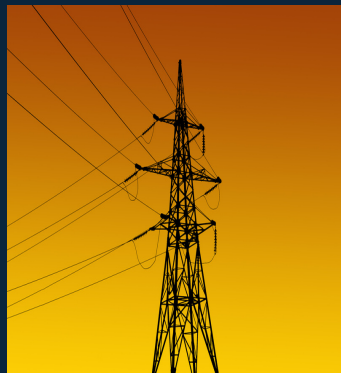


ARAB STABILIZATION PLAN

SAMPLE PROJECT BOOKLET



ARAB STABILIZATION PLAN PROJECT BOOKLET

The Arab Stabilization Plan (ASP) is a comprehensive economic framework based on public and private cooperation for sustainable growth, led from within the Arab World and targeting two primary stabilization objectives: (i) private sector led growth, and (ii) rapid job creation.

This Project Booklet provides examples of active and proposed infrastructure investment projects in five target countries (Egypt, Jordan, Morocco, Tunisia and Yemen) that meet the strategic objectives of the ASP. It provides:

- Active Projects: Already financed either fully or partly by the International Finance Corporation (IFC); and,
- ASP Proposed Projects: Designed for rapid financing and scale-up to contribute to stability through growth and employment.

ASP IMPACT ESTIMATES:

All projects have been subject to assessment of their potential impact on economic growth and employment, with a focus on broad-based growth and direct, indirect, induced and catalytic employment effects.

Based on initial analysis of four IFC investments and six proposed ASP projects drawn from infrastructure, integrated development, energy and manufacturing investments, within an indicative investment cost of US\$16.68 billion, a total of 1,427,968 jobs would be created. Furthermore, impact on government revenues would be considerable, enhancing governments capacity to deliver basic and essential services. Further analysis would reveal the longer-term impact on growth, revenues and employment.

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THE ARAB STABILIZATION PLAN (ASP)

The Arab Stabilization Plan (ASP) is a comprehensive economic framework based on public and private cooperation for sustainable growth, led from within the Arab World and targeting two primary stabilization objectives: (i) **private sector led growth**, and (ii) **rapid job creation**.

- The ASP is an **Arab-led initiative** based on mutual interests, with larger flows than any equivalent plan.
- The ASP provides **fast-tracked project-based finance** with high rates of return.
- The ASP **targets employment** not fiscal stabilization or loan-based structural adjustment.
- The ASP is a **multi-investor plan and fund** aimed at **multi-state financing**.
- The ASP is a needed counterpart to Deauville investments in **fiscal stabilization**.

INVESTMENT PROJECT BOOKLET OBJECTIVES

This short booklet provides examples of active and proposed infrastructure investment projects in target countries that meet the strategic objectives of the ASP.

As an illustration of how large infrastructure investment projects could lead to employment generation, the potential employment and growth benefits of 10 projects across 5 of the ASP target countries (Egypt, Jordan, Morocco, Tunisia and Yemen) have been estimated, including:

- **Active Projects:** Already financed either fully or partly by the International Finance Corporation (IFC); and,
- **ASP Proposed Projects:** Designed for rapid financing and scale-up to

contribute to stability through growth and employment.

Projects have been selected in target countries whose economies have been negatively impacted by the Arab Spring and are best placed to give and benefit from support within a framework of minimum risk. The projects are illustrative but they conform to ASP project selection criteria, as outlined below.

PROJECT SELECTION CRITERIA

Leaving fiscal and governance support to other stakeholders, the ASP intends to develop a basket of emerging project opportunities in both private and private-public sectors across the Arab world. These projects will form the cornerstone of ASP National Investment Plans.

There are two core criteria critical for the selection of project investments, which each project must conform to:

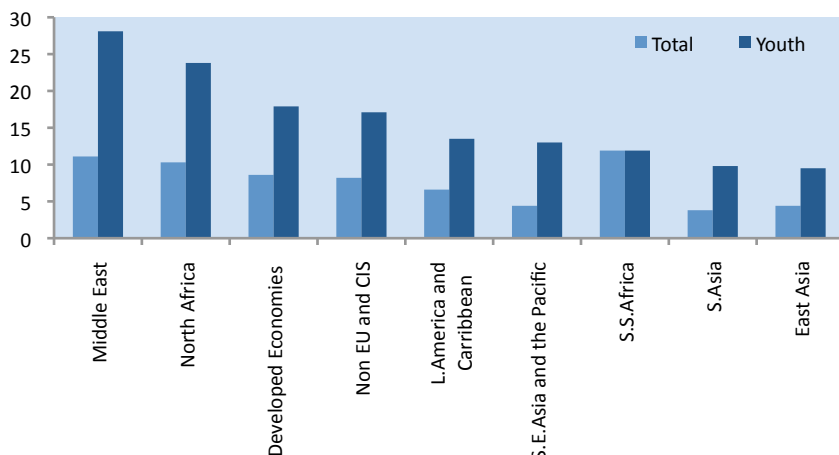
1. Ability to stimulate economic growth and create significant jobs; and,
2. Ability to provide solid rates of return on investments for investors.

To meet these criteria, future financed projects will be carefully screened for maximum rates of return on growth and employment objectives, and profitability as stand-alone project investments. Standard project investment requirements include positive economic and financial dividends with significant impact on the creation of permanent and temporary jobs.

ADDRESSING HIGH UNEMPLOYMENT

The Arab Spring uprisings have resulted in governance changes, but the underlying structural causes of weak growth and employment generation remain. The 2013 Global Employment Report by the

2012 Unemployment Rates: Total & Youth



Source: ILO Global Employment Report (2013)

International Labor Organization (ILO) highlights the MENA region as having the highest unemployment rate in the world with little signs of recovery.

The unemployment rate in North Africa gradually declined from a peak of 13.2% in 2000 to 8.9% in 2010, but sharply increased to 10% in 2011 and 10.3% in 2013. Though women and youth appear more vulnerable, the risk of unemployment in the region is not limited to any particular group.

In addition, 19.7% of the employed in 2012 were living with their families below the poverty line. The vulnerable employment rate in 2012 amounted to 41.4%, indicating a high proportion of workers in informal working arrangements and without adequate social protection.

In the light of the above, the ASP recognizes that investment in infrastructure, particularly through Private–Private and Public-Private Partnership (PPP) can be a significant channel of generating employment.

The employment response to infrastructure investment would, however, vary considerably from one country to the next, depending on the elasticity of employment to investment, or the strength of the multiplier effect (see table below).

| Infrastructure Related Employment Elasticity ¹ | | |
|---|-------------|-------------|
| Country | Lower Bound | Upper Bound |
| Egypt | 0.09 | 0.26 |
| Jordan | 0.08 | 0.22 |
| Morocco | 0.06 | 0.16 |
| Tunisia | 0.06 | 0.18 |
| Yemen | 0.13 | 0.36 |

The employment elasticity from investment is subject to various factors: possible crowding out of public sector employment by private sector investment, opportunity cost of capital, labor intensity of the proposed projects, environmental costs and leakage effect through import of goods and services, institutional and governance

¹ See World Bank (2013), *Infrastructure and Employment Creation in the Middle East and North Africa*, <https://openknowledge.worldbank.org/bitstream/handle/10986/12237/NonAsciiFileName0.pdf?sequence=1>

limitations, and shortage of certain kinds of labor.

Sectoral distribution of investment also affects the number of jobs created. For instance, according to a World Bank study (2013), the cost of an infrastructure job in Egypt is as low as US\$2,621 in the roads and bridge construction sector, but more than 4 times higher in the electricity generating sector, and nearly 7 times higher in the transport and communications sector. The study also finds that sectors differ in their propensity to generate indirect jobs. Indirect job creation depends on the extent to which the sector requires inputs from other sectors to produce its output. In Egypt, the ratio of all jobs to the number of direct jobs is found to be as low as 1.09 for construction in roads and bridges, and 1.82 for transport and communications.

INVESTMENT PROJECTS

The projects provided below have been chosen on the basis of their ability to generate employment and growth not just in the sector in which the investment is made but also across the economy. Thus projects in sectors with higher multiplier effects/employment elasticities and long-term employment effects have been given priority.

Projects are reflective of variable conditions across target countries and tailored accordingly. The political situation in the region, and the feasibility of projects has been considered. Selection has also taken into account the fact that while falling growth rates, high unemployment (particularly among the youth), decreasing FDI, weakening currencies and increasing fiscal deficits are present in all five ASP target countries, the challenges and constraints faced by each country vary considerably.

At the macroeconomic level, four of the five countries (Egypt, Jordan, Morocco and Tunisia) are oil-importers, facing declining foreign exchange reserves, which affects overall growth. Oil exporting Yemen, on the other hand, struggles to diversify from oil dependency.

Additionally, in Egypt and Jordan the highest level of unemployment amongst those educated until or above the tertiary levels suggests the need to create skilled jobs. The proposed project to establish a **trade and logistics zone** in the Suez area of Egypt is meant to stimulate the creation of skilled jobs. In Jordan, the **expansion of the pharmaceutical sector**, discussed herein, has the potential to not only generate skilled employment opportunities, but also improve access to and quality of generic medicines in the region.

In Morocco, in the light of current government policies to increase competitiveness, diversify growth and attract foreign direct investment into the abundant mining sector (phosphate rock in particular), the booklet highlights an IFC-investment project that supports a **mining exploration program**, lead by a relatively junior mining company. The project, located in a fairly underdeveloped part of the country, is expected to have positive impacts in terms of short-to-medium term employment generation, long-term creation of indirect and induced employment in the region (through linkage effects), as well as economic growth and further stimulation of private sector activity.

The proposed development of a **trans-Maghreb rail network**, linking Africa and Europe through Tunisia, Libya and Algeria, will not only boost regional trade, but also have significant short-term and long-term

employment impact in Tunisia, which will build 780 km of the network.

In Yemen, the selected projects (construction of **Gas Pipeline** and **Gas Fired Power Station**) are aimed at generating income from the oil economy to allow for higher investments into diversification of the non-oil sector and generate direct and induced employment.

Impact Assessment

All projects have been subject to assessment of their potential impact on economic growth and employment. The focus is on: (i) **broad-based growth**, implying wider distributional impacts to those most affected by income poverty; and, (ii) **direct, indirect, induced and catalytic employment effects**,² which are critical to generating short-term and guaranteeing long-term structural employment.

Direct Employment:

Generated by the project itself

Indirect Employment:

Generated via purchases from the supply chains

Induced Employment:

Generated via spending from direct and indirect employees

Catalytic Employment:

Generated by improved productivity and performance

² Direct and indirect employment is calculated by undertaking project-level economic and financial analysis. Indirect and induced employment calculations are based on applying multipliers to direct employment, generated as a result of the investment; whereas catalytic employment is a function of economic growth impact of the project, and is inferred from an economic model.

All estimates of employment generation, GDP impact and IRR potential provided below are based on ASP calculations. Where projects have already been through an investor's due diligence process, methods reflect those adopted for that particular project. Where gaps in reporting are noted, cross-national comparators and industry or sector multipliers (such as in the table below) are used.

| Potential Job Creation in Target Countries | | | | |
|--|---------------|------------|---------------|------------|
| | Oil Importers | | Oil Exporters | |
| Sector | Direct Jobs | Multiplier | Direct Jobs | Multiplier |
| Paved Roads | 22353 | 1.09 | 11952 | 1.09 |
| Roads | 4538 | 1.09 | 4404 | 1.09 |
| Rails | 1148 | 1.82 | 318 | 1.82 |
| Ports | 1401 | 1.61 | - | - |
| Telephone Lines | 125000 | 1.34 | 1922 | 1.34 |
| Mobile Lines | 125000 | 1.34 | 4310 | 1.34 |
| Electricity Generation | 17647 | 1.35 | 8644 | 1.35 |
| Electricity Access | 6745 | 1.49 | 2088 | 1.49 |
| Water | 6653 | 1.21 | 2330 | 1.21 |
| Sanitation | 9905 | 1.21 | 3486 | 1.21 |
| Total | 86566 | | 39454 | |

The employment potential of selected projects has been estimated by (i) scaling World Bank employment multipliers³ according to specific project investments, and (ii) using the employment potential figures reflected in project documents.

Project document data has been used to estimate the GDP potential and IRR of

³ See World Bank (2013), *Infrastructure and Employment Creation in the Middle East and North Africa*, <https://openknowledge.worldbank.org/bitstream/handle/10986/12237/NonAsciiFileName0.pdf?sequence=1>

projects in Yemen. In Egypt, Morocco and Tunisia to scope the GDP impact of selected projects an output multiplier of 0.17% has been used based on a World Bank study of comparative infrastructure investment related output multipliers across a set of developing economies.⁴ The average ERR/IRR has been estimated on the basis of comparator projects in developing economies, using estimates of World Bank-financed projects across various sectors over a 25-year period.⁵

Moving Towards National Investment Plans

The projects illustrated below highlight the employment generation and economic growth prospects of investments in the Arab region. According to the World Bank (2012) In the short run, every US\$1 billion invested in infrastructure has the potential of generating, on average, around 110,000 infrastructure-related jobs in oil-importers countries, close to 49,000 jobs in oil-exporting countries, and approximately 26,000 jobs in the GCC economies.⁶ But the potential varies greatly across countries, and across sectors in each economy.

Keeping this in mind the next step would be towards creating National Investment Plans for each of the target countries. The ASP would support this process by helping the target country National Development Teams to develop investment plans with benchmarks for ASP support and detailed project proposals.

⁴ See World Bank (2013), *Infrastructure and Employment Creation in the Middle East and North Africa*, <https://openknowledge.worldbank.org/bitstream/handle/10986/12237/NonAsciiFileName0.pdf?sequence=1>

⁵ See Florio, Massimo (1999) *An International Comparison of the Financial and Economic Rate of Return of Development Projects*, <http://www.csilmilano.com/CSILpdf/wp91.pdf>

⁶ See World Bank (2013)

INDICATIVE INVESTMENT PROJECTS

The following section lists 10 indicative infrastructure and manufacturing investments (4 IFC investments and 6 proposed ASP projects) in ASP target countries.

IFC INVESTMENTS:

Total Investments: US\$460.06 million

ASP Impact Estimates:

Total Jobs: 113,574 | Total GDP: US\$326.26 million

- **Egypt:** Development of the Fertilizer Sector
- **Jordan:** Hikma Pharmaceuticals PLC
- **Morocco:** Mining Area Development
- **Tunisia:** Development of Private Sector Airport

ASP PROPOSED PROJECTS:

Total Investments: US\$16.22 billion

ASP Impact Estimates:

Total Jobs: 1,314,394 | Total GDP: US\$3.42 billion

- **Egypt:** Trade & Logistics Area, Suez
- **Jordan:** National Railway Project
- **Morocco:** Central Integrated Development Program
- **Tunisia:** High Speed Railway Line Project
- **Yemen:** Construction of Gas Pipeline
- **Yemen:** Gas Fired Power Station

Egypt

Development of the Fertilizer Sector



Project Description and Scope:

Support to the OCI group's growth plans for its fertilizers and construction operations in Egypt, as well as restructuring of the Group's debt financing towards a longer term, more stable structure.

Project Summary

| | | | |
|----------------------------|--|-----------------------|--------------------------|
| Location: | Egypt | Sub-Sector(s): | Construction, Fertilizer |
| Implementing Agency | IFC Funding to Orascom Construction Industries (OCI) and its wholly owned subsidiary, the Egyptian Fertilizers Company (EFC) | | |
| Progress to Date: | Investment | | |
| Total Cost | US\$100 Million (IFC Investment – US\$100 Million) | | |

Ranking of Key Criteria – ASP Estimates

| | Phase 1: Expansion phase | | | Phase 2: Operational Phase | | |
|-------------------------------------|--------------------------|--------|-----|----------------------------|--------|-----|
| | High | Medium | Low | High | Medium | Low |
| Economic Growth Potential | | ● | | ● | | |
| Employment Generation Potential | | ● | | ● | | |
| Revenue Generation Potential | | ● | | ● | | |
| Export Growth Potential | | | ● | ● | | |
| Regional Growth Potential | | | ● | ● | | |
| Net Environmental & Social Benefits | | | ● | | ● | |

Potential Macro-Economic and other Benefits

Revenue generation through tax payments by OCI and EFC. Contribution to foreign currency income through exports revenue. Job creation, directly through a number of planned capacity expansions in the fertilizers sector, and indirectly through sub contracting parts of the construction works in many on the Group's projects. Contribution to food security through increased availability of fertilizers to support supply growth in primary agriculture.

Potential Risks and Challenges:

- Depends on the firm's commitment to carrying out the project
- Political risks and uncertainty

Jordan

Hikma

Pharmaceuticals PLC



Project Description and Scope:

Support to HIKMA-Jordan's 2010-2011-investment plan of approximately US\$300 million predominantly in the MENA region, including the financing of acquisition opportunities and capital expansion in its existing facilities in pharmaceuticals and medicines.

Project Summary

| | | | |
|----------------------------|--|-----------------------|-------------------------------|
| Location: | Jordan | Sub-Sector(s): | Medicines, Pharmaceuticals |
| Project Period: | Two Years | | |
| Implementing Agency | Hikma Pharmaceuticals PLC (IFC Financing) | | |
| Progress to Date: | Investment | | |
| Total Cost | US\$300 (IFC Investment – US\$137.5 Million) | | |

Ranking of Key Criteria – ASP Estimates

| | Phase 1: Expansion phase | | | Phase 2: Operational Phase | | |
|-------------------------------------|--------------------------|--------|-----|----------------------------|--------|-----|
| | High | Medium | Low | High | Medium | Low |
| Economic Growth Potential | | ● | | ● | | |
| Employment Generation Potential | | ● | | ● | | |
| Revenue Generation Potential | | ● | | ● | | |
| Export Growth Potential | | | ● | ● | | |
| Regional Growth Potential | | | ● | ● | | |
| Net Environmental & Social Benefits | | | ● | ● | | |

Potential Macro-Economic and other Benefits

Support south-to-south expansion. A demonstration effect increasing the number of FDA approved manufacturing facilities in the MENA region. Increase the availability of a wide range of quality medicines in the MENA region. Increase generic competition and increase access to affordable medicines in the region.

Potential Risks and Challenges:

Operational risks minimal since already established firm.

Morocco

Mining Area Development



Project Description and Scope:

Support the activities of Kasbah, a Moroccan focused mining and exploration company, in (i) underground drilling and exploration, (ii) feasibility studies and environmental and social impact assessments; and (iii) general exploration and working capital purposes.

Project Summary

| | | | |
|----------------------------|---|-------------------------|-----------|
| Location: | Morocco | Sub-Sector(s): | Mining |
| Project Period: | N/A | Project Lifespan | 30+ Years |
| Implementing Agency | Kasbah (Financed by IFC) | | |
| Progress to Date: | IFC investment - 2012 | | |
| Total Cost | US\$16.03 Million (IFC Investment – US\$9.16 Million) | | |

Ranking of Key Criteria – ASP Estimates

| | Phase 1: Expansion phase | | | Phase 2: Operational Phase | | |
|-------------------------------------|--------------------------|--------|-----|----------------------------|--------|-----|
| | High | Medium | Low | High | Medium | Low |
| Economic Growth Potential | | ● | | ● | | |
| Employment Generation Potential | | ● | | ● | | |
| Revenue Generation Potential | | ● | | ● | | |
| Export Growth Potential | | | ● | ● | | |
| Regional Growth Potential | | | ● | ● | | |
| Net Environmental & Social Benefits | | | ● | | | ● |

Potential Macro-Economic and other Benefits

Although Morocco has considerable mineral resources, the Government of Morocco has dominated the mining sector with primary focus on phosphate rock. Current Government policies and incentives aims to diversify and grow its mineral industry and attract foreign direct investment. A few international junior mining companies have started exploration programs in the country. A successful exploration program by Kasbah would have notable demonstration effect and help establish mining as an attractive sector for private investors, supporting/promoting sustainable resource development and economic growth through infrastructure development and employment generation

Potential Risks and Challenges:

Large scaled project subject to delays.

Tunisia

Development of Private Sector Airport



Concession for the construction and operation of a new international airport at Enfidha, for an initial capacity of 7 million passengers. Concession for the operation of the existing Monastir international airport (4.2 million passengers in 2006).

Project Summary

| | | | |
|----------------------------|--|-------------------------|--------------|
| Location: | Tunisia | Sub-Sector(s): | Construction |
| Project Period: | Active | Project Lifespan | 30+ Years |
| Implementing Agency | TAV Tunisia (Financed by IFC) | | |
| Progress to Date: | Investment by IFC | | |
| Total Cost | US\$727.2 Million (IFC investment – US\$213.4 Million) | | |

Ranking of Key Criteria – ASP Estimates

| | Phase 1: Expansion phase | | | Phase 2: Operational Phase | | |
|-------------------------------------|--------------------------|--------|-----|----------------------------|--------|-----|
| | High | Medium | Low | High | Medium | Low |
| Economic Growth Potential | | ● | | ● | | |
| Employment Generation Potential | | ● | | ● | | |
| Revenue Generation Potential | | ● | | ● | | |
| Export Growth Potential | | | ● | ● | | |
| Regional Growth Potential | | | ● | ● | | |
| Net Environmental & Social Benefits | | | ● | | ● | |

Potential Macro-Economic and other Benefits

By expanding and modernizing the airport infrastructure of Tunisia, the project is expected to directly contribute to the success of the Tunisia's economic growth strategy, which is built on two pillars: (i) Export-oriented industrialization, in particular with a specialization in low cost light manufacturing, and (ii) Tourism development, with major efforts underway by the Tunisian Government to increase tourist arrival numbers and re-positions Tunisia towards the higher end of the market.

Potential Risks and Challenges:

- Depends on the firm's commitment to carrying out the project
- Political risks and uncertainty

Egypt

Trade & Logistics Area, Suez



Project Description and Scope:

Construction of areas for promoting trade and providing logistics services in the South and North East of Suez as part of the Suez Canal development strategy.

Project Summary

| | | | |
|----------------------------|--|-----------------------|--------------------------|
| Location: | Egypt | Sub-Sector(s): | Construction, Fertilizer |
| Implementing Agency | Government/Private Sector | | |
| Progress to Date: | Proposed | | |
| Total Cost | EGP 500 Million (South Suez), EGP 500 Million (North East Suez) (Approx US\$150 Million) | | |

Estimated Benefits

| | |
|--|--|
| IRR (%) | 20.87 - 24.09 |
| GDP | US\$25.5 Million |
| Employment (number of employed persons) | |
| Direct: +Indirect+ Induced | 13,400 (Direct) + 21,574 (Indirect + Induced) = 34,974 (Total) |

Ranking of Key Criteria

| | Phase 1: Expansion phase | | | Phase 2: Operational Phase | | |
|-------------------------------------|--------------------------|--------|-----|----------------------------|--------|-----|
| | High | Medium | Low | High | Medium | Low |
| Economic Growth Potential | | ● | | ● | | |
| Employment Generation Potential | | ● | | ● | | |
| Revenue Generation Potential | | ● | | ● | | |
| Export Growth Potential | | | ● | ● | | |
| Regional Growth Potential | | | ● | ● | | |
| Net Environmental & Social Benefits | | | ● | | ● | |

Potential Macro-Economic and other Benefits

Development of the Suez Canal area as a trade and logistics hub would help to take advantage of the increasing Europe-Asia trade. Further with trade movements along the Panama canal and the west coast being overburdened this project could develop movement of trade along the East Coast. Long-term benefits would be employment generation through trade expansion and development of a regional trade hub.

Potential Risks and Challenges:

- Operational delays/Political risks

Jordan

National Railway Project



Project Description and Scope:

Developing a modern freight railway network (897km, standard gauge) that will connect the national capital of Amman, with the main industrial cities, logistics centers and the nation's gateway port Aqaba. The network will also connect Jordan with neighboring countries as well as create a bridge between Europe and the GCC countries. By 2020, the railway is expected to carry 29 million tons of freight – and by 2040, 55 million tons.

Project Summary

| | | | |
|----------------------------|---|--------------------------|-----------|
| Location: | Jordan | Sub-Sector(s): | Transport |
| Project Period: | 4 years | Project Lifespan: | 40+ years |
| Implementing Agency | BOT Model/ The Ministry of Transport and JRC a state owned company. | | |
| Progress to Date: | Preliminary Design has been completed. | | |
| Total Cost | US\$4000 Million | | |

Estimated Benefits

| | |
|--|---|
| IRR (%) | 10% |
| GDP | 507 million USD in 2020, doubling to 1.04 billion USD by 2040 |
| Employment (number of employed persons) | |
| Direct: +Indirect+ Induced | 56,000 (Direct/Indirect) + 25,200 (induced) = 81,200 (Total) |

Ranking of Key Criteria

| | Phase 1: Expansion phase | | | Phase 2: Operational Phase | | |
|-------------------------------------|--------------------------|--------|-----|----------------------------|--------|-----|
| | High | Medium | Low | High | Medium | Low |
| Economic Growth Potential | ● | | | ● | | |
| Employment Generation Potential | ● | | | ● | | |
| Revenue Generation Potential | | ● | | ● | | |
| Export Growth Potential | | | | ● | | |
| Regional Growth Potential | | | ● | ● | | |
| Net Environmental & Social Benefits | | | ● | ● | | ● |

Potential Macro-Economic and other Benefits

Overall reduction in logistics and transportation costs in the region. Could lead to an improvement in the viability of neighboring countries' railway networks via higher utilization and increased traffic. The project would create new employment opportunities by stimulating the region's infrastructure projects. Opening up of the possibility of development of potential passenger railways in the region.

Potential Risks and Challenges:

- Possible delays in completion due to financial constraints, complexity of the project and regional.
- Difficulty in developing the network as a Europe–GCC bridge due to turbulence in the region.

Morocco

Central Integrated Development Program



Project Description and Scope:

10-15 infrastructure projects supporting the development of a major new mining basin ("Maroc Central" region around the city of Safi). Sectors include transportation, energy, water, sanitation, and commodity seaport.

Project Summary

| | | | |
|----------------------------|-------------------|-------------------------|-----------|
| Location: | Morocco | Sub-Sector(s): | Transport |
| Project Period: | 4 Years | Project Lifespan | 30+ Years |
| Implementing Agency | PPP | | |
| Progress to Date: | Proposed | | |
| Total Cost | US\$9,000 Million | | |

Estimated Benefits

| | |
|--|---|
| GDP | US\$1,530 Million |
| Employment (number of employed persons) | |
| Direct: +Indirect+ Induced | Total 1,134,000 (Based on World Bank prototypical estimates) ⁷ |

Ranking of Key Criteria

| | Phase 1: Expansion phase | | | Phase 2: Operational Phase | | |
|-------------------------------------|--------------------------|--------|-----|----------------------------|--------|-----|
| | High | Medium | Low | High | Medium | Low |
| Economic Growth Potential | ● | | | ● | | |
| Employment Generation Potential | ● | | | ● | | |
| Revenue Generation Potential | | ● | | ● | | |
| Export Growth Potential | | | ● | ● | | |
| Regional Growth Potential | | | ● | ● | | |
| Net Environmental & Social Benefits | | | ● | | | ● |

Potential Macro-Economic and other Benefits

Development of an integrated economic corridor with flows Safi-Benguerir-Marrakesh - Beni Mellal ("Maroc Central") and opening up of the central regions. Strong job creation including induced impact and growth impact on GDP.

Potential Risks and Challenges:

Large scaled project subject to delays.

⁷ See World Bank (2013), *Infrastructure and Employment Creation in the Middle East and North Africa*, <https://openknowledge.worldbank.org/bitstream/handle/10986/12237/NonAsciiFileName0.pdf?sequence=1>

Tunisia

High Speed Railway Line Project



Project Description and Scope:

Maghreb high speed railway line project which will extend over 800 km on the Tunisian territory, connecting the Algerian borders in the North to the Libyan borders in the South

Project Summary

| | | | |
|----------------------------|-------------------------|-------------------------|-----------|
| Location: | Tunisia | Sub-Sector(s): | Transport |
| Project Period: | Active | Project Lifespan | 30+ Years |
| Implementing Agency | Tramway Project in Sfax | | |
| Progress to Date: | Proposed | | |
| Total Cost | US\$620 Million | | |

Estimated Benefits

| | |
|--|-------------------|
| IRR (%) | 14.55 – 20.74 |
| GDP | US\$105.4 Million |
| Employment (number of employed persons) | |
| Direct: +Indirect+ Induced | 57,660 (Total) |

Ranking of Key Criteria

| | Phase 1: Expansion phase | | | Phase 2: Operational Phase | | |
|-------------------------------------|--------------------------|--------|-----|----------------------------|--------|-----|
| | High | Medium | Low | High | Medium | Low |
| Economic Growth Potential | | ● | | ● | | |
| Employment Generation Potential | | ● | | ● | | |
| Revenue Generation Potential | | ● | | ● | | |
| Export Growth Potential | | | ● | ● | | |
| Regional Growth Potential | | | ● | ● | | |
| Net Environmental & Social Benefits | | | ● | | ● | |

Potential Macro-Economic and other Benefits

Link Casablanca with Tripoli via Algiers and Tunis, connecting the capital cities and major transport hubs of the region by rail in order to facilitate both passenger and cargo movement.

Potential Risks and Challenges:

- Operational delays.
- Political risks and uncertainty.

Yemen

Construction of Gas Pipeline



Project Description and Scope:

670km 32-22 inch diameter pipeline connecting Mabbar, Hudaidah, Mocha and Aden to the gas-gathering unit, with a diameter varying between 32" (Safir to Mabbar) and 22" (Hodeidah to Aden), and a maximum capacity of 400 MCF/day.

Project Summary

| | | | |
|----------------------------|------------------------|-------------------------|----------------------|
| Location: | Yemen | Sub-Sector(s): | Construction, Energy |
| Project Period: | Proposed | Project Lifespan | 25+ Years |
| Implementing Agency | Government / BOT Model | | |
| Progress to Date: | Proposed | | |
| Total Cost | US\$650 Million | | |

Estimated Benefits

| | |
|--|--|
| IRR (%) | 14 – 17% |
| GDP | US\$350 - 400 Million |
| Employment (number of employed persons) | |
| Direct: + Indirect + Induced | 5,000 (Temporary) + (300 Permanent) = 5,300 ⁸ |

Ranking of Key Criteria

| | Phase 1: Expansion phase | | | Phase 2: Operational Phase | | |
|-------------------------------------|--------------------------|--------|-----|----------------------------|--------|-----|
| | High | Medium | Low | High | Medium | Low |
| Economic Growth Potential | | ● | | ● | | |
| Employment Generation Potential | | ● | | | ● | |
| Revenue Generation Potential | | ● | | ● | | |
| Export Growth Potential | | | ● | ● | | |
| Regional Growth Potential | | | ● | ● | | |
| Net Environmental & Social Benefits | | | ● | | | ● |

Potential Macro-Economic and other Benefits

Macro-economic benefits

Potential Risks and Challenges:

- History of gas pipelines being attacked in Yemen
- Dependant on terrain configuration and variations, significant impact on gas transit cost and overall project profitability
- Operational delays

⁸ Employment figures are indicative, and based on average comparators drawn from 4 other similar project examples. Final direct, indirect and induced figures will need to be calculated.

Yemen

Gas Fired Power Station



Project Description and Scope:

3 500MW power plants in Mabrar, Hodeidah, Aden. OCGT with 33% efficiency convertible to CCGT with 50% efficiency. Each power plant consuming 21BCF of gas per annum.

Project Summary

| | | | |
|----------------------------|-------------------|-------------------------|----------------------|
| Location: | Yemen | Sub-Sector(s): | Construction, Energy |
| Project Period: | 12-18 Months | Project Lifespan | 10+ Years |
| Implementing Agency | BOO Model | | |
| Progress to Date: | Proposed | | |
| Total Cost | US\$1,800 Million | | |

Estimated Benefits

| | |
|--|--|
| IRR (%) | 14 – 17% |
| GDP | US\$900 -1200 Million (Direct+Induced) |
| Employment (number of employed persons) | |
| Direct: +Indirect+ Induced | 1,200 – 1,400 permanent jobs |

Ranking of Key Criteria

| | Phase 1: Expansion phase | | | Phase 2: Operational Phase | | |
|-------------------------------------|--------------------------|--------|-----|----------------------------|--------|-----|
| | High | Medium | Low | High | Medium | Low |
| Economic Growth Potential | | ● | | ● | | |
| Employment Generation Potential | | ● | | | ● | |
| Revenue Generation Potential | | ● | | ● | | |
| Export Growth Potential | | | ● | ● | | |
| Regional Growth Potential | | | ● | ● | | |
| Net Environmental & Social Benefits | | | ● | | | ● |

Potential Macro-Economic and other Benefits

Employment generation and economic expansion

Potential Risks and Challenges:

- Operational delays, such as custom delays, permit granting etc., could impact the project profitability
- Presence of power transmission lines needed to connect the plants to the grid
- Investors must have confidence in the long-run regulatory regime

This Booklet is a supplement to the Arab Stabilization Plan White Paper, which was conceptualized and financed by **Majid H. Jafar**, CEO of Crescent Petroleum and Vice Chairman of the Crescent Group of Companies in the UAE, who is also Vice Chair of the World Economic Forum Global Agenda Council on Youth Unemployment, as well as a writer on Middle East economic affairs and a member of the Royal Institute for International Affairs (Chatham House) in London.

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EXTERNAL CONTRIBUTIONS:

The International Finance Corporation (IFC) provided information on IFC-funded projects in ASP target countries, as included in this Booklet.

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