

Public Private Partnership Achievements in Jamaica

Learning in the 21st Century Schools

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Traditional Infrastructure Development

- Jamaica as a developing country has always had a need for infrastructure of various types
- Government then played a leading role in the development of infrastructure projects
- These include schools, hospitals, roads, water and sewerage systems etc.

Traditional Procurement

- Government has focussed heavily on the traditional procurement method for infrastructure projects
- Projects are advertised and the competitive tendering process takes place and the contract is awarded using the Government's Procurement Guidelines.
- Projects are handed over after completion and a defects liability period of 12 months follows.

Traditional Procurement - Problems

- Time overruns
- Construction cost overruns
- Project design issues
- General inefficiencies, among other problems

Economic Challenges

- Over the past two decades the Jamaican economy like the world economy has faced increasing challenges of various types, specifically fiscal
- Shocks in oil prices
- The global fallout in the world economies has impacted the Country negatively; recession
- Limited cash resources to fund an increasing capital programme

Economic Challenges (contd.)

- Greater demand to buffer the safety net programmes for the very poor
- Reduced revenue intake consequent on the fallout in local businesses
- Competing demands for the limited fiscal resources

Alternatives

- The Government had to think of various alternatives;
 - Divestment of state owned assets - Light and Power company, Sugar Company and Air Jamaica
- Partnership arrangements with the Private sector;
 - Deferred Financing - schools, road construction, police stations etc.

Alternatives (contd.)

- Build Own Operate Transfer (BOOT)
 - Highway toll roads

Lessons Learnt

- Deferred financing worked for the moment but became burdensome in later years
- Debt stock must be better managed

Fiscal Responsibility

- Fiscal Responsibility Framework implemented.
Two Laws were Amended in Parliament to achieve the desired effect:
 - The Financial Administration and Audit Act and
 - The Public Bodies Management and Accountability Act.
- The Amendments seek to limit the Authority for the incurrence of debt outside of what has been approved by the Parliament for the Fiscal Year.
- Public Debt Law enacted

Lessons Learnt

- It has become clear that the private sector will continue to be involved in infrastructure development in Jamaica
- Negotiating skills in Public Private Partnership Transactions are needed in Government
- Risk identification and allocation are critical for success
- Value for money must be achieved

PPP Framework

- Government recognised the need for a structured approach to partner with the private sector. Hence a PPP Policy was developed. This was:
 - Approved by the Cabinet in September 2012
 - Approved by the Parliament in November 2012.

Status

- PPP Unit established in the Development Bank of Jamaica (a subject of the Ministry of Finance)
- PPP Node is functional in the Ministry of Finance and Planning. Responsibility of the Node is to ensure value for money is achieved as well as monitor and mitigate fiscal risks.

STATUS

- The Inter-American Development Bank, International Finance Corporation and other Multi-lateral institutions continue to assist us through the process
- Potential list of PPP Projects have been compiled
- The Development Bank of Jamaica is receiving “on the job” assistance in moving through some of these transactions.

Status (contd.)

- Training in this specialised area of procurement is an on-going undertaking
- The Government has previously executed PPP economic projects. However, social infrastructure projects are now being pursued, the first of which is the school building programme.

PPP Projects

- Currently underway:
 - Norman Manley International Airport
 - Port of Kingston
 - School Building Programme
- In the Pipeline:
 - Hospital Project
 - Prison Project

Toll Road- PPP



Toll Road- PPP



Falmouth Cruise Ship Pier-Partnership with Royal Caribbean



Sangster International Airport- PPP with Abertis Group



Norman Manley International Airport- Underway



Port of Kingston- Underway



END THANK YOU!!



Model shown may include optional equipments