

PROJECT STATUS REPORT

JANUARY 2014 - JUNE 2014

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Program to Promote Public Private Partnerships for Infrastructure in T & T

Project Number: TT-M1019 - Operation Number: ATN/ME-12261-TT

Result: To strengthen capacity of the Government of Trinidad and Tobago to structure and oversee the implementation of 2 pilot PPP projects in order to create a demonstration effect

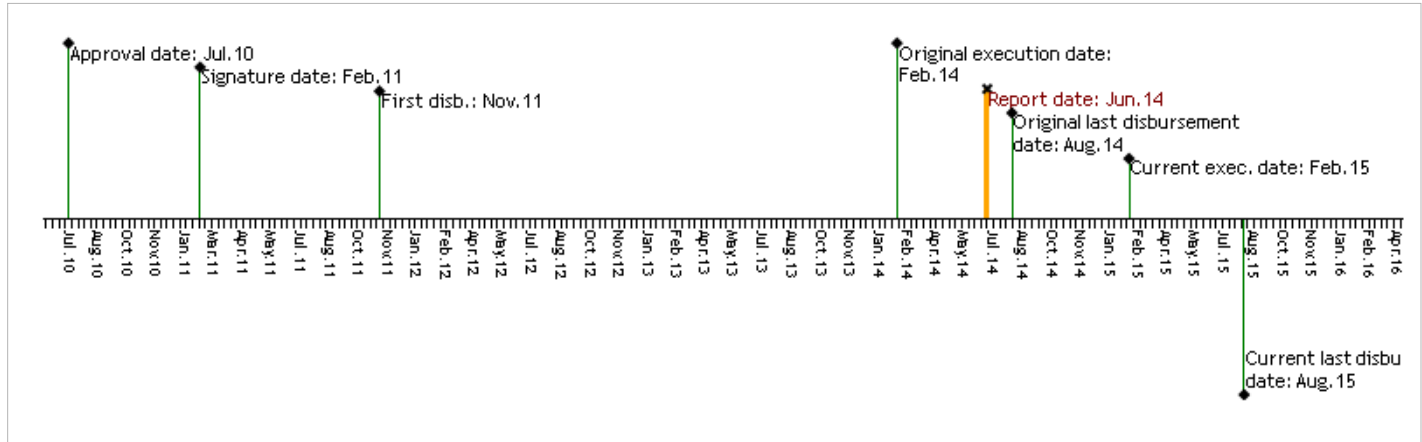
Country Administrator TRINIDAD AND TOBAGO	Beneficiary Country TRINIDAD AND TOBAGO	Group INF - Infrastructure and Public Services	Subgroup PPPA - Public-Private Partnerships
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Executing Agency: MINISTRY OF FINANCE AND THE ECONOMY

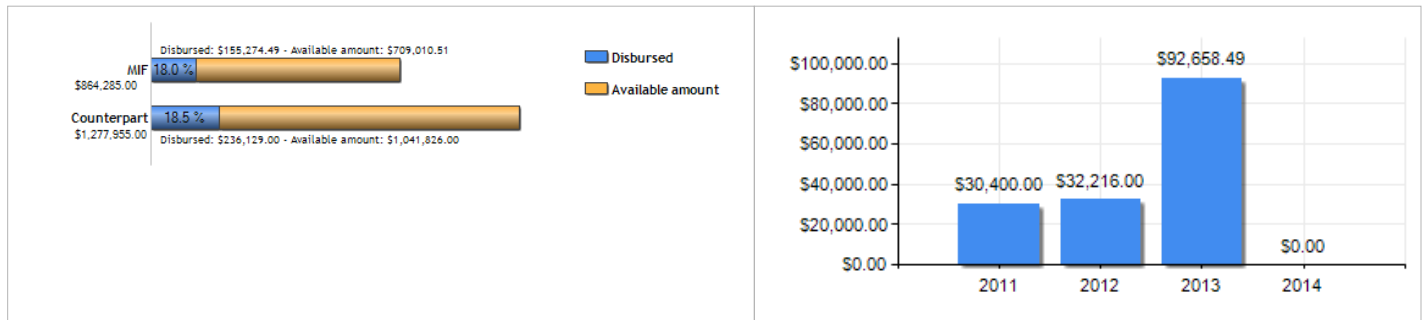
Design Team Leader: Bloomgarden, David

Supervision Team Leader: Dookiesingh, Vashtie

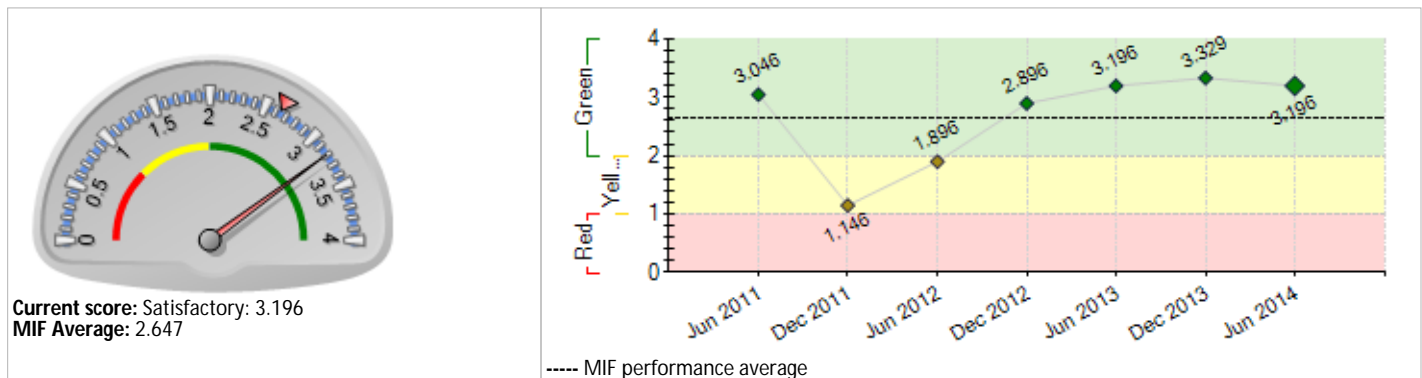
TIMELINE



FUNDS



PERFORMANCE SCORE



EXTERNAL RISKS

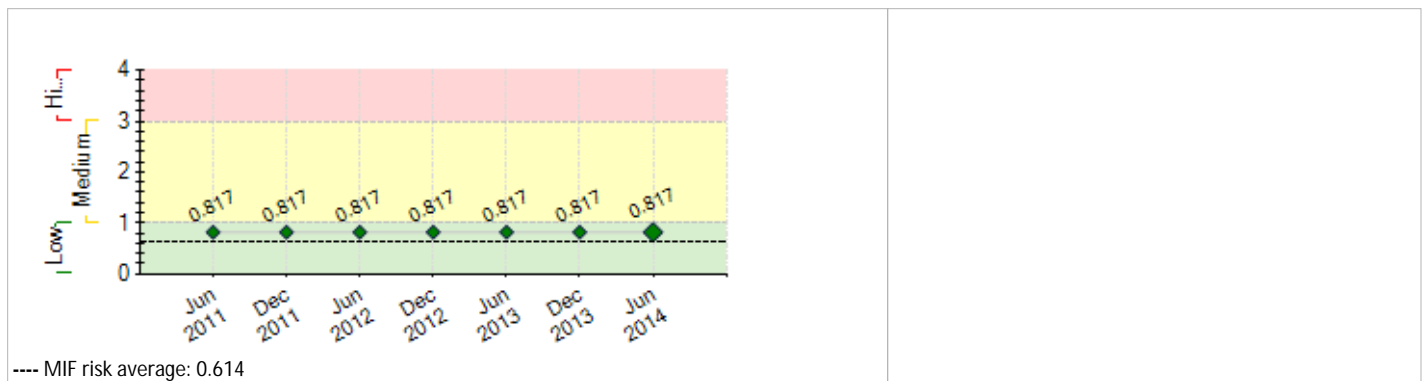
INSTITUTIONAL CAPACITY

Risk

Financial Management: Medium

Procurement: Low

Technical Capacity: High



SECTION 2: PERFORMANCE

Summary of project performance since inception

A PPP Unit was established within the Investments Division of the Ministry of Finance and the Economy (MOFE) on August 8, 2011.

Cabinet approved a National PPP Policy on May 31, 2012 which established a PPP Ministerial Committee to manage the PPP programme and an overarching PPP Institutional framework and project development processes

A Pipeline of 92 potential PPP projects from several sectors was developed. Some of these projects were screened for Cabinet's consideration and approval in 2013. Cabinet, on March 21 2013, approved the implementation of twenty (20) of those projects using the PPP modality.

In addition to the two (2) Pilots--namely, National Diagnostic Centres and Ten (10) Primary Schools and Early Childhood Care and Education (ECCE) Centres, a key component of the National Broadband Plan for development is being advanced as a PPP.

To facilitate Initial Business Case (IBC) development for the Pilots, Ernst and Young (Canada) and Mott MacDonald (UK) were engaged pursuant to IDB's international competitive procurement process, as Consultant/Transaction Advisor for the Education and Health projects respectively. The IBCs for both Pilots are being developed and are expected to be completed in October 2014.

Representatives of the PPP Unit and other public sector officials participated in local and regional PPP forum/conferences and training courses.

The PPP Unit conducted general PPP stakeholder engagement

PPP Unit webpage was established

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Summary of project performance in the last six months

Both PPP Pilots are being advanced

The RFPs for the Business Case Advisory Services were issued to the shortlisted Consultants on **January 29 2014**

Three (3) proposals were received from shortlisted Consultants for each Pilot

For the National Diagnostic Centers:

Gesaworld Group;
CRISL Infrastructure Advisory; and
Mott MacDonald in association with Ernst & Young.

For the ten (10) Primary Schools and Early Childhood Care and Education (ECCE) Centres:

Castalia Strategic Advisors;
IMC Worldwide; and
Ernst & Young in association with Mott MacDonald.

Consequent on the evaluation of the RFPs, and subsequent negotiations, Ernst and Young (Canada) and Mott MacDonald (UK) were engaged in June 2014 as lead Consultant/Transaction Advisor for the Education and Health projects, respectively.

Both Ernst and Young (Canada) and Mott MacDonald (UK) were in Trinidad for the period **June 5 to June 17 2014** on a fact finding Mission as part of the IBC development process—the IBCs are expected to be completed in October 2014.

PPP Capacity Building

Representatives of the PPP Unit and other public sector officials participated in PPP related forum/conferences and training courses as follows:

1. Delivering Growth by Partnership - Sharing UK Capabilities, February 2014.
2. 2014 CIBC FirstCaribbean Infrastructure Conference held on June 2014
3. **Managing Social Infrastructure Public-Private Partnerships** February 2014.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

The disbursement rate on this project has slowed due to the use of complementary TC financing TT-CC2016 to finance business case consultancies. Remaining funding will be applied to 1) capacity building for sustainability and 2) PPP Contract preparation for the 2 pilots

SECTION 3: INDICATORS AND MILESTONES

Indicators	Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
Result: To strengthen capacity of the Government of Trinidad and Tobago to structure and oversee the implementation of 2 pilot PPP projects in order to create a demonstration effect	R.1 Two pilot infrastructure projects using the PPP model are awarded	0			2 Jan 2015	0	
Component 1: Strengthening Government Capacity to Engage in PPPs Weight: 50% Classification: Satisfactory	C1.1 Organisational and institutional guidelines for PPP investments	0			1 Jan 2013	1 May 2012	On Course
	C1.12 A specialized technical PPP unit in charge of identifying, formulating and managing PPP projects in full operation.				Aug 2012	Yes Dec 2011	On Course
Component 2: Establishing an Enabling Regulatory Framework for PPPs Weight: 15% Classification: Satisfactory	C2.1 Methodologies and operational guidelines for planning, designing, and managing PPPs developed.				Mar 2013	Yes Mar 2013	On Course
	C2.12 Proposal for any required regulatory reforms in financial, fiscal, environmental, accounting, procurement and other elements related to the regulatory framework for PPP projects developed				Mar 2014	Yes Jun 2014	On Course
Component 3: Prepare and award 2 pilot PPP projects Weight: 25% Classification: Satisfactory	C3.1 Pilot PPP projects identified and preliminary evaluation of the projects conducted	0			2 Jan 2014	2 May 2013	Finished
	C3.12 High level approval of 2 pilot projects for implementation	0			2 Jan 2015		
Component 4: Stakeholder Outreach and Project Dissemination Weight: 10% Classification: Satisfactory	C4.1 Participation in 1 local and 1 regional forums on PPPs	0			2 Jan 2015	1 Nov 2013	On Course

Milestones	Planned	Due Date	Achieved	Date achieved	Status
M0 Appointment of PPP technical advisor	1	Aug 2011	1	Jun 2012	Achieved late
M1 Establishment of PPP unit	1	Aug 2011	1	Aug 2011	Achieved
M2 [*] Conditions Prior	6	Dec 2011	6	Nov 2011	Achieved
M3 Technical staff in PPP unit have received PPP training	1	Feb 2012	1	Jun 2012	Achieved late
M4 PPP Policy developed	1	Dec 2012	1	May 2012	Achieved
M6 [*] Operating manual for planning designing and managing PPPs developed and approved by the PPP Unit	1	May 2013	1	Mar 2013	Achieved
M7 [*] Selection of 1st PPP pilot project by the PPP unit	1	May 2013	1	May 2013	Achieved
M9 [*] Convening of 1 general stakeholder awareness forums	1	Jul 2013	1	Jul 2013	Achieved
M10 [*] Selection of 2nd PPP pilot project	1	Jul 2013	1	May 2013	Achieved
M11 [*] Proposal for procurement and relevant regulatory reforms submitted to Cabinet	1	Nov 2013	1	Nov 2013	Achieved
M12 1 local and 1 regional PPP forum completed	1	Feb 2014	1	Nov 2013	Achieved
M13 [*] Contract for 1st PPP pilot project awarded	1	Nov 2014			

[*] Indicate that the milestone has been reformulated

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

[X] Executing agency institutional capacity
[X] Borrower/executing agency commitments
[X] Delays in fulfilling the contract terms

SECTION 4: RISKS**MOST IMPORTANT RISKS AFFECTING FUTURE PERFORMANCE**

Level	Mitigation action	Responsible
1. Government is not committed to resourcing the PPP unit over the long term	Medium Focus of the PPP unit is to demonstrate financial and technical benefits and high value added of the unit to line ministries in the	Project Coordinator

		structuring negotiation and management of PPPs	
2. Government is not committed to resourcing the PPP unit over the long term	Medium	Focus of the PPP unit is to demonstrate financial and technical benefits and high value added of the unit to line ministries in the structuring negotiation and management of PPPs	Project Coordinator
3. Partners selected to engage in PPPs do not possess requisite technical, financial and governance capacity	Medium	PPP Unit must engage in intelligence gathering, networking and due diligence on potential PPP providers to ensure quality, integrity and capacity of firms short listed for PPP pilots.	Project Coordinator
4. Lack of support for regulatory changes required to facilitate engagement in and leverage of PPPs	Medium	Focus regulatory changes on the critical areas and engage stakeholders at all stages in development of regulatory frameworks to secure required buy in and support	Project Coordinator
5. Deterioration of macroeconomic conditions can negatively impact government capacity to engage in large scale PPP development projects	Low	Select and structure PPP pilots that demonstrate viability and leverage financial and operational benefits of this model as enhancing value for money and a viable alternative to traditional contracting	Project Coordinator
PROJECT RISK LEVEL: Medium TOTAL NUMBER OF RISKS: 7 IN EFFECT RISKS: 7 NOT IN EFFECT RISKS: 0 MITIGATED RISKS: 0			

SECTION 5: SUSTAINABILITY

Likelihood of project sustainability after project completion: P - Probable

CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY

Issue	Comments
[X] A market is not generated for the project's services and/or activities (low payment capacity or low demand for those services)	Market response to the PPP program has not yet been tested. The business case consultancies will incorporate some market sounding results of which will inform the MIF and Executing Agency on interest of viable and credible private providers.
[X] Relevant actor's opposition or lack of interest to continue with the project's activities or services	The Ministry of Finance has indicated its commitment to pursuing PPPs but this has not been supported by active involvement of Ministry of Finance senior officials in the PPP program to date. This matter has been raised with the Ministry of Finance who have initiated action to address the concerns

Actions related to sustainability which will be or have been implemented:

Several PPP capacity building initiatives, including training courses, conferences, study tour etc. have been attended by PPP Unit staff and other public sector officials

In addition to the two (2) PPP pilots, a key component of the National Broadband Plan for development is being advanced as a PPP.

The private sector will be engaged through market sounding exercises during the development of business cases for the PPP projects being advanced

The Public Procurement and Disposal of Public Property Bill, 2014 which was passed in the Senate and is being debated in Parliament addresses PPPs and allows for procurement through PPPs.

Steps have been taken to engage a suitably qualified Resident PPP Advisor

SECTION 6: PRACTICAL LESSONS

	Relative to Implementation	Author
1. Lack of dedicated resources (personnel) within sponsoring ministries/agencies to efficiently and effectively facilitate and contribute to the project development has placed a strain on the project development specifically as it relates to data gathering and facilitating the efforts of the IBC Consultants/ Transaction Advisors		Alleyne, Zayid
There must be competent and dedicated personnel within both the PPP Unit at the Ministry of Finance and the Economy and the Sponsoring Ministry/Agency in order to afford efficacy in the project development and implementation process		