Jordan: Aqaba-Amman Water Desalination & Conveyance Project (AAWDCP)

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Aqaba – Amman Water Desalination & Conveyance Project

Jordan

Deal opportunity overview

The Aqaba Amman Water Desalination and Conveyance Project (AAWDCP) is a strategic initiative to provide 300 million cubic meters of desalinated drinking water annually to address the acute water scarcity in the world's second water poorest country. The project will expand desalination capacity, conveyance infrastructure, solar facilities, and water storage to secure supply from Aqaba region to Amman and beyond. The project will bridge the demand-supply gap of drinking water, contribute to development of industrial, commercial, and tourism sectors coupled with increased use of treated wastewater for agricultural requirements

Ministry of Water & Irrigation (MWI), Jordan

Public Private Partnership (BOT)

Total Cost: USD 3.5bn (divided into equity and debt)

Use of Proceeds: Development of marine works, desalination facility, freshwater conveyance system around 450 kilometers of pipelines, booster pump stations and regulating tank and 310 MW solar PV plant

Project/enterprise details

Background

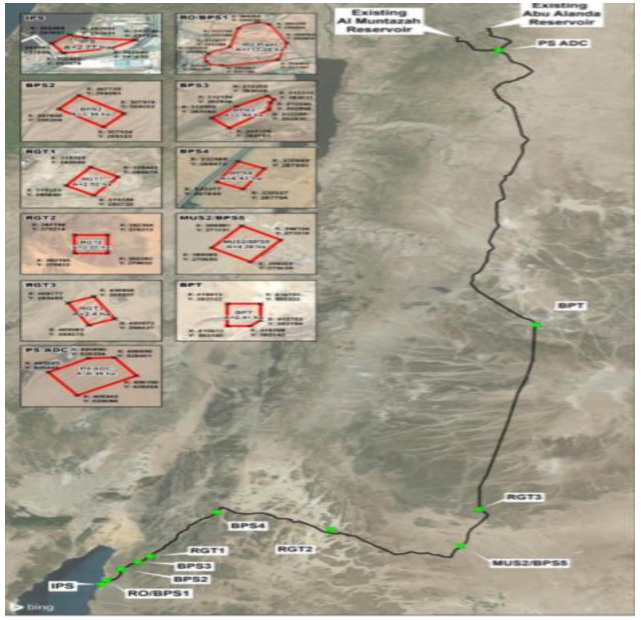
- **Key stakeholders:** Minister of Water & Irrigation, Special Tendering Committee (STC) Chairman, National Carrier PMU Director, Project Manager, NCPMU Team
- Long track record of the promoters in successful mega project delivery

Business Model

- **Project components:** Desalination plant (300 MCM) (38% of capex), conveyance line (450km) (42% of capex), 6 pump stations, solar energy facility & independent transmission system (310 MW) (20% of capex)
- **PPP structure:** Build Operate Transfer (BOT) for 26 years. National Water And Electricity Utility is concessioning the project's design, financing, construction, operation, and maintenance and is the main off taker

Milestones

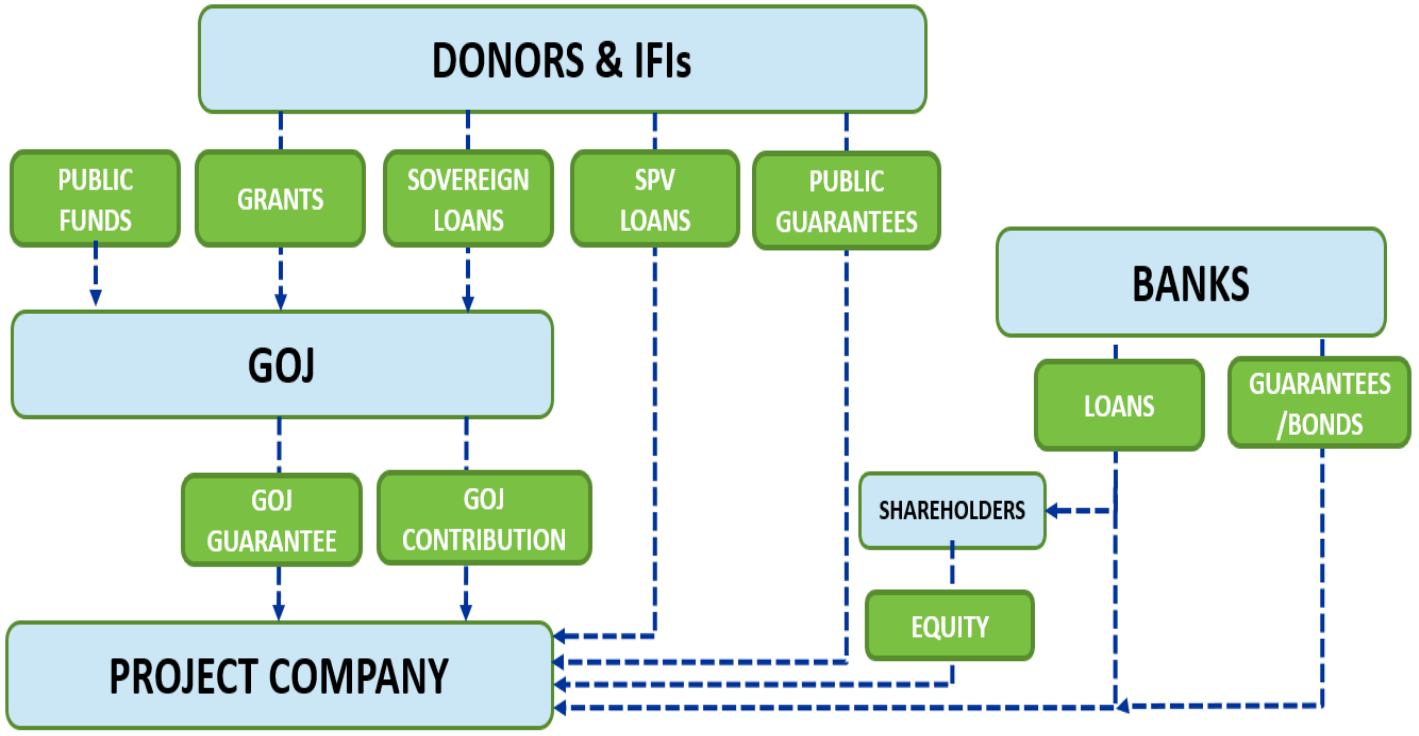
- **Project Stage:**
  - Pre-feasibility and feasibility studies and environmental & social impact assessment (ESIA) studies completed (funded by the EIB)
  - RFP distributed. Proposals submission date is 4 December 2023 & selection by February 2024
  - Signing of agreement August 2024; construction will begin in April 2025 and operational by April 2029
- **Partnerships** – Political and financial support from the U.S, EU and Japan



Financing Structure

Jordan

Overview



Financing structure broken down by contributors

Government Support to Subsidize Water Charge

- Government subsidies (financial & in-kind)
- Exemptions taxes, customs, etc.
- Sovereign guarantees
- Preferred electricity tariff
- Exemption generate mega renewable energy facility
- Ministry of Water & Irrigation to bear inflation risk (above 2%)
- Assist in acquiring soft loans & Grants

In March 2020, the Prime Minister announced AAWDC as a government priority for self reliance

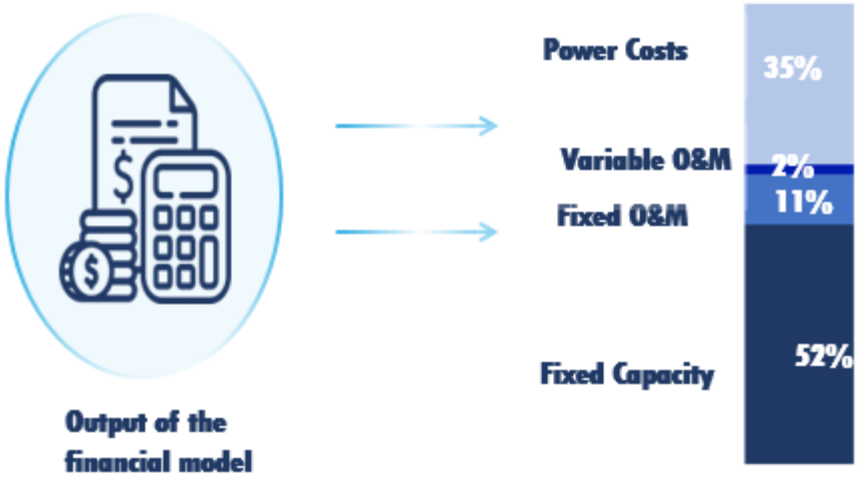
Investment Contributors

Jordan

Overview

Country /institution	Pledged (Millions)		
	Grants	Development Loans	Investment Loans
GoJ General Budget		250 JD	
USA	USD 300		USD 400
European Union	50 €		-
France	5 €	100 €	100 €
Italy	2 €	50 €	-
Germany	65 €		-
Holland	30 €		-
Spain	-	25 €	25 €
Japan	713¥(in-kind)		-
EIB	-	USD 350	USD 160
EBRD	-	USD 50	USD 350
IFC	-		USD 400
ISDB	-	USD 200	-
TOTAL	**250 JD USD 300 152 €**	**175 € USD 600**	**USD 1,310 125 €**

GoJ contribution equivalent to USD 820m



Grant Level | Capex Level | Electricity Cost

IRR Level | Financing Cost

Impact Metrics

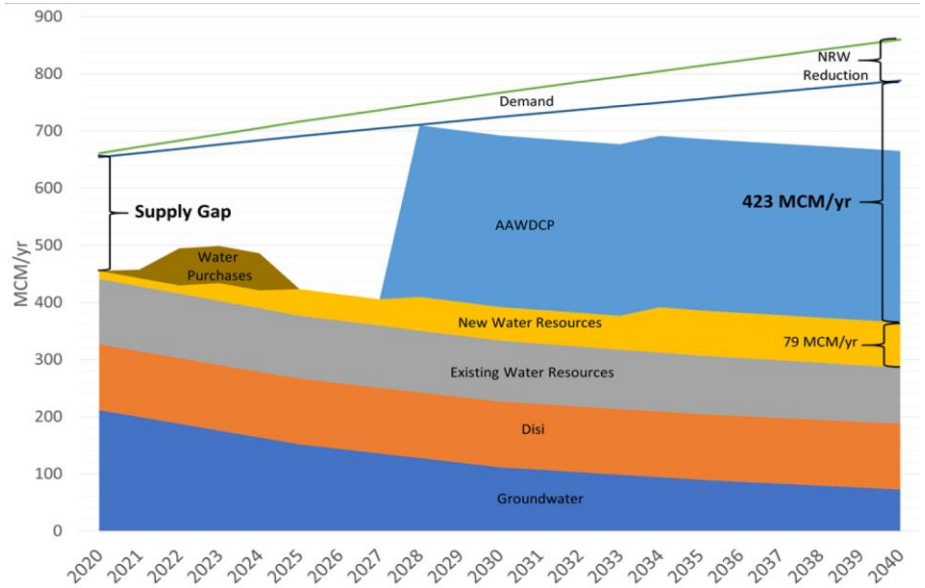
Jordan

Impact

- **Project Beneficiaries**
  - Direct beneficiaries: 3 million people (~26% of total population of Jordan) receiving supply of 135 MCM/year
  - Over 4 million people will benefit from regular and sustainable access to water annually
  - Allocation of 153 MCM/year for irrigation, 138 MCM/year for domestic use, and 9 MCM/year for industrial use

Social Impact Targets

- **Sustainability**
  - Mitigation
    - 3.2 kgCO2e per cubic metre emission avoidance
    - Emissions avoided: 8.1 million tCO2eq over lifespan
    - The 310 MW solar PV plant could potentially avoid around 270,000 tonnes of CO2e emissions per year
  - Adaptation and resilience
    - Desalination reduces pressure on non-renewable water sources
- **Gender Equality and Social Inclusion Considerations**
  - Gender and diversity: Women and children benefitting from project/enterprise by 2030



Return expectations

- **Growth projections** will be made available during deep dive conversations