



# Alexandria University Hospitals PPP Project Note

Arab Republic of Egypt  
March 2008



## IMPORTANT NOTICE

This Project Note is provided as part of the evaluation materials to the recipient solely for informational purposes in order to assist the recipient and its advisors in assessing whether they wish to consider participating in the competitive tender for the Alexandria Hospitals Public Private Partnership Project (the “Project”). The Project Note is being issued by Alexandria University with the technical support of the PPP Central Unit of the Ministry of Finance (“MoF”) solely for use by prospective investors in considering the Project. The Project Note has been prepared with the assistance of the International Finance Corporation (“IFC”) as transaction advisors

The Project Note does not contain or purport to contain all the information that a prospective investor may desire. In all cases, interested parties should conduct their own investigation and analysis of the Project and of the data set forth in this Project Note. None of the above entities, nor their consultants make any representation (express or implied) or warranties as to the accuracy or completeness of the information contained herein, or any other document made available to a person in connection with the tender process for the Project, and shall have no liability for this Project Note or for any other written or oral communication transmitted to the recipient in the course of the recipient’s evaluation of the Project. Neither the Alexandria University, MoF, IFC, nor any of their consultants will be liable to reimburse or compensate the recipient for any costs or expenses incurred by the recipient in evaluating or acting upon this Project Note or otherwise in connection with competitive tender for the Project as contemplated herein.



## Context

The Government of Egypt (“GoE”) has launched an ambitious program of Public-Private-Partnerships (“PPP”) to improve public infrastructure. The GoE believes that properly designed PPPs can deliver better value for money and foster the development of modern and efficient infrastructure in Egypt. In 2006, the PPP Central Unit was established in the Ministry of Finance (“MoF”) to provide overall program direction, coordination and supervision to line ministries for the successful implementation of PPPs. The GoE also published a list of PPP projects totaling an investment of more than USD 4 billion which it plans to implement within a five-year period. This list includes projects in the health, water, sanitation, transport, and education sectors.

The PPP Central Unit has appointed the International Finance Corporation (“IFC”) as its Advisor for the structuring and implementation of a number of initial PPP transactions.

The purpose of this Note is to provide information on the Alexandria Hospitals PPP Project (the “Project”) and to solicit interest from prospective investors along with comments and feedback on issues that may be of concern.

## Alexandria University PPP Project

The Alexandria University, under the Ministry of Higher Education (“MoHE”), and the MoF intend to invite private sector participation, through a competitive bidding process, to enter into a PPP for the design, construction, financing, and facility management of two centrally located public hospitals and a blood bank in Alexandria, Egypt.

The Project includes:

- (i) the construction of a new 200-bed Gynecology/Obstetrics University Hospital to be located as part of a new hospital complex which would also include a new pediatric and a new emergency hospital at the Smouha hospitals complex;
- (ii) the construction of a new Blood Bank at the Smouha hospitals complex; and
- (iii) The construction of a new 223-bed hospital near the existing Mowassat Hospital for the provision of highly specialized care services (Centers of Excellence): a Neuro-Center, and a Urology/Nephrology (including kidney transplants) Center.

## PPP Contract

- **Contract Duration and Structure** The Project will be structured as a 20-year PPP Contract between the Alexandria University and the private sector Service Provider (“Service Provider”). The PPP Contract will set out the rights and obligations of the parties, including technical and output specifications, service and performance standards, methodology for periodic adjustment of the availability payments, monitoring and reporting procedures,

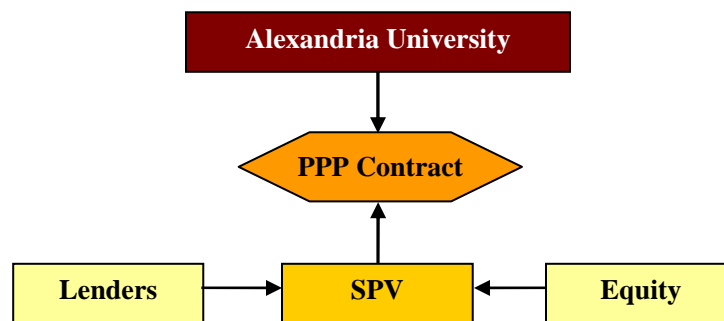


dispute resolution procedures, penalties and termination procedures. The Project will broadly follow the United Kingdom Private Finance Initiative (“PFI”) model.

- **Scope of Project:** Under the PPP structure, the private sector investor will be responsible for financing, designing/constructing, furnishing, and operating non clinical services/maintaining the hospital(s) and/or blood bank for the term of the agreement. The Service Provider will be responsible for all non-clinical costs related to the Project. These include pre-construction and construction costs and non-clinical operating expenses related to the maintenance of buildings and furnishings, pest control, security, cleaning, insurance, laundry, parking and catering. The PPP Contract will be based on output specifications. The Service Provider will have flexibility on detailed design, building materials and other inputs, subject to compliance with output specifications and relevant codes/standards (and subject to validation by the Government throughout the design and construction phases).
- **Clinical Services:** The Alexandria University will be responsible for all clinical costs related to the Project. These include medical consumables and clinical staff (doctors, nurses, etc.), as well as utility costs for water supply, sewerage and drainage, and power consumption.
- **Medical Equipment:** It has not been determined whether the purchase, maintenance, and replacement of medical equipment will be included in the Service Provider’s scope of work. It is possible that medical equipment may be included for one hospital and not both. This will be determined during discussions with potential investors.
- **Payment of Services:** Under the Project, the Service Provider will receive periodic availability payments in Egyptian Pounds (“EGP”) throughout the duration of the PPP contract. The payment is expected to cover amortization of capital costs, maintenance and other non-teaching and non-clinical services provided by the Service Provider. The payment will be independent of the level of patient demand at the hospitals and blood bank.
- **Bidding:** At present, it is expected that the Project will be divided in two lots and bid simultaneously: (i) the Smouha Maternity Hospital and Blood Bank, and (ii) the New Mowassat Centers of Excellence Hospital. Bidders would be given the flexibility of bidding on one or both lots.
- **Transparency:** The Project will be awarded through a transparent bidding process. The winning bidder will be selected under an evaluation methodology designed and implemented with the assistance of IFC. Bidders will be required to submit a technical bid (setting out, inter alia, conceptual designs, a construction timetable, and proposed materials) and a financial bid. Prior to the bid, bidders will have an opportunity to review and comment on the contract and tender documents, prior to final issuance. This will ensure that bidders’ concerns have been taken into consideration and that all bidders will bid on the same contract terms.

The PPP Contract will be signed by Alexandria University and a Special Purpose Vehicle (“SPV”) to be legally incorporated prior to bid submission. The SPV may include a construction company, a healthcare facilities management firm, financial investors, and possibly a medical equipment company, as set out in the schematic diagram below.





While this schematic sets out a general structure, the Government will provide investors with considerable flexibility in forming their SPV consortium to best suit their needs, strengths and interests.

## Tender Process and Indicative Timetable

The tendering of the Project will be conducted under the Egyptian Tenders Law (Law 89) / 1998. The bids will be opened in public and decisions will be made by two committees in accordance with the Tenders Law.

Alexandria University and the PPP Central Unit will issue an Invitation for Prequalification inviting interested parties to submit Prequalification Applications. An evaluation committee will evaluate the applications to select parties which have fully met the prequalification requirements and criteria. These parties will be designated as “Prequalified Bidders” and will receive a draft PPP Contract and will be (a) given the opportunity to conduct appropriate due diligence in connection with the Project, (b) granted access to the data room and (c) invited to participate in a consultation process with the PPP Central Unit, Alexandria University and IFC in connection with the preparation of a bid

Only Prequalified Bidders will be allowed to submit a bid. Bids will be evaluated by the evaluation committee. The winning bidder will sign the PPP Contract.

A tentative timetable with key milestones is provided below:

	<b>Milestone</b>	<b>Indicative Target Date</b>
1	Issuance of Expressions of Interest ("EOI")	Mid May 2008
2	Deadline for investor registration	June 2008
3	Issuance of Information Memorandum	June 2008
4	Issuance of Request from Prequalification ("RFQ") - Prequalification Procedures	June 2008
5	Conference for Registered Investors	End June 2008
6	Deadline for prequalification	July 2008
7	Announcement of pre-qualified bidders	End July 2008
8	CD ROM (virtual 'data room') issued to pre-qualified bidders	End August 2008
9	Issuance of draft PPP Contract and annexes to pre-qualified bidders for comment	End August 2008
10	Issuance of Request for Proposals ("RFP") - Tender Procedures	End August 2008
11	Deadline for submission on comments on contract	End September 2008
12	Issuance of final PPP Contract and tender documentation	End October 2008
13	Submission of bids (technical and financial)	End December 2008
14	Notification of technical bid results	January 2009
15	Opening of financial bids and selection of winning bidder	February 2009
16	Signature of PPP Contract	March 2009