

PPP QUARTERLY

PUBLIC PRIVATE PARTNERSHIPS

Innovative infrastructure and service delivery by
South African national and provincial government and public entities.

June 2003 Number 11

FINANCE MINISTER SERIOUS ABOUT MAKING PPPs WORK

Finance Minister Trevor Manuel, launched the draft *Standardised PPP Provisions* at a gathering of some 170 leading South African bankers, lawyers, accountants, engineers and business executives at the National Treasury's Church Square headquarters in Pretoria on 6 May.

The event was oversubscribed, as the fast-emerging PPP industry took the opportunity to listen to the Minister speak on PPPs, network amongst themselves, and begin to digest the 340-page document.



South African Finance Minister, Trevor Manuel

Minister Manuel captured the mood by describing the launch as: "Gratifying, more particularly because such a formidable gathering of intellectual and financial capital, at a launch of some 300 folios of dense, frankly insufferably uninteresting text, which in itself represents not a single cent of business opportunity, signals that we must have got something right. There must be something in the evolution of Chapter 16 of the Treasury Regulations that has struck an alarm bell. There must be something in the interaction you have had with our PPP team that has elevated your interest above the ordinary... something important that has brought you here. That thing is of course... that we are serious about making public private partnerships work in South Africa. Deeply, profoundly serious."

He outlined the development challenges faced by the country, and government's resolve to harness the resources, project management capacity, technology and knowledge that resides in the business sector in pursuit of public purposes. "We do so on the strength of legally secure, financially sound, forward-looking, affordable, cost-effective, transparent contracts," he said.

Minister Manuel urged the private sector to work through the details, share reflections, and assist in the completion of the work. "It has been a monumental learning project for the National Treasury, and indeed I believe that the influence and ramifications... will extend beyond our borders in the evolution of PPP practice and procedures internationally," he concluded.

**Comments on
Standardised PPP Provisions**
should be submitted by 19 June 2003.

Go to www.treasury.gov.za to find:

- *Standardised PPP Provisions – Private Sector Draft*
- Frequently Asked Questions and Answers
- Risk matrix
- Description of consultation process
- Comment sheet

Uven Bunsee, Standardisation project manager in the PPP Unit: "We look forward to rigorous engagement over the coming weeks, and to the finalisation of a robust document."



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EXTRACT FROM
MINISTER'S SPEECH
ON PAGE 2

EXTRACT FROM KEYNOTE ADDRESS BY MINISTER OF FINANCE, TREVOR MANUEL AT THE PRIVATE SECTOR LAUNCH OF STANDARDISED PPP PROVISIONS, PRETORIA, 6 MAY 2003

"We are serious about making public private partnerships work in South Africa. Deeply, profoundly, serious. The challenges we face – building and maintaining roads, rehabilitating our hospitals, streamlining the justice system, banking the unbanked, delivering water, preserving our biodiversity heritage, bringing computers and connectedness into schools and clinics – are deeply serious undertakings. And so when we seek to harness the resources, the project management capacity, the technology and knowledge that resides in the business sector in pursuit of these public purposes, we do so on the strength of legally secure, financially sound, forward-looking, affordable, cost-effective, transparent contracts.

"That is why we are here. Too often, in too many countries, in too many projects, weakly specified contracts have led promising partnerships into conflict, contestation, failed services, unmet targets, unpaid bills and court proceedings. Hope has ended in disillusionment. Opportunity has ebbed away. The poor have ended up paying for services they don't receive. Business sector growth prospects have withered and died.

"We will not go down that route. Those who think that service delivery contracts can be signed off on the basis of casual disregard for procurement procedures and a half-hearted flip through the pages do not belong on our government side negotiating teams. And those businesses who think that government contracts are a licence to overcharge for shoddy services or to offer system designs that meander from one mediocre consultant's report to the next incontinent

permutation, should know that they also do not belong in this partnership. Our approach begins with a non-negotiable shared understanding. We are together here, custodians of our nation's well-being and our children's heritage. And these hundreds of pages of draft contract terms are about ensuring that we exercise that custodianship correctly. Nothing less.

"We have, over the past several months, put our best efforts into developing these drafts, and our invitation is that you share with us, over the month ahead, in refining the standard provisions of this custodianship. It is a serious undertaking, and I am deeply grateful that you are here to share it with me. But I would also like to say that the progress we have made to date, represented in part by the text of these draft provisions, but also by the 50 contracts in progress, or under negotiation, or in feasibility stage, in terms of Chapter 16 of the Regulations, and the toll road concessions and prison projects that pre-date the establishment of the PPP Unit, and the various initiatives that have been supported by the Municipal Infrastructure Investment Unit – this evolution of a philosophy of risk sharing and far-sighted project management, owes its success in no small measure to your efforts as advisors, as investors, as project leaders and as participants in long hours of project development, refinement and negotiation.

"We want our PPPs to produce high standards at affordable cost; we want to see impetus given to black economic empowerment; we want to see local economic development spin-offs for small and medium businesses; we want to see skills transfer; and we want to see job creation. All of these 'add value' in increasingly complex and qualitative ways."

PPP WEB-ENABLED DATABASE IN THE MAKING

The CSIR-Boutek and the PPP Unit are together developing a web-enabled database of South African PPP projects.

The site will provide up-to-date access to project information by name, sector, sphere of government, and phase in procurement, with data sets containing:

- Project description
- PPP type
- Sector
- Contact official
- Status
- Private party and first tier sub-contractors
- Empowerment partners and sub-contractors
- Arrangers
- Financing details
- Signature date
- Contract duration
- Government's transaction advisors
- Close-out Report

A search engine will allow users to track PPP work-in-progress and the PPP Unit will regularly generate reports summarising such indicators as:

- closed deals by sector, phase and sphere of government;
- empowerment;
- debt and equity profiles; and
- value-for-money to government.

While aiming to maintain a repository of reliable South African PPP information and building institutional memory for best practise reference, the site will also facilitate linkages with world PPP sources.

To make the features as interactive and user-friendly as possible, the CSIR-Boutek and the PPP Unit are holding a consultative workshop in June 2003.



For an invitation, or to contribute ideas for making this a world-class facility, please contact Lucy Chege. lchege@csir.co.za or telephone (012) 841-3007.

CSIR's Lucy Chege,
driving the data-base
project



NEW: TRANSACTION ADVICE COSTS GET SUPPORT FROM PROJECT DEVELOPMENT FACILITY

The PPP Unit is pleased to announce the launch this month of a Project Development Facility (PDF) to support PPP transaction advice costs of government departments and public entities.

Having set high standards for top quality advisory services from the outset of PPP Regulations, the PPP Unit also recognised the cost limitations which its clients face. A proactive, practical solution is now on the table.

There is little doubt from world-wide track record, that project quality and deal flow benefit wherever such a facility is in use. All other variables being equal, the better the advisors, the better the resulting project in terms of value for money.

Operating from the National Treasury as a trading account, the PDF will be funded from both Treasury and donor sources. It will disburse funds to pre-approved projects in accordance with strict selection and disbursement criteria, and will recover such funds from the projects on financial close.

To minimise risk of projects not reaching financial closure, only PPP projects that have received Treasury Approval I in terms of Treasury Regulation 16, will be funded, although application can precede such approval.

PricewaterhouseCoopers has been hired as financial manager of the PDF, and Generally Accepted Accounting Practice will strictly apply.

The PDF is structured for a limited life of 10 years, after which the PPP market should have stabilised and risks of projects failing in procurement will be greatly diminished. Funding for 100 new projects over its lifespan is projected, of which 60 will be medium- to large-scale. Start-up capital of R6 million is in hand and the facility will be further capitalised as required. Disbursements are expected to commence from July 2003.

For further information email william.dachs@treasury.gov.za or tel (012) 315-5677

STRATEGIC PARTNERSHIP FOR STATE VACCINE INSTITUTE SIGNED

An unusual PPP in the form of a strategic partnership was signed by the Health Director General and the Biovac Consortium in April 2003, for the revamp of the State Vaccine Institute (SVI) over four years.

The two state organisations that manufacture vaccines, the South African Vaccine Producers (Pty) Ltd (SAVP) and the SVI have, in recent years, been unable to maintain and upgrade their technologies and have fallen behind in terms of product effectiveness, cost of production and manufacturing practices.

South Africa does not currently manufacture vaccines that provide protection against diseases such as cholera, polio, typhoid, tetanus, diphtheria and TB. For public health services, the state purchases approximately R90 million of vaccines per annum at offshore prices through the State Tender Board. Although not a significant purchase compared to the global market, this represents an opportunity to leverage local investment in the production of vaccines in South Africa. As importantly, it also represents an opportunity to reduce exposure to forex fluctuations and to open opportunities within SADC countries for South African produced vaccines.

In 2000, Cabinet adopted a recommendation to procure a PPP wherein a strategic equity partner (SEP), including a strong black economic empowerment shareholding, would take on all state vaccine assets and invest in the creation of a company that would, in the long term, manufacture and supply vaccines in South Africa at globally competitive prices. The Department of Health led the project, assisted by the CSIR as Project Manager and Technical Advisor, and PricewaterhouseCoopers with Denys Reitz as Transaction Advisors.

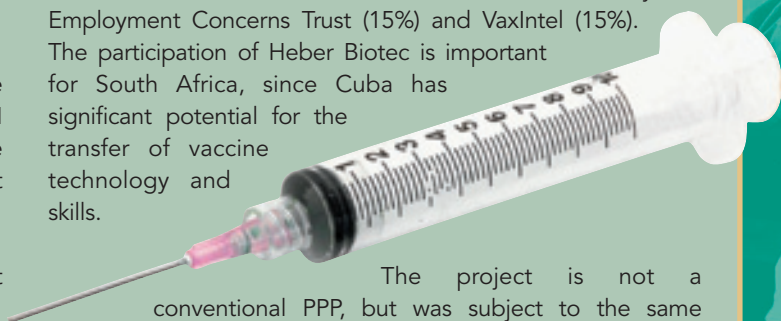
Following a rigorous selection process, a consortium headed by the local firm Biovac (62.5% of the consortium and in turn 40%

owned by Litha Healthcare, a black owned company) was selected as the preferred SEP. Other members of the Biovac consortium are Heber Biotec of Cuba (15%), Disability Employment Concerns Trust (15%) and VaxIntel (15%). The participation of Heber Biotec is important for South Africa, since Cuba has significant potential for the transfer of vaccine technology and skills.

The project is not a conventional PPP, but was subject to the same Treasury regulation of affordability, value for money and risk transfer. In return for sole supplier status over a four-year period, the SEP has various undertakings in alignment with government's strategic objectives for the vaccine industry. These include the investment of R15 million in the construction and commissioning at the premises of the State Vaccine Institute in Cape Town of a new filling line (to cover some EPI vaccines) and the manufacture of the rabies vaccine. Further investments are made in respect of packaging and labelling, filling, manufacturing, research and development, training and sales.

The sole supplier status was subject to risk sharing on forex exposure and provided a value for money to government of R60 million over the status quo in the four-year period.

Government will be able to both retain and build local vaccine manufacturing capacity, allow the transfer of key vaccine R&D and manufacturing skills to South Africa, and build a sustainable, export oriented industry which at the same time can support local initiatives such as the search for an effective HIV vaccine.



THIRD IN A SERIES OF ARTICLES ON RISK IN PPPs

Dec 2002 *PPPQ* covered Demand Risk. This edition's topic is Foreign Exchange Risk. Comments can be sent to nelisiwe.mtsweni@treasury.gov.za.

FOREIGN EXCHANGE RISK

Foreign exchange risk is also known as currency risk. It is a common misconception that this is the risk that a project cannot convert revenues from one currency to another (a political risk). It is however, actually the risk that arises from the adverse movement in the relevant exchange rate when project revenues and/or project costs and/or funding sources are denominated in different currencies.

For example, a South African hospital PPP may require ongoing purchases of hi-tech medical equipment over 10 to 15 years. In developing countries such as South Africa, most of this equipment is imported from the US, Europe or the Far East and paid for in the applicable foreign currency. Since project revenue is the Rand denominated payment from the South African government, the project has a mismatch in currency requirements over the life of the project. Furthermore the currencies of developing countries are volatile and the long-term mismatch can be exacerbated by short-term fluctuations.

Another common scenario for projects in countries without strong local financiers is where funding is foreign currency denominated. All returns or debt repayments are obviously required to be in that foreign currency. These are substantial risks with potentially high costs of mitigation. So what should be done to reduce foreign exchange risk in a PPP?

Firstly, currency mismatches should be avoided as far as possible, either by obtaining local funding, by avoiding costs external to the country or making sure that project revenues are denominated in the same currency as project costs. The Mozal project is a good example of how a project can be located in a developing country without crippling forex exposure. Here raw materials are purchased in the same currency as the project products are sold. Even though financing

sources are US Dollar denominated, these are serviced from revenue in US Dollars, hence there is no mismatch.

In South African PPPs to date there has been a tendency to encourage currency hedges through financial institutions where mismatches, such as the hospital equipment purchase mentioned above, cannot be avoided.

The economic theory behind foreign exchange variations is simple and is known as the Purchasing Power Parity principle – the exchange rate will depreciate or appreciate by the difference between the local and foreign inflation rates. This is a long-term trend, and financial currency hedges simply project the depreciation or appreciation over specific periods of time. The shorter the hedge period, the more accurately the hedge can be costed. With long term PPP projects, hedges increase in cost as the period of the hedge increases. It is important to bear in mind that financial hedges simply pass currency risk to a third party (a bank). It is therefore the third-ranked solution in the – **avoid – mitigate – pass off** hierarchy of dealing with project risk.

The lesson: it is very important to examine the value for money of such financial hedges. The feasibility study for every PPP must consider the potential for avoiding currency mismatches as well as the potential for locally sourcing input materials or components and stimulating local development using the purchasing power of the PPP. In addition, raw material and equipment suppliers should be encouraged to enter into forward contracts or other measures that stimulate risk sharing between

seller and purchaser. It is also quite feasible that the best value for money will be found in allocating "bands" of foreign exchange changes to different contracting parties be they government, suppliers or banks.

Watch PPPQ for more on risk

- Completion risk
- Operating risk
- Political risk
- Infrastructure risk
- Market risk
- Inputs risk
- Technology risk
- Latent defect risk
- Design risk
- Cost over-run risk
- Planning risk
- Availability risk
- Environmental risk
- Maintenance risk
- Sponsor risk
- Force Majeure
- Engineering risk
- Syndication risk
- Market, demand or volume risk
- Supply, input or resource risk
- Utilities supply risk
- Insolvency and outside creditor risk
- Sub-contractor risk
- Working capital risk
- Foreign exchange risk
- Interest rate risk
- Tax rate risk
- Inflation rate risk
- Revenue risk
- Tariff risk
- Insurance risk
- Residual value risk
- Legal risk
- Regulatory risk

CLOSED DEALS UNDER PPP REGULATIONS (SINCE MAY 2000): AS AT JUNE 2003

PPP type indicated by combination of private party risk for: **D**: design; **F**: finance; **B**: build; **O**: operate; **T**: transfer of assets back to government
BEE: Black economic empowerment; **VFM**: value for money

Project and government institution	PPP type Contract duration Date Financial Close	Contact Official	Private Partner	BEE as % of equity and sub contracting	Financing and Arrangers	Transaction Advisors to government	Value to gvt (NPV of unitary charge)	NPV of benefit to government
1. Fleet Management Northern Cape Dept Transport, Roads and Public Works	DFO 5 years November 2001	Tshego Motaung (053) 839-2109	Pemberley Investments (Pty) Ltd comprising: Imperial Holdings and Africa Kosini	Equity: 25% Sub-c: 25%	Equity: 100%	Deloitte & Touche	R181 million	N/a
2. Inkosi Albert Luthuli Hospital KwaZulu-Natal Dept Health	DFOT 15 years December 2001	Herman Conradie (033) 395-2019	Impilo Consortium (Pty) Ltd comprising: Mbekane Health & Wellbeing, AME International, Yulindlela Holdings, Siemens, Drake & Skull, Oname	Equity: 40% Sub-c: 40%	Debt: 70% Equity: 20% Gvt contribution: 10% Rand Merchant Bank	PricewaterhouseCoopers; White&Case; EC Harris; Aloecap; Hiltron	R4.5 billion	N/a
3. Eco-tourism Manyeleti 3 sites. Limpopo Dept Finance, Economic Affairs, Tourism	DFBOT 30 years December 2001	Charles Maluleke (015) 288-0049	Koko Moya Wilderness Trail (Pty) Ltd; Tinswala Lodges (Pty) Ltd; Pungwe Game Reserve (Pty) Ltd	Equity: 30% 30%, 40% Sub-c: 30%, 30%, 40%	Equity: 100%	DBSA; White & Case	N/a	R25 million cash
4. Universitas and Pelonomi Hospitals co-location Free State Dept Health	DFBOT 16,5 years November 2002	Mr Shuping (051) 430-8989	Community Health Management/ Netcare consortium	Equity: 40% Sub-c: 40%	Equity: 100%	Ignis; Naudé's Attorneys	N/a	R43 million cash plus R38 million in form of upgrade
5. Information Systems Department of Labour	DFBOT 10 years December 2002	Deon Haasbroek (012) 309-4551	Siemens Business Solutions Consortium	Equity: 30% Sub-c: 25%	Equity: 100%	KPMG	R1.5 billion	N/a
6. Chapman's Peak Drive toll road Western Cape Dept Transport	DFBOT 25 years December 2002	Ben Veldman (021) 483-2427	Capstone 252 (Pty) Ltd comprising: Concor, Thebe Investments, Marib Holdings, Haw & Ingles	Equity: 25% Design & construct sub-c: 20% Ops & maintain sub-c: 40%	Debt: 81% Equity: 19% Rand Merchant Bank	Ignis; Jeffares & Green; Hofmeyr, Herbstein & Gihwala, Intertoll; Decathlon	N/a	R450 million in form of capital works and operations
7. State Vaccine Institute Department of Health	Equity partnership 4 years April 2003	Gerrit Muller (021) 312-0717	Biovac Consortium	Equity: 15% Sub-c: n/a	Equity: 100%	PricewaterhouseCoopers; Deneys Reitz	N/a	R15 million in systems investment, plus NPV vfm R60 million over current spend

ACTIVE PPP PROJECTS IN DEVELOPMENT – JUNE 2003

National Departments	Contact official	Project	Status	Preferred Bidder	Transaction Advisors
1. Dept Defence	General Bobo Moerane (012) 339-5517	Defence Intelligence Head Office Accommodation Services	Transaction Advisors to be appointed.		Not yet appointed
2. Dept Foreign Affairs	Bernice Africa – DPW (012) 337-2362	Head Office Accommodation Services	Treasury Approval I withdrawn. Options and feasibility being re-visited.		Ignis; Decathlon; Ledwaba Mazwai; Masons
3. Dept Education	Bernice Africa – DPW (012) 337-2362	Head Office Accommodation Services	Negotiations phase.	Sethkego Consortium	KPMG
4. Dept Environmental Affairs & Tourism	Bernice Africa – DPW (012) 337-2362	Head Office Accommodation Services	Feasibility Study in progress.		Kagiso Financial Services
5. Dept Arts Culture Science & Technology	Peter Pedlar (012) 337-8587	Head Office Accommodation Services	Transaction Advisors to be appointed.		Not yet appointed

National Departments	Contact official	Project	Status	Preferred Bidder	Transaction Advisors
6. Dept Justice	Alan Mackenzie (012) 315-1019	Cash Hall Payment System	Feasibility study underway.		Ernst & Young; CSIR; Nihake Consulting; Nepaul-Trikamjee Attorneys
7. Dept Social Development	Selwyn Jehoma (012) 312-7647	SOCPEN System	Inception stage.		Not yet appointed
8. Dept Trade & Industry	Peter Aborn (012) 310-1564	Head Office Accommodation Services	Negotiations phase.	Rainprop Consortium	Ignis; Utho Capital; Turner & Townsend; Ledwaba Mazwai Masons
9. Dept Trade & Industry	Patrick Milner (012) 428-7869	IT	Transaction Advisors to be appointed.		Not yet appointed
10. Dept Transport	Themba Nkosi (012) 309-3597	Road traffic offences system	Feasibility study underway.		Deloitte & Touche
11. Dept Water Affairs & Forestry	Christo Marais (021) 405-2200	Working for Water: secondary industries	Revised Treasury Approval I and II(A) - May 2003.		KPMG; Stellenbosch University; Edward, Nathan & Friedland; Nosipho
12. National Treasury	Logan Wort (012) 315-5399	IT	Transaction Advisors to be appointed.		Not yet appointed
13. Dept Defence South African Military Hospitals	Col Johan Crouse (012) 671-5174	Various hospitals	Transaction Advisors to be appointed.		Not yet appointed
Provincial Departments	Contact official	Project	Status	Preferred bidder	Transaction Advisors
14. Eastern Cape Dept Health	Eugene Jooste (040) 609-3702	Humansdorp co-location	Negotiations.	Afrox Healthcare	Ignis; PHI
15. Eastern Cape Dept Health	Lulu Peteni (040) 609-3763	Pharmaceutical Management & Distribution	Transaction Advisors to be appointed.		Not yet appointed
16. Eastern Cape Dept Transport	Lize Hoole (012) 309-3832	Fleet Management	Treasury Approval II (B) – April 2003. Negotiations.		Deloitte & Touche
17. Easter Cape Dept Health	Eugene Jooste (040) 609-3702	Grahamstad & Port Alfred Co-location	Transaction Advisors to be appointed.		Not yet appointed
18. Free State Dept Education	Sandra de Kock (051) 430-8989	Schools	Feasibility Study underway.		KPMG; Ashira; HLM-SV Architects; Africon
19. Free State Dept Health	Mr. Shuping (051) 405-4818	New build hospitals in Tromebsburg and Lady Brand	Feasibility Study underway, Treasury Approval I June 2003.		Ignis; EC Harris; PHI
20. Free State Dept Transport	Strover Maganedisa (051) 405-4226	Fleet Management	Treasury Approval II - May 2003.		Ernst & Young; Deloitte & Touche
21. Free State Dept Social Development	Dr Shirley Havenga (051) 409-0635	Grants payment system	Feasibility Study to be revised.		Ernst & Young
22. Gauteng Dept Transport	Gautrans (011) 355-7300	Gautrain Rapid Rail Link	Revised Treasury Approval I given. Treasury Approval II(A) for phase2 RFP. Bids close July 2003.		Kthuthele; Arcus Gibb; Kagiso Financial Services; Ledwaba Mazwai
23. Gauteng – Dept Agriculture, Conservation, Environment & Land Affairs	Michael Worship (011) 355-1400	Cradle of Humankind World Heritage Site	Treasury Approval III Target: June 2003.	Furneaux Stewart Gapp Consortium	PricewaterhouseCoopers; White & Case

Provincial Departments		Contact official	Project	Status	Preferred Bidder	Transaction Advisors
24. KwaZulu-Natal Dept Economic Development and Tourism	Mel Clark (031) 310-5400	Dube Trade Port	Feasibility study underway.		PricewaterhouseCoopers White & Case	
25. Limpopo Dept Health	Clifford Motsepe (015) 295-8163	Polokwane hospitals Renal Dialysis	Transaction Advisors to be appointed.		Not yet appointed	
26. Limpopo Dept Health	Clifford Motsepe (015) 295-8163	Ellisras, Phalaborwa & Duiwelskop co-locations	Transaction Advisors to be appointed.		Not yet appointed	
27. Limpopo Dept Health	Clifford Motsepe (015) 295-8163	Provincial Linen Management Services	Transaction Advisors to be appointed.		Not yet appointed	
28. Limpopo Dept Health	Clifford Motsepe (015) 295-8163	Accommodation for clinical staff at various hospitals	Transaction Advisors to be appointed.		Not yet appointed	
29. Mpumalanga Dept Education	Jan Kriel (013) 766-5122	Schools	Transaction Advisors to be appointed.		Not yet appointed	
30. Northern Cape Dept Economic Affairs & Tourism	Dave Perkins (083) 255-8833	Namaqualand Mariculture Park	Transaction Advisors to be appointed.		Not yet appointed	
31. Northern Cape Dept Housing & Local Govt and Dept Agriculture, Land Reform, Environment & Conservation	Peter Wakelin (082) 553-8692	Eco-tourism 9 business sites	Transaction Advisors to be appointed.		Not yet appointed	
32. Northern Cape Dept Public Works & Transport	Tshego Motaung (053) 839-2109	Provincial Government Office Accommodation Services	Treasury Approval II (A) - April 2003.		Ignis	
33. North West Dept of Transport	Teboho Molaba (018) 387-2443	Fleet Management	Feasibility completed.		Deloitte & Touche	
34. Western Cape Dept Health	Japie du Toit (021) 483-5844	Hermanus hospital co-location project	Negotiations.	Medicinic Holdings	Ignis	
35. Western Cape Dept Health	Japie du Toit (021) 483-5844	Swellendam hospital co-location project	Treasury Approval I application submitted April 2003.		Ignis	
36. Western Cape Dept Health	Japie du Toit (021) 483-5844	Conradie Hospital replacement	Feasibility study underway.		KPMG; Africon; Denyes Reitz	
37. Western Cape Dept Health	Japie du Toit (021) 483-5844	Eerste River Hospital-Facility Management	Treasury Approval I application submitted April 2003.		Ignis; EC Harris; PHI attorneys	
Public Entities	Contact official	Project	Status	Transaction Advisors		
38. National Housing Finance Corporation	Luthando Vutula (011) 644-9872	Rental Housing	Feasibility Study underway.		Kagiso Financial Services; Ledwaba Mazwai	
39. Greater St Lucia Wetlands Authority	Terri Castis (083) 309-3587	Eco-tourism: 14 business sites	Treasury Approval II (A) - December 2002. Bids due: July 2003.		White & Case; Delamo Caras	
40. Eastern Cape Mayibuye Transport Corporation	Andr� de Vries 082 923-5226	Bus company restructuring	Treasury Approval II (A) - February 2003.		Deloitte & Touche	
41. Western Cape Nature Conservation Board	Adnaan Abrahams (021) 483-4874	Eco-tourism: 11 business sites (8 small, 3 large) on 9 reserves	Treasury Approval II(A)- February 2003. Bids due: small & medium sites June 2003. Large sites July 2003.		Dynacon Technologies; Bell, Dewar & Hall; Busico	

NBI AND PPP UNIT HIT IT OFF AGAIN



NBI's CEO André Fourie and PPP Unit's Acting Head, Aijaz Ahmad

Following two successful years of collaboration, the National Business Initiative (NBI) and the National Treasury PPP Unit have signed up for another two years of joint venture in running PPP training programmes and producing the *PPP Quarterly*.

Speaking after the signing, NBI's CEO André Fourie said "The NBI's relationship with the PPP Unit in the National Treasury is an excellent example of how much can be achieved when the public and private sectors partner productively. The regular flow of quality and reliable information into the marketplace and the high quality training courses are cornerstones in building a PPP market in South Africa. The NBI is proud of its contribution and relationship with the Treasury and looks forward to an ongoing partnership".

Aijaz Ahmad, Acting Head of the PPP Unit is equally upbeat. "The arrange-

ment has worked so well to date, it made sense to continue. The PPP Unit is small but we have a strong mandate to build PPP capacity and market PPP success. NBI provides valuable business networks to support this, and has been a tremendous resource to our efforts. Credit must go to André for the vision to make this relationship happen, and to his dedicated team for sterling work."

During 2001 and 2002, 900 people from government and the private sector attended the acclaimed NBI/PPP Unit's PPP Foundation Training and Project Finance courses. *PPP Quarterly* has a current distribution – to a wide range of government and private stakeholders – of 4 000 copies. Projections are that the training efforts for 2003-2005 will reach another 1 500 people, and that *PPP Quarterly* circulation will increase to some 7 000 recipients by 2005.

How to contact:

National Treasury PPP Unit: Tel: (27-12) 315-5741 Fax: (27-12) 315-5477
Email: nelisiwe.mtsweni@treasury.gov.za www.treasury.gov.za

National Business Initiative PPP Programme: Tel: (27-11) 482-5100 Fax: (27-11) 482-5507
Email: faye@nbi.org.za www.pppcentre.com

PPP FOUNDATION TRAINING 2003

Dates: 12-13 August
11-12 November

Cost: public sector R1 000 +VAT
per delegate
private sector R2300 +VAT
per delegate

Travel and accommodation are not included in these prices



To book contact:

Faye Dolley at NBI
Tel 27 (11) 482 5100
Fax 27 (11) 482 5507/8
Email faye@nbi.org.za

ADVANCED PROJECT FINANCE TRAINING 2003

13, 14 & 15 August:

'Project Finance Recovery & Risk Assessment'

18 & 19 September:

'Risk in Project Finance PPP Contracts'

Lecturer: Richard Tinsley, International Advisory & Finance, Australia

Costs and venue on application.

BY POPULAR DEMAND: INTRODUCTION TO PROJECT FINANCE

Dates: 9-10 September 2003
25-26 November 2003

Place: Johannesburg

Cost: R1 000 +VAT

A practical, South African introduction to Project Finance. Hear top investment bankers, project finance lawyers, and transaction advisors who have done the deals. Bring a laptop and learn about discount rates, debt service ratios, calculating costs of risks, timing returns on equity, optimal empowerment financing, targeting value-for-money for government.

Travel and accommodation not included in price.



To book contact:

Khalil Mullagje at NBI
Tel 27 (21) 674 0880
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