels, recruitment processes, and training requirements.
- 3.4.3. Internal Regulations: Draft internal regulations governing PPF operations, including:
 - Code of conduct and ethical guidelines for staff.
 - Procedures for internal communication, decision-making, and conflict resolution.
 - Risk management and internal audit processes.
- 3.4.4. Operational Procedures: Develop operational procedures for project identification, selection, preparation, evaluation, and financing.
- 3.4.5. Stakeholder Engagement: Establish mechanisms for stakeholder engagement and consultation in project preparation and evaluation.
- 3.4.6. Evaluation and Monitoring Guidelines: Define methods for ongoing evaluation and monitoring of projects prepared by the PPF.

3.5. Task 5: Final Report and Presentation

- 3.5.1. Prepare a Final Report summarizing the findings, recommendations, and deliverables of the consultancy.
- 3.5.2. Present the results to the Ministry of Finance and the Project Steering Committee.

4. Expected Outcome and Deliverables

4.1. Inception Report and Work Plan, including:

- 4.1.1. Detailed report outlining the work plan, methodology, and timeline.
- 4.1.2. Summary of initial consultations with key stakeholders.

4.2. Review Report on Existing Frameworks and Best Practices, including:

- 4.2.1. Analysis of Costa Rica's current PPP legal and regulatory frameworks.
- 4.2.2. Comparative analysis of project preparation facilities in Latin America.
- 4.2.3. Identification of best practices and recommendations for the PPF design.

4.3. Draft legal instruments, including:

- 4.3.1. Proposed amendments or new regulations needed for the establishment and functioning of the PPF.
- 4.3.2. Detailed analysis of legal gaps and recommendations for alignment with international standards.

4.4. Detailed guidelines for the PPF, including:

- 4.4.1. Governance structure, roles, and responsibilities.
- 4.4.2. Staffing plan, including organizational structure, job descriptions, and recruitment processes.
- 4.4.3. Internal regulations, including code of conduct, communication procedures, and risk management processes.
- 4.4.4. Operational procedures for project identification, selection, preparation, and financing.
- 4.4.5. Stakeholder engagement mechanisms and evaluation and monitoring guidelines.

4.5. Report analyzing the financial sustainability of the PPF, including:

- 4.5.1. Assessment of funding mechanisms and financial models.
- 4.5.2. Recommendations for the use of revolving funds and other financing strategies.

4.6. Final Report, including

- 4.6.1. Comprehensive final report summarizing:
- 4.6.2. Key findings from all tasks.
- 4.6.3. Detailed recommendations and conclusions.
- 4.6.4. All finalized drafts of legal and regulatory documents, operational guidelines, and financial sustainability analyses.

4.7. Presentation to the [Ministry/Agency] and Project Steering Committee

- 4.7.1. Presentation summarizing the key findings and recommendations from the consultancy.
- 4.7.2. Visual aids and supporting documentation for the presentation.

5. Project Schedule and Milestones

- 5.1. All the activities will be carried out and must be completed within a period of time no more than

4 months.

6. Supervision and Reporting

- 6.1. The consulting firm should present every deliverable for IDB approval. Prior to acceptance, IDB PPP Single Window team will share the deliverables with the Costa Rica public entities for comments and suggestions.
- 6.2. Periodic meetings are expected. The meetings will be subject to the Costa Rica public authorities and IDB PPP Single Window team availability.

7. Schedule of Payments

Payment Schedule	
<i>Deliverable</i>	%
<i>1. Inception Report and Work Plan</i>	5%
<i>2. Review Report on Existing Frameworks and Best Practices</i>	20%
<i>3. Draft Legal and Regulatory Framework</i>	25%
<i>4. Operational Guidelines Document</i>	25%
<i>5. Financial Sustainability Report</i>	10%
<i>6. Final Report</i>	10%
<i>7. Presentation to Project Steering Committee</i>	5%
TOTAL	100%

INDICATIVE TERMS OF REFERENCE

CR-T1274 – Component 2 (Upstream support – Prioritization) Public-Private Partnerships (PPP) prioritization to enhance the infrastructure planning in Costa Rica

1. Background and Justification

- 1.1.** Costa Rica has shown a strong commitment to developing its infrastructure through sustainable and innovative financing mechanisms, including Public-Private Partnerships (PPPs). This approach is considered a strategic avenue to bridge the infrastructure gap, enhance economic growth, and improve the quality of public services. However, the country faces significant challenges in preparing and structuring viable PPP projects, including limited technical capacity, fragmented legal frameworks, and the need for standardized processes to ensure project viability and attract private investment.
- 1.2.** Multilateral organizations such as the International Monetary Fund (IMF) and the Inter-American Development Bank (IDB) have been actively supporting Costa Rica in strengthening public financial management, promoting economic stability, and enhancing infrastructure investment. The IMF has provided technical assistance and policy advice to improve fiscal sustainability and create a favorable environment for private investment. In recent years, the IMF has emphasized the importance of structural reforms, including the development of robust PPP frameworks, to foster long-term economic resilience. Within the framework of Costa Rica's agreements with the International Monetary Fund (IMF), the implementation of a Project Preparation Facility was considered key for the development of efficient and sustainable PPP projects and complementary to the technical assistance that the IDB is providing us in terms of regulatory and institutional strengthening PPPs. The foregoing, given that the FPP would not only provide economic resources for revolving funding but would also improve governance for the development of the studies necessary for the preparation of projects, through the provision of technical capacity and constant advice.
- 1.3.** The IDB has been a key partner in infrastructure development in Costa Rica, providing financing, technical support, and capacity-building to enhance the country's ability to effectively implement PPP projects. The IDB's commitment has included supporting the modernization of regulatory frameworks, improving public sector capacity, and promoting private sector participation in infrastructure projects. Additionally, the IDB has played a critical role in promoting best practices in project preparation, evaluation, and financing through its various initiatives and technical cooperation programs.
- 1.4.** In the context, recognizing the need to further advance PPP capabilities, Costa Rica aims to establish a dedicated Project Preparation Facility (PPF) for PPPs. This facility will be essential in addressing current limitations by providing a structured approach to project preparation, including rigorous feasibility studies, risk assessments, and financial modeling. The PPF will serve as a centralized unit responsible for enhancing the quality and viability of PPP projects, thereby increasing their attractiveness to private investors and ensuring alignment with national development priorities.

- 1.5. The establishment of the PPF aligns with the broader objectives outlined in Costa Rica's National Development and Public Investment Plan, which underscores the critical role of infrastructure in promoting economic competitiveness and social inclusion. By improving the preparation and structuring of PPP projects, the PPF will contribute to the government's strategic goals of enhancing infrastructure delivery, optimizing public resources, and achieving sustainable development outcomes.
- 1.6. Established in 1959, the Inter-American Development Bank ("IDB" or "Bank") is the main source of financing for economic, social and institutional development in Latin America and the Caribbean. It provides loans, grants, guarantees, policy advice and technical assistance to the public and private sectors of its borrowing countries.
- 1.7. The IDB PPP Single Window team is dedicated to assist public entities in Latin America and the Caribbean to contribute to economic growth and equity with upstream activities (regulatory and institutional framework strengthening); project preparation (prioritization, identifying, developing and preparing bankable and infrastructure projects that have the potential of reaching financial closure); PPP knowledge dissemination (workshops and publications).
- 1.8. In order to efficiently provide advisory services under this technical cooperation, the IDB PPP Single Window team will finance consulting services to generate the studies required to implement a preliminary project screening to prioritize a PPP project pipeline to later support directly and through the Project Preparation Facility (PPF). This component will leverage from existing international best practices and tools to identify aspects of pre-selected projects related to their viability or feasibility (such as, commercial, environmental, fiscal, technical and political) and the impact (such as, social, environmental, developmental and economic impact). The output of the studies to be financed will serve as a recommendation of which projects should be considered for project preparation.

2. Objectives

- 2.1. The main objective of this consultancy is to support a range of activities required to develop and implement public-private partnership (PPP) projects in Costa Rica. The consultancy will focus on working with the Republic of Costa Rica preliminary screening of potential PPP candidates for entering the pipeline to be prepared with the PPP Project Preparation Facility (PPP PPF). This initiative has direct synergies with the current Resilience and Sustainability Fund (RSF) agreement with the International Monetary Fund (IMF) and follows international best practices for the preparation of sustainable projects. The PPP PPF will build on the IDB's experience in setting up PPP-PPF in the region (Brazil, Colombia, Jamaica), as well as the IDB's current technical assistance to the country, working closely with the government (Ministry of Treasury and National Concessions Council of the Ministry of Public Works) to develop and update institutional coordination guidelines, implementation manuals and PPP best practices to ensure the sustainable development of PPPs – environmental and social sustainability of infrastructure projects.
- 2.2. A consulting firm with a strong presence in Latin America and the Caribbean will carry out the advisory services assignments.

3. Scope of Services

- 3.1.** Support for PPP Project screening in its fiscal, technical, legal and social, environmental and equity (including gender equity) dimensions, using the IDB project prioritization tool.
- 3.2.** The screening exercises will be used to prioritize projects in terms of their alignments to the appropriate national policies and IDB's framework.

4. Key Activities

- 4.1.** Considering the [IDB prioritization tool](#), the consultant will analyze the regulatory and institutional information of Costa Rica to propose the necessary adjustments to the tool to better reflect the Costa Rica strategic priorities, development plans, and national, subnational and sectoral policies.
- 4.2.** This adapted tool will be discussed in a workshop with the public authorities involved (Ministry of Treasury, National Counsel of Concessions, Ministry of Public Works, Ministry of National Planning and Economic Policies, among others) to obtain their feedback and determine the specific:
 - 4.2.1. Eligibility Criteria questions
 - 4.2.2. Prioritization criteria, score range, and weighting according to country profile and priorities
- 4.3.** The consultant will develop studies and assessments necessary to identify, in the early stages of project life cycle, the extent to which the projects within the pipeline meet key preliminary eligibility and prioritization criteria, that will be further assessed during project formulation (pre-feasibility studies) and structuring (feasibility studies) phases. This information will be built upon existing documentation and studies already conducted and will focus on:
 - 4.3.1. Thorough assessment of existing documentation in terms of defined scope of the project, technical requirements, previously developed prefeasibility and feasibility assessments, financial and demand data, environmental and social assessments etc.
 - 4.3.2. Preliminary assessment of the conditions for commercial viability, in terms of risk allocation, sector viability practices, tariffs and public liabilities.
 - 4.3.3. Preliminary indication of the fiscal viability of the project, based on estimations of public liabilities required to the commercial viability of the project.
 - 4.3.4. Preliminary indication of the conditions to assign risks efficiently, considering the political, sectoral and technical aspects of the project.
 - 4.3.5. Preliminary identification of major legal challenges for the implementation of the project in terms of land availability, labor regulations and other legal obstacles.
 - 4.3.6. Mapping of the relevant sectorial regulations and institutions in terms of previous experience and capacity to implement projects.
 - 4.3.7. Identify private sector participation in similar projects in Costa Rica, the Central America and the LAC Region
 - 4.3.8. Identify potential impact of projects in gender inequalities, access to services by vulnerable groups, as well as positive impacts to persons with disabilities, afro-descendants and LGBTQ+ individuals, and the development with identity of indigenous peoples.
- 4.4.** Application of the agreed adapted tool indicated in 11.2. The application should be applied in an

identical manner for all projects within the Costa Rican project pipeline (same criteria, score ranges and weighing).

- 4.5. Once the projects have been prioritized, the consultant will develop a preliminary identification of the first 10 projects' main gaps for readiness that need to be filled before the next PPP phase formulation (pre-feasibility studies) or structuring (feasibility studies).
- 4.6. The project that meets all the requirements will be selected to continue to the next component 3 and move on to the formulation phase.

5. Expected Outcome and Deliverables

- 5.1. Deliverable 1: Preliminary report: adapted tool, according to 11.1 and 11.2.
- 5.2. Deliverable 2: Final report: prioritization report, according to 11.3 to 11.6.

6. Project Schedule and Milestones

- 6.1. All the activities will be carried out and must be completed within a period of time no more than 4 months.

7. Supervision and Reporting

- 7.1. The consulting firm should present every deliverable for IDB approval. Prior to acceptance, IDB PPP Single Window team will share the deliverables with the Costa Rica public entities for comments and suggestions.
- 7.2. Periodic meetings are expected. The meetings will be subject to the Costa Rica public authorities and IDB PPP Single Window team availability.

8. Schedule of Payments

Payment Schedule	
<i>Deliverable</i>	%
8. <i>Preliminary report</i>	40%
9. <i>Final Report</i>	60%
TOTAL	100%

INDICATIVE TERMS OF REFERENCE

CR-T1274 – Component 3 (Project preparation)

Project Preparation Facility for the implementation of efficient, responsible, and sustainable Public-Private Partnerships in Costa Rica.

1. Background and Justification

- 1.1.** Costa Rica has shown a strong commitment to developing its infrastructure through sustainable and innovative financing mechanisms, including Public-Private Partnerships (PPPs). This approach is considered a strategic avenue to bridge the infrastructure gap, enhance economic growth, and improve the quality of public services. However, the country faces significant challenges in preparing and structuring viable PPP projects, including limited technical capacity, fragmented legal frameworks, and the need for standardized processes to ensure project viability and attract private investment.
- 1.2.** Multilateral organizations such as the International Monetary Fund (IMF) and the Inter-American Development Bank (IDB) have been actively supporting Costa Rica in strengthening public financial management, promoting economic stability, and enhancing infrastructure investment. The IMF has provided technical assistance and policy advice to improve fiscal sustainability and create a favorable environment for private investment. In recent years, the IMF has emphasized the importance of structural reforms, including the development of robust PPP frameworks, to foster long-term economic resilience. Within the framework of Costa Rica's agreements with the International Monetary Fund (IMF), the implementation of a Project Preparation Facility was considered key for the development of efficient and sustainable PPP projects and complementary to the technical assistance that the IDB is providing us in terms of regulatory and institutional strengthening PPPs. The foregoing, given that the FPP would not only provide economic resources for revolving funding but would also improve governance for the development of the studies necessary for the preparation of projects, through the provision of technical capacity and constant advice.
- 1.3.** The IDB has been a key partner in infrastructure development in Costa Rica, providing financing, technical support, and capacity-building to enhance the country's ability to effectively implement PPP projects. The IDB's commitment has included supporting the modernization of regulatory frameworks, improving public sector capacity, and promoting private sector participation in infrastructure projects. Additionally, the IDB has played a critical role in promoting best practices in project preparation, evaluation, and financing through its various initiatives and technical cooperation programs.
- 1.4.** In the context, recognizing the need to further advance PPP capabilities, Costa Rica aims to establish a dedicated Project Preparation Facility (PPF) for PPPs. This facility will be essential in addressing current limitations by providing a structured approach to project preparation, including rigorous feasibility studies, risk assessments, and financial modeling. The PPF will serve as a centralized unit responsible for enhancing the quality and viability of PPP projects, thereby increasing their attractiveness to private investors and ensuring alignment with national

development priorities.

- 1.5. The establishment of the PPF aligns with the broader objectives outlined in Costa Rica's National Development and Public Investment Plan, which underscores the critical role of infrastructure in promoting economic competitiveness and social inclusion. By improving the preparation and structuring of PPP projects, the PPF will contribute to the government's strategic goals of enhancing infrastructure delivery, optimizing public resources, and achieving sustainable development outcomes.
- 1.6. Established in 1959, the Inter-American Development Bank ("IDB" or "Bank") is the main source of financing for economic, social and institutional development in Latin America and the Caribbean. It provides loans, grants, guarantees, policy advice and technical assistance to the public and private sectors of its borrowing countries.
- 1.7. The IDB PPP Single Window team is dedicated to assist public entities in Latin America and the Caribbean to contribute to economic growth and equity with upstream activities (regulatory and institutional framework strengthening); project preparation (prioritization, identifying, developing and preparing bankable and infrastructure projects that have the potential of reaching financial closure); PPP knowledge dissemination (workshops and publications).
- 1.8. In order to efficiently provide advisory services under this technical cooperation, the IDB PPP Single Window team will finance consulting services to generate the studies required to implement a preliminary project screening to prioritize a PPP project pipeline to later support directly and through the Project Preparation Facility (PPF). This component will leverage from existing international best practices and tools to identify aspects of pre-selected projects related to their viability (such as, commercial, environmental, fiscal, technical and political) and the impact (such as, social, environmental, developmental and economic impact).
- 1.9. As a result of this PPP project prioritization of the PPP pipeline in Costa Rica, this Terms of Reference aim to hire a consultant firm to develop project preparation studies for a specific transport project (hereinafter, the PPP Project). However, considering the results of the PPP project screening, the specific project could change to other sectors such as water and sanitation and waste management.

2. Objectives

- 2.1. The main objective of this consultancy is to support a range of activities required to develop and implement public-private partnership (PPP) projects in Costa Rica. The consultancy will focus on working with the Republic of Costa Rica to prepare the PPP Project structuring studies as well as support during the tender process.
- 2.2. A consulting firm with a strong presence in Latin America and the Caribbean will carry out the advisory services assignments.

3. Scope of Services

- 3.1. Support for PPP Project feasibility studies, including technical, legal, financial, commercial, environmental, social, and fiscal studies required to bring PPP projects to the tender process and

successfully to commercial close.

4. Key Activities

4.1. The consultant firm will develop studies and assessments necessary to build the PPP Project business case and associated documentation required for the preparation of the project to be taken to the market as public private partnerships.

4.2. The activities of the consultants will be conducted in phases as described below

4.2.1. Phase 1: screening and preliminary assessment of the PPP Project. This phase will include the totality of assessments required to offer a full comprehension of the project as well as test if the project meets the minimum requirement for implementation as PPPs. This should include:

- A detailed proposition of the scope of project, in terms of key responsibilities of the private and public sectors
- An analysis of key indicators of the potential of the project to deliver value for money such as the capacity of the objectives of the project to be described in terms of outputs and results, the scale of the project, the capacity of domestic or international investors to assume the risks inherent to the sector etc.
- A strategic legal analysis to indicate the overall conditions for legal viability,

4.2.2. Phase 2: Feasibility studies (outline business case). In this phase the consultants will address the following set of questions: Is it sensible, from an economic perspective, to implement the project? Is it practical to procure the project as a PPP? How much will it cost? Is it affordable from the government's perspective? Is there adequate market interest and capability to deliver this project? What are the main obstacles for the project's implementation (both the implementation of the technical solution and implementation of the preferred delivery method which may be a traditional delivery or delivery as a PPP)? Can they be overcome in a cost-effective manner? To address these questions, the project appraisal will include:

- Developing the detailed scope of the PPP contract, which include the design of the technical requirements that will be translated into contractual obligations, the Project Design and Construction requirement, the performance requirement and Operation and Maintenance Specifications.
- Estimating the construction and operational costs
- Defining the PPP structure in terms of risk allocation schemes, payment mechanism and their consequences to the capital structure of the project company
- Building the financial model that will consolidate costs, revenues, taxes and other relevant financial and accounting information of the private partner during the life cycle of the project company. The financial model will output key sensibility analysis and be flexible enough to output key decision criteria such as fiscal impacts of the project, commercial viability and others.
- Developing a market sounding to ensure the financial parameters estimated in the financial model are accurate and realistic for potential lenders, including IDB Invest,

other MDBs as well as local and international banks.

- Estimating the commercial feasibility of the project in terms of its capacity to meet key debt covenants and a balanced relationship between return and risk of investors.
- Determining the fiscal feasibility of the project in terms of its impact on the long term direct and contingent liabilities of government. This activity should also allow for an estimation of the impact of the project in the government's debt and deficit calculations.
- Assessing environmental and social feasibility, considering the base-line project design already implemented. The Environmental and Social Feasibility Analysis must test the extent to which the project: 1) meets the national requirements as stated in the appropriate regulations and practices relevant to local licensing processes; 2) embodies international best practices that optimize the financing of projects in the context of the social and environmental requirements of international financiers; and 3) is consistent with the 10 standards of the [IDB's Environmental and Social Policy Framework](#). The consultants must promote compatibility between the recommendations made in the context of national legislation, international best practices, and the IDB ESPF, in the analysis of project feasibility.
- Conducting full legal due diligence in all relevant legal aspects of the project such as labor regulations, land availability, key contractual dispositions etc.
- Value for Money assessment from a qualitative and quantitative perspectives, in line with local regulations and international best practices.

4.2.3. Phase 3: Contract structuring. This phase should include the consolidation of previous assessment and decisions into the contract and request for proposals and will include:

- The designing of the PPP contract.
- The design of the request for proposals, consolidating the procurement strategy.
- The payment mechanism.
- The performance monitoring system.
- The output specification, as well as construction and operational requirements.
- The scheme for economic regulation of revenue.
- Other relevant contractual part necessary for the implementation of the project.

4.2.4. Phase 4: Support to procurement. In this phase, the consultants will help the contracting authority to conduct the interface with potential bidders as well as provide technical assistance in aspects associated with the commercial close of the PPP project. This will include:

- Reviewing and commenting on draft PPP and concession agreements inquires, sent by potential bidders inquires and other involved public authorities during tender process.
- Commenting on technical or financial aspects of the PPP bids received

4.2.5. All the analysis should be done to a very detailed level in order to establish a sound base for the potential recommendation of procuring the PPP Project as a public private partnership that can be defended against public opinion, courts of auditors, and others. This also allows

for a strong evidence base of project data that is substantiated with a clear audit trail for decision-makers to check the assumptions, evidence, and calculations leading to the recommendations.

5. Expected Outcome and Deliverables

- 5.1. Deliverable 1: Detailed work Plan
- 5.2. Deliverable 2: Final report of phase 1
- 5.3. Deliverable 3: Final report of phase 2
- 5.4. Deliverable 4: Final report of phase 3
- 5.5. Deliverable 5: Final report of phase 4

6. Project Schedule and Milestones

- 6.1. All the activities will be carried out and must be completed within a period of time no more than 36 months.

7. Supervision and Reporting

- 7.1. The consulting firm should present every deliverable for IDB approval. Prior to acceptance, IDB PPP Single Window team will share the deliverables with the Costa Rica public entities for comments and suggestions.
- 7.2. Periodic meetings are expected. The meetings will be subject to the Costa Rica public authorities and IDB PPP Single Window team availability.

8. Schedule of Payments

Payment Schedule	
<i>Deliverable</i>	%
1. <i>Work Plan</i>	5%
2. <i>Report of phase 1</i>	20%
3. <i>Report of phase 2</i>	20%
4. <i>Report of phase 3</i>	30%
5. <i>Report of phase 4</i>	25%
TOTAL	100%