

SPEECH OF THE HONOURABLE MINISTER OF FINANCE AND THE ECONOMY
LAUNCH OF TWO (2) PPP PILOT PROJECTS – AUG 27 2013.

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Members of the Public Private Partnership Unit

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Ladies and gentlemen

- Good Morning. Thank you for coming here today. This is very important occasion as the Government moves a significant step further in the implementation of infrastructure projects using the Public Private Partnership (PPP) modality. PPPs are essentially a procurement mechanism whereby the private sector would deliver goods and services to public sector and where the private sector

assumes the risk of Design, Build, Finance and Maintain via a long-term contract (20-30 years). You may recall that in my budget speech in October 2012, I outlined several projects in Transportation, Health, Tourism and the Social sector to be undertaken via PPPs. We are using the PPP modality because it has been shown in both developing and developed countries to deliver projects in a more effective, efficient and transparent manner since the Private sector will be assuming many of the risks normally absorbed by the Public sector in traditional procurement. I would like to use a few minutes to share with you a brief on the institutional framework that has been put in place to ensure transparency and that international best practices are followed in the procurement of these projects so that Value for Money is achieved.

- Firstly, each project from the sponsoring Line Ministry must be approved by a Ministerial Committee made up of nine (9) Ministers and the Attorney General. The Ministerial Committee is responsible for the management of the entire PPP process and will be provided with secretariat services by the PPP Unit which is functioning in the Ministry of Finance and the Economy for the past year.
- Once the Ministerial Committee approves the project, a Business Case which addresses five (5) key areas – technical, financial, legal, environmental and social must be completed for approval by Cabinet before proceeding to the Procurement stage.
- The Business Case will be developed by an Execution Team consisting of experienced advisers, representatives of the relevant Ministry or Government agency, the PPP Unit of

the Ministry of Finance and the Economy and other relevant Government entities. Experienced advisors will be engaged to support the Execution Team in specific areas as needed.

- Once the Business Case shows Value for Money using the PPP modality and receives Cabinet approval then the Execution Team will move to the Procurement stage again employing experienced advisors to guide the process as a key requirement is the selecting of the right private-sector partners since PPPs are long-term (20-30 years) contracts.
- With the help of an international advisory firm, we have already developed the Operational Guidelines to guide the process in the most transparent and fair manner using international best practices.

- After the selection of the preferred bidder, Cabinet must again approve the execution of any contract agreement.
- One thing to note is that we will be implementing a Contract Management Team within the responsible Line Ministry for the management of the contract throughout its duration. This is most important as the private sector party will only be paid for performance and penalties are applicable. Thus monitoring of the contract is a necessity.
- To further strengthen the institutional framework, the Government of the Republic of Trinidad and Tobago entered into an agreement in February 2011 with the Inter-American Development Bank, a multilateral agency actively involved in infrastructure projects in Trinidad and Tobago over the past forty (40) years. The IDB has been working with us to

help develop the PPP programme and they have agreed to devote resources including from their Headquarters in Washington to assist, in the first instance, in the development of two (2) projects:

1. In Education we are looking at the construction of ten (10) Primary and ten (10) Early Childhood Care and Education Centres. This is the beginning of a programme to address the needs of our children at the earliest level of education. Under the PPP modality, the contractor/developer will be responsible for the construction and maintenance of the facility to Ministry of Education specifications. This will also allow teachers to be innovative in their service delivery as they will no longer have to be plumbers, carpenters and electricians. These schools will also be attractive to the

parents and students and will add a huge social benefit to the communities where they will be located.

2. The second project that the IDB will be assisting in is at the Ministry of Health for the provision of diagnostic services (imaging and laboratory/pathology), to complement the public hospitals' diagnostic capacity, and provide direct service to the primary care population at the level of primary, secondary and tertiary prevention diagnostic support. The Minister of Health will speak more on this project.