



*The region's active pipeline of projects either under execution or in pre-execution is worth close to \$3tn*



## AMBITIOUS PROJECTS SURGE AMID UNCERTAINTY

The upward trend in regional spending is reflected in the number of megaprojects with a value above \$10bn

**W**hile little tangible progress has been made on the Middle East and North Africa (Mena) region's largest announced project, Saudi Arabia's \$500bn Neom city development, there is a broader active pipeline of projects either under execution or in pre-execution of close to \$3tn, including 24 projects in the bidding, design or study phase – worth a combined \$347bn.

A subtle but nonetheless significant indicator of the upward trend in regional spending is the swelling of MEED's list of the top 100 megaprojects in the region in 2018 to exclude any projects below \$10bn. This comes despite the list's exclusion of floundering regional developments made unrealistic by prevailing circumstances,

such as Jordan's proposed cross-border Red Sea-Dead Sea water conveyance project, Iraq's plans for a high-speed railway network and the planned GCC water inter-connectivity scheme.

After Neom, which remains in the study phase, the region's largest upcoming scheme is the \$30.4bn Jeddah public transportation programme, for which the first contract, a \$1bn deal for the Obhur suspension bridge, is due to be awarded in April 2019. Further components of its \$12.4bn first phase – now largely at the main contract bid stage – are expected from as early as November 2019.

The next largest upcoming projects are major industrial schemes in countries keen

to diversify: Egypt and Saudi Arabia. The first is the \$29bn Golden Triangle mining and urban development in Egypt, which was affirmed in December as a project central to the country's current wave of strategic initiatives, alongside the Suez Canal Economic Zone, the \$20bn New Cairo City and a half dozen other industrial and urban masterplans.

The mining masterplan for the Upper Egypt region envisages the creation of a logistics facility near Hurghada on Egypt's Red Sea coast to facilitate mineral exploitation in the Eastern Desert's 'Golden Triangle'. This project extends across to Edfuin the Nile Valley and down the coast to Marsa Alam over 920,000 hectares of land. The project also aims to develop the region's broader residential and touristic infrastructure.

#### Oil-to-chemicals

For Saudi Arabia, the largest upcoming industrial project is the \$25bn Yanbu oil-to-chemicals project, which is currently undergoing front-end engineering and design by the UK's Wood Group and US firm KBR. Yanbu was confirmed as the location for the project by Saudi Aramco and Saudi Basic Industries Corporation, after the conclusion of a joint feasibility study in June.

The planned facility will bypass the need for traditional refining methods by purifying the crude oil before sending it to a catalytic cracking unit to produce olefins, the basic building blocks for commodity plastics such as polyethylene and polypropylene. The complex is designed to process 400,000 barrels of crude oil a day, produce approximately 9 million tonnes of chemicals a year, and create an estimated 30,000 jobs.

In the UAE, meanwhile, there are two developments at the main contract bid phase and set for award in 2019: the \$13.5bn main contract for the Hail and Ghasha sour gas development, which includes the construction of a gas processing plant facility and 650 kilometres of onshore and offshore pipelines; and close to \$3bn-worth

of work up for grabs in the second phase of the UAE's \$11bn Etihad Rail network.

Of the handful of other megaprojects that have moved beyond study, all are budgeted at \$10bn and five are in Saudi Arabia. Of these, three are government real estate projects located in the Haramain: two, Roua al-Madinah and Roua al-Haram, are owned by the Public Investment Fund (PIF), and one, the Jabal al-Sharashif development, is planned by Al-balad al-Ameen, the investment arm of the Municipality of Makkah.

The other key \$10bn Saudi project is the kingdom's first nuclear facility, with two reactors capable of delivering 2,800MW in generational capacity, at the King Abdullah City for Atomic & Renewable Energy.

As for Neom, the path forward for the nebulous megaproject has been muddled since October by the fallout over the fate of Saudi dissident Jamal Khashoggi. The episode led figures such as Y Combinator's Sam Altman and former US energy secretary Ernest Moniz to pull out of the plan for the megacity.

Elsewhere in the kingdom, UK billionaire Richard Branson cut ties with PIF's Red Sea tourism project over similar concerns, while Saudi Arabia backed off from plans to work with Virgin's Hyperloop One.

Such developments are hardly unnav-igable obstacles for multibillion-dollar projects, which by the nature of their size and complexity, must overcome countless barriers to move from study to execution, but they do point to the potentially rockier path ahead for regional megaprojects if the geopolitical headwinds continue – and most notably in Saudi Arabia, as the region's biggest project spender.

Only time, and the way in which the project pipeline unfolds in 2019, will tell the full impact of the tumultuous happenings of 2017 and 2018 on the timeline of delivery for some of the Mena region's most ambitious construction and infrastructure schemes. For a surer sign of work to come, a look at the megaprojects that have already moved past the study phase might prove to be a pertinent approach. **M**

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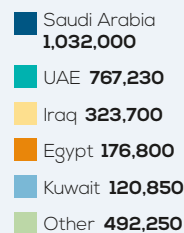
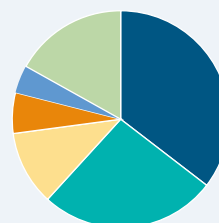
### VALUE OF MENA CONTRACTS

\$bn



### TOP 100 MEGAPROJECTS BY GEOGRAPHY

\$bn



Source: MEED Projects

## LARGEST MEGAPROJECTS IN THE MIDDLE EAST &amp; NORTH AFRICA \*

Rank	Project	Estimated budget (\$m)	Owner	Country	Status	Due
1	Neom	500,000	Saudi Public Investment Fund	Saudi Arabia	Study	2025
2	Iraq housing programme	200,000	Iraq Ministry of Construction & Housing	Iraq	Execution	2027
3	Dubailand	146,850	Dubai Holding	UAE	Execution	2030
4	King Abdullah Economic City	93,000	Emaar The Economic City	Saudi Arabia	Execution	2034
5	South Pars gas field development	91,000	Pars Oil & Gas Company	Iran	Execution	2023
6	Saudi housing project	68,000	Saudi Arabia Ministry of Housing	Saudi Arabia	Execution	2031
9	Capital District	40,000	Musanada	UAE	Execution	2030
10	Al-Reem Island	37,000	Bunya	UAE	Execution	2030
11	Yas Island development	37,000	Aldar Properties	UAE	Execution	2031
11	Dubai Waterfront	35,000	Nakheel	UAE	Execution	2030
13	Mohammed bin Rashid City	32,900	Dubai Hills Estate	UAE	Execution	2035
14	Dubai South, Al-Maktoum International airport: phase 2	32,000	Dubai Aviation Engineering Projects	UAE	Execution	2045
15	Business Bay	31,350	Dubai Properties	UAE	Execution	2030
16	Jeddah public transportation programme	30,400	Metro Jeddah Company	Saudi Arabia	Design	2023
17	Jizan City for basic industries and conversion	30,300	Saudi Industrial Property Authority	Saudi Arabia	Execution	2034
18	Renewable energy programme	30,000	Renewable Energy Project Development Office	Saudi Arabia	Execution	2023
19	Special economic zone at Duqm	30,000	Duqm Special Economic Zone Authority	Oman	Execution	2025
19	Chabahar port development	30,000	Government of Iran/ government of India	Iran	Execution	2026
19	King Abdulaziz international airport in Jeddah	29,200	Saudi Arabia General Authority for Civil Aviation	Saudi Arabia	Execution	2035
22	Golden Triangle mining and urban development	29,000	Ministry of Trade & Industry	Egypt	Design	2047
22	Iraq strategic crude oil export pipeline	27,500	Iraq Ministry of Oil	Iraq	Execution	2022
24	Saadiyat Island	27,000	Tourism Development & Investment Company	UAE	Execution	2030