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NIGERIAN PORTS AUTHORITY

INTERNATIONAL SYMPOSIUM ON MARITIME ECONOMY AND TRANSPORT SERVICES IN WEST AND CENTRAL AFRICA COUNTRIES

BY

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**COTONOU
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HEADQUARTERS: 26/28 MARINA, LAGOS, NIGERIA
Website: www.nigerianports.org. E-Mail: info@nigerianports.org

OUTLINE OF PRESENTATION

- Port Development
- Port reforms
- Greenfield Development
- Performance Indicators
- On-going and amortized projects
- Challenges

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PORT DEVELOPMENT IN NIGERIA

- Port operations and development in Nigeria began in the middle of the 19th century.
- Effort towards the provision of facilities for ocean going vessels started in the early 1900.
- Plans for capital dredging activities aimed at opening up the Lagos Lagoon commenced in 1906 when orders were placed for dredgers to work at the bar and sanction was given for the construction of the first length of the East Mole.
- Port Harcourt Port was opened in 1913 following the discovery of coal in Enugu

PORT DEVELOPMENT IN NIGERIA – Contd...

- The first mail-steamer 'S/S AKOKO' drawing 5.64 metres entered Lagos harbours in February, 1914
- The construction of the first four deep water berths of 548.64 metres long at Apapa began in 1921
- Four berths of 1,920 feet long were developed at Port Harcourt in 1927.
- An additional 762 metres of berthage were constructed and about 41 hectares to accommodate transit sheds, warehouses and marshalling yards in Lagos in 1948.

PORT DEVELOPMENT IN NIGERIA – Contd...

- Port operations and management remained under the control of different government departments during this era (pre-1954)
 - Cargo handling at the terminals was the prerogative of Nigerian Railways
 - The Marine Department was in charge of vessel movement in the channel up to the quays.
 - Maintenance of the quay wall was the responsibility of the Public Works Department.
- Nigerian Ports Authority was established in 1954 by an Act of Parliament (Ports Act, CAP 155 Laws of the Federation of Nigeria & Lagos as amended up to 1st July, 1961) and commenced operation in April, 1955

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PORT DEVELOPMENT IN NIGERIA – Contd...

- Nigerian Ports Authority acquired the ports of old Warri and Burutu in 1972 that were originally owned by United Africa Company (UAC) maritime arm of Messrs John Holts Transport
- Calabar Port which was owned and operated by Messrs Palm Line Agencies, Elder Dempster Agencies and United African Company (UAC) was also acquired in December, 1969

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MANDATE OF THE AUTHORITY

(SECTION 8 PORTS ACT)

- Construct, develop ports, docks, harbours, piers, wharves, canals, water courses, embankment and jetties.
- Invest and deal with the monies of the Authority not immediately required on such securities or in such investments and manner as may, from time to time, be expedient.
- Carry on the business of carrier by land or sea, stevedore, wharfinger, warehouseman or lighterage man.

MANDATE OF THE AUTHORITY - Contd...

(SECTION 8 PORTS ACT)

- Appoint, license and manage pilots of vessels.
- Reclaim, excavate, enclose, or develop any of the lands acquired or vested in the Authority.
- Enter into Agreement with any person for the operation or the provision of any of the port facilities which may be operated or provided by the Authority.

PRE-REFORM SITUATION

- Ageing Port infrastructure
- Port design favoured the handling of loose shed cargo as against containers
- Inadequate investment in equipment. Only two (2) Ship-to-Shore cranes were bought since 1978 in Lagos Port
- Cumbersome and bureaucratic cargo clearance
- Excessive political pressure affecting operations
- Skewed distribution of traffic resulting to over-use of infrastructure in Western Ports and under use of some facilities leading to premature obsolescence in Eastern Ports

NEED FOR REFORM

Technical Committee on Privatization and Commercialization
Decree 25 of 1988

- Its Observations:
 - Large organization
 - Unwieldy operation
 - Lack of commercial orientation

- Its recommendations
 - Incorporation for private sector orientation
 - Zonal structure for decentralized control
 - Establishment of subsidiary companies
 - Seaview Nig. Ltd and Continental Shipyard

Inconclusive implementation – Later revised

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RENEWED REFORM INITIATIVE

2001, World Bank and Federal Government initiative

Diagnostic Study by Royal Haskoning/Dynamar/Challenge International Associate to:

- Update existing sector knowledge
- Identify key issues
- Generate viable options for reform

RENEWED REFORM INITIATIVE – Contd...

Recommendation of Royal Haskoning/Dynamar/Challenge International Associate

- Landlord model
- Three regional authorities
- Slim corporate headquarters
- Clear role for the FMOT, Corporate Hq, Regional Authorities
- Separation of operational from regulatory responsibility

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REFORM OBJECTIVES

- To increase efficiency in port operation
- To decrease cost of port services to stakeholders
- To decrease cost to the government for the support of viable port sector
- To attract private sector participation so as to free public resources for public services

REFORM PROCESS

- Appointment of CPCS Transcom as adviser to Bureau of Public Enterprise with responsibilities to:
 - Reform, Restructure and Concession

- National Council on Privatization

- Presidential Committee on Port Reform
 - Guide the process
 - Dialogue with stakeholders
 - Ensure success

REFORM PROCESS – Contd...

- Expression of Interest - December, 2003
- 110 Applications received
- 94 Pre qualified and issued bid documents
- 24 Concession transactions concluded, two (2) outstanding
- First Hand-over – APM Terminals, 20th March, 2006

REFORM PROCESS – Contd...

- Delineate the ports into terminals and concession them to independent Terminal Operators for 10 – 25 years.
- Operators selected through transparent internationally competitive tenders

S/NO	Port	No. of Concessions
1.	Lagos Port	6 + 1 ICD
2.	Tin Can Island	4 + 1 BOT
3.	Rivers Port, Port Harcourt	2
4.	Calabar Port	3
5.	Warri/Koko Ports	5
6.	Onne Port	3
	TOTAL	24+1 BOT

* Two outstanding Terminals yet to be concluded

NEW ROLES OF PRIVATE AND PUBLIC SECTORS

➤ **Private Sector (Terminal Operators)**

- Cargo Operations
- Port Labour
- Investment in equipment
- Investment in terminal maintenance
- Insurance of concession assets

➤ **Public Sector (NPA)**

- Port Planning, Licensing and Control
- Port Development
- Technical Regulations
- Marine Services
- Channel Management

GREENFIELD DEVELOPMENT

- The reform initiative also threw open the doors for greenfield port development via a variety of private sector investments schemes (BOT) to expand port capacity.
- 460m quay length at Tin Can Island Port developed by Ports & Terminal Multi-services limited.
- 570m quay length and terminal expansion by West Africa Container Terminal Ltd at FOT, Onne.
- Bulk cargo berth at Seament-MEL near Berth 1 Tin Can island port.

PERFORMANCE INDICATORS

CARGO THROUGHPUT - PRE AND POST CONCESSION

YEAR	IMPORT (MT)	EXPORT (MT)	THROUGHPUT (MT)
1999	15,751,331	6,481,605	22,232,936
2000	19,230,496	9,702,384	28,932,880
2001	24,668,791	11,271,901	35,940,692
2002	25,206,380	11,780,861	36,987,241
2003	27,839,293	11,926,652	39,765,945
2004	26,907,075	13,909,872	40,816,947
2005	29,254,761	15,697,312	44,952,073
2006	31,937,804	17,235,520	49,173,324
2007	33,722,488	20,918,560	54,641,048
2008	41,385,973	23,806,946	65,192,919
2009(Jan-Jun)	23,602,376	8,492,028	32,094,404

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PERFORMANCE INDICATORS - Contd...

- CRUDE AND LNG

YEAR	CRUDE OIL			LIQUEFIED NATURAL GAS		
	NO. OF TANKERS	GRT OF CRUDE TANKERS	CRUDE LIFTED (MT)	NO. OF TANKERS	GRT OF LNG TANKERS	LNG LIFTED (MT)
1999	656	62,691,842	92,463,264	46	650,269	1,503,398
2000	757	80,627,950	102,930,079	130	2,887,141	5,953,567
2001	731	60,550,031	100,732,875	149	10,458,086	7,154,965
2002	634	64,302,640	86,284,036	133	9,745,230	8,084,749
2003	657	73,216,175	85,797,681	173	14,690,798	9,292,832
2004	924	100,564,659	117,055,427	220	17,569,209	11,529,827
2005	902	94,984,566	112,872,821	215	17,072,976	11,264,515
2006	840	70,093,870	106,403,640	243	20,628,015	13,284,612
2007	817	90,222,365	105,986,381	344	29,562,631	19,076,748
2008	792	76,626,068	99,807,889	319	27,068,764	17,839,677
2009(Jan-Jun)	433	42,855,162	49,864,605	111	10,294,654	6,521,523

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MAJOR SERVICE PROVIDERS

- **Bonny Channel Company (BCC) Ltd**- Established in 2004 with 60/40% ownership structure between NPA/TCMC.
- **Lagos Channel Management (LCM) Ltd** – Established in 2005 with ownership structure of 60/40% between NPA/Depasa Marine

In charge of the following;

- a. Capital dredging
- b. Maintenance dredging
- c. Quarterly Bathymetric Survey
- d. Maintenance and Surveillance of Aids to Navigation
- e. Wreck removal
- f. Visual pollution monitoring
- g. Training

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MAJOR SERVICE PROVIDERS –Contd...

➤ Continental Shipyard Limited (CSL)

- a. Incorporated by NPA as a company on 24th February 1992 to run and manage the Dockyard to enhance its efficiency and viability.
- b. In 1996 went into joint venture participation arrangement with Dockyard Engineering Services as the joint venture operator of the company.
- c. The joint venture arrangement which was for ten (10) years has expired.
- d. In the process of withdrawing our participation

MAJOR SERVICE PROVIDERS -Contd...

- Landfall Towage & Transport Company Ltd
 - Provision of towage services and maintenance of marine crafts, tugs and pilot cutters in the Lagos harbour.

- Africa Circle Ltd (ACL)

As part of efforts to ensure compliance with IMO's standards for prevention of pollution from ships, NPA had to acquire port reception facilities for the disposal of ship generated waste and cargo residue in all ports

- a. The contract was signed in August, 2006
- b. Contract tenure is 20 years
- c. ACL is to provide port reception facilities in all the four (4) pilotage districts of the Authority while NPA is to provide land
- d. The project is self-financing
- e. 75% of the revenue collected goes to ACL while NPA retains 25%

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ON-GOING CAPITAL AND AMORTIZED PROJECTS

(As at 31st August, 2009)

- Capital projects
 - a. About to commence – 11nos. Value – *N5,168,134,813.1*
 - b. Work in progress – 11nos. value – *N24,205,386,060.1*
– *€57,076,947.00*
 - c. Total – 22nos. Value: – *N29,373,520,873.2*
– *€57,076,947.00*

- Projects under amortization at Onne Port Complex
 - a. Completed – 5nos. Value – *\$106,909,205.43*
 - b. On-going – 7nos. Value – *\$145,233,796.38*
 - c. Total - 22nos. Value: – *\$252,143,001.81*

CHALLENGES (INTERNAL)

- Financial burden of dredging activities
- Need for Port Development master plan
- Acquisition of land for future Port Development
- Training & re-orientation of staff
- Power Generation/Distribution: IPP being considered
- Upgrading of common user access roads.
- Enhancement of the ICT through a common network with customs and other port users

CHALLENGES (EXTERNAL)

- Niger Delta
- Congested Port access roads
- Multiplicity of government agencies in the Ports
- Legal frame work
- 4% Port Development Surcharge
- Urgent requirement of a commercial regulator
- Need for policy stability
- Harmonization of laws relating to various agencies & resolution of conflicts
- Issues of various surcharges that add up to port cost

CHALLENGES (EXTERNAL) - Contd...

- Need to establish professional standards to govern clearing and forwarding, labour activities, etc
- Need for an early implementation of transport master plan
- Re-activation/provision of rail access to the ports
- Proliferation of petroleum tank farms within port and residential areas
- Security- Access Control, Water Front, Robbery Attacks at Channel and Berths



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