



## THE WESTERN HEMISPHERE TRANSPORT INITIATIVE

**Ivan Anderson - NROCC**





- ◆ **Background – Jamaica’s Road Network**
- ◆ **What is H2K**
- ◆ **Organisational and Financial Structure**
- ◆ **Expected National Impacts**
- ◆ **Lessons Learnt - Financing**





## JAMAICA

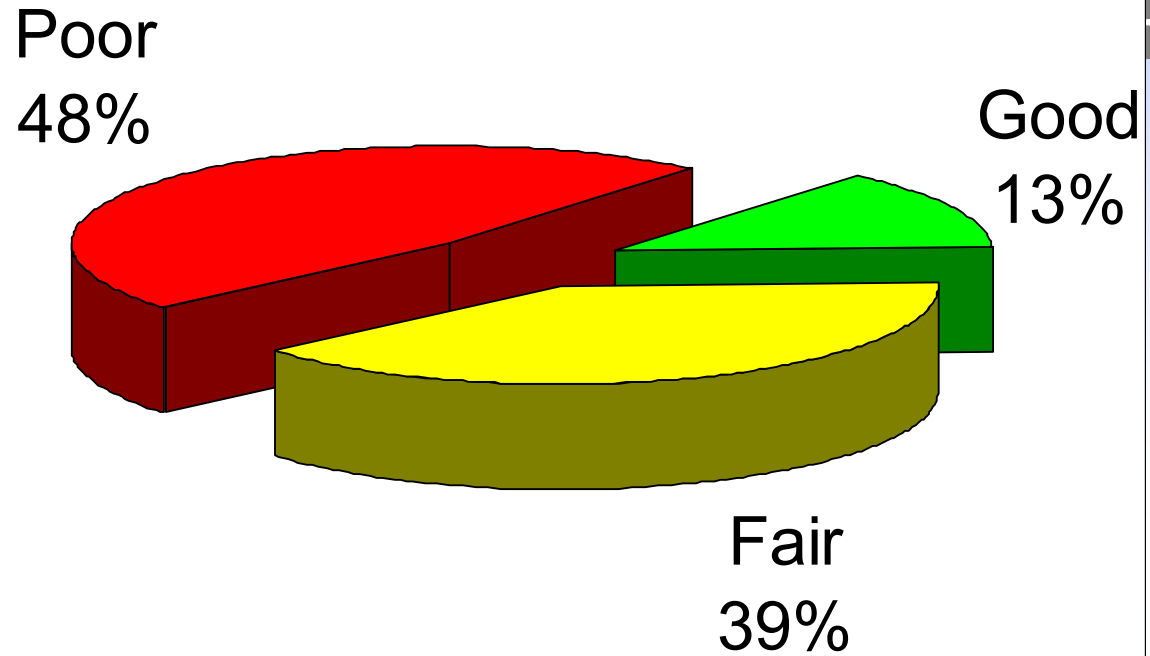


Islandwide Main Road Network – 4,794 Km  
Parish Council/Farm Roads - 14,900 Km  
- 19,694 Km



# 1998 Road Network Condition - Overall

Main Road Conditions - Km



## All Road Conditions

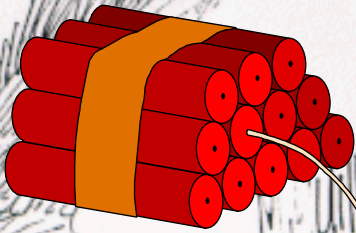
	<u>No.</u>	<u>Km.</u>	
Good	128	639.403	13%
Fair	265	1872.597	39%
Poor	380	<u>2282.993</u>	48%
	773	4794.993	100%



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PRODUCTION





- The Highway 2000 project is the centerpiece of a program initiated by the Government of Jamaica and announced by former Prime Minister P.J. Patterson in September 1999. The main objective of this project is to upgrade Jamaica's infrastructure, provide economic opportunities for growth and create jobs. The Project is a public-private partnership structured to maximize operational efficiency and minimize costs.

# Objectives

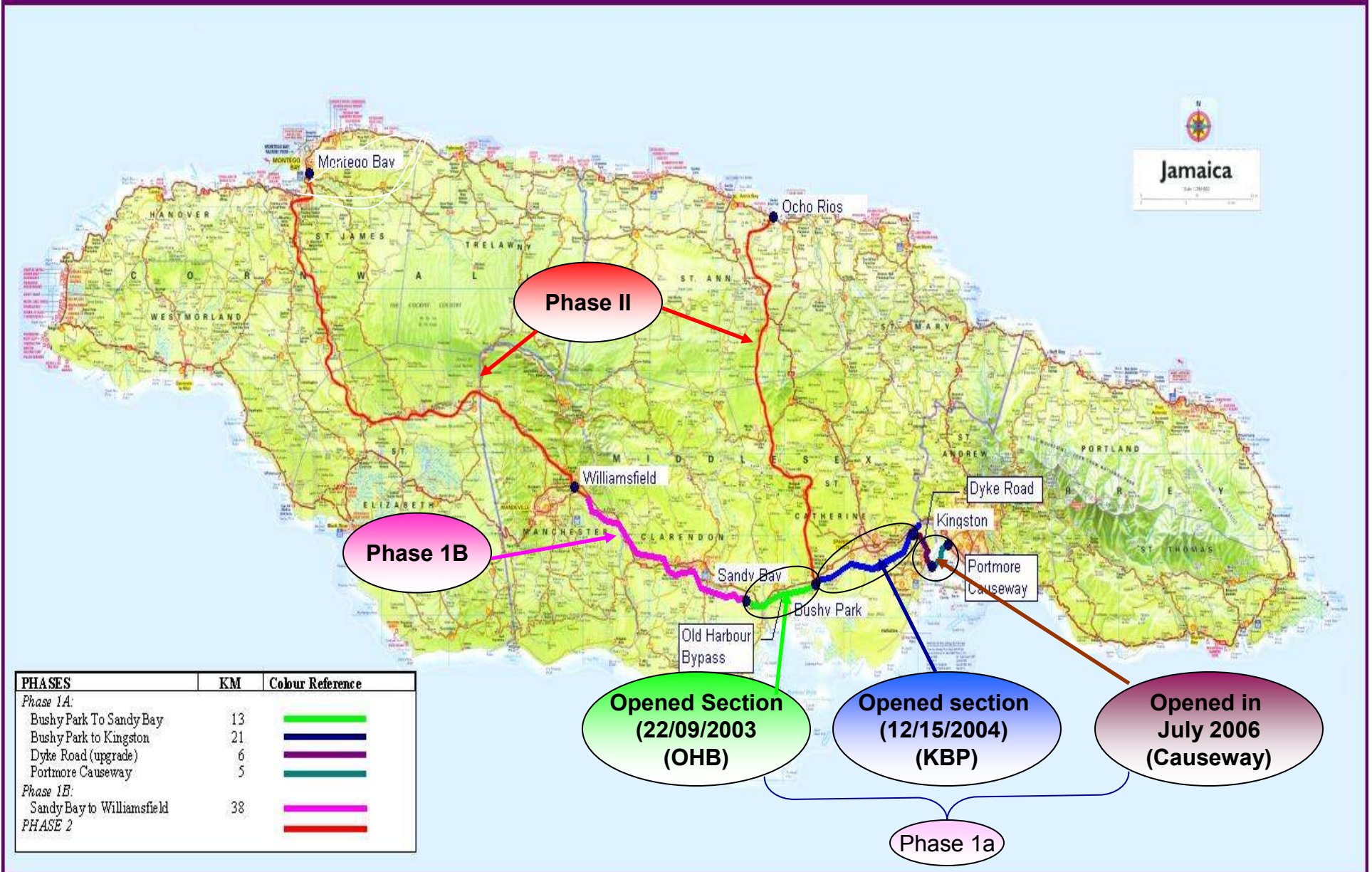


- The Primary Objectives of the project are :
  - serve as a catalyst for economic activity along the Highway 2000 corridor and creating a synergistic and integrated platform for ensuring increased economic activity ;
  - providing direct and efficient links between the major economic centers and reducing congestion on the existing road system ;
  - reducing population pressures on the major urban centers and facilitating commuting from suburban and rural areas ;
  - increasing the safety of motorists and reducing vehicle operating costs through the use of higher standards of highway design.



- **A planned multi-lane tolled highway covering 230 Km with an overall estimated cost of US\$850 Million.**
- **Stretching from Kingston to Montego Bay with a spur from Bushy Park to Ocho Rios.**
- **The Project is a public-private partnership implemented through a 35 Year BOOT concession.**
- **The overall project is split into segments covering 2 phases.**

# Highway 2000 Phases

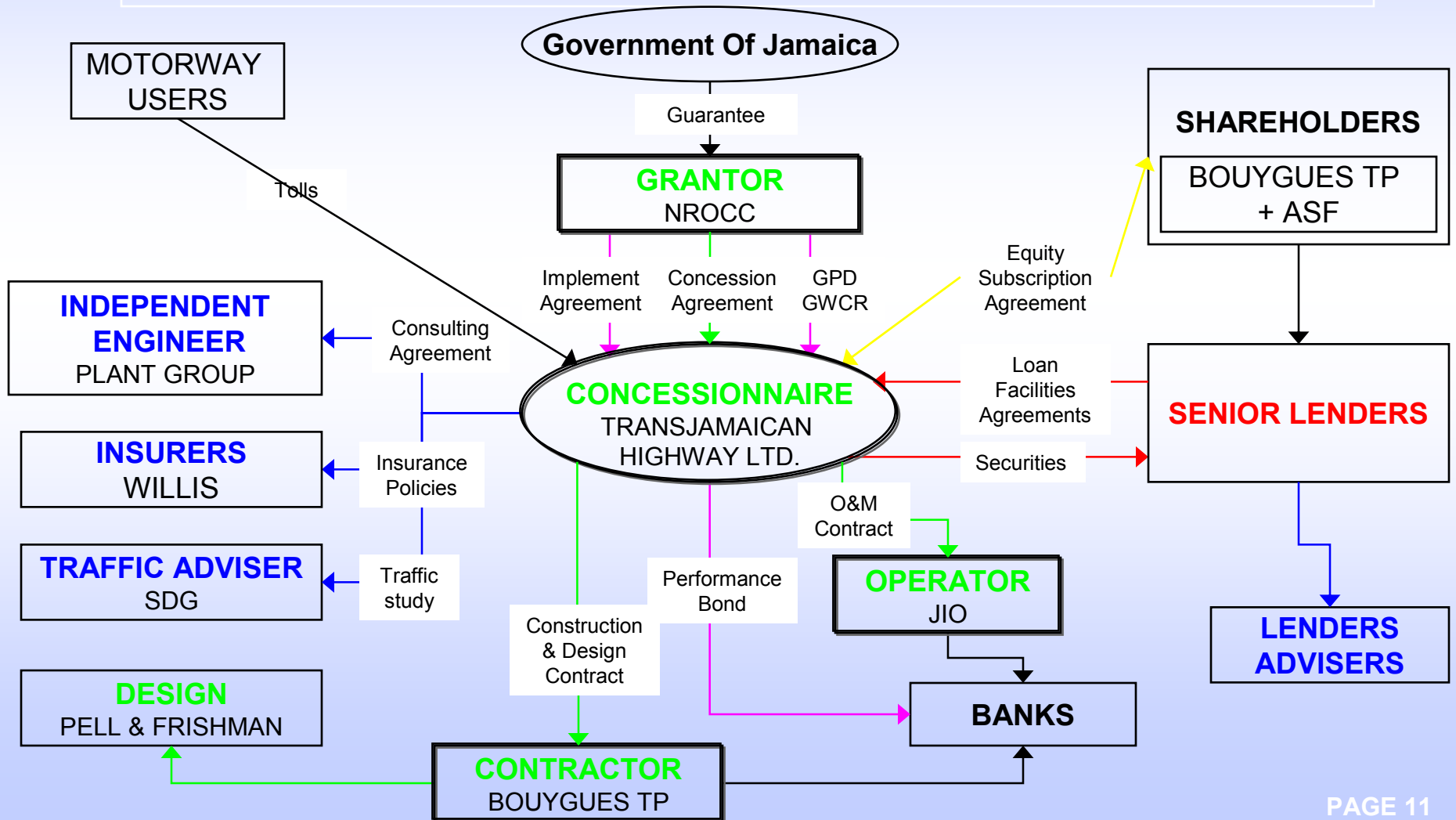




# Key Players/Structure



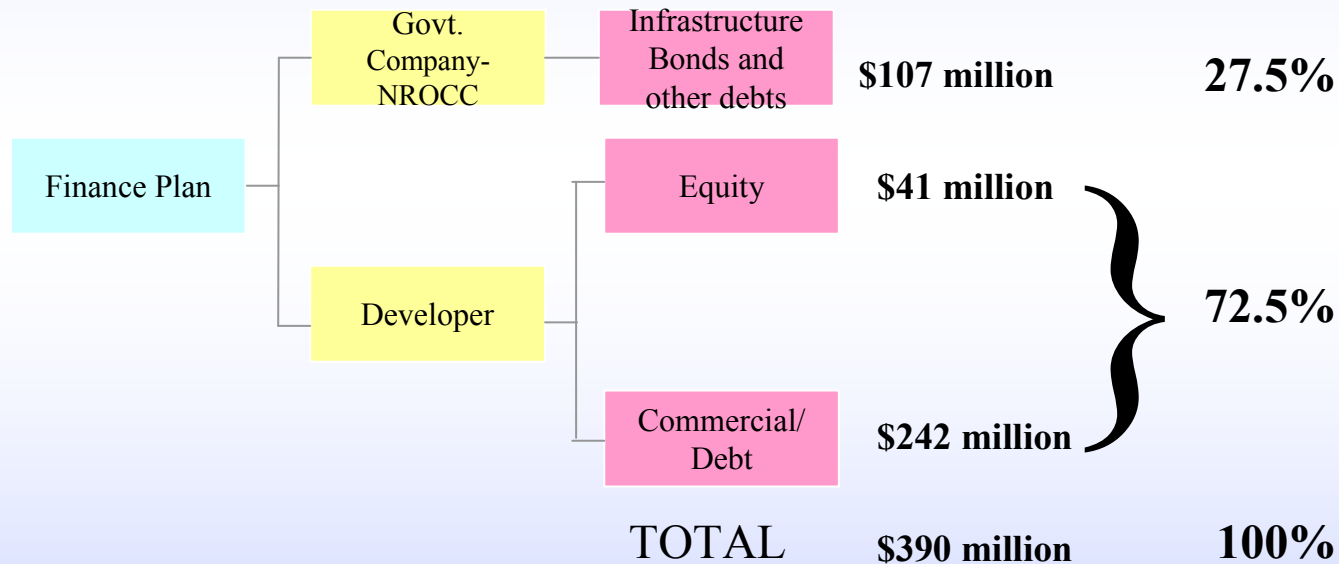
## HIGHWAY 2000 Contractual Structure





## PHASE 1

This project is primarily a private sector led development with 72.5% of the financing coming from the private sector.



# TARIFFS IN JMD



Costs to travel 11 Km (Kingston – Spanish Town)

	<b>JA\$</b>	<b>US\$</b>
<b>CLASS 1</b>	50.00	0.76
<b>CLASS 2</b>	70.00	1.07
<b>CLASS 3</b>	130.00	2.00



- ◆ **Average Daily Traffic  
46,000 vehicles per day  
including Portmore**





# **Impact on People and Jobs Highway 2000**



**An econometric model analysis of the Highway 2000 Project produced the following results.**

## **1. Employment**

Medium term - estimated 54,172 jobs to be created;

Long term – estimated 119,736 jobs.

(Jamaica's Total Labour Force 2004 – 1.19 Million)



## 2. Output

**Medium term** – H2K project estimated to generate a **J\$26.16 billion** in nominal GDP.

In the absence of any additional inflationary impulses from the project, this translates to an additional **3.0** percentage points of real GDP growth.

**Long term** - Under the same assumption about inflation, H2K estimated at **J\$34.5 billion** or **3.7%** real GDP growth.

# Direct Benefits to Road Users

- ◆ **Travel Time Savings**



# Travel Time Savings



From	to	Existing	New Time	Savings
Kingston	Spanish Town	50	14	36
	Old Harbour	81	17	64
	May Pen	106	29	77
	Mandeville	151	42	109
	Montego Bay	242	104	138
	Ocho Rios	139	58	81



# Value of Time Savings



<u>From</u>	<u>To</u>	<u>Savings</u> <u>mins</u>	<u>Value JA\$</u>
Kingston	Spanish Town	36	124.29
	Old harbour	64	220.95
	May pen	77	265.83
	Mandeville	109	376.31
	Montego Bay	138	476.43
	Ocho Rios	81	279.64



**What have we learned  
especially in relation to the  
Financing of these Projects**

# Lessons Learnt



- **Multilateral Funding at low interest rates requires very long gestation times and is unlikely to be available in the short term.**
- **The perception and assessment of these multilaterals at times conflict with the development needs of the country and hence result in higher rates for projects.**
- **Unavailability of Risk Insurance and Reinsurance in the local markets will also drive up rates**
- **Lenders unfamiliar with the Country are likely to demand very significant premiums**
- **The absence of long term capital markets, the high cost of capital, insufficient liquidities in Local capitals markets will curtail the availability of funding.**



- 1. Best Practices Report on Transportation Infrastructure Financing – WHTI**
- 2. The development of Innovative, Predictable Funding Sources and stable financing to meet the growing needs of this hemisphere continues to be a central challenge to infrastructure development.**

*“The Road to  
development is the  
development of our  
roads”*





**Thank You**

**Ivan Anderson**  
**NROCC**