

## Saudi Arabia plans water and power projects worth \$12b

Published: June 28, 2008, 00:04

Singapore: Saudi Arabia has planned more than \$12 billion worth of water and power projects that will supply an additional 2.24 million cubic metres of water per day and 2,750 mega-watts of power in the next few years, a government official said.

The country is also set to privatise key government-owned assets and expects the total capital and operation investments value of desalination privatisation projects to hit \$43 billion over the next 20 years, according to Fehied Al Sharif, governor of Saudi's Saline Water Conversion Corporation (SWCC) and chairman of the Privatisation and Restructuring Team.

"The government has decided to privatise key government-owned assets under the guidance of the Supreme Economic Council. The water, wastewater and water desalination sectors have been put on top of the list," Al Sharif said at the Middle East Business For-um during the Singapore International Water Week.

Al Sharif said the projects will boost the water and power supply in the country, which will need 8.3 million cubic metres of fresh water per day and 70,000 mega-watts of power capacity by 2024.

So far, at least four independent water and power projects (IWPP) have been approved by the Supreme Economic Council. The first three projects worth \$4.56 billion have already been financially closed and are now under "advance stage of construction." One of them will start production in February 2009.

The fourth project is expected to be worth over \$3 billion and the bids for this venture will open this week. Other water transmission projects related to IWPP,

estimated to be worth \$4.5 billion, have also been planned and are now "under various stages of execution."

Apart from these, SWCC is also implementing various water projects: six satellite plants in different parts of the country at a cost of more than \$216 million and a reverse osmosis plant in Jeddah worth \$293 million. Two mobile plants on barge were also approved recently for Jeddah City, but the project cost was not specified.

Al Sharif encouraged the private sector to invest in Saudi and to get involved in their projects especially in the desalination industry, saying that the government is "fully committed" to increase private sector participation and offers a good investment climate.

"In the present five-year plan of Saudi Arabia, significant changes in the policies have taken place to boost the desalination industry by the participation of the private sector," Al Sharif said.

"There are many incentives for the private sector that Saudi Arabia can offer. The private sector can be assured of the government's full commitment to the reform process. The potential investors can look for a reasonable return on their investment, flexible payment terms, well-defined risk allocation responsibilities and obligations of both parties, fair and transparent bidding process," Al Sharif added.