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


✓ 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

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

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

- 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
In the late 80’s, early to mid 90’s the Government set about the task of diversifying away from the slumping bauxite and alumina sectors. The objective was to engender high tourism productivity growth through Infrastructure investments on the North Coast. More than US$300 M was invested between 1995-2008.
FINANCING STRUCTURE FOR CONCESSIONS
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)

- **Finance Plan**
  - Govt. Company - NROCC
  - Developer
  - Infrastructure Bonds/Loans
  - Equity
  - Commercial/Debt

- **TOTAL**
  - $99 million
  - $27 million
  - $198 million
  - **$324 million**

- **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

| Finance Plan | Developer Equity | US$144 Million | 24 % |
| Loans | US$456 Million | 76 % |
| GOJ/NROCC Input | 100 % |

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
Over US$400 Million raised
Capacity Deficits of Existing Highways
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.
<table>
<thead>
<tr>
<th>Ranking</th>
<th>Road Segment</th>
<th>Estimated Daily Capacity for LOS D</th>
<th>Existing Traffic</th>
<th>Capacity Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Montego Bay</td>
<td>32400</td>
<td>44000</td>
<td>-11600</td>
</tr>
<tr>
<td>2</td>
<td>Seacastles to Greenwood</td>
<td>13300</td>
<td>23670</td>
<td>-10370</td>
</tr>
<tr>
<td>3</td>
<td>Salem to Mammee Bay</td>
<td>10640</td>
<td>20136</td>
<td>-9496</td>
</tr>
<tr>
<td>4</td>
<td>Discovery Bay to Salem</td>
<td>10640</td>
<td>15597</td>
<td>-4957</td>
</tr>
<tr>
<td>5</td>
<td>Hopewell</td>
<td>9310</td>
<td>12090</td>
<td>-2780</td>
</tr>
<tr>
<td>6</td>
<td>Lucea</td>
<td>9310</td>
<td>10850</td>
<td>-1540</td>
</tr>
<tr>
<td>7</td>
<td>Long Hill</td>
<td>11970</td>
<td>13000</td>
<td>-1030</td>
</tr>
<tr>
<td>8</td>
<td>Annotto Bay</td>
<td>9310</td>
<td>4550</td>
<td>4760</td>
</tr>
<tr>
<td>9</td>
<td>Oracabessa to Port Maria</td>
<td>9310</td>
<td>4500</td>
<td>4810</td>
</tr>
</tbody>
</table>
Proposed Upgrades
Proposed Highway Section Upgrades

- Lucea Bypass
- Hopewell Bypass
- Montego Bay to South Coast A2
- Seacastles to Greenwood
- Runaway Bay Bypass
- Port Maria Bypass
- Mammine Bay to Salem
- Annotto Bay Bypass
- Greenwood to Discovery Bay
- North South/East West/Dyke Road Portmore
- Corporate Projects – Ring Road, East Kings House, Boulevard
Package 1 - MONTEGO BAY PERIMETER ROAD, LONG HILL BYPASS
Traditional 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.
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

Montego Bay Perimeter Road project – USD 314M
Financing Structure – Montego Bay Perimeter Road Project

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

User Pays

Finance Plan

Govt. Company - NROCC

Construction Financing
GOJ

Equity

Commercial/Debt

TOTAL

Concession Fee

All GOJ Loans Subordinated

Montego Bay Perimeter Road

Project Costs
US$314 M

Montego Bay Bypass

Montego Bay Bypass

Montego Bay Bypass

Montego Bay Bypass

Montego Bay Bypass
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 Milllion
# Highway Projects Summary

<table>
<thead>
<tr>
<th>Highway Projects - Millions US$</th>
<th>Budget</th>
<th>Financing</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Package 1 Montego Bay Projects</td>
<td>25 KM</td>
<td>$314.38</td>
<td>User Pay</td>
</tr>
<tr>
<td>Montego Bay Bypass</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long Hill Bypass</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Package 2 North Coast Highway Improvements (Montego Bay to Ocho Rios - Part A)</td>
<td>59 KM</td>
<td>$490.10</td>
<td>Shadow Tolls/PFI</td>
</tr>
<tr>
<td>Mammee Bay to Salem</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seacastles to Greenwood</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greenwood to Discovery Bay</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>$804.48</td>
<td></td>
</tr>
</tbody>
</table>
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;
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

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

Phase 2 Business Case - Due Diligence

- 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

Enterprise Team / DBJ

Phase 1 Outputs
Business Case and Transaction Structure Report
(week 34)

Phase 2 Outputs
Agreement & Contract Management Plan

DBJ-IDB Technical Cooperation
US$800K

Waste Characterization Study

NSWMA Institutional Strengthening

Riverton Closure Plan

Signed Concession Agreement & Contract Management Plan (week 86)
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

- Commercial
- Residential
- Non-Hazardous
- Industrial

Waste Disposal Opportunities

- E-Waste Disposal
- Hazardous or Toxic Waste Disposal
- Non-Biodegradable Waste Disposal
- Cruise Ship Waste Disposal
# Milestone Schedule

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>TIMING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engage Transaction Advisor &amp; Siting Study Consultant</td>
<td>Underway – March 2021</td>
</tr>
<tr>
<td>Phase 1 – Business Case and Transaction Structuring</td>
<td>Week 32</td>
</tr>
<tr>
<td>Phase 2 - Prequalification and Tendering</td>
<td>Week 46</td>
</tr>
<tr>
<td>Detailed Procurement Plan Draft PPP agreement</td>
<td></td>
</tr>
<tr>
<td>Cabinet Approval</td>
<td>Week 51</td>
</tr>
<tr>
<td>Negotiation &amp; Commercial Close</td>
<td>Week 75 to Week 86</td>
</tr>
</tbody>
</table>
THANK YOU!!