FINANCING AFRICA’S RAILWAY FROM MAURITIUS

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Jean-Eric Sauzier
Mushtaq Namdarkhan

BLC ROBERT & ASSOCIATES

In Association with HARNEYS
I. The landscape and challenges

II. Mauritian relevance

III. Typical rolling stock financing transaction

IV. The ideal Mauritian offering

V. The legal road map

VI. Concluding remarks
I. The landscape and its challenges

A. Landscape – funding of an asset

B. Challenges - for example:

- Historic financial history;
- Nature of the asset;
- Cross border;
- Identification

C. Financing hurdles – high risks implies high cost of finance
II. The relevance to and of Mauritius

A. Relevance to Mauritius:
   - Domestic space: Light railway and harbor logistics

B. Relevance of Mauritius:
   - Offshore space: A structuring platform and international financial centre of choice
An example:

III. Typical rolling stock financing transaction

- Supplier/Manufacturer (Germany)
- Parent company (India)
- Lessor (Mauritius)
- Bank (RSA)
- Operator (Gabon)

- Sale of equipment: Supplier/Manufacturer (Germany) to Lessor (Mauritius)
- Equity: Parent company (India) to Lessor (Mauritius)
- Loan: Bank (RSA) to Lessor (Mauritius)
- Pledge of equipment: Lessor (Mauritius) to Bank (RSA)
- Lease: Lessor (Mauritius) to Operator (Gabon)
IV. The ideal Mauritian offering

- Recognition of security
  - Creation
  - Ranking

- We have – We should have
  - Cross border insolvency
  - Repossession

- Recognition of foreign judgments
  - From investor jurisdiction
  - To target jurisdiction
v. Legal road map

A. Adoption of Cape Town Convention:

B. Adoption of Luxembourg Protocol

C. Local legislative updates for “international interest” – possible areas for conforming changes:
   eg. Civil Code, Commercial Code, Registration Duty Act, Insolvency Act, etc…
VI. Concluding Remarks

- Business friendly platform
- Recognised for Africa
- Protocol at infancy stage
- First mover’s advantage