

Investing in a Resilient Future for the Caribbean: Catalyzing Private Investment in Infrastructure – Joint Webinar

Presentations on the Jamaican Public-Private Partnerships Pipeline

28th January 2021

ORDER OF PROGRAMME

WELCOME AND INTRODUCTION

Brian Samuel, Moderator

OVERVIEW OF THE P4 PROGRAMME

Nicola Russell, Manager, PPP & Privatisation Division, Development Bank of Jamaica

PRESENTATIONS ON JAMAICAN PROJECTS IN THE PIPELINE

❖ NWC Projects

Glaister Cunningham, Vice President, National Water Commission

❖ HIGHWAY Project -

Ivan Anderson, Managing Director, National Road Operating & Constructing Company

❖ NSWMA Project

Lyttleton Shirley, Chairman of the SWM Enterprise Team

QUESTIONS AND ANSWERS

WELCOME & INTRODUCTION

Brian Samuel, Moderator

OVERVIEW OF THE PUBLIC-PRIVATE PARTNERSHIPS AND PRIVATISATION PROGRAMME

NICOLA RUSSELL

Manager, PPP & Privatisation Division

Development Bank of Jamaica Limited

JAMAICA'S PPP & PRIVATISATION PROGRAMME

- ✓ **PPP Policy:** Approved and published in October 2012 and updated in December 2017
- ✓ **5 Completed PPP Transactions:** Norman Manley International Airport, Kingston Container Terminal, North-South Highway, Highway 2000 and Sangster International Airport
- ✓ **25 Completed Privatisations (2009-2020):** Energy, Tourism, Logistics, Agriculture, Transport
- ✓ **Investment Value of PPP & Privatisation Transactions completed of over US\$1.7B**
- ✓ **Ranking:** Jamaica ranks 4th as at April 2019 in INFRASCOPE Ranking (INFRASCOPE ranks 21 LAC countries based on facilitation of private investment in infrastructure)

THE ROLE OF DEVELOPMENT BANK OF JAMAICA - PRIVATISATION & PPP AGENCY

- New efficient models
- Support Transaction execution
- Support Project Development

Transaction Management
Project Development

- Strategic oversight and post-transaction assessments
- Evaluation of programme developments

Programme Monitoring and Evaluation

- Agency sustainability
- Programme Sustainability
- Dedicated sources for efficient project development and transaction execution

Identification;
management of
Funding for Project
Preparation

Capacity Building,
Policy
Development

- Updating Policy, Manuals and Standard Operating Procedures
- Training and conferences

CURRENT TRANSACTIONS



- ✓ **Several PPP Transactions in Progress: Water and Wastewater, Energy, Solid Waste Management and Logistics**
- ✓ **15 Privatisation Transactions in Progress: Transport, Energy, Real Estate, Manufacturing, Tourism and Agriculture**

PRESENTATIONS ON THE JAMAICAN PROJECTS IN THE PIPELINE



WATER AND WASTEWATER INVESTMENT OPPORTUNITIES



GLAISTER CUNNINGHAM

Vice President

Investment and Performance Monitoring

National Water Commission



Northern Parishes NRW Reduction

Location : Parishes of St. Ann, Trelawny
& St. James

Current NRW Level: 74%

Objective: Reduce NRW to target of 30%

Budget : US\$35M , **Impact :** 472,000 persons

Contract Type: Performance Based

Revenue Source : NWC Tariff

Current Status : Business Case Completed

Next Step : Procurement / Negotiation

SOAPBERRY WASTEWATER TREATMENT PLANT

Constructed - 2007

Installed Capacity - 75,000 m³/day

Current Flows - 62,000 m³/day

Current Ownership

- Owned & Operated by Central Wastewater Treatment Company (CWTC)
- NWC owns 85% of CWTC shares

Objective - Expansion to satisfy projected flow rate required

Budget : US\$85M* , **Impact** : 500,000 persons

Revenue Source : NWC Tariff

Opportunities: Recycling, Renewables, Solar & Wind

Next Step: Business Case Preparation



Falmouth Centralized Sewerage

Objective: Centralized & upgraded sewerage infrastructure

Budget : US\$70M , Impact : 8,600 persons

Revenue Source : NWC Tariff

Opportunities: Renewables & Effluent Recycling

Current Status : Master Development Plan Preparation

Next Step : Business Case Preparation

Centralized Sewerage Systems

(SOUTHERN TOWNS/PARISH CAPITALS OF JAMAICA)

Location : Parish Towns of May Pen, Mandeville, Santa Cruz & Spanish Town

Objective: Centralized & upgraded sewerage infrastructure

Budget: US\$500M, **Impact:** 400,000 persons

Revenue Source: NWC Tariff

Opportunities: Renewables & Effluent Recycling

Next Steps: Procurement of consultancy Master Development Plan & Business Case Preparation



NRW Reduction Programme

(SOUTHERN TOWNS/PARISH CAPITALS OF JAMAICA)

Location : Parish Towns of Old Harbour, May Pen & Mandeville

Current NRW Level: 80%

Objective - Reduce NRW to target of 30%

Budget: US\$65M , Impact : 260,000 persons

Revenue Source: NWC Tariff

Next Steps: Procurement of consultancy services, Master Development Plan & Business Case Preparation



JAMAICAN HIGHWAY PROJECTS



IVAN ANDERSON

MANAGING DIRECTOR

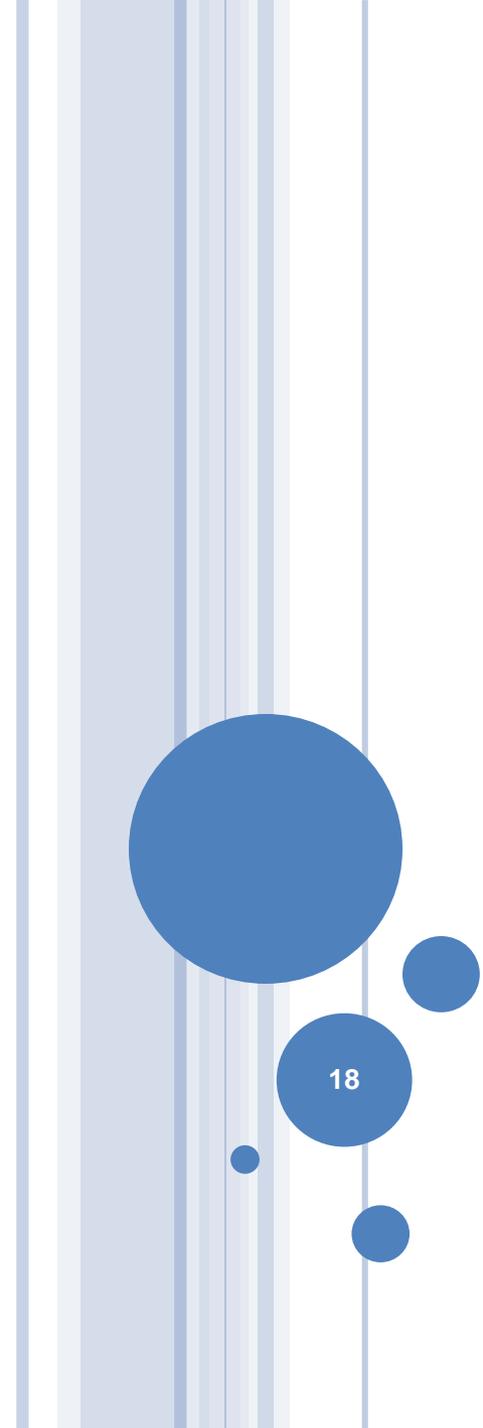
**NATIONAL ROAD OPERATING & CONSTRUCTING
COMPANY**

Building a Strong Economic Infrastructure

- 1. Highway Background**
- 2. Structuring Existing Projects**
- 3. Highway Projects**
- 4. Structuring of New Projects**



Background



FINANCING STRUCTURE FOR CONCESSIONS

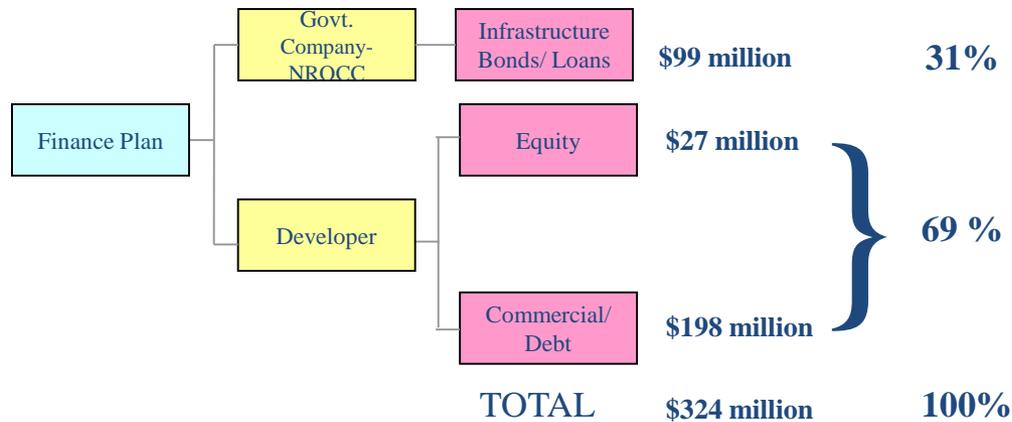
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Financing Structure – Phase 1 (Restructured) Transjamaican Highways (Bouygues/Vinci/IFC/Proparco) Concession 1 – Period 35 Years (2001)

**Phase 1A and 1B (Kingston to May Pen –
50 Km US\$324 M**

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Originally from US Banks/
and Local Pension Funds

All GOJ Loans
Subordinated

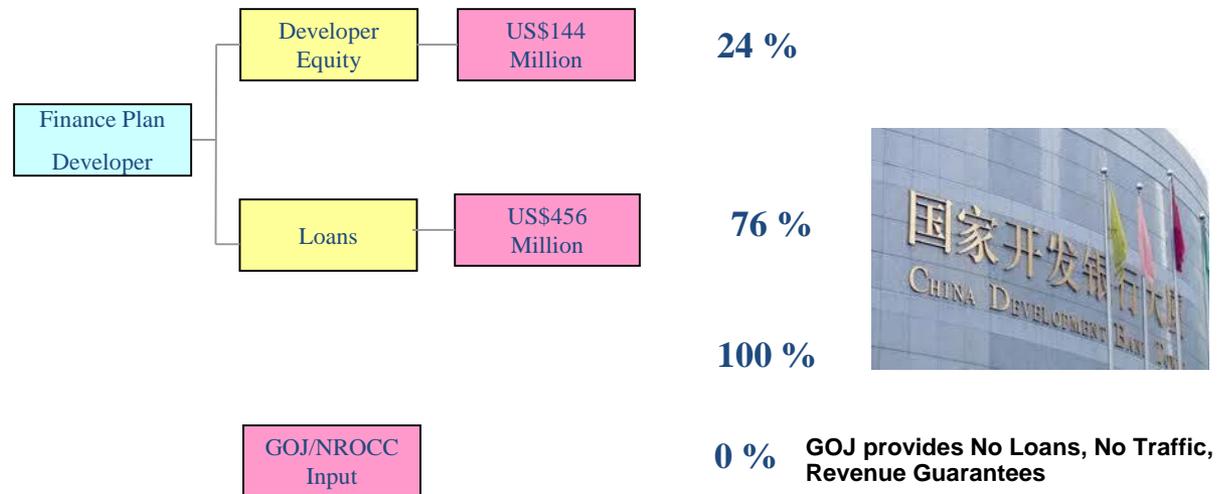
Refinanced by Multilateral Banks
IDB, IFC, EIB, Proparco who have
replaced the financing from RBTT

Financing Structure – Phase 2A China Harbour Engineering and Construction Concession 2 (2012)

NORTH SOUTH LINK – Caymanas to Ocho Rios (67 Km) Phase 2A US\$600 M

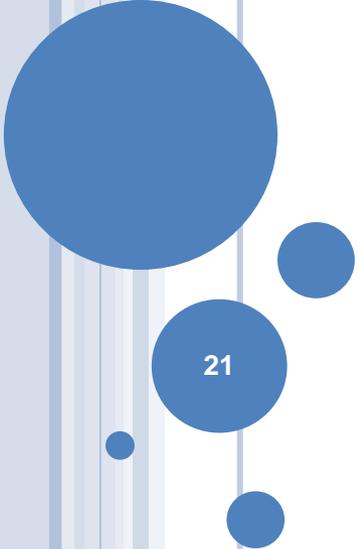
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GOJ Contribution

Approximately 5 sq.km (1200 acres) of Lands to be developed by the DEVELOPER for Housing, Commercial and Hotels. Concession Period Extended to 50 years



RESTRUCTURING OF CONCESSION 1 EAST WEST HIGHWAY

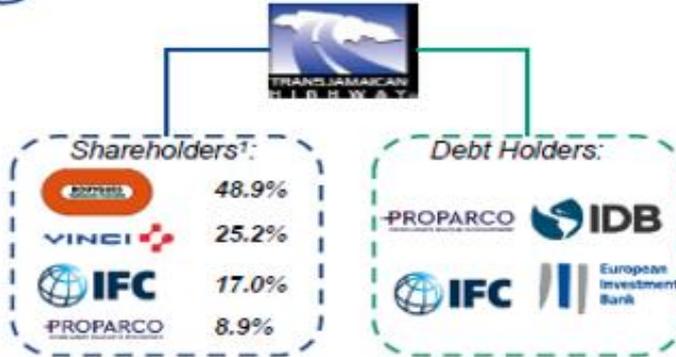
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Transaction Structure

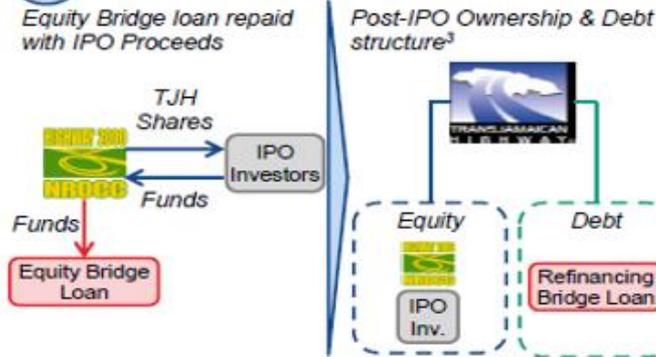
Over US\$400 Million raised

1 Initial Ownership & Debt Holders



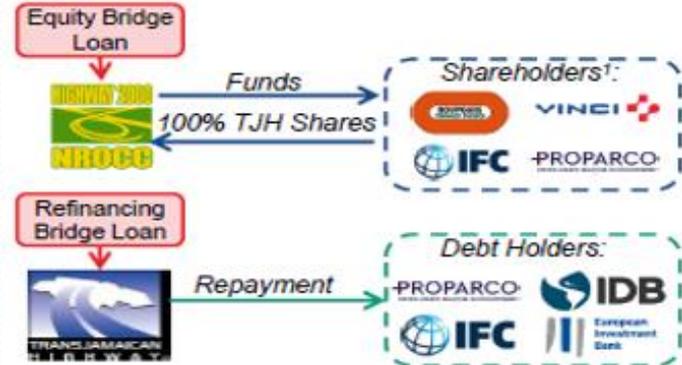
- ✓ **Step 1:**
 - Previous shareholders and NROCC achieved an agreement to facilitate their exit from TJH
- ✓ **Step 2:**
 - NROCC, funded via an Equity Bridge Loan, acquired 100% of TJH
 - Change of control triggered a repayment of existing debtholders
 - Refinancing Bridge Loan was used to pay debtholders

3 TJH's Initial Public Offering

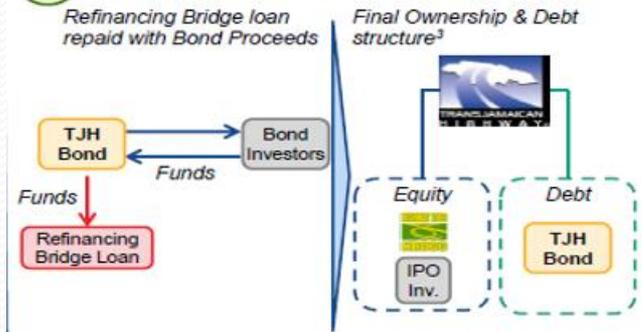


- ✓ **Step 3:**
 - Funds from TJH's IPO were used to repay the Equity Bridge Loan
- ✓ **Step 4:**
 - Bond issuance was used to repay the Refinancing Bridge Loan

2 NROCC's Acquisition²



4 Bond Issuance

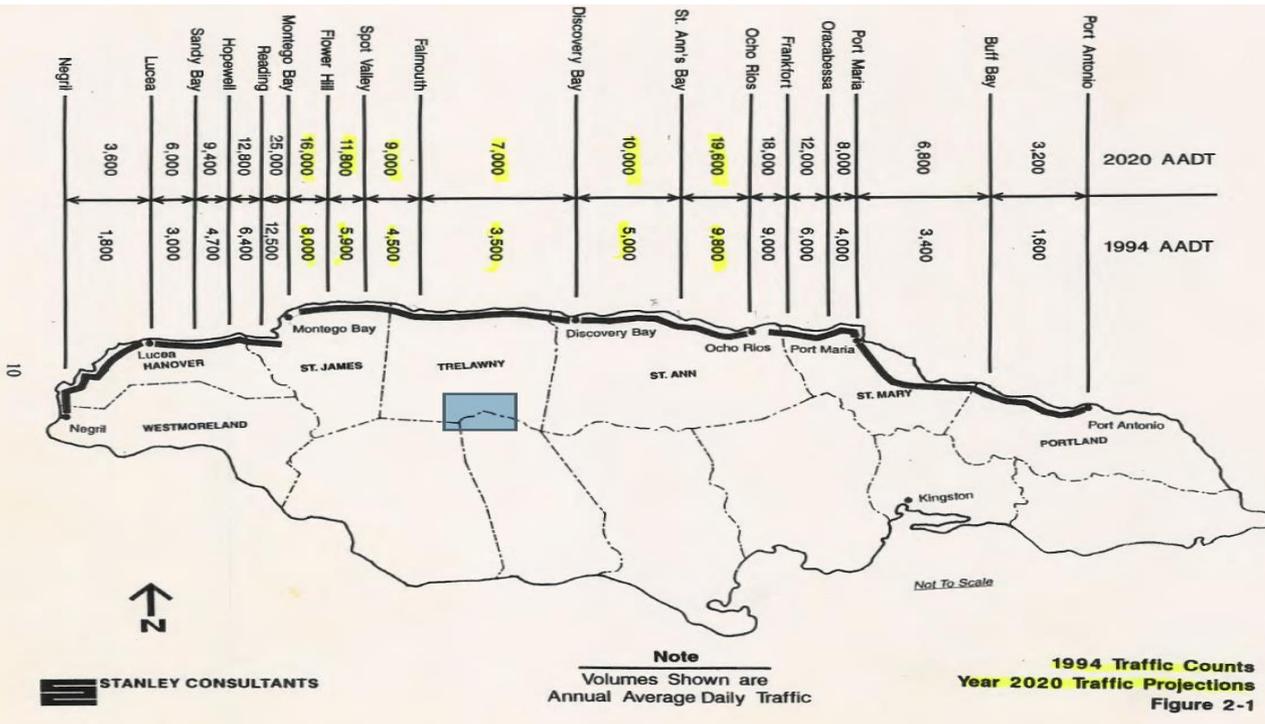


Capacity Deficits of Existing Highways

TRAFFIC GROWTH PROJECTED 1994 to 2020

These traffic growth numbers of approximately 2.7% per annum were based on the expected growth in the economy heavily influenced by the growth in Tourism.

In almost every instance the Traffic volumes projected have been exceeded.



HIGHWAY CAPACITY vs EXISTING TRAFFIC 2020

Ranking	Road Segment	Estimated Daily Capacity for LOS D	Existing Traffic	Capacity Deficit
1	Montego Bay	32400	44000	-11600
2	Seacastles to Greenwood	13300	23670	-10370
3	Salem to Mammee Bay	10640	20136	-9496
4	Discovery Bay to Salem	10640	15597	-4957
5	Hopewell	9310	12090	-2780
6	Lucea	9310	10850	-1540
7	Long Hill	11970	13000	-1030
8	Annotto Bay	9310	4550	4760
9	Oracabessa to Port Maria	9310	4500	4810



Proposed Upgrades

Proposed Highway Section Upgrades



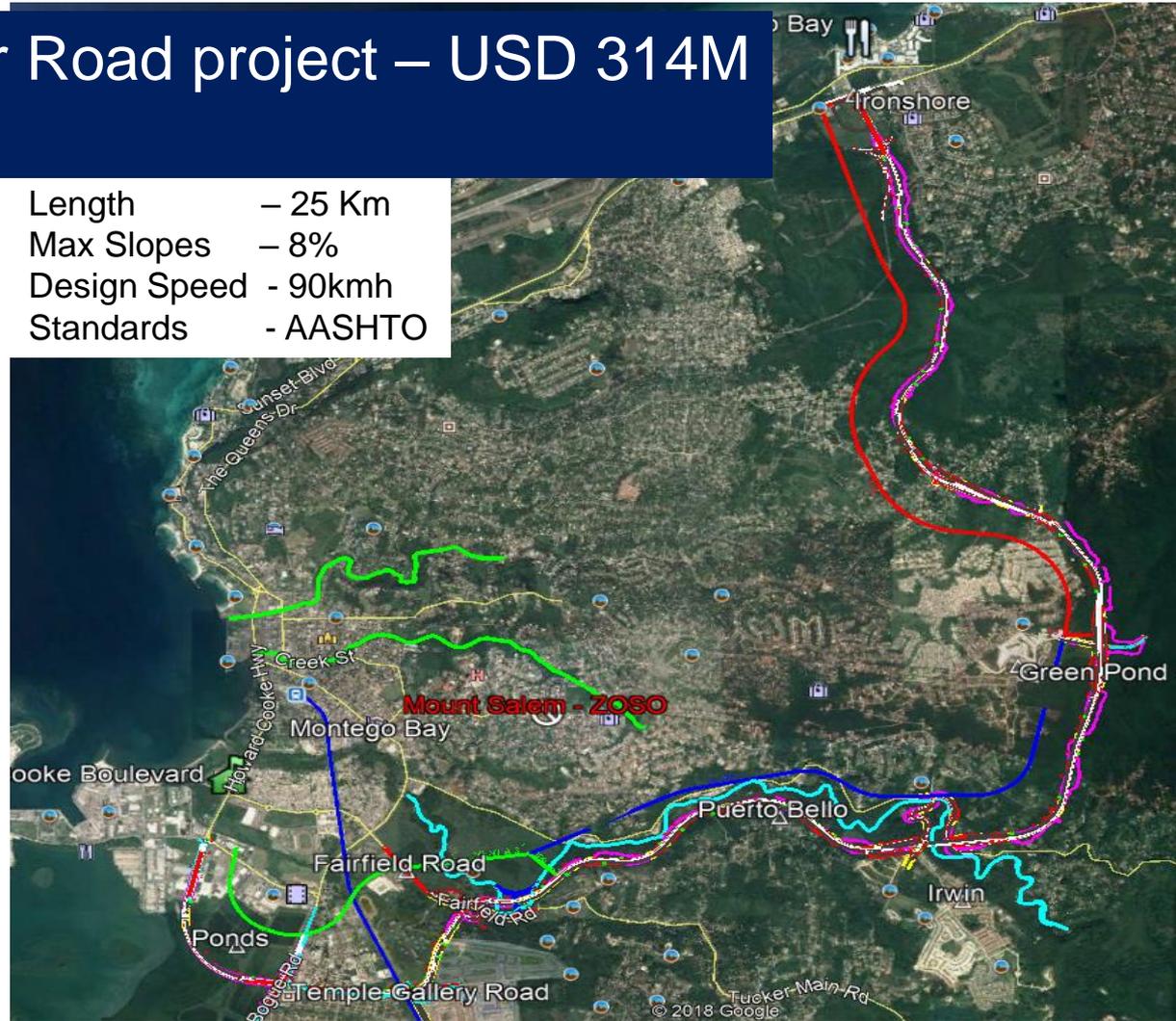
**Package 1 - MONTEGO BAY
PERIMETER ROAD, LONG HILL
BYPASS
Traditional Tolled Roadway**

Montego Bay Perimeter Road project – USD 314M (Tolled Roadway)

The Montego Bay Perimeter Road project is primarily the development of an alternate route the City of Montego Bay to reduce traffic congestion, improve travel time and spur economic growth and development. It is also intended to provide additionally capacity to the road network and offer the possibility of opening of new areas along the corridor.

Montego Bay Perimeter Road

Length	– 25 Km
Max Slopes	– 8%
Design Speed	- 90kmh
Standards	- AASHTO



Montego Bay Perimeter Road project – USD 314M

Toll modelling (2024) Montego Bay Bypass Section

Estimated Tolls	US\$1.38
Revenues	US\$5.2 M (\$2024)
CAGR Traffic	2.7%

Status - Currently under development

Survey of alignment	- Complete
Acquisition of parcels	– Ongoing
Preliminary Design	– Complete
Feasibility Study	- Complete
Estimated Construction Start	- 2022/23
Financing	- GOJ

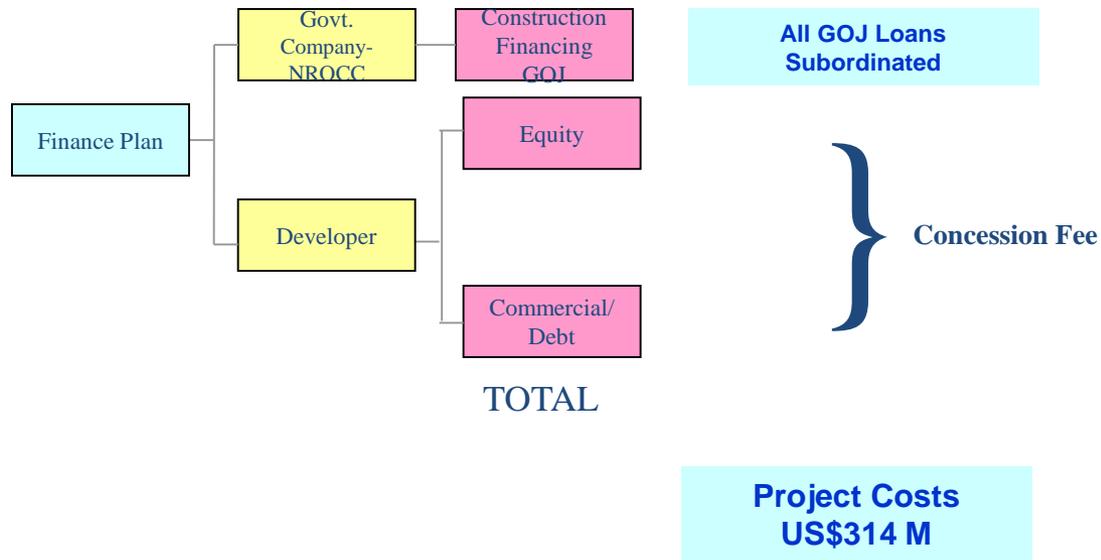
Financing Structure – Montego Bay Perimeter Road Project

Montego Bay Bypass – 15km
Long Hill Road – 10 Km

User Pays



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Package 2 Non-User Pays Projects

OPTIONS FOR FINANCING

- Shadow tolling
 - Tolls paid by the government based on predetermined structure
 - Annuity Payments
 - Government pays a fixed amount per annum regardless of traffic
 - Availability payments
 - Payments made based on certain milestones being achieved
- Package 2 Project
 - Mammee Bay to Salem
 - Greenwood to Discovery Bay
 - Seacastles to Greenwood
- 59 Km of 4 Lane Highway
US\$490 Million

HIGHWAY PROJECTS SUMMARY

Highway Projects - Millions US\$				Budget	Financing	Timing	
Package 1 Montego Bay Projects				25 KM	\$ 314.38	User Pay	2024
Montego Bay Bypass							
Long Hill Bypass							
Package 2 North Coast Highway Imprpvements (Montego Bay to Ocho Rios - Part A)				59 KM	\$ 490.10	Shadow Tolls/PFI	2022
Mammee Bay to Salem							
Seacastles to Greenwood							
Greenwood to Discovery Bay							
TOTAL					\$ 804.48		

THANK YOU



INTEGRATED SOLID WASTE MANAGEMENT PPP PROJECT

Presented by

TANNY SHIRLEY

Chairman of the Solid Waste Management

Enterprise Team



BACKGROUND

- ❖ **Waste generation is estimated at 830,000 tons per year**
- ❖ **500,000 tons is collected – with the remainder being locally burnt or illegally dumped**
- ❖ **Residential waste collection is presently performed by NSWMA with two main disposal sites in Riverton (Kingston) and Retirement (St. James)**
- ❖ **Commercial waste collection is currently liberalized and is largely undertaken by private collectors**
- ❖ **A Pre-feasibility Study and an Option Analysis was done to assist the GoJ to determine the transaction structure and scope.**

Project Overview



From the pre-feasibility study & Option Analysis:

The GoJ, via the Ministry of Local Government & Community Development (MLGCD), has commenced the process of developing an integrated Solid Waste Management PPP Project

The achievement of the GOJ's privatisation objectives would enable the National Solid Waste Management Authority (NSWMA) to transition from an operator to the role of a regulator of the sector.

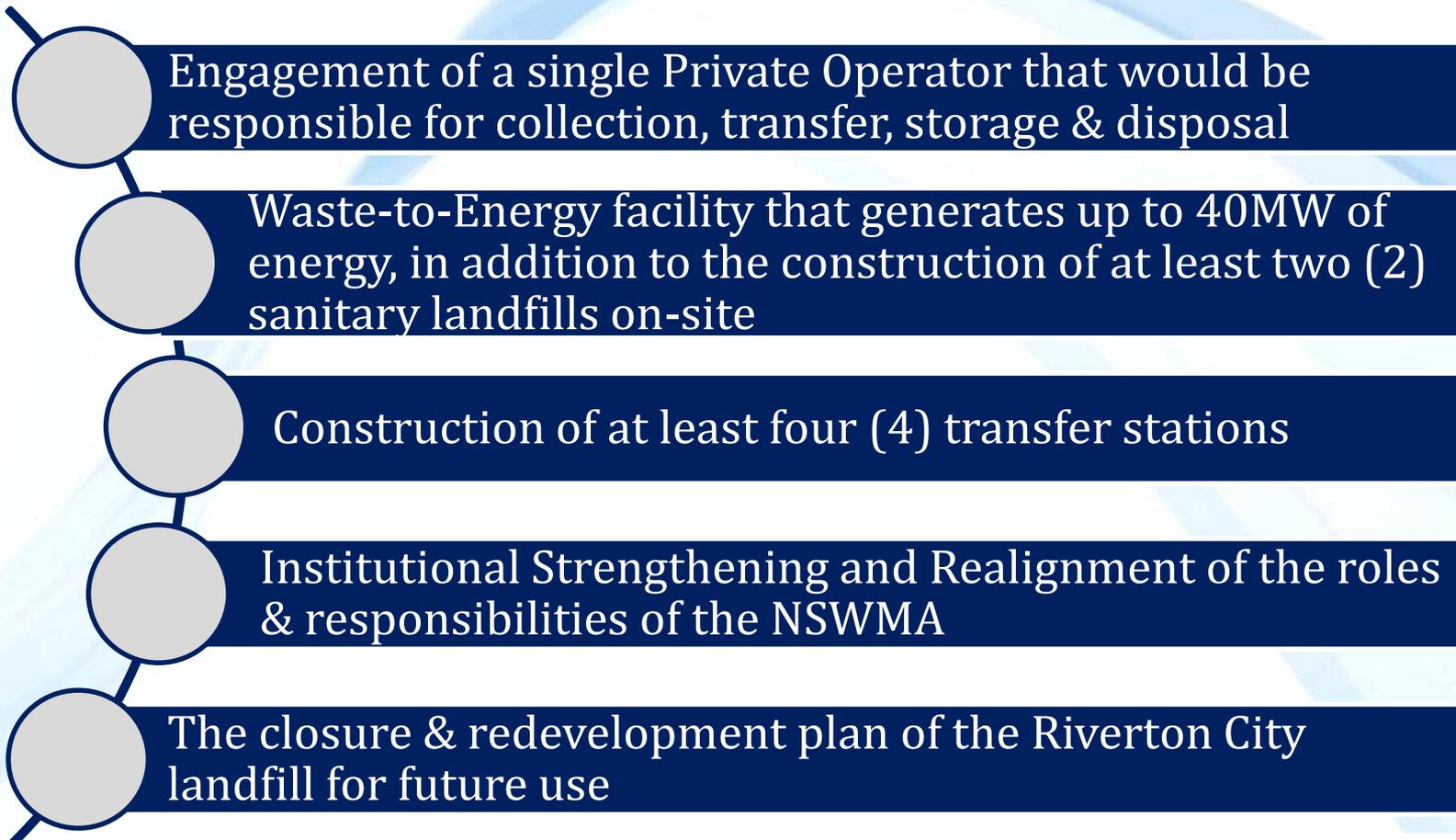
Project Objectives

The Government of Jamaica (GOJ) objectives for the integrated solid waste management (ISWM) PPP project includes:

- **Implementing an integrated solid waste management system for the island that incorporates a Waste-to-Energy component;**
- **Separating the regulatory and operational functions of solid waste management;**
- **Reducing the country's reliance on landfills**
- **private sector participation; and**
- **The relocation and rehabilitation of the Riverton City landfill facility;**

Initial Recommendations

Preliminary PPP Project Assessment



Engagement of a single Private Operator that would be responsible for collection, transfer, storage & disposal

Waste-to-Energy facility that generates up to 40MW of energy, in addition to the construction of at least two (2) sanitary landfills on-site

Construction of at least four (4) transfer stations

Institutional Strengthening and Realignment of the roles & responsibilities of the NSWMA

The closure & redevelopment plan of the Riverton City landfill for future use

Project Development Stages

- 1. Cabinet Approval for Privatisation**
- 2. Appoint Enterprise Team**
- 3. Approval of budget**
- 4. Pre-Privatisation Assessment (Pre-feasibility, Options Analysis, Commercial Waste Characterization Study)**
- 5. Appointment of professional advisors**

Phase 1- Preparation

Phase 2 Business Case-
Due Diligence

Due diligence /Business Case (incl. Legal Due Diligence/Fiscal Impact and VfM analysis, market sounding)

- 1. Siting Study, Riverton Closure Plan,**
- 2. Post-PPP Capacity Assessment/Support**
- 3. Finalise recommended Transaction Structure**
- 4. Obtain Cabinet Approval**

- Pre-qualification of Private Sector Bidders
- Competitive Tender Process
- Bid Submission
- Bid Evaluation
- Contract Award

Phase 3- Transaction Execution



Progress to Date

2017

- **Pre-Feasibility Study (WB Supported)- Completed**

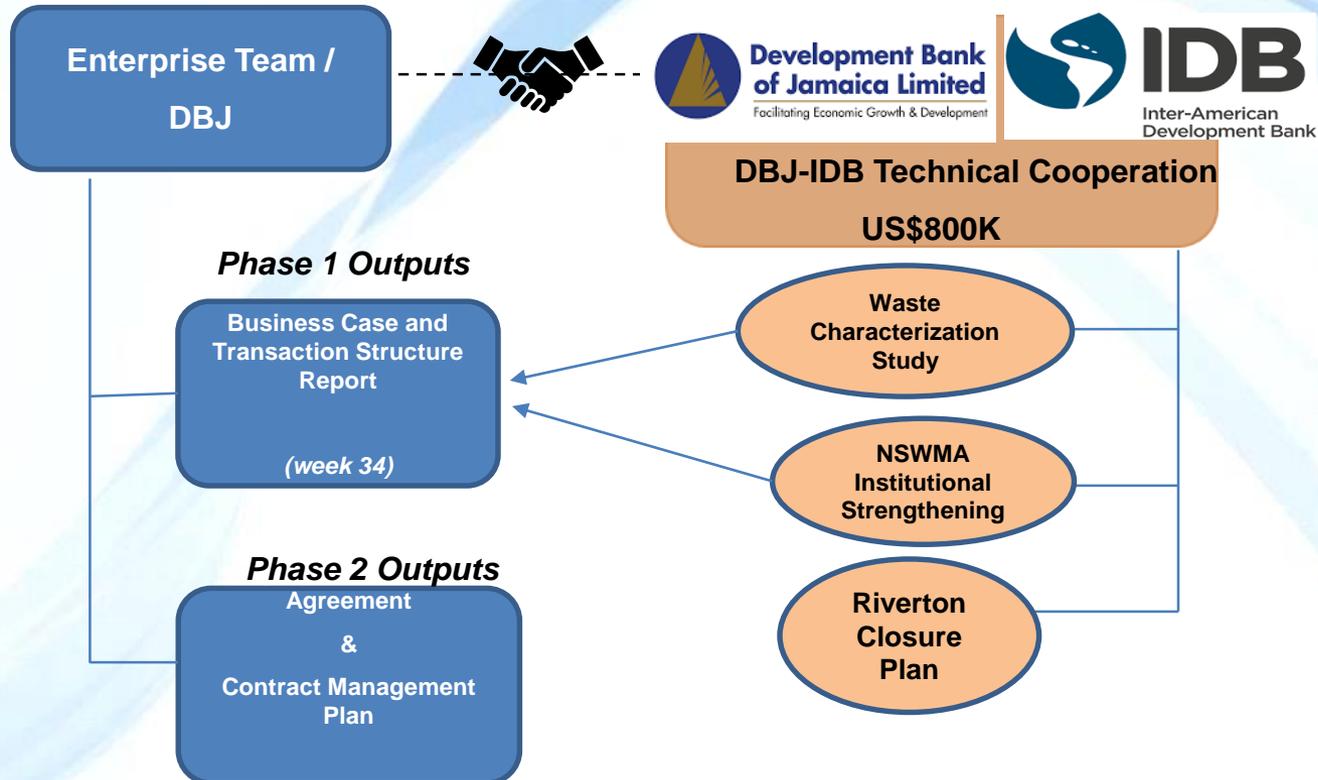
2018

- **Commercial Waste Characterization Study (WB supported)- Completed**
- **Project Budget approval (GOJ and IDB) - Approved**

2019/20

- **Options Analysis & Initial Business Case (IFC Supported)- Completed**
- **Initial Market Sounding- On-Going**
- **Procurement Transaction Advisor – Contract Award date Feb 2021**
- **Procurement of Technical Consultants – March 2021**

GOJ & IDB Cooperation



Next Steps

❖ **Business Case & Transaction Structuring Phase will kick-off in March 2021**

- ✓ **Waste characterization study**
- ✓ **Siting study**
- ✓ **Technical, legal and financial feasibility**
- ✓ **Institution strengthen of NSWMA**
- ✓ **Transaction Structuring**
- ✓ **VfM and Affordability Assessment**

❖ **Launch PPP Procurement by March 2022**

Key Issues for Business Case & Transaction Structuring

- Identifying & allocating project risks (*social, environmental, technical, legal, commercial, financial etc.*)
- Establishing requirements for project viability (*scope, technology, required rate of return, financing cost, tipping fee/tax etc.*)
- Establish Affordability limit for GOJ
- *Establish appropriate regulatory regime and legal framework for concession*
- Develop measures (contractual and regulatory) to safeguard against negative Social and Environmental impact
- Acquire land(s) for projects sites
- Confirm Value for Money



The Investment Opportunity

Drivers for successful PPP procurement include the following:

Energy from Waste is
in GOJ Integrated
Recourse Plan(IRP)

Sustainable Revenue
Streams to fund PPP

Sustainable Supply of
Waste

Positive Economic
Growth Forecast

Predictable
Electricity Tariffs

Political Level Buy-In

Favourable
Regulatory
Environment

Proven and trusted
PPP Programme

Public buy-in
NSWMA's very
experienced staff – a
valuable resource.



Untapped Opportunities

Current Waste Disposal Streams



Waste Disposal Opportunities



Milestone Schedule

	ACTIVITY	TIMING
	Engage Transaction Advisor & Siting Study Consultant	Underway – March 2021
	Phase 1 – Business Case and Transaction Structuring	Week 32
	Phase 2 - Prequalification and Tendering	Week 46
	Detailed Procurement Plan Draft PPP agreement	
	Cabinet Approval	Week 51
	Negotiation & Commercial Close	Week 75 to Week 86



QUESTIONS & ANSWERS



THANK YOU!!



**Development Bank
of Jamaica Limited**
Facilitating Economic Growth & Development