Ad Hoc Expert Meeting on

Addressing the Transport and Trade Logistics Challenges of the Small Island Developing States (SIDS): Samoa Conference and Beyond

11 July 2014

Public-private partnerships for transport development in the context of the SIDS – the case of the Caribbean

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**PPPs for transport development in the context of the SIDS: the case of the Caribbean**

Carl Howell – Caribbean Development Bank

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**Presentation Plan**

- Logistics and Connectivity: Where Does the Caribbean Stand?
- Jamaica as an example
- Closing infrastructure gaps in the region
- Some early lessons from PPPs
- Making PPPs work better: What should be done?
- Guarding against fiscal surprises
- A role for CDB moving forward
Setting the Stage

- World markets have opened since the elimination of barriers in the 1990s
- Resulted in the globalization of supply chains
- World trade has grown by 6% annually in the last 4 decades, while global GDP grew at 3.4% per year
- World trade has grown from 20% of GDP in 1971 to 51% in 2010 (WTO)
- Panama Canal expansion potentially expands regional trade volumes
- Jamaica is ideally located to take advantage of these trends

Logistics and Connectivity: Where Does the Caribbean Stand?

[Bar chart showing Liner Shipping Connectivity Rank for various countries, including USA, UK, Trinidad, Suriname, St. Vincent, St. Lucia, St. Kitts, Singapore, Mexico, Montenegro, Japan, Jamaica, India, Guyana, Dominica, China, Chile, Brazil, Belize, Barbados, Antigua, with rankings ranging from 0 to 200.]
Jamaica Logistics Performance: The Global Logistics Performance Index

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<thead>
<tr>
<th>Item</th>
<th>Global Rank</th>
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<tr>
<td>Overall</td>
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<td>Customs</td>
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<td>Infrastructure</td>
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<td>International Shipment</td>
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<tr>
<td>Logistics quality and competence</td>
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<td>Tracking and tracing</td>
<td>117</td>
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<tr>
<td>Timeliness</td>
<td>107</td>
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</tbody>
</table>

Source: World Bank

Jamaica Logistics Performance: What Does Jamaica Currently Need to Do?

- Jamaica ranks 124th out of 155 countries on the Logistics Performance Index
  - 45.3% of Singapore’s score
- The Logistics Hub Initiative is intended to reduce supply chain barriers
- Infrastructure is important, but is only one dimension of logistics
- Focus is also needed on:
  - Customs reform
  - Tax reform
  - Human resource development
PPPs can help close infrastructure gaps in the Caribbean

PPP are critical inputs

Projected investment needs to 2025

Some early lessons from PPPs

- PPPs add most value when …..

Asset or service is easily defined

Market appetite

Problems with existing service delivery

Profitability potential

Project scale justifies the costs of PPP procurement and management
Some early lessons from PPPs…
choosing the most appropriate model

Positive PPP examples in the Caribbean

Bahamas
- Hutchinson Whampoa from Hong Kong has invested heavily in the transport and logistics sector:
  - Grand Bahamas Airport – 50%, Freeport Harbor 50%, Freeport Container Port – 51%, Sea Air Business Center – 50%

Jamaica
- China Harbour Engineering Co (Goat Island Logistics Hub)
- Sangster and NM Int’l Airports
Making PPPs work better: What should be done?

- Develop PPP policies and processes (improving transparency and predictability)
- Create appropriate legal and regulatory environments
- Build robust institutional capacity
- Develop adequate human capacity
- Create fiscal management and accounting frameworks

Guarding against fiscal surprises

- Elements of a sound fiscal plan .....

  - Identify and Value
  - Budget
  - Disclose
  - Monitor and Manage

- Differing treatments..
  - European System of Accounts 95 (Eurostat standards). Based on risks allocation. Availability payments and viability gap funding recorded.
  - International Public Sector Accounting Standard IPSAS 32 (Concessions) and 19 (Guarantees). PPP could be included in government liabilities
A role for CDB moving forward: Upstream and Downstream Activities

- Establishment of a PPP Unit to support coordination of donor support
- Supporting sustained capacity building at the country level and improvements in regulatory environments
- Provide a platform for active and sustained dialogue on lessons of experience among Caribbean countries
- Provide access to funding

Thank you for your attention.

Questions?