

PPP QUARTERLY

PUBLIC PRIVATE PARTNERSHIPS

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

March 2003 Number 10

UNPACKING STANDARDISED PPP PROVISIONS

National Treasury has issued draft *Standardised PPP Provisions* for public sector inputs, and will engage the market on the document during May and June 2003. The final version is expected to be published by National Treasury in the second half of the year.

The *Provisions* aim to give certainty on key contractual terms in PPP agreements and to reduce PPP transaction time and cost. This issue of *PPPQ* is devoted to 'frequently asked questions' on the *Provisions*.

1. Does the document cover all kinds of PPPs? If not, what is covered and why?

The main distinction drawn in the *Provisions* between kinds of PPPs is in the funding structure. Of the three basic funding structures (project finance, corporate finance or state funded capital contributions), the *Provisions* focuses on PPPs that rely on project finance, i.e. limited recourse debt made available by Lenders (other than the shareholders or related parties of the Private Party) that is serviced from the cash flows generated by the Project. The project finance structure is the one most suited to the objectives of a PPP.

The *Provisions* nevertheless recognises the distinction made in the Treasury Regulations between PPPs involving the performance of institutional functions by Private Parties and those involving the use of state property by Private Parties for their own commercial purposes. While most of the *Provisions* are readily applicable to the latter type of PPP, they focus principally on PPPs in which Unitary Payments are made by an Institution to a Private Party for the performance of Services, rather than on PPPs where the Private Party pays a concession fee to the Institution for the use of state property.

2. Are any standard definitions and clauses negotiable? If yes, on what basis?

Generally, the standard definitions and clauses must be included in all PPP Agreements for which a Treasury Approval:IIA (as required in terms of Treasury Regulation 16.1) has not yet been granted at the date of issue of the *Provisions*. However, if an Institution has good reason to deviate, it may do so only with the prior approval of the National Treasury. Treasury will

consider whether the proposed deviations will impact on the affordability, risk transfer profile and value-for-money in the project, and will consider any sector specific requirements or alternative funding structures that specifically justify deviation.

3. What are the public sector Institution's rights and obligations? How are the rights protected?

The Agreement sets out the Institution's basic right to obtain performance of the Services according to the Institution's output specifications (for, amongst other things, efficiency, quality and quantity). Its basic obligation is to make a Unitary Payment to the Private Party for the Services it actually receives. The basic right is protected by a performance monitoring regime, poor performance penalty mechanism, an independent certifier regime to certify Service Commencement and a fast-track independent dispute resolution regime to deal with technical disputes.

4. What are the Private Party's rights and obligations? How are the rights protected?

The Agreement sets out the Private Party's basic rights to design, construct, maintain and operate the Facilities required for the performance of the Services and to receive Unitary Payments for providing Services to the Institution. The Private Party's basic obligation is to perform the Services and to ensure that such performance achieves the Institution's output specifications. The Private Party's basic rights are protected by the same mechanisms that protect the basic rights of the Institution.

5. What happens if the Private Party defaults on its obligations? What if the reasons for default were not in its control?

The Institution has contractual remedies if the Private Party defaults. These remedies include: financial claims covered by some security, penalties and, in certain instances, an ability for the Institution to step into the Project. In some circumstances, defaults may entitle the Institution to terminate the Agreement. Equitable relief has been provided for defaults that are not due to the Private Party's fault. All possible reasons for non-performance are covered in the Agreement.



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6. What happens if the public sector Institution defaults in its obligations? What if the reasons for default were not in its control? What if the reasons were in neither Party's control?

The Private Party is given protection against public sector default. This includes financial compensation and, in certain instances, the right to terminate the Agreement. Equitable relief is provided where the default is not due to either Party's fault. All possible reasons for non-performance are covered in the Agreement. In other instances the Private Party may be given relief in the form of an extension of time, in lieu of financial compensation.

7. Under what conditions can the PPP Agreement be terminated? What happens under each scenario? How does it affect service delivery?

The basic grounds for termination of the Agreement are:

- (1) As a result of an Institution default. Following a remedy period, the Private Party is entitled to terminate the Agreement and be compensated in full.
- (2) As a result of a Private Party default. Following a remedy period, the Institution is entitled to terminate the Agreement and the Private Party is entitled to compensation based on the market value of the Project if there is a liquid market, otherwise compensation is based on the original financial model.
- (3) As a result of Force Majeure. If a Force Majeure event (narrowly defined) continues for an extended period, the Agreement may be terminated and the Private Party is equitably compensated.

8. How is the Private Party's performance measured and compensated?

It is measured against output specifications set by the Institution. The Private Party is responsible for self-monitoring through a performance mechanism and has reporting obligations stipulated in the Agreement. The Private Party is compensated by the Institution by means of a service payment at specified intervals (Unitary Payments).

9. How are penalties enforced for non-performance? How are penalties, defaults and termination linked?

Penalties for poor performance in the provision of the Services are deducted from the Unitary Payments made to the Private Party. Initially, defaults give rise to financial penalties. If the default is material or persistent, then the Institution is entitled to terminate the Agreement.

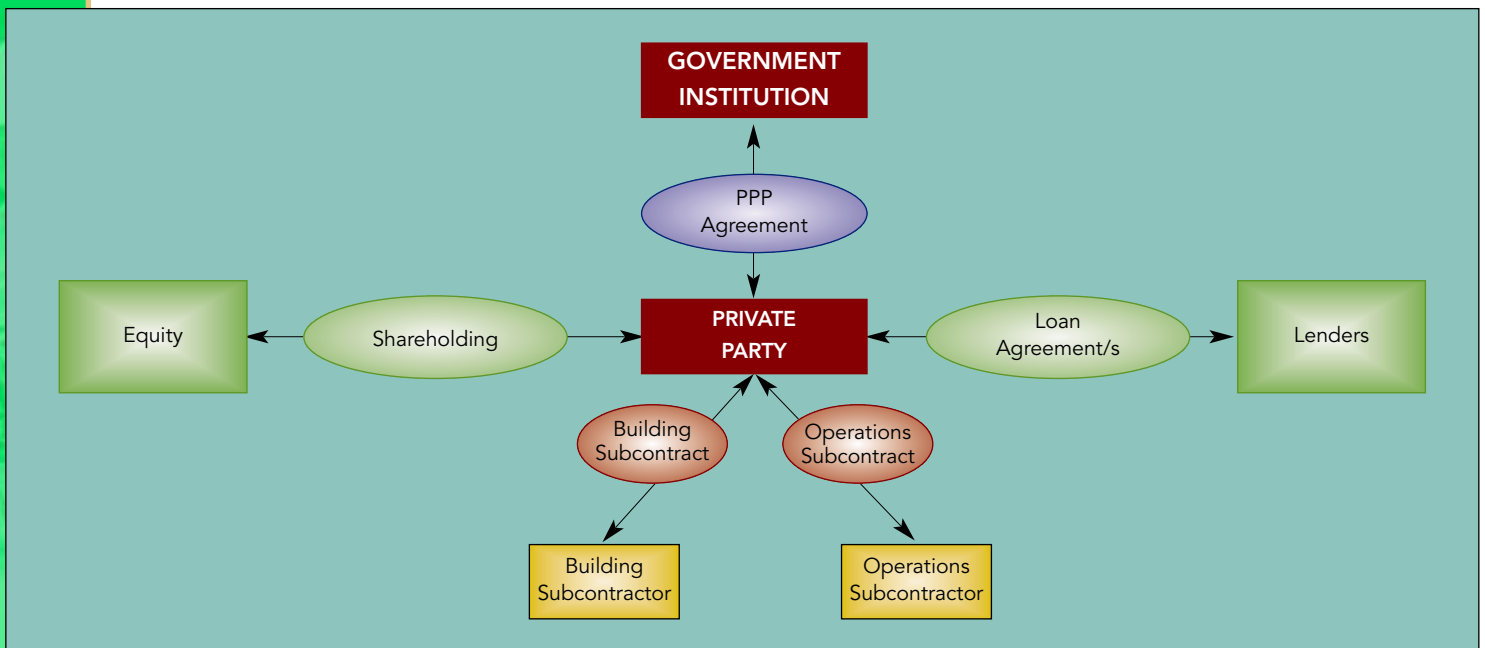
10. Who benefits from any insurance proceeds?

The primary beneficiary is the PPP Project. The main aim of the insurance regime is the reinstatement and continuation of the Project after the insured event occurs, unless this is not economically feasible. In effect, the benefits of the insurance regime are shared.

11. What are the roles, rights and obligations of the Lenders?

The Lenders provide the bulk of the capital required for the Project. They do so on a limited recourse basis which involves them looking primarily to the cash flows (i.e. Unitary Payments received by the Private Party from the Institution) generated by a PPP Project to service the debt. The Lenders may also obtain some support from the Private Party's Shareholders and related parties and also security over the Private Party's cash reserves and profits. Since the cash flows depend on the sustained provision by the Private Party of the Services at the prescribed performance levels contained in the output specifications, the debt service is put at risk by the Private Party's poor performance, i.e. the Lenders assume performance risk.

The Lenders have an obligation to the Private Party to advance the capital committed by them to the Project and the right to repayment of the capital plus interest and their fees and costs. The Lenders also have a preferential right (as against the Private Party) to all compensation received by the Private Party on early termination of the PPP Project in discharge of the debt.



Basic contractual arrangements of typical PPP projects are depicted here. The public sector Institution enters into an Agreement with a Private Party (in the form of a special purpose company, within which Project cash flows reside) which has secured both debt and equity to finance the Project, and which enters into sub-contracting agreements for construction and operations.

Standardised PPP Provisions fleshes out these contractual arrangements, seeking to secure optimal technical, operational and financial risk allocation in the relationships between the Parties.

The Lenders also have a right in terms of a direct agreement with the Institution to step-in and rescue a PPP Project following a default by the Private Party (thereby averting termination by the Institution).

12. Does the Private Party provide any guarantees?

The Agreement contemplates performance guarantees and other appropriate security to be provided by the Private Party in order to provide the Institution with the assurance that the Private Party will perform its obligations, especially those in relation to the condition of the assets when they are handed back to the Institution at the end of the Project Term.

13. Who bears responsibility for sub-contractors?

The Private Party bears all subcontractor related risks.

14. How are profits by the Private Party dealt with?

Because of the allocation of technical, operational and financial risks to the Private Party, the Private Party and its Shareholders are generally entitled to the profits generated by the Project. However, in the instance of any refinancing of the Project, any resultant gains must be shared equally between the Institution on the one hand, and the Private Party and its Shareholders on the other.

15. How are empowerment objectives ensured?

Each Institution must stipulate minimum empowerment requirements in the bid documents for its PPP Project, reflecting both equity and management control by historically disadvantaged individuals and/or entities, skills training and employment equity measures by the subcontractors and subcontracting to historically disadvantaged entities and SMMEs. The Agreement must incorporate these requirements, must lock-in the empowerment equity for a specified period and must include a regime for monitoring the Private Party's compliance. The Institution's entitlement to ensure compliance can be 'protected rights' involving Penalty Deductions from the Unitary Payments.

16. How is transparency ensured?

The procurement of PPPs must be conducted through a public, transparent and competitive bidding process. This is a requirement of law. The regulatory framework obliges accounting officers and authorities to submit to National Treasury, inter alia, details of bids received and the evaluation thereof. The Auditor-General has access to this information and can make it known to the public. The Provisions describes the disclosure obligations (not only as to financial matters) that must be imposed on Private Parties to ensure compliance by accounting officers and authorities with their statutory reporting obligations.

17. What happens if there is a change in law?

The Private Party bears risk of a change in law as would be the case in any ordinary business operation unless the change in law is one that discriminates against the Private Party, in which case it is entitled to financial compensation.

18. Is there a lock-in period for original shareholders? Empowerment partners?

Changes in control of the Private Party require the prior approval of the Institution throughout the Project Term. This is partly to prevent any third party deemed unsuitable by the Institution from taking control of the Project (particularly where that party or a related party may have been previously

disqualified in the bid process), partly because such a lock-in reflects the original Shareholders' assessment of the feasibility of and commitment to the Project, and partly to avoid accusations of lack of transparency regarding the Shareholders behind the Private Party.

The Provisions prescribes a lock-in for empowerment equity but does not specify a minimum period as the duration of PPP projects varies greatly depending on the sector and the operational needs of the Institution. The minimum lock-in period for empowerment equity must be specified in the bid documents. The prescribed lock-in does not prohibit transfers of empowerment equity amongst empowerment entities and individuals. To date, empowerment thresholds in PPP deals have been far higher than required by present government policy.

19. Does any Party have step-in rights?

The Institution and the Lenders have step-in rights. In the case of the Institution, these arise only in limited circumstances (not normally related to a default by the Private Party) such as urgent public health and safety. Since step-in will upset the risk allocation to the Private Party and involve the taking back of risk by the Institution (unless caused by the Private Party), it cannot be employed to address long-term or ongoing problems, which may be better dealt with by termination.

The Lenders' step-in rights are aimed at ensuring the continuity of the PPP Project following a default by the Private Party. The Lenders will be motivated to do so to the extent that the amounts received on termination of the PPP Project will be insufficient to service the outstanding debt. The fundamental principle of the Lender step-in regime is that the Institution must be no worse off when the step-in is effected, i.e. the Agreement must continue to be performed in accordance with its terms (save to the extent that the termination rights of the Institution will generally be suspended during the step-in period).

20. Who owns the assets?

All fixed assets constructed or installed by the Private Party are owned by the Institution in instances where the land is owned by that Institution (in some instances, the land belongs to another organ of state and here those fixed assets will belong to that organ of state). The movable assets such as furniture and equipment usually belong to the Private Party. On termination or expiry of the Agreement, ownership and possession of all such assets have to be transferred to the Institution. There are also limitations as to what the Private Party may do with these assets during the Project Term, for example, they may not be pledged as security or sold unless replaced.

21. What happens to the Project at the end of the Project term?

The Provisions provides that the Private Party hands back a working facility to the Institution. The Institution can then either continue to operate the Project itself or put it out to tender again.

Standardised PPP Provisions will be published on www.treasury.gov.za from 06 May 2003, and can be obtained from that date in hard copy from the PPP Unit, National Treasury tel (27)12-3155459/5741. All comments should be directed on the supplied comment sheet to alice.rennie@treasury.gov.za

GETTING TOUGH ON VALUE-FOR-MONEY: THE DTI REVERTS TO BACK-UP BIDDER

After six months of negotiations to conclude a PPP contract for its new campus in Pretoria, the Department of Trade & Industry (the dti) has withdrawn the preferred bidder status of Thusano Consortium and intends opening negotiations with back-up bidder, Rainprop Consortium.

The decision was taken by the dti Director General, Alistair Ruiters, after an intense period of attempting to reach consensus on key commercial issues. National Treasury was informed that the parties could not meet the project's output specifications within the set affordability limit, and could not agree on risk assumption. The dti has offered to consider re-



The dti Director General, Alistair Ruiters

imbursement of Thusano's reasonable costs.

To take the project forward, the dti has submitted a new value-for-money report to National Treasury for approval under Treasury Regulation 16.6.5, allowing negotiations with Rainprop to proceed.

The planned 25-year master concession PPP for the design, construction, life-cycle management, operation and financing of a multi-purpose campus was initiated in January 2001. The campus will house the Department's head office and a number of institutions that report to the Minister of Trade & Industry. It will be located on a four hectare site on Nelson Mandela Drive, under an agreement with the Tshwane Metro Council.

BILLIONS AT STAKE IN DEPARTMENT OF JUSTICE CASH HALLS

Public funds totalling between R3-6 billion annually are managed through 450 courts and state attorneys offices throughout South Africa. Administered manually, often serving 'unbanked' members of the public, there is huge room for leakage and inefficiency in the already overburdened justice system.

This is the subject of a potential PPP now registered by the Department of Justice with National Treasury's PPP Unit. The Justice department begins the required feasibility work this month, supported by its transaction advisors.

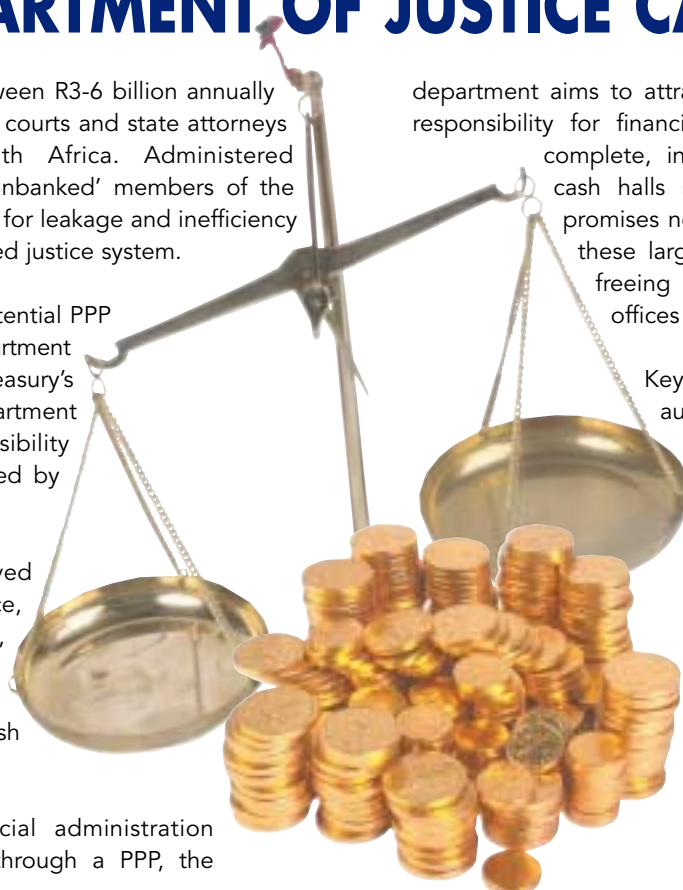
The Trust monies involved comprise bail, maintenance, fines, payments to court, estate monies (including Guardians Fund), witness fees and miscellaneous cash disbursements.

In overhauling its financial administration system for these funds through a PPP, the

department aims to attract a private party which can take responsibility for financing, developing and operating a complete, integrated, appropriate and secure cash halls service. If successful, the project promises not only to clean up the handling of these large sums, but to go a long way in freeing up the courts and state attorneys offices to deal with their core functions.

Key challenges involve identifying an automated solution that works on a decentralised model, accessible to all members of the public, and capable of being integrated with business and technical architecture that is suitable for the broader needs of the justice system and e-government.

The completed feasibility study will be submitted to the PPP Unit for approval in terms of Treasury Regulation 16, before the Department can prepare bid documentation for the market.



CLOSED DEALS UNDER PPP REGULATIONS (SINCE MAY 2000) – MARCH 2003

Project	Institution	Contact Official	Private Partner	Financial Closure	Transaction Advisors	Value to gvt (NPV of unitary charge)	NPV of benefit to government
1. Fleet Management	Northern Cape Dept Transport, Roads and Public Works	Tshego Motaung (053) 839-2109	Pemberley Investments (Pty) Ltd comprising: Imperial Holdings and Africa Kosini	November 2001	Deloitte & Touche	R181 million	N/A
2. Inkosi Albert Luthuli Hospital	KwaZulu-Natal Dept Health	Herman Conradie (033) 395-2019	Impilo Consortium (Pty) Ltd comprising: Mbekane Health & Wellbeing, AME International, Vulindlela Holdings, Siemens, Drake & Skull and Oname	December 2001	PricewaterhouseCoopers; White&Case; EC Harris; Alocap; Hiltrom	R4.5 billion	N/A
3. Eco-tourism: Manyeleti reserve: Pungwe, Khoko Moya, Honey Badger	Limpopo Dept Finance, Economic Affairs, Tourism	Charles Maluleke (015) 288-0049	Koko Moya Wilderness Trail (Pty) Ltd; Tinswala Lodges (Pty) Ltd; Pungwe Game Reserve (Pty) Ltd	December 2001	DBSA; White & Case	N/A	R25 million cash
4. Universitas and Pelonomi Hospitals co-location	Free State Dept Health	Mr Shuping (051) 430-8989	Community Health Management/ Netcare consortium	November 2002	Ignis; Naude's Attorneys	N/A	R43 million cash plus R38 million in form of upgrade
5. Information Systems	Department of Labour	Deon Haasbroek (012) 309-4551	Siemens Business Solutions Consortium	December 2002	KPMG	R1.5 billion	N/A
6. Chapman's Peak Drive toll road	Western Cape Dept Transport	Ben Yeldman (021) 483-2427	Capstone 252 (Pty) Ltd comprising: Concor, Thebe Investments, Marib Holdings and Haw & Ingles	December 2002	Ignis; Jeffares & Green; Hofmeyr; Herbstein & Gihwala; Intertoli; Decathlon	N/A	R450 million in form of capital works and operations

ACTIVE PPP PROJECTS IN DEVELOPMENT – MARCH 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 Health	Gerrit Muller (012) 312-0717	Strategic Partnership: State Vaccine Institute	Treasury Approval III submission February 2003.	Biovac Consortium	PricewaterhouseCoopers; Deneys Reitz
3. 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
4. Dept Education	Bernice Africa – DPW (012) 337-2362	Head Office Accommodation Services	Negotiations phase.	Sethkego Consortium	KPMG
5. Dept Environmental Affairs & Tourism	Bernice Africa – DPW (012) 337-2362	Head Office Accommodation Services	Feasibility Study in progress.		Kagiso Financial Services
6. Dept Arts Culture Science & Technology	Peter Pedlar (012) 337-8587	Head Office Accommodation Services	Transaction Advisors to be appointed.		Not yet appointed
7. Dept Justice	Alan Mackenzie (012) 315-1220	Cash Hall Payment System	Transaction Advisors to be appointed.		Not yet appointed

National Departments		Contact official	Project	Status	Preferred Bidder	Transaction Advisors
8. Dept Justice	Hassen Ebrahim (012) 315-1220	Integrated Justice System	Transaction Advisors to be appointed.			Not yet appointed
9. Dept Social Development	Selwyn Jehoma (012) 312-7647	SOCPEN System	Inception stage.			Not yet appointed
10. Dept Trade & Industry	Peter Aborn (012) 310-1220	Head Office Accommodation Services	Negotiations phase.	Rainprop Consortium		Ignis; Uho Capital; Turner & Townsend; Ledwaba Mazwai/Masons
11. Dept Trade & Industry	Patrick Milner (012) 428-7869	IT	Transaction Advisors to be appointed.			Not yet appointed
12. Dept Transport	Themba Nkosi (012) 309-3601	Road traffic offences system	Feasibility study underway.			Deloitte & Touche
13. Dept Water Affairs & Forestry	Christo Marais (021) 405-2200	Working for Water: secondary industries	Treasury Approval III(A) - February 2003.			KPMG; Stellenbosch University; Edward, Nathan & Friedland; Nosipho Consulting
14. Dept Water Affairs & Forestry	Michael Peter (044) 382-5466	Diepwalle State Forest – Southern Cape eco-educational facility	Feasibility pending.			In-house with White & Case
15. National Treasury	Logan Wort (012) 315-5399	IT	Transaction Advisors to be appointed.			Not yet appointed
Provincial Departments	Contact official	Project	Status	Preferred bidder	Transaction Advisors	
16. Eastern Cape Dept Health	Mike Fraser (040) 609-3702	Hospital co-location projects	BAFO requested. Target Treasury Approval III – April 2003.	Afro Healthcare		Ignis; PHI
17. Eastern Cape Dept Health	Lulu Peteni (040) 609-3763	Pharmaceutical Management & Distribution	Transaction Advisors to be appointed.			Not yet appointed
18. Eastern Cape Dept Transport	Lize Hoole (012) 309-3832	Fleet Management	Treasury Approval II (A) – November 2002.			Deloitte & Touche
19. Eastern Cape Dept Transport	Hennie Erasmus (043) 604-7411	Umtata and Bisho airports	Transaction Advisors to be appointed.			Not yet appointed
20. Free State Dept Education	Sandra de Kock (051) 430-8989	Schools	Feasibility Study underway.			KPMG; Ashira; HLM-SV Architects; Africon
21. Free State Dept Health	Mr Shuping (051) 405-4488	New build hospitals in Trompsburg and Lady Brand	Feasibility Study underway.			Ignis; EC Harris; PHI
22. Free State Dept Transport	Strover Maganedis (051) 405-4226	Fleet Management	Treasury Approval I - February 2003.			Ernst & Young; Deloitte & Touche
23. Free State Dept Social Development	Dr. Shirley Havenga (051) 409-0894	Grants payment system	Treasury Approval II (A) - December 2002.			Ernst & Young
24. Gauteng Dept Transport Mazwai	Gautrans (011) 355-7300	Gautrain Rapid Rail Link	Revised Treasury Approval I given. Treasury Approval II(A) for phase2 RFP. Bids close June 2003.			Khuthale; Arcus Gibb; Kagiso Financial Services; Ledwaba
25. Gauteng – Dept Agriculture, Conservation, Environment & Land Affairs	Michael Worship (011) 355-1400	Cradle of Humankind World Heritage Site	Treasury Approval II (B) December 2002. Negotiations.	Furneaux Stewart Gapp Consortium		PricewaterhouseCoopers; White & Case
		INCEPTION	FEASIBILITY	PROCUREMENT	NEGOTIATIONS	

Provincial Departments		Contact official	Project	Status	Preferred Bidder	Transaction Advisors
26. Gauteng – Dept of Agriculture, Conservation, Environment and Land Affairs	Fana Jiyane (011) 355-1911	Dinokeng tourism initiative	Inception.		Not yet appointed	
27. KwaZulu Natal Dept Economic Development and Tourism	Mel Clark (031) 310-5400	Dube Trade Port	Feasibility study underway.		PricewaterhouseCoopers	
29. Limpopo Dept Health	Clifford Motsepe (015) 295-8163	Various hospitals	Inception.		Not yet appointed	
30. Limpopo Dept Public Works	Baldwin Ramasobane (015) 293-9000	IT: GIS web-enabled MIS for the Province	Feasibility study complete.		Anderson Alliance Group	
31. Mpumalanga Dept Education	Jan Kriel (013) 766-5122	Schools	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 I - October 2002		Ignis	
33. North West Dept of Transport	Teboho Molaba (018) 387-2443	Fleet Management	Feasibility completed.		Deloitte & Touche	
34. North West Dept Transport	Teboho Molaba (018) 387-2443	Mafikeng Airport	Re-negotiating with Advisors on scope of work.		African Arc Consultants	
35. Western Cape Dept Health	Japie du Toit (021) 483-5844	Hermanus hospital co-location project	Negotiations.	Mediclinic Holdings	Ignis	
36. Western Cape Dept Health	Japie du Toit (021) 483-5844	Swellendam hospital co-location project	Feasibility study underway.		Ignis	
37. Western Cape Dept Health	Japie du Toit (021) 483-5844	Conradie Hospital replacement	Transaction Advisor to be appointed.		Not yet appointed	
38. Western Cape Dept Health	Japie du Toit (021) 483-5844	Eerste River Hospital-Facility Management	Feasibility study underway.		Ignis	
Public Entities	Contact official	Project	Status		Transaction Advisors	
39. National Housing Finance Corporation	Luthando Vutula (011) 644-9800	Rental Housing	Options Analysis and Feasibility Study.		Kagiso Financial Services	
40. Bayworld (Port Elizabeth)	Sylvia van Zyl (041) 584-0650	Tourism, science, educational facility	Options analysis.		Decathlon; Hofmeyr, Herbstein & Gihwala	
41. Greater St Lucia Wetlands Authority	Terri Castis (083) 309-3587	Eco-tourism: 14 business sites	Treasury Approval II (A) - December 2002.		White & Case; Delano Caras	
42. Eastern Cape Mayibuye Transport Corporation	Andrè de Vries 082 923-5226	Bus company restructuring	Treasury Approval II (A) - February 2003.		Deloitte & Touche	
43. South African Military Hospitals	Col.Johan Crouse (012) 671-5174	Various hospitals	Inception.		Not yet appointed	
44. Western Cape Nature Conservation Board	David Daitz (021) 483-5356	Eco-tourism: 15 business sites (10 small and medium, 5 large) on 12 reserves	Treasury Approval II(A)- February 2003.		Dynacon Technologies; Bell, Dewar & Hall; Busico	
		INCEPTION	FEASIBILITY	PROCUREMENT	NEGOTIATIONS	

PPP AND PROJECT FINANCE TRAINING ROLLS OUT FOR 2003

After a highly commended run of PPP training courses over the last two years, the National Treasury PPP Unit's extended collaboration with the National Business Initiative (NBI) offers a suite of quality training places for about 500 participants during 2003.

- The ever popular two-day **PPP Foundation** course runs every quarter in Gauteng. It takes the participant through the generic PPP project life-cycle as prescribed by Treasury Regulation 16, annotated by contemporary South African case studies. Presenters are officials, advisors, bankers and sponsors currently involved in PPP deals.
- In association with Euromoney, three **Advanced Project Finance** courses are also on offer. The first, 'Public Private Project Finance', held in January, was attended by 30 officials, investment bankers and PPP advisors. The second, 'Project Finance Recovery and Risk

Assessment', will be held end July; and the third in September will deal with 'Risk in Project Finance PPP contracts'.

Presenter of the advanced *Project Finance* courses is Richard Tinsley, renowned President of International Advisory & Finance (IA&F), a global network of investment bankers, project advisors and industry specialists. Based in Sydney, Australia, Tinsley has worked at every level of project financing, being involved as the lead banker or chief advisor for some US\$8,5 billion of project financing over 20 years, in about 600 projects.

- As an intermediary between these foundation and advanced courses, the PPP Unit and the NBI are designing a new course: **Introduction to Project Finance** which will be offered twice this year. Watch *PPPQ* for details and contact the NBI to reserve a place.

EUROMONEY AFRICA HEALTH PPP DEAL OF THE YEAR

SOUTH AFRICAN PPP SECTOR'S HEALTHY TRACK RECORD

Euromoney's International Project Finance journal has ranked the R4.5 billion Inkosi Albert Luthuli hospital PPP 'Africa Health PPP Deal of the Year 2002'.



This acclaimed KwaZulu-Natal 'state of the art' PPP hospital is:

- The first health PPP concluded in South Africa
- The first deal done under Treasury Regulations for PPPs
- The first provincial government PPP
- The first film-less and paperless hospital in Africa
- The first PPP deal of this magnitude and complexity –

possibly worldwide – to take just 12 months to negotiate

- Ground-breaking in the high levels of black empowerment in the private party's equity, management and sub-contracting.

The 15-year PPP agreement is between the provincial Department of Health and Impilo Consortium, comprising Siemens Limited, AME, Drake & Skull, Vulindlela Holdings, Omane Investments, Mbekani Health & Welbeing. Rand Merchant Bank acted as financial advisor and lead arranger for Impilo.

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National Business Initiative PPP Resource Centre:

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Email: faye@nbi.org.za

www.pppcentre.com

PPP FOUNDATION TRAINING 2003

Dates: 13-14 May
12-13 August
11-12 November

Cost: public sector R600 +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

30-31 July & 01 August:

'Project Finance Recovery & Risk Assessment'

September (dates to be confirmed):

'Risk in Project Finance PPP Contracts'

Costs and venue on application.



To book contact:

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