



SUSTAINABLE DEVELOPMENT GOALS INVESTMENT FAIR Jamaica Portfolio



IAMPRO

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JAMAICA
SPECIAL
ECONOMIC
ZONE



SUSTAINABLE
DEVELOPMENT

INTRODUCTION

The Roadmap for SDG implementation in Jamaica, 2017, identified Vision 2030 Jamaica – National Development Plan and its Medium-Term Socio-Economic Policy Framework (MTF) as the mechanism for implementing the Sustainable Development Goals (SDGs) in Jamaica. The successive three-year MTFs present the National and Sector Strategies and priority actions to advance the achievement of National Goals and Outcomes and are aligned to the SDG goals and targets. Vision 2030 Jamaica provides a comprehensive strategic planning framework in which the economic, social, environmental and governance aspects of national development are integrated. The Plan is intended to ensure and secure a prosperous future for all Jamaicans and is based on the vision statement: “Jamaica, the place of choice to live, work raise families and do business”.

Vision 2030 Jamaica is built on four goals, which are mutually reinforcing and synergistic in design; their achievement cannot be realized in isolation of each other. These goals are further mapped to 15 national outcomes, which reflect the intended changes in development conditions to achieve the four goals. Vision 2030 Jamaica is implemented through a series of consecutive MTFs, each covering a three-year period. The MTFs facilitate a stage-by-stage operationalization of the long term National Development Plan. They present the medium-term strategic programme to advance the implementation of Vision 2030 Jamaica and the SDGs.

Both domestic and foreign direct Investment are major drivers of progress. The National Development Plan enables investment in the economy by improving the business environment; enhancing institutional and regulatory frameworks; improving efficiencies in local and external marketing; strengthening investment and trade promotion; and promoting human capital development to increase economic participation, promote poverty reduction and overall well-being of the population.

Jamaica’s participation in the 2021 Sustainable Development Goals Investment Fair demonstrates the country’s continued commitment to the 2030 Agenda and towards achievement of the SDGs. Projects presented within this portfolio in the logistics, water treatment and supply, and agriculture and agro-processing sectors demonstrate commitment to the sustainability ideals, promoting green development approaches, which preserve biodiversity and climate change adaptation and mitigation. Implementation of these projects will have multiplier effects across the six transformative entry points of the Agenda — human well-being and capabilities; sustainable and just economies; food systems and nutrition patterns; energy decarbonization with universal access; urban and peri-urban development; and global environmental commons, thus accelerating progress to meet the 2030 commitments.

The levers of transformation towards sustainable development — governance, economy and finance, individual and collective action, science, and technology — underpin the models and approaches in project design and is demonstrated through partnerships and the creation of an enabling environment to do business.

COUNTRY OVERVIEW



COUNTRY OVERVIEW

Jamaica, a Small Island Developing State, is the largest English-speaking country in the Caribbean, with an estimated population of 2.73 million in 2019. Jamaica currently has its largest working age population in modern history with over 69 per cent of the total population being in the age group, 15-64 years. The increase in the working-age population can be harnessed to boost economic growth from earnings, local investments, foreign direct investments, savings, and asset accumulation. Prior to the onset of the COVID-19 pandemic, Jamaica, through successful implementation of an Economic Reform Programme, had achieved entrenched macroeconomic stability, evidenced by modest inflation levels; debt on a firm downward path; seven consecutive years of growth; sufficient international reserves; and financial sector stability. Jamaica continues to benefit from these development gains, and they have served to bolster the country’s resilience in managing the social and economic fall-out from COVID-19.

Jamaica’s unemployment rate was at a historic low of 7.2 per cent in October 2019 and, in January 2020, prior to the onset of the COVID-19 pandemic, the country recorded the largest employed labour force in its history — approximately 1 269 100 individuals.

The National Strategy Framework to foster Jamaica’s growth and development to 2030 is established under Vision 2030 Jamaica – National Development Plan. Its central tenets towards the attainment of the national goals, aligned SDGs, and outcomes on individual well-being include sustainable and inclusive economic growth, driven by higher forms of capital, namely human, knowledge, cultural and institutional of. The Plan recognizes the role of private investment in advancing those national outcomes most directly related to sustainable and inclusive growth: macro-economic stability; an enabling business environment; technology enablement; energy security and efficiency; strong (and resilient) economic infrastructure; and internationally competitive industry structures. It also links world-class education and training, effective social protection, environmental sustainability, and effective governance among the drivers of value creation and productivity. The Plan promotes the creation of an environment for economic development that prioritizes decent work, sustainable consumption and production, and a focus on equality and equity.

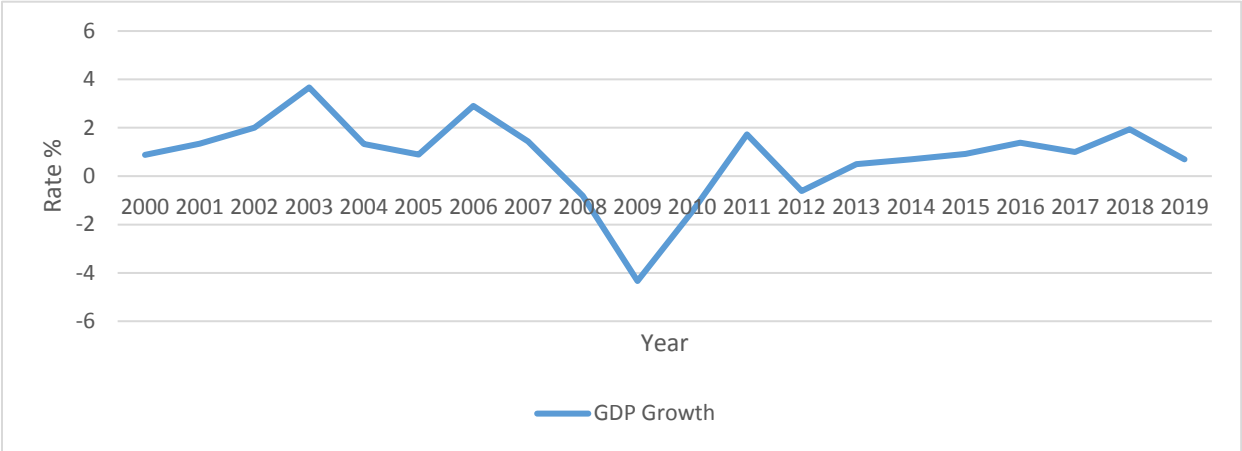
TABLE 1.1: COMPONENTS OF THE GROWTH AGENDA

Component	Role
1. Fiscal Consolidation	Provides Macroeconomic Stability
2. Business Environment Competitiveness Reforms	Addresses Constraints in the Business Environment including conditions for Micro, Small and Medium Enterprise (MSME) Development
3. Strategic Investment Projects	Provides Catalytic Capital Investments and Employment; Improves Business Environment
4. Human Capital Development and Protection	Builds Labour Productivity; Provides Social Protection
5. Human and Community Security	Addresses Crime and Violence Constraints
6. Environmental Resilience	Enhances Environmental Resilience; Reduces Impact of Disasters and Climate Change

Jamaica’s growth agenda has been geared towards addressing inherent vulnerabilities and structural weaknesses to accelerate Jamaica’s progression up the global value chain (see Table 1.1 above). Long-standing challenges to growth and inclusion include limited diversification of the production base due to a high dependence on a few industries; high levels of informality; and susceptibility to natural, economic, and health-related shocks.

Macro-Economic Environment

In terms of macro-economic performance, Jamaica has grown by a compounded average annual growth rate of 1.0 per cent for the period 2015-2019. This is compared to an average growth of 0.76 per cent for Latin America and the Caribbean.

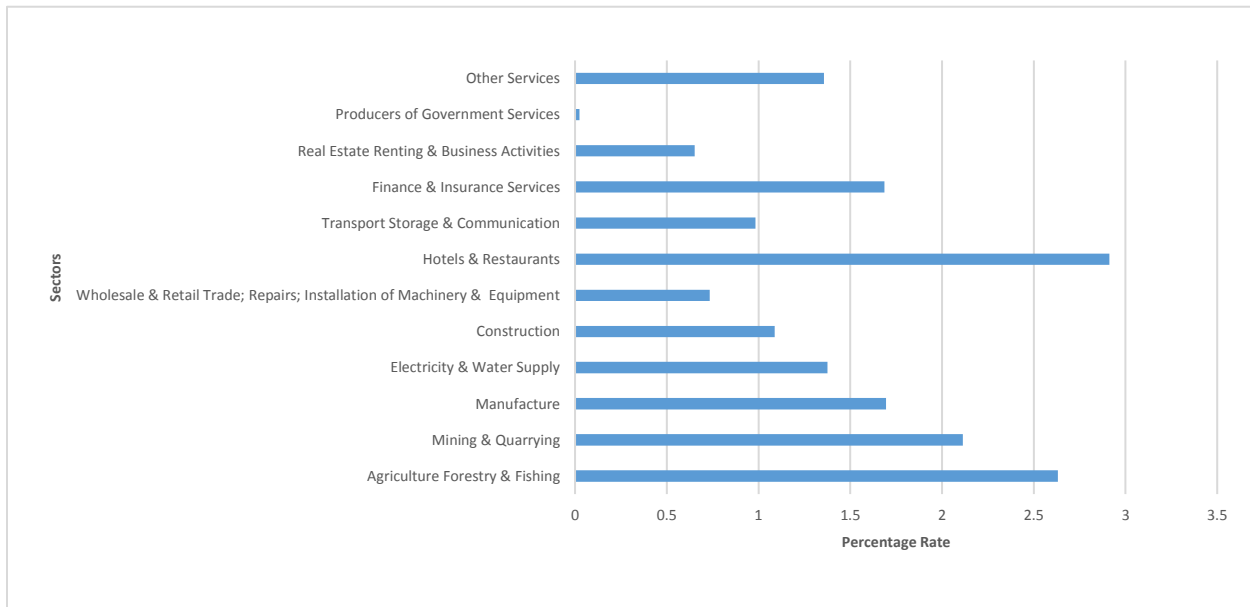


Source: Statistical Institute of Jamaica

FIGURE 1.1 SHOWING JAMAICA’S ANNUAL REAL GDP GROWTH RATE, 2000- 2019¹

The largest sectors in terms of value added to total GDP in Jamaica are the Wholesale & Retail Trade sector, Producers of Government Services and the Transport Storage & Communication sector. When the five-year real GDP growth rate is disaggregated into sectors (Figure 1.2), the fastest growing industries have been Hotels & Restaurants (3.0 per cent) followed by Agriculture, Forestry and Fishing (2.6 per cent) then Mining and Quarrying (2.1 per cent).

¹ Statin, Annual GDP, accessed from <https://statinja.gov.jm/NationalAccounting/Annual/NewAnnualGDP.aspxw>



Source: Compiled by the PIOJ with data from STATIN

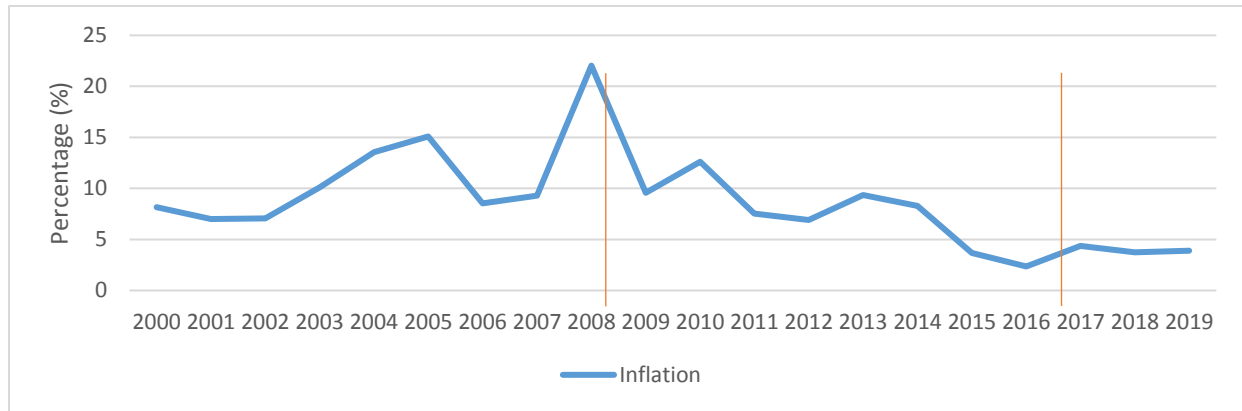
FIGURE 1.2 SHOWING REAL GDP GROWTH RATE BY SECTOR, 2015-2019

The COVID-19 crisis has had a significant impact on Jamaica’s socioeconomic climate particularly through its impact on tourism and transportation. Like many of its Caribbean neighbours, Jamaica is heavily dependent on tourism, with the sector accounting for 47.0 per cent of total foreign exchange earnings in 2018 and earning approximately US\$ 3.6 billion in foreign earnings in 2019. The closure of international borders to the movement of persons, coupled with the challenges associated with travel, curtailed external demand, and essentially halted all tourist-related activities.

Therefore, real GDP for 2020 was estimated to have declined by 9.9 per cent, the largest decline since 1976, when the economy contracted by 6.5 per cent. With respect to the labour force, Jamaica’s labour market is in a cyclical downturn because of a fall in economic output. The unemployment rate as at October 2020 was 10.7 per cent compared with 7.2 per cent recorded a year earlier. The out-turn relative to October 2019 led to an increase in the unemployed labour force by 41 100 individuals to 137 800. The Government’s response to the pandemic has underscored the importance of having a robust and sound Public Financial Management (PFM) System and, by extension, a Public Investment Management System (PIMS); and the need for diversification supported by private investment that is in tandem with the country’s development objectives. It is expected that the economy will return to growth as early as the April to June 2021 quarter, with growth in all industries. This is expected to continue into fiscal year 2021/22.

Inflation Environment

Inflation has been relatively stable for the past 5 years. This is particularly true in comparison to both the high rates of inflation Jamaica once experienced in the early 90's (peaking at over 70 per cent in 1992)

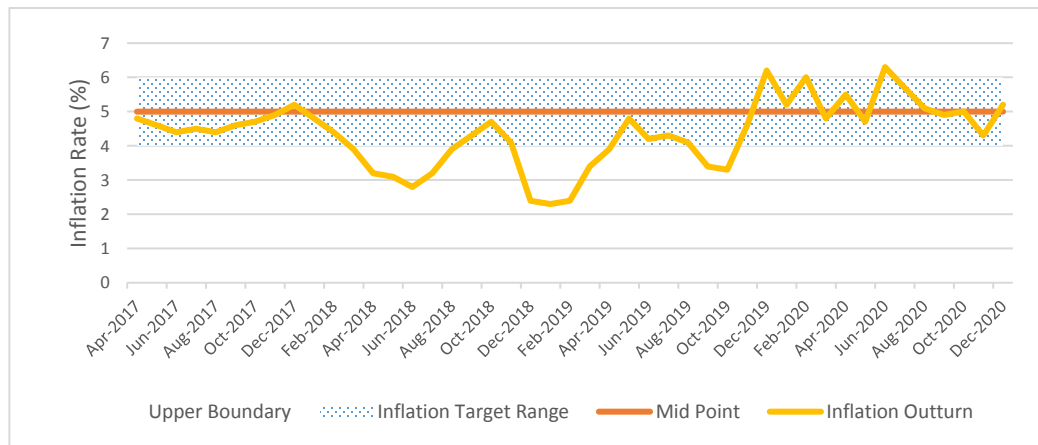


Source: Bank of Jamaica

FIG 1.3: ANNUAL INFLATION RATE FOR JAMAICA, 2000-2019

and the local peak of 22 per cent in 2008 (red line) which coincided with a rise in global oil prices.

The recent stability in inflation can also be attributed to the Bank of Jamaica's increased commitment to price stability by their 2017 conversion to full-fledged inflation targeting. This commitment has further been reaffirmed by the Senate's approval of the new Bank of Jamaica Act, which grants the bank full independence and improves their capacity to undertake their inflation mandate. The current inflation target set by the bank is a range between 4 and 6 per cent with a midpoint of 5 per cent based on the monthly 12-month point-to-point inflation as seen in figure 1.4 below. The reduction in inflation volatility and the central bank's commitment to maintaining the target range has therefore created a more stable and predictable business environment .



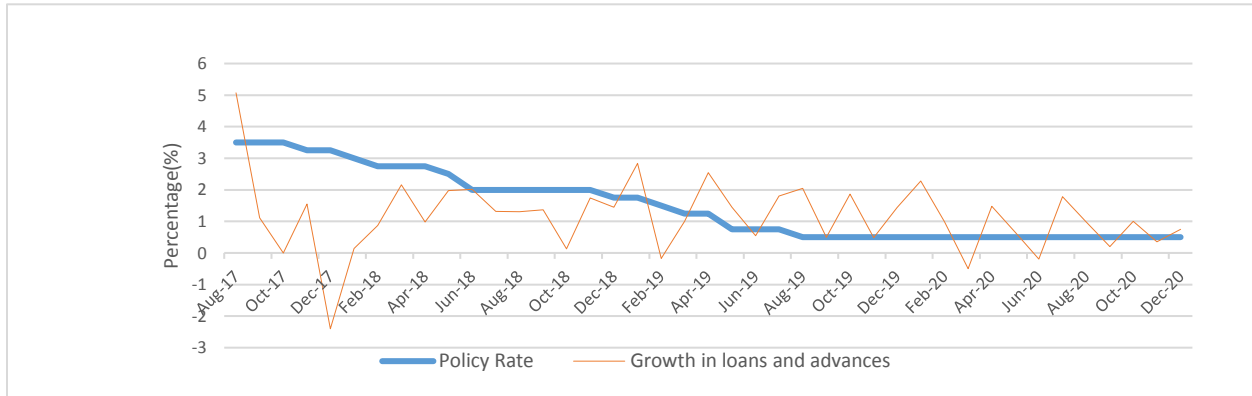
Source: Bank of Jamaica

FIG 1.4 SHOWING ACTUAL INFLATION OUTTURN VS TARGET SINCE INFLATION TARGETING

Another important aspect of the Inflation Targeting framework that will promote confidence in Jamaica is the heightened accountability of the Central Bank, with detailed explanations being publicized if the outturn falls outside the target range.

Fiscal and Monetary Policy Environment

The Bank of Jamaica has maintained an accommodative monetary policy over the period 2017–2020. The policy interest rate, which is the rate on overnight deposits of commercial banks at the Central Bank, now stands at 0.5 per cent (Figure 1.5) — its lowest recorded rate. The latest policy stance, as at 16 February 2021, was to hold the policy rate at 0.5 per cent. This decision was primarily driven by the bank’s confidence of minimal risk of inflation overshooting its long run forecast of 5.0 per cent in the next two years. It also reflects the bank’s intention to promote economic growth, especially given the downturn caused by the COVID-19 pandemic, by aiding recovery through the availability of credit (see Figure 1.5), creating a macro-economic environment conducive to doing business.

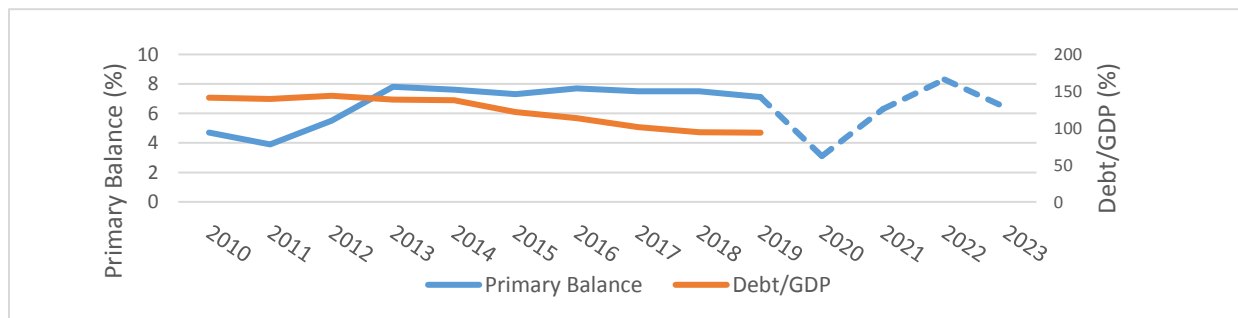


Source: Bank of Jamaica

FIG 1.5 SHOWING CENTRAL BANKS POLICY RATE VS COMMERCIAL BANK LOAN GROWTH²

Under several successful IMF arrangements, Jamaica has institutionalized fiscal discipline through a fiscal responsibility law and council. The extent of the commitment to fiscal prudence has primarily been shown in a declining debt-to-GDP ratio, which was largely made possible by the Government’s adherence to a strict primary balance surplus target (7.0 per cent of GDP over the period 2015–2019), supported by the International Monetary Fund. This target was exceeded in the 2018/19 fiscal year, which recorded an out turn of 7.5 per cent of GDP (Figure 1.6)³.

Due to the COVID-19 pandemic and the projected decline in economic growth, revenues are projected to be lower while expenditure on needed social intervention programs is expected to increase. The primary



Source: Ministry of Finance

FIG 1.6 SHOWING DEBT TO GDP ACTUAL AND PRIMARY BALANCE ACTUAL AND PROJECTED

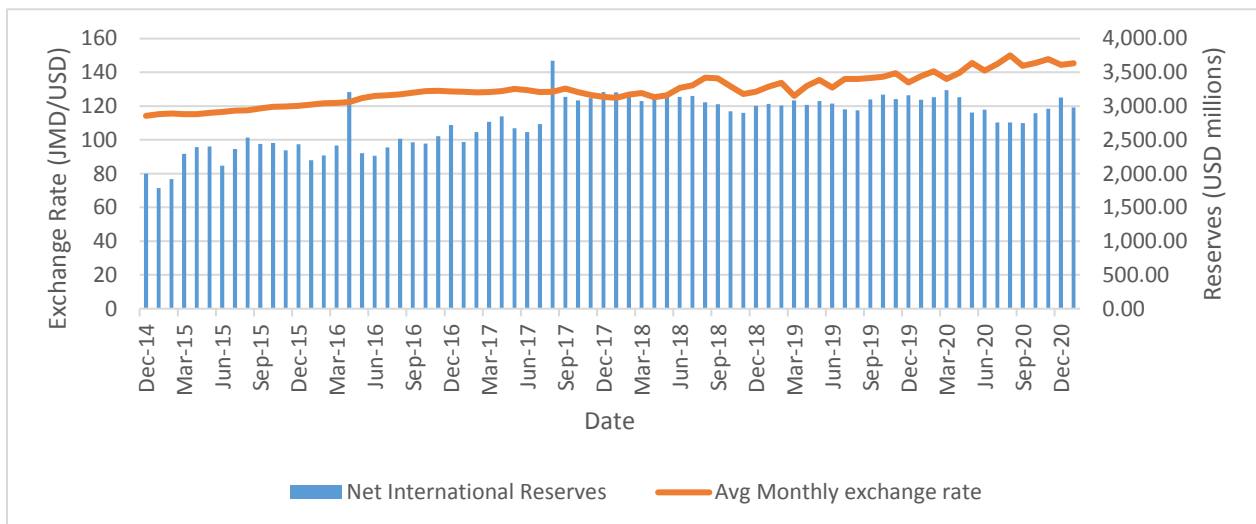
² Bank of Jamaica, *Policy Interest Rates*, retrieved from http://boj.org.jm/uploads/pdf/Bank_of_Jamaica_Policy_Rates_Brief.pdf

³ Ministry of Finance (2019), *fiscal policy paper 2019*, <https://mof.gov.jm/downloads/fiscalpolicy/fiscal-policy-paper-2019-20-interim-250919.pdf>

balance is therefore projected to decline to 3.1 per cent of GDP for the 2020/2021 fiscal year (see Figure 1.6). This has pushed back the timeline for the country to reach targeted debt-to-GDP levels of 60.0 per cent by two years, from March 31, 2026 to March 31, 2028⁴. The government however remains committed to the target and continued fiscal prudence is expected in the future.

Exchange Rate and Net International Reserves

The Jamaican dollar depreciated by 7.8 per cent for calendar year 2020, primarily due to lower foreign exchange earnings because of the onset of the COVID-19 pandemic. This resulted in reduced tourist arrivals, leading to a decline in tourism earnings, one of the largest foreign exchange earners for Jamaica⁵. However, this loss in foreign exchange earnings was eased slightly by continued strong remittance inflows. The increased efficiency in the domestic foreign exchange market, through the Central Bank’s introduction of the Bank of Jamaica FX intervention Trading Tool (B-FXITT), along with its general commitment to allowing a more freely floating exchange rate, has helped to bolster the nation’s stock of reserves. As shown in Figure 1.7, Jamaica currently has US\$2 982 million in Net International reserves. The reserves balance has slowly increased over the 2015-2020 period, which is particularly important as this acts as a buffer for external shocks. The current account is expected to deteriorate by 6.4 due to the pandemic for the 2020/21 fiscal year, however, there remains adequate NIR cover⁶.



Source: Bank of Jamaica

FIGURE 1.7 SHOWING THE JMD/USD EXCHANGE RATE AND NET INTERNATIONAL RESERVES, DEEMBER 2014- DECEMBER 2020

⁴ Government of Jamaica, Ministry of Finance, *Fiscal Policy paper 2020*, retrieved from: <https://mof.gov.jm/downloads/fiscalpolicy/fiscal-policy-paper-2020-21-interim-211020.pdf>

⁵ Bank of Jamaica, *Monthly exchange rates*, retrieved from: http://www.boj.org.jm/foreign_exchange/fx_rates_monthly.php

⁶ Bank of Jamaica, Reserve Assets, retrieved from: http://www.boj.org.jm/uploads/news/news_release_5_march_2021.pdf

Credit Rating

Jamaica’s effective debt management and adherence to fiscal prudence, along with a more flexible and less volatile foreign exchange market, have been recognized by continued improvements in the country’s sovereign debt rating. This is seen by the ratings history of Fitch Ratings Inc. (Table 1.2), where the current rating of Jamaica’s long-term bond debt is a B+ and has been constantly upgraded since 2013,

Year	3/1/2013	2/25/2014	7/3/2014	2/19/2015	2/11/2016	7/22/2016	2/3/2017	1/31/2018	1/31/2019	1/29/2020	4/10/2020	3/18/2021
Rating (Outlook)	CCC	B- (Stable)	B- (Stable)	B-	B (Stable)	B (Stable)	B (Stable)	B (Positive)	B+	B+	B+	B+

Source: Fitch Ratings Inc

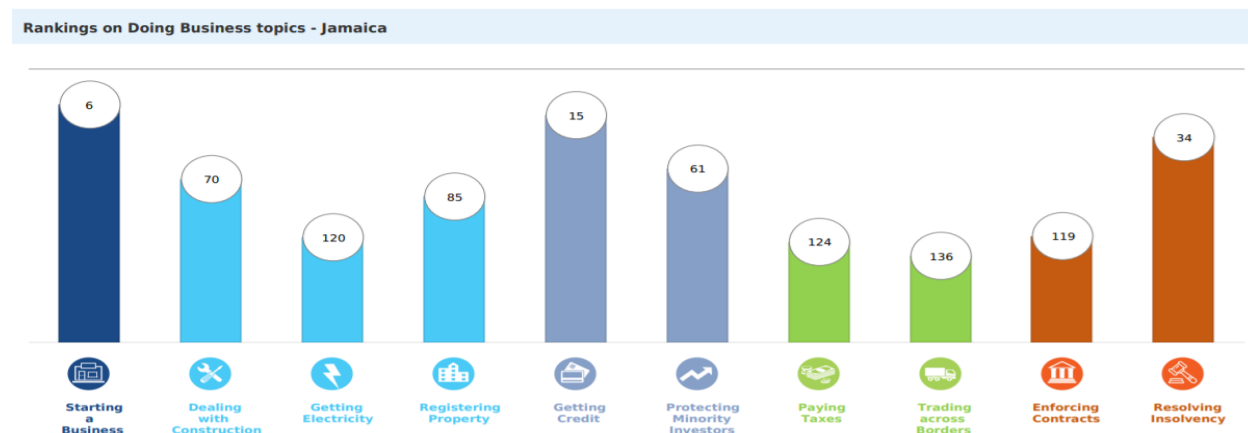
TABLE 1.2 SOWING JAMAICA RATING ACTIONS BY FITCH, 2013-2021⁷.

Note: Ratings range from good to bad credit quality (A to D) with the outlook given in brackets)

In the latest March 2021 Rating Fitch cited concerns regarding the impact of the pandemic on growth and government revenue and debt ratios resulting in a change in outlook from positive to stable. The B + rating was however affirmed with Fitch citing the above median performance of Jamaica in several world governance indicators relative to countries in the same ratings bracket. The cited indicators were GDP per capita above the B range median, favourable business climate according to the Doing Business Report (World Bank,2019) 8, moderate inflation, and moderate commodity dependence.

Investment Climate

Based on the 2020 Doing Business Report with summary results adapted in Figure 1.8 below, Jamaica remains a relatively attractive business destination. Highlights from the report as shown by the extract below include ranking as the 6th easiest place to start a business, the 12th easiest for getting credit, the best Caribbean country for doing business, and being ranked 71st overall.



Source: World Bank Doing Business Report 2020

Figure 1.8 JAMAICA’S DOING BUSINESS RANKING BY ACTIVITY, 2020

⁷ Fitch, (2021, March 18), *Fitch Affirms Jamaica at 'B+'; Outlook Stable*, Fitchratings.com, <https://www.fitchratings.com/research/sovereigns/fitch-affirms-jamaica-at-b-outlook-stable-18-03-2021>

⁸ World Bank. (2019). *Doing business 2020*. The World Bank

Other factors contributing to Jamaica's attractiveness as a destination for foreign investment include the absence of restrictions on foreign investment or the holding, converting or repatriation of funds from investment. The only sectors that might be prohibitive to investors — particularly for greenfield investors — are utilities and financial services (commercial banking sphere specifically), which would first require approval from the various regulators, namely the Office of Utilities Regulation and the Bank of Jamaica. There currently exists no lock-up period for investments that is mandated by law. There also exist several bilateral agreements that make doing business in Jamaica easier for foreigners. These include bilateral tax treaties in place with countries such as the United States of America, Canada, CARICOM, France, and Germany, which aim to avoid double taxation.

Through the Jamaican Constitution, protection of real property also applies for foreign owners of domestic property. As a member of the World Intellectual Property Organization, Jamaica enforces intellectual property rights and has bilateral property rights agreements with countries like the USA. Intellectual property rights legislation has also been modernized under Jamaica's obligation on the World Trade Organization's Trade Related Aspects of Intellectual Property Rights (TRIPS). These include the Trademarks Act, the Layout Design Act, and the Copyright Act. The Jamaica Intellectual Property Office (JIPO), an agency of the government, has developed legislation on patents. Currently, Jamaica is in the process of accession to the Madrid Protocol, which will allow for single and centralized filing of trademark and service marks in a way that will provide for Intellectual Property protection globally.

Growth/Investment Initiatives

Jamaica already has in place several initiatives aimed at attracting increased investment and expansion of business in Jamaica. These include, but are not limited to:

- The bauxite and Alumina Act – make provision for special concessions to producers of bauxite and alumina⁹
- The Urban Renewal Act – aims to provide relief from income tax, stamp duty and transfer tax to organizations or individuals who carry out development in areas that are suffering from urban decay or who invest in bonds issued to fund such development¹⁰
- Special Economic Zone Act – makes provision for the establishment of a Special Economic Zone Authority and the granting of benefits and other measures to attract domestic and foreign investment to these zones¹¹

The government has recognized the need for private sector participation in domestic investment and efficiency gains associated with divesting certain government-owned enterprises. This has been demonstrated through a number of high-profile divestments over the period 2014-2020 including: Wigton Wind Farm; Trans-Jamaica Highway; the 30-year concessional divestment of the Kingston Container Terminal; and the concessional divestment of the Norman Manley International Airport.

Of note, the Government is currently finalizing the National Investment Policy (NIP), which is in the final stage of the policy development process. The policy is aimed at attracting and facilitating greater levels of

⁹ Government of Jamaica, Ministry of Justice, Bauxite and Alumina Industries (Encouragement) Act retrieved from <https://moj.gov.jm/sites/default/files/laws/The%20Bauxite%20and%20Alumina%20Industries%20%28Encouragement%29%20Act.pdf>

¹⁰ Government of Jamaica, Ministry of Justice, Urban Renewal (Tax Relief) Act (2010) retrieved from <https://moj.gov.jm/sites/default/files/laws/Urban%20Renewal%20%20%28Tax%20Relief%29%20Act.pdf>

¹¹ Government of Jamaica, Jamaica Special Economic Zones Authority, Special Economic Zones Act (2015) retrieved from <https://www.jseza.com/wp-content/uploads/2020/02/The-Special-Economic-Zones-Act-2016-No.-7.pdf>

investment for Jamaica and will guide the development, administration, and monitoring of the investment community, to ensure cohesion among all related initiatives, programmes, incentive regimes and stakeholder contributions. A national business portal will be developed to complement and support the implementation of the NIP. It is envisioned that the portal will be an online platform housing the online business interface for all government entities involved in investment or business facilitation. In effect, the portal will be a one-stop shop for those who wish to invest and do business in Jamaica.

JAMAICA SPECIAL ECONOMIC ZONES AUTHORITY



Caymanas Special Economic Zone





CAYMANAS SPECIAL ECONOMIC ZONE



NAME OF PROJECT

Caymanas Special Economic Zone – South Mandela Park

PROJECT BRIEF

The Caymanas Special Economic Zone (CSEZ) – South Mandela Park is conceptualized as a master-planned lifestyle community, integrated with high-tech industrial and commercial development that can accommodate diverse industries. The project will be designated as a special economic zone, with globally competitive tax incentives, and is conceptualised as an integrated development of an upscale mixed-use urban centre, including light industrial, logistics and distribution, commercial, residential, educational, health and recreational facilities. The project also seeks to incorporate the supply of clean and/or renewable energy to the Zone and the wider area.

The CSEZ South Mandela Park forms a part of a larger integrated township style development, which is expected to bring considerable developmental impacts to the country, such as introducing new green technologies; creating job opportunities; and transferring knowledge, technology and innovation to the local population. These changes are expected to contribute significantly to the economic welfare of the country and the project investors. Businesses located within the CSEZ will benefit from excellent connectivity and onsite and offsite infrastructure. Major road networks, including the Mandela Highway, Highway 2000, and the North-South Highway, feed into the zone from various ports of entry.

The proposed CSEZ is situated as part of a 4 046.7 hectares (10 000-acre) Caymanas Estates development, which includes the Caymanas Golf and Country Club; Kingston Polo Club; newly built housing communities; and other planned commercial, recreational and retail areas. The newly upgraded Mandela Highway traverses the middle of the site. The development of the CSEZ will create a metropolitan area, joining the capital city of Kingston with St Andrew with its suburbs and other nearby parishes, such as St Catherine and its environs, which will contribute to its economic and social influence.

SECTOR

The CSEZ South Mandela Park is conceptualised as a logistics and business infrastructure project. The project is intended to integrate Leadership in Energy and Environmental Design (LEED) certification and will be prioritised, planned, built and operated based on the principles of climate-resilient infrastructure to account for the changes in climate that may occur. It will also contribute to the economic and social regeneration of Kingston and St Andrew, as well as St Catherine, and to the sustainable development of the area.

Jamaica has a strategic action plan, which is in line with its Medium Term Socio Economic Policy Framework 2018-2021 for the transportation sector. This includes of a vision to have a sustainable, safe and competitive transport network that provides world class air, land, rail and marine facilities that can boost trade and transshipment. A strategic priority of this plan is to make use of the natural comparative advantage that Jamaica has due to its geographic location and its natural resources (size of the harbour). The specific priority was thus to develop Jamaica as a

regional logistic hub with multimodal transport linkages.

There currently exists the logistic Hub Master Plan that aims to build out 3,900 hectares of island wide infrastructure though US\$28.0 billion worth of investment. JSEZA has been the main agent in charge of the implementation of a number of the pillars located in the Logistic Hub master plan. These initiatives include ensuring the institutions are sound with supportive regulatory and legislative frameworks, overseeing the development of efficient productive infrastructure and transport logistic system, promoting the plan to local and international stakeholders/potential stakeholders as well as to facilitating sustainable financing for the project.

Aligning closely with the government’s goal of making Jamaica a global logistic hub is the implementation of special economic zones that aims to attract foreign investors and enterprises to the country. During the year 2019 there were a number of initiatives that were being conducted to increase the incentives of conducting businesses in these special zones. This includes preliminary discussion with the Office and Utilities Regulation (OUR) on exploring models to ensure efficient delivery of utility services, dialogue with local educational institutions such as the Heart Trust NTA on matters concerning labour force supply and development as well as an updating of the Customs Act (1941) which was passed as the Customs Act (2020).

PARTNERS

Relevant Ministry: Ministry of Economic Zone and Job Creation

The Ministry of Economic Growth and Job Creation (MEGJC) is charged with drafting the blueprint to drive economic growth and sustainable development in Jamaica. The Ministry has responsibility for four critical portfolio areas. These are:

- Land
- Investment
- Water and Wastewater
- Works

The Ministry has oversight for some 23 agencies, departments and divisions, which are responsible for approximately 30 subject areas. Included in the Ministry’s functions are the formulation and implementation of policy relating to these subject areas. It plays a monitoring role to ensure policy adherence, and that the operations of these entities are in accordance with the Government of Jamaica’s (GOJ) guidelines and regulations. The Ministry has oversight of the contracting agency — Jamaica’s Special Economic Zone Authority. The political directorate of the Ministry is headed by the Prime Minister, the Most Hon Andrew Holness, ON, MP.

Project Sponsors

The project sponsor is the Jamaica Special Economic Zones Authority (JSEZA).

Contracting Agency: Jamaica’s Special Economic Zone Authority

The Special Economic Zone Authority is an agency of government. The Authority was established with the Special Economic Zone Act, which repealed the Jamaica Free Zones Act. The Authority is mandated to the designation, promotion, development, operation and management of special economic zones (SEZ).

Public Private Partnership Management: Development Bank of Jamaica

The Development Bank of Jamaica (DBJ) manages the GOJ’s Public-Private Partnership (PPP) and Privatisation (P4) Programme. The role of the DBJ in the PPP and P4 Programme includes recommending policy to Government; identifying funding; managing transactions; providing secretariat support to Government ministries, departments and agencies; and building capacity for Government and the private sector to assist in the preparation and execution of P4 transactions. The Ministry of Finance and the Public Service’s PPP Unit works in collaboration with the DBJ to assess PPP projects.

The primary objective of the GOJ’s P4 and PPP Programme is to facilitate and secure private sector investment and participation in the Jamaican economy through the ownership, expansion or operation of state-owned assets/enterprises and the provision of public infrastructure and services.

Users and Beneficiaries

The project is targeting local and international investor/s for real estate development and management of a logistics and business park, as well as the companies operating within the park. Critical to this vision is the incorporation of the location’s natural beauty, diverse landscape, and interesting heritage. The pre/post-Colombian ruins, history of rum manufacturing and sugar cane plantations, the mesmerizing and ever-changing landscape of Moses Lake, the Ferry, Fresh and Duhaney Rivers, Rio Cobre, the wetlands, the flora and fauna, birds, animals and insects will be highlighted and knitted into the fabric of the CSEZ development plan.

The protection of the environment and the natural beauty of the location embodies the sustainable development goals and encourages the incorporation of active and passive outdoor space to be included to facilitate a mix of physical activities near the CSEZ that are unique to the location, such as nature walks, exercise circuits, history trails, bird watching, mountain climbing, and places to meditate in nature. This environmental aspect of the development plan, as part of the Jamaica Special Economic Zone Sustainable Development Framework, if implemented carefully, will make the CSEZ a sought-after destination for business and investment.

The Authority has embraced the sustainable development framework and has developed the concept “Sustain-a-Livity™” as a means of ensuring that SEZs “meet the needs of the present generation without compromising the ability of future generations to meet their own needs”. The Authority, therefore, uses the environmental, economic and social criteria, and governance to assist the evaluation of SEZ proposals.

LOCATION MAP



FIGURE 2.1 – CAYMANAS SPECIAL ECONOMIC ZONE- PROJECT SITE



FIGURE 2.2 - PROJECT SITE AND GLOBAL CONNECTIVITY

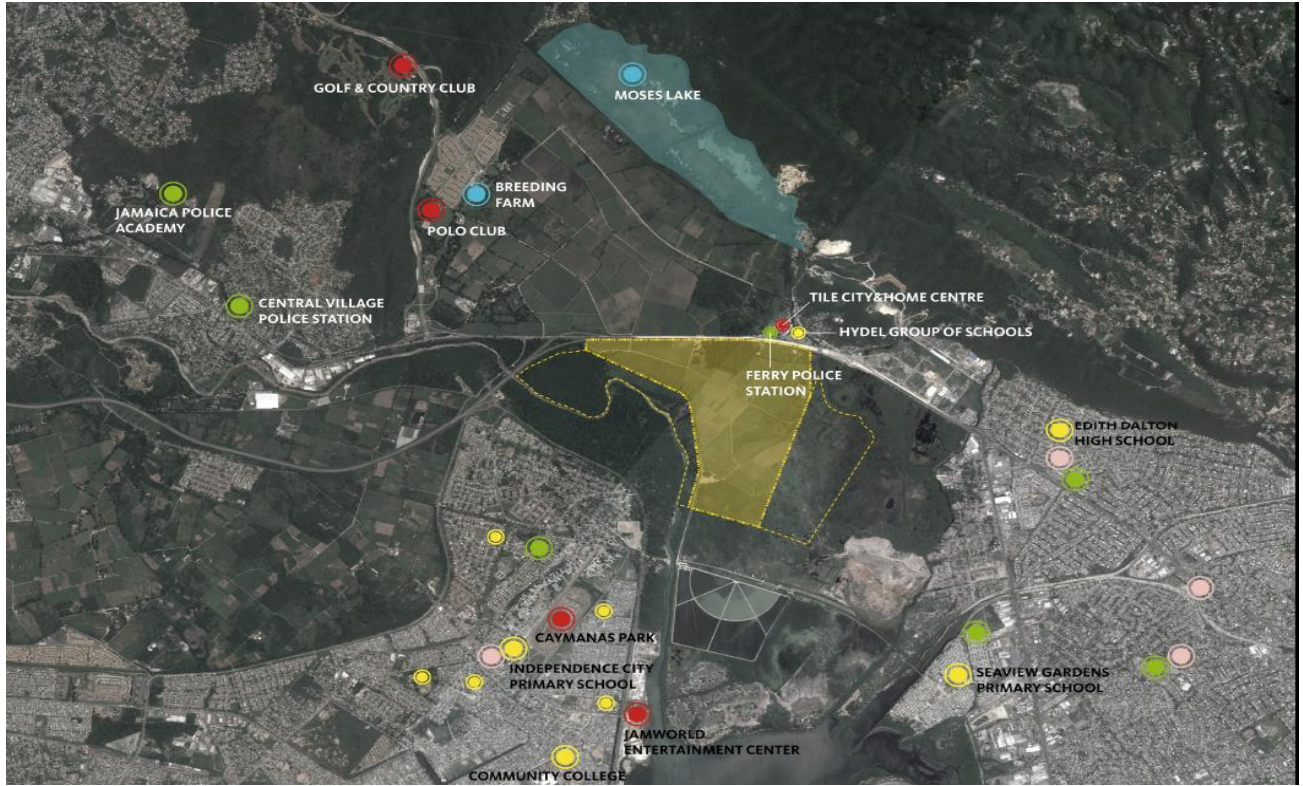


FIGURE 2.3 - SURROUNDING AMENITIES

PROJECT DESCRIPTION

The proposed CSEZ will be located on approximately 607–809 hectares (1500–2 000 acres) of land. The CSEZ site is contiguous and large enough to support the future expansion requirements of the project, the buildable area of the CSEZ will be fixed because of certain site issues, such as flood plains, wetlands, tidal surges/flooding, and existing setbacks along Mandela Highway.

The CSEZ is the flagship zone in the country. This 236–hectares (583 acres) SEZ is strategically located on the edge of Kingston, with proximity and direct access to the Port of Kingston and the Norman Manley International Airport. The CSEZ addresses the business needs, requirements, and aspirations of a modern SEZ and takes into consideration its surrounding environment, its presence along Mandela Highway, the flexibility needed by the market, and the experience and comfort required by its future tenants and users. The CSEZ has 176 hectares (435 acres) of serviced industrial land, 14 hectares (34 -acres) of land devoted to common and open space as well as green buffer areas to create a comprehensive, sustainable, and eco-friendly SEZ unlike any other.

Project Site

Historically, the site has been used for agricultural purposes — more specifically for sugar cane crops. Both the Soapberry Wastewater Treatment Plant and the Riverton Solid Waste facility are south and south-east of the CSEZ site. There are also investment opportunities for the upgrade and expansion of Soapberry Wastewater Treatment Plant and Riverton Solid Waste Dump.

The topography of the CSEZ site is relatively flat, with alluvial plains that slope south towards Hunts Bay. The site contains a mix of vegetation, such as trees, low vegetation, sugar cane crops, as well as rivers, swamps, wetlands and ponds. The site is also pitted from illegal excavation.

The CSEZ site has direct access to major roadways, such as: i) Mandela Highway; ii) Highway 2000; iii) T1 highway; iv) A1 Highway (Kingston to Lucea); v) A2 (Spanish Town to Savanna-la-Mar); vi) A3 (Kingston to St Ann’s Bay); vii) A4 (Kingston to Annotto Bay); viii) B1 from (Cross Roads to Buff Bay; ix) B2 (Bog Walk to White Hall); x) B3 (May Pen to Runaway Bay); and, in the future, xi) the North-South Highway.

Buildable Area

The buildable area of the CSEZ site was determined by the hydrology and drainage assessment. The study identified that out of the 420 hectares (1 038 acres) available, 236 hectares (583 acres) of land was viable for development. The project has the Rio Cobre flood plain to the west and the wetlands adjacent the Ferry River, which must be respected. To the south of the site, there is a designated area for a retention pond to control tidal surges during storms.

Site Opportunities

The site does provide exciting opportunities to build upon. These include:

- Updating the Soapberry Water Treatment Plant technology to increase capacity and mitigate its adverse impact on its surroundings

- Reclaiming some of the high-value lands along Mandela Highway for future use
- Providing a new, well-planned and phased infrastructure for the SEZ and its future growth
- Utilizing the wetlands and floodplains for biodiversity and recreational areas
- Creating north-south connections, which will promote future synergies between the CEDA North lands and the CSEZ.

FINANCIAL INFORMATION AND BUDGET

Component of the project	Investment cost (USD)
Project preparation (Earthworks & Off-Site Infrastructure)	\$46.23 M
Land Annual Lease per M2 from GOJ to Developer	\$2 to \$4 (starting rate & based on scenario)
Construction (Onsite Infrastructure)	\$144.380 M
Inflation Rate	4 per cent
Discount Rate	12 per cent Base and Tested 15 per cent
Developer Equity	50 per cent and 70 per cent for Different Scenarios
Interest Rate	7 per cent and tested 9 per cent
Repayment Period	10 years and tested 15 and 20 years for phase 1
IRR/ERR	
Dev IRR	12.84 per cent
Project IRR	13.58 per cent
Project EIRR	63.52 per cent
NPV	
Dev NPV	\$13
Project NPV	\$31
Project Eco. NPV	\$5,985
Discount Rate for NPV	12 per cent

Source: Feasibility Study, Caymanas Special Economic Zone

TABLE 2.1: PROJECT BUDGET

Note: These costs and projections are from the feasibility study and are based on the consultants concept master plan for the Project. It does not include the cost of buildings for the entire project area.

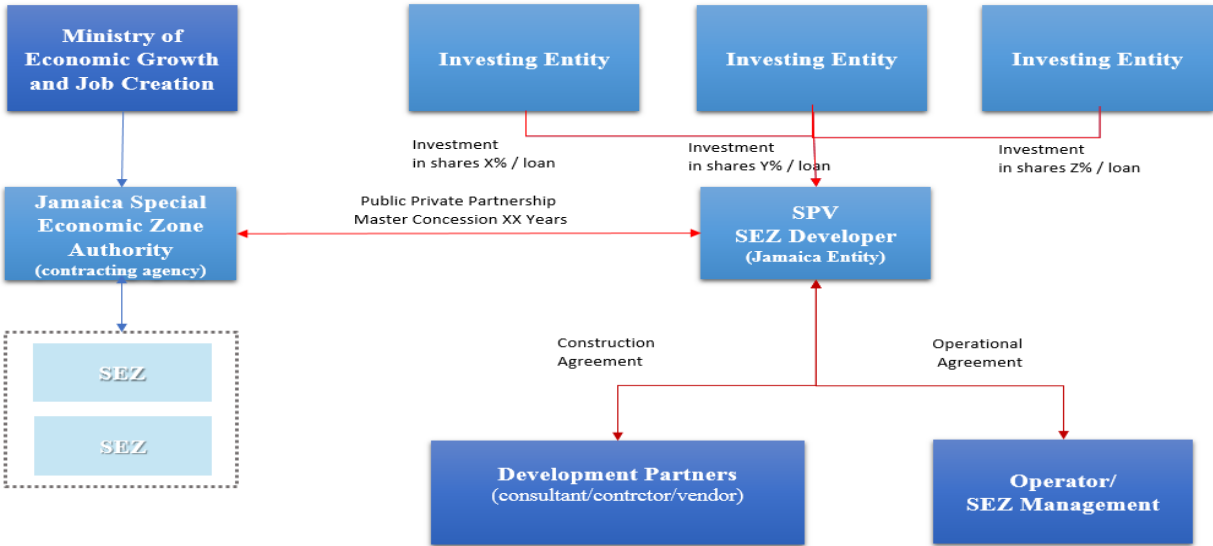
Acronyms: IRR- Internal Rate of Return; ERR- Economic Rate of Return; Dev IRR- Developer Internal Rate of Return; Project IRR- Project Internal Rate of Return; Project EIRR-Project Economic Internal Rate of Return; NPV- Net Present Value; Dev NPV; Developer Net Present Value; Project NPV-Project Net Present Value; Project Eco. NPV- Project Economic Net Present Value; Discount Rate for Net Present Value

SEZ Government Incentive	Developer	Occupant
Corporate Income Tax headline rate of 12.5 per cent (possible effective rate of 7.75 per cent with the approvals of additional credits)	N/A	X
No Corporate Income Tax on Rental Income	X	N/A
Customs Duty Exemption	X	X
General Consumption Tax exemptions on all goods and services entering the Zones (GCT is similar to VAT in other jurisdictions)	X	X
Employment Tax Credit	X	X
Promotional Tax Credit (R&D and Training)	X	X
Capital Allowance	X	X
Stamp Duty	50per cent	50per cent
Transfer Tax exemption	X	X

Source: Jamaica Special Economic Zones Authority

TABLE 2.2: INCENTIVES PROVIDED BY THE SEZ

POSSIBLE LEGAL STRUCTURE



Source: Jamaica Special Economic Zones Authority

FIGURE 2.4 - POSSIBLE LEGAL STRUCTURE FOR PUBLIC PRIVATE PARTNERSHIP (PPP)

Note: this is only a suggestion and will be finalised upon final PPP negotiation

TIMETABLE

Next Steps and Timelines

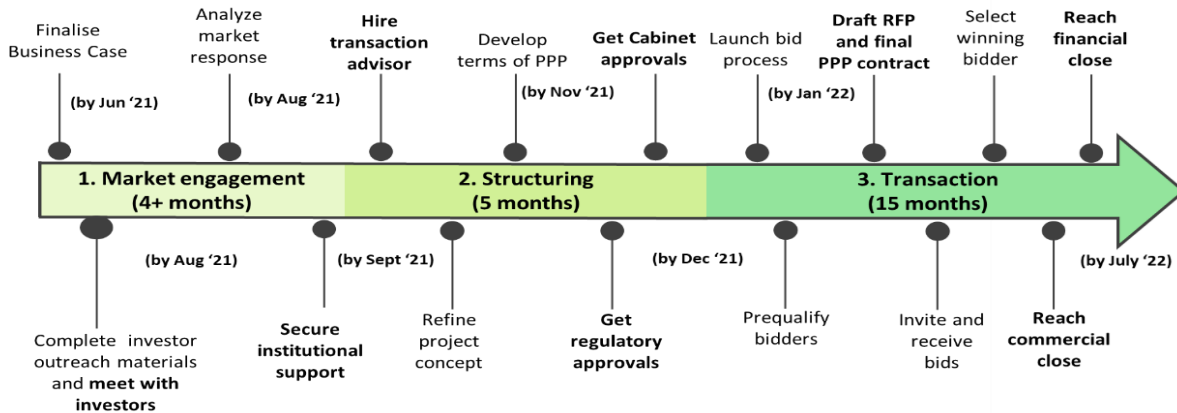


FIGURE 2.5- PROPOSED PROJECT TIMELINE

OBJECTIVES AND EXPECTED RESULTS OF THE PROJECT

Jamaica, like most small island developing states, faces the effects of climate change, due to its high vulnerability to the impacts of climate related events and natural disasters. What the JSEZA offers at this time when the COVID-19 pandemic has exposed the fragility of the Jamaican economy that is being ravaged by a synchronized global economic recession, is a coherent vision of sustainable development that is inclusive and resilient. In order to achieve the objectives of the UN Sustainable Development Goals (SDG), the Authority created Sustain-a-Livity™ Development Guidelines to reimagine and reshape the expansion of existing zone entities and the development of new special economic zones.

Jamaica has adopted the 17 UN SDGs, which reinforce the commitment to its Vision 2030 – National Development plan. JSEZA is well ahead of the curve in positioning Jamaica for investment as it has formally adopted the SDGs and integrated them into its operations from investor screening to aftercare and monitoring. Along with incorporating the principles of smart city design, the Authority has embodied the SDGs in its Sustain-a-Livity™ Development Guidelines as its blueprint to achieve better and more sustainable SEZs.

SDGs Supported by the Project

Logistics hub initiatives are a major stimulus for economic growth and job creation in Jamaica. Industrial parks within the zones, technology park, and clean and/or renewable energy facilities are direct drivers of progress on SDGs 1, 4, 7, 8, 9, 12 and 14. Economic growth and job creation are imperatives for poverty reduction. The ‘Sustain-a-Livity™’ model promotes the creation of

sustainable urban centres, employment of clean and renewable energy promoting green growth, sustainable consumption and production patterns, and guarding against environmental degradation.

The value created within the zones will also have demonstrable positive effects on climate change mitigation through the adoption of green technologies; increased access to quality education and training, through knowledge transfer and innovation (SDG 4); increased access to infrastructure (SDG 11); and clean water and sanitation, with improved opportunities for expanded coverage offered by the proximity of the Soapberry Waste Water Treatment site (SDG 6). Strengthening the means of implementation (SDG 17) through expanding trade, science, technology and innovation, partnerships and the mobilization of private financial investment demonstrate potential for multiple effects across the goals. Its ‘green hub’ for international business promotes climate action and biodiversity preservation under SDGs 13 and 14.

The logistics hub initiatives will have positive effects on Jamaica’s long-term national development goals and outcomes of world class education and training; a stable macro economy; strong economic infrastructure; energy, security and efficiency; internationally competitive industry structures; sustainable management and use of natural resources; and sustainable rural and urban development. These national outcomes of Vision 2030 Jamaica are aligned with the SDGs, and their related strategies for implementation will enable progress toward achieving the targets as indicated below:



SDG 1: End poverty in all its forms everywhere

Target 1.2: By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

Indicator 1.2.1: Proportion of population living below the national poverty line, by sex and age



SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Target 4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university

Indicator 4.3.1: Participation rate of youth and adults in formal and non-formal education and training in the previous 12 months, by sex



SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all

Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix

Indicator 7.2.1: Renewable energy share in the total final energy consumption



SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all

Target 8.1: Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.

Indicator 8.1.1: annual growth rate of real GDP per capita.

Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Indicator 8.5.2: unemployment rate, by sex, age and [disability status].



SDG 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation

Target 9.2: Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.

Indicator 9.2.1: manufacturing value added as a proportion of GDP and per capita.

Indicator 9.2.2: manufacturing employment as a proportion of total employment.

Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

Indicator 9.4.1: CO2 emissions per unit of value added.

Target 9.B: Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities.

Indicator 9.B.1: Proportion of medium and high-tech industry value added in total value added.



SDG 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Target 14.2: By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans.

Indicator 14.2.1: proportion of national exclusive economic zones managed using ecosystem-based approaches.

Risk Factors that Could Negatively Impact the Project:

The primary risk factors to the Caymanas Special Economic Zone are:

- Susceptibility to natural disasters and natural hazards, resulting from the country’s geographical location.
- Proximity to waste management sites. However, the proximity of the Soapberry Waste Water Treatment Facility presents an opportunity to provide renewable energy supply to the Zone’s manufacturing ventures and expanded sanitation infrastructure.

ADDITIONAL INFORMATION

The following describes the status of supporting documentation for the project:

a. Pre-feasibility study	Yes
b. Feasibility study	Yes
c. Cost Benefit Analysis (CBA)	Yes ¹²
d. Multi Criteria Analysis (MCA)	No ¹³
e. Environmental Impact Analysis (EIA)	No
f. Social Impact Analysis, including human rights	Yes ¹⁴
g. Procurement plan	No
h. Planning permissions, building permits, land rights	No ¹⁵

¹² Completed as part of Feasibility study

¹³ Available as part of the Logistics Hub Market Analysis and Master Plan

¹⁴ Strategic Environmental Assessment and High-Level Social Impact Analysis done as part of Feasibility Study

¹⁵ JSEZA to facilitate on behalf of the selected Developer)

NATIONAL WATER COMMISSION



SERVING YOU
In So Many Ways

Northern Parishes Non -Revenue Water Project Soapberry Water Treatment Plant





NORTHERN PARISHES NRW REDUCTION PROGRAMME



NAME OF PROJECT

Northern Parishes Non-Revenue Water Reduction Programme

PROJECT BRIEF

The project targets the Modified Coastal Zones (MCZ) for the parishes of Trelawny, St Ann, and St James. It originated from the e National Water Commission's inability to satisfy all its customers along the north coast of Jamaica with continuous water supply. As a result of this insufficient water supply, the NWC fulfils its current demand, by limiting the hours of pressurized service in some areas. Over the next 5–6 years, one of the major measures to improve water supply reliability is the implementation of a comprehensive Non Revenue Water Reduction (NRW) programme, with the aim of reducing losses to an economic target level of 30.0 per cent by 2026.

A performance-based contract (PBC), envisaged to achieve this target, will include:

Installation of digital performance measurement systems and instruments, i.e. meters, valves etc. at all major distribution points in the water supply system.

Estimation of hours of service and consumption in the determined District Metered Zones (DMZs).

A number of commercial and physical intervention measures, which will bring about reduction in the NRW.

A payment structure/compensation to the Specialist Contractor, which is linked to the reduction in NRW based on set targets

Benefits anticipated include:

Increased water sales and additional revenue, due to both physical and commercial loss reduction.

Over time, an increased customer base, based on the ability to accommodate more residential, commercial and tourism-related developments.

Current status: Business Case has been completed

Next Step: PIMSec/MEGJC Approval

Proposed budget: approximately US\$42.0 million

SECTOR

The Northern Parishes Non-revenue Water Supply Project is an infrastructure development project.

PARTNERS

GOJ Project Team

The project is being implemented by the GOJ's project team, which includes representatives from:

- Development Bank of Jamaica (DBJ) – Transaction Advisor/Manager
- Ministry of Economic Growth & Job Creation (MEGJC)
- Attorney General's Department (AGD)
- Ministry of Finance & Planning (MoFP)
- National Water Commission (NWC)

FEI Consulting is contracted to provide transaction advisory services to implement the PBC for NRW Reduction for the project area.

Contracting Agency: National Water Commission

Governed by the National Water Commission Act (1980), the National Water Commission (NWC) is a statutory body charged with the responsibility of being the main but not exclusive provider of potable water supply and the collection, treatment and disposal of wastewater services in Jamaica. The utility company operates within the context of the 2019 GOJ Water Sector Policy aligned with Vision 2030 – National Development Plan, which provides potable water supply directly to some 75.0 per cent of the population.

Project Sponsor:

National Water Commission/ Ministry of Economic Growth and Job Creation

Users and Beneficiaries

The project will benefit four 472 000 individuals, including residential and commercial consumers in the parishes of St Ann, Trelawny and St James.

PROJECT PROPOSAL

Project Description

The GOJ is seeking to identify private investors to implement, develop and increase NWC's water supply capabilities to meet the current demand and needs of a number of tourism and housing developments planned for the northern coastal parishes of Jamaica. The parishes are Trelawny, St Ann and St James. The objective is to implement a comprehensive NRW reduction programme,

with the aim of reducing losses to “economic” level (i.e., 30.0 per cent) by 2026 for the three parishes.

A specialist NRW Reduction Contractor will be engaged by the NWC via a PBC, wherein their payment structure and compensation will be linked to the reduction in NRW, based on established targets over a set time horizon.

Financial Information and Budget

The total project cost is US\$42.0 million. The financing plan includes GOJ/NWC K-Factor flows per OUR-NWC tariff, implementation of works via NRW Reduction – PBC, wherein the contractor will provide a portion of the funding via private loan finance for the efficiency-based project.

The NWC Tariff/Revenue is “revenue to be generated from “efficiency gains/savings” under the PBC. The tariff structure is to be determined by the government’s public utility regulator — the Office of Utilities Regulation.

Financial indicators of project performance: net present value (NPV) JM\$11.0 billion/US\$75 million (positive)

INDICATIVE TIMETABLE



FIGURE 3.1- PROPOSED PROJECT TIMELINE

The procurement process for the engagement of a PPP investor/consortium will be managed and overseen by the DBJ. The process is being carried out in keeping with the GOJ’s PPP Policy. The process to select a suitable contractor is as follows:

- Interested contractors will be shortlisted via a pre-qualification process, as per the criteria outlined in the request for qualification
- Pre-qualified firms/consortia will be issued a Request for Proposal (RFP), upon which they will submit a proposal. Proposals will be evaluated by the GOJ.
- Final negotiations will take place with the preferred bidder
- Bid award and contract signing will be followed by financial transaction closure and commencement of contract.
- The contractor will then begin capital works.

No.	Description	Scheduled Completion Dates
1	Procurement and Engagement of Transaction Advisor/Consultants	Completed
2	Preparation of Full Business Case Report	Completed
3	Prequalification of Contractors/Investors	December 2021
4	Tender Activity : Issuance & Evaluation of RFP	March 2022
5	Bid Award	April 2022
6	Contract Signing	May 2022
7	Financial Closure	November 2022
8	Construction	September 2027

TABLE 3.1: PROJECT TIMETABLE

Objective and Expected Results of the Project

The benefits of this project include increased water sales and the generation of additional revenue because of physical and commercial loss reduction.

It is projected that the programme will realize an annual positive net cash flow of J\$2.0 billion in 2026. The NPV of the positive cash flows to NWC from 2019 through 2031 is estimated to be J\$11.0 billion at a discount rate of 10 per cent.

Some of the other benefits to be derived from the project include:

- Additional/increased water supply
- Increased customer base — to satisfy current & long-term housing/residential and commercial/tourism/hotel-related developments along the north coast
- Increased household connection and expansion of the network, thus increasing the potential for an increase in density of residential and commercial development along the north coast
- Potential savings to be made by the NWC, making redundant its need to purchase water from other state entities and private water utility operators.
- Enhanced NWC operational and service delivery (i.e., chemical and electricity costs)
- Improved and sustained reliability/continuous water supply to residential, commercial/tourism (particularly hotel) developments, institutions and schools along the north coast.

SDGs Supported by the Project



The Northern Parishes Non-Revenue Water Project supports the achievement of **SDG 6: Ensure access to water and sanitation for all**

The UNESCO World Water Assessment Programme identifies water as a cross-cutting issue to achieve the objectives of the 2030 Agenda and the SDGs. A regional evaluation of Latin America and the Caribbean demonstrates the importance of clean water and sanitation to supporting

educational outcomes through the provision of basic drinking water, sanitation and hygiene, leading to improvement in enrolment and attendance. Improving access to water also contributes to reducing inequalities between rural and urban populations and across income groups. Agriculture, as a principal water-consuming industry, is conducted largely in rural regions. Increased access to water is an enabler for food security and poverty reduction. The provision of water also supports decent work and economic growth as a key resource for numerous industries, including tourism, manufacturing inter alia¹⁶. Access to water resources is a national priority under Vision 2030 Jamaica, which prioritizes the sustainable management and use of environmental and natural resources.

Relevant Targets and Indicators:

Target 6.1: Safe and affordable drinking water

Indicator 6.1.1: Proportion of population using safely managed drinking water services

Risk Factors that Could Negatively Impact the Project:

- Reliability of NWC water supply sources:

Dry period/drought conditions could impact the NRW Specialist Contractor target reduction to 30 per cent.

- Integrity on the status network:

The Specialist Contractor will be responsible for all losses (commercial and physical) on the water supply system network within the designated project zone/area.

- Sub-surface conditions

Responsibility for sub-surface conditions of the soil will be transferred to the contractor, who will be equipped to assess the impact on the project's time and cost.

- Water reliability/sustainability of the network:

This risk will be assumed by the contractor. The contractor will have full control of the water supply network, whilst NWC will have control of the water supply sources within the project areas.

- Water Quality:

The NWC will ultimately assume the quality of the water produced. However, the contractor will also share this risk, as his/her actions, whilst undertaking the NRW works, may impair and/or compromise the integrity of network, which may impact the quality of water conveyed to NWC customers.

¹⁶ Water, Crucial For Achieving SDGS in Review at the UN High-Level Political Forum (HLPF) 2019: Highlights From the Regional Evaluation: Latin America & the Caribbean.

https://en.unesco.org/sites/default/files/regional_evaluation_two_pager_lac_english_final2.pdf

ADDITIONAL INFORMATION

The following describes the status of supporting documentation for the project:

- | | |
|--|-------------------|
| a. Pre-feasibility study | Yes ¹⁷ |
| b. Feasibility study | Yes |
| c. Cost Benefit Analysis (CBA) | Yes |
| d. Multi Criteria Analysis (MCA) | Yes |
| e. Environmental Impact Analysis (EIA) | Yes |
| f. Social Impact Analysis, including human rights | Yes |
| g. Procurement plan | Yes |
| h. Planning permissions, building permits, land rights | Yes ¹⁸ |

Summary Business Case

Problem

Currently, the NRW in the MCZ service area is estimated at about 72 per cent of the water supply input. It is the objective of the NWC to reduce NRW in the MCZ to an economic target level of 30 per cent within five years (with an additional five-year sustainability period) by the engagement of a private Specialist NRW Reduction Contractor through a PBC. The split between physical losses and commercial losses was found to be approximately 72 per cent and 28 per cent respectively. The revenues lost to NWC due to these high levels of NRW in the project area are estimated to be almost 2.0 billion JMD per year.

Anticipated benefits of the project

The transaction presented in the Business Case Report (BCR) and the Financial Assessment of PPP Models is to establish a replicable PBC for NRW reduction in the project area — referred to as the Modified Coastal Zone (MCZ) — via the invitation of private-sector participation. The NRW reduction project is in line with one of the goals of Vision 2030 Jamaica – National Development Plan, which is to “ensure adequate and safe water supply and sanitation services¹⁹”.

The NRW reduction program should be coordinated with the development of new infrastructure and utility operations management (network surveillance, maintenance, etc.). NRW reduction and operations management should be embedded in a wider strategy to increase capacities to comply with the demand for water by industries and domestic customers. Reducing NRW will bring financial benefits due to lower production costs (specifically electricity), reduced physical losses, and increased revenue (reduced under-registration and unauthorized consumption). The estimated water production to supply the area is approximately 42.9 mm³/year. The production required when the NRW is reduced from 72 per cent to 30 per cent is estimated to be 23.7 mm³/year. The

¹⁷ Note: The business case is complete however further approval is being sought from the regulatory and planning authorities prior to Cabinet submission for approval.

¹⁸ In progress, some approvals were received

¹⁹ Vision 2030 Jamaica, National Development Plan: National Strategy 9.7

reduction in the operating costs due to the reduction in the required production of water and the corresponding savings in electricity and chemicals is estimated at 524.1 million JMD per annum. The total positive impact of the NRW initiative is therefore estimated to be 2.1 billion JMD per annum.

Proposed Actions

The recommended structure of the transaction of the performance-based contract (PBC) includes the use of a special purpose vehicle (SPV) to be established by the selected contractor exclusively for the project. The SPV will be responsible for the equity, debt financing, and a minimum working capital to operate the project. The SPV is the legal entity that will enter into the contractual obligation with the private operator/contractor.

The actions proposed to reduce the current levels of NRW include the reduction of both physical and commercial losses through:

- The creation of District Metered Areas DMAs;
- The installation of bulk meters to monitor the flows, especially night flows;
- Leak detection per DMA and leak repair;
- Pressure regulation in order to reduce volumes lost and contribute to network longevity.
- Improved meter policy, including:
 - Renewal of old customer meters
 - Installation of customer meters when (i) there is no meter, (ii) when the location of the meter is unknown, or (iii) when the meter is not accessible
 - Survey of inactive accounts to either make them active and revenue generating or to close them, and
 - Detection of unauthorized connections to either close them or make them legal and registered to generate revenue.

Expected Outcomes

The expected outcomes of the project, as assessed by the financial model, are:

- Reduce the level of NRW from 72 per cent to 30 per cent
- Increase the availability of water to secure 24/7 water supply
- Increase the billing and collection ratio from 92 per cent to 96 per cent, and
- Establish an Asset Replacement Fund in the amount of 440.0 million JMD per year to be used by the private contractor for capital maintenance to ensure that the infrastructure is in good serviceable condition at the end of the 10- year contract.

LOCATION MAP

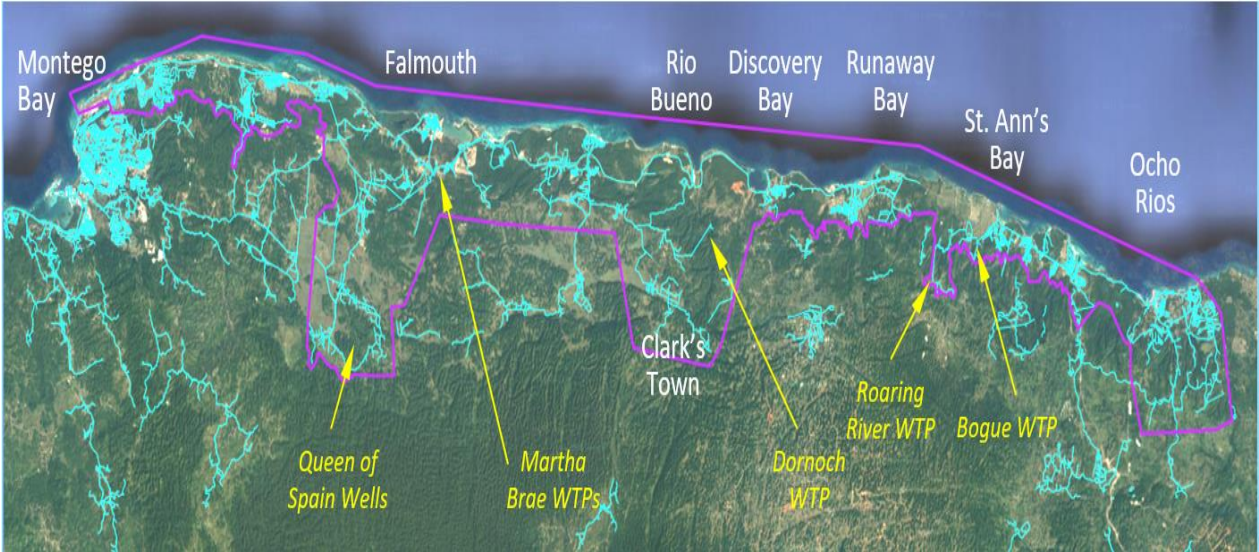


FIGURE 3.2- PROJECT LOCATION MAP

PROJECT STRUCTURE

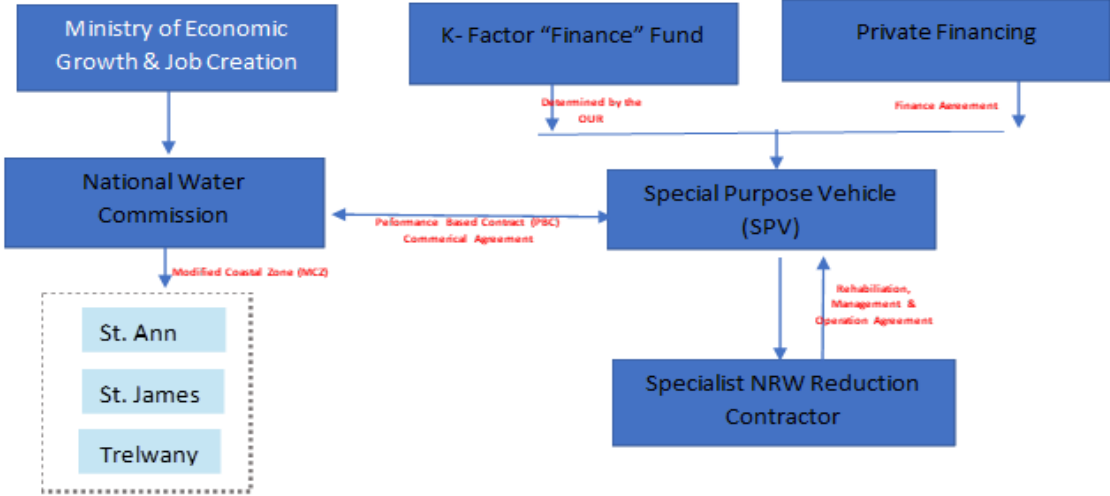


FIGURE 3.2- PROJECT STRUCTURE



SOAPBERRY WASTE WATER TREATMENT PLANT



NAME OF PROJECT

Privatisation of GOJ Shares in Central Wastewater Treatment Company (CWTC) and Expansion of the Soapberry Wastewater Treatment Plant

PROJECT BRIEF

The Soapberry Wastewater Treatment Plant is the largest in the island and services the Kingston Metropolitan Area (KMA), which includes the urban centres of Kingston, St Andrew and sections of south-east St Catherine.

The existing facility can serve about 256 000 individuals, which translates to 75 000 cubic meters per day. The projected medium-term requirement is to serve approximately 500 000 individuals.

In order to meet the requirement for treatment it is proposed to:

Double the capacity of the plant to 150 000 cubic meters per day, and

Expand the KMA sewer network, thereby providing the opportunity for development of more residential and commercial infrastructure.

The output from the plant will meet or exceed the National Environment and Planning Agency's guidelines for effluent quality, and could provide opportunities for other uses as a resource such as:

- Irrigating adjoining agricultural lands
- Supporting manufacturing ventures for the planned SEZs.

Additionally, the plant is intended to be climate change resilient, via the introduction of new technologies and renewable energy solutions.

Current Status: In November 2020, a request for Expressions of Interest for Advisory and Management Services was advertised and evaluation of the applications completed. Request for Proposal is to be issued to short-listed candidates.

Next Step: Completion of the engagement of Transaction Advisory services and undertaking of the Business Case assessment.

Proposed budget: The project budget is approximately US\$85.0 million in capital expenditure (capex)

SECTOR

The project is within the solid waste and wastewater management sector.

The safe treatment and management of waste water falls directly in line with the goal 6 of ensuring availability of safe and sustainable water and sanitation for all. Currently Jamaica has embarked on a numerous developments to achieve this goal, particularly in the case of wastewater management. This has included both quality tests of local water sources, infrastructure upgrades/developments as well as the development of national strategic action plans/ policy manuals.

In terms of government policy there is currently 2009-2030 Water sector plan which is a plan for integrated and sustainable water resources, management of safe water supply and sanitation sewage to support socio-economic development. Specific actionable in relation to wastewater include a target of ensuring that by 2030 all households will have access to sanitation facilities that both protect the health of users and the environment by ensuring connection to adequate treatment facilities. The broader vision 2030 plan also includes priority areas which are currently in progress, namely, the construction of a centralised wastewater treatment plan/national waste management policy to significantly reduce the level of ground water contamination from onsite disposal systems and the establishment of best practices in the treatment of industrial effluent.

The NWC continued efforts to improve connectivity to the sewage network through the Caribbean Regional Fund for Wastewater Management pilot program. This included sub project areas on Financing, wastewater management reform, monitoring and project evaluation. There has also been a number of attempts to improve the country's capacity to treat waste water, this includes infrastructure projects by the NWC inclusive of a JMD\$1.62 billion construction and rehabilitation of three waste-water treatment facilities. There has also been the promotion of targeted plans for the efficient management of waste water in specific economic industries. This includes the encouragement of recycling wastewater in the Bauxite/Alumina industry, which has so far reduced the rate of freshwater withdrawal from aquifers close to bauxite sites. There has also been institutionalised best practice for the treatment of wastewater in the hotel sector.

For financing, along with being open to private sector partnership in the area of water and sanitation Jamaica has also attracted foreign development assistance in the area of infrastructure and waste water management. This is inclusive of The UN Environment (UNEP) which involved six national products for a total of US\$6.2 million (\$832.2 million) for projects involving forestry, energy efficiency, renewable energy and wastewater management.

PARTNERS

GOJ Project Team

The project is being implemented by the designated GOJ project team, which includes representatives from:

- Development Bank of Jamaica (DBJ) – Transaction Manager
- Ministry of Economic Growth & Job Creation (MEGJC)
- Attorney General’s Department (AGD)
- Ministry of Finance & the Public Service (MoFP)
- National Water Commission (NWC)

Contracting Agency: National Water Commission

Governed by the National Water Commission Act (1980), the National Water Commission (NWC) is a statutory body charged with the responsibility of being the main but not exclusive provider of potable water supply and the collection, treatment and disposal of wastewater services in Jamaica. The utility company operates within the context of the 2019 GOJ Water Sector Policy aligned with Vision 2030 – National Development Plan, which provides potable water supply directly to some 75.0 per cent of the population.

Project Sponsor

National Water Commission/ Ministry of Economic Growth and Job Creation

Users and Beneficiaries

The Project targets five hundred thousand (500 000) residents of sections of Portmore, St. Catherine and Kingston & St. Andrew.

PROJECT DESCRIPTION

The Central Wastewater Treatment Company (CWTC) is the Special Purpose Vehicle, which currently owns, manages and operates the 75 000 m³ per day Soapberry Wastewater Treatment Plant (Soapberry). Soapberry handles wastewater flows generated from sections of Portmore, St Catherine and Kingston & St Andrew (KSA).

The National Water Commission is seeking to facilitate private participation to expand Soapberry to meet the projected increase in demand based on anticipated developments. Additionally, the NWC’s objective is to monetize all or part of its 85 per cent shareholding in the company.

A Strategic Option Analysis has been completed to determine the optimal way to structure the transaction. Cabinet approval has been received to develop the full business case for the preferred option for the development and expansion of Soapberry, including the recommended transaction structure. The transaction will include the restructuring of the existing debt of the CWTC and implementing the recommended strategy.

FINANCIAL INFORMATION AND BUDGET

The project is budgeted at US\$85.0 million (estimated capex). The financial structure of the transaction is to be determined. This will be provided by the Business Case Report. Sources of revenue will be the NWC tariff.

PROJECT STRUCTURE

Recommendations for appropriate project and transaction structure will come from the Business Case Report.

TIMETABLE

The process for the procurement of the “Transaction Advisor” will be undertaken in accordance with the GOJ Public Procurement Act, 2015. The PPP partner for the construction of the Wastewater Treatment Facility will typically follow the tender process for the selection of the private sector investor, as per GOJ PPP Policy.

It will commence with the engagement of the Transaction Advisor, to assist with undertaking the business case assessment and recommended transaction structure, followed by the transaction stage, which includes tendering for the PPP investor/consortium.

The procurement process will include the following:

- Consultants must first be registered on the GOJ Electronic Procurement System at www.gojep.gov.jm
- In the first stage, interested consulting firms/contractors will be shortlisted via a REOI, on the basis of their experience and expertise
- Shortlisted firms/consortia will be invited to submit proposals, which will be evaluated and negotiated by the procuring entity
- Bid award and contract signing will be followed by financial transaction closure and construction

No	Description	Scheduled Completion Dates
1	Procurement and Engagement of Transaction Advisor/Consultants	June 2021
2	Preparation of Full Business Case Report	February 2022
3	Prequalification of Contractors/Investors	September 2022
4	Tender Activity : Issuance & Evaluation of RFP	January 2023
5	Bid Award	May 2023
6	Contract Signing	June 2023
7	Financial Closure	September 2023
8	Construction	September 2025

TABLE 4.1: INDICATIVE PROJECT TIMETABLE

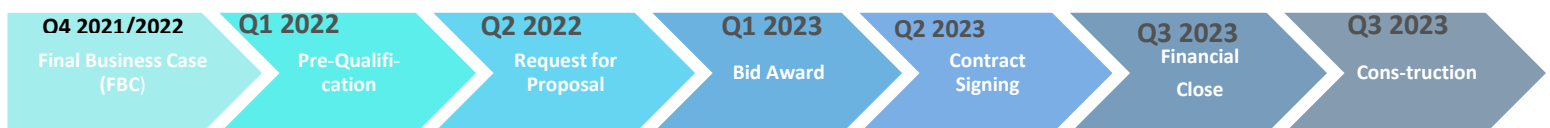


FIGURE 4.1 PROJECT TIMELINE

OBJECTIVE AND EXPECTED RESULTS OF THE PROJECT

The long-term environmental, social, commercial and economic benefits of the project will be determined from the Business Case Report (BCR) to be prepared.

SDGs Supported by the Project

The sustainable management and use of natural resources is a long-term development outcome of Vision 2030 Jamaica. Aligned with this national development objective, Soapberry supports the achievement of SDG 6, by expanded access to sanitation services and preserving water quality through safe and effective waste management. Wastewater treatment and sanitation supports SDG 3, by reducing pollution, which leads to water borne diseases, and by safeguarding the health of the population. Effective wastewater management in Soapberry demonstrates potential to support agricultural industries, through recycling. This impacts the achievement of SDG 2 and promotes green development approaches, which have the potential to provide affordable and clean energy via renewable energy solar/wind/bio-fuels, thereby contributing to combatting climate change through reduction in greenhouse gas emissions.



SDG 6: Ensure access to water and sanitation for all

Target 6.3: Improve water quality, wastewater treatment and safe reuse

Indicator 6.3.1: The proportion of wastewater safely treated



SDG 3: Ensure healthy lives and promote well-being for all at all ages

Target 3.9: By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination

Indicator 3.9.2: Mortality rate attributed to unsafe water, unsafe sanitation and lack of hygiene (exposure to unsafe Water, Sanitation and Hygiene for All

(WASH) services)



SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all

Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix

Indicator 7.2.1: Renewable energy share in the total final energy consumption

ADDITIONAL INFORMATION

The following describes the status of supporting documentation for the project:

- | | |
|--|-------------------|
| a. Pre-feasibility study | Yes ²⁰ |
| b. Feasibility study | No |
| c. Cost Benefit Analysis (CBA) | No |
| d. Multi Criteria Analysis (MCA) | No |
| e. Environmental Impact Analysis (EIA) | No |
| f. Social Impact Analysis, including human rights | No |
| g. Procurement plan | No |
| h. Planning permissions, building permits, land rights | No |

Note: Pre-feasibility study completed. Other studies to be completed. Procurement activities underway to secure Transaction Advisor and Project Manager to prepare the required full Business Case Report.

LOCATION MAP

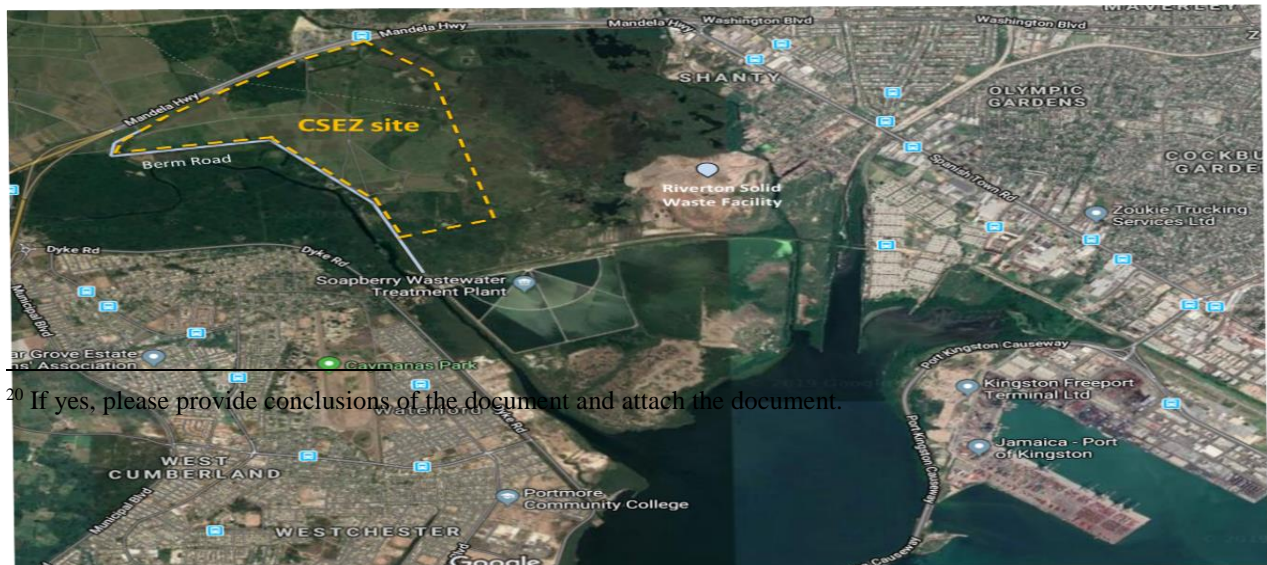


FIGURE 4.2- LOCATION MAP



FIGURE 4.3- SITE PLAN

JAMAICA PROMOTIONS CORPORATION



JAMPRO

TRADE & INVESTMENT JAMAICA

JFVL Agriculture Project Bamboo BioProducts



BAMBOO BIOPRODUCTS



NAME OF PROJECT

Bamboo Bioproducts



PROJECT BRIEF

Bamboo Bioproducts (BBP) is designed to be the first fully integrated bamboo market pulp mill globally, using a sustainable agro-ecological-industrial model. The project utilises locally grown bamboo, through a diverse sourcing structure of company-owned land and managed bamboo farms across the island. The bamboo will be stored and processed on site into conventional air dried and fluff pulp, which are used in a variety of products, including tissue, paper towels, diapers and personal hygiene products.

SECTOR

BBP is a multi-sectoral project involving agricultural production, manufacturing, distribution and solutions for bi-products, with logistic support for access to export markets. A project of this magnitude is expected to generate not only significant national impact, but is also designed for community development. Through a cooperative model, small groups will supply the BBP production facility and aid in the development of the local bamboo industry. This initiative is driven by the global tissue and hygiene producers' mandate to use sustainable non-wood fibres as a raw material within their production process. This guaranteed market demand is expected to provide value to communities across western Jamaica.

The bamboo products industry falls in line with both the manufacturing and small and medium enterprise sector of the Jamaican economy. Currently there has been a number of initiative to spur growth in these sectors through several initiatives, mainly through the protection of property (increasing incentives to do business and to innovate), the incentivization of trade through the relaxation of excessive red tape, and through facilitating investment and access to the financial markets by small businesses.

The intellectual property system was modernized and slated to pass by parliament in 2020. The new Patents and Design act were thus updated and brought in line with international standards and opened the door for Jamaica to accede to the Patent Cooperation Treaty and The Hague convention. A further project to strengthen the Intellectual property protocol with funding from the Inter-American Development Bank was also implemented with the aim of spurring innovation, competitiveness and growth of MSMEs in Jamaica.

In 2019 the government reduced several cumbersome and unnecessary permits and licenses issued by the Trade Board Limited that were no longer needed, creating a more agile trading space. This was coupled with an Export oriented program which was collaboration between the Bureau of Standard Jamaica (BSJ) and JAMPRO. This program which ends in 2022 aims to provide capacity building and market penetration support to participating firms. The Jamaica Manufacturers and Exporters Association also continued its mandate of facilitating growth for the manufacturing sector and exporters through advocacy for their members as well as partnership with domestic development banks and other financiers locally.

Public policies that favour small and medium sized enterprises have also been sought by the Government. The ministry of finance facilitated the passing of the Public procurement ministerial orders that implemented special and differential treatment for MSMES with provisions that include asides for industries where there is potential for domestic comparative advantage, set asides for micro and small business and a 20 per cent preference margin for local firms

PARTNERS

Relevant Ministry: Ministry of Agriculture and Fisheries

The Ministry of Agriculture and Fisheries (MoAF) is charged with the responsibility of driving the integration of the production of primary agricultural produce along all the stages of the supply chain, through to value added, and with facilitating full commercialization of outputs of the agriculture, manufacturing, and service sectors. The Ministry has oversight for some 18 agencies, departments and divisions, which are responsible for a variety of subject areas.²¹

Lease Holder: Holdings

Sugar Company of Jamaica Holdings Limited (SCJH) is a land management company, which is wholly owned by the GOJ. The SCJH operates specifically to support job creation, improve foreign trade and increase productivity. The company, through various collaborative public and private partnerships, utilizes the assets under its management to promote investments in sectors such as agriculture, aquaculture, mining, energy, construction, tourism, and other manufacturing interests. The SCJH will support these investments primarily by providing land, through sale, lease, or joint venture arrangements, with investors who propose viable projects.

Users or Beneficiaries:

With thousands of acres of idle land across the island, the BBP project seeks to bring into sustainable production in excess of 25 000 acres as bamboo farms. This level of economic activity is expected to have direct impact on formerly dormant communities, where there was a history of bauxite mining and/or sugar cane production. Direct job creation of approximately 300-400 individuals in the growing and harvesting of bamboo is expected on behalf of the company, in addition to employment to be generated through production and export processes. Indirect benefits include the development of surrounding communities that have lost main industries, and a significant boost to the local bamboo industry still in its nascent stage.

As an agricultural project, the importance of environmental protection and sustainability is underscored. Bamboo is one of the most versatile products and its usage is expected to contribute to low carbon production. Bamboo forests are known for their carbon sequestration, excess oxygen production and soil enrichment through water storage or composting from fallen leaves.

²¹ <https://www.moa.gov.jm/>

LOCATION MAP

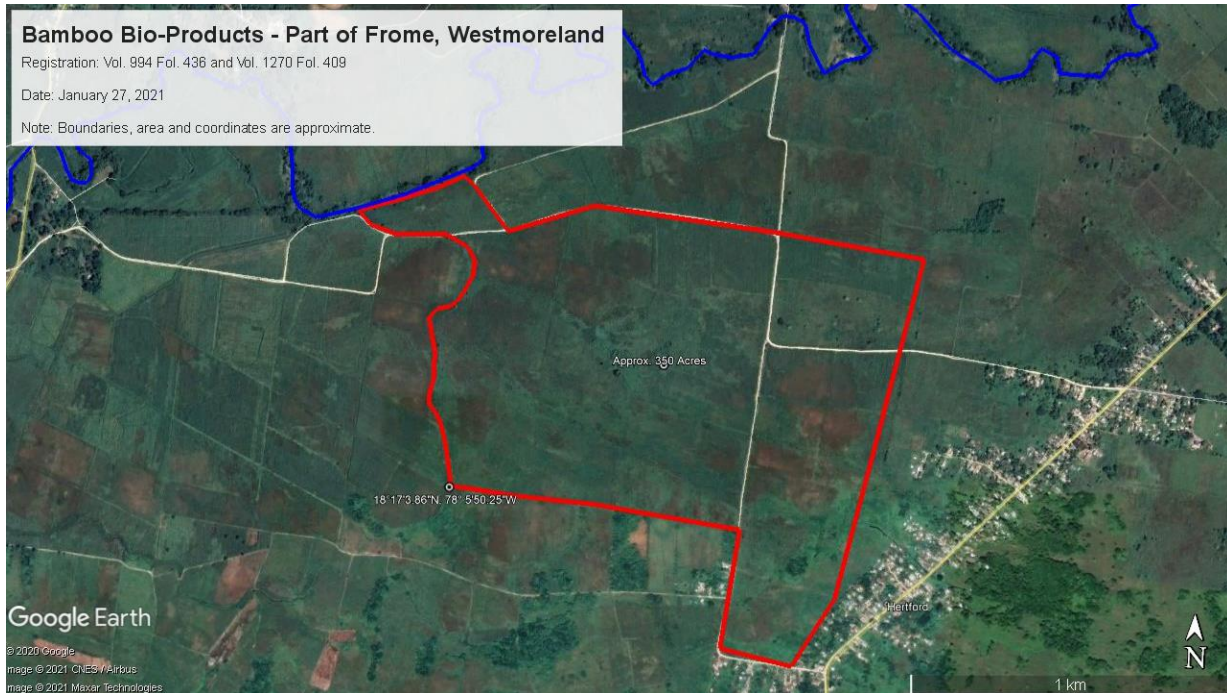


FIGURE 5.1- PROPOSED SITE FROM SCJH HOLDINGS

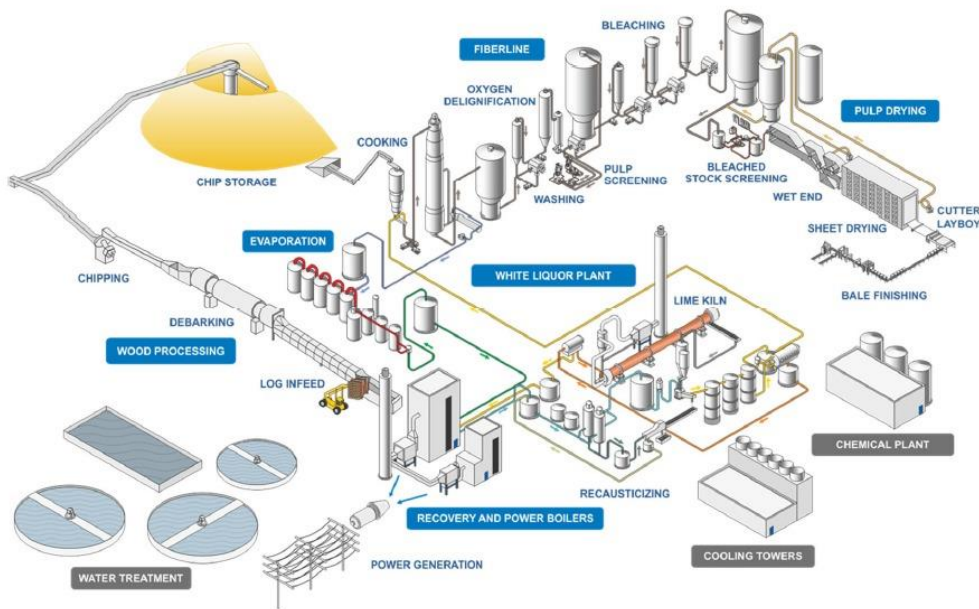


FIGURE 5.1- PROPOSED MILLING FACILITY

PROJECT DESCRIPTION

The Bamboo Bioproducts project, once complete, will represent one of the largest investments in Jamaica's agriculture industry by a private company, valued at US\$300 million. The project is expected to be completed in two phases over four years. The entire activity is being governed by a holistic methodology, which incorporates cottage industries, education, community development and the primary aim of exporting to global markets.

Phase 1 of the project involves the planting and harvesting of over 25 000 acres of bamboo, expected to yield in excess of 1.0 million tonnes of green bamboo per annum. This should be completed over 3 years, as the producers transition from sugar cane lands to bamboo production. This output will be used to generate 175 000 tonnes of air dried and fluff pulps. Phase 2 output is designed to reach 250 000 tonnes per annum, generating minimum revenues of \$1.5 billion over a decade of production.

While ensuring supply of raw material from its own lands and through a central hub from cooperatives, the production facility operated by BBP is designed to utilise the SEZ legislation as an incentive for its production. This designation allows the company to trade more competitively through lower corporate income tax rates and allowances, which reduce the cost of initial capital investment and production.

The company's production process of pulp from bamboo fibre will undergo a series of activities from chipping the bamboo stalks, and processing the chips to generate the pulp material using best available technology. This process feeds into the washing and a chemical delignification process, which prepares the pulp for drying and bailing into the fluff pulp rolls. This five-step process will involve the use of technology at all points to ensure efficiency across the chain and reduced wastage and environmental damage.

The manufacturing process of pulp from bamboo is expected to produce residual and waste products, which BBP intends to use in the local market and its internal production. Residual bamboo twigs/branches can be used in the manufacture of small products like straws, stirrers, and other bamboo-based products. The waste-generated lime sludge has been targeted for use in cement production and road filling materials. Internal production use from the waste has also identified the potential for biofuel pellets from the bamboo biomass or in the production of particle board, thereby creating a circular economy in the production cycle.

In order to ensure a supply of trained labour for this and future projects, BBP has proposed student exchange with the University of Maine, partnering with the University of West Indies, Mona to offer graduate level programmes for this and future projects that arise and, in doing so, creating a centre of excellence.

FINANCIAL INFORMATION AND BUDGET

Component of the project	Investment cost
Capital Investment	\$254 million
Total Project Cost	\$298 million
Debt	\$209 million
Equity	\$89 million
Revenue over period	\$1.5 billion
Net profit margin	25 per cent
Inflation Rate	4–6 per cent
Internal Rate of Return	22 per cent
Repayment Period	10 years

TABLE 5.1- PROJECT BUDGET

SEZ Government Incentive	Developer	Occupant
Corporate Income Tax headline rate of 12.5% (possible effective rate of 7.75% with the approvals of additional credits)	N/A	X
No Corporate Income Tax on Rental Income	X	N/A
Customs Duty Exemption	X	X
General Consumption Tax exemptions on all goods and services entering the Zones (GCT is similar to VAT in other jurisdictions)	X	X
Employment Tax Credit	X	X
Promotional Tax Credit (R&D and Training)	X	X
Capital Allowance	X	X
Stamp Duty	50%	50%
Transfer Tax exemption	X	X

TABLE 5.2- SEZ INCENTIVES

TIMETABLE

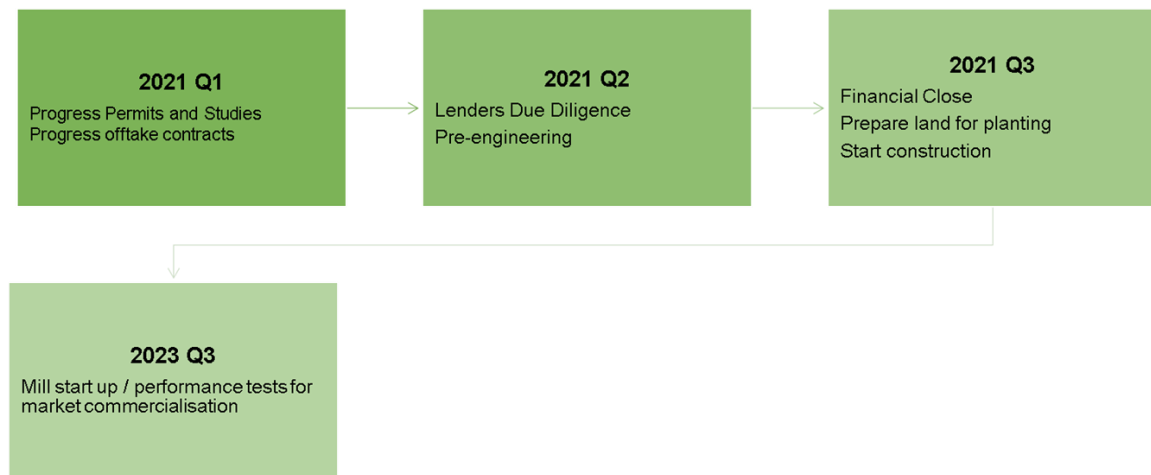


FIGURE 5.2- PROPOSED TIMELINES

OBJECTIVE AND EXPECTED RESULTS OF THE PROJECT

A project of this size is expected to revolutionize Jamaica's agriculture and manufacturing industries, by bringing formerly idle land into production and increasing the country's value-added output, which is heavily reliant on service industries, specifically tourism.

Jamaica, like most small island developing states, faces the effects of climate change, due to its high vulnerability to the impacts of climate-related events and natural disasters.

The growing of bamboo farms will have further environmental effects for carbon sequestration and improving soil conditions in formerly under-utilised areas.

The opportunities for economic diversification and job creation allow for the development of a new major industry and supporting products, thereby creating wealth for workers and surrounding communities.

SDGs Supported by the Project

Bamboo bio products support the achievement of SDGs 1, 8, 9 and 12, and Jamaica's long-term national development priorities of poverty reduction, economic stability, growth, and employment, building internationally competitive industry structures including in agriculture and manufacturing and the sustainable use and management of natural resources, contributing to climate change adaptation and mitigation.

Investment in this project will yield returns that will advance the objectives of the 2030 Agenda and contribute to achieving the SDG goals and targets identified below.



SDG 1: End Poverty in all its Forms Everywhere

Target 1.2: By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

Indicator 1.2.1: Proportion of population living below the national poverty line, by sex and age



SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all

Target 8.1: Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.

Indicator 8.1.1: annual growth rate of real GDP per capita.

Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Indicator 8.5.2: unemployment rate, by sex, age and persons with disabilities.



SDG 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation

Target 9.2: Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry’s share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.

Indicator 9.2.1: manufacturing value added as a proportion of GDP and per capita.

Risk Factors That Could Negatively Impact The Project:

The risk factors identified for the project are:

- Unavailability of land for development
- Fall in prices in the international market for pulp.

ADDITIONAL INFORMATION

The following describes the status of supporting documentation for the project:

- | | |
|--|---------|
| a. Pre-feasibility study - | Yes |
| b. Cost Benefit Analysis (CBA) | No |
| c. Multi Criteria Analysis (MCA) | No |
| d. Environmental Impact Analysis (EIA) | ongoing |
| e. Social Impact Analysis, including human rights | ongoing |
| f. Procurement plan | ongoing |
| g. Planning permissions, building permits, land rights | No |



JFVL AGRICULTURE INVESTMENT PROJECT



NAME OF PROJECT

The name of the project is the JFV Limited Agriculture Project

PROJECT BRIEF

JFV Limited is a fully integrated agribusiness project, centred on the production, storage and sale of fresh produce in the Jamaican market. JFVL's business model is to contract approximately 800 farmers to produce a variety of crops on 2 400 acres of land, 600 of which will be directly leased by the company. All farmers will produce according to the company's technical standards for each crop. Packing and cold storage facilities will be built to treat and store the produce. Sales will be through a national distributor for the local markets and exporters for overseas markets.

This project will involve the construction of a 103 000 cubic feet cold chain warehouse and 40 000 square feet of processing and administrative facilities, estimated to cost approximately US\$6.0

million. The company is expected to employ approximately 125 workers on a full-time basis when fully operational.

The initial focus will be on 10 of the top 13 crops prioritised by the Ministry of Agriculture and Fisheries (MoAF) with throughput of over 45 000 metric tonnes and a turnover of over US\$67.6 million at full capacity.

SECTOR

The JFVL project represents a cyclical and integrated agricultural project offering access to farmlands, warehousing, cold storage and a multi-channel distribution service complex for agricultural producers and buyers. It seeks to address the gaps in the agriculture supply chain and will cover the needs of local producers, buyers and export markets.

Increased productivity, efficiency and sustainability in the area of Agriculture and Food is linked to several development goals. This includes being linked either directly or indirectly to goals 1, 2, 8 and 12. Efforts made to make this sector more sustainable includes initiatives to boost productivity of farmers, particularly low income farmers, to improve the sectors resilience to climate change and other risks, improving food security and to provide broad access to the benefits of agricultural production to the broad public.

The local ministries as well as agencies that oversee agriculture have currently been aiding the resilience and productivity of small-scale farmers. This has primarily been done through measures to address knowledge and capacity of small farmers, which includes irrigation measures, market access and competitiveness. Losses along the production and distribution chain are have also impacted efficiency in the sector. Activities that have been implemented to reduce the loss has included monitoring and control processes, investment in post harvesting infrastructure and capacity building. The development of Agricultural Economic Zones also seeks to improve efficiency by integrating all components of the value chain (harvesting, post harvesting and marketing). Currently nine agro-industries parks are established and operational.

In terms of climate resilience and preserving bio diversity there has been investment in research and technical development in the agricultural sector. This includes a 26.2 million outlay for the purpose of refurbishing a seed storage facility for the facilitation of vegetative seeds that are of economic importance through the Pilot Programme for Climate Resilience as well as training sessions that focus on disseminating information on pest management and best postharvest techniques for storage. There also exists a national youth in agriculture policy and implementation plan (2016) which provides a framework for youth participation in the agricultural sector. While this program provides a pathway to transition into the agricultural sector, it also emphasises sustainable practises.

PARTNERS

Relevant Ministry: Ministry of Agriculture and Fisheries

JFVL is a private-sector initiative. JFVL is a limited liability company formed in February 2019. It is governed by a board of directors and shareholders. Operational partnership is represented through four elements:

- National distributor
- Renewable energy supplier
- Cold chain integrator /supplier
- Several large farmers

Land for this initiative will be leased from SCHJ, which was established in 2001, through amalgamation of three (3) defunct sugar companies. The SCHJ is a land management company, fully owned and operated by the GOJ. The SCHJ aims to put land, a key production factor into use to generate higher food production, create jobs and facilitate trade.²² The company's major model for meeting its mandate is through lease agreements. The JFVL project seeks to benefit from the GOJ's land management thrust by leasing 600 acres of land for farming and additional acres for setting up the warehousing facilities, factory space and cold room on former sugar land in Windsor, St Catherine, along Jamaica's south coast.

Project Sponsors: Debt and Equity Financing

The project requires US\$6.0 million for implementation of Phase I and this is being sought through a combination of debt and private equity financing. JFVL is seeking sponsorship through debt from regional development agencies and local banks for some of the funding required. Up to US\$2.0 million is being sought for private equity investment. The company plans to list on the Stock Exchange within 36 months of implementation.

Users and Beneficiaries

The project will benefit a number of farmers, as well as local distributors and exporters. The wider community of Windsor stands to benefit from this project through engagement of labourers and community persons who live in and around the area. This type of development will also address issues of rural-urban drift, which is very common in Jamaica.

LOCATION AND MAP

²² <https://scjholdings.gov.jm/>

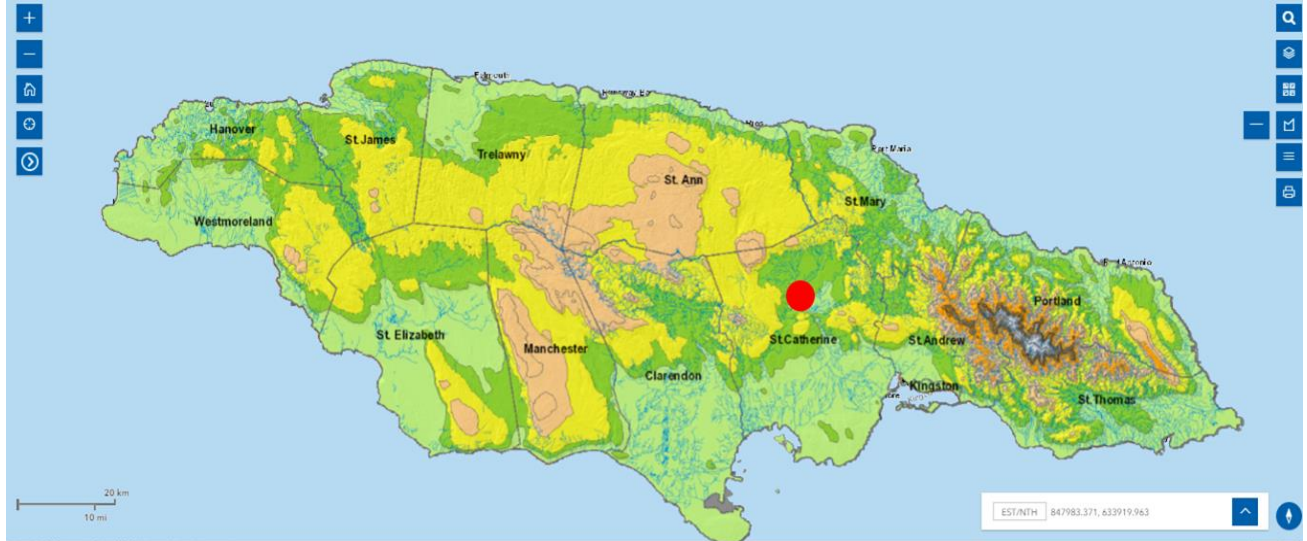


FIGURE 6.1- PROJECT LOCATION

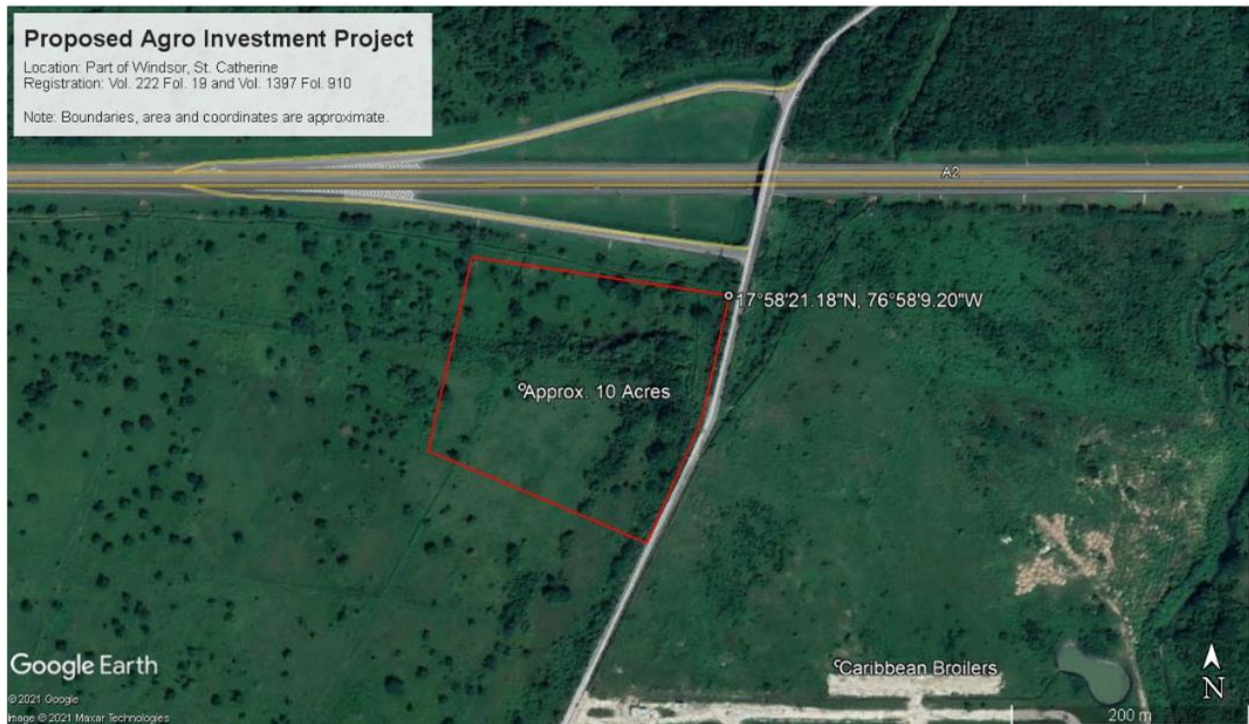


FIGURE 6.2- PROPOSED PROJECT SITE FOR AGRO-PROCESSING FACILITY, 10 ACRES OF LAND PRE-APPROVED LAND FROM SCHJ HOLDING

PROJECT DESCRIPTION

The project seeks to significantly impact the agribusiness sector through its integrated approach to farming and distribution. It will be a one-stop-shop for farming, cold storage, sorting, and distributing to wholesale and retail suppliers. Importantly, it will ensure synergies with modern farming technologies, through the establishment of a renewable energy source, thus responding to climate management responsibilities. This will include a 750KVA LNG JFVL generator to provide back-up power at the outset and a 1.0MW of solar power generation capacity by year 3 of operation.

The project relies on the results of soil testing to determine the crops that farmers will grow on the property. Integral to the project, is the thrust to embark on import substitution — that is, growing and increasing locally the supply of crops for which Jamaica is over dependent on importation, such as rice, red peas and onions.

Increasing the supply of crops and enhancing their quality through improvement in access to cold storage and modern packaging, will boost food security and availability of local crops much in demand in Jamaica's export target markets. Additionally, the project will lead to the creation of many jobs — directly and indirectly — through JFVL, and the farmers and other operators of the four (4) partnership centres, respectively.

Project Site

Historically, the site has been used for agricultural purposes — specifically sugar production, production of other crops, and fishing.

FINANCIAL INFORMATION AND BUDGET

Component of the project	Investment cost
--------------------------	-----------------

Major investment in Agro Processing	USD\$6 million in year 1
Additional investment years 3–5 for renewable energy plant and cold room expansion	USD\$4 million
Project NPV	US\$71.2 million
Equity NPV	US\$34.9m
Project IRR	79 per cent
Equity IRR	109 per cent

	Year 1	Year 2	Year 3	Year 4
Key Ratios Summary	2024	2025	2026	2027
Revenue Growth	87.4 per cent	32.8 per cent	2.8 per cent	2.8 per cent
EBITDA Margin (EBITDA/Total Income)	20.8 per cent	22.1 per cent	22.2 per cent	22.2 per cent
EBIT Margin (EBIT/Total Income)	19.3 per cent	21.0 per cent	21.1 per cent	21.3 per cent
Return on equity (Net Income/Total Equity)	63.9 per cent	48.2 per cent	33.3 per cent	25.7 per cent
Return on assets (Net Income/Total Assets)	37.8 per cent	33.7 per cent	25.9 per cent	21.2 per cent
Current Ratio	3.5	4.4	6.0	7.5
Interest coverage ratio (EBITDA/Interest Expense)	57.1	87.7	99.4	115.0

TABLE 6.1 – PROJECT BUDGET

TABLE 6.2- JFVL KEY RATIOS SUMMARY

POSSIBLE LEGAL STRUCTURE

The conventional 40:60 equity and debt capital structure will be used for the JFVL operation. The medium-term goal is listing on the Jamaica Stock Exchange, thus giving the public the option to invest in agro-processing .

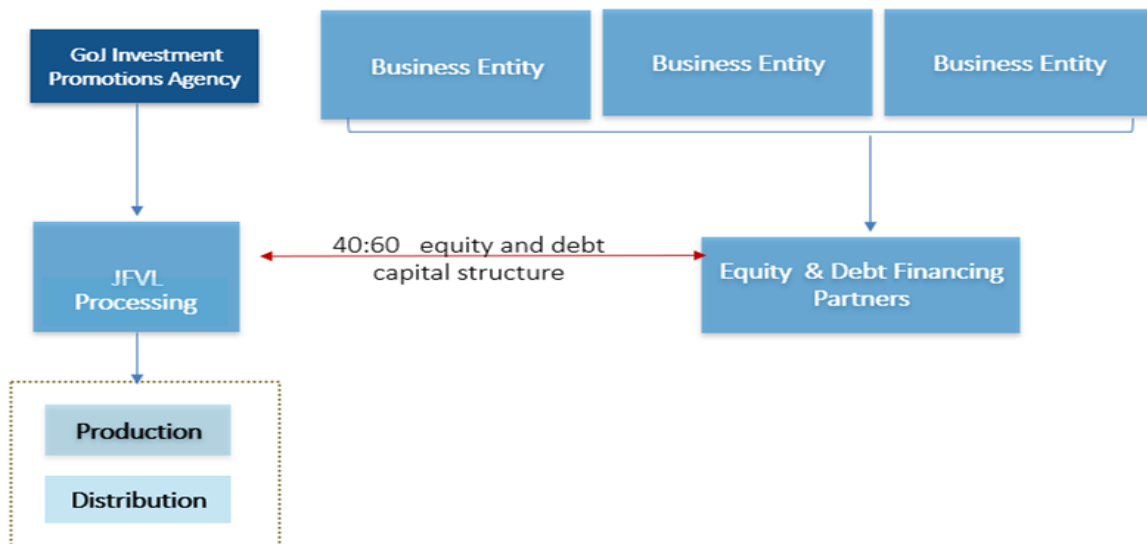


FIGURE 6.3- POSSIBLE LEGAL STRUCTURE

TIMETABLE

The JFVL founding members commenced work on the project in September 2018. The advisory panel was constituted in January 2019. Through the combined efforts of all parties, several milestones have been achieved (Figure 6.4).

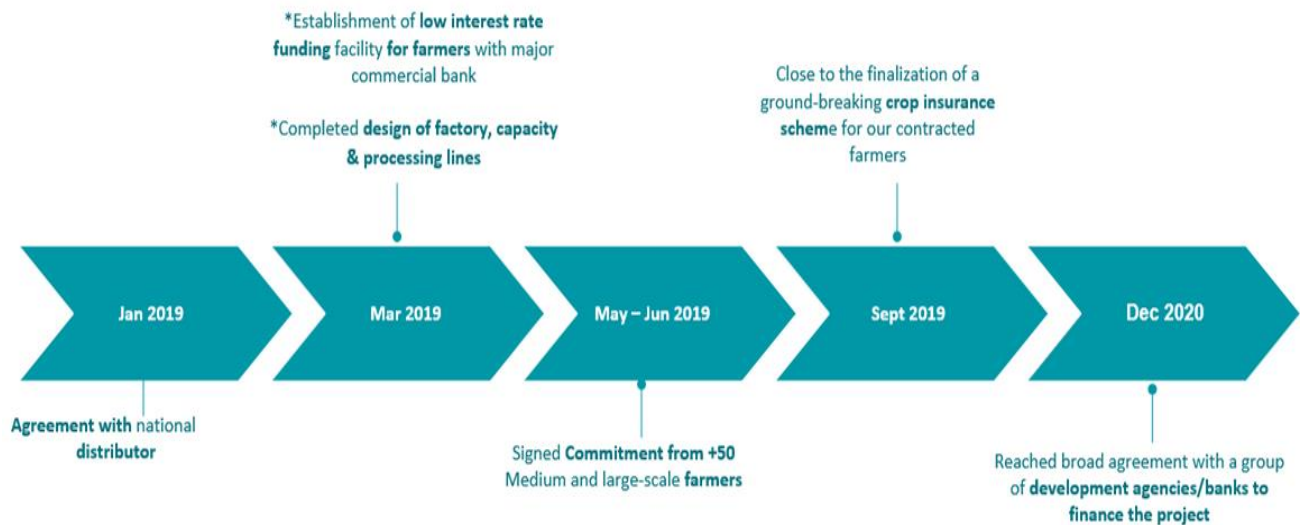


FIGURE 6.4- PROJECT TIMELINE

JFVL is currently in discussions with a group of development agencies and banks that have expressed an interest in providing financing for the project. Part of the due diligence process for financing will be an (EIA. Suitable land has been identified. The securing/approval of the land to house the facility and financing for the project is now urgently required to move this process forward. JFVL would like to start the project by quarter 4 of 2022.

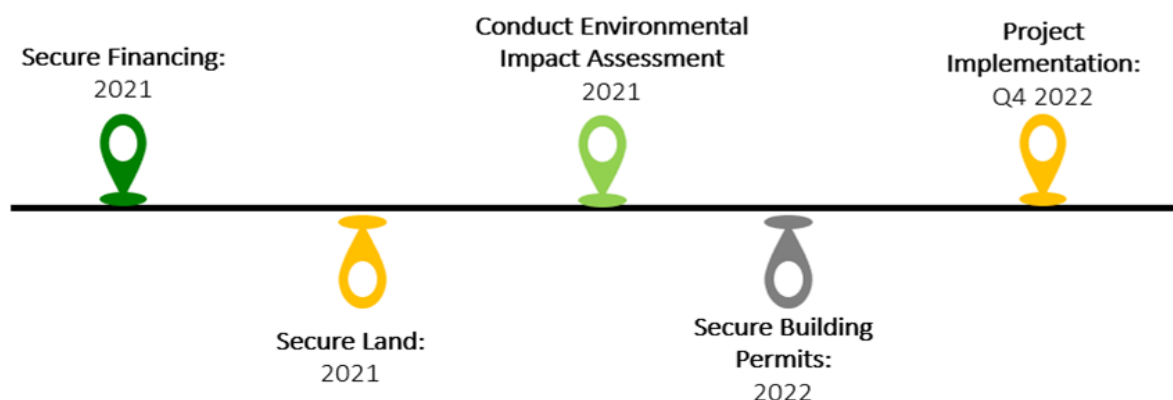


FIGURE 6.4- PROJECT TIMETABLE

OBJECTIVE AND EXPECTED RESULTS OF THE PROJECT

Benefits of JFVL’s operations to the Jamaican Economy

JFVL’s operations will create significant benefits for the Jamaican economy at several levels:

- Increase in levels of primary production and farmer productivity
- Reduction in waste and post-harvest loss
- GDP growth, due to better utilisation of crops
- Increased employment in agriculture and other areas
- Increased import substitution potential
- Increased tax revenue
- Lower demand for foreign exchange due to import substitution.

Benefits of JFVL to Farmers:

- Establishment of consistent and guaranteed access to a market for crops
- Economic advancement for contracted farmers
- Indirect employment within communities
- Access to crop insurance (scheme to be set up by JFVL)
- Access to extension support services and training that will expose them to technology and innovation to further guarantee their success.

SDGs Supported by the Project

The JFVL agricultural production and distribution project will contribute to achieving long-term development goals and objectives in food security, decent work and economic growth. The project aims to expand agricultural production and supply, increasing food availability and employment opportunities within the sector as long-term sustained poverty reduction is positively correlated with increased employment and economic growth.



SDG 1: End Poverty in all its Forms Everywhere

Target 1.2: By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

Indicator 1.2.1: Proportion of population living below the national poverty line, by sex and age



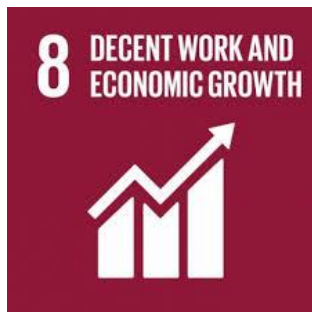
SDGs 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Target 2.3: By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge,

financial services, markets and opportunities for value addition and non-farm employment

Indicator 2.3.1: Volume of production per labour unit by classes of farming/pastoral/forestry enterprise size

Indicator 2.3.2: Average income of small-scale food producers, by sex and indigenous status



SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all

Target 8.1: Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7.0 per cent gross domestic product growth per annum in the least developed countries.

Indicator 8.1.1: annual growth rate of real GDP per capita.

Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Indicator 8.5.2: unemployment rate, by sex, age and [disability status]

Risk Factors that Could Negatively Impact the Project:











Ref.	Risks	Likelihood of Occurrence	Mitigation
1	Skills unavailable locally		Incentive schemes & early talent search
2	Inadequate insurance for loss of supplies		Suppliers extension insurance coverage
3	Warehouse cost overrun		Use of turnkey contracts with late penalties & bank guarantee
4	Production start-up delays		Same as for 3 above
5	Crop failure for key farmers		Crop agronomy support & use of experienced farmers
6	Non-key farmers dishonor contracts		Build loyalty with crop support & stable markets
7	Insufficient large farmers to grow crops		Equity incentives, stable markets, price & insurance for loss of crops
8	Competition from new entrants affect price		Build loyalty with crop support & insurance & stable markets
9	Failure to raise capital		Involve known persons and entities as key partners to win over market
10	Failure to obtain Government waivers		Lobby the relevant ministries to sell benefits to the economy

TABLE 6.3- RISKS TO THE PROJECT

Note: Red- high; Green-medium; Orange- low

ADDITIONAL INFORMATION

The following describes the status of supporting documentation for the project:

- | | |
|--|-------------------|
| a. Pre-feasibility study | Yes |
| b. Feasibility study | Yes |
| c. Cost Benefit Analysis (CBA) | Yes |
| d. Multi Criteria Analysis (MCA) | Yes |
| e. Environmental Impact Analysis (EIA) | No |
| f. Social Impact Analysis, including human rights | Yes ²³ |
| g. Procurement plan | Yes |
| h. Planning permissions, building permits, land rights | No |

²³ Social impact analysis done as part of feasibility study

CONTACT DETAILS