



ADVISORY

# Caribbean Infrastructure & Government Credentials

[kpmg.com/infrastructure](https://kpmg.com/infrastructure)





# Introduction

## KPMG's Commitment to the Public Sector

Around the world, government and public sector organizations are facing pressures from fiscal sustainability, to deteriorating infrastructure and public pressure to deliver quality healthcare to aging populations. How governments choose to address these challenges impact every part of a country's economy. KPMG's Global Government, Infrastructure and Healthcare practices work to deliver meaningful results through a deep understanding of the issues, an intimate appreciation of how the public sector works, and global and local insight into the cultural, social and political environment.

KPMG's Global Government, Infrastructure and Healthcare practices are comprised of a network of thousands of professionals based in 110 member firms around the world.

KPMG Government, Infrastructure and Healthcare professionals, many of whom have held senior public sector roles, consistently strive to combine their practical, hands-on local experience with insight from our global network to help our clients implement transformational strategies, economically, efficiently and effectively.

KPMG compiled this selection of Islands Region case studies to illustrate how island governments are confronting 21st century challenges with bold and innovative approaches.



**Simon Townend**  
Head of Advisory

KPMG Islands Group



# Contents

## BAHAMAS

Energy sector reform project  
p.5

Lynden Pindling International  
Airport  
p.6

Shipping port project  
p.7

Tax reform  
p.8

## BARBADOS

Grantley Adams International  
Airport  
p.9

Barbados Port Inc.  
p.10

Barbados National Oil Company  
Limited  
p.11

## BERMUDA

Concession agreement with a  
Government of Bermuda owned  
entity  
p.12

America's Cup Bermuda Limited  
p.13

Aquatic & Fitness Enrichment  
Centre  
p.14

King Edward VII Memorial  
Hospital  
p.15

Spending and Government  
Efficiency Commission (SAGE),  
Government of Bermuda  
p.16



## **BRITISH VIRGIN ISLANDS**

**Human Resources Analysis**  
**p.17**

## **CAYMAN ISLANDS**

**Cayman Islands Airport Project**  
**p.18**

**Mixed use development in the  
Cayman Islands**  
**p.19**

**Independent Review of Cayman  
Islands' Public Education System**  
**p.20**

**Solid waste management project  
in the Cayman Islands**  
**p.21**



## **CUBA**

**Renewable Energy Project**  
**p.22**

**DUTCH CARIBBEAN**  
**Refinery redevelopment program  
in Curaçao**  
**p.23**

**Watty Vos Boulevard in Aruba**  
**p.24**

**Debt restructuring and project  
management in Sint Maarten**  
**p.25**



## **EASTERN CARIBBEAN**

**Cruise port in Saint Lucis**  
**p.26**

## **TRINIDAD & TOBAGO**

**Business Process Management  
Support**  
**p.27**

**Hospital redevelopment**  
**p.28**

## **TURKS & CAICOS ISLANDS**

**National Tourism Policy**  
**p.29**



# Energy sector reform project in The Bahamas

Financial advisory and regulatory services

## Context

Electricity supply across The Bahamas to date has been provided by the Bahamas Electricity Company (“BEC”) except in Grand Bahama and a few other isolated locations. Over the years, BEC had become inefficient, heavily burdened with financial debts, and the cost of electricity to the consumer is one of the highest in the region. BEC was also completely reliant on fossil fuel generation with no renewable energy production in the energy mix. In late 2013, The Government of the Commonwealth of The Bahamas (“the Government”) issued an RFP for the restructuring of the energy sector. Its objectives were to dramatically reduce the cost of energy to the consumer while developing a reliable, cost effective, secure and environmentally responsible energy sector. As part of the overall restructuring of the sector, the Government is in the process of establishing a new electricity utility for The Bahamas, which will continue to be owned 100% by the Bahamas Government, but will be privately managed by an experienced energy services company. New electricity sector legislation is to be passed. The Government is also proposing to refinance all of BEC’s legacy debt, restructuring costs, and startup capital for the new entity, through a long term revenue bond to be placed in the international capital markets.

## KPMG’s role

KPMG has acted as advisor to the Government since the inception of the reform process, providing a wide range of services including assistance with:

- the Request for Proposal process for a manager of the new company;
- negotiations with bidders;
- requests for proposals to lenders and negotiation with prospective lenders;
- advice on restructuring and related matters;
- regulatory advice with respect to the new legislation; and
- various financial modelling and other advisory services.

## Outcome

In early May, the Government announced that PowerSecure International Inc., a NYSE listed power company, would be the management company under a 5 year management contract. Final steps for the takeover by PowerSecure are underway and expected to take place imminently once a comprehensive business plan is completed. The plan calls for a complete restructuring of the energy mix, and operations of BEC, and will include a significant renewable energy component across the many islands in which BEC operates, as well as many new and innovative approaches to the management of the company. The new company, Bahamas Power & Light Company, will take on responsibility for the provision of electrical supply across the 25 island locations currently serviced by BEC, providing power to almost 100,000 customers.

## Key contacts

Simon Townend, Partner  
Shana Lee, Associate Director



# Lynden Pindling International Airport in The Bahamas

Structuring and other advisory services



## Context

As the main international gateway to The Bahamas, Lynden Pindling International Airport ("LPIA") is the fourth busiest airport in the Caribbean. Services include scheduled and charter flights to the United States, Canada, Europe and Latin America. In 2014, LPIA served 3.3 million passengers. The Nassau Airport Development Company (NAD), a Bahamian company owned by The Government of The Bahamas and operated by Vantage Airport Group, currently manages and operates the airport under a 30-year lease. NAD is responsible for the majority of LPIA's infrastructure including parking lots, terminals, runways and taxiways and all revenue generating and commercial development projects. As a private company, NAD receives no government guarantees or grants and is a self-sustaining commercial entity based on international best practices.

## KPMG's role

KPMG has acted as financial advisor to the Government with respect to the structuring and establishment of NAD, and negotiations with Vantage as relates to the construction management of the new development.

## Outcome

In 2009, a \$409.5 million redevelopment project broke ground under the management of NAD in phased development project for the 600,000 square ft. complex, which was completed on budget and on schedule. This state of the art facility is now one of the most efficient and attractive airport complexes in the region.

## Key contacts

Simon Townend, Partner

# Shipping port project in The Bahamas

Capital raising and other advisory services

## Context

Several years ago, the Government of The Commonwealth of The Bahamas ("the Government") decided to relocate container, bulk and break-bulk shippers that operated along the waterfront in the downtown capital of Nassau to a less congested site further west on the island of New Providence. A coalition of shipping interests formed APD Limited ("APD") to submit a design, build, finance and maintain proposal for a new port ("Arawak Port"). In May 2010, APD reached a Memorandum of Understanding ("MOU") with the Government for the project to move ahead under a 45-year land lease and concession agreement.

As tourism is The Bahamas' primary industry, a significant benefit of Arawak Port is that it facilitates the Nassau Downtown Revitalization plan which aims to increase tourism in the downtown core. In addition, the revitalization plans include converting downtown Nassau to a "living city" by bringing a new residential component to the area.

## KPMG's role

KPMG has acted as financial advisor to APD since 2008, providing a wide range of services including assistance with:

- structuring, negotiating and securing US\$90 million of capital in equity, bridge loan financing, senior bank debt and preference shares;
- completing a \$10 million initial public offering (IPO);
- developing a financial plan inclusive of a 30-year integrated financial model;
- preparing an economic impact study;

- developing a tariff amendment structure;
- drafting the commercial terms of key operator licence agreements; and
- benchmarking equipment lease agreements and port tariffs.

## Outcome

Arawak Port, an International Ship and Port Facility Security compliant facility comprising Nassau Container Port (on Arawak Cay) and Gladstone Freight Terminal (inland terminal), achieved substantial completion in May 2012. This followed closure of APD's IPO in January 2011, which was the most highly oversubscribed public offering in the history of The Bahamas. APD's preference share offering in 2013 was also oversubscribed, even at an interest rate margin that was comparable to sovereign domestic offerings.

For two consecutive years, Florida Shipowners Group has rated Arawak Port as the Caribbean's most productive port, beating out 24 regional rivals. APD has over 100 employees and processes more than 60,000 TEUs of cargo annually.

## Key contacts

Simon Townend, Partner  
Charlene Lewis-Small, Director







# Tax reform in The Bahamas

## Tax advisory assistance

### Context

The Government of The Bahamas embarked upon an ambitious tax reform to address its limited tax revenue base and secure adequate revenues for the future. To meet the Government's aggressive timelines, the Ministry of Finance engaged KPMG to draft a general Value Added Tax ("VAT") Guide and eight VAT Guidelines for specific economic sectors and host workshops with the Ministry of Finance team on key issues raised by industry.

### KPMG's role

KPMG Bahamas and Islands Group team completed two separate deliverables for the engagement, i.e., VAT workshops and training as well as assisted with the development of the following Government publications:

- The Bahamas VAT Guide;
- VAT guidance notes – Hotels and holiday accommodation;
- VAT guidance notes – Land and property;
- VAT guidance notes – Construction industry;
- VAT guidance notes – Retail trade;
- VAT guidance notes – Finance and insurance;
- VAT guidance notes – International financial services;
- VAT guidance notes – Domestic land, air and sea transportation; and
- VAT guidance notes – Professional services.

### Outcome

VAT came into force on January 1, 2015. According to the Central Bank of The Bahamas, as of July 2015 the Government was forecast to meet its initial VAT revenue targets.

### Key contacts

Simon Townend, Partner  
Jane Adams, Director  
Wayne Lovell, Partner  
Sandra Skuszka, Director  
Erica Culmer-Curry, Manager

# Airport in Barbados

Capital raising, due diligence and valuation services



## Context

The Grantley Adams International Airport ("GAIA") is Barbados' only airport and the aviation hub of the Eastern Caribbean, handling daily flights to and from the other Caribbean islands connecting to major cities in the US, Canada, UK and Europe. GAIA is wholly owned by the Government of Barbados and handles in excess of two million commercial passengers annually.

## KPMG's role

KPMG has acted as a financial advisor to GAIA, providing a wide range of services, including assistance with the following:

- developing a business plan;
- providing operational and financial due diligence; and
- preparing a comprehensive valuation report.

## Outcome

- The business plan assisted GAIA with its efforts to expand and formed the basis for its corporatization and privatization objective.
- The operational and financial due diligence subsequently resulted in the strengthening of GAIA's operations.
- The valuation report was prepared and its conclusion will form a part of the basis used to determine the strategic direction of the airport.

## Key contacts

Lisa Taylor, Partner  
Christopher Brome, Partner



# Cruise port in Barbados

## Strategic and business plan

### Context

Barbados Port Inc. ("BPI") is the major port of entry for approximately 90% of the goods used in the manufacturing and retail sectors in Barbados. Unlike the majority of ports in the Caribbean, BPI is not subsidized by the Government. All cruise vessels berth at BPI and it is currently the home porting hub for 17 vessels conducting full and partial exchanges of passengers.

Under present market conditions and the impact of the global economic crisis, BPI has seen a constant decline in vessel calls since 2009 and decreasing revenues since 2010.

Taking into consideration the various challenges facing BPI, including infrastructure needs, port vision/strategy/policy and financial capacity, BPI deemed it critical, at this juncture, to develop a comprehensive Strategic Plan.

In addition, the legislation under which BPI operates mandates the annual submission of a rolling five year business plan. The Business Plan is expected to be supported by a Financial Model and aligned with the envisaged corporate strategy of BPI.

### KPMG's role

KPMG provided a wide range of services including:

- reviewing key industry trends;
- reviewing and analyzing relevant internal documentation such as BPI's existing strategic plan, annual financial statements and reports and human resource information as well as departmental plans, budgets and supporting schedules;
- conducting interviews with key stakeholders;

- holding discussions with the board and management team to understand their needs and goals for the organization;
- facilitating and leading the discussions with the management team and the board;
- preparing a business plan; and
- assisting with the preparation of a financial model.

### Outcome

- The Strategic Plan has been used to guide the organization forward as it seeks to respond to present market challenges while fulfilling its vision.
- The development of the Business Plan and Financial Model are currently ongoing.

### Key contacts

Lisa Taylor, Partner  
Christopher Brome, Partner  
Brenda Pope, Partner



# Terminal Company in Barbados

## Valuation services and strategic sale

### Context

Barbados National Oil Company Limited (“BNOCL”) is considering the divestment of 100% of its shares in the Barbados National Terminal Company Limited (“BNTCL”). This divestiture is in-line with the Minister of Finance’s recently publicized strategy to be fiscally prudent, protect the vulnerable members of Barbadian society, and stimulate key sectors of the Barbadian economy.

The Board of BNOCL has envisioned the sale process to be transacted with a Strategic Partner. The Strategic Partner will be obligated to divest up to 35% of the shares within five years of the closing date of the transaction.

### KPMG’s role

KPMG has acted as advisor to the Government since the inception of the reform process, providing a wide range of services including assistance with:

- preparing a comprehensive valuation of BNTCL; and
- managing the sales process of BNTCL’s outstanding shares. This included:
  - preparing a Teaser document which outlined a short summary of BNTCL and the proposed business opportunity;
  - preparing a Confidential Information Memorandum and providing it to interested parties;
  - providing sales process/ process letters outlining bidding instructions for indicative offers;
  - assisting in the setup, population and management of a data room;

- facilitating the buyer due diligence process; and
- assisting the Board with the final negotiation and completion of the Sale and Purchase Agreement.

### Outcome

- The valuation report was prepared and its conclusion was used as a benchmark to which final offers could be compared.
- Final offers were received by KPMG and a comparative analysis was presented to the Board.
- Negotiations and completion of the Sale and Purchase Agreement are ongoing between potential acquirers and BNOCL.

### Key contacts

Lisa Taylor, Partner  
Christopher Brome, Partner







## Concession agreement with a Government of Bermuda owned entity

Business and financial advisor to a private company bidding to operate a business concession

### Context

A Government owned entity issued a tender for the opportunity to design, fit out and operate a commercial enterprise on a concession basis. The concession represented a significant opportunity to prospective bidders owing to the preferential location and ability to capture significant market share.

Bidders were required to submit detail business plans and financial proposals as part of the Request for Proposal process.

### KPMG's role

KPMG assisted the private sector bidder (the Proponent) by providing business and financial advice on the bid documentation, business plan and financial proposal including:

- 5 year profit and loss forecast model and projections including scenario and sensitivity analysis for commercial operation including the identification of synergies and possible cost savings;
- developing the business plan;
- developing the financial proposal; and
- customization of previously built excel model used for bidding purpose through which negotiation between end client and third party is achieved.
- assisting with project management of documentation;
- developing counter-proposals and financial analysis of options; and
- reviewing and advising on the business and financial components of the commercial agreement.

After the Proponent was awarded the concession, KPMG assisted with supporting negotiations on the commercial agreement which involved:

- financial modelling of the impact of complex pricing strategies imposed by the Government entity;
- negotiation strategy and tactics;

### Outcome

The Commercial Agreement is expected to be executed in the near future and the new commercial operation is due to open in early 2016.

### Key contacts

Steve Woodward, Managing Director  
Lori Rockhead, Senior Manager

# America's Cup Bermuda Limited ("ACBDA")

Provision of bid support and project management to the organizing committee for America's Cup 2017

## Context

The Government of Bermuda bid to host the 2017 America's Cup event. Bermuda was selected to host the event from a short list including: San Diego, San Francisco and Chicago. The America's Cup is the oldest international trophy in world sport and one of the most prestigious events.

The Government of Bermuda established an organizing committee to develop Bermuda's bid submission and enter into discussions with the America's Cup Event Authority LLC. Upon being selected as the host venue, the Government established ACBDA, a wholly government owned entity, to manage Bermuda's contractual obligations under the 35th America's Cup Host Venue Agreement, including delivering the necessary infrastructure and maximizing the event's legacy to benefit Bermudians and the Bermuda economy.

## KPMG's role

KPMG assisted the organizing committee by providing:

- project management and support for the various components of the bid;
- structuring of the organizing committee;
- financial modelling; and
- advising on negotiations with the event organizer and other parties.

Since Bermuda was selected as the host venue for the 2017 event, KPMG has continued to support ACBDA with:

- project management;
- clarifying the scope of the responsibilities, duties and obligations of the Government of Bermuda, ACBDA, and other key stakeholders;
- assisting with ongoing monitoring of performance in meeting contractual obligations; and
- developing of a procurement process framework.

## Outcome

Bermuda successfully won the bid to host the 35th America's Cup in competition with significantly larger venues. ACBDA has initiated capital projects to ensure that the necessary infrastructure is in place for the Louis Vuitton America's Cup World Series in October 2015 and the America's Cup in 2017.

Several teams have or are in the process of setting up training bases in Bermuda resulting in a positive impact on the economy and Bermuda's plans to increase tourism's contribution to GDP.

## Key contacts

Charles Thresh, Managing Director  
Greg Muir, Senior Manager





# Aquatic & Fitness Enrichment Centre

Structuring and other advisory services

## Context

A sports and community centre (“the Centre”) which includes: an in-door pool, basketball/sports hall, gymnasium and fitness facilities was built and operated with the support of the Government of Bermuda, corporate and private donors, and members of the neighboring community.

Since the Centre opened in 2009, it has struggled to service bank debt and associated costs of building and operating the facility. The secured lender, the Government and directors sought KPMG’s assistance in assessing the ongoing financial feasibility of the Centre and the options available.

## KPMG’s role

Initially, KPMG assisted by accessing the corporate, financial and operational status of the three entities involved in the ownership and operation of the Centre. This assessment included:

- forecasting short to medium term cash flow including performing analysis to establish a range of borrowing requirements for the business and/or capacity for debt repayment;

- reviewing the cost structure of the business, with recommendations for cost reduction or optimization;
- establishing a care and maintenance plan to avoid deterioration of the physical plant while discussions between the parties progressed; and
- advising the directors, Government and secured lenders on the options for continuing operations and addressing matters related to the insolvent entities.

## Outcome

As the current operation was determined to be financially unsustainable, KPMG has assisted with identifying alternative options which are currently under review

## Key contacts

Charles Thresh, Managing Director  
Greg Muir, Senior Manager

# Spending and Government Efficiency Commission (SAGE), Government of Bermuda

Project management, option analysis and financial advice

## Context

The Government of Bermuda ("the Government") appointed the SAGE Commission (a non-government entity) tasked with the mandate to analyze and evaluate the Government's operations in comparison to best practice and advising on the best means of:

- structuring the Government;
- streamlining processes;
- improving the delivery of services; and
- introducing cost saving measures and greater transparency.

The SAGE Commission's challenge was to balance the need to reduce public sector expenditure while minimizing the negative impact on Bermuda's economy, which involved providing guidance on prioritizing how expenditure is reduced.

## KPMG's role

KPMG led a multi-disciplinary team of analysts who supported the SAGE Commission in reviewing approximately 30,000 pages of reports and documentation, 400 public submissions and over 100 interviews with civil servants, union representatives and other interested parties. The work was conducted over a period of six months.

KPMG prepared various reports for the Commission and assisted with the preparation of the Commission's interim and final reports, including:

- baseline financial report of budgets and actual expenditure for a ten year period;
- human resources overview – analysis of demographic profile, sick leave, and comparative analysis of the seven public sector collective bargaining agreements in relation to wage rates, pensions, benefits and conditions of service;
- business planning review – assessment of the use of metrics and effective measures to establish targets and measure performance;

- government operational policy review – analysis of General Orders, Financial Instructions and the Code of Conduct; and
- best practice review – benchmarking Government operations and practices with best practice.

## Outcome

The project was successfully completed and the final report was tabled in the Legislature in November 2013. Over the past two budget cycles, the Government has adopted a glide path for reducing the deficit and is implementing changes in response to the Commission's recommendations that are intended to transform Bermuda's public sector.

## Key contacts

Steve Woodward, Managing Director  
Lori Rockhead, Senior Manager



# King Edward VII Memorial Hospital (“KEMH”) Acute Care Wing PPP, Bermuda

Business strategy, financial advisory and procurement assistance

## Context

Based on a third party assessment that Bermuda’s only acute care hospital needed approximately 50% more capacity to sustain the delivery of high quality health care and expand the range of treatment services provided locally (thus reducing the need for patients to travel overseas), the Bermuda Hospitals Board (BHB) sponsored the KEMH Redevelopment PPP to build the Acute Care Wing (ACW) extension.

The five year project to develop the business case, procure a private sector partner and design and build the ACW was started in late 2008. BHB selected a design, build, finance and maintain delivery model to fit its requirements. Paget Health Services was selected in December 2010 as the private partner and ground breaking started in January 2011.

## KPMG’s role

KPMG acted as business and financial advisor including assisting with:

- developing the business strategy and business case;
- establishing of the governance structure to help ensure oversight of the Project;
- developing BHB’s project management team structure;
- assisting with the identification and selection of legal and technical advisors;
- establishing the development budget, schedules, communications, records management, risk management and mitigation, and project agreement with the Private Partner. This work included:
  - marketing of the PPP opportunity;

- the development of the business, regulatory and procurement model;
- drafting of regulation, contractual terms and procurement documentation; and
- support through the Request for Qualifications and Request for Proposal stages including the evaluation of qualifications and bids
- providing input on the development and amendment of legislation critical to supporting the Project; and
- KPMG was retained as the Fairness Monitor to advise on fairness of the procurement process and to report on compliance with fairness principles established at the outset of the Project that ensure the Project met leading international procurement practice.

## Outcome

The ACW opened for operation in September 2014. The new hospital wing includes 90 single ensuite private patient beds, new emergency and diagnostic imaging departments, out-patient services for dialysis and oncology and a new utility hub to support the new and existing buildings.

## International recognition and awards

- Best Accommodation Project, Partnerships Awards 2012 (July 2012)
- Press release by World Finance (January 2013)

## Key contacts

Steve Woodward, Managing Director  
Lori Rockhead, Senior Manager



# Human Resources Analysis for the Government of the Virgin Islands

## Advisory services

### Context

The Government of the Virgin Islands engaged KPMG to carry out a human resources based rationalization, modernisation and efficiency review of the entire public service within the Virgin Islands. The results of this complete analysis formed part of the Government's overall strategy to manage the development and cost of the public service in the Virgin Islands.

### Objective

The objective of the HR Analysis was two-fold. Firstly, to critically review current job descriptions and organization structures, identifying where efficiencies could be achieved, while ensuring relevancy, accuracy and consistency was applied in determining appropriate role profiles and department organizational structures across the public service. Secondly, to use the results of the analysis to conduct a general and technological efficiency review for the public service.

### KPMG's role

In the process of our work we carried out two Government-wide online surveys, conducted workshops, meetings and interviews to gather feedback and insight from over 35% of public service employees. We also acted as facilitators for ongoing senior management meetings and worked with the HR department and permanent secretaries to establish a senior team tasked to implement the project recommendations. The Government now has a different of officer in place to drive forward the change process.

### Outcomes

- Rationalized the number of public service role profiles from 1206 down to 563 for the more than 3,000 public service employees;
- Produced performance-focused role profiles to replace the existing job descriptions (which were task-focused and out of date);

- Updated organization structures for 58 departments and made recommendations thereon;
- Produced standardised hazard matrices based on WHO guidelines, so that all Government roles with a hazardous element could have the level of hazard consistently measured and rated;
- Made recommendations, by department and overall, regarding efficiencies, use of technology and best practice; and
- Put together an in-house implementation team and provided direction.

### Key contacts

Russell Crumpler, Managing Director  
Micky Swindale, Director







# Airport project in the Cayman Islands

Strategic financial review and other advisory services

## Context

The Cayman Islands Airport Authority (“CIAA”) were committed to a strategy to establish Owen Roberts International Airport (“ORIA”) and Gerard Smith International Airport as the best small destination airports in the region. The current terminal of ORIA was built in 1984 and had reached capacity due to growing passenger volumes and increased aircraft movements.

## KPMG’s role

KPMG Cayman and Caribbean teams worked with management to:

- perform a strategic review of operations to explore revenue enhancement and cost reduction opportunities;
- revise and develop rate setting models and advise on the same;
- benchmark current rate structures with industry standards for similar airports;
- develop a flexible financial model to assess feasibility, impacts and affordability for debt issuance;
- develop capital project financing strategies; and
- provide general airport consulting advice.

## Outcome

The key messages of our report were accepted by CIAA and the Government and various amendments to the law and operating practices were made to support the airport development.

## Key contacts

Kris Beighton, Partner  
Henk De Zeeuw, Partner  
Simon Townend, Partner

# Mixed use development in the Cayman Islands

## Economic impact assistance

### Context

A private developer is looking to expand its existing project in the Cayman Islands and requested KPMG's assistance in preparing an economic impact study to support its discussions with the Government.

### KPMG's role

KPMG Cayman and Caribbean teams worked with management to:

- develop an economic impact model that estimates the direct, indirect and induced impacts of the development and operational phases on GDP (wages, Government revenues, etc.) and jobs; and
- assess other impacts which are not quantifiable.

### Outcome

Our economic impact report has been approved by the client who will submit it to the Government shortly.

### Key contacts

Kris Beighton, Partner  
Simon Townend, Partner  
Charlene Lewis-Small, Director  
Ashita Shenoy, Principal







# Independent Review of Cayman Islands' Public Education System

## Strategic review

### Context

The vision, mission and values statement laid out in the 'Cayman Islands' Strategic Plan for Education 2012-2017' sets out an aspirational ambition to design, develop and continually up-grade an education system. The Cayman Islands' national performance data for public schools suggested an improvement in terms of its own key benchmarking data however it was evident that its performance and progress still lagged behind those countries leading educational change and improvement. There is a real appetite for bringing about and driving through change the realization of the vision, although there is insufficient understanding about what changes might be brought about to achieve this.

### KPMG's role

KPMG in the Cayman Islands was engaged by the Ministry of Education, Employment and Gender Affairs and Department of Education Services to carry out a review of the Cayman Islands' public education system. KPMG undertook a comparison of the Cayman Islands' system relative to systems used in other countries to provide well-informed recommendations as to how the existing public education system could be reformed to achieve improved educational outcomes. KPMG analyzed data and documents provided by the Ministry and performed a benchmarking exercise to understand the performance of the Cayman Islands' education system in a global context. Additionally, KPMG undertook school visits and interviews with the Ministry and DES to understand the curriculum, learning and teaching methods currently used.

With the support and knowledge of KPMG's Global Center of Excellence in Education we were able to bring together a strong group of subject matter experts and highly experienced professionals from around the world to carry out this review.

### Outcome

KPMG's report is currently under review by the Government. Additionally, it is expected that a draft Education Bill, 2015 will be presented to the Legislative Assembly in due course.

### Key contacts

Anthony Cowell, Partner  
Ben Blair, Director



# Solid waste management project in the Cayman Islands

## Transaction due diligence

### Context

The Cayman Islands primarily uses a landfill disposal system on each of its three islands with the Department of Environmental Health (DEH) being responsible for the collection of residential and commercial solid waste along with private haulers. However, there are no franchise collection contracts or service agreements in place between DEH and the haulers. DEH's solid waste revenue is largely generated from fees on vehicle disposals and removals, incinerations and container rentals as well as an annual allocation from the Government budget. There is limited revenue from recycling (most recently scrap metal sales) and no tipping fees are charged for landfill disposal.

In addition to environmental concerns, Grand Cayman's landfill is expected to reach maximum capacity in approximately six years and Cayman Brac's landfill already at capacity. As a result, the Government has undertaken to develop and implement a cost-neutral, environmentally responsible, 50-year integrated solid waste management strategy based on the preferred hierarchy of:

- Reduce
- Reuse
- Recycle
- Recover
- Dispose

### KPMG's role

KPMG's Cayman and Caribbean teams are assisting AMEC Foster Wheeler (the Prime Consultant) in the identification of funding and financing options for the integrated solid waste management strategy report as well as with preparation of the outline business case (inclusive of financial modelling) in accordance with the UK Treasury's Greenbook and Five Case Model. KPMG will also provide assistance to AMEC during the procurement phase.

### Outcome

Development of an integrated solid waste management strategy is underway as a first phase. Once complete, the project will proceed to the outline business case phase, followed by procurement.

### Key contacts

Kris Beighton, Partner  
Simon Townend, Partner  
Charlene Lewis-Small, Director  
Ashita Shenoy, Principal







### Context

Cuba is seeking to diversify its energy mix given that demand is outpacing the supply of traditional (fuel-based) power and the country's cost of fuel has increased. Consequently, the Government has identified a number of objectives for the energy industry:

- promote energy efficiency and conservation;
- increase availability and reliability of the national electric grid;
- introduce renewable energy sources;
- increase exploration and production of local oil and gas; and
- increase international cooperation.

With foreign investor interest in Cuba on the rise, a non-Cuban client was contemplating making an investment in a Cuban renewable energy project.

### KPMG's role

KPMG used its Cuba, Caribbean and global teams to provide due diligence assistance including:

#### *Commercial due diligence*

- analyzing the Cuba power (electricity and renewable energy) market including historical and forecast demand, supply, pricing and transportation characteristics;
- reviewing the institutional and regulatory framework for the energy industry;
- benchmarking power purchase agreements and tariffs; and
- providing an overview of the investment climate and legislation for foreign investors.

#### *Tax due diligence*

- summarizing the results of recent tax audits and commenting on potential tax exposures;
- commenting on applicable tax regulations and compliance requirements;
- commenting on tax implications for the repatriation of profit and investment exit options; and
- commenting on preferred tax structures.

KPMG was able to quickly deploy a cohesive cross-jurisdictional, cross-functional, multi-lingual team to assist the client with its decision making process.

### Outcome

Negotiations between the client and target are ongoing.

### Key contacts

Simon Townend, Partner  
Wendell Meriaan, Partner  
Charlene Lewis-Small, Director

# Refinery redevelopment program in Curaçao

## M&A transactions and other advisory services

### Context

The Government of Curaçao (“the Government”), through one of its 100% owned subsidiaries, owns a large refinery which is leased to an external operator whose contracts culminates in 2019. The Government wants to upgrade the refinery in order to meet international standards and safeguard one of the Island’s economic pillars, while coexisting with other social and economic activities. The Government initiated exploratory discussions with potential companies/ groups with the aim to establish cooperation between strategic partners relating to the future operations of the refinery and the adjacent terminal in Curaçao. The Government will be looking at several strategic partners to co-finance the upgrading project. The total investment estimated by the Government is approximately US\$ 3 billion.

### KPMG’s role

KPMG has been appointed by the Government as the financial advisor to support them in the process of finding a strategic partner by providing a wide range of services including assistance with:

- providing a quick scan and Strategic Orientation Study;
- providing assistance with the determination and establishment of the alternative socio-economic use of the area occupied by the refinery, the determination of the degree of dismantling and cleanup;
- assisting with the determination of the possible financing schemes and sources to fund the dismantling and cleanup efforts; and

- providing M&A advice for an international strategic partnership which will be carried out based on a public tender.

### Outcome

The Government has been provided with the tools to analyze various options of the partial redevelopment of the area, which will be included in the future development of the refinery. When completed, the project will result in a long term agreement for the operations and financing of the refinery and the adjacent deep water terminal.

### Key contacts

Henk de Zeeuw, Partner  
Patrick Newton, Partner





# Watty Vos Boulevard in Aruba

## Financial model



### Context

Aruba was experiencing increased traffic congestion in and around Oranjestad, as well as an increased need for a transport option between the new Barcadera port and the hotel zone. The Watty Vos Boulevard Road Project involved the design and construction of a new arterial road (2x2) around Oranjestad. The construction of the new boulevard will improve traffic flows, travel time, and road safety. It will also facilitate the relocation of the port to Barcadera, enable more social-economic development across the island, and improve the appearance of the low rise hotel zone.

### KPMG's role

A multidisciplinary team combining personnel from KPMG in Portugal and Aruba acted as the financial advisor to Mota-Engil in the bidding for the Watty Vos Boulevard Road Project. The services included negotiations with the grantor, submission of the proposal, advising on debt raising, and tax advice.

### Outcome

Currently the financing raising phase is on its way, and the target date for the Minister of Spatial Development, Infrastructure and Integration to sign the PPP agreement and to reach financial close is scheduled at the start of 2016

### Key contact

Henk de Zeeuw, Partner

# Debt restructuring and project management in Sint Maarten

## Bond Issuance



### Context

As of 1995, Port St. Maarten, Group of Companies, a government owned company is constantly improving its cruise and cargo facilities in order to offer sustainable solutions for the people of St. Maarten and the large group of tourists. The Port is one of the main economic engines for St. Maarten.

In 2010, the Port started with the Simpson Bay Causeway Project, a new bridge crossing the Lagoon providing a solution for the large traffic problems on St. Maarten. This was also the right moment to restructure the company and to transfer some of the existing project loans into an overall bond loan.

### KPMG's role

KPMG acted as advisor to the St. Maarten Harbor Group of Companies ("the Company") and provided a wide range of services including assistance with:

- acting as the Company's financial advisor including the structuring of the Company and the structuring of the new bond;
- acting as the project manager to coordinate the project of the Simpson Bay Causeway, being the liaison between the main stakeholders, including the Government, the financiers, the contractors etc.; and
- providing various financial modelling and other advisory services.

### Outcome

In 2012, the Port successfully issued a USD 150m bond to secure the Simpson Bay Causeway Project and the partial refinancing of the existing loans. The Simpson Bay Causeway is an impressive landmark that relieves the traffic and improves accessibility of the Simpson bay and the airport, positively contributing to the bay aesthetics.

### Key contact

Henk de Zeeuw, Partner





# Cruise port in Saint Lucia

## Concept note

### Context

The Saint Lucia Air and Sea Ports Authority ("SLASPA"), owns the two major seaports in Saint Lucia; Port Castries in the north and Port Vieux Fort in the south. SLASPA is of the view that opportunities exist for strategic development initiatives, as it has been recognized that much of the land within and in the immediate vicinity of the ports is vacant and could be utilized more optimally. SLASPA is exploring options for developing these properties.

Invest Saint Lucia ("ISL") is the exclusive agent for facilitating access for domestic regional and international investors, seeking business development and investment opportunities in Saint Lucia. ISL will facilitate access for potential investors to execute expansion being considered for the port facilities.

### KPMG's role

KPMG was engaged as a financial advisor to ISL and was requested to assist with the following:

- conducting and documenting meetings and discussions with key stakeholders of the proposed development;
- reviewing key tourism statistics such as tourist arrivals by air and sea;
- reviewing existing product offering, for example, conference facilities, restaurants, shopping and entertainment; and
- preparing an updated Concept Note report.

### Outcome

The Concept Note report has been used to guide ISL and SLASPA as they seek to consider a development project.

### Key contacts

Lisa Taylor, Partner  
Christopher Brome, Partner

# Hospital redevelopment in Trinidad and Tobago

## Individual master plans for three public hospitals

### Context

The Ministry of Health of Trinidad and Tobago commissioned Master Plan Studies of the Country's three largest acute care hospitals viz. Port of Spain General Hospital (POSGH), Eric Williams Medical Sciences Complex (EWMSC) and San Fernando General Hospital (SFGH).

The master plans included development of:

- new service delivery model(s) to align care delivery and built infrastructure;
- business case analysis of the feasibility of the proposed implementation strategy;
- short and long-term architectural and site plan development strategies;
- enhanced use of clinical and back-office technology; and
- incorporation of research and medical education.

### KPMG's role

The KPMG team comprising resources from KPMG Canada Healthcare practice and KPMG in Trinidad and Tobago, was retained as the Financial consultant within a project consortium led by B+H Architects.

KPMG, in consultation with other team members, was responsible for developing the overall vision of care for each of the hospitals and the business case for the proposed redevelopment options.

The scope of our work included:

- facilitating workshops with key stakeholders to create a compelling vision for hospital care that will help drive the planning and design of each of the three hospitals;
- researching into leading practices, trends, demographics, and services delivered today and in future clinical scenarios;
- projecting healthcare service unitization and hospital capacity over a twenty-five year planning horizon;

- facilitating workshops to educate key stakeholders regarding traditional and alternative (P3) infrastructure delivery models;
- developing financial models to perform options analysis between various hospital delivery options;
- performing sensitivity analysis over key financial model inputs and assumptions; and
- providing net present value and cash flow comparisons between various options.

### Outcome

The master plans have been completed with KPMG providing two separate deliverables for the engagement, the Future Visioning Report and the Business Case Report.

### Key contacts

Dushyant Sookram, Partner  
Beth Cassells, Partner  
Kathy Ann Nicholson, Senior Manager





# Business process management support for public service in Trinidad and Tobago

Training, process improvement and change management services

## Context

The Ministry of Public Administration in Trinidad and Tobago embarked upon a comprehensive Business Process Management (BPM) programme as part of its mandate to renew and modernize the public service and address concerns about the quality of the public service delivery system in Trinidad and Tobago. The aim of this programme was to enable Ministries, agencies and departments that comprise the public service to improve delivery of their services by improving the services' underlying business processes.

## KPMG's role

KPMG advisory team was selected to provide technical training on BPM, as well as advice and support for a period of 12 months to enable these agencies to achieve more responsive, effective and accountable service delivery. The scope of our work included:

- executive sensitization sessions with Permanent Secretaries and Directors of various agencies on the outputs and benefits of BPM and Change Management;
- 5-day technical training sessions in Business Process Management and Change Management; and
- post-training support to various ministry/agency project teams as they work on improving a particular project or service.

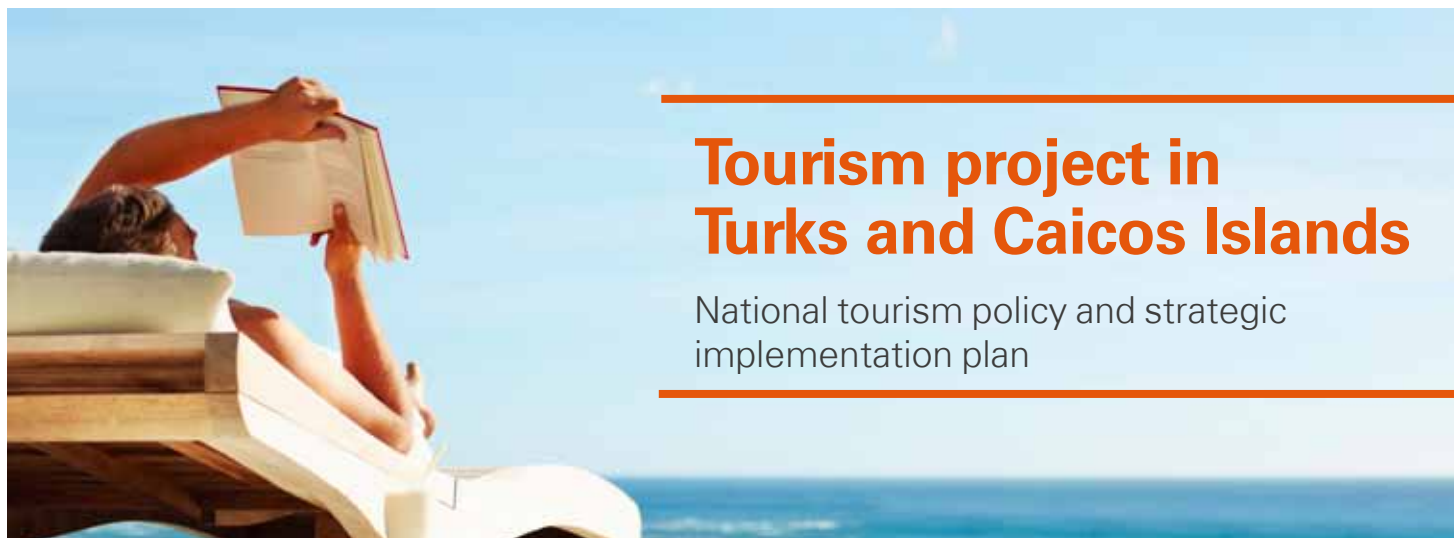
## Outcome

Over 200 public officials were trained to utilize a structured Business Process Management and Change Management approach. This resulted in a more efficient public service with members of staff fully equipped to be able to transform the public sector by rolling out improvement initiatives in a more effective manner.

## Key contacts

Dushyant Sookram, Partner  
Abigail De Freitas, Director





# Tourism project in Turks and Caicos Islands

## National tourism policy and strategic implementation plan

### Context

The Turks and Caicos Islands' tourism industry has experienced rapid growth over a period of 30+ years, primarily in the luxury sector. Most of the growth has taken place on the island of Providenciales, voted by Trip Advisor as the World's Best Island for 2015. The population of Providenciales increased fivefold from 1980 to 1990, tripled from 1990 to 2001 and nearly doubled from 2001 to 2012, primarily driven by the impact of tourism.

In order to maintain and develop its leadership position in the tourism industry, the Turks and Caicos Islands Government engaged KPMG in the Turks and Caicos Islands to advise on a Tourism Strategic Plan to set the context for the tourism sector of its economy over the next 10+ years.

The intention of the Plan was to strengthen the institutional framework of the tourism sector and to deepen and widen participation in the sector to other islands in the Turks and Caicos Islands chain, not just the island of Providenciales. Particular emphasis was placed on ensuring recommendations were successfully implemented.

### KPMG's role

KPMG in the Turks and Caicos Islands led a team of travel, leisure and tourism specialists with prior experience of strategic planning engagements, primarily from KPMG member firms and most notably KPMG's Real Estate, Leisure and Tourism Practice in Budapest. KPMG's scope of work included, but was not restricted to:

- conducting a comprehensive exit survey of tourists over an extended period, compiling, analyzing and presenting results;
- facilitation of an extensive online survey of citizens and residents, compiling, analyzing and presenting results;
- chairing town hall meetings on all major inhabited islands;
- advising on structural reform needed most notably with regard to changing prior unsustainable strategies, enhancing utilization and analysis of tourist data, improving the current approach to inward investment and identifying ways to help Turks and Caicos Islanders succeed in the tourism industry;
- reflecting a desired future status by way of a Vision;
- identifying strategic pillars needed to support the Turks and Caicos Islands' tourism industry; and
- provision of comprehensive advice on how to implement recommendations in the short, medium and long term.

KPMG's recommendations concentrated on sustainable solutions for the Turks and Caicos Islands' tourism industry, ensuring the unique, natural environment of the islands is protected and tourists enjoy authentic experiences in a peaceful and safe setting.

### Outcome

KPMG's findings have been presented to the Cabinet of the Turks and Caicos Islands. Most of KPMG's suggestions appear to have been accepted and the National Tourism Policy and Strategic Implementation Plan is expected to reflect many of KPMG's recommendations.

### Key contacts

Gary Brough, Managing Director  
Andrea Sartori, Partner  
Simon Townend, Partner





## Ground-breaking thinking

**Infrastructure:** one of the biggest and most complex challenges of the 21st century. An estimated US\$57 trillion of investment will be needed by 2030 to sustain global growth. There is currently an estimated US\$17 billion in the infrastructure project pipeline across island regions. Our Global Infrastructure practitioners, on site in 155 countries, advise governments, developers and investors across the life cycle of projects - from strategy and financing to delivery and hand-back.

Dig deeper at [kpmg.com/infrastructure](https://kpmg.com/infrastructure)



# KPMG's Caribbean Infrastructure & Government Contacts

Please contact the KPMG member firm represented in your country if you have any questions. KPMG member firms are represented in more than 18 countries in the Caribbean region, and have a specific knowledge and understanding of the business, cultural, economic and political facets of conducting business in each country.

## **Antigua & Barbuda, Dominica**

Cleveland Seaforth  
+1 268 462 8868  
cseaforth@kpmg.bb

## **Bahamas**

Simon Townend  
+1 242 393 2007  
stownend@kpmg.com.bs

## **Barbados**

Lisa Taylor  
+1 246 434 3900  
lisataylor@kpmg.bb

## **Bermuda**

Stephen Woodward  
+1 441 294 2675  
stephenwoodward@kpmg.bm

## **British Virgin Islands**

Russell Crumpler  
+1 284 494 1134  
russellcrumpler@kpmg.vg

## **Cayman Islands**

Kris Beighton  
+1 345 914 4392  
krisbeighton@kpmg.ky

## **Aruba, Bonaire, Curacao, St. Maarten & Suriname**

Henk de Zeeuw  
+599 9 732 5156  
dezeeuw.henk@kpmg.com

## **Jamaica**

Raymond Campbell  
+1 876 922 6640  
raymondcampbell@kpmg.com.jm

## **St. Lucia**

Frank Myers  
+1 758 453 1471  
fvmeyers@kpmg.lc

## **St. Vincent & the Grenadines, Grenada**

Brian Glasgow  
+1 784 456 2669  
brianglasgow@kpmg.vc

## **Trinidad & Tobago**

Robert Alleyne  
+1 868 623 1081  
ralleyne@kpmg.co.tt

## **Turks & Caicos Islands**

Gary Brough  
+1 649 946 4613  
gbrough@kpmg.tc

[www.kpmg.com](http://www.kpmg.com)

The information contained herein is of general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2015 KPMG International Cooperative ("KPMG International"), a Swiss entity. Member firms of the KPMG network of independent firms are affiliated with KPMG International. KPMG International provides no client services. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International.