

May 2005

Project Win

Assessing the Poverty Impact of Area-Wide Road Networks in China

(03073)

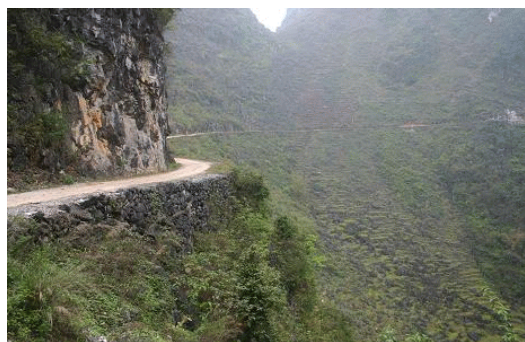
We are very pleased to announce that CPCS Upham Corporation was awarded an Asian Development Bank-funded contract to help improve the planning of road network investment and operations in China.

Even though China has experienced rapid economic growth over the past decade, there has been limited investment in the road sector in rural area. As a result, the poor have limited mobility beyond their immediate communities because of geographic isolation and the high cost of motorized transport. Roads are considered the key infrastructure needed to accelerate socioeconomic development, improve quality of life, create jobs, bring in stable income, and provide access to social services.



The project is designed to increase the economic and social benefit of future road network investments in the country. As such, we have been working with the Government of China since October 2004, to prepare a road network strategy that promotes, in an integrated manner, expressways and local roads to meet communities' needs and support economic growth.

This is an important project for CPCS. Since the establishment of our Poverty Alleviation Practice in 2002, we have been involved in several transport projects that focus on poverty reduction. These projects have focussed on the impact of improved transport networks and services on quality of life and increased income. This project is ground breaking in this area. The output of this project is to develop an Area-Wide Road Investment Model designed to assess the linkages between the economic feasibility and poverty impact of selected road projects for remote disadvantaged communities.



CUC has been working on this project since October 2004 in association with Louis Berger, Chelbi and China Academy of Transportation Sciences (CATS). The Executing Agency for this project is the Ministry of Communications (MOC), PRC. The value of the contract is approximately US\$ 1 million.

Greg Wood is Project Director for this project – and is supported by Elizabeth Rankin and Marc-André Roy as well as international experts from Louis Berger and local experts from Chelbi and CATS.

Project Wins in Jordan

CPCS is delighted to announce that we have been awarded two contracts in Jordan.

Privatization of Aqaba Railways (04025)

CPCS will act as the Transaction Adviser to the Executive Privatization Council to develop and implement the privatization of the Aqaba Railway in Jordan. CPCS acted as the Adviser to the government five years ago in a similar attempt to privatize the railway. At that time the winning bidder was Wisconsin Central of the U.S. Unfortunately after long negotiations the parties were unable to agree. The current rebidding coincides with the privatization of the Jordan Phosphate Mining Company and it is expected that the new private operators of the two organizations will need to maintain and develop the rail system to serve the phosphate industry.



Advisory Services to Support the Construction and Operation of Light Rail System from Amman to Zarqa (04169)



CPCS will act as Advisers to the Public Transport Regulatory Commission to support the bidding and closure for this new light rail system on a BOOT basis. The right of way for the planned system will follow the old Hejaz Rail lines for 33 km from Jordan to Zarqa. This route between Jordan's two largest cities is also the most densely travelled route in the country and Jordan is committed to its development.

May 2005

Project Update

Opening of a New Era in Nigeria's Port Operations (02025)

On March 10, after a thorough technical evaluation process, the financial bids for the Apapa Container Terminal and Terminals C and D of the Lagos Port Complex were opened. The high profile event was attended by a host of stakeholders including the technically qualified bidders, senior officials from National Council of Privatization (NCP), the Bureau of Public Enterprises (BPE), the Ministry of Transport (including the Minister of Transport), and the Nigerian Ports Authority (NPA).

The Nigerian Port Sector is undergoing significant reforms which include: restructuring of the NPA, creating an Independent Regulatory Commission to regulate and monitor the entire transport sector, and concessioning of terminal operations to efficient private operators through an open and transparent bidding process.

The reform process is being carried out by the BPE, the privatisation agency under the Presidency, with ongoing assistance from its Ports Advisers - CPCS Transcom International.

And now for the results.....

The world's largest terminal operators (Hutchinson Port Holdings, PSA International, and A.P. Moller S.A) were among the technically qualified bidders for the Apapa Container Terminal. However with an offer of US\$1.06 billion, the Concession was awarded to A.P. Moller S.A. The concessionaire is expected to operate the terminal for the next 25 years with a possibility of an extension. At the moment, the Container Terminal in Lagos has an annual throughput of over four hundred thousand TEU, with an annual expected growth of more than 8%. The concessionaire will pay an initial US\$10 million entry fee followed by another US\$15.4 million for the Container Terminal's moveable assets within 15 days after the signing of the Concession Agreement. It will pay an additional US\$ 38 million (approx.) of Annual Fixed lease payment upon commencement of operations.

ENL Consortium won the bids for the Terminals C and D, with an offer of US\$13.6 million and US\$12.3 million, respectively. ENL is composed of a Nigerian-based public utility management company, Hastrup Line WA, GSI and Dublin Port Company. Concession arrangement for each of these two terminals is for 10 years with possibilities of extensions. Presently, both of these terminals mainly handle General Cargo with an annual throughput of more than one million tons each, however, the concessionaires of both these terminals will also have the right to handle containerized cargo. For terminal C and D, ENL Consortium will pay a US\$1 million entry fee for each terminal, within 15 days after signing of the Concession Agreement.

Congratulations for a job well done to the BPE ports team lead by Alwell Ibeh and the CPCS Transcom team led by Peter Kieran (Project Director) and Chris Robinson (Project Manager).

Other key CPCS resources include Joe Jones (Group Leader -Transaction Team), Dick Pentland (Group Leader - Technical Team), Robert Coté (Group Leader - HRD), Paul O'Hop (Group Leader - Legal Team), and Arif Mohuiddin (Field Project Coordinator).

The CPCS advisers are supported by an excellent team of local consultants led by Buki Oluwadiya (Deputy Project Manager), Senator Odujiurin (Legal) and Ebenezer Koyijo (Accounting).



For more information contact:
CPCS Transcom Limited

72 Chamberlain Avenue, Ottawa, Ontario, Canada K1S 1V9
Tel: 613-237-2500, Fax: 613-237-4494, email: ottawa@cpcstrans.com
website: www.cpcstrans.com

May 2005

Project Update

TRC Railway Concession on Track: Two Proposals Submitted (03096)

Dar es Salaam, Tanzania - A Bidders Conference was held from January 19-20, 2005. Individual meetings with each Prequalified Bidder were presided by the Presidential Parastatal Sector Reform Commission (PSRC) with advisory support from CPCS Transcom (Canada). CPCS has acted as the Lead Transaction Advisor to PSRC for the concessioning of the Tanzania Railways Corporation (TRC) since 2003.



This Conference marked the latest step in selecting a private operator (Concessionaire) to maintain, operate, and develop TRC's 2,707 km rail network. The primary objective of the Government of Tanzania is to create a financially viable railway that provides an efficient and cost effective service to its customers, whilst retaining ownership of national public service assets and safeguarding national interests. The 25-year concession will further strengthen the railway's central position within the logistics chain for Eastern Africa and the hinterland regions. The CPCS project team demonstrated the financial viability of the project through its market and financial analysis of the railway concession, including capital cost estimates for the renewal of the track and rolling stock. CPCS also organised and led three study tours of rail and port concession in Africa, Asia and South America for Tanzanian Officials. The last tour took place in February to visit the Camrail concession in Cameroun and the Pacific Railway concession in Colombia.

The International Development Agency (IDA), part of the World Bank Group, has been working actively with the Government to reform and improve its rail transport infrastructure and services. As part of its support to the sector, the Government has requested IDA to provide a Partial Risk Guarantee (PRG) in support of the TRC Concession. The PRG support would be designed to guarantee certain of the Conceding Authorities payment obligations under the Concession Agreement. The main advantage of this coverage is to enhance the Concessionaire's access to the financial markets by reducing its cost of capital and increasing the tenor of its loans.

The Government has already concluded an IDA credit for the Central Transport Corridor Project. This credit includes an important railway component consisting of: the provision of track renewal materials under a Capital Investment Programme (CIP); technical assistance for building up the management and operational capacity of the rail concession's Conceding Authority; an Environmental and Social Assessment; and an environmental clean up and resettlement programme. The Government has already allocated US\$33 million under the CIP, of which US\$24.75 million will be released to the Concessionaire to undertake priority track renewal works. TRC has already begun an initial infrastructure rehabilitation programme using the remaining US\$8.25 million.

Three consortiums have been fully prequalified, they are: Great Lakes Railway Company (Comazar, Bolloré, Sheltam Group, First Rand Merchant and several Tanzanian investors), NLPI-Spoornet and Rites (India). Two Prequalified Bidders submitted Proposal on April 13th, 2005: Great Lakes Railway Company and Rites. The ceremony was presided by the Presidential Parastatal Sector Reform Commission (PSRC) with advisory support from CPCS Transcom (Canada). CPCS Transcom is assisting the Government in evaluating the Proposals and Bidders will be notified on the results of the technical evaluation by the end of May. For the Technical Proposals that are compliant, the financial proposals will be opened in June 2005. The Preferred Bidder will be announced in July 2005.

For more information contact:
CPCS Transcom Limited

72 Chamberlain Avenue, Ottawa, Ontario, Canada K1S 1V9
Tel: 613-237-2500, Fax: 613-237-4494, email: ottawa@cpctrans.com
website: www.cpcstrans.com

May 2005

Ready to Negotiate - Government Decision looms after the Financial Opening (04105)

Since 2001, CPCS Transcom has been providing transaction advisory services to the Privatization Committee in Congo for the concessioning of the Chemin de Fer Congo-Océan and will continue to do so until the Concessionaire begins operations in 2005.

In preparation for the concession we have completed the following activities:

- A due diligence analysis of the railway, including capital cost estimates for the renewal of the track and rolling stock.
- Examined the legal framework to facilitate foreign investment.
- Prepared all bid documents and the concession contract.
- Recommended improvements to the social plan for railway workers.
- Evaluated the technical competence of potential operators and assisted in the evaluation of financial proposals.



The technical and financial process is complete. CongoRail (led by Bolloré) and Sheltam-Mvela (South Africa) were technically qualified and subsequently asked to submit financial bids, however only Sheltam-Mvela submitted its financial offer. After reviewing the results of the bidding process in November 2004, CPCS Transcom and the Privatisation Committee submitted their recommendations to Government.

Once the official decision is announced, we will be providing advisory service to help finalize the transaction. Our services will include:

- Support during final negotiation of the concession contract to achieve financial closure.
- Support in developing and implementing the staff retrenchment program.
- Negotiate the financing of the social plan and infrastructure investment program.
- Supervise the handover of railway operations to the Concessionaire.
- Support in creating the railway concession oversight committee.

We are eager to assist the Government finalize this transaction and anticipate a smooth transition to the selected private sector operator.

May 2005

Cameroon's port privatisation program was successfully concluded with two key concession contracts (00184)

In the late 1990s, the Government of Cameroon embarked on an ambitious port reform program & retained CPCS Transcom as their Advisor. Since 2001, we have provided consulting services to assist with the concessioning of the container terminal at the Port of Douala and several key port services. In the first phase of the project, we examined the optimal strategy for introducing private sector participation in the country's ancillary port services and provided recommendations for enhancing the investment and legal framework. After completing this diagnostic and options analysis phase of the project, we went into high gear as the Government's Transaction Advisor for concessioning the container terminal, the towing and mooring services, and the port's ice factory.



The container terminal, towing and mooring, and ice factory in the port of Douala have all been successfully concessioned.

- The container terminal concession - to assume responsibility for the management, stevedoring and terminal handling at the facility - was hotly contested by two European groups in 2003: Progosa Investment and Dragados (Spain), and Le Consortium (led by APM Terminals and Bolloré). Only Le Consortium passed the technical round and submitted their financial offers on October 27th, 2003. The Government awarded the 15-year concession to Le Consortium but did not call them for negotiations until early 2004. After several months of negotiations both sides finally reached an agreement and officially signed the concession contract on June 28, 2004. The Concessionaire has been in operation for several months and the level of service on the port continues to improve.
- The concessioning of the towing and mooring services was a first for a Central African port and the experience has been a positive one. The Government received two technical offers: Les ABEILLES (France) which is already active in West Africa, and the CNI and SDCA consortium (Cameroon). Both candidates made it through the technical round and submitted financial offers. Les ABEILLES came out on top and signed the concession agreement in December 2003.

Congratulations to: Elan Cusiack Barr (who led the assignment), John McPherson, Andre Pretto, Richard Pentland, Gustaaf De Monie, Alain Jarry, Pierre Boubou and Dieudonné Konga.

May 2005

Comings and Goings. . .

Gerald Scott. We are proud to announce the addition of Gerald (Gerry) Scott to the CPCS Transcom team. Gerry is based in our New Delhi office as our VP and Chief Roads Engineer. He will be working to further develop our worldwide road sector business.

Gerry has more than 25 years of international experience in road infrastructure rehabilitation, reconstruction and maintenance. He has managed and supervised major civil works in the highway sector.

He is fully versed in the applications of computerized project management information systems and contract progress reporting methods. He has provided contract procurement and management services to a wide range of private sector and public clients in the areas of national institutional re-structuring (re-engineering) and development of construction industry training of local contractors and consultants to

privatize the road sector, environmental protection and re-settlement issues, financial innovation and human resource development.

He has written various organizational, road and equipment management manuals. He has also organized and delivered numerous workshops and seminars at the ministerial level to introduce these new management techniques. Acting as Principal Facilitator, Gerry has organized and conducted major stakeholder's road management/privatization workshops. For example, he recently represented the Government of Eritrea at the World Bank sponsored "Stakeholder's 15-year Road Sector Development Program" held on 28 September 2004 in Asmara.

Gerry has worked as a Project Manager/Team Leader for more than 15 years on World Bank-financed projects in Africa, Asia and the Caribbean. His work has included:

- Assessment of current organizational arrangements for management of national road networks;
- Introduction of change management and transitional Planning in the context of Road Authorities;
- Assessment of staff levels required following the privatization of road maintenance;
- Development of management information systems for highway and pavement management and performance measurement.
- Improving the road safety conditions, programs and policy of high volume road networks;
- Promoting gradually a shift of road maintenance operations from large foreign contractors and force accounts to small, locally labour-based contractors;
- Designing engineering and management training programs for the construction industry;
- Building capacity to assess environmental impacts of road projects;
- Establishing appropriate institutional arrangements within the client government Ministry of Works and providing advice and support for planning, design, construction, supervision and contract management;
- Implementing a financial mechanism, which increases, cost recovering to road users to fund road maintenance and rehabilitation.

For more information contact:
CPCS Transcom Limited

72 Chamberlain Avenue, Ottawa, Ontario, Canada K1S 1V9
Tel: 613-237-2500, Fax: 613-237-4494, email: ottawa@cpctrans.com
website: www.cpcstrans.com

May 2005

Comings and Goings. . .



Diane Paul. We are very pleased to announce that Diane Paul has joined CPCS as a Senior Consultant specializing in providing project management services for projects in Asia, Africa and the Caribbean. She works in direct communication with clients from the ADB, World Bank and CIDA in ensuring successful implementation of contracts and is well versed in finance and donor reporting. She works effectively in identifying and tracking projects for a range of clientele.

Diane has strong organizational skills and practical experience in coordinating projects including the successful coordination of regional projects in Asia and Africa. She is experienced in identifying and recruiting specialist personnel for the implementation of international technical assistance projects in transportation, human resource development, and social development. Diane has worked with over 25 international partners (firms and non-governmental organizations) in implementing successful joint ventures and arranging consortiums for international bids in diverse sectors. Since joining CPCS, Diane has been involved in contract and resource management. Diane holds a Bachelor of Science from Memorial University, Newfoundland.



Elan Cusiak Barr. We are pleased to announce Elan's promotion to the position of Principal.

After graduating with an International MBA, Elan joined CPCS Transcom as an Intern in 1998. He was soon dispatched on his first posting in Mali-Senegal for the Dakar-Bamako rail concession project as Field Project Manager. In 1999, this project earned a mention for the prestigious World Bank's President's award. Elan has since developed his private sector development and commercialisation expertise on close to a dozen privatisation engagements across Africa and Asia in the rail, port and road sectors. He has extensive experience providing strategic solutions to international clients, including the government agencies, private sector companies, and the World Bank. His privatisation experience includes several successful transactions that have reached financial closure: national railways of Mali-Senegal, port of Douala container terminal and port services, Madagascar railways, and Zambia railways. Elan's expertise spans a wide range of areas: concession design, business and financial modeling, privatisation transaction management, evaluation of investor proposals, diagnosis of company performance and operations, and economic studies and investment promotion.

Until 2002 Elan focused his marketing talents in West and Central Africa to spearhead CPCS's project development in both francophone and anglophone markets such as Nigeria, Ghana and Cameroun. Elan was then dispatched to Bangkok to head up business development, and then the management, of our road engineering division CPCS Upham. He remained posted in Thailand until the company fully merged its operations with CPCS Transcom India in early 2004. For the last year Elan has led the rail concession project in Tanzania that has thus far attracted two viable Bidders. He will soon lead our team in Swaziland to undertake a PPIAF financed privatisation strategy study.

Elan's professional affiliations include his membership of the Canadian Association of Management Consultants. He has held the Certified Management Consultant (CMC) designation since 2001. He is also a member of the Canadian Council on Africa and the Forum Francophone des Affaires.