

## ***Successful BOT projects in Egypt***

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After privatization of the Egyptian state owned industries and utilities have become an accepted Policy of the Egyptian Government as well as the people of Egypt and the media, Egypt have embarked on several other tools for more economy liberalization .one of these tools is BOT.

As we all know, BOT is one of several alike methods to facilitate providing services to the public without burden to the government budget already consumed.

The first serious commitment to go towards BOT projects was performed by the ministry of Electricity.

It is well known that due to quick development in Egypt, the need for more electricity is a must. Egypt have solved this problem in the last 25 years by accepting several loans from international sources such as the World Bank, the African Development Bank and others to finance building new power stations, what the BOT concept became accepted in Egypt, the ministry prepared itself by employing a group of international consultants to help in transferring the world experience to the Ministry to go in this route. After that the Ministry set an ambitious program for different types of power stations generated from fuel, hydro and wind sources.

The first two tendered power stations have already been awarded and contracts signed with the accepted developers one of which is American and the other is French .

The Ministry known program includes two more power stations generated by fuel plus one wind farm and one hydro power station which are expected to go on quickly in the near future.

I have to say that the rush of interested international developers to participate in Egypt electricity BOT program was clear by the number of well known international groups that presented their prequalifications to go accepted to tender for the various projects. It is also clear that the results the Ministry achieved with the two successful groups were excellent regarding prices and all other factors. Other ministries started moving towards implementing projects with the same BOT concept. Among those ministries is the Ministry of Transport which requested proposals for several highways that

are in the plan of the ministry and that will help quick development of remote areas of Egypt as well as relief already congested highways of some traffic volumes.

Developers were not very attracted in bidding in these projects as it is well known that the highway itself is not generating enough money for the developer . The developer will gain from developing adjacent lands on both sides of the highway for the period of the concession. As it was not crystal clear the the developer would easily get access to all the lands on both sides of the highway due to interference from several other governmental agencies which the Ministry of Transport have no control on as well as o some areas being under seizure. This made many developers decline from tendering. Despite of that, the first high way between Alexandria and Fayoum is in the last negotiating phase and a contract is expected to be signed soon. The concession period in this contract is expected to be much longer than the concession period in both signed contracts of the Ministry of Electricity . The Ministry of Transport is tendering other highways will take less periods of negotiations with the successful developers . The Ministry of Transport has also tendered other port related facilities such as container terminal in Port of Suez and an anchorage of yachts at Sharm El Sheikh .

The Ministry had already tendered a tunnel under the Suez Canal South of Port Said to facilitate connecting Sinai with the rest of the lands of Egypt. I understand that a short list of the developers had already been developed .

This tunnel is greatly needed after the major developments already started in the ambitious projects of the port and related developments east of Port Said.

The Ministry had also progressed in tendering several airports on BOT concept some of them have been already successfully awarded the first of which was Mersa Alam Airport which was awarded to a Kuwaiti owned company and the last of which is EL Farafra Airport which was awarded to a German owned company.

The Ministry of Housing and Reconstruction had already started in developing two BOT projects to provide potable water for the two new developing areas East Port Said and South of Suez.

The Governorates of Cairo, Giza and Alexandria which are facing major problems of traffic had thought solving this problem by starting building

underground parking garages using the BOT concept. The first Governorate that started this program was Giza. It had already signed more than one garage but none of them had started construction due to the fact that the employees of the Governorate are not acquainted with the concept and are trying to use the ordinary procedures and regulations of the general contracting tendering on the developers of BOT projects. On the other hand, one of the garages already awarded by Giza has been cancelled by the Cabinet about which the developers had already gone to court asking for compensation of the cost incurred .

Also in one of Cairo Governorate projects after being awarded, the department of monuments had caused problems for the project to start as it believes that the project is close to old Islamic Areas. A compromise has been accepted by Cairo Governorate and the dept. of monuments after one year of discussions and the project will start soon after reducing its area and putting conditions about the construction that will take place on the site.

In brief, this is a list of on-going government projects.

On the other hand, there are private projects and I can say that the private sector in Egypt has moved faster than the government in starting projects with BOT concept. The first project already implemented and completed in Egypt is a complex in the Shooting Club in Dokki awarded to an Egyptian company that had built a bowling and billiards hall that will be returned to the club after 10 years and that will pay over 6 million pounds to the club during this 10 years period, the fee of playing for the member of the club in this hall is about half of the prevailing fees in any other parts of Cairo and Giza. This hall is restricted to the club members only.

Also several clubs have adopted the recommendations of the Governors Council to help in solving the traffic problems in the area in which the clubs are situated by building undergrounds garages using BOT concept. The clubs that had already tendered are Shooting Club, Maadi Club, Heliopolis Club and El-Zohour Club. The tenders which were received are for the Shooting Club and it is expected to be awarded to the successful developer soon. I expect more BOT projects to be asked for in Egypt.

My recommendation is to try to train government agencies about the BOT concepts and procedures before tendering any future projects to get the best results.