Jordan & Lebanon Construction Tracker
Analysing trends in major construction projects
Briefing Note July 2020

Introduction

The construction sector in Jordan and Lebanon has witnessed a boom in recent years, particularly following the influx of Syrian refugees. Jordan's construction sector currently accounts for 5% of the country's GDP, and it must grow by 15% under Jordan's Economic Growth Plan for 2018-2022 to meet the housing, educational and medical needs of its growing population. Lebanon's construction sector accounts for 4.5% of the country's GDP. Under the donor-funded Lebanon Crisis Response Plan, construction projects are expected to generate 37,000 jobs, 50% of which should go to Syrian and Palestinian refugees.

Construction in both Jordan and Lebanon relies heavily on migrant and refugee labour. In Jordan, most construction workers are informally employed migrants. They face a heightened risk of abuse and little recourse to raise and address grievances. In Lebanon, Syrian workers make up 70% – 80% of the construction workforce. In both countries, most workers do not have valid work permits or legal residency and are therefore excluded from legal protections and benefits. Informal workers in both countries are subject to financial exploitation by recruiters that take advantage of their precarious legal status, in addition to wage discrimination and frequently delayed wages. The construction sector is also the most dangerous sector for workers in Jordan, accounting for 44 deaths per 100,000 workers in 2014, compared to 9.8 per 100,000 construction worker deaths in the USA in the same year. For more information on the risks faced by migrant and refugee labour in Jordan and Lebanon, read our "A Human Rights Primer for Business: Understanding Risks to Construction Workers in the Middle East."

The purpose of this Tracker is to document projects that are likely to employ vulnerable migrant and refugee workers. We logged a total of 83 major construction contracts from 2012 to mid-2018, valued at over 6 billion USD. These contracts were awarded to nearly 80 international and local companies specialising in engineering, construction, architecture, and project management. The construction market in Jordan and Lebanon is dominated by donor-funded infrastructure projects in water and sanitation as well as power and renewable energy. According to our findings, the Jordanian and Lebanese governments are currently overseeing projects worth over 2.6 billion USD, financed by development agencies. This value excludes contracts that have yet to be awarded to private sector, although funding has already been committed. We therefore expect a substantial surge in construction activity in the coming years.

1. Construction overview:

a. Number and value of contracts by sector

Our Tracker maps 47 contracts in Jordan and 36 contracts in Lebanon. Infrastructure projects, particularly those involving water and sanitation, are driving most of the construction in the region (33%), followed by property and tourism (23.6%), and power and renewable energy (20%). The most valuable contracts identified were in the property and tourism sector (1.2 billion USD)[1], followed by power and renewable energy (1.1 billion USD), and water and wastewater infrastructure (1 billion USD).

[1] Excluding a billion USD contract for the construction of a new US embassy in Lebanon.

Figure 1: Number of contracts by sector

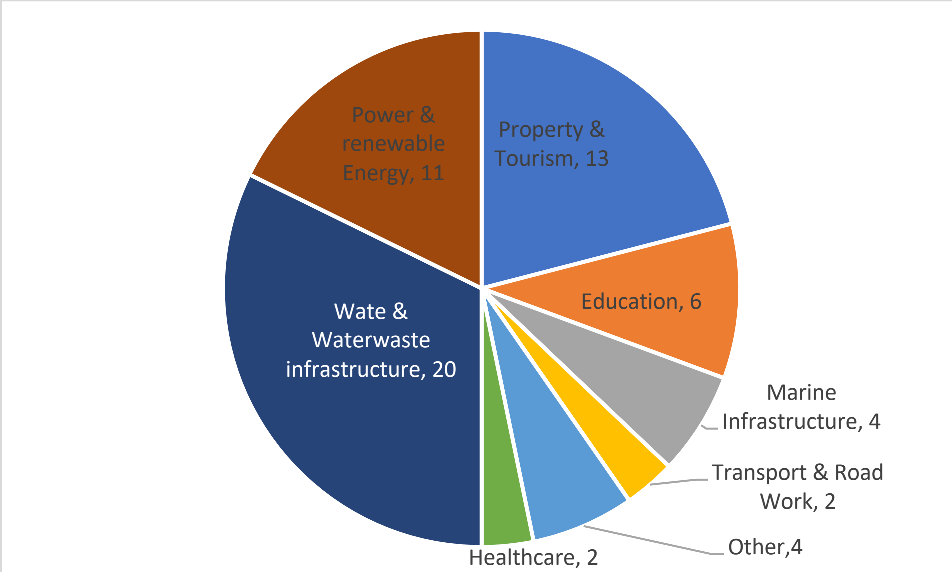
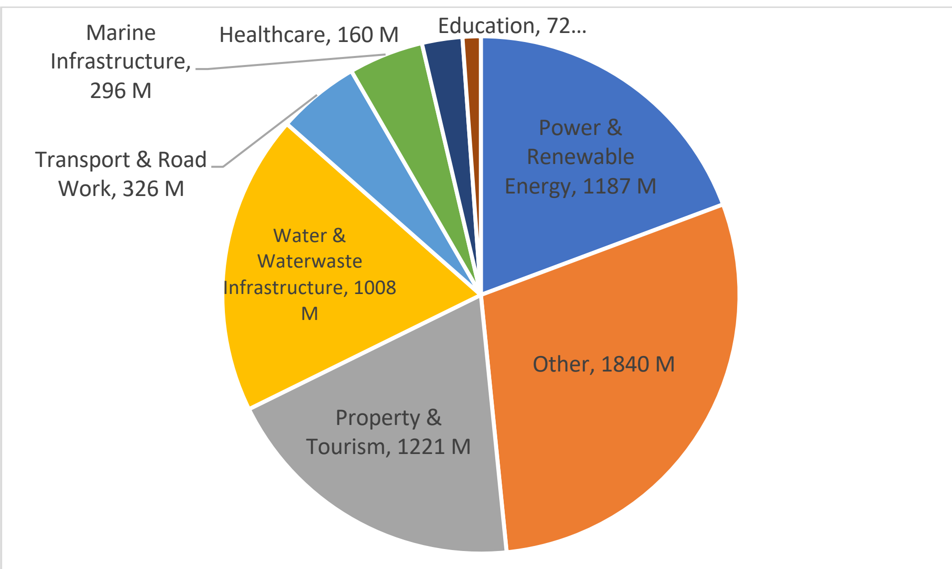


Figure 2: Value of contracts by sector in millions USD



b. Number and value of contracts by country

<u>Jordan</u>

Over 30% of recently documented construction activity in Jordan is in the power and renewable energy sector. With contracts valued at 847 million USD in power and renewable energy, Jordan has been ranked third in renewable energy growth globally and first in the Middle East. Most of the contracts awarded in the sector are solar-related (60%), followed by wind (30%).

Figure 3: Number of contracts by sector in Jordan

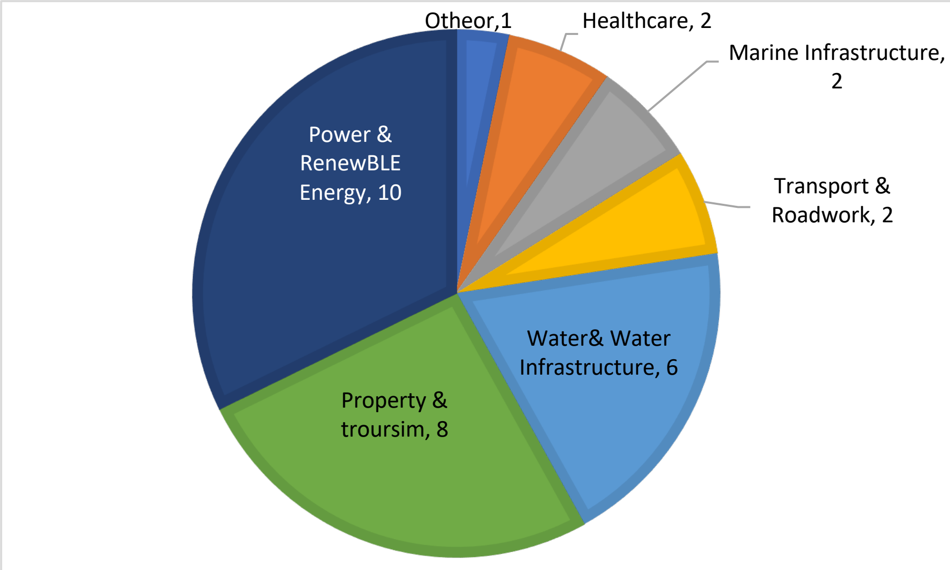
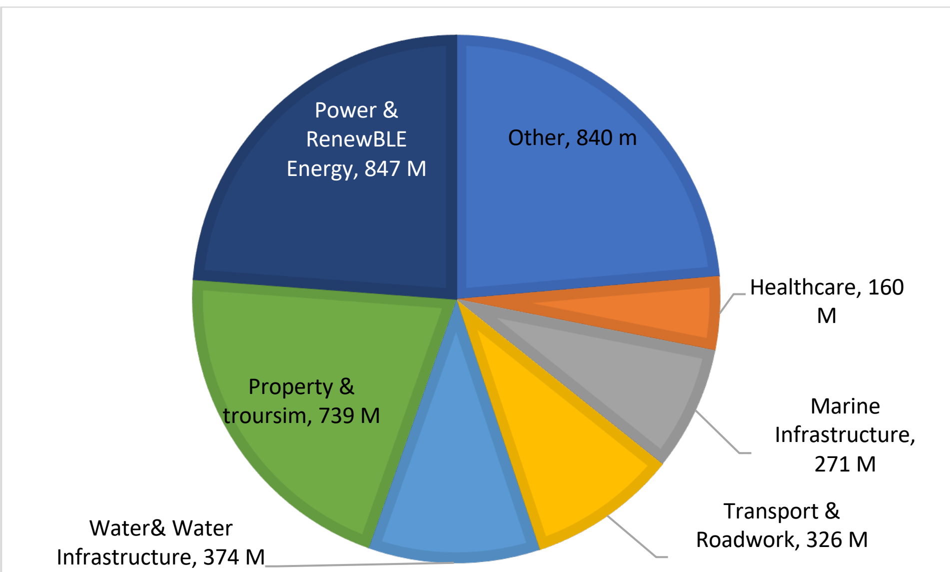


Figure 4: Value of contracts by sector in millions USD in Jordan



Lebanon

According to the World Bank, approximately 50% of Lebanon's population suffers from severe and chronic water shortages, with an average of only 3 hours of water per day. As such, half of the documented construction contracts in Lebanon involve water supply and sanitation. Contracts in this sector are also the most valuable (634 million USD)[2], followed by property and tourism (482 million USD) and Power & Renewable Energy (313 million USD).

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[2] Excluding contracts listed under "Other" which includes a billion USD contract for the construction of a new US embassy in Lebanon.

Figure 5: Number of contracts by sector in Lebanon

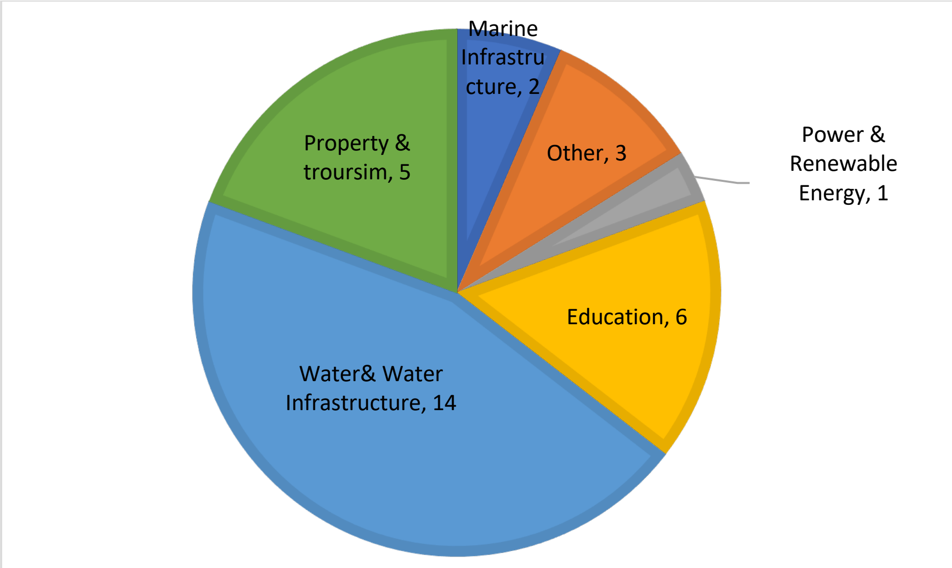
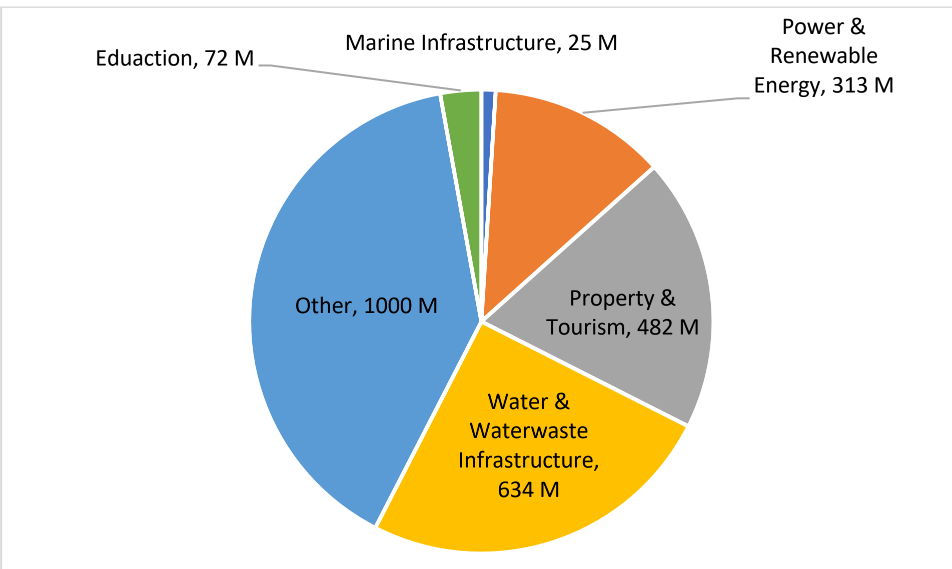


Figure 6: Value of contracts by sector in millions USD in Lebanon



2. Project financing

The majority of identified construction contracts (54.5%) are financed by international development agencies, most notably the European Bank for Reconstruction and Development (EBRD) and the International Bank for Reconstruction and Development (IBRD). Donor-financed contracts are also the most valuable, exceeding 2.6 billion USD. The EBRD has financed/co-financed 30% of donor-financed contracts identified in our tracker, valued at over 950 million USD. The IBRD, on the other hand, is involved in 23% of donor-financed contracts, exceeding 463 million USD in value. The EBRD projects that have been documented are exclusively Jordan-based, while IBRD projects are limited to Lebanon.

The most valuable single contract financed by a development agency (approximately 313 million USD) was for the construction of two diesel powerplants in Lebanon, funded by the Danish Export Credit Fund.

Contracts financed by private investors comprise around 22% of those documented. The vast majority of these contracts involve hospitality projects and mixed-use developments. The most valuable investor-financed contract was for the construction of a beachfront resort in Lebanon valued at 250 million USD.

Figure 7: Number of contracts by type of financing

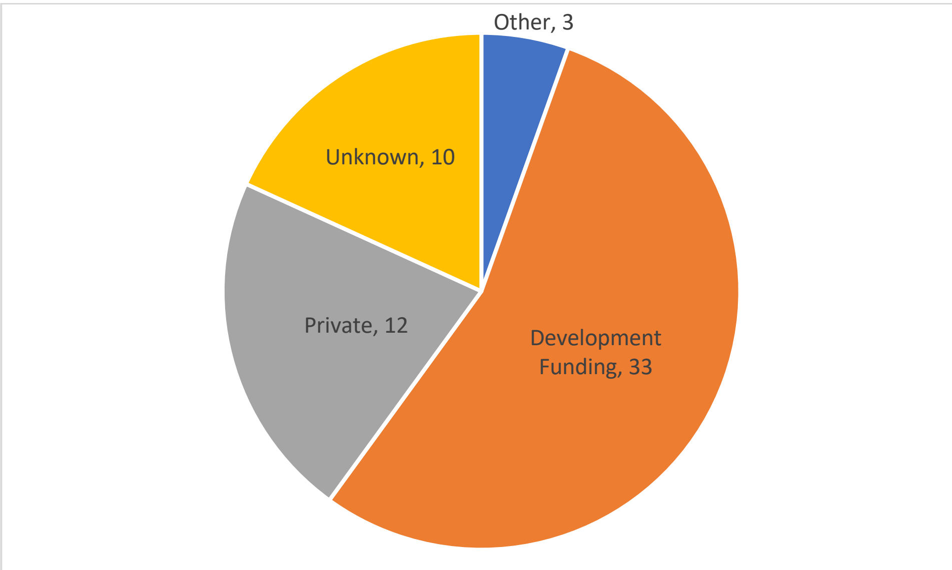
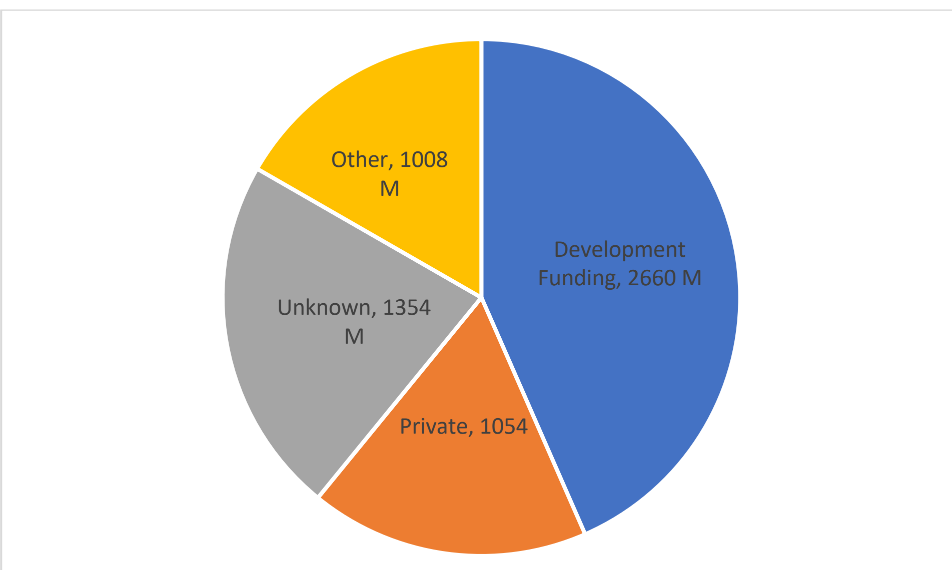


Figure 8: Value of contracts by type of financing



3. Companies winning contracts

A variety of engineering, construction, architecture, and project management companies have been awarded contracts in Jordan and Lebanon. These companies are based in the Middle East (37), Europe

(14), South/South East Asia (3), North America (3). Most of the documented contracts were awarded to locally-based companies in Jordan (25.6) and Lebanon (23.6%). US and Jordanian companies won contracts with the highest monetary value, followed respectively by those based in Guernsey, UAE, China, Lebanon, and Italy.

Figure 9: Number of awarded contracts by company HQ

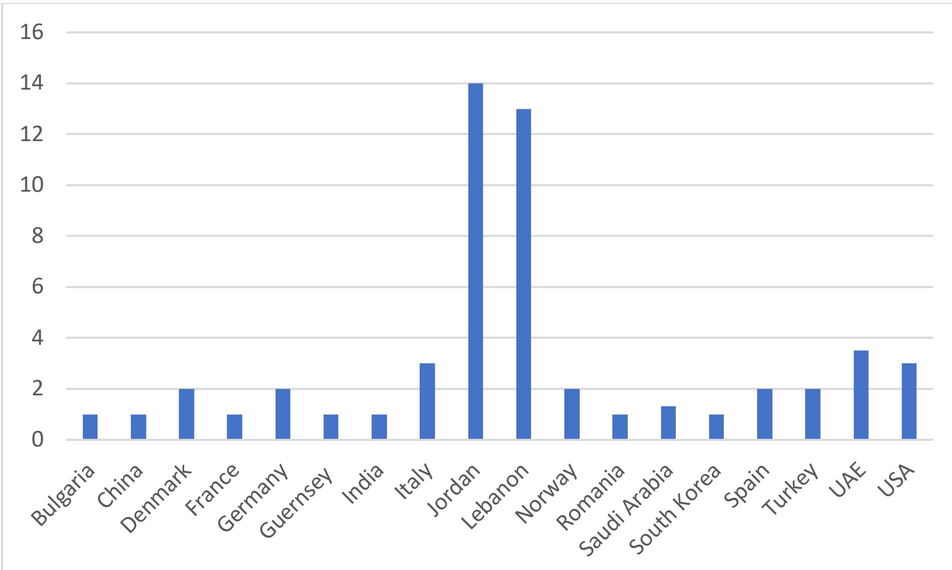
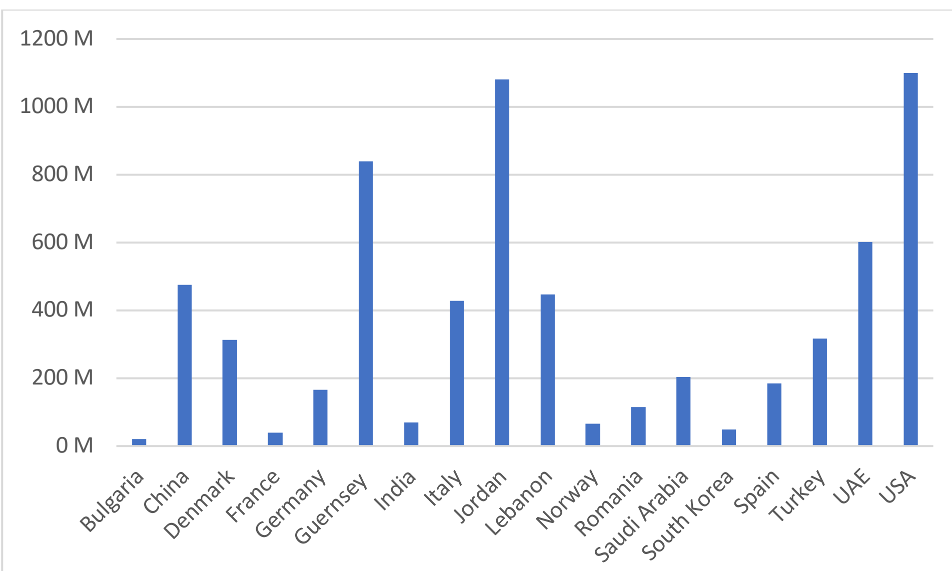


Figure 9: Value of awarded contracts by company HQ



Methodology

The Jordan and Lebanon Construction Tracker offers a periodically updated repository of data on recently completed and ongoing construction projects in the region. The purpose of the Tracker is to promote sector transparency and knowledge-sharing through a consolidated and accessible database. The Tracker also aims to highlight projects and employers that are likely to recruit low-wage migrant and refugee workers.

The Tracker relies exclusively on publicly available sources. We track contracts awarded since 2012, coinciding with influx of Syrian refugees in Jordan and Lebanon. We also track ongoing contracts that were awarded before 2012.

Relative to the Gulf, construction projects in Jordan and Lebanon are not as consistently and comprehensively reported on online. The Tracker pieces together data from a multitude of reports, often relying on two or three different sources. Consulting multiple reports allows us to provide the most comprehensive information about each awarded contract, while also providing a means for verifying contract details. While most of the donor-financed contracts provide reliable and detailed information about the project, contractors, and value of the contract, investor-financed contracts tend to have fewer details.

The data collection process relies on the following sources:

- Procurement pages on development agency websites
- Projects pages on company websites
- Local Arabic and English media outlets, especially business publications

These sources are also supplemented by online search results for contract awards in Jordan and Lebanon.

Each entry on the Tracker maps the date of the reported contract announcement; the company awarded the contract and where it is headquartered; the type of contract; the project type (e.g. water and wastewater infrastructure, power and renewable energy, property and tourism, etc.); the clients; the reported value of the contract award or project in USD; and the source of project financing. We were unable to obtain contract values for nine contracts, five in Lebanon and four in Jordan. The overall value of contracts that have been documented is therefore higher than reported. We will continue to track contract awards and update the data on the Tracker on an ongoing basis.

About Us

Business & Human Rights Resource Centre is an international NGO that tracks the human rights impacts (positive and negative) of over 9000 companies in over 180 countries making information available on its nine-language website. We seek responses from companies when concerns are raised by civil society. The response rate is over 75% globally.

For more information about the Jordan & Lebanon Construction Tracker, please contact:

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