JORDAN: AMMAN EAST POWER PLANT PROJECT

THE CHALLENGE

- Increasing electricity demand fueled a need to expand capacity
- Electricity demand was expected to grow by over 55% in 8 years (2007-2015).
- The Amman East power plant (Almankher Power Plant) was the first independent power project to be implemented in Jordan.
- Limited experience for private sector financing and development in the sector which put a high debt burden on the government.

THE SOLUTION

- WB Guarantee financing implemented a risk sharing mechanism covering only those risks which the market cannot bear
- Guaranteeing later maturities (covering repayment at maturity)
- Helped establish an enabling and sustainable framework for private power projects
- Mobilized long term finance substantially beyond prevailing market terms for the country
- Allowed for additional electricity supply and improved borrowing conditions for future IPPs in Jordan.
**TERMINATION PAYMENT GUARANTEE: AMMAN EAST POWER PLANT PROJECT**

**Government Of Jordan**

**Implementation Agreement**
Upon termination, the Government owes **Termination Payments** to the project company.

**AES Jordan PSC** *(Borrower)*

**Project Agreement**
- Reps & warranties
- Covenants

**Guarantee Agreement**
Guarantee of Government payment of IBRD’s share of Termination Payment

**IBRD**

**Commercial Lenders** *(Beneficiaries)*

**Indemnity Agreement**