SAUDI BRITISH
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Summary of SBJBC Infrastructure Workshop, Riyadh, 28th November 2016

1. SBJBC organised a workshop at the Council of Saudi Chambers in Riyadh on 28 November 2016 to discuss infrastructure planning and financing, and to present relevant UK experience.
2. Some 60 Saudi and British delegates attended, including representatives from the Saudi National Project Management Organisation, the Ministry of Municipalities and Rural Affairs, Ministry of Housing, Ministry of Health and SAGIA. The presentations can be accessed via the SBJBC website: http://www.sbjbc.org/positive-outcomes-sbjbcs-infrastructure-workshop/

Introduction

3. Sheikh Nasser AlMutawa, SBJBC Co-chair and John Davie, acting Co-Chair (in Baroness Symons' absence) welcomed participants. They noted that SBJBC would be looking for concrete outcomes and proposals for expertise sharing to take forward in partnership with government. They looked forward to a productive discussion on all key stages of infrastructure planning and financing, with reference to relevant case studies.

National Project Management Organisation

4. Ahmed AlBalawi, General Director, described the role of the newly established National PMO, which will be involved in master planning, performance monitoring and working with others to develop public and private sector capabilities to implement projects. It was currently formulating strategy and plans, and talking to potential UK and international consultants as well as to the UK Infrastructure and Projects Authority. It would have an enabling rather than executing role.

Ministry of Municipalities and Rural Affairs

5. Mohammed Al-Sayigh, Project Manager, said MOMRA was facing planning and execution challenges due to the spread-out nature of 280 municipalities. It planned to focus initially on privatisation of municipal services such as waste collection, and in a second stage on infrastructure PPP.

DLA Piper

6. Trevor Butcher, Head of Finance and Projects Middle East, said it was necessary to distinguish classic UK style PPP projects from privatisation of government owned companies and services. PPP implementation in the UK was done under existent legislation, but a legislative and regulatory framework may be needed in Saudi Arabia for larger projects to put investors at ease. PPP models could be adapted as in the UK to retain some government share holding following restructuring. A central PPP unit or Centre of Excellence could help too. There had been some failures in the UK (e.g London Underground), which could also be learned from. Building institutional capacity and keeping some flexibility on the Tenders Law were priorities.

Adam Smith International

7. Adam Molleson, Head of Infrastructure, drew parallels with the Thatcher reforms in the UK, as well as market based reforms in Eastern Europe. Private sector project

management expertise was as important as funding availability. There were no parachuted solutions, but UK could assist through transfer of skills and partnerships to build the necessary institutional capacity.

Carillion Saudi Arabia

8. Merette Elsayed, Transaction Director referred to Carillion's role in Muscat Medical City, and to privatisation of non-clinical services, which allowed government to focus more on healthcare delivery. Clear specifications and standard documentation were essential, and it was crucial not to transfer all risk to private developers who would require some guarantees on revenue. It was also important to have a well-defined pipeline of PPP projects to attract investor interest.

Atkins Acuity

9. Cosette Canilao, Managing Director–PPP Advisory, presented some case studies of successful and failed PPP projects in the Philippines, which demonstrated the importance of a well-defined risk matrix between different stakeholders. A discussion was needed on whether a central PPP office and legislative framework would be needed to oversee PPP implementation.

General Discussion

10. Mario Salameh, Partner, Infrastructure Finance PWC, referred to the example of Medinah Airport where GACA had been aggressive in assigning all developer risks to the private sector by not guaranteeing a minimal level of revenue or passenger traffic. This had led to international partners withdrawing, although local partners had felt the risk was worth taking due to the holy site and volume of religious visitors. It would be important not to assign risk too aggressively in order to establish the first successful projects and to attract investor interest.

11. Dr Emad AlDukair, CEO, The Care Group, said it would be necessary to educate public sector clients and establish some government guarantees. He also referred to a PPP seminar being organised by the Ministry of Health on 29/30 November.

12. Salman AlTukhaifi, PPP Framework Development Manager, Ministry of Housing, referred to the recently established Privatisation Unit in the Ministry of Economy and Planning, which had a direct line to the Council for Economic and Development Affairs and to individual Ministries.

13. Ali AlZaid, Adviser to the National PMO, said he looked forward to working closely with the UK IPA on integrated master planning. A high level PPP institutional unit could be useful to facilitate progress, but some caution would be needed in introducing another bureaucratic layer for projects.

14. John Davie, Acting Co-Chair and Ihsan Buhulaiga, Chairman, Joatha Group, suggested a follow up event to look in more detail at project delivery and management concepts introduced in the workshop, including a complete PPP lifecycle from start to end.

15. Hashim Alawadi, Deputy Co-Chair, suggested the development of a generic risk matrix which could be customised to define and assign risks to different stakeholders.

16. Chris Innes-Hopkins, SBJBC UK Executive Director, asked if Sheikh Nasser AlMutawa could kindly facilitate a meeting with the new Privatisation Unit in the Ministry of Economy and Planning to know more about their role and to secure their participation the next workshop.

Conclusions & Next Steps

17. The following actions were agreed and endorsed by the SBJBC biannual meeting on 30^{th} November:
    - Preparation of a PPP lessons learned paper, based on relevant UK and international experience, to be circulated to key stakeholders in Saudi Arabia *(Action by UK Secretariat with assistance from Altra Capital and others)*
    - Preparation of a generic risk assessment matrix, which could be adapted for Saudi needs *(Action by UK Secretariat with assistance from others)*
    - SBJBC members to help with longer term institution building through training and coaching programmes, including possible short term secondments of key Saudi advisors to UK institutions and companies *(Offers welcome from UK members)*
    - A possible inward visit to the UK for Saudi advisors in key ministries to learn from UK experience of privatising and outsourcing social infrastructure services *(UK Secretariat with support from Department for International Trade & UK IPA)*
    - A second more interactive one-day workshop in 2017 to look at the PPP lifecycle and a PPP case study from start to finish *(UK & Saudi Secretariat)*
    - Meetings with Privatisation Unit in Ministry of Economy & Planning and with other interested Ministries to take forward the above *(UK & Saudi Secretariat)*

18. It was also noted that some support may be available from the UK government to help implement the above, and that assistance may also be available from the Infrastructure & Projects Authority if a formal request is made by the National PMO.

SBJBC UK
London
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