

SBF Project Implementation Monitoring Report

Oman: Duqm Port Commercial Terminal and Operational Zone Development Project

1. Project Information

| | | | |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------------------------------|
| Project ID: | 000013 | Investment Number: | L0013A |
| Member: | Oman | Region: | Western asia |
| Sector: | Transport | Sub-sector: | Ports/Waterways(non-urban) |
| AiIB Financing Type: | Loan: 265 USD million | Co-financier(s): | Stand-alone |
| E&S category: | B | Borrower: | Special Economic Zone Authority of Duqm |
| Red Flags Assigned: | 0 (Q1: 0) | Monitoring Regime: | Regular Monitoring |
| Implementing Agency: | Special Economic Zone Authority of Duqm | | |
| Project Team Leader: | Edwin Hin Lung Yuen | | |
| Project Team Members: | Giacomo Ottolini, Procurement Consultant Yi Geng, Senior FM Specialist Somnath Basu, Principal Environment and Social Development Specialist Chongwu Sun, Senior Environment Consultant | | |
| Completed Site Visits by AIIB: | <p>May, 2017</p> <p>Oct, 2017</p> <p>Mar, 2018</p> <p>Dec, 2018</p> <p>Mar, 2019</p> <p>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.</p> <p>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.</p> | | |
| Planned Site Visits by AIIB: | <p>Jun, 2022 Most probably, it is going to be a virtual mission due to pandemic situation.</p> | | |

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 (SEZAD)

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. 8, 2016 | Signing: | Jan. 16, 2017 |
| Effective: | Feb. 24, 2017 | Restructured (if any): | |
| Orig. Closing: | Jun. 30, 2021 | Rev. Closing (if any): | |

4. Disbursement Summary (million)

| | | | |
|-----------------|---------|-------------------------------------------------|---------------------|
| Currency: | USD | | |
| a) Committed: | 265 | b) Cancellation (if any): | |
| c) Disbursed: | 208.847 | d) Most recent disbursement: (amount / date) | 6.436, Apr. 5, 2021 |
| e) Undisbursed: | 56.153 | f) Disbursement Ratio(%) ¹ : | 78.8 |

¹ Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e., $f = c / (a - b)$

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. Completion certificates by the vendor have been submitted in December 2020. Currently, the project is under the maintenance period which will end in 3 months. The civil works contractor is working on remaining snags. Port of Duqm Company (PODC), which takes over the port after the completion of construction, has launched a tender to seek an operator for the port.

| 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 2020/1 is well received, the report is aligned with the Bank's numbers and figures. For efficiency, AIIB proposed 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, such long period audit is subject to Bank's management approval at the end of loan closing date.

Provided the loan closing date is extended, the information on likely loan savings will be provided in Q2 2022.

6. Status of the Grievance Redress Mechanism (GRM)

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

We have not received any grievance or complaints cases so far.

7. Results Monitoring

Data for 2021 will start to be collected based on availability of financial reporting for the year of 2021. Data for the year of 2021 will become available in 2022, upon submission by the client.

Baseline Year: Aug. 12, 2016 End Target Year: Dec. 31, 2030

Project Objective Indicators #1

Annual gross revenues with the Project (USD million)

| Year | Target | Actual | Others, if any |
|---------------|--------|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dec. 31, 2021 | 98.8 | 1.82 | Figures presented do not capture final 2021 results, as the end date of 31 December 2021 has not been reached yet, and financial reporting data is not yet available. |
| 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 | Others, if any |
|---------------|--------|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dec. 31, 2021 | 6.6 | 5.5 | Figures presented do not capture final 2021 results, as the end date of 31 December 2021 has not been reached yet, and financial reporting data is not yet available. |
| 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 | Others, 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 | Others, 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 | Others, if any |
|---------------|---------|--------|----------------|
| Dec. 31, 2025 | <5 days | nil | |

Remarks: N/A