



Development Bank of Jamaica Limited

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30 September 2021

Ms Therese Turner-Jones
General Manager, Country Department Caribbean Group
Inter- American Development Bank
40 Knutsford Boulevard
Kingston 5

Dear Ms Turner-Jones,

Re: IDB Support to the Development Bank of Jamaica

Reference is made to our recent discussions regarding the Inter-American Development Bank's (IDB) possible support to the Development Bank of Jamaica (DBJ). We are grateful for the invaluable assistance that the IDB has provided to the DBJ over the years

PUBLIC PRIVATE PARTNERSHIP and PRIVATISATION PROGRAMME

The DBJ is the Government of Jamaica's (GOJ) central implementing agency for the Public-Private Partnership & Privatisation (P4) Programme through its P4 Division. The Ministry of Finance and the Public Service's (MoFPS) PPP Unit, oversees fiscal and value for money analyses in the PPP development and assessment process, and with the DBJ, oversees the PPP Programme.

Our main focus is to improve the P4 process and to increase the speed and efficiency of implementing and executing transactions, ensuring that the Programme is effective in meeting the GoJ's objectives. In discussion with the MoFPS PPP Unit, we have identified a few areas which would be instrumental to achieving our goals of a successful P4 Programme, which would entail developing a strong project portfolio, ensuring that projects selected are properly assessed and structured, efficiently and transparently tendered and that selected private partners secure appropriate financing to take projects to financial close.

ACCELERATING P4 TRANSACTION IMPLEMENTATION

Preparing and Closing Bankable, Affordable, Resilient Projects

- **Project Preparation Funding for accelerated project execution of PPP and Privatisation Projects.** This would support (fund) the engagement of advisors for transactions to execute pre-feasibility, feasibility and technical studies, and run competitive, transparent tender processes. As you are aware, the DBJ is working with the IDB to implement climate-resiliency considerations into our PPP assessment process. We would want to ensure that resilient infrastructure can be affordably executed. Advisors would also support preliminary assessments or identification of potential P4 projects and



concepts – facilitating the development of a robust portfolio and advise on any matter related to P4 project development process. Note that we are currently reviewing the existing and potential funding needs but same is estimated at between US\$7M- US\$10M.

- **Managing Fiscal Risk and Bankability.** Successful projects must align private sector objectives (commercial viability/bankability) with Government's obligation to protect the public interest and manage fiscal exposure/risk. In that regard, we would appreciate support to examine, identify and effectively implement viable PPP structuring options that would reduce the fiscal impact (in particular Government-Pays PPPs), on the GoJ's debt-reduction programme. Such structuring options could also consider risk-mitigation mechanisms that would reduce the risk of potential investors; enhancing bankability to ensure PPPs are successfully financed.
- **Support to establish a framework of suitably qualified experienced P4 consultants.** This assistance would support an accelerated rollout/implementation of P4 projects. It is our experience that procurement of advisors is a time-consuming process and may take up to 9-12 months. Our vision is to have a panel of pre-qualified consultants on call for rapid deployment on PPP and Privatisation projects when required. We are particularly keen on ensuring local-based consulting firms are involved in executing GoJ P4 projects.
- **Support to Develop Standard PPP Transaction Documents.** This would support the creation of "standardised" contracts, tender documents or at a minimum standardised clauses in PPP agreements and model agreements. This would reduce the time and cost to launch competitive tenders. We had attempted this on our own but simply did not have the dedicated resources to achieve this ambitious goal.

CAPACITY BUILDING for the GOVERNMENT

We believe that building the capacity of GoJ P4 practitioners to efficiently execute transactions is critical for the success of the Programme and it is an important element of our annual strategic plan. Below are our thoughts on areas that would benefit from IDB's support.

- **External Training and Certification.** Funding towards establishing a training and PPP certification Programme which would involve annually training small cohorts for APMG level 1, 2 and 3 Certifications. We are already receiving assistance from the IDB for certification and would request consideration for continuation.

Other Training sessions. IDB could assist us to deliver relevant training sessions for GoJ PPP Practitioners in key topics which would allow a clearer understanding of PPPs. This could involve your own internal PPP experts or external trainers.

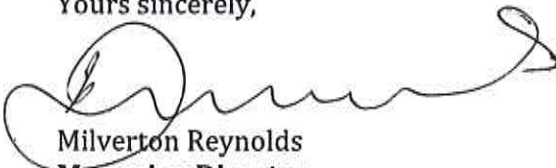


The above represents what the DBJ and the MOFPS PPP Unit sees as important support that will optimise the P4 Programme and as discussed the IDB will seek further audience with the Minister of Finance and the Public Service in this regard.

In conclusion, we would like to reiterate that the IDB's support to the Government of Jamaica through the DBJ has been invaluable and we look forward to continuing our excellent, productive relationship and partnership.

We look forward to hearing from you.

Yours sincerely,



Milverton Reynolds
Managing Director

Copy: Jaiwattie Anganu, InterAmerican Development Bank
Denise Arana, GM, PPP & Privatisation Division, Development Bank of Jamaica
Carlene O'Connor, Deputy Financial Secretary, Ministry of Finance and Public Service

