



December 30, 2011

## Projects for Libya

**Background:** The Libyan market has heated up over the past few months. A directive was issued from the top informing all Libyan ministries to complete a long list of infrastructure projects (totaling over \$50bn) by 1/9/2009. This is the date of the 40th anniversary of the "revolution" that brought Gaddafi to power and has been set for huge celebration with ribbon cutting of infrastructure project to highlight the regime's accomplishments.

**L1) Housing:** 520,000 1-4 storey single and multi-story housing units are to be awarded during the coming year. Emphasis is on 1 and 2 storey units. Turnkey Community Development projects include public buildings such as schools, parks, clinics, shopping centers, etc. In most projects, Contractor is to provide design for 2/3/4 bedroom houses with 2 bathrooms, kitchen, family and guest rooms, patio or balcony. The design should consider local environment and social conditions with emphasis on thermal insulation. Speed of construction and delivery are also important factors. Typical other criteria:

- Structure is to be RCC framed with hollow block ribbed slab and hollow block masonry walls.
- Windows are to be aluminium/PVC with double glazing and doors are to be good quality wooden doors
- Kitchen and baths are to be tiled.
- Entrance lobby is to have marble flooring while remaining floors will be terrazzo or ceramic tiles.
- Outside rendering is to be weather resistant paint.

Indicative conservative cost to labour rates as follows:

- a. Un-skilled labour: US\$400 per month
- b. Semi-skilled labour: US\$600 per month
- c. Skilled labour: US\$800 per month
- d. Engineer (various disciplines cost to company) : US\$2000 to US\$3000 per month

4. Indicative cost of materials, as per our e-mail of 01/12/2007, as follows:-

- a. Cement is not available for purchase locally and has to be imported. Imported cement does not attract any import duties .
- b. Sand delivered LYD 10.00 per m<sup>3</sup>
- c. Stone delivered (various sizes) LYD 35.00 per m<sup>3</sup>
- d. Steel Reinforcing delivered LYD 0.75 per kg
- e. "Ready mix" concrete LYD 90.00 per m<sup>3</sup> (including delivery and pump)

The price to be include import duties at 5% on plant and equipment and 10% on other materials.  
Should this import duty change in the future the contract will need to be adjusted accordingly.

Typical square meter cost for 2000 unit project is about \$400. Typical construction cost figures (material, labor, etc.) can be provided. Most projects will be on the coastal area, and close to ports.

Contracts will be awarded on no-bid basis. Number of housing units will depend on the contractors ability and speed of delivery. 1000-25,000 units are available.



**L2) Roads:** The infrastructure development plan calls for 13,000 km of roads to be built as soon as practical. Road projects include coastal and near coastal highways with overpasses (flyovers) to avoid dangerous intersections, rural roads as well as repaving of deteriorated roads. Typical contract segments are 100 km in length but can be dramatically increased depending on contractor capabilities. These again will be no bid contracts with high margins.

**L3) Great Man-Made River Projects:** The previous 3 phases of this huge engineering project (over \$10 billion so far) has brought subsurface water from deposits over 600 km in the desert in cement pipelines to the population and agricultural coastal areas on the Mediterranean (Libya has 200 km coastline through 2 meter pipelines buried in the sand. The current Phase 4 continues with up to 1.6 meter cement pipelines, water reservoirs and water distribution to the various communities. This phase is over \$2 billion in water infrastructure and distribution projects.

**L4) Other Infrastructure Projects:** In its expanded and accelerated infrastructure development plans, Libya plans to expand existing port capacity and facilities, build new ports as well as expand and build new airports. About 3 months ago, Libya signed a \$1.3 billion contract with a consortium of French, Brazilian, and Turkish companies to build a new airport in Tripoli. The next major project is for Benghazi airport which should be nearly \$1 billion. An airport is planned for at least a dozen more cities with population over 100,000 people.

Another project under preparation for bidding is to build a 13 km breakwater wall. Pre-bid scope is available.

In addition, a number of agricultural irrigation, water treatment projects are planned. Many of these projects will be given as direct order without bidding. When bidding is used, it is either by invitation to selected companies or allowed a short time such that only companies operating in Libya and hence pre-qualified can in practice participate.

**L5) Oil and Gas Projects:** On December 5<sup>th</sup> in Dubai, Libya's NOC Chairman, Dr. Shukri Ghanem announced that Libya plans to increase its oil production capacity from the current 1.75 million barrels per day to 3 million by 2012. It will spend \$30-\$40 billion dollars in the same period and will also encourage foreign investment. There are literally tens of projects ranging from \$50 million to \$2 billion each. Projects include construction of new refineries and expansion of existing wells, existing wells work-over, on shore and sub-sea pipelines, etc. A dossier of some projects is available. A high level NOC management official as well as a technical expert in these projects would like to travel to meet directly with his counterparts in Beijing during the second

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