

Station was tendered as a "cut-and-cover" design but was subsequently changed under a variation order issued by the Gauteng province to a cavern design, which attracted additional costs.

Bouygues and SPG are the other shareholders of the Bombela Civil JV that lodged the claim. It has been awarded R354m (US\$23m). The province is liable for all arbitration costs and has to pay interest at plus 2% from the date of finalisation of the amount due, said the statement.

The Gautrain PPP was originally financed in 2007 with over US\$400m of commercial debt split equally between Standard Bank and Rand Merchant Bank. The sponsor, advised by SG, has delayed a refinancing due to a number of arbitration cases relating to the project. Commercial discussions are still continuing on a case involving a water leak (see PFI 521).

A consortium comprising SMEC South Africa, DLA Cliffe Dekker Hofmeyr and Deloitte was also appointed last year to conduct a feasibility study into a multi billion-dollar Gautrain extension project, with a PPP as one of the funding options. The study is expected in Q2 this year.

TANZANIA

ADVISER APPOINTED FOR NEW CCGT

K&M Advisors has been appointed by state utility **TANZANIA ELECTRIC SUPPLY COMPANY** (Tanesco) as transaction adviser for a new 250MW combined cycle gas turbine (CCGT) power plant in the country.

K&M will assist with site selection, preparing prequalification documents right through to negotiations with the preferred bidder. Tanesco has identified several natural gas-fired power projects planned for development during the next 10 years, the firm said.

However, negotiations on a number of independent power projects (IPPs) in the country have stalled over the past year and the government in January announced plans to sell up to 49% of the debt-laden utility.

K&M said the project could be delivered as a public-private partnership (PPP) with government and the firm would be looking at how to credit-enhance Tanesco's payment obligations. The project's development was expected to conclude before any sale of a share in Tanesco, a spokesperson added.

The government plans to form a power generation company by 2017 to manage electricity generation activities and a number of distribution companies by early

2021 under its Electricity Supply Industry Strategy and Roadmap (2014/25).

The African Development Bank has said that it could finance the cash-strapped utility after such reforms. The government wants to increase installed electricity capacity from just over 1,500MW to at least 10,000MW by 2025.

UGANDA

OIL PIPELINE DUE FOR TANZANIA

Construction of a US\$4bn pipeline to transport crude oil from Kabale in Uganda to Tanga Port in Tanzania will begin in August, pending ongoing discussions between the two governments and investors, the managing director of Tanzania Petroleum Development Corporation has announced.

Construction will be carried out by the UK's Tullow Oil, France's Total E&P and China's CNOOC. **TOTAL**, one of the oil firms developing Uganda's fields, was understood to have raised security concerns about an alternative export route through Kenya. A Kenyan pipeline could run near Somalia, from where militants have launched attacks on Kenya.

Once completed, the oil pipeline will be able to transport up to 200,000 barrels per day passing through a number of Tanzanian regions from the Indian Ocean port of Tanga to Uganda.

Kenya has discovered 600m barrels of crude oil in South Lokichar and 6.5bn barrels of oil have been found in western Uganda. Tullow is also working in Kenya. A joint pipeline was to be built from Hoima in western Uganda through Lokichar to Kenya's coast to enable the two countries to start exporting their discoveries.

Kenya is now faced with building a crude oil pipeline to its coast alone. South Sudan is also considering an alternative route via Ethiopia to Djibouti instead of South Lokichar in northern Kenya through Isiolo to Lamu on the Indian Ocean.

FIRST ROAD PPP TO BE SPLIT UP

Investors are concerned about environmental and social risk on the proposed Kampala-Jinja expressway PPP, the country's first road public private partnership (PPP) project.

More detail has been requested on the road's resettlement action plan. Over 10,000 households need to be resettled as the project crosses heavily populated areas in or near Kampala.

Uganda's chief government valuer is currently weighing up adequate compensation levels for those affected but it is thought that a phasing of the project may allow right of way issues to be overcome more efficiently. The project would therefore be tendered as a whole but split into three phases, with the concessionaire raising debt for the first two and the government using toll revenues to finance the third, less busy, phase. The concessionaire would operate and maintain all three sections.

The debt requirement for the first two phases is up to US\$400m. A World Bank partial risk guarantee or partial credit guarantee to cover government availability payment obligations are both being considered, along with development financing and export credit. A local currency tranche of up to US\$100m may also be used to offset some of the currency risk on construction costs, given the Ugandan dollar's recent volatility.

The Uganda National Roads Authority is seeking a partner to design, build, finance, operate and transfer a limited-access 95km tolled expressway over a 30-year contract period. This includes the 77km Kampala-Jinja and the 18km Kampala Southern Bypass section.

The concessionaire will take construction risk and collect tolls, which the government will set, but will not be exposed to traffic risk. Step-in rights for lenders are proposed along with termination compensation. An information memorandum is expected in the next few weeks, followed by a request for qualifications in Q2.

ZIMBABWE

CORPORATE LOAN FOR PEAKERS

Local electrical equipment manufacturer **HELICRAW** has secured US\$120m from the African Import & Export Bank for the construction of a 120MW diesel-fired emergency power plant in Mutare, according to local newspaper reports. The financing is said to be structured on a corporate basis to shorten the time to financial close, expected within two months.

The US\$92m project to construct two 60MW peaking plants will take 18 months, and once completed Mutare will not need to rely on imports to bridge deficits during peak periods. Helicraw's technical partner on the project is Italy's Ansaldo Energia. Another diesel-powered electric plant at Dema in Seke on Harare's outskirts is set to come online soon, adding 200MW to the grid.