FAD and CARTAC Host Regional Workshop on Managing the Fiscal Impact of Public-Private Partnerships

The International Monetary Fund’s (IMF) Fiscal Affairs Department (FAD) and the Caribbean Regional Technical Assistance Center (CARTAC) held a regional workshop in Trinidad and Tobago from April 5-7, 2016 to build capacity in managing the fiscal impact of Public-Private Partnerships (PPPs) in the region.

The workshop brought together 47 country officials from 16 countries in the region. It was financed by CARTAC and a Canada-funded regional project on fiscal management. The World Bank, the Public-Private Infrastructure Advisory Facility (PPIAF) and the Caribbean Development Bank (CDB) also participated in these activities.

This workshop was the first in a series of activities to support country officials in the Caribbean region to better manage the costs and risks associated with PPPs. It provided hands-on training on PPP tools recently developed. These include the *PPP Fiscal Risks Assessment Model (PFRAM)* created by FAD and the World Bank, that estimates the impact of a specific PPP contract on fiscal indicators, identifies and mitigates fiscal risks arising from PPP contracts. Participants were also trained on the *PPP Readiness Diagnostic Tool* developed by the World Bank, which focuses on the institutional framework and practices for adequately managing fiscal risks arising from PPPs, as well as helping countries to diagnose their institutional gaps, and design appropriate solutions to strengthen management of PPPs.

Follow-up activities include support to countries in using these new tools to assess their institutional frameworks, as well as to analyze specific PPP projects. Building on this experience, a second workshop planned for November 2016 will propose improvements to fiscal management of PPPs in the Caribbean. It will prioritize cross-country solutions that can both improve investment management and fiscal reporting for PPPs. FAD and CARTAC will prepare a joint publication on managing fiscal risks arising from PPPs in the Caribbean that will analyze regional challenges, and present country-specific case studies and recommendations.

Raising growth levels in the Caribbean hinges on improving both access to and quality of infrastructure over the medium-term. With limited fiscal space for additional public investment, PPPs are particularly appealing for the region. The private sector can provide infrastructure services more efficiently than governments, and can bring additional financing to support public investment. However, PPPs are complex operations that entail fiscal costs and risks for the government. Therefore, successful PPP projects require strong institutions to effectively negotiate, manage and monitor their long-term fiscal impact.

**Useful Link:** CARTAC