Small Sewage Treatment Plant

SSTP

INVESTMENT OPPORTUNITY

استثمر في السعودية
INVEST SAUDI

WATER

Public / متاح

High Potential | Moderate Potential | Low Potential

Northern cluster Small Sewage Treatment Plant (SSTP)

OPPORTUNITY DESCRIPTION: The project consists of developing small wastewater treatment plants with multiple sites with collection networks for wastewater flow in the Northern Province of Saudi Arabia, and SWPC intends to procure Northern province Small Sewage Treatment Plant (SSTP) using a Public-Private Partnership ("PPP") Model.

DEMAND

PROJECT OVERVIEW

- The SSTP to provide sewage collection and treatment facilities in small heavily populated rural areas and peri-urban areas of the Kingdom.
- Goals of SSTP is to increase network coverage, boost the collected sewage, to reduces environmental impact , and increase the availability of sewage treatment plants (STPs) throughout the Kingdom.
- planning to set 33 SSTPs with varying capacities and associated collection network, all across the Western Cluster, total treatment capacity of these SSTPs is 143,000 m3/d and length of collection network is 3,609 km.

INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

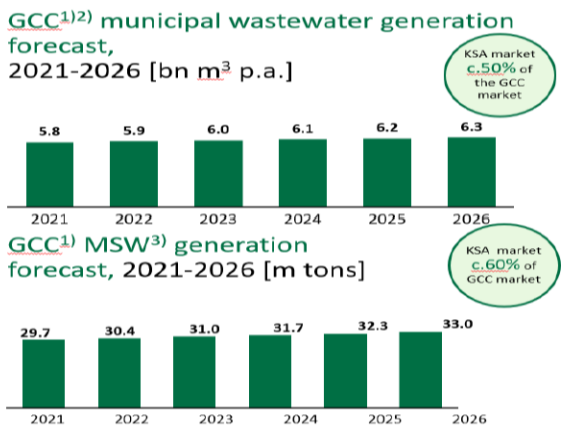
- Expected Investment size: approx. SAR 5.9 billion
- Total capacity: 143,000 m3/day
- collection network : 3,609 km
- Job Creation: up 2000 jobs during the project life
- Location (Region): Qassim, Hail, Al Jouf and the Northern Borders regions
- Target IRR between 5-8%
- Planning tendering during 2025 and COD will be 2029
- Term of the Project is 25 years

VALUE PROPOSITION

- The project is being procured by SWPC, an entity wholly owned by the Ministry of Finance, with a proven track record in procurement of water infrastructure on PPP basis. SWPC value proposition includes:
  - Guaranteed purchase of water/water services through off-take agreements
  - Providing a clear set of rights and obligations
  - Logistics and infrastructure support in securing land, electricity, etc.
  - Interconnection and other support infrastructure
  - PPP tender process would ensure that sufficient operational efficiencies are incorporated in the Project.

MARKET OVERVIEW

Market outlook



ENVIRONMENTAL IMPACT

- The environmental impact of the SSTPs is expected to be significant. Currently, the peri-urban areas in Saudi Arabia are not covered through an efficient Collection Network and STPs. This project will, therefore, have significant positive environmental impact.

FINANCING STRUCTURE

- The project will be funded via a mix of equity and debt
- The debt will be based on a limited or non-recourse basis
- Any funding of the project construction costs shall be without recourse to SWPC
- In precedent SWPC projects, local Saudi banks have shown a considerable appetite for financing water projects. It is expected that the trend is expected to continue. However, international commercial banks remain a significant source of funding for small to medium, sized projects in infrastructure projects located in Saudi Arabia
- Tariff payments commence only on successful project commissioning and performance of a complete sub-Cluster comprising an SSTP and a Collection Network that together are capable of independent operation by the Private Sector.

wastewater production per capita, per annum, in the GCC;

WATER

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Procurement Stage

SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low | Medium | **High**

- Local Content Target of 40% during the construction period and 50-70% during the operation period
- Employment and Training of Saudi Arabian Nationals

KEY DEMAND DRIVERS

- With an estimated per capita per day sewage generation of 212.50 liters, the sewage generation is also expected to grow to around 821 thousand m3/d by 2030
- Sewage network coverage is aiming to reach 95% to 100% by 2030.
- In the PPP option, the Private Sector will be responsible for SSTP O&M and ensuring performance of the SSTPs.
- The proposed project structure involves Build-Own-Operate-Transfer (BOOT) model for the SSTPs and Design-Build-Finance-Transfer (DBFT) for the Collection Network and contractually

GENERAL WATER VALUE CHAIN

Production → Transmission & storage → Distribution → Wastewater collection → Wastewater treatment → Effluent & sludge re-use

KEY STAKEHOLDERS

- SWPC is managing the project procurement process in coordination with stakeholders including the Ministry of Environment, Water and Agriculture, Ministry of Finance, National Centre for Privatization, Supervisory Committee. SWPC is also supported by key water sector stakeholders such as the National Water Company, the Saline Water Conversion Corporation and the Water Transmission and Technologies Company.

ENABLING FACTORS

ENABLERS & INCENTIVES

- The company developing the project will be compensated for the making the water transmission capacity available to SWPC under a 35-year Water Transmission Agreement ("WTA") to be signed by the company and SWPC
- SWPC's obligations under the WTA will be supported by a credit support agreement entered into by the Ministry of Finance on behalf of the Government of KSA

COST OF DOING BUSINESS IN KSA

Factor	Ranking amongst regional peers
Electricity tariffs for industrial players	$48 /MWh
Productivity adjusted wages	$3.3 /hour
Logistics Performance Index (1-5)	3.2
Construction Costs (Indexed to US, % 0 is cheapest)	74
Ease of getting credit (0-100)	50

Bottom 25% | Top 75% | Top 50% | Top 25%

Definitions

#	SCORECARD SECTION	DEFINITIONS
1	Market size	Size of market in value/volume in KSA and/or Region (MENA/GCC) covering future projections based on available estimates from published /government sources
2	Business drivers	A select number of factors that will influence future demand for the related product/service
3	Investment highlights	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	Value proposition	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	Market readiness	An overview of KSA market structure, market maturity and level of participation by local and global players
6	Global trends	Latest business developments within the sector/product category
7	Scalability and localization	Ease of scaling the business across the value chain or into new adjacent products or geographies that would maximize the opportunity's investment returns and the ability and potential to locally manufacture the product and its components
8	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
9	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
10	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
11	Enablers	Factors that enable investment in the underlying opportunity
12	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region. Productivity adjusted wages do not include cost of $1.23/hour towards annual recurring charges including work permit, resident identity (iqama) and health insurance

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