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Guarantee Agency

PUBLIC-PRIVATE PARTNERSHIPS BRIEFS

Jordan: As-Samra Wastewater Plant Expansion



Overview

In 2006, the Government of Jordan awarded a 25 year build-operate-transfer (BOT) contract to Samra Wastewater Treatment Plant Company (WWTP). It is the first BOT and public-private partnership in the country. The project directly addresses Jordan's capacity to address its severe water deficit of about 450 cubic meters annually and thus, its growth capacity. When completed the As-Samra wastewater treatment plant will be the largest facility of its kind in the country.

The Multilateral Investment Guarantee Agency (MIGA) has supported two phases of the project by providing equity investment guarantees to the project financiers. The first phase ran from 2006 to 2015 and the expansion phase of the project now seeks to meet local demand post 2015.

This series showcases how the World Bank Group supports the development and implementation of public-private partnerships. This support comes in the form of public sector loans, private sector finance, sector and transaction advice, guarantees, and output-based aid.

Background

Jordan is the fourth most water-poor country in the world. As per Jordan's Water Strategy for 2008 to 2022, about 63 percent of the population are served by sewerage systems producing about 100 million cubic meters of effluent per year that is reused primarily in agriculture. In fact, in 2011, more than 60 percent of crops in the Jordan Valley were irrigated with treated wastewater.

The MIGA-supported plant will have an average daily capacity of 267,000 m³ of water that will increase by nearly 40 percent over time and it will treat wastewater from the Amman and Zarqa areas that have a combined population of approximately 2.3 million people. The scarcity of water in Jordan is one of the biggest impediments to sustainable economic growth in the country.

The construction of the As-Samra plant is divided into two phases, with phase 1 designed to satisfy the local demand through 2015, and phase 2 consisting of an expansion of the plant to meet demand from 2015 to 2025. For Phase I, MIGA provided a \$4 million guarantee to cover an equity investment and a water performance bond to Infilco Degremont Inc. and Suez Environnement S.A., investors in WWTP.

Project Description

The project involves the expansion of the existing wastewater treatment plant at AS-Samra, northeast of Amman by WWTP. The total investment for the expansion is estimated at \$205.3 million. The project will increase the wastewater treatment capacity by almost 40 percent, from the current 267,000 m³ per day to 365,000 m³ per day, to

meet the needs of the population from 2015 to 2025. The expansion will include the addition of two more treatment lines to the existing four treatment lines. The sludge treatment capacity will also be increased by approximately 80 percent. Construction of the expansion is scheduled for completion by the end of June 2015.

World Bank Group Role

For Phase II, MIGA issued guarantees of \$13.1 million covering equity investments (including future retained earnings and performance bond) by Suez Environnement, SA (Suez), Infilco Degremont, Inc. (IDI), and Morganti Group Inc. (Morganti) in the As-Samra Wastewater Treatment Project in Jordan. The coverage is for a period of up to 20 years against the risk of breach of contract. MIGA has previously issued guarantees totaling \$4.1 million to cover an equity investment in the water plant and a performance bond for Phase I of the project. MIGA's Phase I guarantee is for a period of up to 15 years against the risk of breach of contract.

Outcomes

The use of treated wastewater for agricultural and industrial use, will free up potable water to be redirected for use as drinking water. WWTP will also address and rectify a serious environmental issue by processing wastewater. Currently, poorly treated water is being discharged into clean water. In addition to improving the water quality, the plant will help improve the health and environmental conditions in surrounding areas.

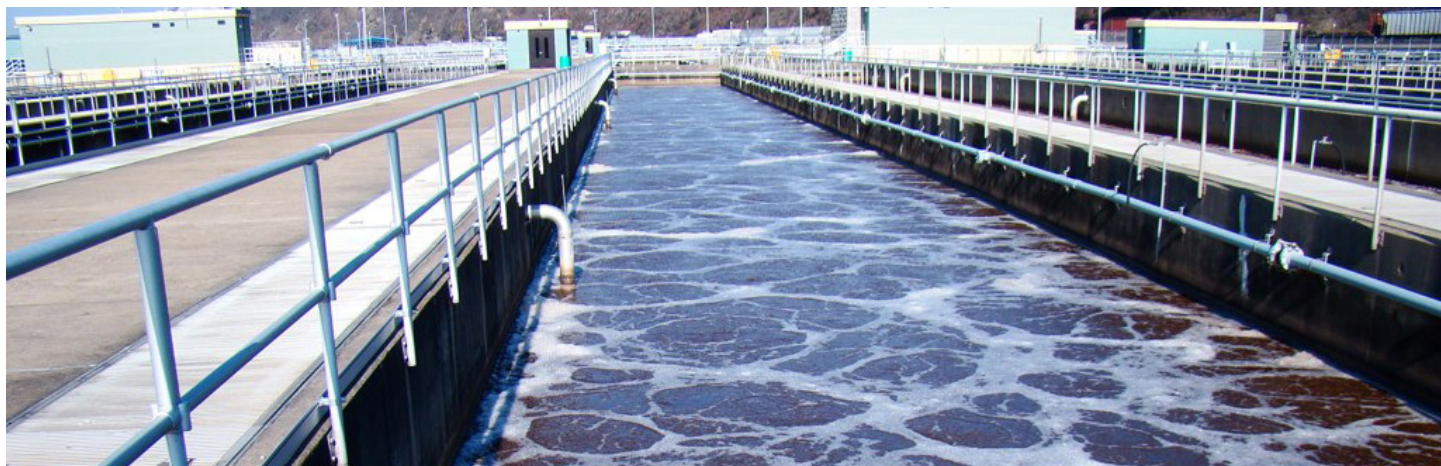


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