

# PROJECT STATUS REPORT

JULY 2015 - DECEMBER 2015

## SECTION 1: PROJECT SUMMARY

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

Project Number: TT-M1019 - Project Num.: ATN/ME-12261-TT

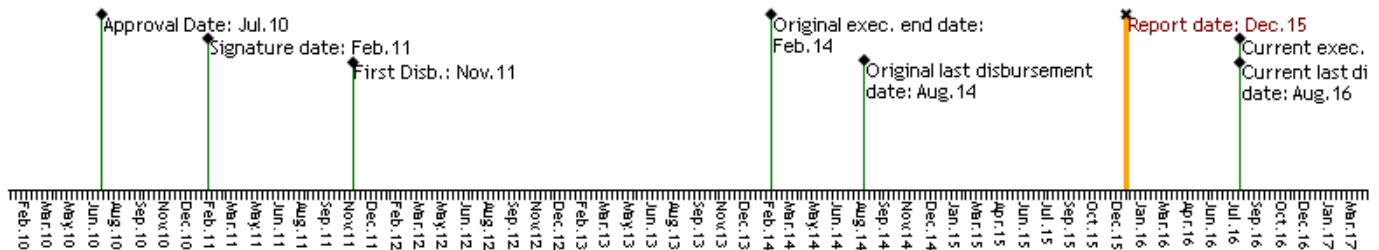
**Purpose:** To strengthen capacity of the Government of Trinidad and Tobago to structure and oversee the implementation of 2 pilot PPP projects in order to create a demonstration effect

Country Admin	Country Beneficiary	Group	Subgroup
TRINIDAD AND TOBAGO	TRINIDAD AND TOBAGO	INF - Infrastructure and Public Services	PPPA - Public-Private Partnerships

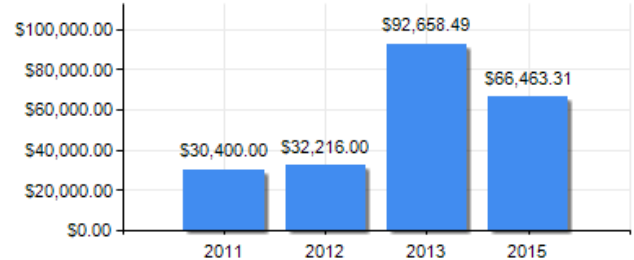
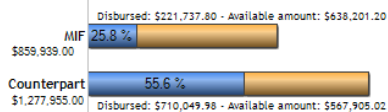
**Executing Agency:** MINISTRY OF FINANCE AND THE ECONOMY

**Design Team Leader:** DAVID BLOOMGARDEN  
**Supervision Team Leader:** VASHTIE DOOKIESINGH

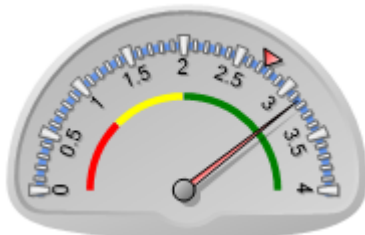
### PROJECT CYCLE



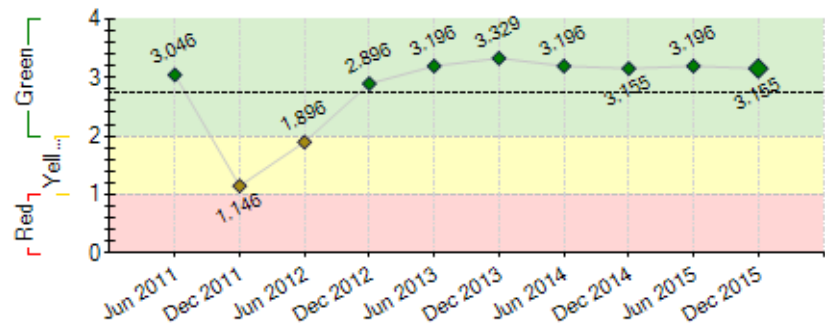
### FUNDS



### PERFORMANCE SCORE



**Current score:** Satisfactory: 3.155  
**MIF Average:** 2.743



----- MIF performance average

### EXTERNAL RISKS

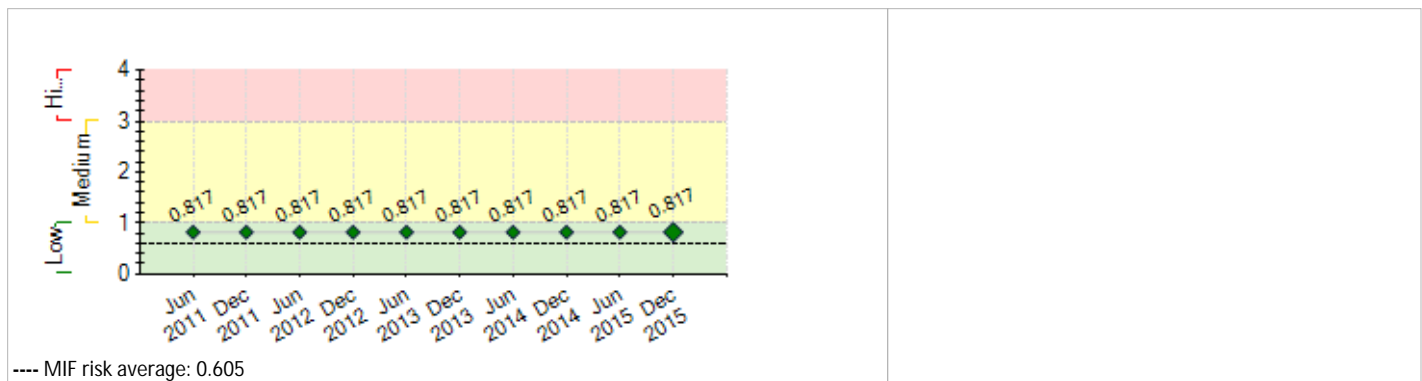
#### INSTITUTIONAL CAPACITY

Risk

Financial Management:

Procurement:

Technical Capacity:



## SECTION 2: PERFORMANCE

### Summary of project performance since inception

- The PPP Unit was established in the Ministry of Finance on Aug 8 2011.
- Cabinet approved a National PPP Policy on May 31 2012.
- A pipeline of 92 potential PPP projects was developed.
- Twenty potential PPP projects were approved by Cabinet in March 2013 for implementation using the PPP modality.
- Two pilot projects were selected, one in the Health Sector and other in the Education Sector: Two (2) National Diagnostic Centres and Ten (10) Government Primary Schools and Early Childhood Care and Education Centres.
- Ernst and young (Canada) and Mott MacDonald (UK) were engaged pursuant to IDB's international competitive procurement process to develop the Initial Business Cases (IBCs) for both pilot projects.
- Both IBCs received Cabinet's approval to advance to Stage 2 - Transaction or Procurement stage.
- The PPP Unit staff and government officials participated in PPP related study tour, conferences and training courses.
- The PPP Unit conducted general stakeholder engagement and participated in local and regional PPP forum.
- The Ministry of Finance engaged a Coordinator and Project Engineer in 2011/12, however, in 2014/15 they both exited the PP Unit.
- The Ministry of Finance appointed a new Coordinator in August 2015, a Senior Legal Officer and Business Operations Assistant in December 2015.
- The other technical positions (Project Manager, Project Engineer (2), Senior Financial Analyst and Resident Advisor) that is to be assigned in the PPP Unit are being progressed accordingly.

### Comments from the Supervision Team Leader

Agree with the Executing Agency comments

The project implementation has been stalled since a change in political administration in September 2015 following the country's national elections and there has been no formal indication from the Ministry of Finance and the Economy as Executing Agency as to plans to advance with capacity building or the pilot projects. Following a meeting with the co-ordinator on April 4 it was agreed that a formal communication be sent to the Minister of Finance to confirm planned activities if any so that project closure can be scheduled in advance of the August 2016 final disbursement date

### Summary of project performance in the last six months

- Ministry of Finance re-appointed the Project Assistant in June 2015, appointed a new Coordinator in August 2015, a Senior Legal Officer and a Business Operations Assistant in December 2015.
- The other technical positions (Project Manager, Project Engineer (2), Senior Financial Analyst and Resident Advisor) are being progressed accordingly.
- The Initial Business Cases (IBCs) for both the Health and Education pilot projects received Cabinet's approval to advance to next Stage 2 - Transaction or Procurement stage.
- The Coordinator and Project Assistant attended the PPP Boot-camp Series, hosted by the Regional PPP Support Facility. The first Boot-camp was held in Barbados in September 2015, followed by the second in November 2015 in Trinidad. The final Boot-camp is expected to be concluded in Jamaica, early 2016.
- In December 2015, Compete Caribbean commenced an evaluation of the process used for the development of the IBCs of the pilot projects. Interviews were held with all the relevant stakeholders and the Report is expected to be delivered in early 2016.

### Comments from the Supervision Team Leader

Agree with the Executing Agency comments

## SECTION 3: INDICATORS AND MILESTONES

Indicators		Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
<b>Purpose:</b> 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	
<b>Component 1:</b> Strengthening Government Capacity to Engage in PPPs  <b>Weight:</b> 50%  <b>Classification:</b> Satisfactory	C1.11 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
<b>Component 2:</b> Establishing an Enabling Regulatory Framework for PPPs  <b>Weight:</b> 15%  <b>Classification:</b> Satisfactory	C2.11 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						Yes	On Course

	projects developed					Mar 2014	Jun 2014	
<b>Component 3:</b> Prepare and award 2 pilot PPP projects  <b>Weight:</b> 25% <b>Classification:</b> Satisfactory	C3.I1	Pilot PPP projects identified and preliminary evaluation of the projects conducted	0			2	2	Finished
						Jan 2014	May 2013	
	C3.I2	High level approval of 2 pilot projects for implementation	0			2	1	Delayed
						Jan 2015	Jun 2015	
<b>Component 4:</b> Stakeholder Outreach and Project Dissemination  <b>Weight:</b> 10% <b>Classification:</b> Satisfactory	C4.I1	Participation in 1 local and 1 regional forums on PPPs	0			2	2	Finished
						Jan 2015	Jun 2015	

Milestones	Planned	Due Date	Achieved	Date of achievement	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	Mar 2016	0	Nov 2014	

[\*] Indicate that the milestone has been reformulated

**CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE**

- [X] Community/political opposition
- [X] National political changes

**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 structuring negotiation and management of PPPs	Project Coordinator
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:** LP - Low Probability

**CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY****Issue**

[X] Lack of **commitment** from the executing agency to continue or expand the project's services and/or activities

[X] Lack of **cost recovery** mechanisms or **external financing sources** (government, donors and/or private sector) to continue the activities of the project once MIF resources are expended

[X] Relevant actor's **opposition or lack of interest** to continue with the project's activities or services

**Comments**

Since a change in political administration in Sept 2015 there has been no formal indication from the Ministry of Finance and the Economy re utilization of resources and advancement of the government's PPP program

Given the economic pressures on government of Trinidad and Tobago resulting from depressed pricing of energy commodities it is not clear whether PPPs will be prioritized as an investment and procurement modality going forward

Since a change in political administration in Sept 2015 there has been no formal indication from the Ministry of Finance and the Economy re utilization of resources and

advancement of the government's PPP program

**Actions related to sustainability which have been taken in the reporting period:**

The Ministry of Finance has appointed a new Coordinator, Project Assistant, Senior Legal Officer and Business Operations Assistant 11 within this reporting period. Further, steps have been taken to recruit additional PPP Unit staff, inclusive of Project Manager, Project Engineers (2), Senior Financial Analyst and Resident Advisor.

Intensive PPP training commenced with the Coordinator, Project Assistant and other government officials so as to build and strengthen capacity immediately.

The Public Procurement and Disposal of Public Property Act 2015 which will address Public Private Partnership procurement modality was repelled by the newly appointed Government in November 2015. It is expected that this Bill will create the necessary legislative and regulatory environment to successfully implement PPP projects in Trinidad and Tobago.

## SECTION 6: PRACTICAL LESSONS

	Relative to Risk	Author Pragg, Sara
1. The structure of the institutional framework should have considered permanent employment rather than contract employment in the PPP Unit so as to avoid high staff turnover. This has resulted in lost of PPP capacity during the tenure of the Program.		
Further, the objective of strengthening government capacity to engage in PPP projects have been significantly impacted due to the instability of the Project Execution Teams in the line Ministries.		
In order to sustain the concept of PPPs, legislative and regulatory framework must be considered and accepted by all stakeholders.		
The mitigation actions associated with the risks identified for the Program did not result in reducing the risks levels and reasons must be determined so as to avoid a similar situation in the future.		