

 Early Warning System

MIGA-14244

Special Economic Zone at Duqm



Quick Facts

Countries	Oman
Financial Institutions	Multilateral Investment Guarantee Agency (MIGA)
Status	Proposed
Bank Risk Rating	A
Voting Date	2019-04-22
Borrower	International Lender to be Determined
Sectors	Energy, Finance, Law and Government
Investment Type(s)	Guarantee
Investment Amount (USD)	\$ 2,000.00 million



Project Description

MIGA has been asked to consider an application by the Ministry of Finance of the Sultanate of Oman and Standard Chartered Bank (acting as Global Coordinator) to cover the commercial debt provided to Duqm Special Economic Zone in the Sultanate of Oman. MIGA coverage has been sought to cover the Non-Honoring of Sovereign Financial Obligations ("NHSFO") Guarantees on a debt financing structure of up to US\$2.0 billion (including principal, interest, MIGA premium and other financing costs) for a tenor of up to 15 years. Further details about MIGA cover is in the Summary of Proposed Guarantee (SPG) published on MIGA website on 02/21/2019.

The Special Economic Zone (SEZ) at Duqm was established under Royal Decree (RD) Number 119/2011 which superseded RD 85/2006 establishing the area as a public good. The SEZ stretches 2,000 square kilometers (km²) with a 90 km long beach front, which makes it the biggest in the Middle East region. The SEZ is located in Al Wusta Governorate on the Omani coast, approximately 550 km south of Muscat, the capital of Oman. The SEZ includes functional zones: a deep-water port (Duqm Port), a dry dock, a regional airport, a heavy/medium and light industries complex (including a refinery and petrochemical complex), a residential and commercial area, a tourism area, a logistic services area and an industrial fisheries complex with a port. These zones are to be connected by a multimodal transport system that will also connect the SEZ with nearby regions. Around 45% of SEZ (about 900 km²) is being currently developed, with the remainder of the area to be developed in future phases. The Port entered into an early operations phase in 2012 and currently remains in this stage with a fully functional commercial quay capable of handling heavy lift project cargo, general cargo, dry bulk and containers. In addition, the Port offers a wide range of services such as the availability of marine pollution prevention (MARPOL at dry dock) facilities, fresh water supply, fuel bunkering and domestic waste collection & treatment facilities. Being closely located to the major oil & gas and mining projects in the country, Duqm is seeking to increase the activity level at the Port exponentially in the years to come.

The development, management and regulation of the SEZ is overseen by the Special Economic Zone Authority at Duqm (SEZAD), a statutory institution empowered under the Royal Decree (RD) No. 119/2011 with regulatory, administrative, fiscal and economic responsibilities within the Duqm. The SEZ is managed by a Chairman who holds the ranks of a Minister. RD 79/2013 grants SEZAD the regulation rights of the SEZ, registration of the projects as per Commercial Registration Law, licensing of tourist projects, and issuance of environmental permits as well as taking the necessary environmental measures to implement the environment protection and anti-pollution law. The RD 79/2013 further stipulates that labor office will be established at SEZ by a Ministerial Decision (MD) issued by the Ministry of Manpower.

SEZAD has established its development/commercial arm the Oman Company for the Development of Special Economic Zone at Al-Duqm (Tatweer) in 2013. Tatweer is responsible for providing project management services for all SEZAD funded projects in the SEZ, particularly strategic infrastructure projects that support investments within SEZ. Tatweer assists with land preparation, monitors contractors' progress during the construction stage, and ensures all necessary infrastructure services for new facilities, such as water, electricity, gas, telecommunications, roads and transportation. Once the construction is completed, Tatweer acts as facilities/asset manager within the special economic zone, and at that stage is responsible for facilities' operations and Health, Safety and Environment (HSE) oversight.

Within the SEZ, the development of Duqm Port is being financed by the Government of the Sultanate of Oman (GoO) from the Sultanate budget, and in conjunction with US\$265 million loan from the Asian Infrastructure Investment Bank ("AIIB") specifically for the construction of infrastructure components related to the commercial terminal at the Port of Duqm (PoD). The Port of Duqm Company SAOC (PDC) is the Port Authority for the PoD and is responsible for the management and operation of the Port and its facilities, and navigation within and around the Port. PDC is a 50/50 joint venture between the GoO and the Consortium Antwerp Port (CAP). PDC has a concession contract with the SEZAD for 28 years to co-invest, develop, manage and operate the Port. PDC established an independent entity called Duqm Industrial Land Company to develop an industrial zone.



Investment Description

- Multilateral Investment Guarantee Agency (MIGA)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- [Standard Chartered Bank](#) (Financial Intermediary)



Contact Information

Contact information not provided at the time of disclosure

ACCOUNTABILITY MECHANISM OF MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at <http://www.cao-ombudsman.org/>



Bank Documents

- Construction Environmental Management Plan (CEMP). Construction of Roads, Infrastructure and Buildings [Original Source]
- Construction Environmental Management Plan (CEMP). Construction of Roads, Infrastructure and Buildings [Original Source]
- Construction Environmental Management Plan. Duqm Liquid Bulk Berths Project. Boskalis Duqm LLC. May [Original Source]
- Construction Environmental Management Plan. Duqm Liquid Bulk Berths Project. Boskalis Duqm LLC. May [Original Source]
- Design of Road Nos. 1 and 5 and Drainage Systems, Duqm. EIA Report. HMR Environmental Engineering Co [Original Source]
- Design of Road Nos. 1 and 5 and Drainage Systems, Duqm. EIA Report. HMR Environmental Engineering Co [Original Source]
- Duqm Development Drainage Network and Protection Schemes - Phase 1. EIA for Jurf Dam. Renardet S.A [Original Source]
- Duqm Development Drainage Network and Protection Schemes - Phase 1. EIA for Saay Dam, Saay Channel,
- Duqm Development Drainage Network and Protection Schemes - Phase 1. EIA for Saay Dam, Saay Channel,
- Duqm Development Drainage Network and Protection Schemes - Phase 1. ESIA for Jurf Dam. Renardet S.A [Original Source]
- Duqm Liquid Bulk Berths Project. Addendum to Initial Environmental Permit (IEP) for Onshore Disposal [Original Source]
- Duqm Liquid Bulk Berths Project. Addendum to Initial Environmental Permit (IEP) for Onshore Disposal [Original Source]
- EIA report for Service Corridor, Duqm. HMR environmental engineering consultants. July 2015 [Original Source]
- EIA report for Service Corridor, Duqm. HMR environmental engineering consultants. July 2015. [Original Source]
- Environmental and Social Action Plan (ESAP) [Original Source]
- Environmental Impact Assessment Report. Duqm Liquid Bulk Berths Project. WorleyParsons Oman Engineer
- Environmental Impact Assessment Report. Duqm Liquid Bulk Berths Project. WorleyParsons Oman Engineer
- Preliminary Environmental Impact Assessment Study (PEIA). Commercial, Governmental Berths and Pre-Ga [Original Source]
- Preliminary Environmental Impact Assessment Study (PEIA). Commercial, Governmental Berths and Pre-Ga [Original Source]