SHAPING NEW PARTNERSHIPS FOR NATIONAL DEVELOPMENT

Policy and Institutional Framework for the Implementation of a Public-Private Partnership Programme for the Government of Jamaica:

"The PPP Policy"

Revised March 2023
(Originally Prepared - October 2012)

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Policy and Institutional Framework for the Implementation of a Public-Private Partnership Programme for the Government of Jamaica: The PPP Policy

Development Bank of Jamaica Limited (in consultation with the Ministry of Finance and the Public Service)

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ABBREVIATIONS

AGC	Attorney-General's Chambers
DBJ	Development Bank of Jamaica
FAA	Financial Administration and Audit Act
GOJ	Government of Jamaica
IDB	Inter-American Development Bank
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
MDA	Ministries, Departments and Agencies
MOFPS	Ministry of Finance and the Public Service
NPV	Net Present Value
OPM	Office of the Prime Minister
PBMA	Public Bodies Management and Accountability Act
PIOJ	Planning Institute of Jamaica
PIMC	Public Investment Management Committee
PIMSEC	Public Investment Management Secretariat
PPP	Public-Private Partnership
RfP	Request for Proposal

EXECUTIVE SUMMARY

A public-private partnership is a long-term contract between a government entity and a private party for the provision and/or development of a public asset or service, in which the private party assumes significant risk and management responsibility throughout the life of the contract, and remuneration to the private party is linked to performance and/or the demand or use of the asset or service.

The Jamaican PPP Policy sets out the principles that should guide decision-making by Ministries, Departments and Agencies (MDAs), which are considering using PPPs to improve infrastructure and the delivery of public services.

The PPP Policy seeks to define PPPs, highlight how they can assist in economic development, outline the PPP selection process, and identify roles and responsibilities within the Jamaican Government for managing PPPs. In providing a comprehensive PPP framework, the Jamaican Government aims to standardise how PPPs are implemented, attract private investment, increase productivity, and limit fiscal exposure while providing public services and infrastructure projects.

Asset Mobilisation has been identified as one of one of three priority themes underpinning the growth impetus of the Government's medium-term economic programme of which PPPs are a critical component. The Asset Mobilisation initiatives are a set of supply-side initiatives aimed at mobilising "idle" or "latently productive" human, physical and financial assets in both the public and private sectors, increasing the mobility of these assets and enabling greater efficiency in the use of these assets to support production.

It is the Government's responsibility to consider innovative mechanisms for the delivery of those services or activities in which the Government has a continuing interest (in other words, must ensure is done) but need not do itself. By using PPPs - as opposed to conventional public procurement for projects – the Government of Jamaica seeks to achieve greater value for money through:

- Risk Transfer
- Whole-of-life costing
- Innovation
- Asset utilisation
- Focus on service delivery
- Predictability of costs and funding
- Mobilisation of additional funding
- Accountability

The PPP Policy will ensure that the programme is guided in all cases by the following over-riding principles:

- ***Optimal risk allocation***– each identified project risk, including identified climate change-related risks, shall be allocated to the party that is better able to manage, control and bear the impacts of that risk. This can include, inter alia, that the risk is transferred to the party that is best able to insure against it. Risks can be transferred, shared or retained by the Government of Jamaica.

- ***Achieving value for money for the public*** – the PPP must have benefits that exceed its costs and be the least-cost practical way to achieve those benefits.
- ***Being fiscally responsible*** – any PPP that involves fiscal support (whether through planned payments or guarantees) will be scrutinised to ensure that the fiscal commitments are affordable, and not likely to be destabilising.
- ***Maintaining probity and transparency*** – the public will be always informed about candidate projects, and that no person is unduly advantaged or disadvantaged by the process.
- ***Promoting sustainability -*** PPP projects will be prepared and implemented in a way that supports social, environmental, and fiscal sustainability, and that ensures they are resilient to the impacts of climate change to the extent possible.

The administration of the PPP process will be captured in two broad institutional structures: (i) Strategic and (ii) Operational.

Strategic responsibilities include the approval of policies and strategies for the implementation of PPPs. They consider the PPP Policy's alignment with the Government's other broad economic strategies, while the operational responsibilities pertain to the day-to-day administration of the programme implementation. This administration includes management of all elements of the transactions and providing advisory support to the teams charged with strategic oversight of the programme.

The Cabinet, through the Ministry/ies with responsibility for the Development Bank of Jamaica (DBJ) and the Ministry of Finance and Public Service (MOFPS) PPP Units, takes responsibility for Strategic oversight of the PPP Programme (Policy and process).

The Public Investment Management Committee recommends to Cabinet the approval of PPP projects for development. PIMC is supported by the PIMSec. The operating units will be the PPP Units of the Development Bank of Jamaica (DBJ), and the Ministry of Finance (MOF).

MDAs pursuing PPPs will create teams to develop and implement each PPP project. These teams will be the:

- Enterprise Team
- Project Team
- Contract Management Team

Other government entities which have major roles and responsibilities in the PPP Programme are:

- The Office of the Prime Minister
- The Planning Institute of Jamaica.
- The Attorney General's Chambers
- The Ministries with Portfolio responsibility for the Privatisation Agency and MOFPS PPP Unit
- The Public Investment Management Committee and its Secretariat, the Public Investment Management Secretariat (PIMSec). All PPPs are to be developed and implemented in four stages: Project Identification, Business Case, Transaction, and Contract Management. Each stage is made up of a series of defined tasks and, at the end of each stage, projects will be reviewed and submitted to Cabinet for approval to proceed to the next stage.

At Project Identification, Business Case, and Transaction Stages, projects are screened against the following four criteria:

- ***Project is viable*** – the project makes sense, in that it is effective in meeting government objectives, technically and legally feasible, environmentally compliant, socially sustainable, economically viable and climate resilient;
- ***PPP achieves value for money*** – procuring the project as a PPP will provide greater net benefit than conventional public procurement;
- ***PPP is marketable*** - there are qualified private parties available to do the project and the project is expected to provide a commercial rate of return sufficient to attract such parties and create competitive tension;
- ***PPP is fiscally responsible*** – the project's cost to the Government is in line with fiscal priorities, and project risks retained by the Government would not be fiscally destabilising.

The PPP Programme accommodates unsolicited proposals in exceptional circumstances. All unsolicited proposals must be submitted, in accordance with Section 10 UNSOLICITED PROPOSALS of this Policy.

This Policy stresses the vital importance of ensuring fairness and transparency in PPP procurement to attract the interest of the best local and international private sector parties.

1 INTRODUCTION

1.1 BACKGROUND

In October 2012, the Government of Jamaica approved the ***Policy and Institutional Framework for the Implementation of a Public-Private Partnership (PPP) Programme for the Government of Jamaica: The PPP Policy*** to establish principles and streamline processes for the identification, development, and implementation of PPP Projects. The PPP Policy is an addendum to ***the Policy Framework and Procedures Manual for the Privatisation of Government Assets: The Privatisation Policy.*** The Privatisation Policy is guided by the principle that privatisation transactions should allow the state to focus on its core business by providing space for other productive endeavours to emerge, creating an environment that welcomes increased private sector participation and investment in economic development activities, particularly infrastructure projects and services.

The PPP Policy applies to modalities outlined in the Privatisation Policy, which are "contracts under which the Government contracts with private firms to ensure the provision of public services, where these contracts transfer significant risk and management responsibility to the private party". Such transactions may include:

- Existing GOJ assets operated under concession to private parties; where such agreements may include specific contractual obligations to develop the asset and deliver specific outputs.
- Services currently executed by the GOJ which are to be contracted out to a private party with specified contractual service delivery obligations and outputs.

1.2 UPDATES TO THE POLICY

Since the PPP Policy's 2012 publication, it has been updated two (2) times:

1. In 2017, the PPP Policy as well as the Privatisation Policy were updated to reflect, recognise, and include changes to the legislative, institutional, and fiscal framework governing the Privatisation and PPP Programme and to incorporate further amendments aimed at improving the efficiency and speed of implementing transactions by capturing lessons learned from the implementation of the 2012 amendments. These amendments included those related to the Government of Jamaica's updated fiscal framework and introduced the Public Investment Management Committee (PIMC) and its Secretariat the Public Investment Management Secretariat (PIMSec).
2. Presently, in 2023, the PPP Policy is being updated to reflect the PPP Programme's changes to include "climate resilience" as a consideration in determining whether a PPP project is viable. A section outlining the links between Climate Change and PPPs was added (see Section 3). Further, in 2022 the definition of PPP was amended (see 1.3), and other minor amendments were made to the Policy for clarity.

1.3 DEFINING PPPS

A public-private partnership is a long-term contract between a government entity and a private party for the provision and/or development of a public asset or service, in which the private party assumes significant risk and management responsibility throughout the life of the contract, and remuneration to the private party is linked to performance and/or the demand or use of the asset or service.

Further:

- Ownership of the asset remains with the Government;
- PPPs will only be considered for projects over US$10M;
- In PPPs the project functions transferred to the private party include design, construction, financing, operations, and maintenance. This may vary from contract to contract but in all cases the private party is accountable for project performance and bears significant risk and management responsibility. Design-Build contracts are not PPPs;
- The risks are allocated to the party that can best manage it (risks can be transferred, shared or retained by the GoJ);
- PPPs that provide for both new and existing assets and related services are included;
- Includes PPPs in which the private party is paid entirely by users (user-pays) and those in which the government, department or an agency of the government, local authority or a public body makes some or all payments (Government-pays); and
- Includes contracts in all sectors and for services, provided there is a public interest in the provision of these services and the project involves long-life assets linked to the long-term nature of the PPP contract.[1]

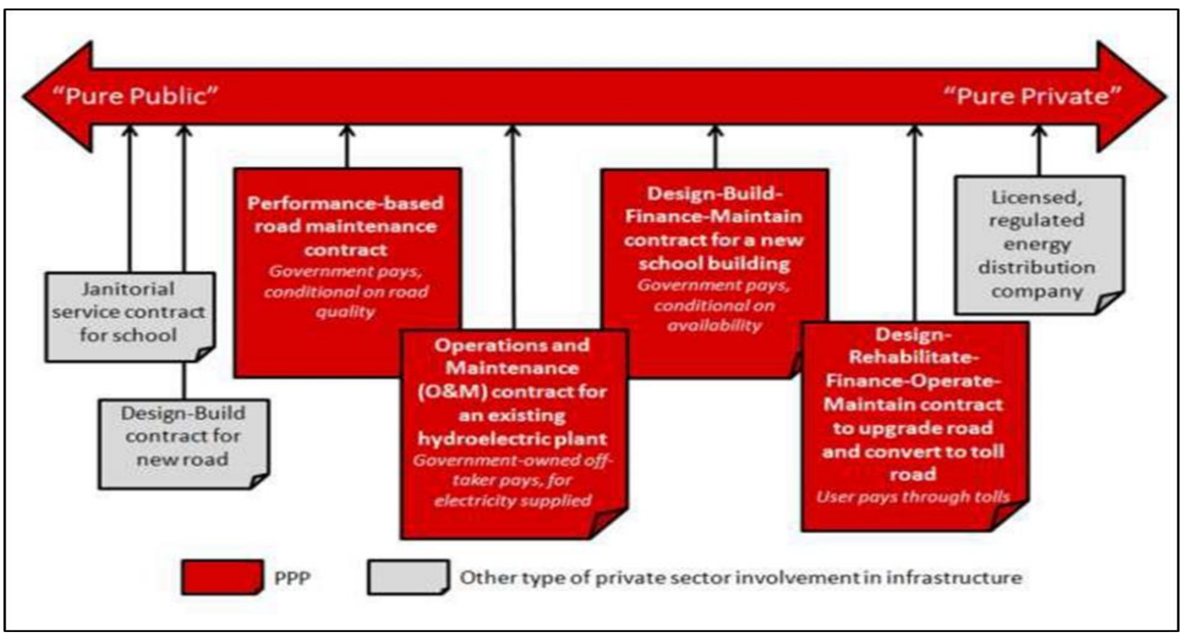

Figure 1: Examples of PPP Contract Types

[1] Source: https://pppknowledgelab.org/guide/sections/1-introduction

2 POLICY FRAMEWORK

Jamaica reengaged with the IMF in 2008, and since then, the GOJ has embarked on a programme of fiscal rationalisation. The fiscal rationalisation initiative led to widespread planning across government Ministries, Departments and Agencies (MDAs) to partner with the private sector to deliver critical infrastructure and services. This strategy sought to limit fiscal exposure and risks, while achieving efficient delivery, innovation, and therefore planned development goals. It also required the development of an appropriate policy framework for the planning and development of PPPs that was coordinated at the central government level, recognized how PPPs were identified, selected, and monitored, and addressed issues like unsolicited proposals.

Further, in 2009, the GOJ launched Jamaica's first long-term strategic plan, ***Vision 2030 Jamaica – National Development Plan***. The plan sets out the country's national vision statements: "Jamaica, the place of choice to live, work, raise families and do business". Among the goals of *Vision 2030 Jamaica* is the development of internationally competitive industry structures, which will provide the framework for increased productivity throughout the Jamaican economy. The *Vision 2030* Plan explicitly recognises the role of PPPs as a means of stimulating economic growth in the Jamaican economy.

Likewise, in 2011, the Planning Institute of Jamaica (PIOJ) elaborated a *Growth Inducement Strategy for the Short and Medium Term*.[2] The Growth Inducement Strategy (GIS) presents comprehensive and integrated policy and programme recommendations to induce higher rates of growth in the Jamaican economy in the short and medium term. PPPs (along with privatisation) play a particularly significant role in the GIS through its Asset Mobilisation[3] initiatives.

2.1 POLICY OBJECTIVE

This policy is intended to provide a framework for Government of Jamaica officials to identify, develop, and implement Public-Private Partnerships (PPPs) and forms an addendum to the GOJ's Privatisation Policy.[4]

2.2 POLICY APPLICATION

This policy is intended to be applicable to all GOJ PPP transactions which are the remit of the Central Government, and which meets the definition of a PPP as outlined in Section 1.3 this policy. The intended PPP transactions must be of sufficient value and scope to create a significant positive impact on the economy and society.

Exemption: Housing PPPs, which are the responsibility of the Minister of Housing, being undertaken under the Housing Act, are exempted from this policy. Therefore, the Housing PPP Policy is applicable

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[2] Planning Institute of Jamaica "**A Growth Inducement Strategy for Jamaica in the Short and Medium-Term**" (Revised: December 2011). Available at: www.pioj.gov.jm

[3] Ibid

[4] The Privatisation Policy can be accessed here: https://dbankjm.com/services/ppp-and-privatisation-division/privatisation/

to Public-Private Partnership agreements with the objective of developing housing solutions, which are being promoted by the Minister of Housing or related agencies under his authority.

2.3 GUIDING PRINCIPLES OF THE PPP PROGRAMME

The PPP Programme will be guided in all cases by five over-riding principles:

i. ***Optimal risk allocation***– each identified project risk, including identified climate change-related risks, shall be allocated to the party that is better able to manage, control and bear the impacts of that risk. This can include, inter alia, that the risk is transferred to the party that is best able to insure against it.
ii. ***Achieving value for money for the public*** – the PPP must have benefits that exceed its costs and be the most cost effective way to achieve those benefits.
iii. ***Being fiscally responsible*** – any PPP that involves fiscal support (whether through planned payments or guarantees) will be scrutinised to ensure that the fiscal commitments are affordable, and not likely to be destabilising.
iv. ***Maintaining probity and transparency*** –the public will be informed at all times about candidate projects, and that no person is unduly advantaged or disadvantaged by the process.
v. ***Promoting sustainability –***PPP projects will be prepared and implemented in a way that supports social, environmental, and fiscal sustainability, and that ensures they are resilient to the impacts of climate change to the extent possible.

Delivering public services and assets through PPPs can often provide better "value for money" – that is, have greater net benefits if done as a PPP rather than a conventional public procurement project. There are seven main ways in which PPPs may be able to offer better value for money. These 'value drivers' are described in Table 1.

Table 1: PPP Value Drivers

PPP Value Drivers	
Value Driver	**Explanation**
Risk Transfer	Risk retained by the Government in owning and operating infrastructure typically carries substantial unvalued cost. Allocating some of the risk to a private party which can better manage it, can reduce the project's overall cost to government
Whole-of-life costing	Full integration – under the responsibility of one party – of up-front design and construction with ongoing service delivery, operation, maintenance, and refurbishment, can reduce total project costs. This occurs because full integration incentivises the single party to complete each project function (design, build, operate, maintain, etc.) well and in a way that minimises total costs. For example, the private party would be able to optimise the trade-off between capital expenditure and maintenance, or develop designs that minimise operating cost
Innovation	Specifying outputs in a contract, rather than prescribing inputs, provides wider opportunity for innovation. Competitive procurement of these contracts incentivises bidders to develop innovative solutions for meeting these specifications
Asset Utilisation	Private parties are motivated to use a single facility to support multiple revenue streams, thus reducing the cost of any particular service from the Facility.
Focus on service delivery	Allows a sponsoring department or agency to enter a long-term contract for services to be delivered when and as required. Management in the PPP firm is then focused on the service to be delivered without having to consider other objectives or constraints typical in the public sector.
Predictability of costs and funding	Whole-of-life costing and budgeting are considered, providing infrastructure and related ancillary services to specification for a significant period, and including any growth or upgrade requirements. This provides budgetary predictability over the life of the infrastructure and reduces the risks of funds not being available for maintenance after the project is constructed
Mobilisation of additional funding	Charging users for services can bring in more revenue and this can sometime be done better or more easily with private operation than in the public sector. Additionally, PPPs can provide alternative sources of financing for infrastructure where governments face financing constraints or are under cash-based budgeting systems.
Accountability	Government payments are conditional on the private party providing the specified outputs at the agreed quality, quantity, and timeframe. If performance requirements are not met, service payments to the private sector party may be abated.

Source: Adapted from: *Partnerships Victoria Guidance Material: Practitioners' Guide*. June 2001. State of Victoria, Australia

2.4 PUBLIC SECTOR INVESTMENT PLANNING RELATED LAWS RELEVANT TO PPPS

Under the GOJ's enhanced fiscal rules as outlined in the amended ***Financial Administration and Audit Act*** (FAA) and the ***Public Bodies Management and Accountability Act*** (PBMA)**,** a Public Investment Management System (PIMS) has been established to provide a common framework for the preparation, appraisal, approval, and management of all public investments in Jamaica, irrespective of source of funding or procurement and implementation modalities.

2.4.1 DEFINITION OF A PUBLIC INVESTMENT

Private sector finance through public private partnerships is one method of financing and implementing public investment projects. The FAA Act defines a Public Investment as "any nonrecurrent expenditure on goods, works and services carried out by any public entity within the specified public sector on its own, or by one or more such public entities in conjunction with one or more non-public entities through Public-Private Partnerships, and which is aimed at accumulating new physical or intangible assets or enhancing human resource capacities, or improving or rehabilitating existing physical or intangible assets or human resource capacities, to achieve development objectives."

2.4.2 PUBLIC SECTOR INVESTMENT PROGRAMME (PSIP)

The PSIP is the rolling five-year plan of Cabinet-approved, new and ongoing prioritised public investment projects that are reviewed on a regular basis against:

a. The strategic objectives of Government;
b. The fiscal and debt sustainability agenda;
c. Prevailing socio-economic and environmental conditions; and
d. The implementation status and technical capacity of executing agencies.

The Ministry of Finance is charged with the management and monitoring of the PSIP.

2.4.3 ENHANCED FISCAL RULES - PPP ACCOUNTING TREATMENT

One of Jamaica's main impediments to economic growth is the Country's unsustainable levels of debt. Accordingly, the GoJ has implemented enhanced fiscal rules, which aim to reduce the very high Debt to Gross Domestic Product (GDP) ratio to 60% by year 2027/2028[5]. The PPP programme represents one of the critical paths to the fiscal and debt sustainability agenda. Hence:

- All PPPs should be included in the Public Sector Investment Programme provided for under the PBMA and be subject to the standards set out in the Public Investment Management System, as provided for in the FAA Act.
- A Public-Private Partnership shall not be entered into by a public entity, except with the approval of the Cabinet on the recommendation of the PIMC established under the FAA Act.

2.4.4 ACCOUNTING FOR PPPS

The PBMA defines a ***government -pays PPP*** as:

> *A public private partnership under which a public entity has an obligation to pay for an asset or the use thereof, or for a service supplied in connection therewith, without which payments, the project undertaken by the public private partnership is not likely to be economically viable.*

The PBMA defines a ***user-pays PPP*** as:

> *Any public private partnership that is not a government-pays public private partnership*

[5] Section 48C(a) of The Financial Administration and (Amended) Audit, 2020

The PBMA prescribes the treatment of PPPs as:

- The indebtedness of a public body within the specified public sector, arising from a Government -pays PPP shall comprise part of the public debt
- The indebtedness of user-pays PPP shall not comprise part of the public debt. However, the indebtedness of user-pays is classified as contingent liabilities and shall not exceed 3% of GDP between April 1, 2014 to March 31, 2017.
- Between April 1, 2017 and March 31, 2026[6] the contingency ceiling shall be 8% of GDP
- All contingent liabilities in relation to PPPs whether user-pays or Government-pays shall be assessed by the Minister of Finance.

If at any time during the nine-year period (April 1, 2017 to March 31, 2026) there is a reduction in the public debt below 60% of GDP, then the 8% may be increased by the amount by which the public debt has been reduced below 60%.

The contingency ceiling shall not apply to the following PPPs:

1. User-pays in existence as at March 31, 2014; and
2. PPPs with only minimal contingent liabilities accruing to the Government of Jamaica as referenced in Section 48B(6)(d) of the FAA Act.

The PBMA Act also provides that where contingent liabilities become probable, the quantifiable amount of that contingent liability shall thereupon form part of the public debt.

[6] The amendment to Section 48C(a) of the Financial Administration and Audit Act, by section 2 of the Financial Administration and Audit (Amendment) Act, 2020 will result in consequential amendments to Section 6B of the Public Bodies Management and Accountability Act

3 CLIMATE AND DISASTER RISK AND PPPS

3.1 CLIMATE CHANGE, CLIMATE RISK, AND DISASTER RISK IN JAMAICA

The following box provides climate related definitions to understand this concept.

KEY CLIMATE RELATED DEFINITIONS[7]

Adaptation to climate change, (Intergovernmental Panel on Climate Change (IPCC) 2007): Adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities.

Climate: The long-term average weather of a region, including typical weather patterns, the frequency and intensity of storms, cold spells, and heat waves.

Climate change: A change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and is in addition to natural climate variability observed over comparable time periods.

[Climate/Disaster] Risk[8]: The potential for adverse consequences where something of value is at stake and where the occurrence and degree of an outcome is uncertain. In the context of the assessment of climate *impacts*, the term risk is often used to refer to the potential for adverse consequences of a climate-related *hazard*, or of *adaptation* or *mitigation* responses to such a hazard, on lives, *livelihoods*, health and *well-being*, *ecosystems* and species, economic, social, and cultural assets, services (including *ecosystem services*), and infrastructure.

Disaster: Any event or force of nature that has catastrophic consequences, such as an earthquake, a flood, forest fire, hurricane, lightning, tornado, tsunami, or volcanic eruption.

Mitigation (IPCC 2007): In the context of climate change, a human intervention to reduce the sources or enhance the sinks of greenhouse gases. Examples include using fossil fuels more efficiently for industrial processes or electricity generation, switching to solar energy or wind power, improving the insulation of buildings, and expanding forests and other 'sinks' to remove greater amounts of carbon dioxide from the atmosphere.

Resilience: The ability of a social or ecological system to absorb disturbances while retaining the same basic structure and ways of functioning, the capacity for self-organization, and the capacity to adapt to stress and change.

Vulnerability: The degree to which a system is susceptible to, or unable to cope with, adverse effects of climate change, including climate variability and extremes. Vulnerability is a function of the character, magnitude, and rate of climate variation to which a system is exposed, its sensitivity, and its adaptive capacity.

Climate change represents a significant challenge for Jamaica. It is modifying the frequency and intensity of many weather-related hazards and contributing to several "slow onset" changes like sea

[7] Unless otherwise noted, these definitions come from the *Climate Change Policy Framework for Jamaica* (2015), pp 32-34
[8] https://www.ipcc-data.org/guidelines/pages/glossary

level rise, increasing temperatures, and ocean acidification. Jamaica is projected to face significant sea level rise (projected between 0.58m-0.87m), increased temperatures (up to 3°C), and be up to 21 percent drier by 2100.[9] Further, Jamaica's geographic position puts it at risk for hurricanes, which cause average annual losses of 1.15 percent of GDP per year.

These climate changes can negatively impact the country's natural- and built (infrastructure) assets as well as disrupt the services delivered via those assets. They can also magnify disaster risks.

Building strong and resilient infrastructure assets, able to withstand both slow onset changes and increased prevalence of disaster risks associated with extreme climate- and weather-related events is key to economic stability. Achieving this requires the expertise and cooperation of public and private sector and the integration of climate change and disaster risk reduction considerations across government objectives and in the design and planning of major investments.

As a country, Jamaica has been enhancing its policy and other governance instruments/frameworks with respect to its ability to prevent, reduce and address the impact of climate change and increased disaster risk due to natural hazards. At the global policy level, in 2020, Jamaica became the first Caribbean country to submit a more ambitious climate action target in its Updated Nationally Determined Contribution) under the Paris Agreement. At the national level, the country's development plan, ***Vision 2030 Jamaica***, seeks through its fourth goal to ensure that "Jamaica has a Healthy National Environment."[10] A key outcome associated with this goal – Outcome 14 — is to reduce risks associated with climate hazards and support adaptation to climate change.

Further detail on how these strategies will be achieved are laid out in the ***Medium-Term Socio-Economic Policy Frameworks (MTF)***, which are 3-year implementation plans to help Jamaica achieve the goals of the Vision 2030 Development Plan. The MTF 2018-2021[11], the fourth in a series of seven consecutive three-year plans, identifies MFPS as responsible party for developing a public financial management policy for natural disaster risk that includes developing an improved understanding of fiscal risks of natural disasters and recommending public financial management for natural disaster risk.[12]

In addition to climate change and hazard-related risks informing and shaping portions of broader national development policies (like ***Vision 2030 Jamaica)***, the country has developed policies that specifically target climate change; the overarching policy in this regard is the ***Climate Change Policy Framework for Jamaica (2015),*** which notes the "need for greater mainstreaming of climate change considerations in several of the country's national policies and plans".[13] Sectoral policies such as the ***National Water Sector Policy and Implementation Plan (2019)*** have acted on this suggestion and integrated both mitigation and resilience considerations into the policy's key objectives.[14]

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[9] Climate Studies Group, Mona (CSGM), 2017: State of the Jamaican Climate 2015: Information for Resilience Building (Full Report). Produced for the Planning Institute of Jamaica (PIOJ), Kingston Jamaica.
[10] *Vision 2030 Jamaica: National Development Plan, 2009*
[11] Vision 2030 Jamaica. Medium-Term Socio-Economic Policy Framework. 2018-2021.
[12] Ibid, p315
[13] Climate Change Policy Framework for Jamaica, Government of Jamaica 2015 p15.
[14] Government of Jamaica National Water Sector Policy and Implementation Plan 2019. P4

In line with the great momentum across the Government of Jamaica with regards to managing climate change and disaster-related risks, the institutions governing and regulating the processes of developing PPPs in Jamaica, aim to do likewise.

3.2 DEFINITION OF TERM "CLIMATE RESILIENT"

For the purposes of this PPP Policy, "climate resilient" projects will mean those projects that reduce exposure and vulnerability to climate risks, regardless of sector (e.g., social infrastructure, water and sanitation, transportation). Projects may also contribute to the reduction of greenhouse gas emissions.

3.3 PPPS AS A TOOL TO PROMOTE CLIMATE RESILIENT INVESTMENTS[15]

Key features of a typical PPP project, which make them an attractive procurement solution for meeting public infrastructure needs, also lend themselves well to incorporating climate resiliency considerations.

For example, PPPs:

1) ***Consider Life-cycle costs***: PPPs require both public officials and private bidders to consider the long-term costs of infrastructure assets. The private bidders, who ultimately seek to bear a great deal of responsibility for managing and operating the infrastructure asset over its life, must look beyond the construction phase and evaluate the long-term project costs (so 25-30 years). Due to their long-term responsibility for the project, these private bidders are more likely to think expansively about all potential project risks and costs, including those related to climate change. As a result of this life-cycle view of the project and its risks, PPPs may lead to better-designed infrastructure projects, which are more able to withstand climate change/extreme hydrometeorological-related events, and hence in the context of Jamaica's policy framework, lead to projects that are more "viable".
2) ***Offer More Innovation***: PPPs are typically less prescriptive than more conventional project delivery models. Their focus on outcome and output specifications leave more room for private parties to develop their own means, methods, and solutions to achieve the project goals and mitigate threats (including those because of climate change) to achieving those project goals. This often leads to innovations and creative approaches. It is expected that private parties will increasingly identify such innovative approaches to managing climate risks.
3) ***Include Lender's Due Diligence***: By their nature, PPPs bring in private finance and as a result they bring in an extra set of eyes performing due diligence. Lenders want to see that the project can perform well over its life and service its debt. Climate risks, which materialize, can impact a project's ability to operate and generate revenue. As a result, many lenders to PPP arrangements are examining climate risks.
4) ***Require Robust Risk Assessment***: At the heart of every good PPP project is a robust risk assessment that evaluates all possible risks to the project and assigns them to the party best

[15] *Climate Resilient Public Private Partnerships: A Toolkit for Decision Makers* p9 IDB 2019

able to manage them. Including an analysis of climate and disaster risk as part of this existing process only makes sense. This is because PPP project developers are seeking to understand any/all risks which may disrupt services and undercut their returns and procuring agencies are explicitly encouraged to identify, allocate, manage, and mitigate (including through insurance) all the project's direct and contingent liabilities.

3.4 INTEGRATING CLIMATE RESILIENCE CONSIDERATIONS INTO JAMAICA'S PPP DEVELOPMENT PROCESS

In line with the Government of Jamaica's broader climate change goals outlined in key policy documents including, ***Vision 2030*** Jamaica, ***the Medium-Term Socio-Economic Frameworks***, and the ***Government of Jamaica's Climate Change Policy Framework (2015), and Jamaica's Updated Nationally Determined Contribution,*** Jamaica's PPP programme aims to facilitate the development of PPP projects that are "climate resilient." To do so, methods for assessing whether a project is viable will be updated to include questions about whether a project is climate resilient. Assessing this will require that projects undergo at least a screening/high-level climate and disaster risk assessment to understand the risk profiles. Analyses conducted to assess a project's business case – that is the financial analysis, cost benefit, and social and environmental analysis - will all require consideration of how climate and disaster risks may or may not impact these analyses.

4 INSTITUTIONAL AND ADMINISTRATIVE FRAMEWORK

The lack of a central authority to guide the government in administering the implementation of PPPs increases the potential for inconsistencies in the PPP process thus increasing the risk of failure. Decentralised planning of PPPs creates inefficiencies such as lack of knowledge transfer, inappropriate model selection, cost overruns, misallocation of risks and poorly defined performance measurements. Establishing and operationalising an institutional and regulatory framework inclusive of determining a governance structure is therefore critical.

4.1 OVERVIEW OF PPP INSTITUTION STRUCTURES

Strategic oversight of the PPP Programme (Policy and process) is the responsibility of Cabinet through the Ministry/ies with responsibility for the DBJ and MOFPS PPP Units. The Public Investment Management Committee (PIMC) recommends to Cabinet the approval of PPP projects for development. PIMC is supported by the Public Investment Management Secretariat (PIMSec).

Operational management of the process is the responsibility of the PPP Unit in DBJ and the PPP unit in MOF and the Enterprise, Project and Contract Management Teams in MDAs.

The descriptions of these bodies are provided in the following sections, and supplement those provided in the *Policy Framework and Procedures Manual for the Privatisation of Government Assets* (Privatisation Policy), for the purposes of clarity and ease of reference.

4.2 STRATEGIC OVERSIGHT FOR THE PPP PROGRAMME

4.2.1 CABINET

In accordance with section 69(2) of the Jamaican Constitution in relation to executive authority, the Cabinet is the principal instrument of policy and charged with the general direction and control of the Government. Therefore, the Cabinet is the ultimate authority in relation to matters of policy set out in the PPP Policy.

Cabinet has final decision-making power over all matters involving the PPP Programme. Cabinet approval will be required:

i. After the Business Case Stage, for a project to proceed to the Transaction Stage;
ii. After bids are received and evaluated, to approve the contract with the preferred bidder, or to set the parameters for negotiations with one or more bidders with a view to concluding a contract;
iii. If a Ministry recommends concluding an agreement outside the agreed negotiating parameters, for that agreement to be signed;
iv. For any other decisions with significant implications for any stakeholder, the fiscal situation, or the country's economic development, as deemed necessary by a Ministry or the Privatisation Committee of Cabinet; and
v. For any changes to the PPP Policy.

4.2.2 MINISTRIES WITH RESPONSIBILITY FOR THE DBJ AND MOFPS PPP UNIT

Ministry/ies with responsibility for the DBJ and MOFPS PPP Units will develop policies and strategies for submission to Cabinet. The Ministry/ies will monitor and review the programme and make necessary adjustments. The Ministry/ies will also be responsible for ensuring that the programme is implemented in an effective and efficient manner and this includes addressing issues/impediments that may be identified by the PPP Units which may impact PPPprojects.

4.2.3 PUBLIC INVESTMENT MANAGEMENT COMMITTEE

The PIMC is a legislated body created by the Fourth Schedule of the Financial Administration and Audit (Amendment) Act, 2014(FAA Act). The PIMC has responsibility for:

i. The screening of all investment proposals for feasibility and consistency with government's strategic objectives;
ii. Reviewing all projects for technical, financial, economic and environmental feasibility;
iii. Prioritizing projects for financing and recommending to Cabinet their inclusion in the Public Sector Investment Programme (PSIP); and
iv. Reviewing project performance, monitoring risks to the achievement of objectives and continued relevance to government's policy priorities.

In the process of developing PPP projects, PIMC provides approvals for the project to proceed at two points—after the completion of the project identification/PPP screening stage and after the development of the PPP business case (PIMC's involvement is further detailed in Section 6). After the business case stage, PIMC submits recommendations to the Cabinet for approval.

To facilitate PIMC's decision making, the PIMSec, which has responsibility for the review and appraisal of projects, provides technical support and advice to PIMC.

4.2.4 PUBLIC INVESTMENT MANAGEMENT SECRETARIATPIMSEC, IS A LEGISLATED BODY CREATED BY THE FOURTH SCHEDULE (E) OF THE FAA ACT.

The mandate of the Secretariat is to:

i. undertake the assessment of project proposals presented for screening and appraisal,
ii. provide technical support and advice to the PIMC to facilitate its decision-making.

PIMSec's preliminary assessment will be required for the development of any public sector investment programme conceptualised and designed by a Ministry, Department, Agency (MDA) or Public Body, irrespective of its financing source - Government direct financed (through traditional procurement) or private sector financed (through PPPs). Joint Ventures and other such arrangements must go to PIMC for approval.

PIMSec will liaise with the PPP Units at the DBJ and MOFPS on the suitability of projects under consideration for development as a PPP. (Their role is further described in Section 6)

4.2.5 OPERATING ENTITIES

The day-to-day coordination of the PPP Programme and management of PPP project development will be the responsibility of a unit in the Development Bank of Jamaica (DBJ). In the Ministry of Finance, a PPP Unit will have responsibility for coordination and fiscal management of PPPs.

DBJ's PPP Unit

The DBJ's PPP Unit ensures that every project which the Government has identified and approved for development as a PPP is developed/structured, evaluated, and implemented through a uniform and consistent process. The DBJ PPP Unit assesses the marketability and viability (refer to Section 7 of this policy) of all PPP projects.

The Unit coordinates the implementation of the PPP Policy, and monitors and reports to the Ministry with responsibility for the DBJ on its progress in this regard. Responsibilities with respect to specific PPPs are as follows:

i. **Regulate the PPP Programme** – the Unit will ensure that projects are developed in accordance with this policy. It will ensure that projects are properly reviewed against the PPP criteria for each stage; that Gateway Reviews, as per Section 6.3, and other checks are completed, if required; and that draft Cabinet submissions include all the information required for informed decision-making.
ii. **Manage the PPP Process** – Once project approval is received, and is recommended to be implemented as a PPP, the Unit will coordinate input from various parties involved in developing, and implementing a PPP project. This includes coordinating inputs from consultants and government entities, and external communications on PPP projects.
iii. **Provide transaction management and administrative support to PPP projects** – the Unit will work on the development of PPP projects, under the guidance of Cabinet, the Ministry with responsibility for the DBJ PPP Unit, and the Enterprise Team as appropriate. This work will include:
    a. Providing input and guidance to the Public Investment screening process for potential PPP projects
    b. Managing external consultants;
    c. Providing technical, administrative, and secretarial support to Enterprise Teams, by providing necessary information, ensuring their instructions are carried out, and preparing all necessary reports.
iv. **Provide a repository of knowledge and skills** – the Unit shall continually build knowledge about identifying, developing, evaluating, implementing, and managing PPPs; including compiling and archiving information on PPP projects, and analysing what has and has not worked.
v. **Identify and manage funds for the development and implementation of PPPs**. Where such funding has been identified and established, the Unit will establish mechanisms to manage the funds in conjunction with Ministry of Finance and the Public Service (MOFPS).
vi. **Conduct stakeholder engagement**. The Unit is responsible for conducting engagement sessions with the relevant stakeholders.

The Board of Directors of the DBJ will have strategic and operational responsibility and oversight of the Privatisation Agency and the execution of its mandate. The specific role and extent of oversight of the DBJ Board will be determined on a case-by-case basis at the commencement of each PPP project.

Ministry of Finance and the Public Service (MOFPS) PPP Unit

A PPP Unit has been established in the Ministry of Finance and the Public Service. This Unit will play a key role in the PPP Programme by coordinating, evaluating, and managing the fiscal implications of PPPs, to ensure:

i. The fiscal impact of PPP projects is consistent with the Government of Jamaica's fiscal constraints, and that fiscal risks are identified, managed and accounted for appropriately;
ii. Economic, financial, and value for money assessments are done rigorously, and drive decision-making on PPPs;
iii. Timely and complete advice is provided to Cabinet and the DBJ PPP Unit on these issues.

The responsibilities of the MOFPS PPP Unit are to:

i. Ensure that the MOFPS participates effectively in all stages of the PPP Process;
ii. Ensure that positive fiscal impacts are given appropriate weight in prioritising candidate PPP projects, and negative fiscal impacts are scrutinised;
iii. Ensure that the 'expected' and 'worst case' values of any fiscal commitments are identified, properly calculated, and highlighted in Business Cases and other decision-documents on PPPs which are eventually sent to Cabinet;
iv. Ensure that economic and financial analyses are duly conducted and given appropriate prominence in decisions relating to PPPs;
v. Ensure that all fiscal commitments required by candidate PPP projects are identified early in the process;
vi. Liaise with stakeholders within MOFPS – such as the departments responsible for budget and debt management, providing a single point of contact between MOFP and Enterprise Teams, ensuring that all budget and fiscal issues are dealt with in a coordinated and timely fashion;
vii. Ensure that fiscal commitments related to PPPs are appropriately budgeted for, appropriated, and reported on;
viii. Monitor fiscal risk across the government's portfolio of PPP projects. This will include receiving and assessing quarterly risk reports from government entities with active PPP projects. The MOFPS Unit will promptly escalate notification to Cabinet when the fiscal cost of a project has changed, is likely to change, or risk reports are not received.

4.2.6 OPERATIONAL SUPPORT TEAMS

Once Cabinet has approved a project for development as a PPP, an Enterprise Team will be established to guide each project on issues relating to its development, evaluation, and procurement. The Minister with portfolio responsibility for the PPP project has the authority to appoint members of the Enterprise Team. The Enterprise Team will appoint a Project Team to do the day-to-day work.

When the PPP transaction reaches financial close, a Contract Management Team will be appointed to take over managing the PPP contract for its duration.

Enterprise Team:

When a project from the PPP List progresses to the Business Case Stage, Cabinet will appoint an Enterprise Team to guide and govern the development and procurement of that project.

Composition:

The Enterprise Team will be comprised of senior officials and other specialists with the expertise to ensure that only viable projects that meet the PPP criteria proceed to the Transaction Stage, and to guide those projects to a successful close. Such expertise should include experience in the sector, transactions, policy coordination, and economic and financial analysis.

Cabinet will appoint the Enterprise Team, based on the recommendations of the Privatisation Committee of Cabinet or the owning MDA, with recommendations from the PPP Unit as necessary. Enterprise Teams will always include representatives from:

- The Ministry of Finance and the Public Service
- The Ministry with portfolio responsibility or subject Agency
- The Attorney-General's Chambers

Depending on the nature and complexity of the project, members may be drawn from throughout the public sector, and may also include representatives from:

1. The Office of the Prime Minister
2. The Planning Institute of Jamaica
3. The Development Bank of Jamaica
4. Any other entity deemed necessary (including social and environmental specialists)

Responsibilities

The Enterprise Team will ensure all processes and actions undertaken in the Business Case and Transaction Stages are consistent with this policy, including the PPP Principles (see section 2.3) and guidelines for Probity Management. Specific responsibilities in fulfilling this role include:

1. Designating the members of the Project Team (as described in the next section, the Project Team will be the group that carries out the day-to-day work of developing the Business Case and preparing the Transaction, under the guidance of the Enterprise Team).
2. Providing guidance to the Project Team on the completion of tasks, including setting the strategic approach to the Business Case and Transaction Stages, deciding which issues are important and how they may be addressed.

3. Supervising the work of the Project Team to ensure that it follows the plan and stays on timetable, resolving difficult or unexpected issues as they arise, and ensuring that the outputs of the Project Team at each stage are prepared in accordance with the policy.
4. Approving the Project Plan and engagement of external advisors at each Stage, including reviewing and amending the Project Plan prepared by the Project Team, and approving the PPP Unit's selection of external advisors.
5. Making strategic and commercial decisions for the project as needed, addressing questions such as the level and type of fiscal support to be recommended, the allocation of risk, the level and type of user fees, the structure of the transaction, and the approach to stakeholder consultation. On all such strategic issues, the Enterprise Team will weigh the options, direct the Project Team to prepare the project in line with the Enterprise Team's judgments, and then ensure that those judgments are presented to Cabinet, at the appropriate point, for Cabinet to validate or alter.
6. Ensuring recommendations to proceed with the implementation of projects are based on the PPP Criteria and that these recommendations are well supported by documentation upon which Cabinet can make informed decisions.

Enterprise Teams will report to the Privatisation Committee of Cabinet, through the Board of the Development Bank of Jamaica.

Project Team

It takes a great deal of time and specialised skills to develop Business Cases and manage Transactions. The Enterprise Team members will generally be senior level officials with additional responsibilities outside the PPP Programme. For this reason, the Enterprise Team will designate a Project Team to do the day-to- day work involved in the Business Case and Transaction stages. This team will collect and analyse information, write reports, plan and structure the PPP; and perform administrative and management functions involved in developing, evaluating, and procuring PPP projects.

Composition

Each Project Team will be led by a Transaction Officer of the PPP Unit. This is to ensure that the day-to-day work of the project is managed by someone with both the time to dedicate to the tasks, and knowledge of the procedures set out in this policy.

The PPP Unit will analyse the skills and time commitments required to develop, evaluate, and procure each project, and recommend to the Enterprise Team who should be on the Project Team. Generally, Project Team members will include officials from the Ministry with portfolio responsibility or subject Agency, the Ministry of Finance and Public Service, the Attorney-General's Chambers and suitably qualified consultants. The Enterprise Team will designate the members of the Project Team (other than the Transaction Officer) after considering the recommendations of the PPP Unit.

Responsibilities

The Project Team will be responsible for developing the Business Case and managing the Transaction. The Business Case stage includes structuring the PPP, evaluating whether it meets the PPP Criteria, and drafting the Business Case document and accompanying Cabinet submission. The Transaction Stage includes drafting project agreements (with assistance from legal counsel), qualifying bidders, participating in pre-Request for Proposals (RfP) consultations, drafting and issuing the RfP, conducting the tender, and evaluating bids.

Contract Management Team

The Contract Management Team will manage the PPP Contract after it has reached financial close and will be the responsibility of the relevant Ministry with portfolio responsibility or subject Agency. The Contract Management Team (or Contract Manager in the case of an individual) will be appointed by the PPP Unit in consultation with the Ministry with portfolio responsibility or subject Agency, with responsibility for the PPP contract. The PPP Unit will have oversight of the Contract Management Team and may require the Contract Management Team to subcontract services of external consultants for independent management and monitoring, depending on the complexity of the transaction.

In summary, the main responsibilities of the Contract Management Team include:

1. Establishing the contract management processes, including communication and reporting protocols within Government and with the private party.
2. Monitoring delivery of the facilities and services specified in the contract in consultation with relevant regulatory bodies.
3. Prompting those Government entities with responsibilities under the project to discharge their responsibilities quickly and efficiently.
4. Monitoring and managing risk under the contract and reporting fiscal risk developments to the Ministry of Finance and the Public Service.
5. Managing changes in the contract, as necessary, because of changing environment or circumstances (to be done with advice from the PPP Unit).
6. Enforcing the contract as necessary (with advice from the PPP Unit and legal counsel).
7. Closing the contract, at its termination.

4.2.7 ROLES OF EXISTING ENTITIES

Ministries/Agencies

All Ministries with portfolio responsibility or subject Agencies in Government are responsible for identifying candidate PPP projects. This should be done in the context of submitting their annual Strategic Plans. Ministries and Agencies are also to consider whether a PPP would be a good delivery method for any significant new asset(s) they are planning to construct, or any new service(s) they intend to deliver. Ministries with portfolio responsibility or subject Agencies will submit candidate projects to the PIMSec, with all the information required for screening them.

Where a project is selected for development, the Ministry with portfolio responsibility or subject Agency will nominate to the PPP Unit, suitable staff for inclusion on the Enterprise and Project Teams and will be responsible for implementation and the post- implementation management/monitoring of the PPP through Contract Management Teams appointed by the Ministries/Agencies.

The Government Body Responsible for Planning (currently the MOFPS) and the Planning Institute of Jamaica

The Ministry of Finance and the Public Service, and the Planning Institute of Jamaica will also be represented on or consulted by the Strategy Committee and Enterprise Teams, where necessary to ensure co-ordination and strategic consistency across government.

5 REPORTING REQUIREMENTS

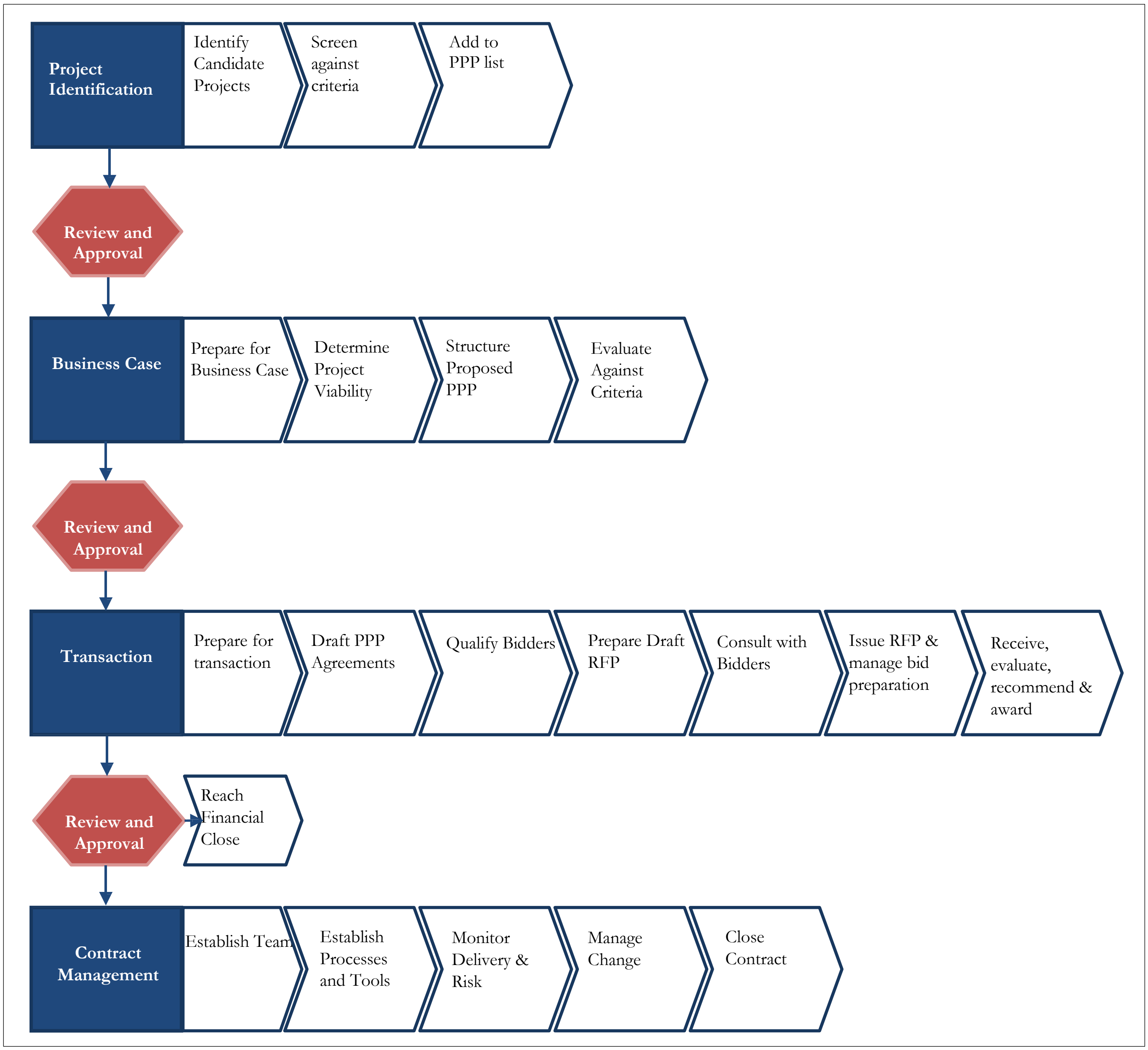
5.1 REPORTING TO CABINET AND/PRIVATISATION COMMITTEE OF CABINET

- The MDAs, through the MOFPS PPP Unit, will report on the fiscal aspects of all PPPs on a quarterly basis or as determined by the Cabinet;
- The MOFPS PPP Unit will report to the Auditor General on the fiscal aspects of all PPPs on a quarterly basis or as determined by the Cabinet;
- MDAs, through the DBJ PPP Unit, will report on non-fiscal aspects of PPPs on a quarterly basis or as determined by the Cabinet;
- The DBJ PPP Unit to report to the Ministry with responsibility for the DBJ PPP Unit on PPP transactions in progress on a quarterly basis or as determined by the Cabinet;
- Contract Management Teams will provide the required information and updates to the DBJ and MOFPS PPP Units to facilitate compliance with reporting requirements to the Cabinet.

6 PPP DEVELOPMENT PROCESS

All PPPs are to be developed and implemented through the process described in this section. As illustrated in Figure 2, this process consists of four stages: Project Identification, Business Case, Transaction, and Contract Management. Each stage is made up of a series of defined tasks.

Figure 2: PPP Process Overview



6.1 STAGES OF PPP DEVELOPMENT AND IMPLEMENTATION

PPP projects will progress through four (4) stages of development. The purpose of each of the four (4) stages, and their key tasks, are summarised below and capture the integrated PPP assessment process with the Public Investment Management System.

1. **Project Identification Stage** – the purpose of this stage is to find those assets and services – existing or planned – where value for money could possibly be increased if they were done as PPPs. The steps in the project identification stage are as follows:

    a. MDA goes to PIMSec with a proposed public investment project concept. PIMSec will be the first formal point of contact for public investment projects, which may be considered for development as PPPs.
    b. MDA submits its application to PIMSec for review and assessment. The application includes mandatory high level PPP screening questions. The questions are mainly geared towards determining:
        i. Any issue (legal, social, environmental, technical) of which the MDA is aware that may preclude or impede the project's development as a PPP.
        ii. The private sector interest and capacity to undertake the obligations, which will be assumed (finance, operate, maintain the asset).
        iii. Which functions and risks will be retained by private sector and those to be retained by Government.
    c. PIMSec, based on review of the PPP screening, requests the DBJ and the MOFPS PPP Unit to comment on or to assess the information provided by the MDA as it relates to the suitability of the project to be developed as a PPP.
    d. The DBJ and MOFPS PPP Units will submit their written responses to the PIMSec, which will complete the assessment of the project concept. PIMSec submits its recommendation to PIMC for approval, deferral, or decline.

PIMSEC maintains its role as the sole point of contact with the MDA during the formal PCS evaluation and assessment process.

Notwithstanding the above, MDAs may have preliminary stakeholder engagement discussions with the DBJ and MOFPS PPP Units in relation to understanding PPPs, (including for example identification and allocation of risks and functions, transaction structure and likely fiscal impact) and the GoJ's PPP development and assessment process prior to completion of the application and submission to PIMSec.

2. **Business Case Stage** – is the development of a thorough report on the candidate project (the "Business Case") and is a detailed proposal that summarizes the project 's key features (such as outputs and major risks), the results of all necessary research and analysis, and the proposed structure of the project as a PPP. The purpose of the Business Case is to ensure that only good PPPs are developed. The steps in the Business Case Stage are as follows:

a. Once PIMC's approval of the concept is received, and the project is recommended to proceed to the next stage in the PPP process, the MDA is referred to the DBJ for assistance with the further development of the project as is necessary.
b. The DBJ's PPP Unit determines whether a pre-feasibility assessment is required prior to full business case development to assess whether the project will deliver value for money for the Government if developed as a PPP.
c. If a pre-feasibility assessment is required, the project with relevant recommendations from DBJ and MOFPS will return to PIMSec for review, prior to submission to PIMC.

   Depending on the results of a pre-feasibility study, the following decisions may be made:

   i. Approve for preparation of Business Case, or
   ii. Defer preparation of a Business Case, or
   iii. Reject the PPP modality and proceed to traditional procurement
   iv. Reject the project based on the results of the pre-feasibility

d. The project returns to the PIMSec after the Business Case has been completed, with the relevant recommendations from the DBJ and MOFPS and goes through a second round of review by the PIMSec prior to submission to the PIMC for a decision as to:

   In the case of a Business Case the PIMC decision sought will be:

   i. A recommendation to Cabinet for inclusion in the PSIP
   ii. A recommendation to Cabinet for the PPP procurement to proceed to transaction stage
   iii. An advisory that the total estimated value of the PPP is to be recorded in the PSIP. Given that a PPP provides value to the recipients all assets and liabilities must be recognized. However, the final accounting treatment for user-pays PPPs is determined by the PBMA after the PPP contract is signed.

3. **Transaction Stage** – is when bidders are requested for the project, pre- qualified, and then invited to bid. The purpose of this stage is to promote competitive bidding by well-qualified firms, to deliver value to the public. The Project Team will draft the PPP Agreements, qualify bidders, draft the Request for Proposals (RfP), consult with bidders, issue the RfP, evaluate bids and recommend awards. The Enterprise Team will guide the Project Team in completing these tasks and review the bid evaluation before submitting the results to Cabinet for final approval. This stage continues past bid evaluation to include negotiation (if needed), contract signature, and financial close. It is important to note the following:

   a. On conclusion of the Public Tender Process, the Preferred Investor is approved by Cabinet. (PIMC's approval is NOT required for this milestone).

   b. After negotiations, Cabinet approves the final terms of the concession agreement. (PIMC's approval is not required for this milestone however in the event there are material deviations to the project cost the MDA will be required to submit an updated Project Proposal to the PIMSec for assessment prior to seeking approval from Cabinet).

4. **Contract Management Stage** – with the closing of the transaction, the PPP itself is just starting. This stage is where the Government needs to ensure that the promises in the contract are delivered, and that new events are responded to intelligently. The MDA, in consultation with the DBJ PPP Unit will establish the Contract Management Team (or Contract Manager in the case of an individual), and the process and tools for managing the contract. The Contract Management Team will monitor PPP delivery and risk, manage change, enforce the contract as necessary (with advice from the DBJ PPP Unit and AGC), manage the hand- back period and close the contract.

   The PIMSec continues to monitor and evaluate the implementation and performance of the contract through information submitted by the MDAs to the Public Investment Management Information System.

The PPP Process outlined below assumes that the relevant MDA would have received approval from PIMC for development of the business case. At the end of each stage, projects will be reviewed and submitted to Cabinet for approval to proceed to the next stage.

6.2 REVIEWS AND APPROVALS

The objective of reviews and approvals of candidate projects is to:

i. Ensure that the PPP Principles are effectively and consistently applied;
ii. Ensure Government resources available to develop and implement PPP projects are used efficiently, by implementing first the highest priority projects that will deliver the most value;
iii. Ensuring that these projects are properly developed and evaluated, and meet the criteria set out in the PPP Policy and Procedures Manual.

The PPP Process includes three (3) required[16] "Review and Approval" points. These points occur:

a. ***After the Project Identification Stage*** – PIMC approval will be required for candidate projects to be developed as a PPP. The project if approved is added to the PPP List. The PPP list is defined as those projects approved by PIMC for further development and implementation as a PPP.
b. ***After the Business Case Stage*** – The PIMC with support of the PIMSec reviews the business case and makes a recommendation to Cabinet. Similarly, The Enterprise Team recommendations and the PPP Unit's comments on the project should be provided to Cabinet

[16] In some transactions, more Review and Approval points may be necessary—for example, if the Enterprise Team is not able to conclude an agreement within the parameters approved by Cabinet

to support a decision. Cabinet approval will be required to advance the project to the Transaction stage to enable the procurement of the proposed PPP.

c. ***Before the contract is signed in the Transaction Stage*** – Cabinet approval will be required to approve the parameters of the final deal. The Enterprise Team recommendations and the comments from the PPP Unit should be provided to Cabinet to support (reviewed by the Enterprise Team).

In addition, the Business Case may, as deemed necessary, be subject to a special 'Gateway Review', described below, before it is submitted to Cabinet.

6.3 GATEWAY REVIEW

A Gateway Review is a specially structured, in-depth review of a PPP transaction process, intended to ensure that all necessary analysis has been completed, and that all required information is presented when Cabinet is asked to make a decision.

The PPP Unit, the DBJ Board, the Enterprise Team, the Ministry with portfolio responsibility or subject Agency or Cabinet reserves the right to commission independent Gateway Reviews of a transaction as it deems necessary.

The Gateway Review team will check to ensure that the notes to form the basis of the Cabinet submission:

- are presented in a clear format that includes the contents specified in the PPP Policy and Manual;
- fairly reflect the strengths and weaknesses of the proposed project, including compliance with all evaluation criteria;
- clearly identify risks and possible difficulties in project development, and present reasonable recommendations to deal with same;
- include the views of all relevant stakeholders, including the Ministry of Finance and the Public Service.

7 PPP CRITERIA

The PPP criteria are standards that a candidate project must meet to be developed and implemented as a PPP. Projects will be tested against the criteria at three (3) stages: (i) Project Identification; (ii) Business Case; and (iii) Transaction. The assessment will be quick and approximate at the Identification Stage, with more in-depth analysis reserved for the Business Case. Finally, before a PPP transaction is closed it will be checked to ensure the final PPP contract meets the criteria. This evaluation will form the basis of project approvals.

There are four (4) main PPP criteria:

i. ***Project is viable*** – the project makes sense, in that it is effective in meeting government objectives, technically and legally feasible, environmentally compliant, socially sustainable, economically viable, and climate-resilient
ii. ***PPP achieves value for money*** – procuring the project as a PPP will provide greater net benefit than conventional public procurement
iii. ***PPP is marketable*** – there are qualified private parties available to do the project and the project is expected to provide a commercial rate of return sufficient to attract such parties and create competitive tension
iv. ***PPP is fiscally responsible*** – the project's cost to government is in line with fiscal priorities, and project risks retained by the government would not be fiscally destabilising.

Each of the four (4) criteria will be assessed using a number of sub-criteria. Appendix 1 lists each of the PPP criteria, their sub-criteria, and the extent to which projects will need to demonstrate compliance at the Project Identification, Business Case and Transaction Stages.

8 INSURANCE COVERAGE

In order to reduce the contingent liability of the government and support PPP success, adequate insurance coverage must be included in all PPPs to include disaster risk. This will reduce the impact arising from, inter alia, disasters but also other non-catastrophic perils, in two ways. First, enhanced insurance policy requirements reduce the financial risk to the government by transferring these risks to the specialized risk carriers, i.e. the private (re)insurance sector. Second, these requirements will reduce the counterparty credit risk to the government by ensuring that only highly rated firms participate in the insurance arrangements.

9 CONTRACT MANAGEMENT

Change in the contract environment is inevitable, given the long-term and complex nature of PPP contracts. The contract should include mechanisms to adjust to such changes. These contract mechanisms will typically include adjustment provisions, dispute resolution, and *force majeure* and termination provisions.

If the time comes to use one of these contractual mechanisms, the Contract Manager must ensure that the appropriate skills are available on the review/negotiation team. This will generally involve engaging legal counsel, seeking help from the PPP Unit, and keeping the Ministry of Finance and the Public Service PPP Unit involved.

9.1 RENEGOTIATION

In some cases, the Government may decide to seek changes in the contract that cannot be accommodated through the contractual adjustment provisions – or the private party may suggest such changes, and the Government may be inclined to agree. In such cases, the contract can be renegotiated. However, if a new contract is to be entered into, then that contract may be subject to legal procedures.

Since there is no competitive pressure in a renegotiation, the private party may take advantage of the chance to improve its position, to the detriment of value for the public and as such renegotiations should always be approached with caution.

In light of these risks, a formal and well-structured approach to renegotiation, modeled after the approach used to create the PPP, should be employed. This may include:

- Creating an Enterprise Team to guide the negotiations (including at a minimum, representatives from MOFPS, PPP Unit, Attorney-General's Chambers and Ministry with portfolio responsibility or subject Agency);
- Creating a reporting structure to Cabinet, with defined approval points;
- Ensuring that specialised legal, financial, economic and technical advisors are engaged;

- Only entering renegotiations if it seems likely that to do so will improve value for money (compared to not renegotiating) and there are no mechanisms to achieve the same end within the terms of the contract itself; and
- Conducting a formal value for money analysis, compared to a non-renegotiation counterfactual, before agreeing to the renegotiation.

10 UNSOLICITED PROPOSALS

An Unsolicited Proposal (USP) is a written proposal that is submitted to the Government on the initiative of the offering entity/private party for the purpose of entering into an arrangement with the Government, and is not in response to a Request for Proposal (RfP), or any other government-initiated solicitation or programme. Unsolicited Proposals can be beneficial, but also bring specific challenges. For this reason, this PPP Policy recognizes the benefit to the Government from the innovation and market interest that unsolicited proposals signal, while preserving competitive pressure and transparency.

10.1 DEFINITION

For the purposes of this policy an Unsolicited Proposal includes the following:

- A clear statement of the objectives, approach and scope of the proposed asset or service;
- Independent due diligence conducted by the Ministry, Department or Agency (MDA) on the proponent to include independently verified financial information on the proponent to demonstrate financial capacity to undertake the transaction;
- Development Plan including detailed technical specifications and proposed risk allocation of the project and all relevant information to facilitate GOJ's assessment of feasibility including financial, economic, legal, environmental and social impact (see PPP Criteria Chart at Section 13- Appendix);
- Proposed investment modality;
- Fully costed funding plan, including financial projections (cash flows, profit and loss and balance sheet) for the life of the proposed concession period; and
- Implementation schedule.

A distinction must be made between an Unsolicited Expression of Interest and an Unsolicited Proposal. An Unsolicited Expression of Interest usually takes the form of an introductory letter, meeting, brochure, presentation by the proponent to the Ministry, Department, Agency and or Public Bodies. The policy and the processes for project identification would apply for Unsolicited Expression of Interest. However, should the GOJ decide to pursue further discussions with the unsolicited proponent, the proponent will be required to provide a complete proposal including the level of information required by the GOJ.

10.2 ASSESSMENT PROCESS

All Unsolicited Proposals should be subject to the legislated PIMS process, and a determination will be made on the USP's acceptance and the optimal modality to be developed. (Refer to Section 6 regarding the PIMS process and Section 7 on the PPP criteria.)

All Unsolicited Proposals must be submitted to the PIMC for approval. Therefore, all USPs (as defined above) are to be submitted to the PIMSec by the owning Ministry, Department or Agency for review and assessment. PIMSec will then determine if the USP meets the criteria for project acceptance and the optimal modality for the project to be developed.

The treatment of USPs depends on whether the asset is already on the PPP List defined as those projects approved by PIMC for further development and implementation as a PPP. All projects that are on the PPP List before an unsolicited proposal is received will be bid out competitively, regardless of whether or not an unsolicited proposal is submitted.

If the ***asset is already on the PPP List***, the Unit will consider whether to prioritise the PPP. The interest expressed in the unsolicited proposal may change the PPP Unit's assessment of the marketability of the asset. The asset for which the proposal was received will then be considered for development in accordance with the timelines set by the owning MDA.

If the asset is not on the PPP List, the proposal will be evaluated to determine whether it meets the PPP criteria.-If the proposal does not meet the PPP criteria, it will be rejected.

In the event that the proposal meets the PPP criteria and Cabinet has approved the GOJ negotiating an agreement with the investor; the Swiss Challenge system will be used to test market interest prior to closing the deal.

10.3 SWISS CHALLENGE SYSTEM

If the Cabinet decision is to proceed with the development of the project, a Negotiation Team of no more than four persons is formed for the project.

The Negotiation Team negotiates mutually acceptable contract terms.

The DBJ and MOFPS PPP Units confirm that the contract would meet the PPP criteria and makes a recommendation to Cabinet to approve the negotiated terms and proceed to the Challenge Process. If Cabinet agrees, the Challenge process is then initiated (if Cabinet does not agree, the original offer is rejected).

Cabinet will appoint an ET and the ET with the support of the DBJ PPP Unit, which will manage the Challenge process with any required advisory support on behalf of the GOJ (relevant MDA) as outlined below:

1) **Challenge process**:
    a. The opportunity to challenge the offer is advertised in the same way that an opportunity to bid on an RfP is advertised
    b. Potential challengers are required to register with the PPP Unit within [1] month of the advertising of the challenge opportunity
    c. Registered challengers are provided with the contract and other documents negotiated with the Original Proponent. Trade secrets, including special techniques to be used in provision of the services, will be removed from the information provided. Nevertheless, at a minimum registered challengers must be given: a complete description of the services to be provided; the government support that will be offered; the risk allocation; the payments made to or from the government; and the key contractual terms that have been negotiated
    d. Challengers are given three [3] months from the date of advertising to submit their 'challenge bid' to the PPP Unit as stipulated in the RfP
    e. Challengers must offer to supply:
        i. The same or better services (Note the Enterprise Team will need to have defined the PPP services in the contract e.g., if land is being made available for

an economic development project, the contract is not a contract for sale of land, but for provision of the economic development project. Therefore, a challenge bid could not be one that just offered to buy the land for a higher price. It would have to offer to provide at least equivalent economic development benefits, and also a better price or lower government contribution)

ii. At the same or lower cost
iii. With no increase in risk to the government or public
iv. Offering equivalent assurance on quality, performance guarantees, and financial standing.

f. If warranted and appropriate, the Enterprise Team may describe the information that must be supplied, the conditions that must be met, and the form a challenger's proposal must take. The Enterprise Team will specify evaluation criteria in advance. The 'Best Challenger' will be the one that provides at least as good services and other conditions as the original proponent, at the lowest cost to government (or with the highest payment to government).
g. After the Best Challenger is selected, the Original Proponent will be notified of the Best Challenger's offer, and given up to one month to match the offer.
h. If the Original Proponent matches or betters the Best Challenger's offer, the contract will be awarded to the Original Proponent, on the terms offered. If the Original Proponent chooses not to match, the Best Challenger will be recommended for contract award, on the terms proposed in its Challenge.

2) Once the Enterprise Team has decided on the firm to recommend for contract award, its recommendation will be submitted to Cabinet, along with all the information that would normally be submitted after evaluation of a tender process, and Cabinet will make a decision.

3) The contract will then be signed, and the project implemented and monitored as with other PPPs.

The intellectual property rights of the Original Proponent and the Best Challenger will be treated in accordance with law, taking into account principles of fairness and equity. In the event of an intellectual property issue arising the Privatisation Agency and PPP Unit will refer the matter to the Attorney General's Chambers for a Legal Opinion.

11 PROBITY MANAGEMENT

The Government of Jamaica is committed to probity and transparency in all aspects of its PPP Programme.

Probity management is the set of responsibilities and practices designed to promote the development and implementation of PPPs through a fair process, in which no person improperly achieves personal advantage or disadvantage through involvement in the process. Additionally, probity management will align with the general principles of the Policy Framework and Procedures Manual for the Privatisation of Government Assets (the Privatisation Policy) and promote compliance with the National Contracts Commission (Interim Provisions) Act, the Integrity Commission Act, and the Public Procurement Act, along with its attendant Regulations.

The PPP Unit will oversee and implement probity management.

11.1 TRANSPARENCY PROCEDURES

Transparency procedures are the Government's commitment to ensure that information about the project is available to the public. The Access to Information Act and Access to Information Regulation will apply to all PPP projects, and requests for access to official documents will be dealt with in accordance with this Act and its regulations. In addition to this, the PPP Unit will adopt the following practices on disclosure:

- The PPP List will be published after it is approved by Cabinet, and whenever it is updated.
- A summary of information on each PPP project will be published before the tender process begins (prior to issuing a Request for Qualifications or Request for Expressions of Interest).
- Requests for Proposals (RfPs) will be published when they are issued to potential bidders.
- PPP contracts may be published after they become effective, subject to any confidentiality requirements.
- The term 'publish' in this section is defined making available for viewing in accordance with the ATI Act, and making copies publicly available by request at a cost in accordance with the Access to Information (Cost of Reproduction of Official Documents) Regulations. When publishing information on PPPs, the PPP Unit:
- Will ensure information is published in a timely manner and in accordance with all relevant laws, regulations, and policies.
- May redact portions of RfPs or contracts before publication in accordance with the ATI Act, where exempt material is contained within the contract (for example, because of a need to preserve trade secrets or information of a commercial value which value could or would be reasonably expected to be destroyed or diminished or to prevent an actionable breach of confidence. The remainder of the document will be published in accordance with the ATI Act.
- Will notify Cabinet when part of a document is to be redacted before publication and explain the reasons for the redaction.
- The Contract Manager will make performance data publicly available, following an agreed-upon schedule and format.

12 FUNDING

A viable funding mechanism must be established to support the sustainability of the GOJ PPP programme. This is imperative as PPP transactions are very costly. These costs are related to the entire process: Business Case, Transaction and Contract Monitoring. The GOJ must therefore identify resources to fund the budget of each PPP prior to the commencement of the transaction.

The costs related to contract monitoring of the PPP are necessary to ensure compliance with covenants and terms of the contract. These may include technical consultant fees, legal, audit, software licences and administrative fees.

The GOJ's PPP programme may be funded from the following sources which will be identified by the PPP Unit in conjunction with the Ministry of Finance and the Public Service:

- Low-cost debt financing to GOJ
- Grant funding from multilateral institutions
- Infrastructure Funds
- Bond floats on the local or international capital markets
- A Nominal Cess to be withheld/deducted (up to 2%) from proceeds of each PPP transaction

13 APPENDIX

In the Appendix to this Policy, the phrases “considering future climate conditions” and “considering risks associated with climate change” are used. The box below provides an overview of what is meant by these phrases.

What is meant by?

- **Considering future climate conditions:** This means that the various project analyses (e.g. financial analysis, cost-benefit analysis, value for money assessment, environmental impact assessment) take into account how the climate – meaning temperature, precipitation, etc. — will change over time. The Government of Jamaica has produced *The State of the Jamaican Climate 2015* report and has a more up to date version forthcoming. This report can provide project teams with good initial information on how climate conditions will change over time in Jamaica, under various climate scenarios and timeframes.
- **Considering risks associated with climate change:** as defined in Section 3, Climate/Disaster Risk[17] refers to the potential for adverse consequences where something of value is at stake and where the occurrence and degree of an outcome is uncertain. In the context of the assessment of climate *impacts*, the term risk is often used to refer to the potential for adverse consequences of a climate-related *hazard*, or of *adaptation* or *mitigation* responses to such a hazard, on […] infrastructure. In plain terms, when the PPP criteria asks that projects consider the risks associated with climate change it means that any adverse consequences to the project as a result of climate change have been assessed and factored into project development and design.

[17] IPCC, 2018: Annex I: Glossary [Matthews, J.B.R. (ed.)]. In: *Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty* [Masson-Delmotte, V., P. Zhai, H.-O. Pörtner, D. Roberts, J. Skea, P.R. Shukla, A. Pirani, W. Moufouma-Okia, C. Péan, R. Pidcock, S. Connors, J.B.R. Matthews, Y. Chen, X. Zhou, M.I. Gomis, E. Lonnoy, T. Maycock, M. Tignor, and T. Waterfield (eds.)]. In Press

PPP Criteria Chart				
Criterion	Definition	Extent Demonstrated		
		Initial Screening	Business Case	Prior to Contract Signing
Project is Viable				
Effective in meeting government objectives	The project is an effective method of meeting government objectives, and is consistent with the sector's strategy and relevant development plans	The project, as proposed for consideration as a PPP, is consistent with the sector's overall strategy, relevant development plans and integrates (as appropriate) with existing and planned assets and services	The project, as proposed for consideration as a PPP, is consistent with the sector's overall strategy, relevant development plans and integrates (as appropriate) with existing and planned assets and services	The project, as proposed for consideration as a PPP, is consistent with the sector's overall strategy, relevant development plans and integrates (as appropriate) with existing and planned assets and services
Technically feasible	The project can be implemented technically, as planned, using known and proven technologies and engineering methods	There is a reasonable expectation that the project is technically feasible, based on expert judgment or prefeasibility studies, which have considered the general risks and opportunities associated with climate change.	A feasibility study, which has considered the risks and opportunities associated with climate change, over different timescales and scenarios, indicates that the project (as defined for consideration as a PPP) is technically feasible.	The project defined in the final PPP contract is materially the same as that assessed by the feasibility study undertaken during the business case
Legally feasible	All aspects of the project are permitted by law, the parties involved in the project are legally empowered to do what they will need to do under the project, and the agreements that will be required can be made legally binding on all parties concerned	There is a reasonable expectation that the project is legally feasible, based on expert judgment or preliminary legal analysis	A thorough legal due diligence of the project (as defined for consideration as a PPP) has assessed all legal issues having a bearing on the project, including reviewing all applicable laws and regulations, use rights, and (as appropriate) legalities of the project site, and indicates the project (as defined for consideration as a PPP is legally feasible	The project defined in the final PPP contract is materially the same as that assessed by the legal due diligence undertaken during the business case

PPP Criteria Chart				
Criterion	Definition	Extent Demonstrated		
		Initial Screening	Business Case	Prior to Contract Signing
Environmen-tally compliant	The environmental impacts of the project comply with environmental laws and regulations, or can gain the necessary permits, etc. to become compliant	There is a reasonable expectation that the project is environmentally sustainable, conditions, based on expert opinion or initial environmental impact assessment	Environmental impact assessment(s), which considers current climate conditions as well as future climate projections, indicates that the project (as defined for consideration as a PPP) is, or is highly likely to be, in compliance with environmental laws	The project defined in the final PPP contract is materially the same as that considered in the environmental impact assessment undertaken during the business case
Socially sustainable	All substantial social impacts of the project (as defined for consideration as a PPP) have been assessed, including providing impacted individuals and groups ample opportunity to provide feedback and voice concerns, mitigation solutions have been incorporated into the PPP contract as appropriate, and the likelihood of any one group blocking or undermining the project successfully is low	There is a reasonable expectation that the project is socially sustainable.	A social impact assessment and public consultation indicate the project (as defined for consideration as a PPP) is socially sustainable, not only under current climate conditions, but also considering future climate conditions	The project defined in the final PPP contract is materially the same as that considered in the social impact assessment undertaken during the business case

PPP Criteria Chart				
Criterion	Definition	Extent Demonstrated		
		Initial Screening	Business Case	Prior to Contract Signing
Economically viable	An economic analysis of the project shows the expected economic benefits exceed the expected economic costs, and that the project is the least cost way of achieving the benefits that is practical and feasible	There is a reasonable expectation that the project is economically viable, based on expert judgment or an economic prefeasibility study.	An economic analysis of the project (as defined for consideration as a PPP), which analyzed costs and benefits of project in the context of current climate conditions as well as future climate conditions, indicates the project is economically viable,	The project defined in the final PPP contract is materially the same as that considered in the economic analysis undertaken during the business case
Climate Resilient	A climate risk assessment has been conducted and shows that the project either has low climate risks, or if it has medium to high climate risks, appropriate counter measures have been proposed such that the project is still a viable option.	Based on a screening level climate risk assessment, the project has been shown to be either low climate risk, or in the case of medium to high-risk, appropriate measures to counter the impacts of climate change on the project and additional climate analysis proposed.	Either project was deemed low climate risk in screening level assessment, or a full climate risk assessment has been conducted and appropriate measures to counter the impacts of climate change on the project proposed, which ensure that project can withstand any climate risks to which it is vulnerable and/or ensure that due care is taken to minimize/avert/avoid any damage the project might cause.	The climate risk profile of the project has not materially changed since the business case stage.

PPP Criteria Chart				
Criterion	Definition	Extent Demonstrated		
		Initial Screening	Business Case	Prior to Contract Signing
PPP achieves value for money				
Project scale is sufficient	The value of the project should be sufficient to invest resources to seek greater value for money through a PPP. Generally, if the net present value of the project's costs is below US$10 million the transaction costs for both the public and private parties may prohibit achieving value for money. It may be possible to bundle related projects to achieve this threshold	The value of the proposed project is expected to be above US$10 million, or there is clear reason to believe a PPP will be successful and offer value for money in the case of smaller projects.	The value of the proposed project is expected to be above US$10 million, or there is clear reason to believe a PPP will be successful and offer value for money in the case of smaller projects.	The value of the proposed project is expected to be above US$10 million, or there is clear reason to believe a PPP will be successful and offer value for money in the case of smaller projects.
Project duration is sufficient	The duration of the proposed PPP project should be for the life of the project asset and service, or at least 10 years if the project life is longer than 15 years. Projects with durations below 5 years will not generally make good PPPs	The duration of the proposed PPP is expected to meet the criteria	The duration of the proposed PPP is expected to meet the criteria,,	The duration of the proposed PPP is expected to meet the criteria

PPP Criteria Chart				
Criterion	Definition	Extent Demonstrated		
		Initial Screening	Business Case	Prior to Contract Signing
Outputs are clearly specified	Required outputs are defined in clear and measurable terms around which performance mechanisms can be effectively structured	There is a reasonable expectation that the project's outputs could be clearly specified in measurable terms	The project's outputs are clearly specified in measurable terms and effective contractual mechanisms for performance monitoring and enforcement have been developed	The required outputs are clearly specified in measurable terms in the PPP contract, which also includes effective and clearly specified mechanisms for monitoring and enforcing performance
One or more PPP Value Drivers applies	The PPP increases value through one or more PPP Value Drivers (see attached information sheet)	All PPP Value Drivers have been considered and there is a reasonable expectation that one or more of them will apply and make a PPP the better value option	One or more PPP Value Drivers have been effectively applied in structuring the PPP, and includes significant risk transfer to a private party	One or more PPP Value Drivers have been effectively applied in structuring the PPP, and includes significant risk transfer to a private party
Functions are optimally allocated	Functions are optimally allocated between the private and public sectors, maximising incentives for performance, accountability, and the use available expertise	There is a reasonable expectation that project functions can be optimally allocated	Functions have been optimally allocated. This allocation, and the preferred solutions and consequences if should either party should fail to fulfill these functions have been clearly defined	Functions are optimally allocated and clearly defined in the PPP contract, which also specifies the permissible solutions and consequences if should either party should fail to fulfill these functions
Risks are identified and allocated optimally	All material project risks have been identified and optimally allocated to the party best able to manage, mitigate or diversify the risk so as to maximise value for money	There is a reasonable expectation that risks can be optimally allocated	All risks have been identified and optimally allocated, and mitigation strategies defined	The PPP contract clearly defines the risk allocation and mitigation obligations

PPP Criteria Chart				
Criterion	Definition	Extent Demonstrated		
		Initial Screening	Business Case	Prior to Contract Signing
Value for Money: PPP achieves greater net economic benefit than public provision	An economic cost-benefit analysis indicates that the proposed PPP is likely to provide greater net benefit then public provision	There is a reasonable expectation that a PPP is likely to provide greater value than public provision, based on expert judgment or preliminary economic analysis	A comparison of economic costs and benefits (quantitative and qualitative) indicates the PPP would provide greater net economic benefit	The PPP contract is materially the same as the PPP concept considered under the economic cost benefit analysis conducted during the business case, OR an economic cost-benefit analysis of the structure of the PPP defined in the contract indicates the PPP would provide greater net economic benefit
PPP is marketable				
PPP is a viable "commercial project"	The PPP's revenues cover costs and provide a rate of return that is sufficient for the private sector to consider the project commercially viable	There is a reasonable expectation that the project's revenues (from users, the Government, or both) would cover costs and provide a rate of return sufficient for the private sector to consider the PPP a viable commercial project, based on expert judgment or a preliminary financial analysis and that this judgement and/or analysis has explored how climate risk might affect market appetite or return expectations.	A financial analysis, which explored how climate risk may impact financial returns, indicates the PPP's revenues will cover its costs and provide a rate of return sufficient for the private sector to consider the PPP a viable commercial project	A compliant winning bid is received from a well-capitalised bidder, and there is no indication (based on financial analysis of the bids) that it would not be financially sustainable
Market has sufficient capacity and appetite	There is sufficient market interest to generate competitive tension amongst private parties with the capacity and resources to deliver the project	There is a reasonable expectation, gained from expert judgment or initial market sounding, that there is sufficient market interest from qualified private parties	Market consultations indicate there is sufficient market interest from qualified private parties to generate competitive tension	A competitive tender process resulted in at least one bid that offers value for money

PPP Criteria Chart				
Criterion	Definition	Extent Demonstrated		
		Initial Screening	Business Case	Prior to Contract Signing
PPP is fiscally responsible				
Likely cost of Government support is consistent with fiscal priorities	The amount of Government support, including scheduled payments and contingent liabilities, including liabilities resulting from minimum revenue guarantees but also liabilities resulting from supervening events and other risks retained by the government under the outcomes most likely to occur (the modal value), is within fiscal priorities	There is a reasonable expectation that the cost to Government under the proposed PPP would align with fiscal priorities, based on budget projections and pre-feasibility level estimates of the project's costs and revenues	A financial analysis has calculated the modal value of the cost of the PPP to Government. MOFPS has reviewed this value and confirmed it is within the Government's fiscal priorities	The cost to Government is materially the same in the PPP contract as calculated by the financial analysis during the business case, **OR** a financial analysis estimating the modal value of the cost to the Government under the final PPP contract has been reviewed by MOFPS and determined to be within fiscal priorities
Fiscal risk would not be destabilizing	The expected value of the cost to the Government under the "worst case" scenario would not require the Government to make difficult and unexpected changes in fiscal variables—such as materially increasing debt or taxes, or suffering a drop in its credit rating	The fiscal risk of the proposed PPP, including fiscal risks associated with force majeure is not expected to be fiscally destabilising, based on analysis (expert judgment and preliminary identification of likely fiscal risks) as well as proposed use of risk mitigation measures like risk transfer instruments, such as indemnity insurance.	A sensitivity analysis, which included high climate risk scenarios and other catastrophic hazards has calculated the expected value of the cost to the Government under the "worst case" scenario. MOFPS has reviewed this value and confirmed it would not be fiscally destabilising, considering the use of risk transfer instruments, such as indemnity insurance	The fiscal risk of the PPP contract is materially as the same as that calculated by the sensitivity analysis during the business case, **OR** MOFPS has reviewed a sensitivity analysis of a financial model of the PPP contract and confirmed it would not be fiscally destabilising