NATURAL GAS – A “SOCIAL INVESTMENT”
November 2013
NATURAL GAS A “SOCIAL INVESTMENT”

- 85km Transmission Pipeline
  - 45 Km Cairo to Kom Aushim Pressure Reduction Station
  - 40 Km KomAushim to Fayum Oasis city

- 11 Months total pipeline construction schedule

- From Kom Aushim to Fayum City approx 1500 tenant farms (ROW / Compensation)

- Strategic project to deliver on the Government strategy to displace Liquid fuels (subsidy)

- Connection to two Industrial users (Edible oils Co. & Ceramic Industrial) at Kom Aushim

- Connection to 50,000 Domestic homes plus commercial customers in Fayoum City
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ISSUES FOR THE GOVERNOR OF FAYUM GOVERNORATE

1) Natural Gas coming to the Fayoum Governorate was a big plus for the Governor in being a leader in getting Natural Gas to one of the Governorates outside of Cairo.

2) Employment opportunities were very scarce in Fayoum, most opportunities arising from working the land or the local fishing industry (at Lake Quran).

3) The two existing Industrial companies at Kom Aushim provided only a small number of work opportunities (one company employed 200 people on a single shift basis – the other was on 3 day working week (due to fuel shortages).
THE EXISTING KOM – AUSHIM INDUSTRIAL AREA

SILA EDIBLE OILS
- Employing Max 20 People
- 3 day working only due to Fuel cost / shortages

PHAROAH CERAMICS
- Employing 200 people 8 hour working
- Consuming vast quantities of LPG - 12 storage tanks – 8 LPG tanker deliveries daily (with safety & environmental concerns)

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Social Investment Opportunity

In discussions with the Governor, to construct the pipeline, support from the Governorate & Local Authorities was required to

a) Provide permits for road / water crossings etc.
b) Develop a mechanism for compensating 1500 tenant farmers
c) Provide government land for the Pressure Reduction Station (PRS) installations.

In return for this support the Governor was looking for a solution to his unemployment issue by requesting that any unskilled job opportunities for the Pipeline Construction team were given to the local people of Fayum
Short Term Benefits:
- 11 unskilled opportunities on the pipeline construction.
- 12 months job opportunity only
- No specific training or skills development
- No “long term” Social Investment.

Medium Term benefits
- By delivering the Natural Gas supply early, it provided
  - Lower cost for fuel to the existing two industrial customers
  - 24hr. Continuous energy supply
  - Better Product Quality – higher revenues (Ceramics company)
  - Energy on credit (Accounts settled monthly after consumption)
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PROJECT LONG TERM SOCIAL INVESTMENT OPPORTUNITIES BENEFITS

• Created an Environment for investors to locate / re-locate to.
• Established a new Industrial zone with favourable Tax exemptions to potential Investors in conjunction with GAFIE.
• Placed the Industrial zone within easy access to the 4 lane Fayoum – Caro highway (close to main market)

Outcome

• Over 85 light/medium & heavy Industrials now located in the new Industrial zone over the last 10 years.
• Over 2500 long term employment opportunities created.
• The existing Edible oils Co. working 6 day week with substantial expansion / growth
• The existing Ceramic Co. expanded by 2 new production trains, with 24 hr. shift working employing 600 additional workers
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CERAMIC COMPANY
- 2 new prod. Trains
- 24 hr. shift working
- 600 additional jobs

EDIBLE OILS INDUSTRIAL
- 6 day working & substantial Growth
NEW INDUSTRIAL ZONE
- Tax incentives / location
- 85 Light/med. & heavy Ind.
- Established 2,500 jobs over last 10 year period
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CREATING AN ENVIRONMENT FOR SOCIAL INVESTMENT

• Providing land for the Industrial zone to attract Investors, within easy accessibility of the main Cairo market

• Located in close proximity to the Fayoum – Cairo 4 Lane highway Toll road
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TRUE SOCIAL INVESTMENT

The Gas utility Company, working in tandem with the Government Authorities, have delivered through the provision of a 24hour, 365 day, cost effective Natural Gas supply – a truly sustainable “Social Investment” project to the Governerate of Fayoum.

THANK YOU