





CHALLENGES OF THE CONCESSION EXERCISE AND THE NIGERIAN PORTS AUTHORITY'S EXPECTATIONS OF THE TECHNICAL ASSISTANCE FROM THE WORLD BANK

**A PRESENTATION AT THE
AFRICA TRANSPORT POLICY PROGRAM
(SSATP) ANNUAL MEETING IN ABUJA,
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**BY
HADIZA BALA USMAN
MANAGING DIRECTOR
NIGERIAN PORTS AUTHORITY**



INTRODUCTION

- The Nigerian Ports Authority (the Authority) was established by an Act of Parliament, the Ports Act of 1954 as amended. The extant Act is the Nigerian Ports Authority Act Cap N126, Laws of the Federation of Nigeria (LFN), 2004.
- By the provisions of the Ports Act, the Authority is vested with powers to develop, own, control ports, port facilities & infrastructure and provide services to both ship and cargo as full service ports



INTRODUCTION – Contd...

- With the passage of time, the ports became less responsive to the needs of the port users due to infrastructural deficit, bureaucratic structure and undue government interference which constituted a financial burden to government.
- This however coincided with the period when there was a global movement towards privatization of public enterprises.



INTRODUCTION – Contd...

The Federal Government therefore considered all the available options after several studies and decided to adopt the landlord port model.

It is pertinent to note that there was no port masterplan guiding the process of reform.

THE REFORM - OBJECTIVES

- To increase efficiency of port operations
- To reduce cost for port services to the port users
- To decrease the cost to government for the support of a viable port sector



The Reform program

- ❑ The reform program commenced in 2004 with implementation in 2005.
- ❑ The program as implemented in Nigeria involved the leasing out of the Authority's terminals to private entities for a duration of 10 - 25 years, to manage and provide services (as Terminal operators) on terms and conditions that would ensure optimal utilization, improvement of infrastructure, efficient operations and enhancement of the revenues accruable to the Authority.



The Reform program – Contd...

- The reform process had four aspects to it, namely:
(1) structural (2) legal (3) institutional and (4) operational.
- The structural reforms involved the delineation of the ports into terminals and granting concessions for the operation of the terminals. This has been achieved.
26 terminals – 24 leased terminals, 2 BOTs: WACT & PTML (Grimaldi); Green-Leigh was later revoked in 2011.
- The Legal reform is ongoing as the Ports and Harbours Authority's Bill and the National Transport Commission Bill are before the National Assembly for passage into law.



The Reform Programme – Contd...

- Institutional reform relates to the reformation and reorganization of institutions and agencies operating in the maritime sector. This has not achieved much success and has remained a challenge since the commencement of the concession exercise.
- Operational reform relates to the transfer of cargo handling activities and other operational responsibilities to the Terminal Operators. This has been achieved.



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Lagos Port

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Calabar Port



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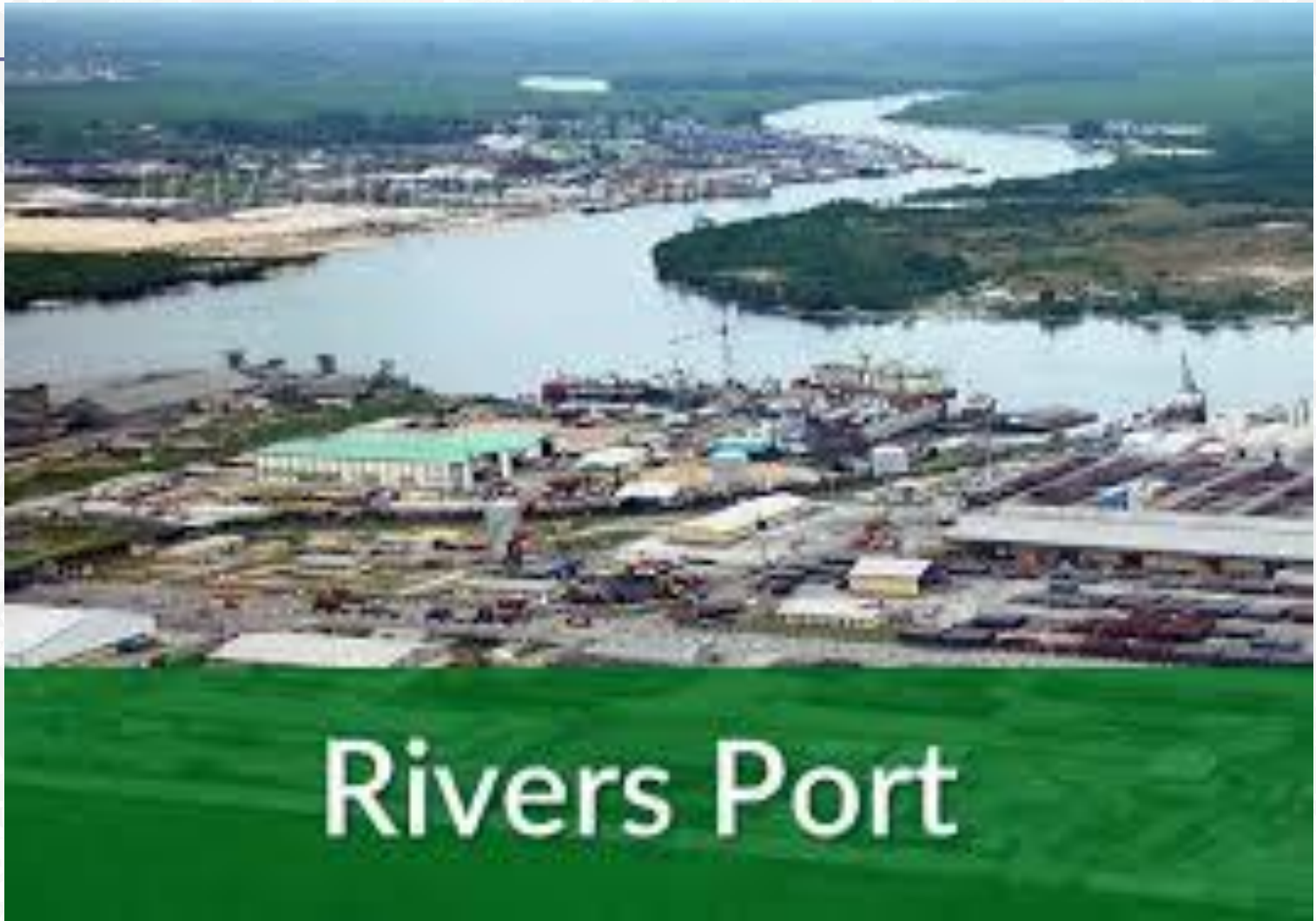


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TERMINAL OPERATIONS



Rivers Port



TERMINAL OPERATIONS



Tin-Can Port



POST CONCESSION:

➤ SUCCESSES

- ❖ Increased cargo throughput
- ❖ Shorter dwell time of cargo
- ❖ Shorter turn-around time of vessel
- ❖ Better port infrastructure in terms of equipment and plant
- ❖ Better security of cargo in the port
- ❖ Increase in revenue
- ❖ Reduced maintenance cost of port facility for NPA
- ❖ Rehabilitation of common user access roads
- ❖ Provision of lighting facility



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POST CONCESSION

➤ CHALLENGES

In the course of implementing the reform programme, a series of challenges have arisen, some of which are discussed hereunder:

- ❖ Lack of institutional reforms in key agencies of government and other stakeholders, thereby hindering effective and efficient port operations.
- ❖ Inadequate dredging of the channels and berths, particularly in the Eastern ports.
- ❖ Insufficient hinterland access and deplorable conditions of our port access and hinterland roads.



CHALLENGES – Contd...

- ❖ Non-synchronization of government fiscal and monetary policies to align with the reform processes and changes in law
- ❖ Non robust legal framework to support the reform policy.
- ❖ Absence of a well structured inter-modal transportation system for connectivity of waterways/rail/road transport system
- ❖ Cumbersome clearing procedures in the ports.



CHALLENGES– Contd...

- ❖ Bureaucratic bottlenecks in government's procurement processes impeding prompt implementation of capital projects and procurement of marine crafts such as tugboats, pilot cutters, aids to navigation, etc.
- ❖ Dearth of human capacity development for proper monitoring of the concession.
- ❖ Inadequate security on the waterways.



PORT ACCESS ROAD



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ROAD LEADING TO APAPA





Insecurity - Piracy

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EXPECTED INTERVENTIONS FROM THE WORLD BANK

- To provide Technical Assistance in the following areas:
 - i. build and strengthen capacity for NPA Staff on the review of existing and future port concessions.
 - ii. develop a standard monitoring template for measuring Key Performance Indicators (KPIs) in our ports towards assisting in tracking and evaluating performances of both the Lessor and the Lessees.



EXPECTED INTERVENTIONS FROM THE WORLD BANK – Contd...

- iii. develop a monitoring template for NPA in respect of existing/new concession agreements as a tool for enforcement.
- iv. develop a methodological framework for stakeholder feedback mechanism.
- v. Develop financial modelling system with the intent of guiding the Authority in future procurement processes and reviews, taking into account the entire duration of the concession



ON-GOING INITIATIVES

Issues currently being addressed by Management:

- ❖ Construction/ rehabilitation of Port access roads
- ❖ Development of 25 years Ports Master Plan in process
- ❖ Procurement of Marine crafts/ security patrol boats
- ❖ Gate access control and common user facilities
- ❖ Waterfront and channel security
- ❖ Automation of Ports processes
- ❖ Quarterly stakeholders' interaction / engagement
- ❖ Implementation of executive fiat for ease of doing business in the port
- ❖ Constitution of an Inter-agency committee to holistically review all concession issues



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CONCLUSION

- The aforementioned interventions by World bank are imperative towards guiding the Authority and placing it on the right track in its quest for the successful review of the existing and future concessions, as well as achieving the desired objective of the reform programme.



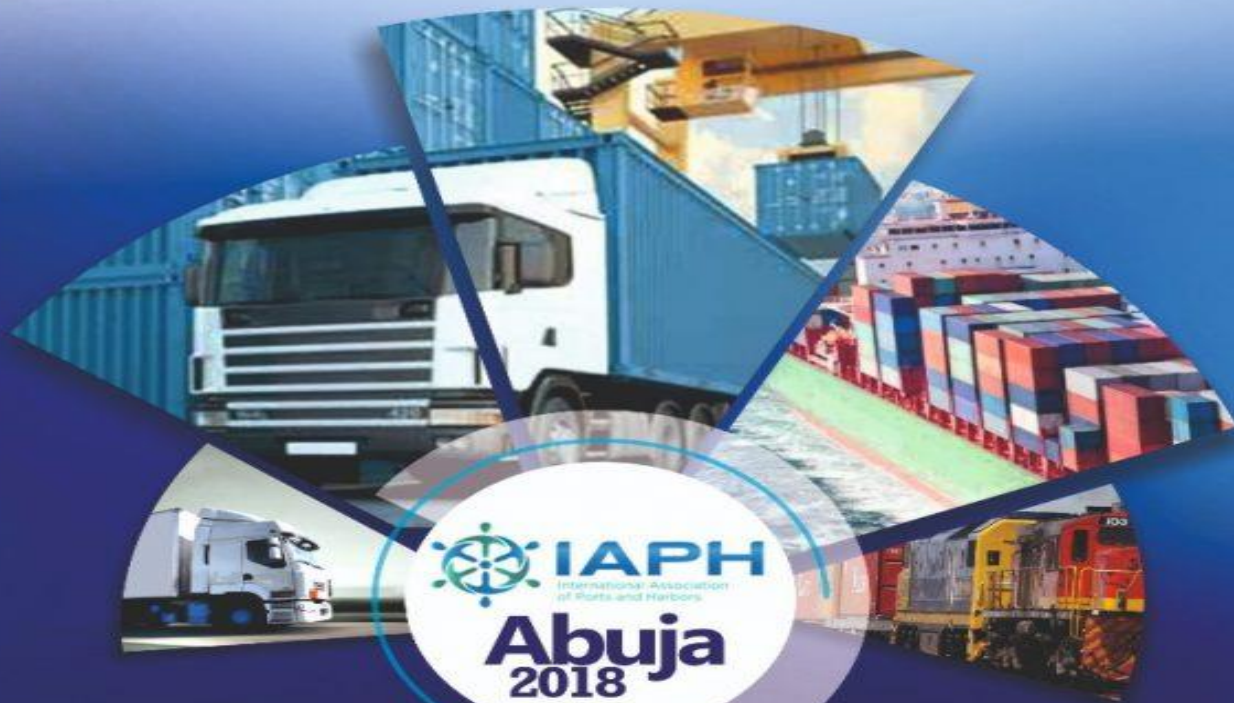
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IAPH
International Association
of Ports and Harbors
**AFRICA REGION
CONFERENCE &
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THANK YOU