

Oman: Duqm Port Commercial Terminal and Operational Zone Development

1. Project Information

Project ID:	P000013	Instrument ID:	L0013A
Member:	Oman	Region:	Western Asia
Sector:	Transport	Sub-sector:	Ports/Waterways
Instrument type:	<input checked="" type="checkbox"/> Loan:265.00 US Dollar million <input type="checkbox"/> Guarantee	Co-financier(s):	
ES category:	Not applicable	Borrowing Entity:	Special Economic Zone Authority of Duqm (SEZAD)
Implementing Entity:	Special Economic Zone Authority of Duqm (SEZAD)		
Project Team Leader:	Edwin Hin Lung Yuen		
Responsible DG:	Supee Teravaninthorn		
Responsible Department:	INF2		
Project Team Members:	Liu Yang, Project Counsel; Chitambala Sikazwe, OSD - Procurement Specialist; Yi Geng, OSD - Financial Management Specialist; Susrutha Goonasekera, OSD - Social Development Specialist; Chongwu Sun, OSD - Environment Specialist; Komron Rajabiyon, Team Member; Yuyou Guo, Team Member; Komron Rajabiyon, Back-up PTL		
Completed Site Visits by AIIB:	May, 2017 Oct, 2017 Dec, 2018 Mar, 2018 Mar, 2019 Dec, 2020 AIIB carried out the virtual supervision mission for the Project on December 14, 2020. Due to the impact of the COVID-19 pandemic, the AIIB Mission team could not visit Oman thus the supervision mission was conducted through video conference. Aug, 2021 AIIB carried out a virtual supervision mission for the Project on August 25, 2021. Due to the impact of the COVID-19 pandemic, the AIIB Mission team could not visit Oman thus the supervision mission was conducted through video conference.		
Planned Site Visits by AIIB:	Aug, 2022 Project Closing Mission		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2021/09		

2. Project Summary and Objectives

The objective of the Project is to help Duqm Port capture its full economic potential through improved transport efficiency, strengthened logistics services, facilitated mineral exports, and reduced supply chain delivery time and costs for the wide spectrum of industries in the new Duqm Special Economic Zone and its broader port hinterland. The project investment will mainly include the civil works for the construction of port related infrastructure including port access roads, cargo storage, terminal buildings, and operational zone's facilities buildings. Total Project cost is USD 353.3 million with USD 265.0m (AIIB) and USD 88.3m (Public Authority for Special Economic Zones and Free Zones, OPAZ).

As a result, the project is likely to benefit the related enterprises and commercial sector, as well as associated petrochemical cluster and the liquid bulk shipping terminal by facilitating the materials trade. The industries in Duqm SEZ would import raw materials and export their products through the port. The Port would also contribute to business growth of the logistic and shipping entities.

3. Key Dates

Approval:	Dec. 08, 2016	Signing:	Jan. 16, 2017
Effective:	Feb. 24, 2017	Restructured (if any):	Mar. 31, 2022
Orig. Closing:	Jun. 30, 2021	Rev. Closing (if any):	Mar. 31, 2022

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	215.94	Most recent disbursement (amount/date):	4.13/Nov. 12, 2021
Undisbursed:	49.06	Disbursement Ratio (%) ¹ :	81.49

5. Project Implementation Update

According to the Loan Agreement, the project implementation period is up to December 31, 2020, and the loan closing date is June 30, 2021. On September 14, 2021, AIIB and the Public Authority for Special Economic Zones and Free Zones (OPAZ) have signed the Amendment to the Loan Agreement that extends the loan closing date to March 31, 2022. Other non-material changes introduced: Amendment on the name of the Borrower from "Special Economic Zone Authority of Duqm" to "Public Authority for Special Economic Zones & Free Zones" of the Sultanate of Oman; Amendment of the Section V. Other Undertakings on submission of the 10-year Business Plan.

Public Authority for Special Economic Zones and Free Zones (OPAZ) has reported that the construction phase of the Project has been completed. According to the last project performance report for Q2 2021 prepared by the Engineering Consultant and endorsed by the Employer, certified physical progress of the project is at 99.98% with cumulative actual disbursements to date to the Contractor is approx. \$ 238.48 million (85.32%), including OPAZ contribution, loan interest and fee charges. AIIB part for civil works disbursement is USD 199,914,090. The Contractor has submitted the final claim for works in amount of RO 11,371,299.584 (approx. USD 29,535,358). The respective withdrawal application and supporting documents have been received by AIIB and is under review by the team.

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Port related infrastructure completed at the terminals on the Commercial Quay (US\$244.74)	Physical Progress: Completed	Full compliance with Environmental & Social Safeguards • Construction Environmental Management Plan (CEMP) in place and disclosed on SEZAD and AIIB websites Daily HSE site visits and Monthly HSE Audits are being carried out.	No issues
Component 2: Construction Supervision (100% funded through counterpart funds)	Consultants were recruited prior to loan approval	N/A	No issue
Component 3: Project Management (100% funded through counterpart funds)	Full Project Management Team on board	N/A	No issue

Financial Management:

AIIB noted that no major issues on the financial management aspect have been identified. Project Performance Monitoring Report for Q2 2021 is well received, the report is aligned with the Bank's numbers and figures. Financial report for the Q4 2021 ended December 31, 2021 has been received in timely manner and reviewed by the financial specialist.

It is expected that the final project audit report covering the period from 2021 till March 31, 2022 (extended loan closing date) to be submitted to the Bank by September 30, 2022.

6. Status of the Grievance Redress Mechanism (GRM)

GRM mechanism is operational at: <https://duqm.gov.om/sezad/community/grievance-redress-mechanism-sgrm>

No grievance or complaints cases received during the reporting period.

7. Results Monitoring

Two project indicators are due in 2021: Annual gross revenues with the Project (USD million) and Total dry bulk mineral annual exports (millions Ton).

Project Objective Indicators #1

Annual gross revenues with the Project (USD million)

Year	Target	Actual	Comments, if any
Dec. 31, 2021	98.8	16.6	Figures are provided by Port of Duqm on June 15, 2022. COVID-19 has impacted the initially projected figures at the project's start-up phase.
Dec. 31, 2025	228.6	N/A	
Dec. 31, 2030	356.2	N/A	

Project Objective Indicators #2

Total dry bulk mineral annual exports (millions Ton)

Year	Target	Actual	Comments, if any
Dec. 31, 2021	6.6	0.065	Figures are provided by Port of Duqm on June 15, 2022. COVID-19 has impacted the initially projected figures at the project's start-up phase.
Dec. 31, 2031	19.7	N/A	

Intermediate Result Indicators #1

Target dwell time to be reached and sustained on and after the year 2025; a) 93% of annual cargo throughput <5 days

Year	Target	Actual	Comments, if any
Dec. 31, 2025	<5 days	nil	

Intermediate Result Indicators #2

Target dwell time to be reached and sustained on and after the year 2025; b) 6% of annual cargo throughput ≤9 days

Year	Target	Actual	Comments, if any
Dec. 31, 2025	<5 days	nil	

Intermediate Result Indicators #3

Target dwell time to be reached and sustained on and after the year 2025; c) 1% of annual cargo throughput >10 days

Year	Target	Actual	Comments, if any
Dec. 31, 2025	< 5 days	nil	

Remarks:

N/A