Developing in Partnership

Accelerating Development through Public Private Partnership

JORDAN

PPP in Ports Development

Presentation to:

Developing in Partnership.....
A Company owned by

Government of Jordan

Aqaba special Economic Zone Authority

50% ASEZA

50% GOJ
Aqaba Ports & Logistics Community Structure

Key stakeholders in Aqaba

- HKJ Government
- National TTF
- ASEZA
- Royal Naval Force
- Ministry of Transport
- Aqaba Development Corporation
- Aqaba Transport & Logistics Co.
- Customs
- Nafith
- Jordan Maritime Commission

Logistics Operators

Airport Operators

Port Operators

Pilotage and Marine services
ASEZ Master Plan

NORTH
- Business District Zone
- Airport Zone

MIDDLE
- Aqaba City Area
- Aqaba Port Area

SOUTH
- Coastal Zone
- Heavy Industrial Zone
Partnerships: Our Building-Blocks

“This is Jordan’s goal: Re-launching growth and investment while deepening reform and inclusion. For this end, public-private partnerships are our building-blocks.”

His Majesty King Abdullah II

WEF, Dead Sea 2015
Advantages of privatization for JORDAN:

• Efficiently operated container terminal & supply chain.
• Expansion of terminal capacity to accommodate growth.
• More competitive economy.
• Relief from making fund in Capex.
• Cash flow over the contract stream, and Tax generation.
• All tariff controlled by the Gov.
• Container Terminal at end of term return to the Gov.
WHY PPP in port development?
PPPs Timeline

2004-2006
Aqaba Container Terminal
NREC logistic Center

2007
Marine Services
Air Cargo

2007-2008
Aqaba Logistic Village

2013-2015
Phosphate Terminal
Industrial Terminal
LNG Terminal

2016
Transforming to corporate Landlord Operator
Aqaba Container Terminal
A successful Public Private Partnership
In the period 1999 - 2003, trade volumes through the sole container terminal in Jordan's grows up by 73% followed by another 45% within half year.

High dwell time registered for vessels and cargo.

Low crane productivity

High value of investment needed for quay and Equipment

**The situation harming the economy of the Kingdom.**
3D strategic plan

(ADC) was designated by the Government at the beginning of 2004 as owner and developer of seaport assets, devised a strategy to address all three stages.

WHAT TO DO?

**Immediate**
- new management / organization / operations

**Near-term**
- New Equipment/ IT ..

**Mid-term**
- Invest in expanded infrastructure / New Masterplan
Due to the urgency of the situation, ADC adopted a two-step approach:

1. An immediate two-year management contract with the possibility,
2. Being later converted into a 25-year BOT Joint Venture.

Concession awarded through competitive bidding from invitation to bid until contract signature, was completed in a period of less than three months, believed to be the fastest container terminal “privatization” transaction on record.
Mix-Method PPP

Management Agreement
Shareholding agreement (joint venture)
Joint Development Agreement (Concession)

Sustainable project
25 Years Joint Development Agreement
Shareholding Agreement
2-year terminal management contract
International Tender / APM Group Selected as successful bidder

PPP approach
Progress of Negotiations prior to JDA

- Transition Plan
- ACT Business Plan
- Tariff Revision
- Labor Restructuring Plan
- ACT Master Plan
- Formulate ADC Strategy (Risk Analysis)
- MOU/ MSA Preliminary Review
Aqaba Container Terminal Company

Initial Contractual Arrangements

- ADC (Owner)
- APM Finance
- ACT Company
- Shareholders’ Agreement, Memorandum & Articles of Association
- Management Agreement
- Site Lease Agreement
- Joint Development Agreement
- APMT Int’l
- APMT Jordan
- ADC (Grantor)
- APM Finance
- APMT Int’l
- APMT Jordan
- ADC (Grantor)
Turning challenges into Success

2003
- The worst congestion in its history
- 150 Hrs vessels waiting time
- 48 days dwell time
- Limited resources

2004
- 2-year management

2006
- 25-years PPP concession agreement

2008-2009
- 42% growth in 2008
- 15% 2009

2012-2013
- Doubling berth to reach 1000m
- New equipment RTG STS TT

2016-2018
- 7 days dwell time
- Driving digital processes
- Improvement across the whole logistics chain
Indicators for success

Terminal Revenue
Before/After

Terminal Throughput
Before/After

ROYALTY
## Terminal Capacity Fact Sheet

<table>
<thead>
<tr>
<th>Capability facts</th>
<th>Before JV</th>
<th>Today</th>
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</thead>
<tbody>
<tr>
<td>Capacity (TEU)</td>
<td>600,000</td>
<td>1,300,000</td>
</tr>
<tr>
<td>Quay length (m)</td>
<td>540 m</td>
<td>1,000 m</td>
</tr>
<tr>
<td>Draft (m)</td>
<td>14 -20</td>
<td>14-20</td>
</tr>
<tr>
<td>Berths</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>STS gantry Cranes</td>
<td>5</td>
<td>7 ( 2 old +5 new)</td>
</tr>
<tr>
<td>RTGs</td>
<td>None Straddle Carrier</td>
<td>22</td>
</tr>
<tr>
<td>Dwell Time</td>
<td>25 day</td>
<td>8.8 Day</td>
</tr>
<tr>
<td>Berth Capacity (No. of ships)</td>
<td>2 vessels</td>
<td>4 vessels</td>
</tr>
<tr>
<td>Berth Capacity (No. of TEUs)</td>
<td>5000/TEUs (Panamax)</td>
<td>14500 TEUs (Post Panamax)</td>
</tr>
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## Operational Efficiency

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<tbody>
<tr>
<td><strong>Gross Crane Productivity</strong></td>
<td>14</td>
<td>26.92</td>
<td>30.32</td>
<td>33.8</td>
<td>34.67</td>
<td><strong>34.14</strong></td>
<td>27%</td>
</tr>
<tr>
<td><strong>Truck Turnaround Time (Hours)</strong></td>
<td>4 hrs</td>
<td>0.89</td>
<td>0.86</td>
<td>0.63</td>
<td>0.56</td>
<td><strong>0.59</strong></td>
<td>-34%</td>
</tr>
</tbody>
</table>
97% of all cash generated in ACT since 2006 stays in Jordan

**Government & Grantor:**
- Royalties/taxes and dividends 28%

**Staff:**
- Salaries and wages 19%
  >99% of all employees are Jordanians

**Investments:**
- Upgrading and new investments 39%

**Private Investor:**
- APMT dividends 3%

**Operations:**
- Running costs and maintenance 11%
Does it always works?
Future Opportunities for PPP

Transport & Logistics
- Railway
- Maan Inland Port.
- Truck Marshalling Terminal

Seaports
- Liquid Miscellaneous Terminal
- Oil & LPG Terminal
- Cruise ship Terminal
AQABA DEVELOPMENT CORPORATION

Commitment for Excellence

Developing in Partnership