



TUNISIA
PPP 2018



1



Location:
Enfidha



Company:
OMMP



Mission:
Concession of a new
port



Cost:
TND 3 336 million

Pipeline of PPP projects in Tunisia

Port of Enfidha

General project presentation

The project will develop a new Container Terminal in the deep-sea port of Enfidha. The main objectives of the Project are the following:

- *To make Tunisia a Regional and International hub for trade and services.*
- *To meet the ever-growing needs of national maritime traffic demands.*
- *To modernize port infrastructure with the creation of a new generation port.*
- *To take advantage of economy of scale through operation of vessels up to 80,000 DWT instead of the current 25,000 DWT for solid bulk and 15,000 TEU Container vessels (- 17 m).*
- *To attract a share of containers and bulk cargo trans-shipment operation in the Mediterranean Sea.*
- *To create synergy between the port and the special logistic and economic zones, promote multimodal transport and encourage investment in the region.*
- *To promote regional development (the port hinterland spreads over the Centre-East and West of the country).*

*The estimated cost of the project is **TND 3 336 million***

The project includes 2 phases.

Phase 1 will be operating in early year 2024, out of which 1200 m of berths will be operating as soon as year 2022 (Phase 1a), starting with a handling capacity of 1 Million TEU per annum. The total capacity of Phase 1 is 4.3 Million TEU and is deemed sufficient to cope with the demand **including Overseas, Domestic and Trans-shipment** until around year 2043.

Phase 2 is planned for operation in 2043 with a capacity corresponding to the ultimate forecasts of 4.8 million TEU by the year 2045.

The main construction works include:

Phase 1

- Two break-waters: the north jetty with 800 m and the south jetty with 1,500 m in length
- Dredging of the access channel (2300 m x 350 m) at a depth of 19 m, of the turning basin of diameter 900 m and depth 19 m and of the port basin with a width of 500 m and depth 18 m
- Port access road (about 12 km)
- Port administration buildings and tender wharf (200m)

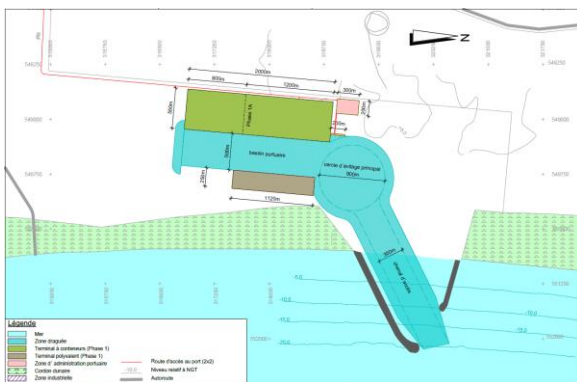


- Drinking water and power network connections
- First phase of the container terminal (110 ha) with 2,000 m berth length (5 berths of 400 m) at -18m
- First phase of the multipurpose terminal (28 ha) with berth length 1120 m at -15m

The project **does not include handling equipment** (SSG, RTG, reach stackers, front-end Loaders, trailers, tractors) and *miscellaneous* ancillary equipment to be provided by the concessionaire.

Phase 1 will be split in 2 tranches with only 1200 m of berths in the first tranche and an optional tranche for the remaining 800 m of berth. Postponement of the decision to go ahead with the second tranche provides the security and flexibility required to manage any unforeseen development that may affect implementation of the project (Market shifts, cost hikes, construction delays etc.).

Phase 1 Layout



Phase 2

Phase 2 consists of port basin and container berth extension by 400 m with a 6th berth, a 400 m extension of the container terminal and 280 m extension of the multipurpose berth and terminal. Phase 2 construction is planned to start in 2041 and ready for operation in 2043.

Planned Capacity at the Container Terminal of Enfidha (Million TEU p.a.)

Market	2022	2045
Domestic	0.4	1.69
Trans-shipment	0.5	3.09
Total	0.98¹	4.78

The site of the port of Enfidha is ample enough to allow for further extensions in future.

Project justification

The existing ports in competition with Enfidha are shown on the map in annex 1. Overall they provide handling capacity of **23.4 million TEU** p.a. With an average performance rate of 83%, the volume handled in 2014 was 19.4 million TEU of which **85% was trans-shipment**.

On-going extension projects of Western and Central Mediterranean ports are aimed at increasing the capacity by 17.4 million TEU p.a. to reach 40.8 million TEU by the year 2020. There is ample room for competition, which **justifies the project of Enfidha terminal**, in view of the otherwise huge economic return for the country.

The development of the ZAEL (Zone of Economic and Logistics Activities) is likely to generate a surplus of demand for the port of Enfidha (about 30 % of generated traffic) by attracting part of the traffic currently generated by the competing ports.

Traffic Forecasts

The results of the updating of the market study, completed in 2018 by HPC Consultant provide the following forecasts for the horizon year 2030:

¹ The capacity near 1 million TEU planned for 2022 is deliberately lower than traffic forecasts of 1.68 Million in the same year. This is meant to allow for splitting phase 1 in 2 tranches with only 1200 m of berths in the 1st tranche and an optional tranche for the remaining 800 m of berth.

Postponement of the decision to go ahead with the 2nd tranche provides the security and flexibility required to manage any unforeseen development that may affect implementation of the project (Market shifts, cost hikes, construction delays etc.).



Container Volume Forecasts at the new Terminal of Enfidha (Million TEU p.a.)

Scenario	Domestic (2030)	International (2030)	Total (2030)
Pessimistic	0.7	0.7	1.4
Reference	1.1	1.5	2.6
Optimistic	1.5	3.2	4.7

NB: Sellhorn Ingenieurgesellschaft mbH and HPC Hamburg Port Consulting GmbH under actualization of marketing, economic & financial studies of June 2015 and preparation of bidding documents for implementation of the port of Enfidha – May 2018

Evaluation of the Project's profitability is based on the reference scenario. According to forecasts the breakdown into domestic traffic and trans-shipment is the following:

Container Market Forecasts at the new Terminal of Enfidha (Million TEU p.a.) – Reference Scenario

Reference Scenario	2022	2030	2045
Domestic (ZAEL included)	0.7	1.1	1.7
Trans-shipment	1.0	1.5	3.1
Total	1.7	2.6	4.8

Vessel traffic forecasts by size are given in table below (reference scenario). Vessels bigger than 16,000 TEU are expected in year 2040. Of particular note, these vessels are expected as soon as 2025 in the optimistic scenario.

Vessel Traffic Forecasts at the new Terminal of Enfidha (Million TEU p.a.) – Reference Scenario

TEU per vessel	2022	2030	2045
< 4,000	884	1,144	884
4,000 – 12,000	104	104	260
12,000 – 16,000	0	52	104
16,000 – 26,000	0	0	52
Total	988	1,300	1,300

90% of Trans-Mediterranean trans-shipment is ensured by the three stronger alliances of the World. Thus the most important potential

clients of the new port of Enfidha are 2M, Ocean Alliance (OA) and THE Alliance (THE A)².

Legal and institutional framework

The main institutional port models can be summarized as follows:

Port Model	Description
Public Service Port	Public Port Authority as owner and operator of all equipment (Port Authority and Port Operator)
Tool-Port	Public Port Authority as owner of all equipment to be operated by manpower hired by private companies (Port Authority and Owner of the equipment required for port operation)
Landlord Port	Split between the public Port Authority (not involved with port operation) and private operators (usually concessionaires)
Private Service Port	Private Port Authority as owner and operator of all equipment (Private Port Authority and Port Operator) (in some cases – not all – port infrastructure is financed /built/ owned by the private sector)

Source : HPC, 2017

The intention is to develop the port of Enfidha based on the «landlord port» model i.e, rented out by the land owner. As a result the OMMP³ will undertake the following responsibilities:

- Port regulations as the Port Authority: enforcement of port rules
- Long-term planning of port development;
- Privatization /entrusting concessions of port terminals to the private sector pursuant to the Public-Private Partnership

² 2M Alliance: Maersk, MSC, HMM (Hyundai), Hamburg Sud; Ocean Alliance (OA) : CMA CGM, Cosco, OOCL, APL, Evergreen; The Alliance: NYK Line, Hapag Lloyd, K Line, MOL, Yang Ming

³ OMMP : OFFICE OF MERCHANT MARINE AND PORTS (Office de la Marine Marchande et des Ports), under the Ministry of Transport



(PPP) approach (and subsequently supervision of private sector activities) ;

- Vessel services may stay with OMMP.

Some prerequisites are required to grant success to the PPP approach, as follows:

- High rate of financial return predicted for the private partner (Detailed financial analysis required, internal rate of return on cash flows above 10 % for the private sector).
- Minimum revenue/traffic guarantee
- Adequate financing structure loans/assets (typically 70-30) ;
- Strong commitment of the Government to support the project and the private sector activities;
- Competitive bidding among the private investors based on best value-for-price principle;
- Adequate contract provisions ensuring fair share of opportunities and risks among the Public and private sectors;
- For countries with high political risk, provision for fair private sector exit scenario is also required.

As a general rule the implementation success of the port of Enfidha under PPP arrangement lies upon prior application by Tunisian authorities of certain institutional measures, which the detail can be found in the risk analysis (Section 8).

Functional scope of the project

Under Phase 1, the OMMP is expected to implement the protection works, the dredging works, the construction of general port infrastructure, berths and fill of the container terminal. The superstructure and container yard arrangements will be undertaken by the concessionaire.

The main elements of the scope of the concession of the PPP Contract include:

- Each berthing is expected to have a total length of 400 m (a length of 350 m is

deemed sufficient in view of the predicted category of vessels calling at the port, but 400 m is deemed more adequate considering the space required to accommodate a large quantity of cranes).

- Average number of cranes per vessel category is 2 cranes operating simultaneously on vessels up to 1,000 TEU, and up to 7 cranes operating simultaneously for the large container carriers (up to 26 000 TEU)
- The expected handling performance range from 20 movement per crane per hour for small vessels to 35 movements per crane per hour for large vessels.
- Idle berthing time is estimated 10%.
- Vessel berthing and exiting maneuver time is estimated at 1 hour i.e., 2 hours for one port call.
- The optimum Berth Occupancy Ratio (BOR) per berth is in line with the world Bank Port operation manual and other institutions i.e., equal to:
 - 35% for a single berth
 - 50% for each berth for two berths
 - 65% for each berth for 3 or more berths.

The requirements for berths were computed on the basis above i.e., 5 berths in Phase 1 (2022 – 2043) and a 6th berth in Phase 2 (2043-2045).

From 1,050 TEU per linear meter of berth per year at the start (2022) handling performance is expected to reach 2000 TEU/m of berth per year at horizon year 2045, that is typical of high-performance terminal.

The container yard capacity is expected to increase from 34,000 slots in 2022 to 96,000 slots at horizon year 2045. In addition the necessary slots for empty boxes need to be added, which are estimated to increase from 5,400 in 2022 to 14,000 in 2045. As a result, the yard area is planned to extend from 3.5 ha to 9.1 ha respectively.



During the first year, 33 number Rubber Tyre Gantry cranes (RTG) are estimated required for blocks of 5 box stacking in height and 7 in width adding to the trucking path. This number is estimated to increase to 91 blocks at the end of the Project period. The number of refrigerated blocks will rise from 4 at the start to 12 blocks at the end of the project.

Completed technical studies (on going or yet to be carried out)

2005-2007

With an aim to modernize its maritime infrastructure, the Government of Tunisia has entrusted a consortium of consulting firms to provide a study and technical assistance over the 2005-2007 period, for implementation, financing and operation of a deep-sea port under concession contract. This study has selected the site of Enfidha, which is located along the Country's Central-Eastern coastline.

Despite of the emphasis put in the marketing and feasibility study on the Mediterranean trans-shipment of containers, with gradual 3-phase development plan, the BOT project adopted in 2007 did not pursue.

June 2015

Study and technical assistance for implementation, financing and operation of a deep-sea port under concession contract - Royal Haskoning, June 2015

May 2018

Updating of the marketing and economic/financial feasibility studies completed June 2015 and preparation of the bidding documents for implementation of the Project of the port of Enfidha - Sellhorn Ingenieurgesellschaft mbH et HPC Hamburg Port Consulting GmbH – May 2018.

Prior complimentary studies to be carried out

The final concept of port model contract should be reviewed and analyzed together with the private sector investors with a view

to secure the success of the project. In particular, the setting of reference parameters e.g., the importance of the vessel length and draft is paramount in terms of investment.

At present the infrastructure of the Port of Enfidha is designed for the biggest type of Container Carrier, which is a main driver of investment costs for breakwaters and dredging works.

Updating of the Preliminary Design (APS) completed in 2007

It will be necessary to update and adjust the preliminary design studies completed in 2007 in accordance with the new design parameters resulting from the updating of the marketing study e.g., new vessel types, and according to the new implementation schedule (notably actualization of design and construction norms and standards). The dimensions of port infrastructure as well as the construction costs are expected to be optimized in the updated design. Two improvement options can be considered in the studies:

- Optimization of dimensions of the container terminal: The depth of the terminal proposed in 2007 was 550m, which seems relatively ample and could be reduced to 475-500 m without affecting the capacity or productivity of the terminal. This modification should be justified by optimized operating design. This adjustment would have a positive impact on the construction period and costs.
- Optimization of dimensions of the port basin, turning basin and access channel (depth and horizontal dimensions): The 2007 shipping study should be updated in accordance with the norms and standards applicable to the new types of vessels. The dimensions proposed in 2007 seem rather conservative e.g., for the turning basin and could probably be reduced according to recent norms. This may result in shorter construction period and reduced costs. Recommendation is made for updating of



the Preliminary Design (APS) before starting to draft the bidding documents so that the revised dimensions and technical options are incorporated into the bidding documents.

Phasing of the Works for the Bidding Documents for Phase 1 Construction of the Container Terminal

Recommendation is made for the phasing of construction works for Phase 1 of the Container Terminal be split in two parts.

One firm tranche with 1,200 m of berth (Phase 1a) and one optional tranche with the additional 800 m. Implementation of the optional tranche would be confirmed after the commencement of the works e.g., within 24 months from commencement of the construction works of the firm tranche.

Postponement of the decision to go ahead with the 2nd tranche provides the security and flexibility required to manage any unforeseen development that may affect implementation of the project (Market shifts, cost hikes, construction delays etc.).

Prospective implementation schedule agreements reached or to be reached (approvals, permits, licences and other)

The outline project phasing provides for 2 development steps up to year 2045.

Phase 1: 2019-2023

(Phase 1a: 2019-2021)

Development of the first phase i.e., 2,000 m of wharf lasts until year 2023 and the container terminal is ready for operation in early 2024.

Meanwhile, Phase 1a consisting of the first 1,200 linear meters of berth will be put in operation in 2022.

Construction of Phase 1a is expected to start in 2019 and take 3 years to complete. Once Phase 1a is in operation, the construction of

the rest of Phase 1 works can proceed without hindering port operation.

Phase 2: 2041-2042

Construction of Phase 2 is expected to start in 2041 and to be in operation by the year 2043.

Terminal construction schedule is subject to unforeseen developments relative to the dredging works, selected construction methods, magnitude of mobilized personnel and equipment.

Challenges (technical, economic, social, other) and contemplated measures

Political Challenge

- Implementation of the Port of Enfidha must entail disruption of any new port development in the country likely to divert the traffic expected in Enfidha.

Technical Challenge: High standard of Port services

- Selection of confirmed operators having the required experience.
- Setting-up of a training center for the employees of the new port.
- Optimization of contract provisions with private sector (operator/concessionaire) to facilitate control of port activities particularly in connection with efficiency and productivity.
- OMMP to establish a control unit within its administration to control the concessionaires. This unit requires well-trained inspectors along with experts and/or foreign technical assistance to ensure strict and efficient control.

Commercial Challenge

- A successful undertaking of the trans-shipment market in the Mediterranean Sea should as a result reduce volatility of this traffic. Hence the strategic approach towards operators and shipping lines likely



to use Enfidha in future as a distribution hub requires a thorough definition and preparation.

- National regulations and concession contracts must enable port tariff to be competitive, including operator's services tariff and general port tariffs.

Legal challenge: adding flexibility to Tunisia Foreign Trade Policy

- Regulation DGD N°062/2017 issued 29 September 2017 by Ministry of Trade, Central Bank and General Customs Directorate stipulates that from 30 October 2017, the customs declaration of the exporting country in either French, English or Arabic language has to be attached to the customs clearance application file of some imported items. The document to be produced by EU countries is the 'EX1.1'. On 24 October 2017 Tunisia Customs confirmed that for the items imported from EU countries a screen shot of the export declaration is sufficient. Conversely, the European Export document EX1 shall have to be translated by official translator in Tunisia in one of the languages mentioned earlier. This kind of procedure hinders external trade hence must be eased to prevent from affecting the demands for port services.
- The Central Bank of Tunisia (BCT) has recently issued a note to the commercial banks setting stringent restrictions to issuance of Letters of Credit for import of products deemed non-essential. In that connection, the BCT has selected a list of food products, electric appliances, cosmetics, textiles etc. From now on the banks can issue letters of credit for these items only if the importer submits a prior bank guarantee on its own assets, for the total value of the goods to be imported. This regulation hampers foreign trade and must be eased to prevent from affecting the demands for port services.

The following table presents the technical, financial, environmental, social and institutional risks of the Project. A risk level is rated for each risk: High, Medium or Low. The schedule provides an outlook of suggested measures to be taken during the preparation, implementation and operation phases to mitigate the risk and the new level of risk that can be expected as a result.



Tentative cost estimates: CAPEX, OPEX and prospective revenues

CAPEX

The cost estimates given in this section include construction of marine infrastructure (breakwaters, dredging), operating infrastructure (berths) and superstructure (terminal and buildings). **The cost of Equipment is not included.**

The cost estimates are based on the real market prices for construction (bidding) for similar projects. The costs are based on December 2017 prices.

The quantities have been estimated on the basis of the technical options proposed in the preliminary Design prepared by Royal Haskoning in 2007, adjusted for the new layout dimensions and project phasing presented in the preceding sections of this fiche. The construction costs of the multipurpose terminal have also been updated for the sake of the financial study. The dimensions given in the 2007 layout have been unchanged.

Investment Costs o civil works for the Port of Enfidha (US\$ Million)

	Phase 1	Phase 2	Total
Protection Works	68.9	-	68.9
Dredging and Fill works	384.8	38.7	423.5
Container berths	247.3	49.5	296.8
Container Terminal	195.8	43.9	239.7
Multipurpose Berth	75.7	18.9	94.6
Multipurpose Terminal	66.2	13.0	79.2
General Port Infrastructure	44.2	-	44.2
Total*	1 082.9	164.0	1 246.9

Not including the cost of equipment.

The estimated costs of each category of works above are including the general costs for (i) mobilization/demobilization (8%); (ii) Preliminary and General costs (7 %); and (iii) miscellaneous and unforeseen costs (variables de 10 % à 15% depending on work categories).



OPEX

Annual Operating Costs of the Port of Enfidha – Reference Scenario (US\$ Million)

Reference Scenario	Before 2022	2022	2025	2030	2035	2040	2045
Cargo Handling	1.4	7.0	8.2	8.3	8.4	8.4	9.1
Ship Services		1.3	2.0	2.7	2.6	3.0	3.9
Terminal Operating Costs	2.8	52.0	105.4	129.3	154.0	183.1	217.7
Other Terminal Operating costs		1.4	1.9	2.7	2.9	3.2	3.7
Total	4.2	61.7	117.5	143.0	167.9	197.7	234.4

* Based on traffic forecasts for the Reference Scenario given in Section 2 herein

Forecasted revenues

Analysis of Port Tariffs

The applicable port tariffs at present are:

- OMMP tariff book (Office of Merchant Marine and Ports) for port dues;
- STAM Tariffs (Tunisia Public Port Operator) for cargo handling and storage fees.

A comparative tariff study between competing Mediterranean ports has been completed in 2018 to evaluate the competitiveness of Tunisia ports and domestic transport.

As a general rule the current Tunisia Port Tariff was found lower than competing ports in the region. However, container trans-shipment tariff is higher and needs to be considerably reduced to come in line with the average market price of US \$ 60 per TEU, thus ensuring competitiveness of the Port of Enfidha.

Besides, the study has shown that most of port due items of the tariff are inadequate for the competitive business environment and high-performance PPP operating mode contemplated for Enfidha. The same applies to the cargo handling and storage tariffs. All tariffs ought to be fully restructured and revised as follows:

- Restructuration of ship categories:
 - size unit : GT instead of m³
 - Classification of large ships consistent with the container carriers operating now.
 - New
 - ariff class with progressive rates for ships over 150.000m³.
- Restructuration of thresholds to be
- consistent with container weekly service.
- Replacement of 'basic' cargo handling and storage costs with berthing fees (based on tonnage).
- Adjustment of land lease tariff commensurate with the investment of Enfidha
- Increase of pilotage and towing fees for ships over 150.000m³
- Introduction of mooring fees;



- Introduction of detailed cost estimates for berthing fees during operation;
- Abstraction of port access overhead and weighing fees (handling fees at terminal)
- Handling fees on per-container basis not on cargo movements
- Different handling fees for import, export, transit and trans-shipment;
- Raise of Storage fees.

Prospective Revenues of the Port of Enfidha – Reference Scenario (US\$ Million)

Revenues	Before	2022	2025	2030	2035	2040	2045
	2022						
Handling fees		25.8	48.4	61.2	74.2	86.7	98.2
Ship and marine services		12.5	19.5	24.8	33.7	42.9	44.8
Handling and storage		82.5	173.1	222.7	274.6	327.0	373.3
Handling and storage at other terminal		9.3	12.4	17.7	19.4	21.1	24.5
Total		130.0	253.5	326.4	401.9	477.7	540.7

Based on the assumptions listed above. Prospective revenues are simulated using a model of evaluation of container terminal development projects. The input data are calibrated after standard rates applicable for port concessions and logistics.

Conclusions and recommendations

Preliminary Financial Analysis shows that in the reference scenario the development project of the port of Enfidha is highly attractive to investors /private operators. By achieving a realistic financing scenario, any private investor can generate financial returns in line with international criteria. The appetite of investors necessarily depends on the level of concession fees set out for the operator. Preliminary financial analysis demonstrates that there is a balanced level of concession fees for Private sector between the risks and reasonable profits.

In terms of economic feasibility, the project of development of the port of Enfidha generates many positive impacts on Tunisia economy. In particular the positive impact on logistics for Tunisia import and export cargoes is essential when considering high-performance container handling based on ad-hoc terminal/port facilities. A rough estimate of economic Impact of Enfidha project produced NPV US\$ 8 Billion d'USD and EIRR 53% in addition to 53.000 new job creation.

The Project of Container Terminal at Enfidha potentially fulfills the conditions required to be viable and compliant with the objectives. However, there are a series of particular conditions that must be complied with prior to the selection process of investors and finalization of the bidding documents as follows.

1. Selection Process

It is recommended to have one of the greater international container terminal operating firms involved in the project to develop and operate the port of Enfidha. There are 15-20 firms across



the world that are able and ready to develop large port projects if business conditions are attractive. Selection of the Investor must be undertaken under a well-structured PPP framework. It must be carried out through international competitive bidding to be initiated by the Government of Tunisia and technically supported by a select transaction advisor.

In any case, the potential private investors must be consulted at the time of the selection process with a view to defining the main particulars of the Project, notably the maximum size of ships considered at the different horizon years.

2. Additional Studies to be completed: Actualization of Preliminary Designs

Additional Studies will need to be completed after discussions with the potential investors. At that stage it will be necessary to update and adapt the preliminary design study completed in 2007 to comply with the new dimensions and design parameters as discussed in Section 5 herein. This may also include some technical improvement measures that are to be envisaged for the project. In particular, recommendation is made for implementation of Phase 1 of the Container terminal be split in one firm tranche of 1200 m of berth and one optional tranche with the remaining 800 m.

Postponement of the decision to go ahead with the 2nd tranche provides the security and flexibility required to manage any unforeseen development that may affect implementation of the project (Market shifts, cost hikes, construction delays etc.).

Thus, Preliminary Design need to be updated before starting drafting the bidding documents such that the revised dimensions and technical solutions can be included.

3. Regulatory and institutional measures to be taken in parallel by Tunisia Government

Prior implementation of a series of institutional measures identified in the risk analysis (section 8) is required to secure the success of the project of the Port of Enfidha. They include:

- Clear political and institutional will/commitment are required to implement the project even in case of public resistance;
- Competent Public Authorities must be aware of the risks of the Project and follow an open approach to find out the best possible mitigation measures ;
- The competent authorities must provide an inter-governmental organizational structure institution/agency (top-down approach) to ensure efficient decision-making during project development with clear procedures and assignment of responsibilities. An implementation unit must be set up at appropriate time;
- At any time during project implementation, the public authorities must be ready to introduce training programs and to resort to external know-how acquired with similar projects. Know-how can be provided by multinational institutions involved with Development Aid as well as corporate entities providing relevant specialized services;
- The public authorities are amenable to change the existing technical, legal and commercial framework if the project success so requires. Experience of other countries shows that without legal due diligence of the project in respect of the legal and regulatory framework existing in Tunisia, the project can face serious delays or even stopped (one recent example is the privatization of the new second container terminal of Mombasa in Kenya, which holds serious PPP implementation defects relative to various legal provisions e.g., the Kenyan Port Authority Act and the Kenyan Merchandise Shipping Act);



- The public authorities must develop realistic and exhaustive implementation framework/plan for the project providing for simple technical, organizational, legal and commercial steps, a reasonable allowance in time and resources (staff, budget) ;
- Stemming from the above, the public authorities must apply a solid, transparent and systematic mechanism of reporting and monitoring of Project implementation steps. Project management must be design to enable reporting on problems and delays to be actively dealt with in due time. Concrete examples show that many public projects are facing delays and budget overrun because of lack of monitoring and negative culture consisting in dissimulating the problems as long as possible;
- Public Authorities must provide reasonable resources and budget for the whole process of project planning and supervision. Too often public action is under-estimated as much in terms of time required to implement the project as in terms of human and financial resources. This has caused serious failures and obstacles during project implementation and subsequent debates on budget revision.

Integration with the ZAEL

There is close connection/interaction between the project of port of Enfidha and the development of the Zone of Economic and Logistics Activities (ZAEL). There is great potential for mutual benefit in twinning the two projects both in the planning and PPP Implementation processes.

The private investors/operators of the port terminal must get privileged access to the ZAEL in order to incorporate value added from port commercial activities (e.g., container repairs, logistics center, freight forwarding center) into their business plans and/or develop commercial activities in common with other companies using the ZAEL as a production and service center.

An option that remains open is to consider that the port of Enfidha would get the same fiscal incentives as the ZAEL. Another option would be to integrate the ZAEL into the PPP of the port of Enfidha, incorporating the privatization/marketing efforts for ZAEL into the scope of responsibilities of the PPP transaction advisor. This approach is likely to generate synergy for both the projects. Similar integrated PPP approaches have been implemented e.g., in Iran (development of the port of Shahid Rajaei, including Free zone) and in Kenya (port Lamu and special economic zone under PPP).

Concept of Integrated freight forwarding transport to the Hinterland

As the project of Enfidha is not located within populated and business-oriented areas, a reliable transport infrastructure must be implemented that can flexibly but profitably connect with the hinterland, while staying environmentally-friendly. There is no provision in the project for such rail connection with the new terminal, neither for any ICD (Inland Container Depot) (ICD). It would be advisable however, to take into account development in future of an ICD along the north-south railway corridor and a connecting line to the port of Enfidha and ZAEL with a view to further developing logistics.



Annex 1: Main Competing Ports in the Mediterranean Region



Source: HPC 2017