

INDICATIVE TERMS OF REFERENCE

*JA-T1212 – Component 1 (Project Screening)
Preparation of Public-Private Partnerships (PPP) projects for the development of efficient and sustainable
infrastructure in Jamaica through a Project Preparation Facility*

1. Background and Justification

- 1.1.** Established in 1959, the Inter-American Development Bank (“IDB” or “Bank”) is the main source of financing for economic, social and institutional development in Latin America and the Caribbean. It provides loans, grants, guarantees, policy advice and technical assistance to the public and private sectors of its borrowing countries.
- 1.2.** The Growth Fund, will be primarily dedicated to assisting public and private entities in Latin America and the Caribbean that contribute to economic growth and equity with upstream activities (regulatory and institutional framework strengthening); project preparation (prioritization, identifying, developing and preparing bankable and infrastructure projects that have the potential of reaching financial closure); PPP knowledge dissemination (workshops and publications).
- 1.3.** In order to efficiently provide advisory services under this the technical cooperation RG-T3600, the IDB PPP Focal Point will award a Task Order under the Frameworks Agreements (RG-T2998-P002 and RG-T2998-P003) to support upstream capacity building for PPPs and support for project preparation.

2. Objectives

- 2.1.** The main objective of this consultancy is to support the IDBG and its clients in a range of activities required to develop and implement public-private partnership (PPP) projects in Latin America and the Caribbean. The consultancy will focus on working with the Development Bank of Jamaica preliminary screen potential PPP candidates for entering the pipeline.
- 2.2.** A consulting firm with a strong presence in Latin America and the Caribbean will be to carry out advisory services assignments.

3. Scope of Services

- 3.1.** Support for PPP Project screening in its fiscal, technical, legal and social, environmental and equity (including gender equity) dimensions.
- 3.2.** The screening exercises will be used to prioritize projects in terms of their alignments to the appropriate national policies and IDB's framework.

4. Key Activities

- 4.1.** The consultant will develop studies and assessments necessary to identify, in the early stages of

project life cycle, the extent to which it meets key preliminary viability criteria, that will be further assessed during project feasibility and structuring phases. This information will be built upon existing documentation and studies already conducted and will focus on:

- 4.2. Thorough assessment of existing documentation in terms of defined scope of the project, technical requirements, previously developed feasibility assessments, financial and demand data, environmental and social assessments etc.
- 4.3. Identification of the project readiness and the main gaps that need to be filled for next phase structuring.
- 4.4. Preliminary assessment of the conditions for commercial feasibility, in terms of risk allocation, sector viability practices, tariffs and public liabilities.
- 4.5. Preliminary indication of the fiscal viability of the project, based on estimations of public liabilities required to the commercial feasibility of the project.
- 4.6. Preliminary indication of the conditions to assign risks efficiently, considering the political, sectoral and technical aspects of the project.
- 4.7. Preliminary identification of major legal challenges for the implementation of the project in terms of land availability, labor regulations and other legal obstacles.
- 4.8. Mapping of the relevant sectorial regulations and institutions in terms of previous experiences and capacity to implement projects.
- 4.9. Identify private sector participation in similar projects in Jamaica, the Caribbean and the Region
- 4.10. Identify potential impact of projects in gender inequalities, access to services by vulnerable groups, as well as, positive impact to persons with disabilities, afro-descendants and LGBTQ+ individuals, and the development with identity of indigenous peoples.

5. **Expected Outcome and Deliverables**

- 5.1. Deliverable 1: Preliminary report
- 5.2. Deliverable 2: Final report

6. **Project Schedule and Milestones**

- 6.1. All the activities will be carried out and must be completed within a period of time no more than 4 months.

7. **Supervision and Reporting**

- 7.1. The contracting authority with the assistance of DBJ will supervise the work of the consultants.

8. **Schedule of Payments**

Payment Schedule	
<i>Deliverable</i>	%
<i>1. Preliminary report</i>	40%

2. <i>Final Report</i>	60%
TOTAL	100%

INDICATIVE TERMS OF REFERENCE

*JA-T1212 – Component 2 (Project preparation)
Preparation of Public-Private Partnerships (PPP) projects for the development of efficient and sustainable
infrastructure in Jamaica through a Project Preparation Facility*

1. Background and Justification

- 1.1. Established in 1959, the Inter-American Development Bank (“IDB” or “Bank”) is the main source of financing for economic, social and institutional development in Latin America and the Caribbean. It provides loans, grants, guarantees, policy advice and technical assistance to the public and private sectors of its borrowing countries.
- 1.2. The Growth Fund, will be primarily dedicated to assisting public and private entities in Latin America and the Caribbean that contribute to economic growth and equity with upstream activities (regulatory and institutional framework strengthening); project preparation (prioritization, identifying, developing and preparing bankable and infrastructure projects that have the potential of reaching financial closure); PPP knowledge dissemination (workshops and publications).
- 1.3. In order to efficiently provide advisory services under this the technical cooperation RG-T3600, the IDB PPP Focal Point will award a Task Order under the Frameworks Agreements (RG-T2998-P002 and RG-T2998-P003) to support upstream capacity building for PPPs and support for project preparation.

2. Objectives

- 2.1. The main objective of this consultancy is to support the IDBG and its clients in a range of activities required to develop and implement public-private partnership (PPP) projects in Latin America and the Caribbean. The consultancy will focus on working with the Development Bank of Jamaica to prepare PPP business cases.
- 2.2. A consulting firm with a strong presence in Latin America and the Caribbean will be to carry out advisory services assignments.

3. Scope of Services

- 3.1. Support for PPP Project feasibility and structuring, including technical, legal, financial,

commercial, environmental, social, and fiscal studies required to bring PPP projects to commercial close.

4. Key Activities

4.1. The consultant will develop studies and assessments necessary to build business cases and associated documentation required for the preparation of projects to be taken to the market as public private partnerships.

4.2. The activities of the consultants will be conducted in phases as described below

4.2.1. Phase 1: screening and preliminary assessment of the project. This phase will include the totality of assessments required to offer a full comprehension of the project as well as test if the project meet the minimum requirement for implementation as PPPs. This should include:

4.2.1.1. a detailed proposition of the scope of project, in terms of key responsibilities of the private and public sectors

4.2.1.2. An analysis of key indicators of the potential of the project to deliver value for money such as the capacity of the objectives of the project to be described in terms of outputs and results, the scale of the project, the capacity of domestic or international investors to assume the risks inherent to the sector etc.

4.2.1.3. A strategic legal analysis to indicate the overall conditions for legal viability,

4.2.2. Phase 2: Project appraisal (outline business case). In this phase the consultants will address the following set of questions: Is it sensible, from an economic perspective, to implement the project? Is it practical to procure the project as a PPP? How much will it cost? Is it affordable from the government's perspective? Is there adequate market interest and capability to deliver this project? What are the main obstacles for the project's implementation (both the implementation of the technical solution and implementation of the preferred delivery method which may be a traditional delivery or delivery as a PPP)? Can they be overcome in a cost effective manner? To address these questions, the project appraisal will include:

4.2.2.1. Developing the detailed scope of the PPP contract, which include the design of the technical requirements that will be translated into contractual obligations, the Project Design and Construction requirement, the performance requirement and Operation and Maintenance Specifications.

4.2.2.2. Estimating the construction and operational costs

4.2.2.3. Defining the PPP structure in terms of risk allocation schemes, payment mechanism and their consequences to the capital structure of the project company

4.2.2.4. Building the financial model that will consolidate costs, revenues, taxes and other relevant financial and accounting information of the private partner during the life cycle of the project company. The financial model will output key sensibility analysis and be flexible enough to output key decision criteria such as fiscal impacts of the project, commercial viability and others.

4.2.2.5. Estimating the commercial feasibility of the project in terms of its capacity to meet key debt covenants and a balanced relationship between return and risk of

investors.

- 4.2.2.6. Determining the fiscal feasibility of the project in terms of its impact on the long term direct and contingent liabilities of government. This activity should also allow for a estimation of the impact of the project in the government's debt and deficit calculations.
- 4.2.2.7. Assessing environmental and social feasibility, considering the base-line project design already implemented. The Environmental and Social Feasibility Analysis must test the extent to which the project: 1) meets the national requirements as stated in the appropriate regulations and practices relevant to local licensing processes; 2) embodies international best practices that optimize the financing of projects in the context of the social and environmental requirements of international financiers; and 3) is consistent with the 10 standards of the [IDB's Environmental and Social Policy Framework](#). The consultants must promote compatibility between the recommendations made in the context of national legislation, international best practices, and the IDB ESPF, in the analysis of project feasibility.
- 4.2.2.8. Conducting full legal due diligence in all relevant legal aspects of the project such as labor regulations, land availability, key contractual dispositions etc.
- 4.2.2.9. Value for Money assessment from a qualitative and quantitative perspectives, in line with local regulations and international best practices.
- 4.2.3. Phase 3: Contract structuring. This phase include the consolidation of previous assessment and decisions into the contract and request for proposals and will include:
 - 4.2.3.1. The designing of the PPP contract.
 - 4.2.3.2. The design of the request for proposals, consolidating the procurement strategy.
 - 4.2.3.3. The payment mechanism .
 - 4.2.3.4. The performance monitoring system.
 - 4.2.3.5. The output specification, as well as construction and operational requirements.
 - 4.2.3.6. The scheme for economic regulation of revenue.
 - 4.2.3.7. Other relevant contractual part necessary for the implementation of the project.
- 4.2.4. Phase 4: Support to procurement, In this phase, the consultants will help the contracting authority to conduct the interface with potential bidders as well as provide technical assistance in aspect associated with the commercial close of the PPP project.
- 4.2.5. All the analysis should be done to a very detailed level in order to establish a sound base for the potential recommendation of procuring the project as a PPP that can be defended against public opinion, courts of auditors, and others. This also allows for a strong evidence base of project data that is substantiated with a clear audit trail for decision-makers to check the assumptions, evidence, and calculations leading to the recommendations.
 - Reviewing and commenting on draft PPP and concession agreements.

5. Expected Outcome and Deliverables

- 5.1. Deliverable 1: Detailed work Plan
- 5.2. Deliverable 2: Final report of phase 1

- 5.3. Deliverable 3: Final report of phase 2
- 5.4. Deliverable 4: Final report of phase 3
- 5.5. Deliverable 5: Final report of phase 4

6. Project Schedule and Milestones

- 6.1. All the activities will be carried out and must be completed within a period of time no more than 36 months.

7. Supervision and Reporting

- 7.1. The contracting authority with the assistance of DBJ will supervise the work of the consultants.

8. Schedule of Payments

Payment Schedule	
<i>Deliverable</i>	%
1. <i>Work Plan</i>	20%
2. <i>Report of phase 1</i>	20%
3. <i>Report of phase 2</i>	20%
4. <i>Report of phase 3</i>	20%
5. <i>Report of phase 4</i>	20%
TOTAL	100%