

المركز الوطني للتخصيص  
NATIONAL CENTER FOR PRIVATIZATION & PPP



# Schools Infrastructure PPP Schools Program, Wave1

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

[ncp.gov.sa/ar/knowledge](http://ncp.gov.sa/ar/knowledge)

برنامج التخصيص



رؤية  
2030  
المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

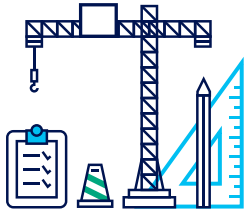
المركز الوطني للتخصيص  
NATIONAL CENTER FOR PRIVATIZATION & PPP

وزارة المالية  
Ministry of Finance

وزارة التعليم  
Ministry of Education



## Project



# Schools Infrastructure PPP Schools Program, Wave1

### Description

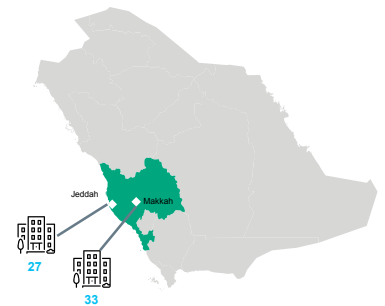
The project involves building and maintaining 60 schools (27 in Jeddah, 33 in Makkah) that will provide a capacity for 52,680 students. This is the first wave of school infrastructure development program. It will be the first program of its kind in the country in partnership with the private sector.

### Capacity

**52,680**  
students

### Location

Western provenance  
(Makkah , Jeddah)



### Type of Contract



**BMT**  
Build Maintain Transfer

Under this contract type, the private sector will be designing, building, financing, maintaining and transferring the schools to Saudi Arabia's Education Ministry at the end of the contract period.

### Green field vs brown field

Green field



# CASE STUDY

## What was the previous situation before this project

- Rented and outdated buildings that needed to be replaced.
- Shortage in the capacity of education buildings in Jeddah and Makkah.

## Will this project contribute to solving a problem in the education sector?

- Yes, the project contributes to meeting the increasing demand for education facilities in Makkah and Jeddah regions. It also reduces long term costs in the education sector. Besides, it aims to replace old infrastructure facilities with new facilities that are aligned with international standards.

## Does this project use new techniques?

- Yes, It will implement Information and Communications Technology and partial building management system. (ICT & Partial BMS)

## Is this project in line with the Kingdom Vision 2030?

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

Improve education environment



Improve quality of school facilities through whole life cycle management .

Encourage participation of the private sector in education.

# CASE STUDY

## Does this project contribute in supporting local content?

Yes, this project contributes to the local content in the building contract phase equal to

**30%**  
and above

### FDI vs local investment

**100%**  
Local investment



### Capital injection

**50%**  
Equity

Ajyad Knowledge

**50%**  
Equity

Al Bawani

### Project benefits

- Designed facilities that accommodate students with special needs, caring facilities, and specialist teaching areas.
- Meeting the increasing demand for schools in Jeddah and Makkah .
- Higher lifecycle of facilities compared to traditional procurement method.
- Create new jobs during the construction and maintenance phases.

### Number of beneficiaries

This project will provide capacity for **52,680** students in the cities of Makkah and Jeddah.



# CASE STUDY

## Risk allocation table

Risk	Nature of risk	Allocation
Commercial and financing risks	Failure to perform e.g. KPIs and availability failures	SPV
	Operating cost overrun due to changed output specifications	Procurer
	Failure to reach financial close	Procurer / SPV
	Inflation	Procurer / SPV
	Failure to meet debt covenants	SPV
	Interest rate risk	SPV
	Foreign exchange rate (FX) risk	SPV
Site risk	Ground risk, e.g. ground/subsoil conditions, archaeological risk, unforeseen objects risk and pre-existing environmental risk	Procurer / SPV
	Land Access	Procurer
Design risk	Risk in design	Procurer / SPV
Construction risk	Cost overruns, delay in completion	SPV
Operational risk	Performance of services, standard of performance, availability of schools	SPV
Third party revenue risk	Monetisation of third party revenue	
Other risks	Supervening Events, Change in Law and Procurer Change Orders	Procurer / SPV



# CASE STUDY

## Project Timeline



## Contract term



## Construction period

**(2 years in Jeddah - 3 years in Makkah)**

## Expected start of operations

**End of 2020**

## Amount of capex

**\$310.5m (SAR 1,1645b )**

## Competition in numbers

**57** expressions of interest were received

**9** bidders were qualified

## Winners

- **Ajyad Knowledge for Education and Training.**
- **Al Bawani Company.**

