



TUNISIA
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32

Logistics zone in Gargour

General project presentation

The project will develop a Logistics zone in Gargour 18 km south of Sfax. The project aims at supporting the development of the port Sfax which started receiving Ro-Ro ships and to be a logistical node for the second most important city in Tunisia.

*The estimated cost of the project is **TND 82.5 million.***

The port of Sfax is Tunisia's second largest port, handling over 80,000 TEUs and almost 574,000 tons of non-unitized general cargo in 2015. The port of Sfax can receive neither trans-Mediterranean Ro-Ro ships nor carriers. The solid bulk in the northeastern part of the port has been transferred to Skhira port, therefore large spaces are freed up which will allow Ro-Ro ships to be received.

In 2016, the Governor of Sfax officially proposed to the Ministry of Transport a plot of land in Gargour with a surface area of 50 hectares to establish a logistics platform in connection with the port of Sfax. This land is 17 km southwest of the port of Sfax and it is well connected to both road and rail networks, including a new highway (south of Sfax) which makes it quite easy to reach Tunis and the port of Radès by highway.

Figure 1: Location map of the Gargour Logistics platform



Location:
Gargour (Sfax)



Company:
Ministry of Transport



Mission:
Logistics platform



Cost:
TND 82.5 million



Project justification

The cost of logistics in Tunisia is approx. 20% of GDP. In comparison, this cost is 15% of the GDP in Morocco and is less than 10% in Spain, France or Italy. Reducing the gap will benefit both the consumer and the competitiveness of businesses in general.

By regrouping activities, logistics platforms favour the installation of logistics providers who, through their know-how, contribute to the improvement of industrial performance and facilitate their access to international markets. These platforms help improving internal transportation conditions (congestion, nuisances, emissions, etc.) and promote a good image of the country internationally.

The project is expected to employ part of the local workforce and strengthen the regional economy. The creation of the logistics platform area will require support services to function properly such as the ones provided by:

- Government agencies: police, customs, representations of the different ministries, management of the zone, administrative and technical services provided in simplified version, etc.
- Public utilities: drinking water, sanitation, energy supply.
- Energy and fuels providers, miscellaneous maintenance services, construction, etc.

Legal and institutional framework

The preliminary design study concluded that the Tunisian State must be the public stakeholder in charge of undertaking the project and that local authorities will have a secondary role.

The main stakeholders are listed below:

- The Directorate General of Customs, under the supervision of the Ministry of Finance
- The Directorate General of Logistics, under the supervision of the Ministry of Transport

- The Office of the Merchant Marine and Ports (OMMP), under the supervision of the Ministry of Transport
- The APAL (Agency for Environmental Protection and Coastal Development, under the supervision of the Ministry in charge of the Environment)
- The Governorate of Sfax

Three options were identified for the implementation of the project:

- *Option 1:* A public company (to be incorporated) owned by the State, oversees the construction and operation of the logistics platform
- *Option 2:* A public company (to be incorporated) owned by the State in charge of infrastructure investments, which will grant a concession to a private partner for the operation of the logistics platform
- *Option 3:* A public company (to be incorporated) owned by the State which will grant a concession to a private partner for the construction and operation of the logistics platform.

The common point of these three options is the creation of a dedicated structure, which seems essential for the good progress of the project, under the guidance of the State.

Functional scope of the project

The proposed buildings for the logistics platform are represented in the APS (Preliminary design) report. They include some common buildings and services:

- Security rooms
- Police services
- Customs services
- Phytosanitary services
- Infrastructure Manager building
- Logistics Platform Operator building
- Catering and restaurants
- Gas station
- Workshops



The following are the main characteristics of the logistics platform:

- Transit via the logistic zone: 3,800,000 tonnes of goods (in 2025)
- Surface of the logistic zone: 30 hectares
- Administrative area, operators and services: 1.2 hectares
- Land and customs administrative building: 0.1 ha (building footprint: 560 m²)
- Land and operator building: 0.7 ha (ground floor: 3000 m²)
- Workshops and car parks: 1.3 ha (2700 m²)

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

The feasibility study and Preliminary Design (APS) for the logistic platform of Gargour was prepared in 2017.

The study was undertaken by a consortium comprising Maritime & Transport Business Solutions B.V and EGIS and was funded by the European Investment Bank (EIB).

The study covered the following aspects: Project legal and institutional framework; Traffic study; a feasibility study; and Preliminary Design (APS) for the logistic platforms of Radès and Gargour.

Recommended additional studies or analysis

- Detailed concession concept and detailed management legal framework. The initial feasibility study recommended a unique concessionaire should take over the development and management of the zone.
- Revised concept for the zone based on regional benchmark (Turkey, Egypt, Jordan, Morocco, Romania, etc.). The market study for the logistics zone should also be based on comparable international best practices
- Social and environmental impact of the zone is not yet scheduled. It is necessary to establish the absorption capacity of the

region regarding the planned zone: the impact on the local ecosystem, water resources, coast, availability of trained workforce among the local population, etc.

- Economic feasibility study including all investments made by the public side (access roads, networks, up-grading of close by infrastructures, training activities, public utilities up-grading), etc.

Project schedule and prior agreements obtained or to be obtained (approvals, permits, licenses and various approvals)

The land is part of the public maritime domain (DPM) and its allocation for a logistical use will require an authorization from APAL, in liaison with the General Directorate of Logistics and the Governorate of Sfax (the latter have already approved, in 2016, the principle of allocating the said land to a logistic platform use).

Two actions are required to secure the availability of land:

- an authorization from the APAL and a concession from the State according to law n° 2008/23
- and its decree of application n° 2010/1753.

It is reasonable to expect that the detailed technical project and the detailed impact study will require 6 months to 1 year.

In summary, the duration for obtaining permits to build on the Gargour site is estimated at 6 to 12 months after the submission of the detailed technical reports and the detailed environmental impact study.

The following provides the overall schedule for the Gargour logistics platform:

- The first step is the creation and implementation of the public entity followed by preparatory work tasks
- The second phase concerns actual infrastructure works for a duration of 18



months. The infrastructure works are expected to start by the end of 2020 and would end by mid-2022

- In parallel to the infrastructure works, the newly created Infrastructure Manager oversees the procurement and PPP contract award with a private partner. The duration of this phase is 18 to 24 months

Tentative cost estimates

The following table provides details of the investments required for the platform, distinguishing between public shares (basic infrastructure) and private shares (buildings and handling equipment).

As the land of the site is the property of the Tunisian State there is no provision for the purchase of land. The prices shown in the table below include a percentage intended to cover the costs of detailed studies, works consulting and works inspection.

In M TND	Public Sector	Private sector	Total
Embankments and pavements	10.7		10.7
Utility networks	6.3		6.3
Gates, fences and common areas	0.5		0.5
Buildings and real estate		66.0	66.0
Total	17.5	66.0	82.5