

PROJECT STATUS REPORT

JANUARY 2017 - JUNE 2017

SECTION 1: PROJECT SUMMARY

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

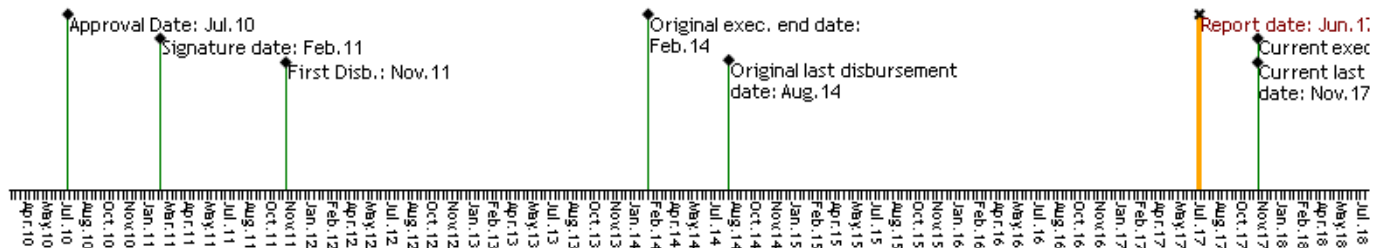
Project Number: TT-M1019 - Project Num.: ATN/ME-12261-TT

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

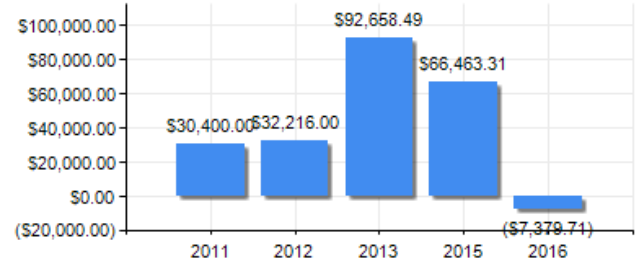
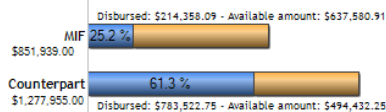
| Country Admin | Country Beneficiary | Group | Subgroup |
|---------------------|---------------------|--|------------------------------------|
| TRINIDAD AND TOBAGO | TRINIDAD AND TOBAGO | INF - Infrastructure and Public Services | PPPA - Public-Private Partnerships |

Executing Agency: INTER-AMERICAN DEVELOPMENT BANK
Design Team Leader: DAVID BLOOMGARDEN
Supervision Team Leader: VASHTIE DOOKIESINGH

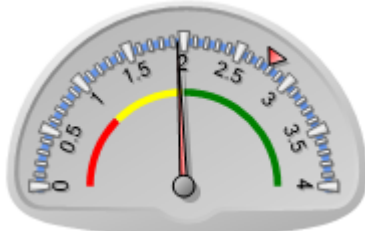
PROJECT CYCLE



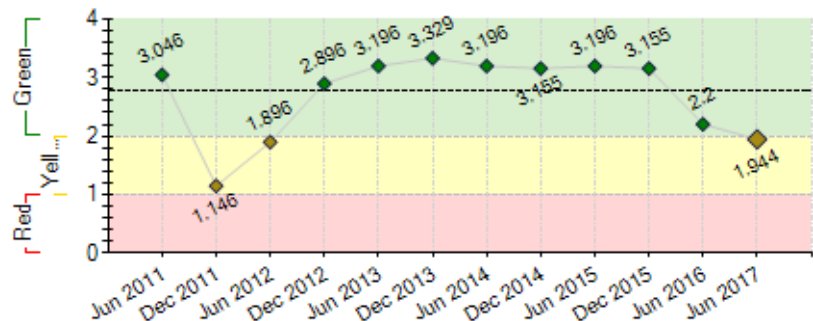
FUNDS



PERFORMANCE SCORE



Current score: Unsatisfactory: 1.944
MIF Average: 2.783

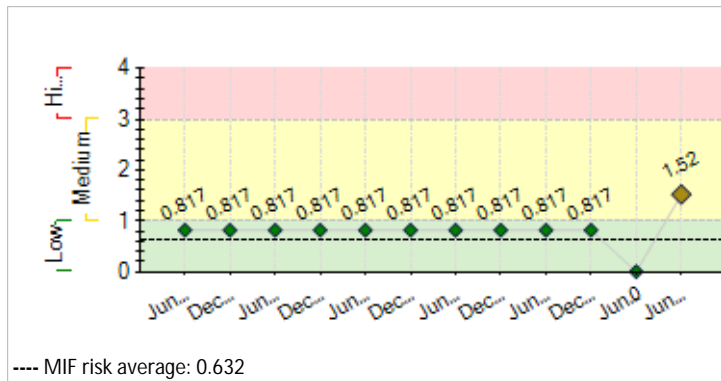


----- MIF performance average

EXTERNAL RISKS

INSTITUTIONAL CAPACITY

| | Risk |
|-----------------------|--------|
| Financial Management: | Medium |
| Procurement: | Medium |
| Technical Capacity: | Low |



SECTION 2: PERFORMANCE

Summary of project performance since inception

The project has achieved key objectives in terms of capacity building via development of a policy and operational framework, training, resourcing and direct involvement in analysis of 2 potential PPP pilots. By Q2 2014, the project unit was poised to initiate procurement of consultants to assist government teams in preparation of RFPs for an education and a health pilot PPP for which value for money analysis had been completed and clearance of the Cabinet obtained for proceeding to the procurement stage. At this point in time there was a general election and political leadership of central government changed. As a result of the change in leadership at political and senior technical levels within the Ministry of Finance and the Economy the PPP projects were deprioritized and as Trinidad and Tobago's economy continued to underperform the projects were eventually shelved due to changes in policy direction and competing priorities of the new administration. In the remaining period of the project, further investments were made in building technical capacity for PPP analysis design and execution via formal training as well as in preparing a screening of potential projects for local government in Tobago as well as recommendations for any changes required in the policy framework.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Summary of project performance in the last six months

Limited activity during semester beyond identification of training requirements and preparation of TORs for consultant support re project screening and policy development for PPPs in Tobago under the leadership of the Tobago House of Assembly (local / sub national government). Lack of engagement and leadership by the Ministry of Finance and the Economy on the opportunities and potential focus of PPPs in Trinidad and Tobago contributed to significant delays.

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 |
|---|---|----------|----------------|----------------|----------------|---------------|-----------------|-----------|
| 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 | 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.I1 Organisational and institutional guidelines for PPP investments | 0 | | | | 1 Jan 2013 | 1 May 2012 | On Course |
| | C1.I2 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.I1 Methodologies and operational guidelines for planning, designing, and managing PPPs developed. | | | | | Mar 2013 | Yes Mar 2013 | On Course |
| | C2.I2 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.I1 Pilot PPP projects identified and preliminary evaluation of the projects conducted | 0 | | | | 2 Jan 2014 | 2 May 2013 | Finished |
| | C3.I2 High level approval of 2 pilot projects for implementation | 0 | | | | 2 Jan 2015 | 1 Jun 2015 | Delayed |
| Component 4: Stakeholder Outreach and Project Dissemination | C4.I1 Participation in 1 local and 1 regional forums on PPPs | 0 | | | | 2 Jan 2015 | 2 Jun 2015 | Finished |

Weight: 10%

Classification: Satisfactory

Milestones

Planned

Due Date

Achieved

Date of achievement

Status

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE*[None reported in this period]***SECTION 4: RISKS****MOST IMPORTANT RISKS AFFECTING FUTURE PERFORMANCE**

| | Level | Mitigation action | Responsible |
|--|--------|---|---------------------|
| 1. Deterioration of macroeconomic conditions can negatively impact government capacity to engage in large scale PPP development projects | High | 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 |
| 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. 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 |
| 4. Lack of support for regulatory changes required to facilitate engagement in and leverage of PPPs | Low | 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 |

PROJECT RISK LEVEL: Medium **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:** LP - Low Probability**CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY**

| Issue | Comments |
|---|--|
| [X] Lack of commitment from the executing agency to continue or expand the project's services and/or activities | A change in political leadership has resulted in policy and programming priorities; PPPs have been de-prioritized |
| [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 | Recessionary conditions and reduced fiscal space afforded to government of TT render them unlikely to finance PPPs |
| [X] Relevant actor's opposition or lack of interest to continue with the project's activities or services | A change in political leadership has resulted in policy and programming priorities; PPPs have been de-prioritized |

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

Broad based training on PPPs has been delivered to a range of senior public sector officials in both line Ministries and the Attorney Generals office, a small core team at the PPP Unit has been sustained over time and is seeking to maintain interest in PPPs

SECTION 6: PRACTICAL LESSONS

| | Relative to Implementation | Author |
|---|----------------------------|-------------|
| 1. In a small state senior stakeholders still maintain a very diverse set of perspectives on what a PPP structure should deliver and how. There is little understanding of PPP as a vehicle to transfer risk. | Implementation | Pragg, Sara |
| 2. Political leadership is required to drive use of PPP modality particularly in small states where public is too small to facilitate coverage of costs and required returns to private providers | Implementation | Pragg, Sara |