

TRANSJAMAICAN HIGHWAY PROJECT

(JA-L1022)

PROJECT ABSTRACT

Project Description:

The Government of Jamaica (GOJ) launched the Transjamaican Highway project in 1999 as a Build-Operate-Transfer concession for the construction, operation and maintenance of a 230km network of world-class highways that would serve as the primary transportation corridor between the capital city of Kingston, its western suburbs and central regions of the island (the “Project”)

Pursuant to an open international bidding process, the concession contract was awarded to Bouygues Travaux Publics S.A. of France which was soon joined by Autoroutes du Sud de la France S.A., as the Sponsors of the Project. As required under the concession documentation, *Transjamaican Highway Ltd.* (“TJH” or the “Borrower”) was established as a special purpose vehicle under Jamaican Law with the sole purpose of the execution of the Project, and the Project was initiated in November 2001. Since that time, the Project has operated governed by the terms and conditions of a 35-year concession contract (the “Concession”) between Transjamaican Highway Ltd. and the National Road Operating and Constructing Company of Jamaica (the “Grantor” or “NROCC”).

Together with the International Finance Corporation (IFC), the European Investment Bank (EIB) and Proparco, the IDB has structured financing that will be used to: i) design and build an additional 17km long section of greenfield highway between Sandy Bay and Four Paths; and ii) re-finance existing medium-term indebtedness of the Borrower which was issued previously for the financing of the Phase 1A of the Project.

Project Benefits:

Technical benefits: The Project plays an important role in the development of Jamaica through the enhanced connectivity among Kingston, the densely-populated western suburbs and the central regions of the island. The Project will reduce travel times, lower vehicle operating costs and provide safer means of travel between population centers for leisure and business users alike. The Project will also create a direct economic impact through the stimulus created by the Project, much of which entails local sourcing of materials and subcontracting as well as direct and indirect job creation.

Financial benefits: The Project comes at a time when virtually no commercial financing solutions are available for infrastructure projects in the Caribbean on reasonable terms. Given the state of the international financial markets, long-term financing for a Jamaican highway of this nature is possible only with multilateral institutions such as the Bank.

Environmental & Social Benefits: The presence of Bouygues and ASF, as well as the collaborative approach to these issues taken by NROCC and JIO, has contributed significantly to the comprehensive nature of the overall Project quality regarding environmental and social management systems all of which shall be based on Bank Guidelines and international best practices. In addition, the Bank is seeking technical assistance funding for the Portmore fishing community relocated as a result of the Project, as well as funds dedicated to the study of regional flooding issues.