



# Public Private Partnership in Jordan

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# Privatization in Jordan

- The Privatization Law no. 25 of 2000 was granted on 2/7/2000.
- The law provides the legal and institutional frameworks for the Privatization Program.
- Pursuant to the law, the Executive Privatization Council was formed to become the successor of the Higher Privatization Committee to formulate the general policies on privatization and to identify candidate enterprises for privatization.
- The Council approves all restructuring and privatization transactions and supervises the Privatization Proceeds Fund.

# Objectives

- Raising the efficiency, productivity and competitiveness of economic enterprises.
- Contributing to the encouragement of local, Arab and international investments by providing a favorable investment environment.
- Stimulating private savings and directing them towards long-term investments to strengthen the local capital market and the national economy.
- Alleviating the debt burden of the Treasury by ceasing its obligation to offer aids and loans to unsuccessful and unprofitable enterprises.

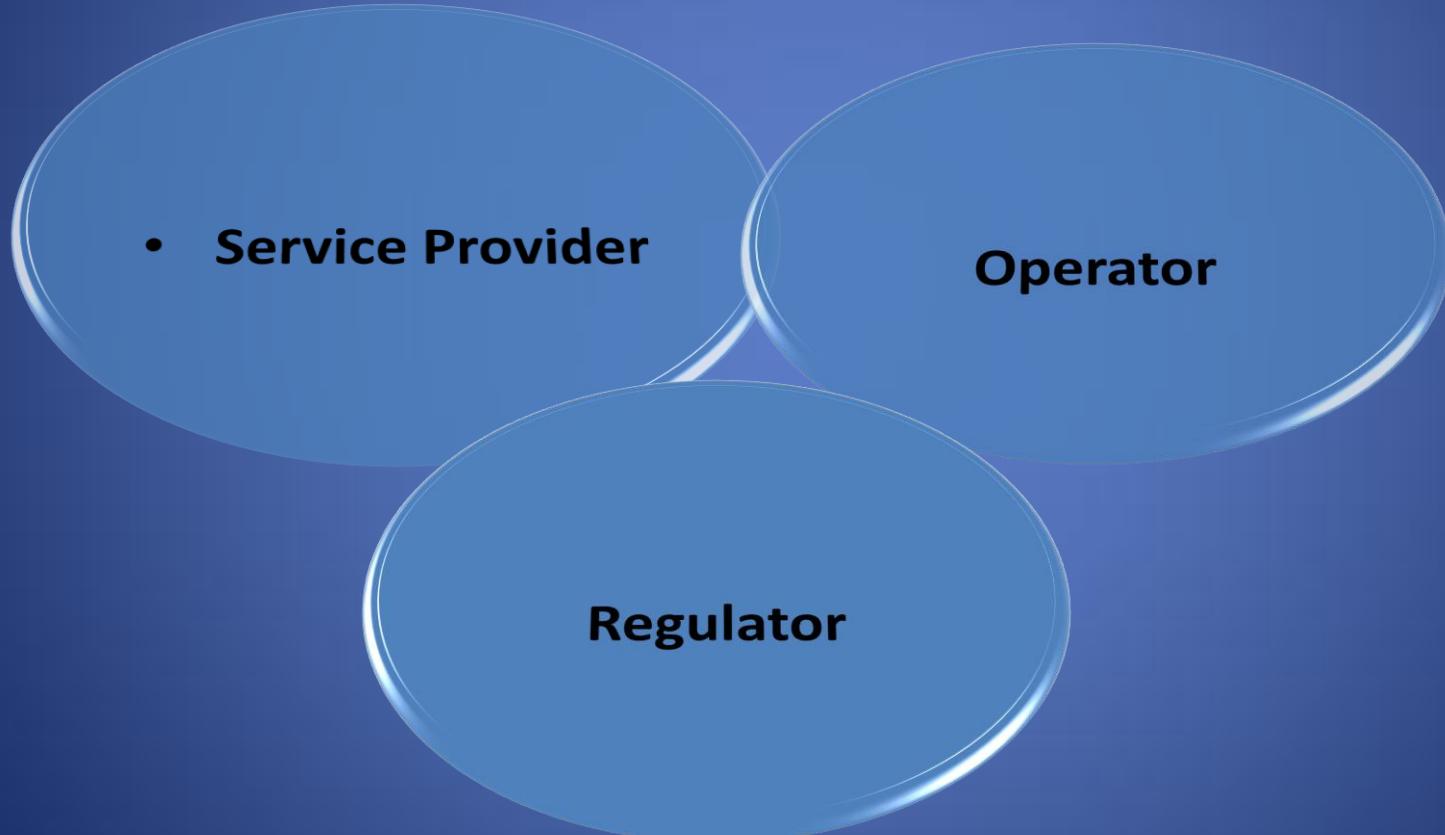
## Accomplishments and Challenges

- To date, 66 transactions have been completed including the government's shares in 55 companies under the Jordan Investment Corporation Portfolio.
- Privatization proceeds amount to over \$1300 million, including the \$163 million yield of the sale of the government's stake in JIC companies.
- The program has successfully attracted over \$1 billion in investments associated with privatization particularly in the telecom, water, transport, and other privatized sectors.

# **Successful Transport Transactions**

- Aqaba Container Terminal – CT
- Expansion of Queen Alia International Airport (QAIA) BOT

# Main Actions of Transport Sector Strategic Plan



# Aqaba Container Terminal – CT

- In 2003, the Aqaba Development Corporation (ADC), on behalf of the Aqaba Special Economic Zone Authority, was on a mission to acquire a strategic partnership to improve the efficiency, capacity and the operational performance of the container terminal in Aqaba. After signing a Terminal Management Contract with ADC in 2004, APM Terminals (part of the global A.P. Møller–Maersk Group), took over the management and operation of the terminal.





- A 25-year Joint Development Agreement (JDA) was signed between ADC and the Aqaba Container Terminal (ACT) in 2006. Under the contract, APM Terminals Jordan operates, manages and markets ACT in addition to executing the Master Plan, which anticipates achieving a drastic increase of throughput capacity through a combination of physical and operational improvements.

- Today, the Aqaba Container Terminal Pvt. Co. has grown from a feeder port to a mature main liner facility.
- ACT plays a crucial role in the Jordanian economy, enabling growth and development regionally.
- It serves as a gateway for the Jordanian market, as well as for transit cargo moving to and from other countries in the region.



- The new terminal is part of Jordan's plans to develop the aviation sector and place foundations for civil aviation as a necessary means for growth.
- The socio-economic approach of the Jordanian state has been characterized by flexibility and continuous development, based on partnership and integration between the public and private sectors.
- The new building secures the city's position as the main hub for the Levant region and allows the airport to grow by 6 per cent per annum for the next twenty-five years, increasing capacity from 3.5 million to 12 million passengers per annum by 2030.
- Jordan is now directly connected to 61 stations across the world, compared to a previous 40 stations. The number of daily flights has risen to 180 flights in comparison to a previous 110 flights per day. Total passengers also rose to over 6 million.



## QAIA Expansion

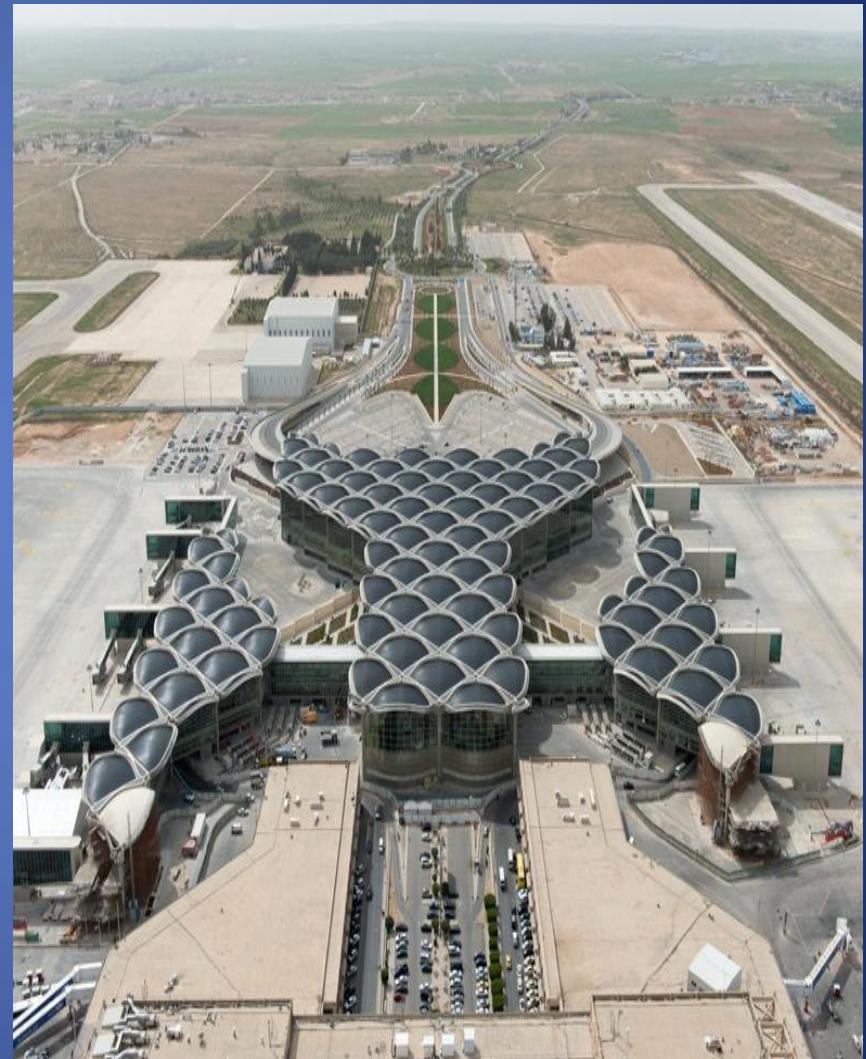
# Economic Advantages

- The project was carried out by regional and local investors; a prime example of successful public private partnerships with a 25-year BOT concession and an estimated USD 750 million investment
- The Government of Jordan retains the ownership of the Airport and receives around 54.47% of gross revenues for the term of the agreement (25 years).
- The new terminal, offering around 20,000 direct and indirect job opportunities, has been classified by the IFC as one of the 40 best PPP projects in emerging markets.
- The new terminal will provide the state's treasury with revenues that far exceed previous revenues. The government's share of revenues is at a percentage that is amongst the highest in the world for such projects. In addition, over 93 per cent of the sub-investments that have been made at the airport belonged to Jordanian investors.



# Constructional Facts

- The new terminal was built on over 105,000 square meters from the original 62,000 square meters, blending Islamic architecture with the latest technology and equipment to provide a faster and more efficient flow for travelers whilst also maintaining the highest safety and security standards without having a direct impact on passenger's schedules.
- There is complete separation between arrivals and departures. In line with international standards that require one gate for each half a million passengers, the new terminal will operate eight new gates and one remote boarding lounge serving different flights simultaneously, with phase two to follow with four new gates, resulting in a total of twenty five gates.
- The airport has a highly efficient passive design which allows for future expansion



## Viewpoint of IFC

IFC, a member of the World Bank Group, celebrated the opening of a new terminal at Jordan's Queen Alia International Airport, a development expected to boost tourism, spur trade, and drive economic growth in the kingdom.

The terminal was the result of a landmark partnership between the public and private sectors. IFC played a leading role by advising the Jordanian government on the transaction and by providing \$120 million in financing. IFC also arranged \$160 million in syndicated loans from international lenders, and the Islamic Development Bank provided a loan of \$100 million.

"The Queen Alia International Airport is a prime example of how, through a well-planned public private partnership structure, international financial institutions and government can work together to deliver a successful project. A private consortium, AIG built the new terminal and renovated existing buildings. It will also operate the airport for 25 years.

The new terminal covers more than 100,000 square meters and ultimately will be able to accommodate 12 million passengers annually. That is expected to spur cross-border trade and support Jordan's tourism industry, which accounts for about 10 percent of the country's economy.



The construction and operation of the airport is expected to generate \$1 billion in foreign investment and create more than 23,000 jobs. The project was recently named the top public-private partnership in Europe, Central Asia, the Middle East, and North Africa **by Infrastructure Journal, a leading industry publication.**

The AIG consortium includes Invest AD, Noor Financial Group, Edgo Group, Aeroports de Paris, J&P Overseas, and J&P Avax.

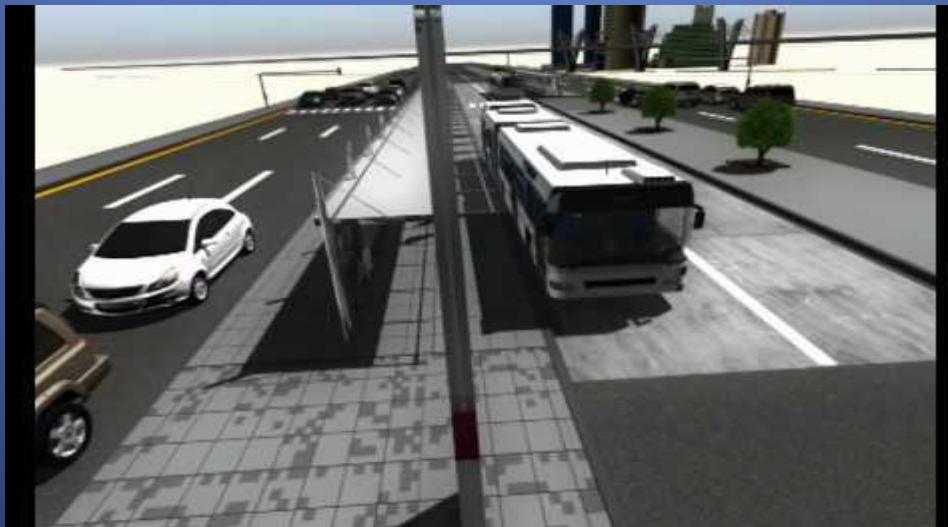
The project is part of IFC's efforts to support the development of Jordan's private sector and drive economic growth across the country. In the 2012 fiscal year, IFC invested \$166 million in Jordan, bringing our total portfolio to \$700 million, and launched several advisory projects. That support was designed to increase the supply of affordable medicine, help small businesses secure much-needed loans, and boost power supplies, among other things.

# Undergoing Projects

## Bus rapid transit between Amman and Zarqa

The Government of Jordan:

- will build the infra structure.
- Attract private investors to operate network



# Dry port

- To be established along railway track
- Feasibility Study undergoing on the basis of PPP



Thank you!