

Air Jamaica Privatization

Project Location

Jamaica

Stakeholders

International Finance Corporation / U.S. Trade and Development Agency / Air Jamaica

Key Services

- Drafting of technical assistance project
- Concession assistance budget
- Market and project analysis

Project Highlights

The KED Team has participated in two processes to provide technical and legal assistance during the concession in 2008 and 2010.

Description

In 2008, the Government of Jamaica (GoJ) initiated a divestiture and re-privatization process of its flag carrier, Air Jamaica. This decision responded to the airline's increasing financial losses and the restructuring needed to face the challenges of new market conditions. Air Jamaica had been partially privatized in 1994, but after 10 years the GoJ renationalized it with the objective of increasing profitability. The newly elected government set the privatization of the airline as a top priority and engaged the International Finance Corporation (IFC) as its Lead Advisor for the restructuring of the airline prior to its sale and final closure of the transaction. With the assistance of the IFC, the privatization process moved forward during 2008 and 2009.

The KED Team assisted the International Finance Corporation in structuring the most appropriate strategy for tendering of the privatization, considering the need for technical, legal and financial assistance during the privatization process and assessing potential market factors and demand. Our team work with members of the IFC and USTDA in order to obtain financing for legal services and associated with the privatization of this airline and developed budgets related to those services that were ultimately needed during the transition process and divestiture of Air Jamaica to the winning bidder. After initial negotiations failed with the winning bidder, our firm was rehired to structure a second phase of the process. This project is in progress.