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NATIONAL CENTER FOR PRIVATIZATION & PPP

Yanbu 4 Independent Water Producer Project (IWP)

A case study issued by the Department of Knowledge Management and Capacity Building Of the National Center for Privatization

ncp.gov.sa/ar/knowledge

www.ncp.gov.sa

+966 11 835 2354
info@ncp.gov.sa
@NCPSaudi
National Center for Privatization & PPP

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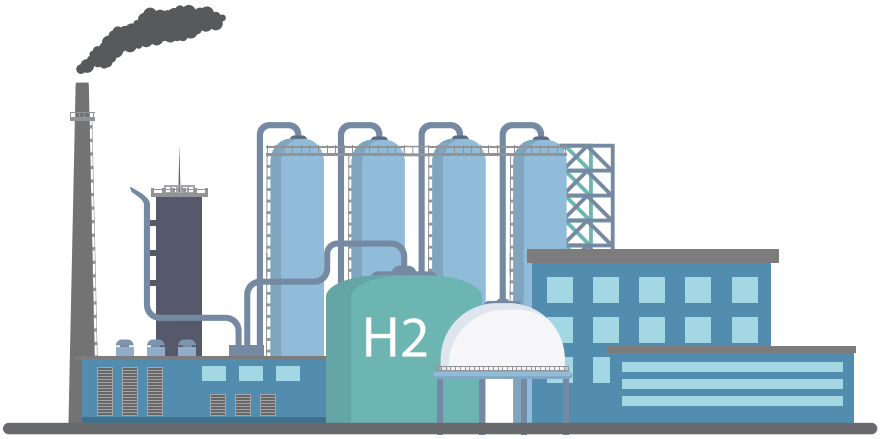
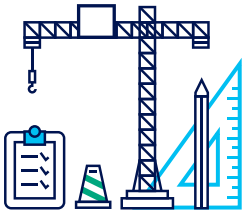


Project



Yanbu 4 Independent Water Producer Project (IWP)

Description

Yanbu 4 IWP desalination plant will involve building and operating the facility of Yanbu IWP. It will have a production capacity of 450,000 m3/Day of potable water, once it is completed.

Location

Yanbu 4 IWP desalination plant will be established in the Madinah region at Ar Rayyis (140 km west of Madinah province). This project will feed both Makkah and Madinah regions with potable water.

Project Location

Ar Rayis

Production capacity

450,000 m3/Day

Type of Contract

BOO

Build Own Operate

Under this contract type, the private sector involves designing, constructing, operating and maintaining the project.

CASE STUDY

Green field vs brown field

Green field

Will this project contribute to solving a problem in that sector?

☑ Yes , the project contributes to meeting the increasing demand for desalinated water supply to Makkah and Madinah regions. It also contributes to achieve high levels of potable water production as well as it aims to reduce energy consumption and operating costs.

Does this project use new techniques?

☑ Yanbu 4 IWP will utilize reverse osmosis (RO) technology to yield a capacity of 450,000 m3/Day.

Is this project in line with the Kingdom Vision 2030?

☑ Yes, this project in line with the Kingdom Vision 2030 by:

- Improving quality of services provided in Saudi cities.
- Engaging the private sector in the contribution of economy development.
- Engaging the active participation of the private sector in developing this vital water sector and benefiting from their experiences in this field

CASE STUDY

Project benefits

- Enhancing the local capabilities in terms of local content.
- Executing the project at lower costs
- Reducing the power consumption

Number of jobs created

500 Direct and indirect job opportunities during the construction and operation phases

Beneficiaries

The project will serve drinking water to Makkah and Madinah regions.

Environmental impact

Reverse osmosis is cleaner and uses significantly less electricity than older technologies, and environmentally friendly. It includes solar energy units to reduce the electricity consumption from the grid.

CASE STUDY

FDI vs local investment

76%
of the financing was secured internationally

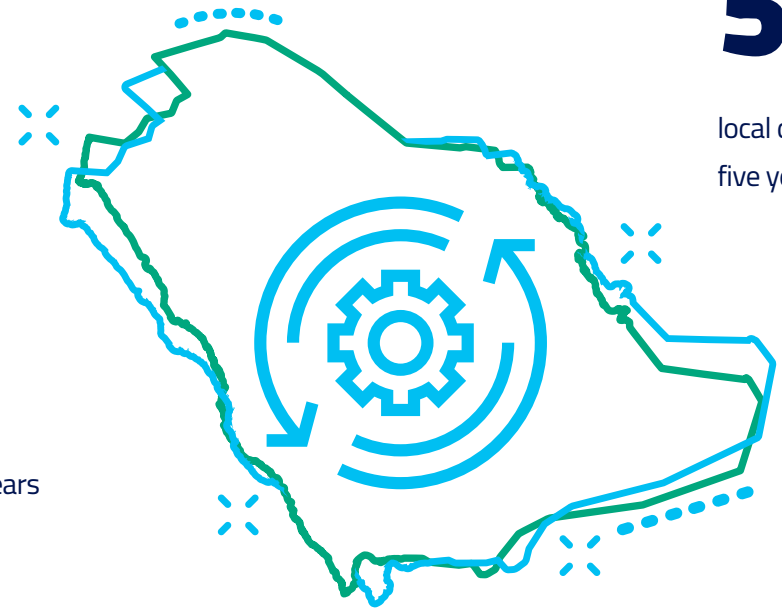
24%
from local banks

Does this project contribute in supporting local content?

☑ Yes, this project contribute in supporting local content as follows:

40%
for the local content at the construction phase.

70%
during the remaining years of the contract.



50%
local content during the first five years of operation phase.

CASE STUDY

Project Timeline

EOI	RFQ	RFP	Commercial close	Financial Closing
March 2019	April 2019	May 2019	February2020	March 2021

Contract term

25 Years

Construction period

2 years and 8 months

Expected start of operations

The commercial operation is expected to commence on the first quarter of 2023

Amount of capex

578m $ (SAR 2.1675b)

Competition in numbers

71 expressions of interest were received

10 bidders were qualified

Winners

- Engie : French multinational utility group
- Mowah company : Saudi local water desalination company