

AUTOMATED PORTS DRIVE IRAQ'S ECONOMY FORWARD



Nafith's custom-designed systems and processes for Iraqi ports are boosting international trade in this fragile economy. © Nafith Logistics Services Co.



Ahmed Salameh, a 42-year-old Jordanian truck driver, used to spend most of his time queuing at the country's busy port of Aqaba. Waiting in long lines for permits, processing, and other paperwork cost him and his company money. But that changed after IFC client Nafith International, a leading logistics company, was awarded a contract by the Jordanian government in 2005 to improve systems at the port.

Nafith's success automating Jordanian ports paved the way for the company to receive a \$2.2 million equity investment from IFC in 2014 and take on an even bigger challenge: modernizing and managing four major ports in Iraq. Since one of IFC's goals in Iraq is supporting economic diversification and job creation in Iraq's non-oil sectors, transforming the nation's ports was a starting point with potential to reverberate across many different areas. The project was financed by IFC and Foursan Capital as an equity participation, and guaranteed by MIGA.

Just over two years into our investment, Nafith's custom-designed systems and processes for Iraqi ports have already saved time and reduced costs in freight handling. Its new construction facilities for Iraq's inbound cargo are boosting international trade in this fragile economy. And its thorough on-the-job training, complementing the new technology, has diminished the entrenched system of informal payments that has stifled Iraq's economy.

Some of the most significant results of Nafith's successful automation of ports in Iraq include reduced turnaround time for trucks, restoring truck productivity hours while increasing ports' operational hours, and decreased pollution. Specifically, total emissions saved from trucks that no longer idle with the air conditioner on is estimated at 25,000 metric tons of CO₂ per month. Since Nafith will process more than 2,500 trucks per day by end of 2017 as more ports are added, such emissions savings are expected to increase.

RESULTS IN A CHALLENGING ENVIRONMENT

Nafith is known for helping governments increase the processing capacity of logistics infrastructure with relatively small investments. From the start, its goal in Iraq was ambitious: to transform the country's ports' operations from manual to electronic, connect all the hinterland stakeholders, introduce an electronic gate system, streamline logistics land-side, integrate stakeholders, introduce capacity management, and enhance safety and security.

In this case, change management accompanied the automation. For example, a continuous training effort that shifted drivers and port employees away from a pervasive system of informal payments was critical to port-wide transformation. Automation of operations is directly linked with reducing corruption because users see for themselves that there is no need to provide informal payments.

Other issues addressed by Nafith's change management strategies included the nation's political disarray, chaotic and changing governance, low local skill sets, and heavy red tape.

Nafith also grappled with Iraq's unstable electricity supply, nascent banking systems, and the need to provide high levels of security while at the same time integrating into the community it served.

Despite the obstacles that presented themselves in a nation engaged in ongoing conflict and reconstruction, Nafith successfully implemented a Port Operating System that automated paperwork and manual processes across Iraq's ports. Nafith's electronic gates system (eGates) included tagging every truck with a Radio Frequency Identification (RFID) sticker and an RFID driver card for identification. The RFID technology allows for automated identification, verification, and tracking of the trucks at the gates and inside the port, while streamlining operations.

Concurrently, a massive on-the-job training plan was provided to port employees, explaining Nafith's operations, anticorruption strategies, and corporate services to help citizens retain control of their finances. For example, when Nafith began working with truck dispatchers in Iraq, most were unbanked or underbanked--and accustomed to cash transactions that made them vulnerable to informal payments. Company training helped familiarize these dispatchers with Nafith's ePayment system, which allowed them to get instant verification of their service fees. None of these ideas had existed before in Iraq's port sector.

WIDESPREAD RESULTS AND RECOGNITION

Nafith's successes in changing the systems, services, and culture of Iraq's ports have positively impacted about 19,250 people in Iraq, including truckers, trucking dispatchers, port staff, direct and indirect employees, and clearing agents. Scaling up its achievements in Jordan and Iraq, Nafith is now initiating work in the Kingdom of Saudi Arabia, Nigeria, and Oman.

For its work on improving logistics at key ports in Jordan and Iraq, Nafith was recognized at the [2017 FT \(Financial Times\)/IFC Transformational Business Awards](#).

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