



JOINT GIF – GAC WEBINAR SUMMARY

Investing in a Resilient Future for the Caribbean

Catalyzing Private Investment in PPPs & Low-Carbon, Resilient, and Inclusive Infrastructure

January 28th, 2021

OVERVIEW SUMMARY

Investments in low-carbon, resilient, and inclusive infrastructure are key to economic growth in line with the Sustainable Development Goals and Paris Agreement Commitments. Prior to the Covid-19 pandemic, it was estimated that the Caribbean needed to invest approximately US\$150 billion each year, to close the infrastructure gap. These estimates are expected to rise due to the pandemic, hence the need to catalyse private investment is heightened.

With this in mind, on 28th January 2021 the Global Infrastructure Facility (GIF) and Global Affairs Canada (GAC), with strong support from the Canadian Council for Public-Private Partnerships (CCPPPs), International Finance Corporation (IFC), Inter-American Development Bank (IDB), IDB Invest and the Caribbean Development Bank (CDB), jointly delivered a webinar, entitled “**Investing in a Resilient Future for the Caribbean**”.

This four-hour webinar was an open conversation among about 400 participants at any given time, and 23 presenters, featuring lively panel discussions and probing questions from the floor. In addition to discussions on key aspects of PPP projects and programs, the webinar also presented the Caribbean PPP Pipeline, a listing of current investment opportunities in resilient, sustainable infrastructure in the region. See Appendix 1 for webinar metrics and participant comments, and Appendix 2 for the PPP Pipeline.

Webinar Co-Chairs **Jason Lu**, Head of GIF, **Mark Romoff**, President & CEO of the Canadian Council for Public-Private Partnerships, and **Michael Grant**, Assistant Deputy Minister for the Americas, Global Affairs Canada, provided opening and keynote remarks respectively to set the scene. Moderator **S. Brian Samuel**, PPP Consultant, led the webinar and the breakout session on Solarization was moderated by Gaston Astesiano from IDB.

OPENING REMARKS

Webinar Co-Chair **Jason Lu** welcomed participants, co-organizers and their respective organizations. He noted that there are significant gaps in resilient Caribbean infrastructure, exacerbated by climate change and the Covid-19 pandemic. The GIF seeks to bring sustainable, quality and well structured, bankable resilient projects to market, and is working with its partners and counterparts to increase its pipeline in the Caribbean region. The GIF looks forward to working with its Multilateral Development Bank (MDB) partners to assist regional governments in implementing resilient, sustainable, viable infrastructure projects.

Mark Romoff said that Canada's experience demonstrates that, while PPPs are not a panacea, when done for the right reasons on the right projects, they consistently outperform traditional procurement methods, in on-time and on-budget performance. To date, independent research has demonstrated that governments across Canada have saved CAN\$27 billion in PPP projects, which contribute on average about CAN\$14 billion to Canada's GDP and create 115,000 jobs per annum. By leveraging private sector innovation, expertise and financing, PPPs can generate similarly strong results for the Caribbean, as they have done for Canada.

Michael Grant spoke to Canada's deep historical ties and significant development cooperation with the Caribbean, noting recent commitments, including \$61.5 million for resilience, technical assistance and education exchanges, as announced at the CARICOM Intersessional Meeting in February 2020.

SESSION 1 SUMMARY: MOBILIZING PRIVATE INVESTMENT IN RESILIENT INFRASTRUCTURE

Main takeaways:

- The Caribbean has many successful PPP projects, which over several years have provided Value for Money, for both governments and users.
- Key success factors in Jamaica's PPP program are: (a) strong project preparation; (b) strong technical capacity, within DBJ and implementing agencies; (c) strong enabling policy and institutional environment; and (d) strong support for the PPP program, across different administrations.
- MDBs and the Government of Canada offer strong technical and financial support to facilitate the flow of private investments into resilient, sustainable infrastructure.

Part 1: Opening Panel Discussion and Regional Examples

- Moderator: S. Brian Samuel, PPP Consultant
- Presenter: Nicola Russell, Manager PPP Unit, Development Bank of Jamaica (DBJ)
- Presenter: Anthony Cartwright, Director International Financial Institutions Management, Ministry of Finance, Government of the Bahamas
- Presenter: Dr. Didacus Jules, Director General, OECS
- Presenter: Anthony Rizk, Director of Business Development and Sales, Canadian Commercial Corporation (CCC)

Nicola Russell said the Government of Jamaica realized its fiscal resources were insufficient to close Jamaica's infrastructure gap, and it needed to tap the private sector for capital and innovation. The recent listings of Wigton Wind Farm and Trans Jamaica Highway have expanded the Government's privatization modalities to include broad-based ownership. DBJ has overall responsibility for the Government's PPP and Privatisation Program and has successfully implemented 27 PPP and privatisation transactions to date, raising over US\$1.7 billion in both Foreign Direct Investment (FDI) and local investment. Key success

factors in Jamaica's PPP program have been: (a) strong project preparation; (b) strong technical capacity, within DBJ and the implementing agencies such as National Road Operating and Constructing Company Limited, Airports Authority of Jamaica, Port Authority of Jamaica, and National Water Commission; (c) strong enabling policy and institutional environment; and (d) strong support for the PPP program, across different administrations.

Anthony Cartwright informed the webinar that the Government of The Bahamas has in place a PPP Policy and Steering Committee. Reducing the importation of fossil fuels is a key priority, and the Government is implementing a Family Islands Solarization Project, in which a number of proposals are currently under review. The Government is also seeking a PPP model for financing the construction and operation of Family Island Airports, and offers have been received from domestic and international private sources.

Dr. Didacus Jules noted that climate change is an existential threat to the islands of the Organisation of Eastern Caribbean States (OECS), compounded by Covid-19. Vulnerability is being tackled on many levels through the OECS' HEESS Program: Health, Economic Education, Social & Security. It is not simply a question of modernizing ageing infrastructure, but a reconceptualization of what infrastructure represents, in the age of the new normal. For example, healthcare delivery needs a complete rethink, bringing in private sector innovation and efficiency. The OECS is promoting the establishment of a regional ferry system that must be privately owned and operated so as not to repeat the experience of Leeward Islands Air Transport Services (LIAT).

Anthony Rizk said that in its government-to-government contracts CCC acts as the contractor, effectively committing the Government of Canada to the performance of that contract. Projects must meet minimum Canadian standards for environmental and social sustainability. Most of CCC's experience is in unsolicited business, not tenders. CCC does exhaustive due diligence to ensure that its projects deliver on the client government's mandate. CCC has a long history in the Caribbean, recent projects include the privatization of Bermuda Airport, and a second cruise ship pier for St Kitts and Nevis.

Part 2: High-Level Discussion on MDBs Support Across the PPP Value Chain

- Moderator: S. Brian Samuel, PPP Consultant
- Presenter: Vickram Cuttaree, World Bank, Program Leader, Sustainable Development and Infrastructure, Latin America/Caribbean
- Presenter: Gastón Astesiano, IDB, Public-Private Partnerships Team Leader
- Presenter: João Reye Sabino, GIF Infrastructure Specialist
- Presenter: Elona Cela, IFC Investment Officer

Vickram Cuttaree noted that in the World Bank's engagements with its client countries on PPPs, each government must have its own objectives and strategies. For example, given the advanced state of its program, Jamaica would have a different set of objectives from other countries in the region. The level of activity in a country's PPP pipeline would indicate the level of effort that would be needed.

Gastón Astesiano said that IDB offers a PPP single window for both upstream (enabling environments, capacity building) and downstream work (transaction structuring and implementation). IDB is assisting the introduction of climate resilience into the PPP project cycle, recently funding a Climate Toolkit for Jamaica.

Elona Cela noted that IFC advises governments in introducing private sector participation in infrastructure, to guarantee transparency and long-term sustainability of the project. In 30 years, IFC has

advised on over 140 transactions in 55 countries. IFC has an established record in the Caribbean, its most recent transaction being the 2019 concession of Norman Manley International Airport (NMIA) in Jamaica. IFC seeks to structure and implement PPP projects that meet the government objectives and allow for bankable transaction from the private sector perspective.

João Reye Sabino noted that the lack of bankable projects is one of the main bottlenecks for Infrastructure investment in emerging markets, including the Caribbean. He mentioned that the GIF is a partnership driven platform among governments, MDBs, private sector investors, and financiers, providing a new way to collaborate on project preparation, structuring, and implementing complex projects that no single institution could handle on its own. Funds and technical expertise are available to governments to support their private infrastructure investment efforts. GIF is looking forward to expanding its footprint in the Caribbean.

Part 3: Panel Discussion with Project Spotlights/Case Studies on Lessons Learned

- Moderator: S. Brian Samuel, PPP Consultant
- Presenter: Ivan Anderson, Managing Director, NROCC Jamaica: Toll Road Concession
- Presenter: Michelle Ottey, IFC: NMIA Airport Concession Jamaica
- Presenter: Evan Cayetano, IDB Invest: Non-Revenue Water PPP Bahamas,
- Presenter: Giselle Small Trinidad House of Assembly (THA): Low-income housing

Ivan Anderson said that a few years after Jamaica's East-West toll road opened in 2003, the competing roads clause had become an issue. The Government needed to widen the alternate route, which would trigger the compensation provision in the existing Concession Agreement. Government therefore bought back the Concession, refinanced the existing loans, and subsequently offered the shares of the Concession Company to the local Jamaica Stock Exchange (JSE). This IPO raised US\$125 million through more than 30,000 subscribers, the largest ever IPO in Jamaica history.

Michelle Ottey said that significant landmark transactions with high visibility have opened up the market for PPPs in the Caribbean, and NMIA was one of those. It attracted global and local investors and mobilized over US\$100 million for expansion and upgrading. In addition, it led to the Government of Barbados' decision to concession Grantley Adams International Airport (GAIA); a number of investors who bid on NMIA are prequalified to bid on the GAIA transaction. Despite the Covid-19 pandemic, 13 local, regional and international investors were prequalified. However, flexibility is needed on both sides, to match market realities with government objectives.

Evan Cayetano said that no private sector business losing 45% of its product could survive. New Providence Island (Nassau) had major technical and financial challenges caused by its high Non-revenue Water (NRW), which was more than 50% of the supply input volume. Reverse osmosis and barging were high-cost options which the utility was forced into due to the hydro-geology of the island, exacerbating its NRW situation. Bringing down NRW in the short term is relatively easy; the challenge is maintaining it at low levels. With support from IDB, the Water and Sewerage Corporation (WSC) entered into a long-term Performance Based Contract (PBC) with a private water operator. The PBC has proven an economic success, and IDB is seeking to replicate the project elsewhere in the Caribbean.

Giselle Small said that the Tobago House of Assembly's (THA) IP3 Unit is developing its first PPP project, the Shirvan Integrated Housing Development. With over 7,000 waiting applications, it is challenging for the THA to meet the demand for low-income housing. The project will construct 250 units on a 45-acre site; a private developer would finance, build and sell the units, maintaining the central and

commercial spaces. The project is currently concluding the Business Case phase and procurement will commence in Q3 2021.

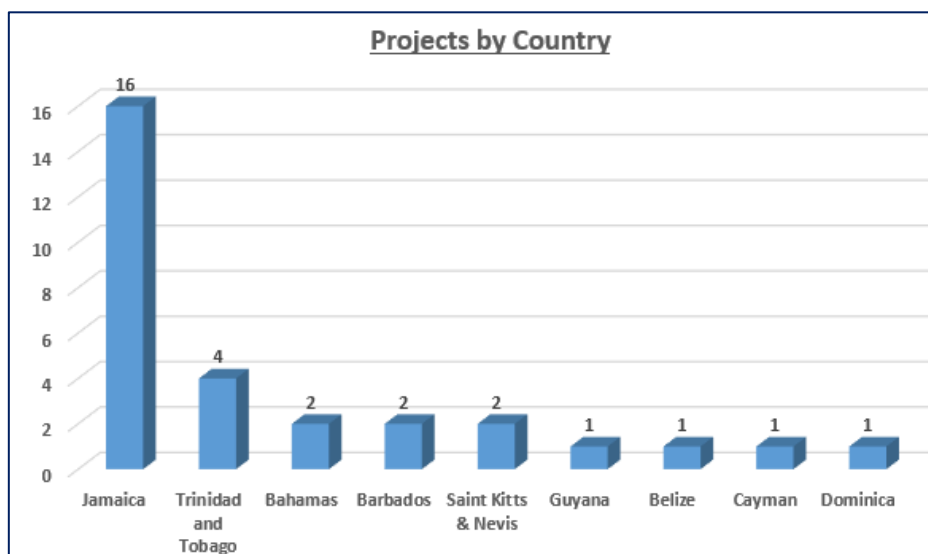
SESSION 2: PIPELINE OPPORTUNITIES FOR THE PRIVATE SECTOR IN CARIBBEAN PPPS

- Moderator: S. Brian Samuel, PPP Consultant
- Presenter: Richard Cabello, Manager, Latin America & the Caribbean, Transaction Advisory Services, IFC
- Presenter: Gian Franco Carassale, Division Chief, Infrastructure and Energy Division, IDB Invest
- Presenter: Daniel Best, Head of Projects, Caribbean Development Bank

Key takeaways:

- A total 30 Caribbean PPP projects have been identified, which are currently in various stages of development, from early concepts to projects between commercial and financial closing.
- Most of these investment opportunities in the Caribbean are to be found in Jamaica, the country with the most mature PPP program.
- Most opportunities are in the transport, renewable energy and water sectors.
- MDBs are seeking to expand their footprints in the Caribbean, and have technical and financial resources, to assist Caribbean governments in reaching their infrastructure goals.

The session started with the moderator giving a short presentation on the Caribbean PPP Pipeline, most of which are in Jamaica:



Richard Cabello kicked off the Session by stating that before IFC’s Advisory Services commences a transaction, it does initial due diligence including market sounding, to ensure the government fully understands the possible range of outcomes. He then outlined IFC’s typical advisory cycle, commencing with securing funding for transaction costs through its donor partners. He said that transactions take an average of two years to complete and have an average success rate of 50-60%.

Gian Franco Casserale said that the Caribbean is a high priority for IDB Invest, because of the lack of pipeline. We are eager to lend to resilient viable projects, but governments need help in structuring and implementing transactions. With Covid-19 expected to reduce Caribbean GDP by an average of 9.9%, we

need to consider the fiscal impact that PPPs can have on governments. IDB Invest is actively looking at a number of projects in the Pipeline.

Daniel Best noted that when CDB established the Regional Support Mechanism in 2015, PPPs represented a challenge for many of CDB's Borrowing Member Countries, with limited technical capacity, and lack of enabling policy and institutional environments. Projects were rushed to market with improper structures in place. CDB seeks to up-skill Caribbean governments in PPPs through several mechanisms: (a) assisted four governments implement PPP Policies; (b) PPP Boot Camps for 48 key government officers from 17 Member Countries; (c) produced the Caribbean PPP Toolkit, an open resource for governments; and (d) financed pre-feasibility studies on project concepts, some of which are in the current Pipeline. Given CDB's strategic priorities, projects in renewable energy and Non-Revenue Water would be given high priority.

Breakout 1: Presentation on Jamaica PPP Pipeline

- Moderator: S. Brian Samuel, PPP Consultant
- Presenter: Nicola Russell, Manager PPPs & Privitisation Division, Development Bank of Jamaica
- Presenter: Glaister Cunningham, Vice President, Investment & Performance Monitoring, National Water Commission (NWC)
- Presenter: Ivan Anderson, Managing Director, NROCC
- Presenter: Lyttleton Shirley, Chairman, Jamaica Solid Waste Management Authority

The Jamaica Pipeline consists of 16 projects in transport & logistics, water & sanitation, energy, tourism, and social sectors. Speakers outlined the parameters and status of these projects, with a PowerPoint presentation available to all participants.

Breakout 2: Solar PPPs: The Bahamas Family Islands Solarization Program and Trinidad & Tobago Solar Project

- Moderator: Gastón Astesiano, IDB, Public-Private Partnerships Team Leader
- Presenter: Stanford Moss, Program Coordinator, Reconstruction with Resilience in the Energy Sector in the Bahamas (RRESB) Program
- Presenter: Francis Mann, Bid Manager, Lightsource BP

Two interesting and very different solar projects were presented: a bundling of solar opportunities in the Family Islands of The Bahamas; and an integrated 112MW solar farm in Trinidad and Tobago.

Wrap-up & Closing

Jason Lu noted that through this webinar we learned about the unique challenges the Caribbean region is facing, and the support mechanisms available from MDBs and the Government of Canada. We also learned about specific project opportunities and key lessons learned. He thanked Global Affairs Canada, CPPP, GIF, IFC, CDB, IDB, IDB Invest, World Bank, all the speakers and participants, and the organizing team, and looked forward to reconvening soon.

Appendix 1

1. Participant Comments:

- @Ivan Anderson. Congrats to you and the NROCC team for some very innovative work in restructuring the concession – Stephen Wedderburn
- This was most informative I enjoyed it – Runako Osborne
- Indeed an excellent forum. Excellent speakers and presentation. Lots of experiences to garner lessons from. – Anthony Jean
- Fantastic job Brian and all speakers from start to finish! – Andrea Robinson
- Thank you very much to GIF Management Unit for all the support in putting this fantastic webinar together. – Gaston Astesiano
- Informative. Well done. Thanks to GIF and presenters! – Gale Yearwood

2. Webinar Metrics:

