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## PPP Update

We are pleased to inform our readers that the four projects that have been initiated under the PPP scheme and covered in our previous PPP Newsletters are progressing smoothly. Articles highlighting the status of each of these projects are included in this issue.

The Budget Speech 2008/2009 announced the use of PPP to implement social and infrastructure projects and the preparation of a Public Sector Investment Programme (PSIP). A summary of budgetary measures relating to PPP and details on the PSIP are given on page 6.

The Finance Act 2008 brought two major amendments to the PPP Act 2004, namely, the process for managing unsolicited proposals for PPP projects and the setting up of a PPP Committee. Pages 2 and 4 of this issue cover these amendments.

We are also honored to include an article by City and Financial (UK) which is planning to organize an Inaugural PPP Africa Summit in Mauritius around April next year.

Feedback from our readers are welcomed.

# Management of Unsolicited Bids in Mauritius

*Unsolicited proposals for PPP projects are now allowed under the Mauritian legislation. The PPP Act 2004 as amended by the Finance Act 2008 provides a transparent process for the management of such proposals. This article provides a detailed step by step analysis of the process.*

## Step 1

A private promoter (referred to as the Original Proponent) submits a project concept and the proposed cost of a detailed feasibility study (see Step 3b) to the contracting authority.

## Step 2

The contracting authority will examine the project concept in line with the relevant sector strategies. Within 15 working days of receipt of project concept, the contracting authority will submit the project concept together with its assessment to the Public-Private Partnership (PPP) Committee which may approve or reject the project concept.

## Step 3

If the project concept is retained, the contracting authority must within 5 working days request the original proponent to submit to the Committee –

- details of his technical, commercial, managerial and financial capabilities;
- a feasibility study containing the technical and commercial details of the project; and
- the nature of information which is proprietary.

## Step 4

The PPP Committee will assess the feasibility study and evaluate the technical proposal. If the technical proposal is rejected, the process will end.

## Step 5

If the technical proposal of the original proponent

is accepted, the contracting authority must prepare Request for Proposal (RFP) documents which will be based on information contained in the technical proposal of the original proponent. The RFP documents must be approved by the Central Procurement Board (CPB) before bids are invited.

## Step 6

The original proponent will be requested to submit his financial proposal to the CPB. The other bidders must submit both their technical and financial proposals.

## Step 7

Mention will be made in the RFP documents to the effect that -

- the PPP project has emanated from an original proponent whose technical proposal has been accepted by the PPP Committee;
- the original proponent will be awarded the project if his price is within 10 % of the price of the preferred bidder; and
- if the original proponent is not awarded the contract, the contracting authority will compensate the original proponent the approved cost of the feasibility study. The contracting authority will claim such cost from the successful bidder.

## Step 8

The CPB will evaluate bids received and will give its approval for the award of the project to the successful bidder.

## Wind Park Project at Bigara

**The April Issue of the PPP Newsletter announced the proposed development of a Wind Park Project at Bigara. Request for proposals documents for transaction advisory services are presently being finalized by the Government. This article provides further information on the project.**

Bigara is found in the central high plateau of Mauritius and is at least 600m above mean sea level.

The proposed site for the development of the wind park is a well exposed area and has very good wind energy potential. The land area is quite vast, large parts of which are generally bushy while others are covered with forest.

The Bigara site houses, amongst others, a transmission station (aeronautical communications and navigational aids) of the Department of Civil Aviation.

For all purposes, the Bigara area is probably the most suitable for the development of wind power in Mauritius. This is substantiated from a study carried out in the 1980's by Batelle, Pacific Northwest Laboratories under a UNDTCD funded project entitled 'Wind Energy Resource Assessment for Mauritius'. Under the project, eleven sites were selected for wind measurements and, at each of the sites, a wind data collection system was installed. At 10 of the sites, a 3-cup anemometer and wind vane was installed. The Bigara site was the eleventh site and where anemometers were installed on a 600-ft transmission tower at four levels: 10, 32, 73 and 122m respectively.

The average wind power potential for the eleven sites are given in Table 1 below:

Annual Average Power Potential (Mauritius)			
Station Name	Hours of Data	Annual Average Speed (m/s)	Annual average power (W/m <sup>2</sup> )
St. Antoine	12650	5.3	141.3
Moka	10877	4.1	83.0
Palmar	3302	4.6	83.5
Vieux Grand Port	5380	5.6	196.0
Union Park	7153	3.4	55.7
Bois Cheri	3540	3.7	46.6
Grand Bassin	5715	5.1	112.0
Bel Ombre	10193	6.0	201.2
St. Felix	6440	4.1	74.6
Gris Gris	2816	6.0	214.7
Bigara 32 (10m)	4852	5.0	109.2
Bigara 100 (32m)	8643	6.4	203.9
Bigara 240 (73m)	5057	7.8	398.9
Bigara 400 (122m)	3987	8.1	504.5

Based on the above information and the land area available, it is expected that a wind park of 25-40 MW could be developed at Bigara.

## Mixed Use Facility Project at Rose Hill

In July 2008 Crisil Risk & Infrastructure Solutions (India) Ltd has been awarded the contract for transaction advisory services for the Integrated Mixed Use facility (including a Market) at Rose Hill.

The transaction advisory team is responsible, amongst others, to prepare a feasibility study and assist in the selection of a private party. It has already submitted a draft Inception Report and a draft Needs and options report. These reports are presently being finalized.



The tentative schedules for some other deliverables are as follows:

Market study	20 August to 31 August 2008
Technical Due Diligence	20 August to 25 September 2008
Legal Analysis	20 August to 7 October 2008
Preparation of Feasibility Study	1 September to 15 October 2008
Marketing	1 December to 10 December 2008
Bid Process and Selection	15 January to 30 March 2009

## Ring Road and Harbour Bridge Project

The Request for Proposal for transaction advisory services for the Ring Road and Harbour Bridge Project at Port Louis was floated in June 2008. The original deadline of 9 July 2008 for the submission of bids was extended to 1 August 2008 as per the request of potential bidders.

Eight bids were opened by the Central Procurement Board (CPB) on 1st August 2008. Most of the bidders had formed consortium with other firms to consolidate their fields of expertise. The lead bidders were from diverse countries, namely, France, India, Mauritius, South Africa and United Kingdom.

An Evaluation Committee set up by the CPB is currently evaluating the bids.

For further information on the above projects, please consult previous issues of the PPP Newsletter on <http://mof.gov.mu/ppp>

# The new town project at Highlands, Mauritius - Interactions with Local Stakeholders

*By Mr. B. Dabeesing*

The State Land Development Company Ltd (SLDC) has in the month of February 2008 appointed a Transaction Advisor (TA) to compile all necessary documents to enable the SLDC to procure a master developer to implement the Highlands project.

Over the past six months, the TA has compiled the following documents:

- (i) Feasibility study based on a concept plan;
- (ii) Marketing plan;
- (iii) Project branding and creation of website;
- (iv) Undertaking a legal due diligence; (under preparation)
- (v) Preparing technical specification; (under preparation)
- (vi) Preparing information memorandum for road shows schedule to be held in September and October 2008.

Prior to going on road shows, the SLDC organized a half day meeting on the 29<sup>th</sup> July 2008 at the Swami Vivekananda International Convention Centre, Pailles, with leading professionals and business men especially those who are in real estate and property development business. Architects, Engineers, Consulting firms, Contractors, Bankers, Real Estate Company, Property Developers and Stakeholders, namely, University of Mauritius, University of Technology of



*Mr. B. Dabeesing*

*Chief Executive Officer, SLDC*

Mauritius and Tertiary Education Commission, were invited. The Highlands project was presented to an audience of about 150 persons.

The themes of the presentations were focused on the concept and rationale behind the implementation of the Highlands Project and on the potential attractiveness of the proposed investment opportunity.

The audience sought for some clarifications on the feasibility analysis and the basis for assumption. Ultimately the audience present at Swami Vivekananda International Convention Centre, Pailles, commended the initiative of the Government of Mauritius and the State Land Development Co Ltd.

## **Budget Speech**

The Deputy Prime Minister and Minister of Finance and Economic Development presented the National Budget 2008/2009 in June 2008. Much emphasis has been laid on the use of Public Private Partnership (PPP) for various projects. The measures related to PPP are as follows:

- Strengthening of the PPP Unit to prepare the Public Sector Investment Programme
- Amendment of the PPP Act 2004 to clarify the process for unsolicited proposals
- Construction of a 12 kilometer Port Louis Ring Road on a PPP basis from Sorèze to Quay D roundabout including a tunnel of 775 metres through Quoin Bluff
- Construction of a Harbour Bridge to connect Port Louis at Royal College to Roche Bois roundabout
- Construction of the City at Highlands with an investment of Rs 100 billion. Emphasis will be laid on use of renewable energy.
- Implementation of a PPP project at Bigara for the generation of electricity using wind energy
- Generation of electricity using wind energy at Rodrigues
- Construction of 10 mixed-income communities on 1000 arpents of land

Most of the above measures have been detailed in the articles of this Newsletter. The next issue will provide further details.

## **Public Sector Investment Programme**

Our last issue of the PPP Newsletter announced the intention of Government to prepare a 10 year Infrastructure Plan. During the previous months, the idea of a Public Sector Investment Programme (PSIP) has also emerged. In order to avoid duplication, the long term infrastructure plan will be integrated within the PSIP.

The Public Sector Investment Programme (PSIP) is intended to provide a useful guide to policymakers, development partners, line ministries/public enterprises and the private partners for informed decisions on those investment projects that can be funded partly or wholly through public funds, foreign loans/grants and private capital.

The main objectives of having an Investment Program are as follows:

- Provide estimated annual cash flow for investment projects
- Facilitate the preparation of sectoral expenditure ceiling
- Serve as a basis and a guide for the preparation of the 3-year rolling Performance Based Budgeting
- Provide a pipeline of projects for seeking assistance from funding agencies
- Identify possible areas for private investment, and the changes in policies required for encouraging private investment including specific opportunities for domestic and international investors

# **The Inaugural Public Private Partnerships Africa Summit in Mauritius**

## **by City and Financial (UK)**

***Across the world, public-private partnerships (PPPs) are playing an increasingly important role in enabling governments to finance and operate capital-intensive projects. The UK – the most advanced PPP user in the world – closed 68 deals in 2007 alone, providing a wide range of facilities including hospitals, roads, military training facilities and schools.***

Many countries throughout the world are now adopting PPPs as the key method with which to provide public services. From North America to South America, Europe to the Middle East and from Asia to Africa, PPPs have reshaped and are continuing to reshape the structure of government as politicians and public servants increasingly focus on exploiting the many benefits to be gained when the spheres of government and business intersect. This combination brings together the respective talents of each to deliver what traditionally have been considered government activities. Public-private partnerships enable governments to meet the demands for modern and efficient public services, while using fewer of their own resources and still maintaining or even improving the quality of service provision. Public need is identified clearly and risk and reward are allocated fairly. Government maintains control of what it is best at and forms partnerships to benefit from commercial discipline and greater ability to innovate within the private sector.

Governments across Africa, all of which face huge development challenges, are increasingly turning to innovative methods such as PPP to develop their nation's infrastructure and to ensure value for money. Across the continent investments in PPP projects over the last couple of years have grown phenomenally. 2006 saw PPP investment of over US\$11 billion, in comparison to the decade before when investments varied between US\$3-5 billion (World Bank, PPI database). Many countries in the continent have already set up, or are in the process of setting up, PPP Units or Ministries with a particular focus on PPP activity. South Africa and Egypt have the most developed PPP

programmes in Africa with many countries ready to follow suit.

With an estimated Rs 125 billion earmarked - over the next decade – for public infrastructure projects, the government of Mauritius currently has extensive plans to utilise PPP to secure its infrastructure ambitions. The PPP programme is now moving forward, with projects such as the 12km Port Louis Ring Road, the new town Project at Highlands, the Harbour Bridge project and a huge injection of equity into the Airports of Mauritius Ltd to support airport expansion.

With this level of investment and projected projects Mauritius is an ideal host nation for this inaugural PPP Africa Summit organised by City & Financial.

City and Financial held its first Annual Global PPP Summit in 2000 in Cape Town, South Africa. Subsequently, it was hosted by the Governments of Ireland, the Netherlands, Germany, the Czech Republic, and Denmark. Thereafter the Summit became the European Summit and was hosted by Greece and the UK. Building on the success of this flagship event, City and Financial went on to organise three regional summits, *the PPP America's Summit* now in its fifth year – hosted by the U.S. Government, *the PPP Asia Summit* now in its fourth year – last hosted by the Government of Singapore; and most recently, *the PPP Middle East and North Africa Summit* now in its third year – last hosted by the Government of the Hashemite Kingdom of Jordan.

(Cont. on page 8)

## Setting up of the PPP Committee

***The PPP Act 2004 as amended by the Finance Act 2008 has set up a PPP Committee which is now responsible for all matters relating to PPP. This article describes the main functions of this Committee.***

The Public-Private Partnership (PPP) Act 2004 requires the PPP Committee to deal with all matters relating to PPP project.

The members of the Committee are as follows:

- (a) Mr. P. Beeharry as the Director of the Procurement Policy Office. He is the Chairperson of the Committee;
- (b) Mrs. S. Appanah, Senior Analyst, representing the Ministry of Finance and Economic Empowerment;
- (c) Mr. D. Balloo, Deputy Chief Architect, representing the Ministry of Public Infrastructure, Land Transport and Shipping; and
- (d) Mr. K. N. Reddy, State Counsel, State Law Office (SLO) representing the Attorney-General's Office.

The Committee may co-opt other persons whenever required.

The Committee has decided to meet regularly on the last Thursday of each month or

earlier if there is an urgent matter to address.

The functions of the Committee are as follows:

- (a) make an assessment of feasibility study submitted to it and gives its recommendations to the relevant contracting authority;
- (b) develop best practice guidelines in relation to all aspects of public-private partnership;
- (c) formulate policy in relation to public-private partnership projects; and
- (d) develop public-private partnership awareness in the country.

The PPP Committee will be assisted by the PPP Unit which comprises staff from the Ministry of Finance and Economic Empowerment.

### **The Inaugural Public Private Partnerships Africa Summit in Mauritius**

***by City and Financial (UK) (Cont. from Page 7)***

With extensive experience in designing events that provide a forum for the exchange of ideas between the public and private sector, we wish to build on the success of our other regional PPP events, by holding the Inaugural PPP Africa Summit in a country that is actively pursuing a PPP programme.

Attendance at this inaugural summit will be in-

valuable for all senior decision-makers involved in PPPs from the public and private sectors in Africa as well as from outside the continent. It will bring you up-to-date with the latest opportunities and developments regionally as well as globally. It will enable you to apply to your own projects cutting-edge thinking on how the more difficult issues associated with structuring PPPs can be resolved. It will give you practical examples of best practice for you to adapt and to learn from. Finally, it will enable you to network with your peers in the public and private sectors.