JORDAN & LEBANON CONSTRUCTION TRACKER

Analysing trends in major construction projects

Briefing Note | July2019

Business & Human Rights Resource Centre

Introduction

The construction sector in Jordan and Lebanon is experiencing a boom fuelled both by the demands of a growing population, and an increase of donor funds meant to support the influx of Syrian refugees. Jordan's construction sector already 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, and under the donor-funded Lebanon Crisis Response Plan, construction projects are expected to generate 37,000 jobs between 2017 and 2020., 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, primarily from Egypt. As a result, 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 in Jordan and Lebanon that are likely to employ vulnerable migrant and refugee workers. We logged a total of 79 major construction contracts involving projects that are either ongoing or recently completed from 2012 to mid-2019. These projects are valued at over 8 billion USD. The contracts were awarded to 70 international and local companies specialising in engineering, construction, architecture, and project management. The construction markets in both Jordan and Lebanon are dominated by donor-funded infrastructure projects in water and wastewater as well as the power sector, with privately-financed construction making up 17 % of our identified projects.

According to our findings, the Jordanian and Lebanese governments are currently overseeing projects worth over 3.4 billion USD that are financed by development agencies. This value excludes many projects that have already been approved by development agencies but for which contracts have not yet been awarded. 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 44 contracts in Jordan and 35 contracts in Lebanon. Infrastructure projects, particularly those involving water and wastewater, are driving most of the construction in the region (30%), followed by power (22.7%), and the property and tourism sector (17.8%). However, the most valuable contracts identified were in the power sector (2.5billion USD), followed by water and wastewater (1.5 billion USD), and Property & tourism (1 billion USD).

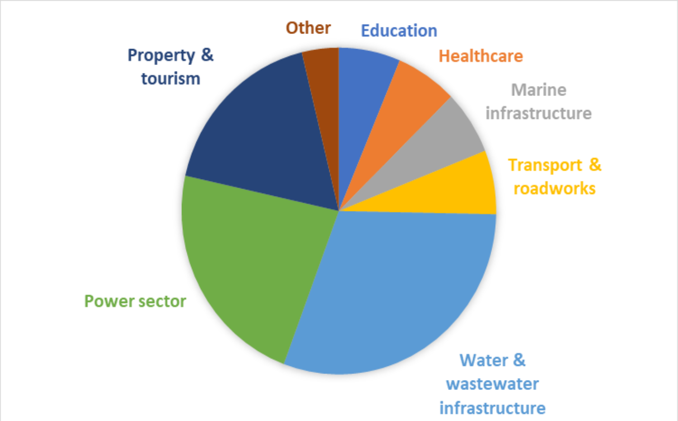


Figure 1 Number of contracts by Sector

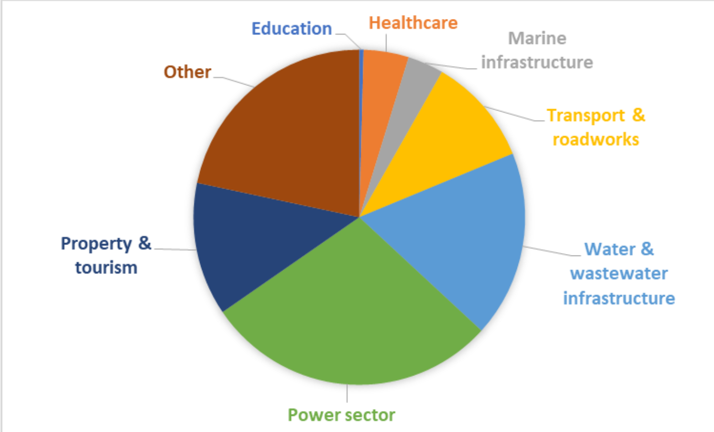


Figure 2 value of contracts by sector

b. Number and value of contracts by country

Jordan

Over 35% of recently documented construction activity in Jordan is in the power sector. With contracts valued at over 1.9 billion USD in 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 power generation (60%), followed by wind (30%).

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. It is therefore not surprising that half of the documented construction contracts in Lebanon involve water and wastewater infrastructure. Contracts in this sector tor are also the most valuable (706 million USD), followed by property and tourism (617 million USD).

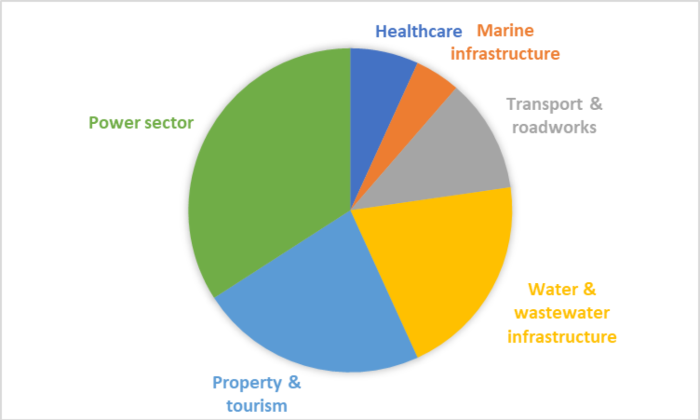


Figure 3 Number of contracts by sector in Jordan

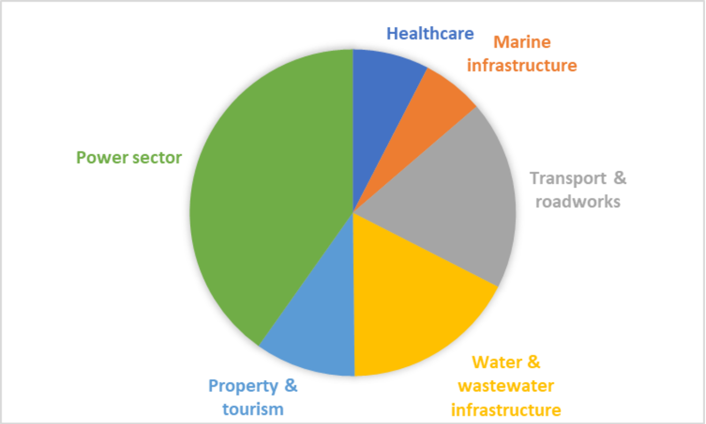


Figure 4 value of contracts by sector in Jordan

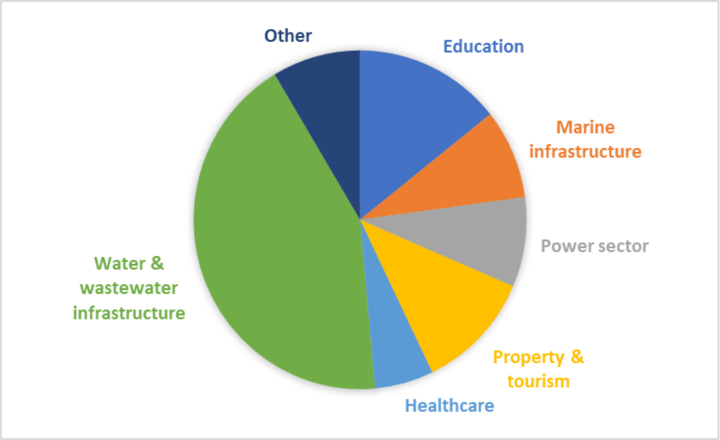


Figure 5 Number of contracts by sector in Lebanon

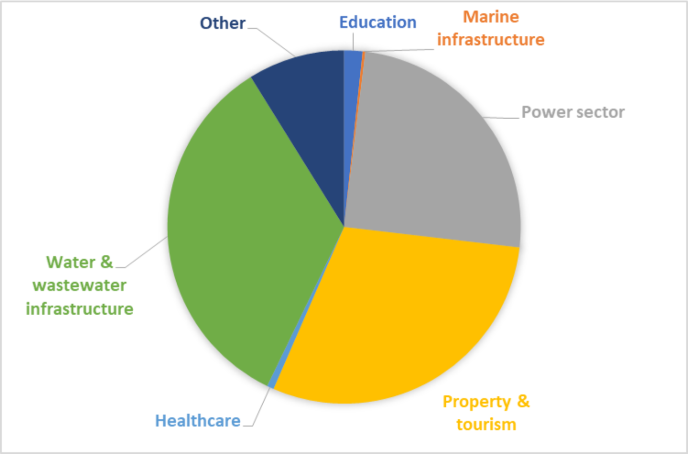


Figure 6 Value of contracts by sector in Lebanon

2. Project financing

The majority of identified construction contracts (57%) 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 3 billion USD. The EBRD has financed/co-financed 33% of donor-financed contracts identified in our tracker, valued at over 1.3 billion USD. The IBRD, on the other hand, is involved in 25% of donor-financed contracts, exceeding 486 million USD in value. The EBRD projects that have been documented are exclusively Jordan-based, while IBRD projects are limited to Lebanon.

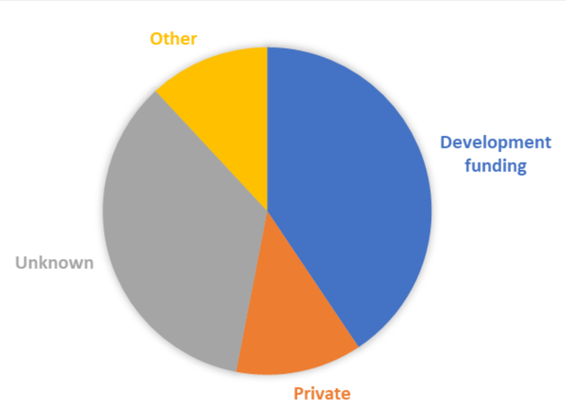


Figure 7 value of contracts by type of financing

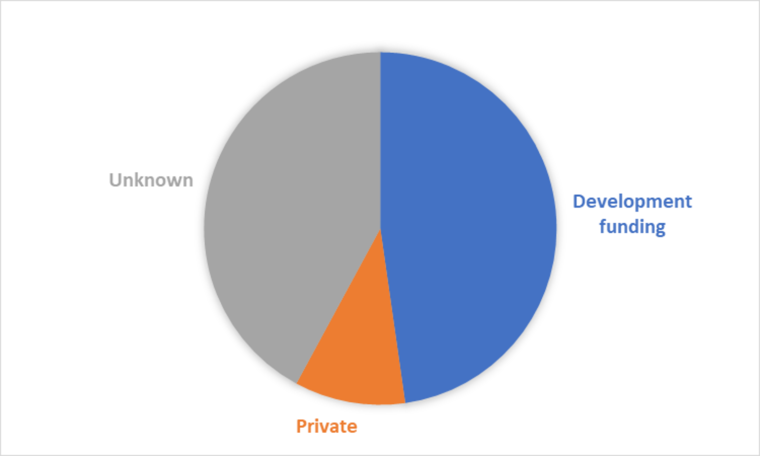


Figure 7 value of contracts by type of financing in Jordan

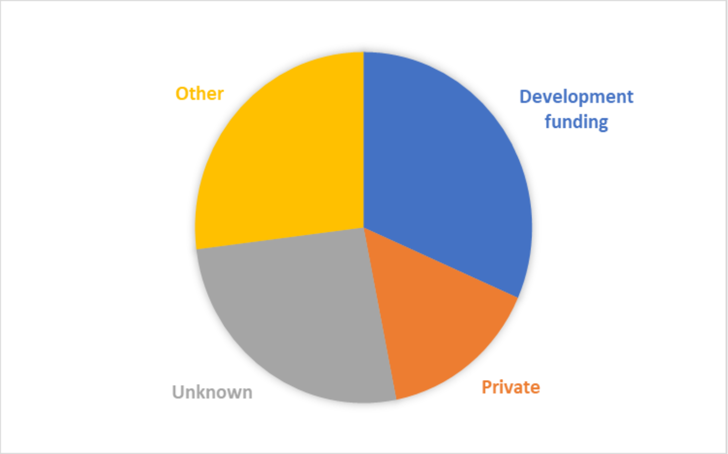


Figure 7 value of contracts by type of financing in Lebanon

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 mainly based in the Middle East (63%), but also in Europe (26%), South/South East Asia (5.6%), and North America (5.6%). 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 8: Number of awarded contracts by company HQ

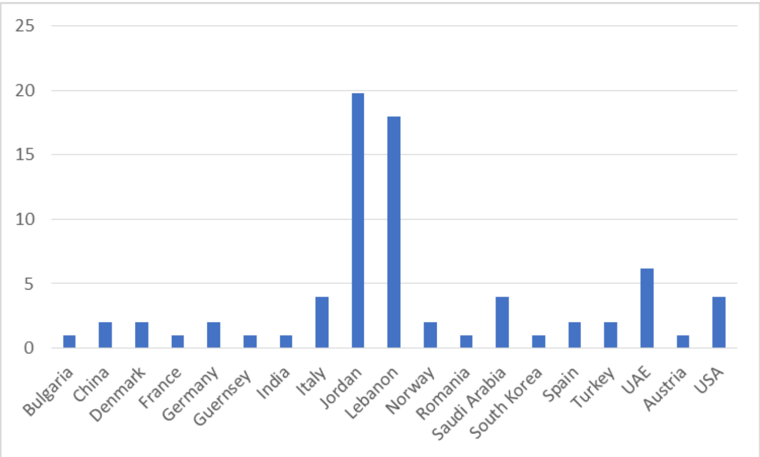
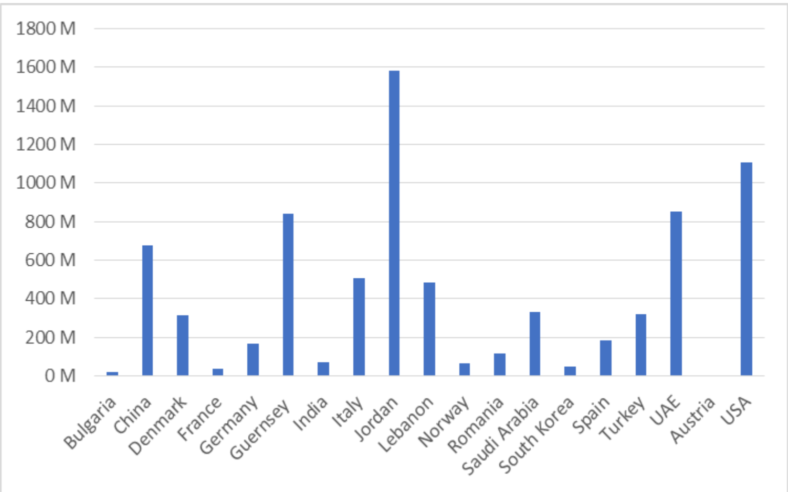


Figure 9: Value of awarded contracts by company HQ



Methodology

The Jordan and Lebanon Construction Tracker offers a periodically-updated repository of data on ongoing and recently completed 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 contracts that were awarded before 2012 but that are still ongoing.

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 identifies 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 sector, 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

About us

Business & Human Rights Resource Centre is an international NGO that tracks the human rights impacts (positive and negative) of over 8000 companies in over 180 countries making information available on its eight-language website. We seek responses from companies when concerns are raised by civil society. The response rate is over 70% globally.

For more information about the Jordan & Lebanon Construction Tracker, please contact the author of this briefing:

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