



## Transport

### Jordan's largest infrastructure project announced

Ila Halai

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**Jordan's Aqaba Development Corporation has announced the country's largest infrastructure project to be procured through a PPP - the relocation of Aqaba port 20km south, a transaction which is directly valued at US\$700 million.**

The BOT project has a 30-year concession and was presented to senior level industry figures at this week's IJ Transport Forum by His Excellency Imad Fakhoury, chairman of the board and chief executive of ADC (Aqaba Development Corporation).

H.E Imad Fakhoury has said described the port as the 'one of the most important infrastructure priorities in Jordan is to build a world-class port.'

The new port will ensure that users obtain faster, more efficient services as well as the necessary capacity to enable them to grow and diversify their operations. The new facilities will also help transform Aqaba into a leading industrial, commercial and logistics Hub for the Levant region and the wider Middle East and Asia.

The main drivers for shifting the port are:

- ❖ there is a need for a modern deeper sea port and capacity for deeper berths
- ❖ the land around the new area can be used for expanding the New Port and supporting logistical facilities, while the relocation will allow redevelopment of the vacated Main Port area into a world-class mixed-use waterfront real estate development that integrates fully into the urban tourism northern corniche of Aqaba

The tender will look for companies willing to DBFOT the new port of Aqaba under a 30 year development agreement and site lease. The requirement will be to develop new terminals for grain, phosphate, general cargo and ro-ro operations, to expand and upgrade the industrial terminal, including facilities for fertilisers and other dry bulks, and to build a bulk liquids jetty.

According to H.E Imad Fakhoury, 'We expect to be able to issue the tender documents in the Q1. We then hope to name the preferred development partner before the end of 2008, so that work on this project can start early in 2009.'

The project may be particularly interesting to the private sector because of the amount of risk being undertaken by ADC including:

- ❖ labour risks
- ❖ environmental risks
- ❖ service charge risks

In addition, ADC will provide a cash infrastructural grant on a PPP basis to support project implementation and feasibility whilst maintaining competitiveness of port facilities of Jordan.

Throughout 2007, ADC completed all technical, financial, engineering, economic, and environmental studies as well as conducted a wide-ranging market research programme to test the level of interest in the new port and to ensure that the scope and transaction structure of the project was both financially and technically feasible.

Around 90 firms were interviewed or participated in focus groups, including real estate developers, port operators, construction companies, private equity funds and specialist 'boutique' investment banks, as well as the existing main port users and other key stakeholders.

These organisations were selected on the basis that they had

- ❖ previously expressed an interest in either the new port project and/or making a large-scale real estate investment in the Aqaba Special Economic Zone
- ❖ a credible track record of undertaking, arranging, constructing or financing large-scale real estate developments or infrastructure projects, and/or port-related projects - ADC targeted a list of 'best of breed' players in their specialist sectors
- ❖ some involvement in the existing main port - ADC operates an interactive stakeholder approach throughout all investment transactions that it mobilises

Following this research, ADC made the decision to design a PPP structure that demonstrated a real public sector commitment, including major investments in ancillary infrastructure, environmental mitigation, and also the provision of a financial contribution towards the build costs.

In 2005, the ADC appointed a pool of advisors to advise on projects in Jordan including:

- ❖ BearingPoint as lead advisor (management & technology consultants)
- ❖ Royal Haskoning (lead technical port advisers)
- ❖ Taylor DeJongh (investment bankers)
- ❖ IB Law (legal advisors)

ADC is an agency 50 per cent owned by the government of Jordan and 50 per cent by the local government ASEZA (Aqaba Special Economic Zone Authority).

ADC was launched in 2004 with the primary objective of accelerating Aqaba's economic growth and development.

It is owned by the Government of Jordan and the Aqaba Special Economic Zone Authority and is mandated to develop and manage large-scale strategic assets to an international standard, as well as attract FDI from ambitious, wealth generating companies that will diversify Jordan's economic base

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