

A Quarterly Publication from the PPP Unit of the Ministry of Finance and Economic Development, Mauritius

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PPP Update

The three projects, namely, the new town at Highlands, the Mixed Use facility at Rose Hill and the Port Louis Ring Road and Harbour Bridge have progressed since the publication of the last issue of the PPP Newsletter in January 2008. The current issue provides an update on the latest development on these projects. A case study on a project similar to the proposed new town at Highlands has also been included for the benefit of our readers.

In addition to the three PPP projects, Government now intends to set up a Wind Farm at Bigara to promote the use of renewable energy to generate electricity. This issue introduces readers to the Bigara project and also provides in “Wind Power Grows Globally” an insight into the development of wind energy projects across continents.

With a view to come up with a pipeline of new PPP projects, the Ministry of Finance and Economic Development has initiated a process for the preparation of a 10-Year Infrastructure Plan. This subject is covered on Page 8 of this Newsletter.

Feedback from our readers are welcomed.

PPP Unit

The new town project at Highlands, Mauritius

The new town project at Highlands is progressing towards the implementation phase. The last few weeks have seen the development of a market strategy to stimulate interest in the project. An important information to be provided to the market is the extent of resources to be committed by the master developer to finance the construction of buildings to accommodate the Government Administration. The list of the public sector institutions which will move to Highlands under this project has been formalized by Government in May 2008. This article elaborates on this component of the project.

One challenging task under the new town project is to determine the space required by public sector institutions (PSI) at Highlands. A survey was carried out by the PPP Unit to determine which PSI would move to Highlands and to obtain their proposed space requirements.

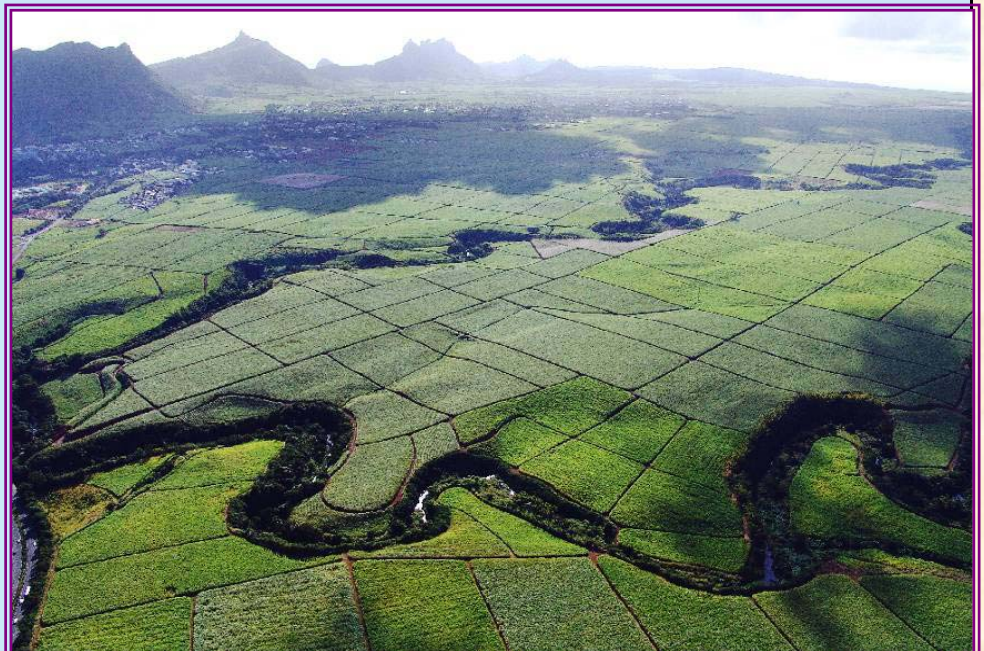
A Committee was set up at the Ministry of Public Infrastructure, Land Transport and Shipping (MPILTS) to analyse the results of the survey and to make recommendations as to those Ministries/Departments which need to be relocated to Highlands and their respective minimum space requirements.

The Committee recommended the relocation of some 11,000 employees from more than 70 public sector institutions. The Committee also proposed that the National Assembly, Supreme Court and Police Headquarters be housed in separate buildings owing to their specific functions and for security rea-

sons. Government approved these recommendations in May 2008.

With the relocation of Ministries/Departments to Highlands, one concern is the resultant impact on economic and social activities in Port Louis. Government may consider incorporating the following activities while planning the future development of Port Louis: Greening and Landscaping of the heart of Port-Louis; inland Tourism including culture, leisure and shopping; port and waterfront activities; and international banking and financial services.

Readers may refer to the previous issues of the PPP Newsletter for more de-



Case Study on new town: The Putrajaya Project in Malaysia

As the new town project at Highlands is moving towards its last critical phase – the recruitment of a master developer to implement the project – there is a growing interest on how various practical aspects will be dealt with. This article intends to bring some light by reviewing a new town project which started years ago - the Putrajaya Project in Malaysia. Readers will appreciate the striking resemblance of this project to the Mauritian Project.

In June 1993, the Malaysian Government decided to relocate the federal administrative capital from Kuala Lumpur to the district of Sepang in Selangor. The relocation of the administrative capital is part of its decentralization policy as well as a means to alleviate traffic congestion in Kuala Lumpur. Following this decision, Putrajaya has become the new administrative seat of the Malaysian Government.

Putrajaya is a city planned with due consideration for the environment. The city plans to embrace two main themes: city in a garden and intelligent city.

Construction works started in October 1996. By 2005, it already had about 80,000 inhabitants, with modern and smart public amenities and infrastructure. Putrajaya is equipped with a good inter- and intra-city transport system, including monorail and water taxis, a broadband global multimedia communication platform, and a common utility tunnel for services, hospitals, and schools.

About 38% of the land is being developed into parkland. Putrajaya has the largest man-made wetland in Malaysia with a total area of about 160 hectares (ha), which is used for recreational activities as well as scientific and biological research.

Just like the planned new town at Highlands is located next to the Ebene Cyber City, Cyberjaya which is the multimedia super corridor (MSC) city dedicated to multimedia companies is adjacent to Putrajaya and is surrounded by other MSC clusters such as telesuburbs, a high-tech park, and cyber-village and airport city.



25 MW Wind Park at Bigara

The Government of Mauritius has recently endorsed a National Outline Energy Policy 2007 – 2025, with the clear objective to promote greater use of renewable resource for electricity generation. Wind energy is one of the sources identified and which is cleaned and abundant over the island. Government has set a target of 10% contribution from wind energy to the total electricity production by 2025.

The Ministry of Public Utilities (MPU) is responsible for overseeing the development and implementation of a 25 MW Wind Energy Project at Bigara, Curepipe under a Public Private Partnership (PPP) arrangement.

Incentives to promote the development of such renewable sources of energy would be considered to encourage investment in this sector. Cost can be recovered quickly as the running charges of such plant is lower than

The objectives of the project are to:

- diversify the energy mix so as to be less dependent on fossil fuels
- follow the global trend of going towards a pollution free environment by using renewable energy to produce electricity
- contribute towards the reduction of Green House

Gases emission, thereby mitigating adverse effects of global warming and benefit from carbon credit under the Clean Development Mechanism projects defined in the Kyoto Protocol of the United Nations Framework on the Climate Change Convention.

The project cost is estimated around \$ 35M and is expected to yield some 50 to 60 million KWh annually.



a fossil type fired plant.

The Ministry of Public Utilities will soon appoint a Transaction Advisor to undertake a feasibility study for the project and to prepare the Request for Proposals (RFP) documents for the selection of a private developer to implement the project.

Wind Power Grows Globally

Wind power currently accounts for about 1 % of electricity generation worldwide. Denmark leads the field with 27 % of its energy from wind, Spain and Portugal have 9 % and Germany and Ireland 6 %. This article looks at the development of Wind Power across different continents.

United States. In the United States, the move to environmentally friendly power production is strong, leading to development of larger wind farms around the country. Improvements in technology and falling equipment costs and other financial incentives, make wind power fully competitive with fossil-fueled power generation. In 2006 alone, U.S. wind power capacity increased 27 percent, bringing total installed wind capacity in the United States to nearly 11,603 MW. It is expected that the U.S. market will remain robust as the emphasis on "green power" grows, fueled by high fossil fuel costs and increasing concerns about global warming.

Europe and Asia. In Europe, prospects for continued growth of wind power are very favorable. The European Union set the goal of obtaining 40,000 MW of power from wind sources by 2010. Wind power now supplies approximately three percent of the European Union's total electricity consumption in a given year. To achieve this goal, a number of countries have adopted laws with minimum price guarantees for wind-generated electricity. The United Kingdom, with approximately 1,000

MW, is gearing up development of on-shore and offshore projects with wind capacity expected to reach 1,500 MW soon. Japan and other countries in Asia will also provide areas of growth for wind development projects as commitments to increase the proportion of energy from renewable sources continue.



Africa. South Africa switched on its 1st wind farm on 23 May 2008 at Darling, a town about one hour from Cape Town. The four turbines on the farm are expected to save an estimated 100,000 tons in coal consumption. The \$10 million project started in 2006 and took two years to complete. According to the Chief Executive of Darling Wind Power Farm, South Africa with its long windy coastline has the potential to accommodate 70,000 turbines.

Road Project on PPP to address traffic congestion in the Capital City:

Design, Construction, Financing, Operation and Maintenance of the Port Louis Ring Road Project and the Harbour Bridge Project

The Government of Mauritius (GOM) intends to construct an harbour bridge and a ring road in Port Louis. Road users are facing heavy traffic congestion while entering and exiting Port Louis during peak hours. The purpose of the bridge and the ring road is to alleviate this traffic congestion problem.

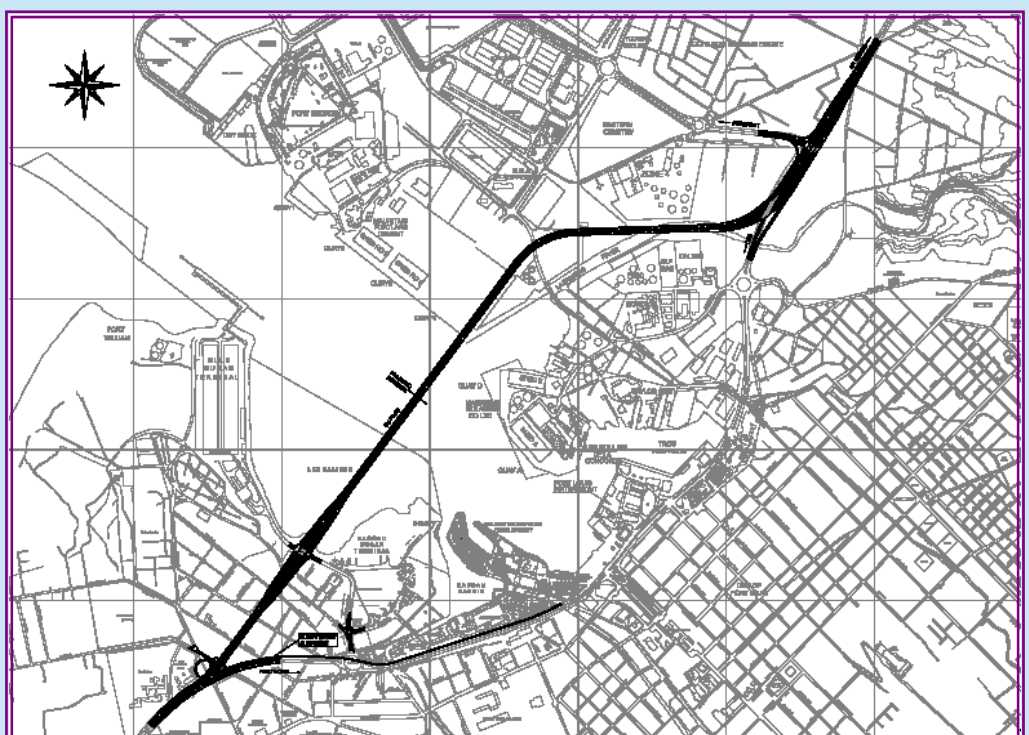
The Road Development Authority (RDA) is the Government agency responsible for the implementation of the project. It intends to procure the services of a transaction advisor with proven experience to assist it through the regulated phases of the PPP project cycle.

The selected transaction advisor would comprise a team of suitably qualified and experienced financial, technical and legal advisors to assist the RDA with the following scope of work:

Stage 1: Undertake a comprehensive feasibility study to establish and quantify the feasibility of the Project.

Stage 2: Subject to Government decision to proceed, the transaction advisory team will have to provide advisory services in the procurement of an appropriate service provider to deliver the Project.

The RFP documents for the recruitment of the transaction advisor have been prepared by a Technical Committee at the RDA and comprises representatives of the PPP Unit. The Central Procurement Board has approved these documents. They would be floated most probably during the last week of May 2008.



Mixed Use Facility Project at Rose Hill

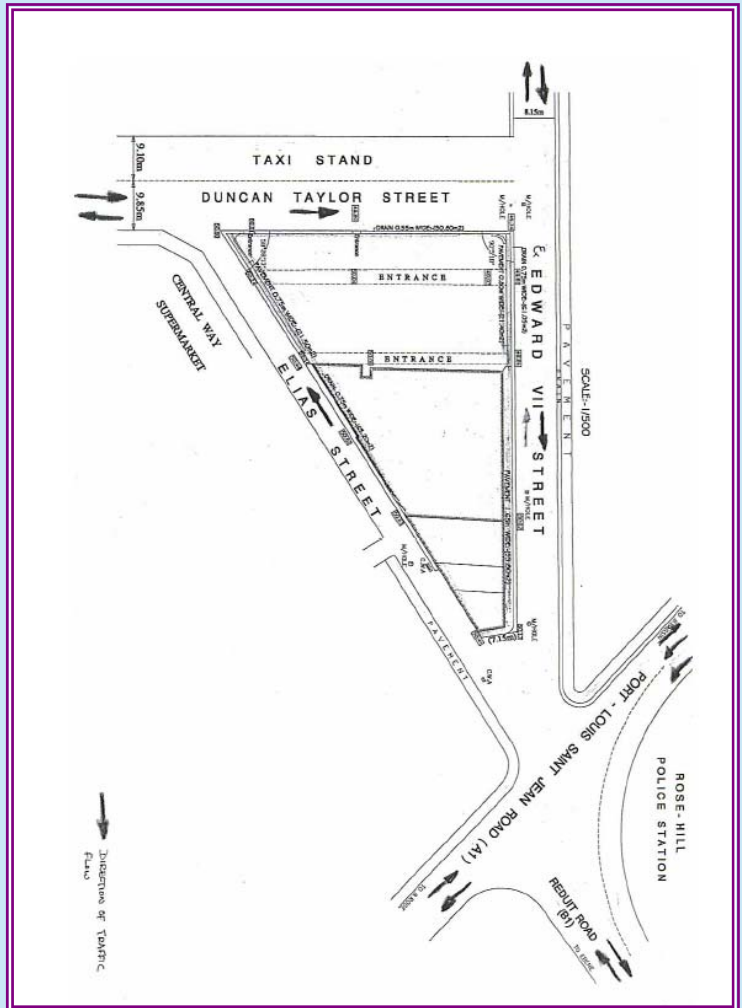
The Request for Proposal for the recruitment of a transaction advisor for the Integrated Mixed Use facility (including a Market) at Rose Hill was launched on 20 March 2008. The progress of the project to date is outlined in this article.

A pre-bid meeting was held on 3 April 2008 and was attended by the representatives of potential transaction advisors, namely, CRISIL Risk & Infrastructure Solutions Ltd, KPMG Advisory Services Ltd and the Standard Bank (Mtius) Ltd. A site visit was effected after the pre-bid meeting.

The deadline for submission of bids was 24th April 2008. Four proposals were received, namely:

1. Ernst & Young Private Ltd, India;
2. Crisil Risk & Infrastructure Solutions (India) Ltd;
3. MBB Consulting Services (Pty) Ltd, South Africa; and
4. Lyons Property Solutions (Pty) Ltd, South Africa.

The evaluation report is currently being finalised.



Forthcoming On line PPP Courses

Offered by IP3's Global Training Services (GTS)

PPP Project Officers Management Skills Development, July 2 - 25, 2008

PPP Skills and Competency Development, August 13 - September 26, 2008

PPP Project Officer's Management Skills Development, September 5 - 28, 2008

Advanced Project Finance and Financial Modeling Techniques, September 3 - October 17, 2008

Stakeholder Consultation, Public Awareness, and Media Relations, September 3 - October 17, 2008

PPP Project Officer's Management Skills Development, November 5 - 28, 2008

PPP Skills and Competency Development, November 5 - December 19, 2008

For more details, please consult PPP Newsletter January 2008 Issue

Preparation of a 10-Year Infrastructure Plan

Facilitating the growth and diversification of the economy requires timely and well-planned development of critical supporting economic infrastructure. As such, the Government of Mauritius intends to adopt a holistic approach towards planning of infrastructure development so as to make the optimal use of investments for desired economic benefits.

1) The 10-Year Infrastructure Plan will be a cohesive package of plans, policies, development strategies and mechanisms that will help Mauritius achieve its Infrastructure Development Vision. The vision will be a comprehensive document covering the following:

- Key strengths and weaknesses of Mauritius;
- new economy thrust engines such as ICT, seafood, knowledge services etc; and
- socio economic targets and overall strategy to achieve them.

2) The objectives of the Plan are to:

- provide actionable strategies for efficient provision of economic infrastructure
- identify infrastructure development strategies that adequately caters to the need for sustainable development
- help identify desirable and possible areas/sectors for private investment
- identify the institutional changes required to support the identified strategies.

3) In operational terms, the Plan will cover both long term strategy and short term implementation.

A. Long-term strategy will include:

- Sector strategy
- Targets
- Key success factors
- Prioritization of key projects and programmes
- Institutional arrangements
- Key legal and policy enablers
- Financing strategy (PPP, donors, budget, etc)

B. Short-term implementation will include:

- Key priority projects in next 5 years
 - ◊In high growth sectors (drivers)
 - ◊In sectors that need development to support other sectors (linkages)
- Financing plan including private investment

- Immediate legal, policy and administrative actions
- PPP projects and their implementation plan



4) The Plan will cover the following sectors:

- (a)Roads and bridges
- (b)Seaport, Airport and Land Transport
- (c)Energy
- (d)Water supply
- (e)Sewerage and Solid Waste Management
- (f)Physical infrastructure in Urban Areas
- (g)ICT and ICT enabled Services
- (h)Tourism Infrastructure
- (i)Specially demarcated Economic Zones / Industrial Development

5) The Ministry of Finance & Economic Development, through the PPP Unit, has sought the assistance of the World Bank to appoint a multi-disciplinary team to prepare the Plan.

6) It is expected that the assignment will start by mid of next year.