

# PROJECT STATUS REPORT (FINAL)

JANUARY 2016 - JUNE 2016

## 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

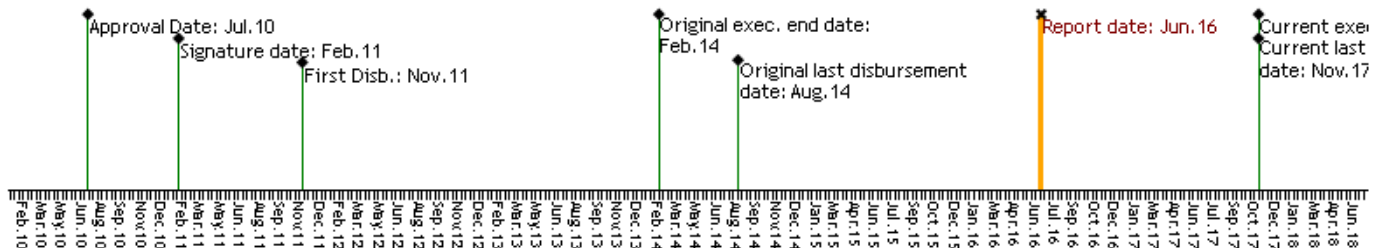
Country Admin	Country Beneficiary	Group	Subgroup
TRINIDAD AND TOBAGO	TRINIDAD AND TOBAGO	INF - Infrastructure and Public Services	PPPA - Public-Private Partnerships

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

**Design Team Leader:** DAVID BLOOMGARDEN

**Supervision Team Leader:** VASHTIE DOOKIESINGH

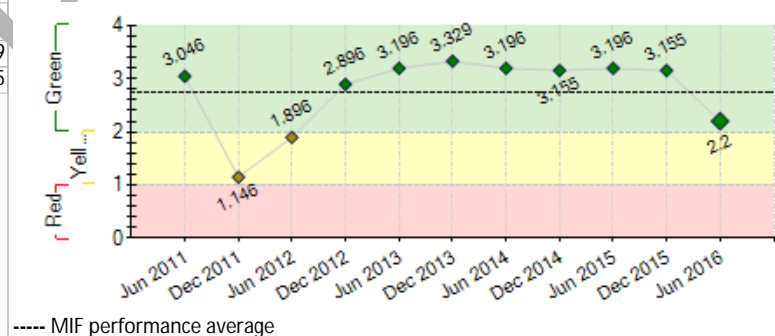
### PROJECT CYCLE



### FUNDS

	Approved	Cancelled	Disbursed
FOMIN	\$869,285.00	\$17,346.00	\$214,358.09
Counterpart	\$1,277,955.00	\$0.00	\$783,522.75

### PERFORMANCE SCORE



## SECTION 2: RESULTS AND ACHIEVEMENTS

### Performance once project is completed

- 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 (20) potential PPP projects were approved by Cabinet in March 2013 for implementation using the PPP modality.
- Two (2) pilot projects were selected, one in the Health sector and the other in the Education sector: Two (2) National Diagnostic Centres and Ten (10) Government primary schools and Early Childhood Care and Education (ECCE) 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 approval in 2015 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 forums.
- The Ministry of Finance engaged a Coordinator and Project Engineer in 2011/12, however in 2014/15 they both exited the PPP Unit.
- The Ministry of Finance appointed a new Coordinator in Aug 2015, a Senior Legal Officer and a Business Operations Assistant II in Dec 2015.
- During this reporting period Jan-Jun 2016, no further activities were initiated in accordance with the Agreement.

### Comments from the Supervision Team Leader

The project was unable to achieve the final milestone and key objectives specifically award of PPP contracts given a change in political administration in September 2015. Subsequently based on a request from the Ministry of Finance and the Economy 2 changes were approved by MIF management - extension of disbursement period to Nov 8 2017 and switch to execution of the facility by the IDB via the local office in TT. These changes were approved to facilitate the advancement of a comprehensive PPP for operation of a newly constructed hospital facility.

**Final evaluation**

In conclusion, and despite some of the limitations in progress of implementation, specifically staffing and government consensus and co-ordination, one should give credit to the fact that the 2 business cases developed under TT-CC2016 have the potential to lead to the signature of 2 PPP contracts in a reasonable future. Indeed, the business cases were developed by reputable firms, according to a process which is considered by the evaluation as in line with both best practices and the PPP Policy, and have been approved by the Government of Trinidad and Tobago. It is therefore recommended that the procurement process for these two projects moves forward. If the Government of Trinidad and Tobago decides to move to the next stages of the PPP procurement process, attraction of additional resources should not be a problem given the number of development partners / donors supporting PPPs (not only IDB, but also the WB, CDB, etc.).

**Comments from the Supervision Team Leader**

Agree with the Evaluators comments

The government of Trinidad and Tobago approved business cases for both pilot PPP projects but advancing the projects was stalled due to change in political administration and economic downturn

[Final evaluation](#)

<http://mif.iadb.org/file.aspx?DOCNUM=40854984>

**SECTION 3: INDICATORS**

	Indicators	Baseline	Planned	Achieved	Percentage
<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  <b>Classification:</b> Satisfactory	R.1 Two pilot infrastructure projects using the PPP model are awarded	0	2	0	0 %
<b>Component 1:</b> Strengthening Government Capacity to Engage in PPPs  <b>Weight:</b> 50%  <b>Classification:</b> Satisfactory	C1.1 Organisational and institutional guidelines for PPP investments	0	1	1	0 %
	C1.2 A specialized technical PPP unit in charge of identifying, formulating and managing PPP projects in full operation.			Yes	0 %
<b>Component 2:</b> Establishing an Enabling Regulatory Framework for PPPs  <b>Weight:</b> 15%  <b>Classification:</b> Satisfactory	C2.1 Methodologies and operational guidelines for planning, designing, and managing PPPs developed.			Yes	0 %
	C2.2 Proposal for any required regulatory reforms in financial, fiscal, environmental, accounting, procurement and other elements related to the regulatory framework for PPP projects developed			Yes	0 %
<b>Component 3:</b> Prepare and award 2 pilot PPP projects  <b>Weight:</b> 25%  <b>Classification:</b> Satisfactory	C3.1 Pilot PPP projects identified and preliminary evaluation of the projects conducted	0	2	2	0 %
	C3.2 High level approval of 2 pilot projects for implementation	0	2	1	0 %
<b>Component 4:</b> Stakeholder Outreach and Project Dissemination  <b>Weight:</b> 10%  <b>Classification:</b> Satisfactory	C4.1 Participation in 1 local and 1 regional forums on PPPs	0	2	2	0 %

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	Not Achieved

[\*] Indicate that the milestone has been reformulated

**CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE**

[X] Executing agency institutional capacity
[X] Borrower/executing agency commitments
[X] Community/political opposition
[X] Purchase difficulties
[X] National political changes
[X] Delays in fulfilling the contract terms
[X] Political changes of the executing agency
[X] Others, which?: Change in political administration Q3 2015 and reprioritization of public investment projects by incoming government

## SECTION 4: RISKS

## CRITICAL RISKS MANAGED DURING IMPLEMENTATION

1. Deterioration of macroeconomic conditions can negatively impact government capacity to engage in large scale PPP development projects  
**Level:** Low **Responsible:** Project Coordinator **Status:** In effect  
**Comments:** N/A

2. Government is not committed to resourcing the PPP unit over the long term  
**Level:** Low **Responsible:** Project Coordinator **Status:** In effect  
**Comments:** N/A

3. Government is not committed to resourcing the PPP unit over the long term  
**Level:** Low **Responsible:** Project Coordinator **Status:** In effect  
**Comments:** N/A

4. Lack of support for regulatory changes required to facilitate engagement in and leverage of PPPs  
**Level:** Low **Responsible:** Project Coordinator **Status:** In effect  
**Comments:** N/A

**PROJECT RISK LEVEL:** Low **TOTAL NUMBER OF RISKS:** 7 **IN EFFECT RISKS:** 4 **NOT IN EFFECT RISKS:** 3 **MITIGATED RISKS:** 0

## SECTION 5: SUSTAINABILITY

## Likelihood of project sustainability after project completion: P - Probable

If the government of Trinidad and Tobago makes good on its intention to engage in a PPP for operation of a newly constructed and equipped hospital the PPP Unit will continue. The key issue is that there are many interpretations of PPPs despite training and outreach to senior technocrats and the affordability and desirability of embarking in PPP modalities at a time when government is seeking to manage its debt ratio

## CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY

## Issue

[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] A **market** is not generated for the project's services and/or activities (low payment capacity or low demand for those services)

[X] Lack of organizational, managerial and financial management capacity to **continue** and sustain the program once the execution phase is finalized.

## Comments

Government revenues have been severely reduced given global pricing of the country's energy exports and the desirability of engaging in PPPs may be dampened given consideration of effects on the country's debt to GDP ratios  
 Trinidad and Tobago is a small state with a population of approx. 1.3 m and free public health care. Payment to the PPP provider by users of the proposed PPP health facility will be limited as a result government will have to carry the cost of the PPP which may be difficult in current revenue and cash flow constraints

PPPs are complex long term contracts that require sophisticated management, given the limitations of the current PPP unit in terms of size and scope.

## Actions related to sustainability which have been implemented:

Given the overall objective of the project, that is, to promote public-private partnerships (PPP) for infrastructure in Trinidad and Tobago, the Government of Trinidad and Tobago benefited from the development of a National PPP Policy, which is underpinned by supporting Guidelines. Further, the project implementation process allowed the staff of the PPP Unit, Project Execution Teams and technical officials from various Ministries and Agencies to build technical PPP capacity that can support the implementation of future PPP projects.

In relation to the regulatory environment, the Public Procurement and Disposal of Public Property Act 2015 was partially assented to and in June 2016, further amended. This Act establishes PPP as a procurement option and will be supported by Regulations for the execution of future PPP projects.

As a result of these initiatives, the PPP framework and foundation has been established and will definitely paved the road for the implementation of PPP projects in Trinidad and Tobago.

[Sustainability Plan](#)

## SECTION 6: KNOWLEDGE

## Lessons learned

1. The National PPP Policy and Guidelines together with the Public Procurement and Disposal of Public Property Act has set the PPP framework for the implementation of future PPP projects.  
 2. Due to lack of PPP capacity existing with stakeholders, the implementation of the project was delayed which resulted in two extensions of the PPP programme subsequent to the initial execution period of 36 months. Further, the selection of the two pilot projects being social infrastructure projects, the stakeholders would not have benefited from the learning outcomes of an economic infrastructure project.  
 3. The project identified six key areas of risks with associated mitigation actions. It is recognized that during the life of the project, the necessary monitoring and actions required of the risks seem to be dormant.

**Relative to**  
Sustainability

**Author**  
Pragg, Sara

Implementation

Pragg, Sara

Risk

Pragg, Sara

As a result of this inactivity, the project has been impacted at various levels. Particularly, by the deterioration of the macroeconomic conditions and the inability to retain the resources within the PPP Unit that benefitted from PPP capacity building over the years and the recent change in Government.

4. The project identified six key areas of risks with associated mitigation actions. It is recognized that during the life of the project, the necessary monitoring and actions required of the risks seem to be dormant.

Risk

Pragg, Sara

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**Indicate which are the main products of the project, where they can be found, and how they could be “shared” with other entities or similar projects.**

The project work products are archived by the Ministry of Finance and the Economy PPP Unit and are shared with other units of regional government via the CDB Help Desk

**Main products of the project**

*[No related products to display]*

#### SECTION 7: DOCUMENTS

01/JUL/2010	<a href="#">Donors Memorandum</a>	[http://www.fomin.org/file.aspx?DOCNUM=35233900]
02/MAR/2017	<a href="#">Intermediate Evaluation Report</a>	[http://www.fomin.org/file.aspx?DOCNUM=40854980]
02/MAR/2017	<a href="#">Intermediate Evaluation Report</a>	[http://www.fomin.org/file.aspx?DOCNUM=40854982]
15/OCT/2014	<a href="#">Final Evaluation Report</a>	[http://www.fomin.org/file.aspx?DOCNUM=39159485]

[Project profile](#)

http://apps.fomin.org/public/psr/projectprofile.aspx?proj=TT-M1019&lg=EN