

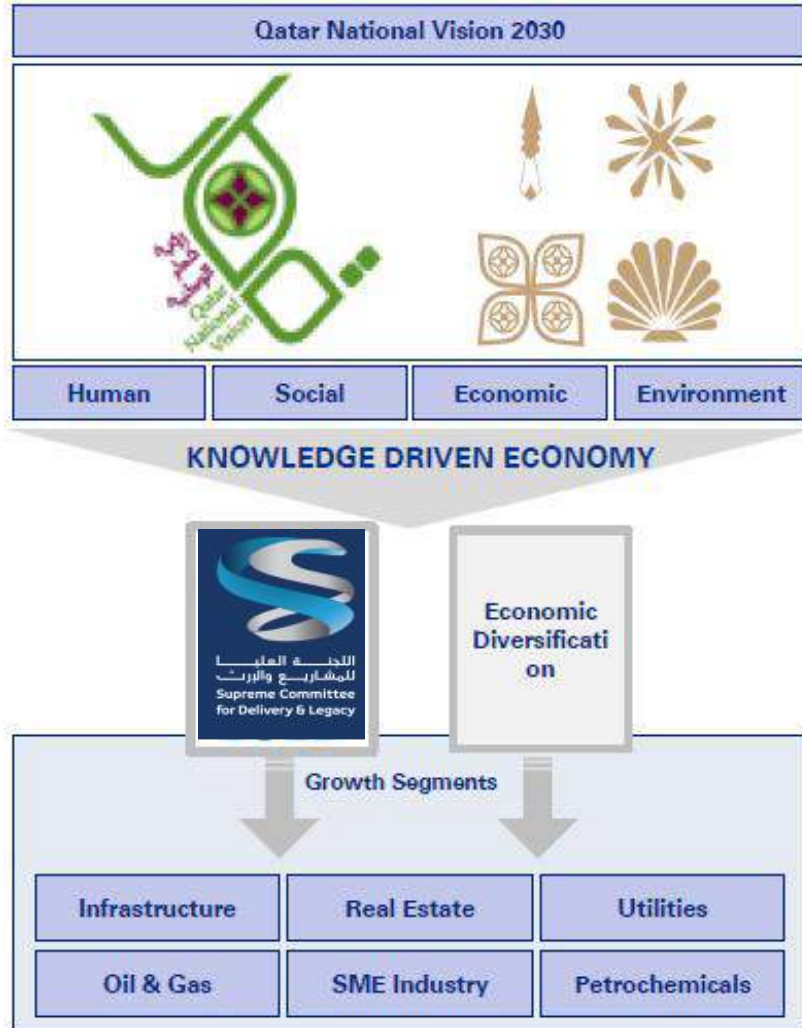
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**Istanbul PPP Summit**  
**PPP Training Course Case Study**  
**Country Presentation: Qatar**  
**November 2015**

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# Qatar Context: Moving from a Hydro-Carbon economy to Knowledge Driven Economy



Move from a Hydro-Carbon economy to **Knowledge Driven Economy**

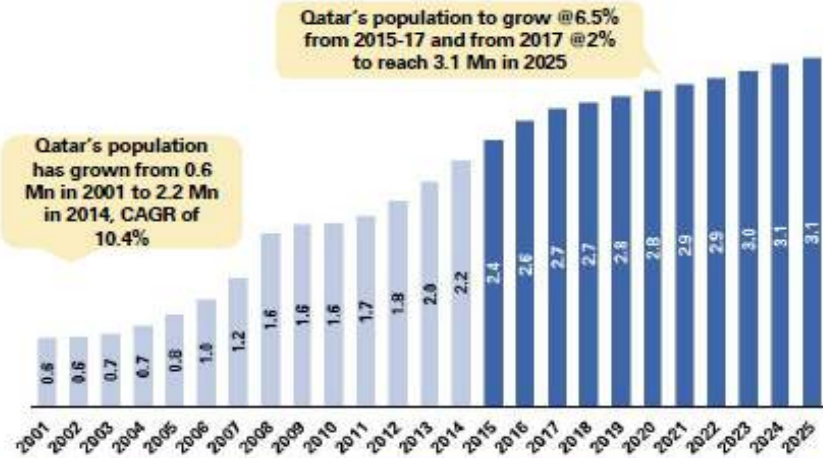
Qatar has **ambitious plan to develop the country** – Health, Education, Environment, Infrastructure

Unquestionable **Sovereign Rating of 'AA'** with a **Stable Outlook**

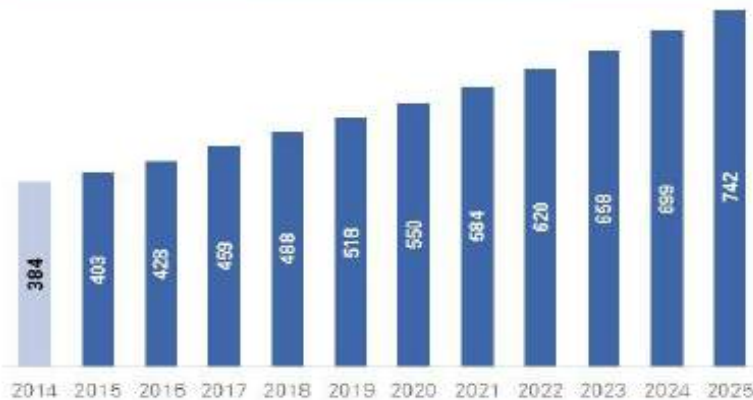
Qatar has one of the **largest infrastructure investment programs** globally > US\$ 200 bn

# Qatar is committed to its investment program in line with QNV 2030 and FIFA 2022 World Cup

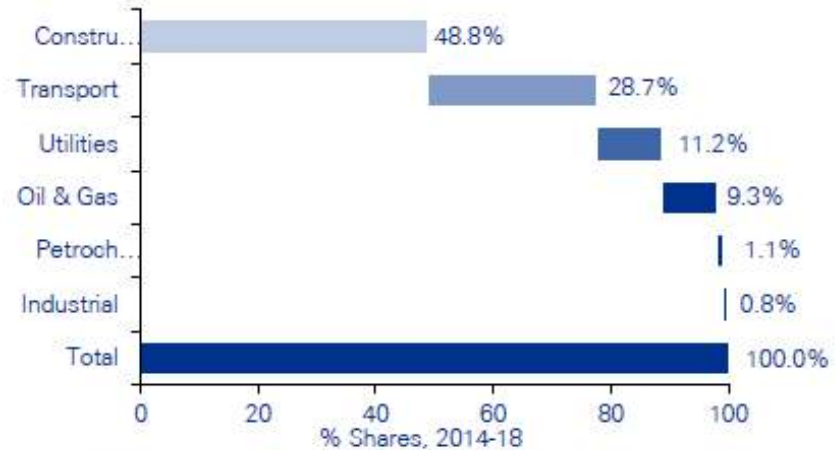
**Population Growth (2001-25, million)**



**Real GDP Forecast (2014-25, bn QAR)**



**Project Spending by Sector**



**Total Investment Spending (US\$ bn)**



# Key infrastructure programs

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- Qatar has earmarked approx. 45,000,000 m<sup>2</sup> of land for industrial and warehousing developments. They are spread throughout the country. On the top of the list are economic zones and logistics villages.
- Development of Hamad International Airport has increased Qatar's capacity to handle passengers and cargo multi folds. Capacity will be 50 million passenger annually and approx. 2 million tons of cargo.
- New Doha Port is a mega development planned near Mesaieed adjacent to economic zone 3. It is being built up to handle 1.7 mn tons of general cargo and approx. 6 mn TEUs per annum. The port is expected to begin operations soon, while development work continues over the coming few years.
- The Qatar Rail project is one of the largest rail programs in the region involving development of Doha Metro, Lusail Light Rail Transit System and Long distance rail.
- Road Authority, Ashghal, is implementing a large road development program involving projects such as East West corridor, Lusail Expressway, Orbital Highway etc. These projects would improve the connectivity significantly and have a positive impact on trade in general.

# Qatar has a track record of PPP projects in energy sector

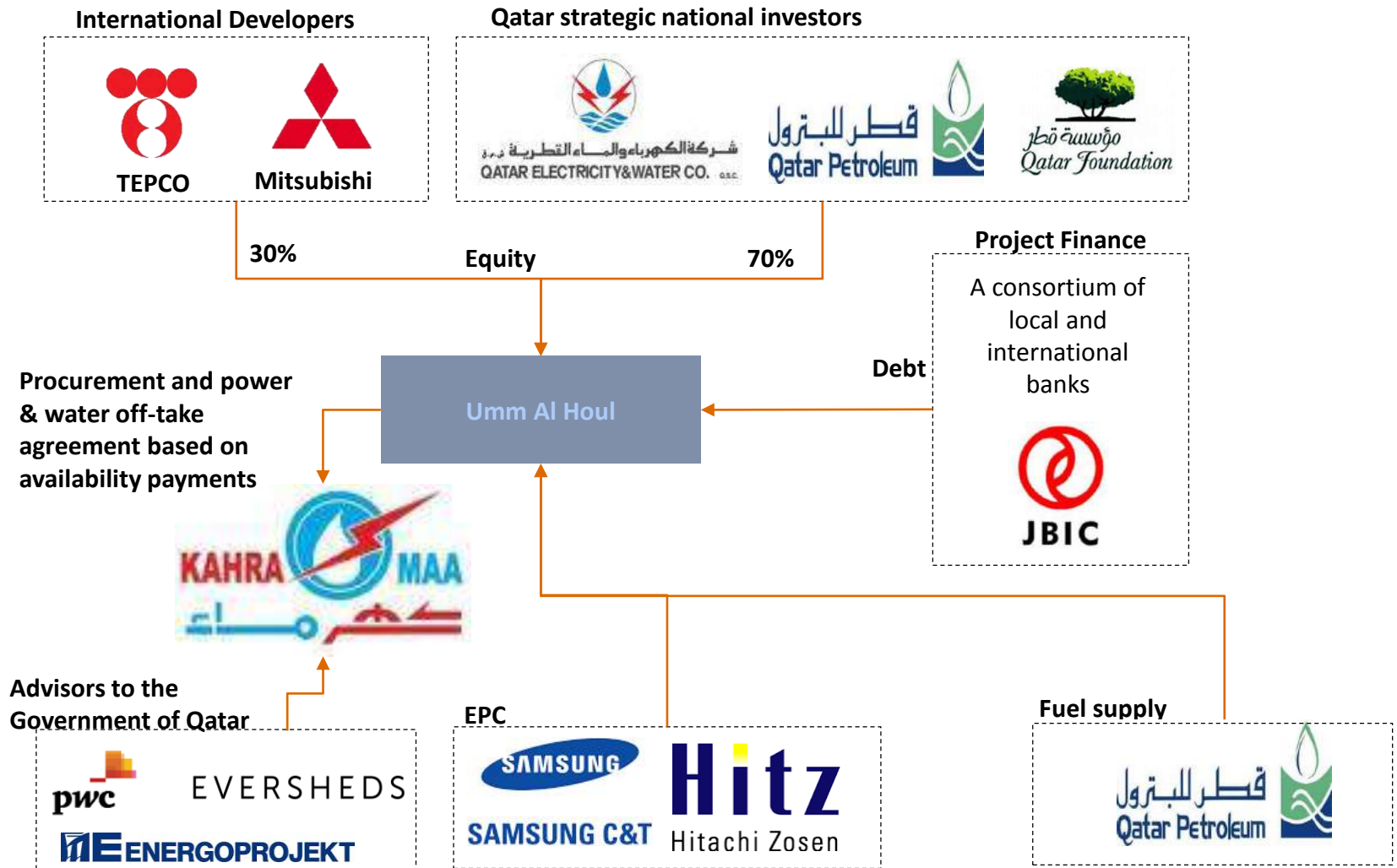
## *2015: Facility D is a landmark PPP project for Qatar*

### Background:

- Qatar General Electricity and Water Corporation, Kahramaa (“KM”) is responsible for procuring power and water generation capacity for Qatar
- In May 2015, KM signed the contract with the consortium led by Japan’s Mitsubishi to develop Qatar’s next independent water and power project (IWPP), known as Facility D

Capacity	Project Cost	PWPA Tenure	Start of operations	Technology
				
<b>Power: 2,520 MW</b> <b>Water: 136 MIGD</b>	<b>Aprox. US\$ 3.0 billion</b>	<b>25 Years</b>	<b>2018</b>	<b>Power: CCGT</b> <b>Water : Thermal + Reverse Osmosis</b>

# Project structure: Facility D attracted participation by global leaders in their respective fields



# Features: Facility D procurement successfully met Qatar's and Kahramaa's strategic objectives

## Meeting Qatar's strategic objectives

- **Securing national interests:** First IWPP which has Qatari shareholders involved as strategic investors
- **Security of supply:** 25 year PWPA, with availability based payment structure to ensure security of supply
- **Best developers in Qatar:** The project has attracted the best power and water desalination developers in the world to invest in Qatar

## Meeting financial objectives

- **Large scale:** The plant will contribute nearly 25% to Qatar's entire power and water generation capacity by 2018
- **Efficient tariff:** Lowest tariff achieved by the State of Qatar for buying power and water
- **Low cost of funding:** More than 80% of project cost funded by debt led by Japanese banks ensuring overall low cost of funding

## Meeting technical objectives

- **Leading technology:** Qatar's to benefit from large scale introduction of RO technology for desalination. Key benefits of RO include:
  - Lower energy consumption for desalination
  - Smaller carbon footprint
  - Environment friendly compared to thermal



# PPP Framework in Qatar

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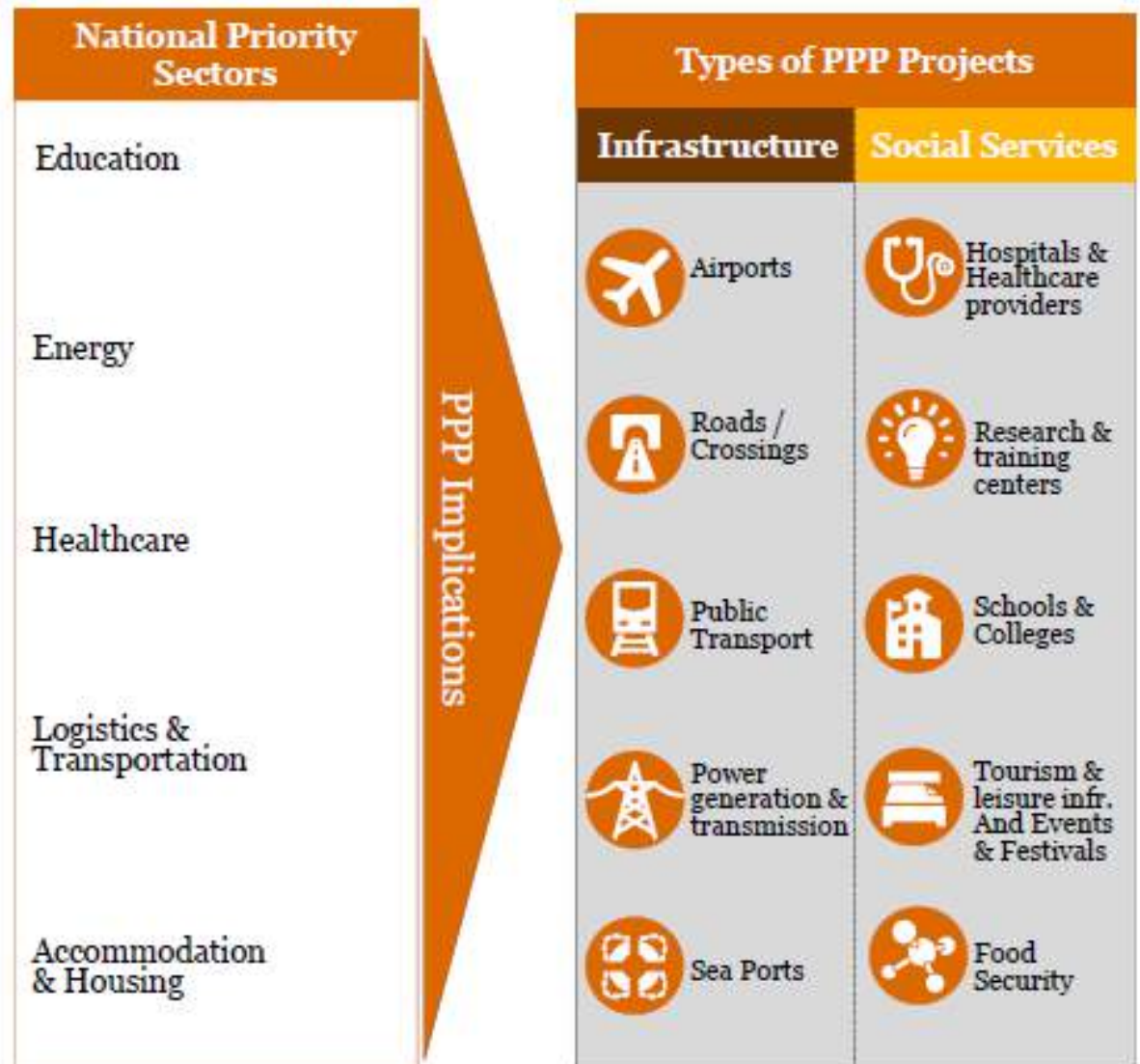
- Currently Qatar does not have a PPP Law
- PPP processes and procedures are not set out
- PPP projects are mainly limited to energy, oil & gas sectors (Based on 2004 Energy Law)
- Qatar wants to develop the institutional and legislative PPP framework to initiate several PPP project in different sectors
- Work is ongoing and to be completed in mid 2016. There are 2 work packages:

Work Packages (WP)	Main Outputs of each WP
<b>WP1:</b> Development of PPP framework and tools	<ul style="list-style-type: none"><li>• Institutional &amp; legislative PPP framework</li><li>• Processes, guidelines, templates and toolkits for PPP projects</li></ul>
<b>WP2:</b> Transaction advisory services for selected projects	<ul style="list-style-type: none"><li>• Transaction documents for public schools project: PPP business case, RFQ, draft contracts, RFP</li><li>• Outline business cases for 4 priority projects</li></ul>

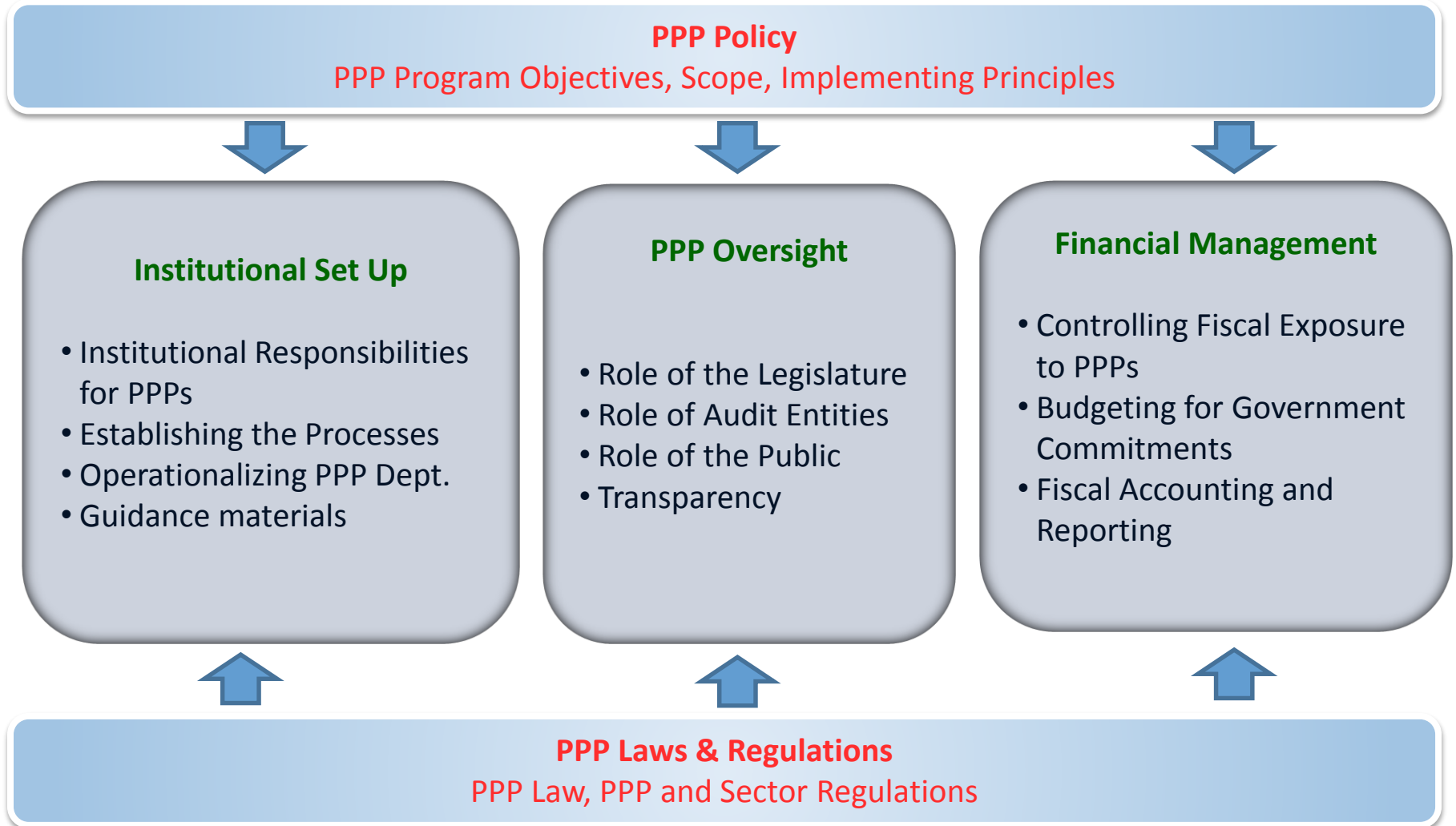


# Policy objectives for PPP Framework & Priorities

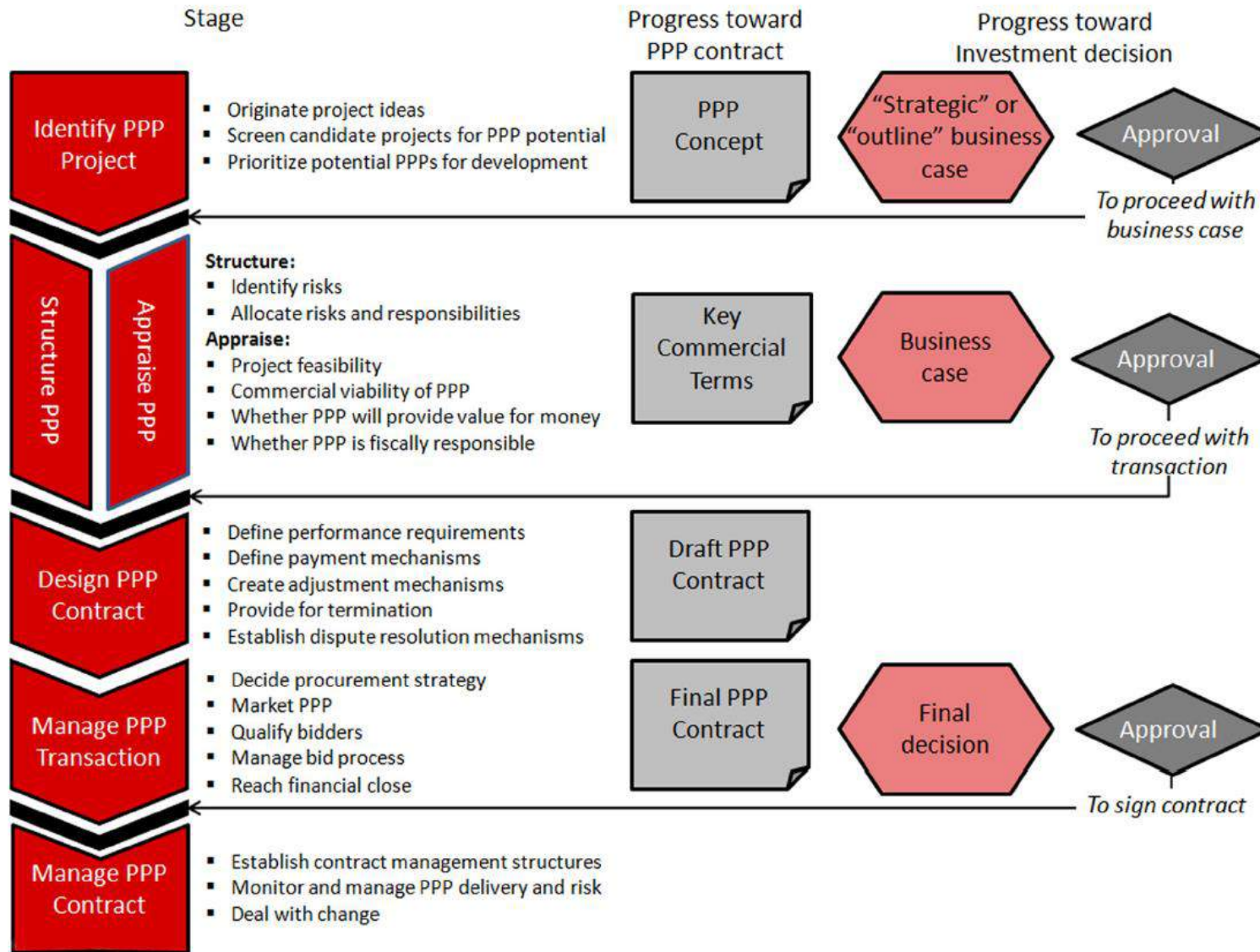
1. Reduce fiscal burden for physical and social public infrastructure program
2. Increase efficiency of delivery of public goods and services
3. Ensure that a rigorous governance structure for PPP is established
4. Improve project accountability and surety
5. Support development of the private sector



# 1- PPP Framework for Qatar



# 2- Processes & Templates for PPP Projects



Information presented here has been prepared as a case study solely for the purpose of facilitating PPP training discussions. None of these should be considered as the view of MEC.

# 3- Documentation for Priority Projects

Projects	PPP Concept	Business Case	Commercial Terms	Draft Contract	Request for Proposal
<b>Public Schools</b> (1 <sup>st</sup> package of 185 schools)	✓	✓	✓	✓	✓
<b>Project (TBC)</b> (Cat. 1: e.g. commercial area)	✓	✗	✗	✗	✗
<b>Project (TBC)</b> (Cat. 2: e.g. sports venue)	✓	✗	✗	✗	✗
<b>Project (TBC)</b> (Cat. 3: e.g. services)	✓	✗	✗	✗	✗
<b>Project (TBC)</b> (Cat. 4: e.g. transport infrastructure)	✓	✗	✗	✗	✗

**PPP Concept:** Identification of the candidate PPP project, alignment with policy and initial screening for value for money

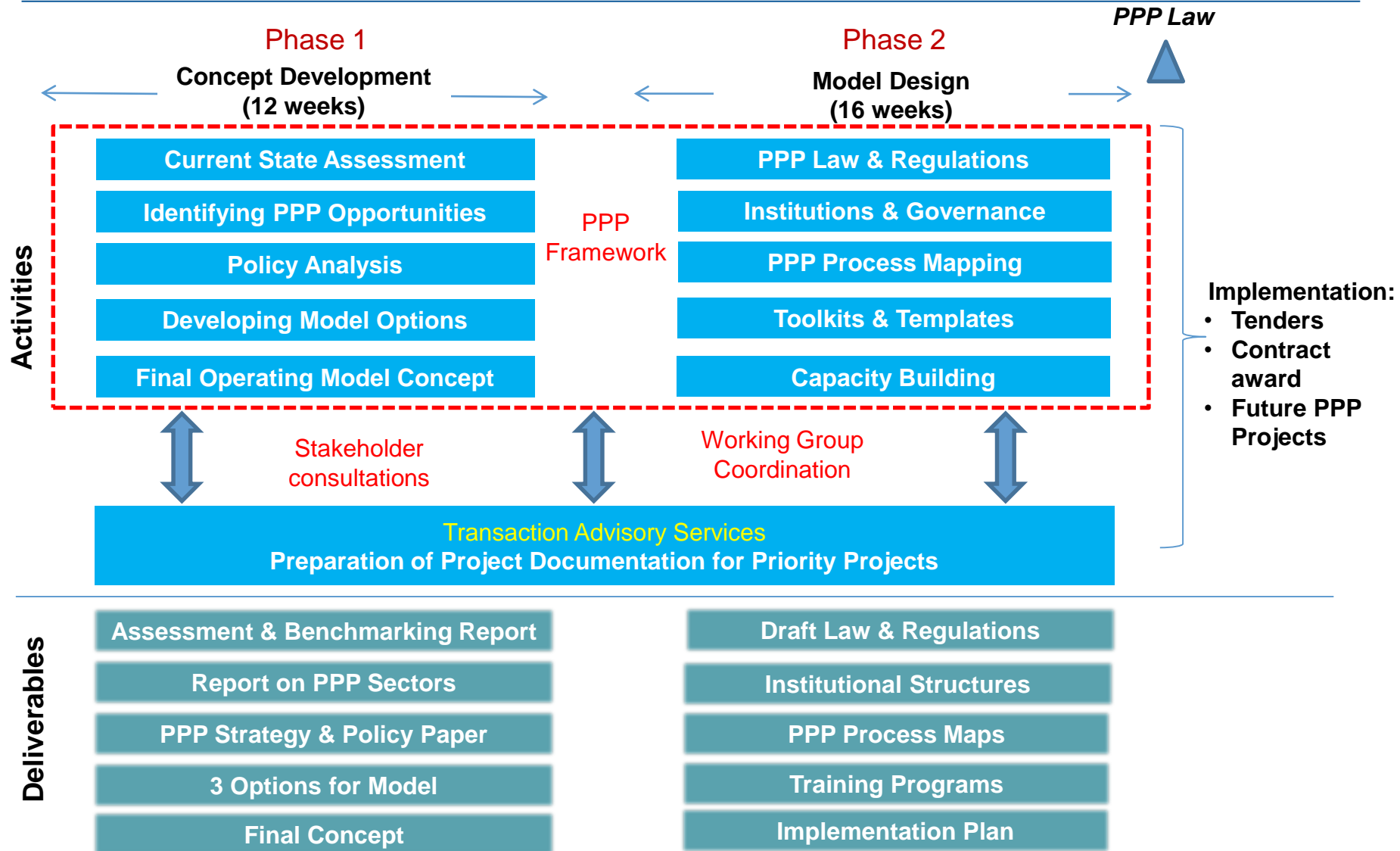
**Business Case:** Feasibility from technical, economic, financial, legal, and environmental perspectives

**Commercial Terms:** Proposed contract type, risk allocation, and payment mechanisms





**Draft Contract:** Conversion of commercial principles into contractual terms and setting out the provisions for change and contract management

**Request for Proposal:** Detailed information about project scope, including information memorandum and draft contract, to be sent to tenderers to seek proposals

# How will we get there?



# How complex are potential PPP projects in Qatar?

Category	Responsibility of the Private Party	Examples	Complexity
<b>Category 1: Provision of Government land to private parties</b>	<ul style="list-style-type: none"> <li>Design &amp; build an asset on government land</li> <li>Operate the asset/business</li> <li>Sell products/services in the market</li> </ul>	Resorts, private hospitals, private schools, commercial areas	
<b>Category 2: Provision of assets by private parties to the Government</b>	<ul style="list-style-type: none"> <li>Design &amp; build an asset on government land</li> <li>Provide facility management services</li> <li>Lease the asset to the government under a long term contracts (to be used for delivery of a public service)</li> </ul>	Public schools, public buildings, social housing	
<b>Category 3: Provision of products/services by private parties to the Government</b>	<ul style="list-style-type: none"> <li>Design &amp; build an asset on government land</li> <li>Operate the asset</li> <li>Sell products/services <u>mainly</u> to a government entity under a long term contract</li> <li>Sell products/services to private users</li> </ul>	Stadiums, public schools, utilities, waste management, e-government services	
<b>Category 4: Development of infrastructure by private parties</b>	<ul style="list-style-type: none"> <li>Design &amp; build an asset on government land</li> <li>Operate the asset (Revenue guarantee from Government)</li> <li>Sell services <u>mainly</u> to private users</li> </ul>	Toll roads, utilities, other transport facilities, industrial & logistics zones	

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Q&A

Thank You