Distr.
GENERAL

UNCTAD/SDTE/TLB/5
31 March 2003

ENGLISH
Original: FRENCH

UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT

African ports: reform and the role of the private sector

Report by the secretariat of UNCTAD

GE.03-50901 (E) 230703 130803

Summary

The development of ports is one of the keys to African countries' integration into international trade. Until recently, African ports were run as a State monopoly and the majority of them were characterized by low productivity, inadequate investment and low standards of service. As a result, Africa's maritime transport costs were among the highest in the world, which was one factor in the lack of competitiveness of African products in the international marketplace. If these problems were to be solved, it was essential to undertake institutional reforms and open port operations up to private partners. The first public-private partnerships were set up in the late 1990s, in most cases as a result of pressure from regional competition and/or the international financial institutions.

The differences between African countries in terms of development and history make it difficult to pick out a standard "African" model of reform and public-private partnership. Cooperation with the private sector takes many forms, which vary from region to region and even within the same country. It is in the East and Southern Africa region that most progress has been made in privatizing port operations, thanks to the political impetus for regional development.

It is still too early for any significant, quantifiable results that might make it possible to evaluate the impact of public-private cooperation on port efficiency. A sharp improvement in the main indicators has nevertheless been observed, with enhanced productivity at container terminals, an increase in traffic and greater efficiency in services, for example, as well as keener intra-regional competition, from the very first year of private-sector involvement. Certain ports, however, are still suffering the deleterious effects (delays, missing goods, etc.) of the behaviour of other partners such as customs and security services and of the deficiencies of overland transport such as railways and roads.

In the medium term, nearly all African ports will move towards independent management and a separation of the regulatory and operational functions. Given the limited capacity of most African ports and the danger that a State monopoly will merely give way to a private monopoly, the "landlord port" option is considered particularly relevant.

CONTENTS

CONTENTS (*continued*)

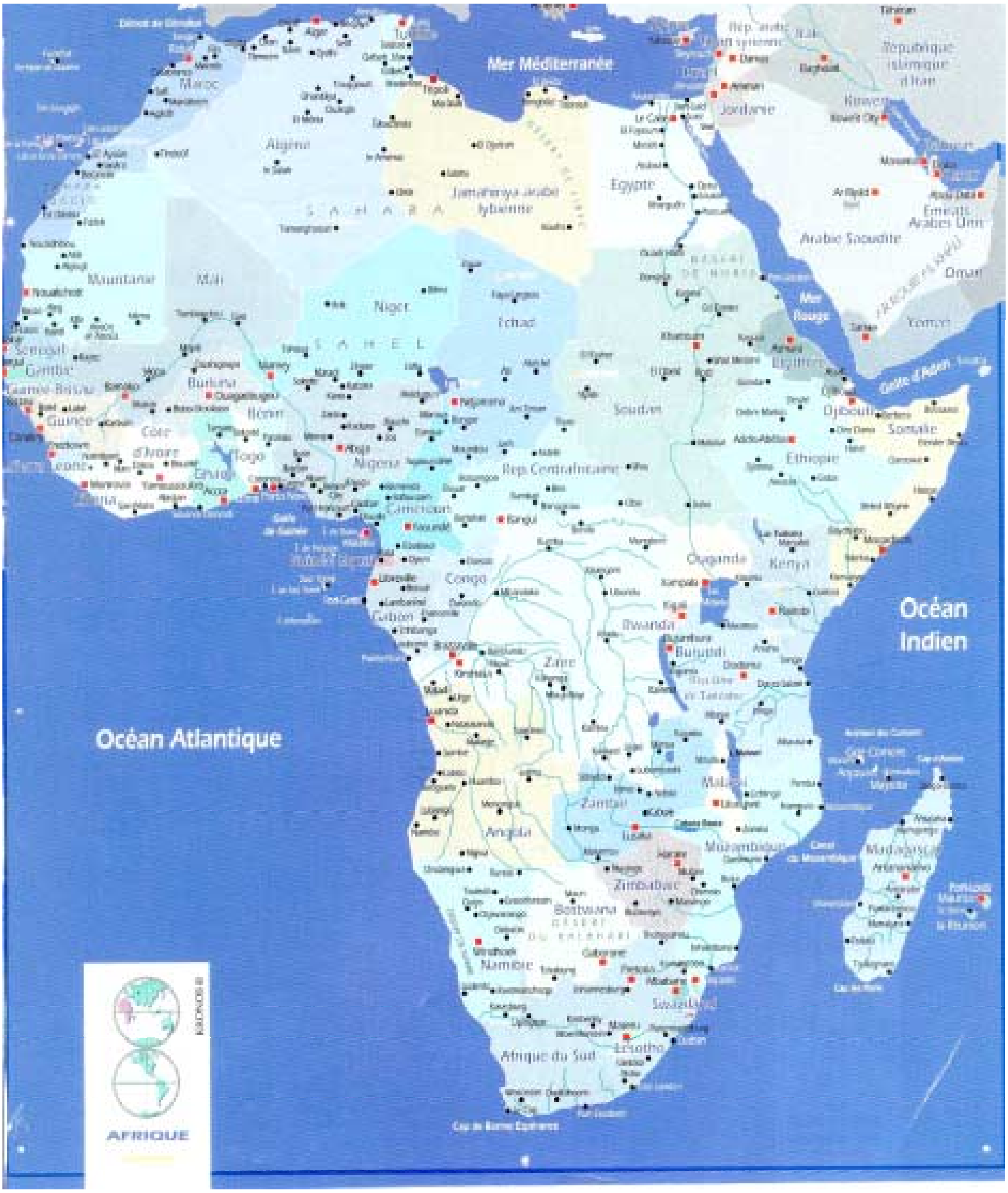
Page

Tables

Figures

Annexes

African ports: map



Abbreviations

AFUR	African Utility Regulators
BOT	Build-Operate-Transfer
CFM	Companhia de Portos e Caminhos de Ferro de Moçambique
CHCL	Cargo Handling Corporation Ltd.
GPHA	Ghana Ports and Harbours Authority
HPC	Hutchinson Port Holdings
IAPH	International Association of Ports and Harbours
ICTS	International Container Terminal Services
IMF	International Monetary Fund
MMA	Mauritius Marine Authority
MOWCA	Maritime Organization for West and Central Africa
MPDC	Maputo Port Development Company
NEPAD	New Partnership for Africa's Development
PAPC	Pan-African Association for Port Cooperation
PMAESA	Port Management Association of Eastern and Southern Africa
PMAWCA	Port Management Association of West and Central Africa
PPI	Private participation in infrastructure
SADC	Southern African Development Community
SAPO	South African Port Operations
SATCC	Southern African Transport and Communication Commission
TEU	Twenty-foot equivalent unit
TICTS	Tanzania International Container Terminal Services
UAPNA	North African Port Management Association
UNCTAD	United Nations Conference on Trade and Development

Extract from an interview in the Port Management Authority of Eastern and Southern Africa (PMAESA) Newsletter (first quarter 2002), given by Siyabonga Gama, Chief Executive Officer of the National Ports Authority of South Africa, and Chairman of PMAESA, in December 2001: "The whole notion of having landlord port authorities and then allowing the private sector to come in and exploit cargo handling opportunities is really beginning to bear fruit. This gives the port executives ample time to analyse port performance, how it can be improved and enhanced, so that there is really a new vibrancy."

Extract from the Abidjan Declaration, prepared at the First Pan-African Ports Conference (10-12 December 2001):

The Conference:

"Reaffirms the need for African States and subregional economic groups to adopt concerted development policies on transport infrastructure in general, and ports in particular (ports handle 90 per cent of the continent's trade), in view of their role as trade hubs;

"Encourages the development of public-private partnerships in the financing and management of port infrastructure."

Introduction

1. At its tenth session (Bangkok, 12-19 February 2000), the United Nations Conference on Trade and Development (UNCTAD X) requested the secretariat to continue to assist developing countries in dealing with problems related to the provision of international transport services, in order to enable them to participate more effectively in the globalization process. Maritime and overland transport costs are excessive and create a major barrier to foreign markets. Ports play an essential role in facilitating international trade, constituting as they do the main interface between the various modes of transport and the only gateway to international trade. The level of infrastructure development and the quality of port services are major factors in the cost of transporting goods. Thus improvements in port performance will contribute to improvements in a country's foreign trade. In the past, UNCTAD's work in this area has focused on enhancing the efficiency of existing facilities through the preparation and distribution of studies and technical reports, and through group training and field projects.

2. In recent years, however, important changes have taken place in the institutional structure of ports, particularly with the expanding role of the private sector. During the last half of 2001, UNCTAD carried out a survey[1] of 50 African ports, essentially in order to obtain an idea of the various ways in which the private sector is involved in port management and development and in privatized services. The survey also aimed to assess the consequences of public-private partnership on employment, the price of services, performance indicators and relations between the public and private sectors.

3. On the basis of those survey results, the present study charts the institutional changes that have taken place in the port sector in Africa and reports on the choices made in the course of the reforms and their impact on the main indicators. The aim is to provide political decision makers and port authorities in Africa planning to involve private operators in their port activities with useful information drawn from the experiences of ports that are developing in a similar environment.

4. In 1995 the UNCTAD secretariat conducted a study[2] advising port supervisors on deregulation, commercialization and privatization of ports. This study was followed in 1998 by another[3] making recommendations regarding the privatization of port equipment: basically long-term concessions on port terminals - usually a minimum of 20 years. This study was also useful in that it provided indicators for assessing the potential impact of the various options and components, in order to facilitate the choice of the most appropriate procedure. The study also covered financial and operational performance indicators, which are vital to the success of the privatization process.

I. GLOBALIZATION AND PORT REFORM

5. With its sweeping tides of deregulation and liberalization, globalization changed the structure of the world economy during the 1990s. The port industry, too, came up against new challenges and opportunities, as ports were increasingly called upon to function as integrated transport centres and logistical hubs, at the same time coping with developments within the

industry itself (containerization, bigger ships, new communications technologies, etc.) that required major capital investment.[4] In order to adjust to this new environment, characterized in part by mergers and corporate partnerships and alliances, the maritime industry devised strategies for encouraging innovation, enhancing productivity and reducing costs.

6. Given the extent and high cost of the investments required for port development, particularly with the expansion of containerization, Governments and port authorities around the world must now, as a matter of urgency, undertake further reforms and put effective strategies in place to attract private finance. Partnership with the private sector will improve the efficiency of services and ensure the maintenance, renewal and efficiency of equipment.

7. Throughout the past decade, both developing and developed countries have launched port management reforms involving the private sector, using methods ranging from divestment of management and various forms of concession, to partial or full privatization. Developing countries such as Argentina and Chile have spearheaded the privatization[5] of port infrastructure and operations. Traditional management methods have been re-examined and private participation in management has prompted a redefinition of the institutional framework of ports. The private sector has gradually become involved in all port operations - traditionally the responsibility of the State - and port authorities, as “landlords” have increasingly adopted a regulatory role.

8. By opening up in this way to private operators,[6] both domestic and foreign, ports have been able to take advantage of private sector know-how - mainly that of the major multi-port operators - in the areas of management, networking, modernization of information systems and attracting funds for infrastructure investment and maintenance. According to the World Bank, private sector investment in port projects in developing countries in 2000 alone totalled US$ 2,632 million, as compared with US$ 304 million in 1992. The main benefits of private and public sector cooperation include enhanced operational performance, increased traffic and reduced port charges. It is now recognized that public-private partnership in port operations also lightens the administrative burden and cuts out various layers of control, as shown by several successes such as Buenos Aires[7] and Panama.

9. The World Bank is the international financial institution most developing countries turn to for advice and/or funding when implementing strategies to open up port operations to the private sector, particularly in the context of structural adjustment programmes. Well aware of the new challenges involved and the widespread need for training in this area, the Bank produced a Port Reform Toolkit in 2001, which provides a model for developing the port sector. The Toolkit aims to help decision makers and reformers implement their port management reforms and development strategies successfully. It explores the various options for private sector participation and their legal and operational implications for ports. User-friendly and containing various tools and concrete examples of public-private partnership, it comprises eight modules dealing, among other things, with the role of ports, alternative port structures, the financial impact of reforms, and social reforms. It is available on CD-ROM and through the Internet (*http://www.worldbank.org/html/fpd/transport/ports/toolkit.htm*).

10. With the World Bank, the Port Management Association of Eastern and Southern Africa (PMAESA) organized a seminar on the Toolkit in Mauritius in January 2002. The aim was partly to familiarize the region's port managers with the package, by explaining how to use it, and partly to develop an exchange of experiences in public-private partnership.

II. AFRICAN PORTS: THE GENERAL SITUATION

11. Africa's ports are vital to the continent's domestic economies: they play a fundamental role in facilitating Africa's integration into the international marketplace, for 90 per cent of its international trade is maritime trade. The existence of a functioning port is thus essential. Africa has seen its share of reform, albeit somewhat less far-reaching than that observed in Latin American countries and East Asia. The trend began gathering pace in early 2000.

Table 1

Overview of African maritime transport

Population (millions)	819.8
GDP (US$ millions)	518.9
Per capita GDP (US$ millions)	633
Imports c.i.f., (US$ millions)	126.8
Exports f.o.b., (US$ millions)	105.2
Trade balance (US$ millions)	-21.6
Trade balance (% exports)	-20.5%
External trade (% GDP)	44.7%
Maritime traffic 2001 (millions of tonnes)	750
Freight costs (% value of imports 2001)	12.97
Freight (% imports c.i.f., 2001 from S. Africa)	10.55

The continent of Africa, with an area of 30,328,662 km^2, comprises 53 countries, of which 38 have a coastline and 15 are landlocked, and 80 ports handling international and regional trade. In 2001 these ports handled 750 million tonnes of merchandise and petroleum products (South Africa accounting for 27%), i.e., 6.3% of world trade. These volumes are very small by comparison with those handled by other developing countries, which are far greater: seven times greater in the case of Asia and twice as great in Latin America. The ports are members of regional associations (the Port Management Association of Eastern and Southern Africa (PMAESA), the Port Management Association of West and Central Africa (PMAWCA) and the North African Port Management Association (UAPNA)) and formed the Pan-African Association for Port Cooperation (PAPC) in December 2001.

Source: UNCTAD secretariat.

12. African port supervisory authorities have undertaken reforms and involved the private sector in varying stages, depending on whether the dominant port management model is French or Anglo-Saxon (table 2). Generally speaking the first step has been to implement institutional reforms giving ports the status of an independent enterprise managed along commercial lines. In a considerable number of cases, countries have then brought in private enterprises to operate and manage the ports. Mozambique led the way: privatization began in the late 1990s and has since spread to all the ports in the country. In sub-Saharan Africa only eight countries had leased out their port equipment by the end of 2002.

13. Most of these reforms were undertaken as a result of pressure from regional competition or from the international financial institutions, chiefly in order to boost the efficiency and productivity of port services. In Africa, port reform has been bolder than reforms in other transport sectors such as airports and railways, owing to the geostrategic location, economic importance and sheer complexity of port operations requiring the involvement of multiple operators.

14. The UNCTAD survey (see footnote 1) showed that the private sector is a participant in nearly 70.6 per cent of ports (i.e., 24); seven ports (17.6 per cent) have plans to bring in private operators by 2005; while the remainder (11.8 per cent) have given no precise indications. In entering into partnership with the private sector, African port authorities have sought primarily to enhance the productivity, efficiency and quality of their services (45 per cent), modernize their infrastructure (17 per cent) and attract private investors (17 per cent). Secondary aims have been to attract private investors (25 per cent) and, in equal measure, to enhance productivity (20 per cent) and cut port costs (20 per cent).

Table 2

Pre- and post-reform models of port management

Dominant model	French model	Anglo-Saxon model
Port authority	**Landlord port**: Cargo handling, stevedoring, warehousing, etc., by private operators	**Operating port**: Controls and manages all operations
Competition	*Open competition* Examples: Senegal, Côte d'Ivoire, Djibouti, Benin, Cameroon, etc.	*Little competition* Examples: Ghana, Nigeria, Kenya, Tanzania, etc. Other groups: Morocco, Tunisia, Sudan, etc.
Port reforms	No separation between regulatory and operational functions	Separation of regulatory and operational functions
Partnership with the private sector	- Concessions on terminals - Private sector called in for construction of new terminals	- Concessions on terminals - Privatization of cargo handling and other operations

III. MARITIME TRANSPORT COSTS AND PORT INFRASTRUCTURE

15. A comparison of African countries with other developing countries in Latin America and Asia shows that the competitiveness of African economies in the international marketplace is limited by a range of factors and that the transport sector undoubtedly represents one of the major problems in the shipping of goods. Both importers and exporters in Africa face high costs for sea and land transport. The average freight rate[8] is 47 per cent higher than in other developing countries and twice the rate in developed countries, estimated at 5.21 per cent. Those hardest hit by excessive transport costs are the continent’s 15 landlocked countries.[9] According to the World Bank,[10] to ship a container from Baltimore to Dar es Salaam or Durban by sea costs US$ 1,000 and US$ 2,500 respectively; yet the total transport costs for the same container rise to US$ 10,000 and US$ 12,000 for delivery to Bujumbura, in Burundi, and Mbabane, in Swaziland, respectively. An UNCTAD study[11] on the landlocked countries of the Southern African Development Community (SADC) found that overland transport was by far the most expensive: for every container imported, the difference between maritime and overland freight costs is a factor of 1 to 4. Such additional outlays are not justified by distance alone and are a major drag on countries’ competitiveness. In the ports, these exorbitant costs are basically the result of long waiting times, dead time, low productivity and poor and inefficient service.

16. Generally speaking, port infrastructure is in good condition, but the lack of adequate State resources means that maintenance and renewal capacity is limited and cannot keep pace with the increasingly intense competition within the sector. The UNCTAD survey shows that 59 per cent of African ports have a container terminal; containerized traffic for the continent as a whole in 2000 was estimated at 7.2 million TEUs, or 3.5 per cent of the world total.[12]

17. According to a four-country survey conducted by UNCTAD in 1989,[13] however, “success has been most apparent when the port - although under public control - has been given the objectives and the freedom to apply commercial operating principles of flexibility and responsiveness to changing markets”. Though far from recent, this study shows that the competitiveness of African ports is undermined by basic institutional problems and poor management.

(a) The institutional problems can be summarized as follows:

Delays in customs clearance in ports owing to other partners’ inefficiency;[14]

Outdated procedures and inadequate human resources;

Foreign-exchange problems in payment transactions with landlocked neighbouring countries;

(b) In the area of management, political interference and multiple layers of civil service oversight demotivate competent staff and leave managers little leeway to introduce new methods.

18. In addition to these problems, there are other factors, unconnected with the ports' own operations, which adversely affect the ability of the majority of African ports either to develop further or to attract private partners. These factors are primarily:

(a) Restricted local markets: with some exceptions, such as South Africa, Egypt and Nigeria, the majority of ports handle a total traffic of less than 10 million tonnes per year, and only 10 ports handle containerized traffic exceeding 200,000 TEUs per year;

(b) Underdeveloped land transport systems - road and rail - which negate all efforts to improve port logistics;

(c) The local social and legislative environment.

IV. PRIVATE SECTOR PARTICIPATION IN AFRICAN PORTS: PROCESSES AND MODELS

19. It was against this background that, in the late 1990s, Africa began asking itself how port authorities could improve the productivity and competitiveness of ports. In order to meet the new demands of the market in a climate of tight budget control - and in many cases under strong pressure from the international financial institutions (IMF and the World Bank) - the port authorities undertook reforms aimed at creating ports run on autonomous, commercial and progressive lines through the divestiture of various services. Partnership with the private sector became indispensable in the new environment of competition and technological change.

20. Africa is placing increasing emphasis on cooperation with the private sector,[15] in order to obtain additional financial resources for port modernization and to take advantage of the experience of private, mainly foreign, companies in the areas of management and productivity.

Extract from the New Partnership for Africa's Development (NEPAD) official document, chapter on infrastructure: "Establish and nurture PPPs as well as grant concessions towards the construction, development and maintenance of ports, roads, railways and maritime transportation."

21. The first, and boldest, privatizations were launched in the late 1990s and were concentrated in the East and southern Africa region, in contrast to what was happening in the west and north of the continent. To date, there are three countries (table 3) where the private sector - chiefly international multi-port operators - is fully involved in port management and development: Djibouti, Mozambique and Tanzania. Each of these countries has a different conception of the type of participation, the operations and the equipment involved, and of the reform process itself.

Table 3

Public-private partnerships in African ports

	Date	Type of contract	Period	Operator	Investment programme
1. Mozambique, port of Beira	Oct. 1998	Concession	25 years	Cornelder Moçambique	US$ 13 million
2. Mozambique, port of Nacala	Jan. 2000	Concession	15 years	SCDN	US$ 52 million[a]
3. Tanzania, Dar es Salaam container terminal	April 2000	Concession	10 years	ICTS/HPH	US$ 6.5 million
4. Djibouti, international autonomous port	May 2000	Management	20 years	Dubai Port International	US$ 54 million
5. Mozambique, port of Maputo	Sept. 2000	Concession	15 years	Mersey Docks (MPDC)	US$ 50-100 million

Source: UNCTAD secretariat.

[a] Nacala Development Corridor, total investment.

22. According to the survey, the most popular option in public-private partnerships is the build-operate-transfer (BOT) concession, which accounts for 40 per cent of private sector participation in African ports, followed by management contracts (25.3 per cent) and privatization (22.7 per cent). Only 9 per cent of ports have opted to lease their equipment to operators. The various forms of cooperation with the private sector reported in Africa can be summarized as follows:

(a) Management contract for all port operations: Djibouti;

(b) Concessions on existing terminals: Dar es Salaam, Beira, Douala, etc.;

(c) Concessions on new terminals (container, bulk-carrier, etc.): Dakar, Abidjan, Lomé, etc.

Table 4

Institutional format for the participation of the private sector

Dar es Salaam (Tanzania) container terminal	**Port of Maputo (Mozambique)**
The Government of Tanzania drew up a port privatization plan in 1998; the process was completed in August 1999 with the issue of calls for tender. In April 2000, the Tanzania International Container Terminal Services (TICTS) consortium was assigned a 10-year concession to manage the container terminal of the port of Dar es Salaam; its activities commenced in August 2000. TICTS comprises: 1. International Container Terminal Services (ICTS) and International Holdings Corporation: 70%; and 2. A local company, Vertex Financial Services (30%). In the agreements with the authorities, TICTS is required to: Pay an annual lease of US$ 3.68 million; Pay a duty of US$ 13 on each container handled in the terminal; Reduce container handling costs by 3% each year for the next five years; Obtain a productivity of 20 container movements per hour in N2 (year)-N4 and 25 in N5-N10; Modernize the container terminal: US$ 6.5 million; Maintain the equipment. In June 2001, ICTS sold its shares to Hutchinson Port Holdings (HPH).	The three main ports of Mozambique, Maputo, Beira and Nacala, constitute the hubs of an important regional transport system. In September 2000, the authorities of Mozambique privatized management of the port of Maputo when they signed a 15-year concession with a consortium composed of: 1. Three international companies (Mersey Docks and Harbour (18.3%), Skanska (16.3%) and Liscont (14.8%)); and 2. Portos e Caminhos do Ferro de Moçambique (Mozambique Ports and Railways Company) (CFM) with 33% and Gestores de Mozambique with 16%. The new company is called Maputo Port Development Company (MPDC). All the physical assets remain the property of the State and the agreements are essentially: A US$ 5 million annual lease; 10% of gross income for the first five years, then 12.5% and 15% for each subsequent five-year period. In the process, CFM, Mozambique's largest employer, has been restructured and it is anticipated that it will become a holding company responsible for supervising concessions for Mozambique's ports and railways.

V. REGIONAL SITUATION AND PUBLIC-PRIVATE PARTNERSHIP

23. According to our survey, the highest rates of participation by the private sector have been recorded in North and East Africa with 41.7 per cent and in South Africa with 37.5 per cent. In East and southern Africa these rates reflect the political will of the Governments of the Southern African Development Community (SADC)[16] which have recognized the limits of their financial and technological resources and expertise in terms of modernizing and increasing the efficiency of their national and regional transport system.[17] In their Transport Protocol,[18] they stress the need to create a liberal environment propitious to the development of a partnership with the private sector in operations and investments. SADC recommends the “landlord port” model to its members in public-private partnership in the port sector.[19]

24. It may be noted that the SADC region counts among its members the ports which are most open to local and international private operators, including Dar es Salaam, Maputo, Nacala, etc. These ports also benefit from a wide-ranging regional strategy with the development of a number of regional corridors in which the private sector participates, including the Maputo Corridor, the Walvis Bay Corridor, the Tazara Development Corridor (Tanzania-Zambia) and the Nacala Development Corridor (Malawi-Mozambique).

25. Regional competition for transit and trans-shipment of the lucrative trade of neighbouring landlocked countries and port capacity are the basic elements which provide motivation for the introduction of reforms in African ports and attract the private sector. Table 5 clearly shows that reforms involving opening up to the private sector are most advanced in ports with a large hinterland with intense regional competition. In these ports, transit activity accounts for quite a large share of total activity; the port of Djibouti, where 75 per cent of shipments are currently destined for Ethiopia, is a notable example.

Table 5

Regional competition and container traffic in African ports undergoing reform

Ports	Landlocked neighbours	Competitor ports	Transit[a]	TEU
Abidjan	Mali, Burkina Faso, Niger	Dakar, Tema, Cotonou, Lomé, Lagos	10.4[b]	434 600
Dakar	Mali	Abidjan, Banjul, Conakry	3.5	165 000
Dar es Salaam	Burundi, Rwanda, Uganda, Congo, Malawi	Beira, Maputo, Nairobi, Durban	17	118 000
Djibouti	Ethiopia	Assab, Berbera, Nairobi, Aden	75	127 100
Douala	Central Africa, Chad	Calabar, Port Harcourt	7.5	126 900
Durban	Botswana, Lesotho, Malawi, Swaziland, Zambia, Zimbabwe	Maputo	-	1 291 100
Maputo	Malawi, Zambia, Zimbabwe, Swaziland	Dar es Salaam, Durban		34 871
Mombasa	Burundi, Rwanda, Uganda, Sudan, Democratic Republic of the Congo	Dar es Salaam, Maputo	16	236 900
Tema	Burkina Faso, Mali, Niger	Abidjan, Cotonou, Lagos, Lomé	2.3	209 500

Source: UNCTAD secretariat.

[a] Percentage of total goods handled in 2000.

[b] In 2000, transit for Burkina and Mali accounted for 7 per cent of total traffic in the port of Abidjan.

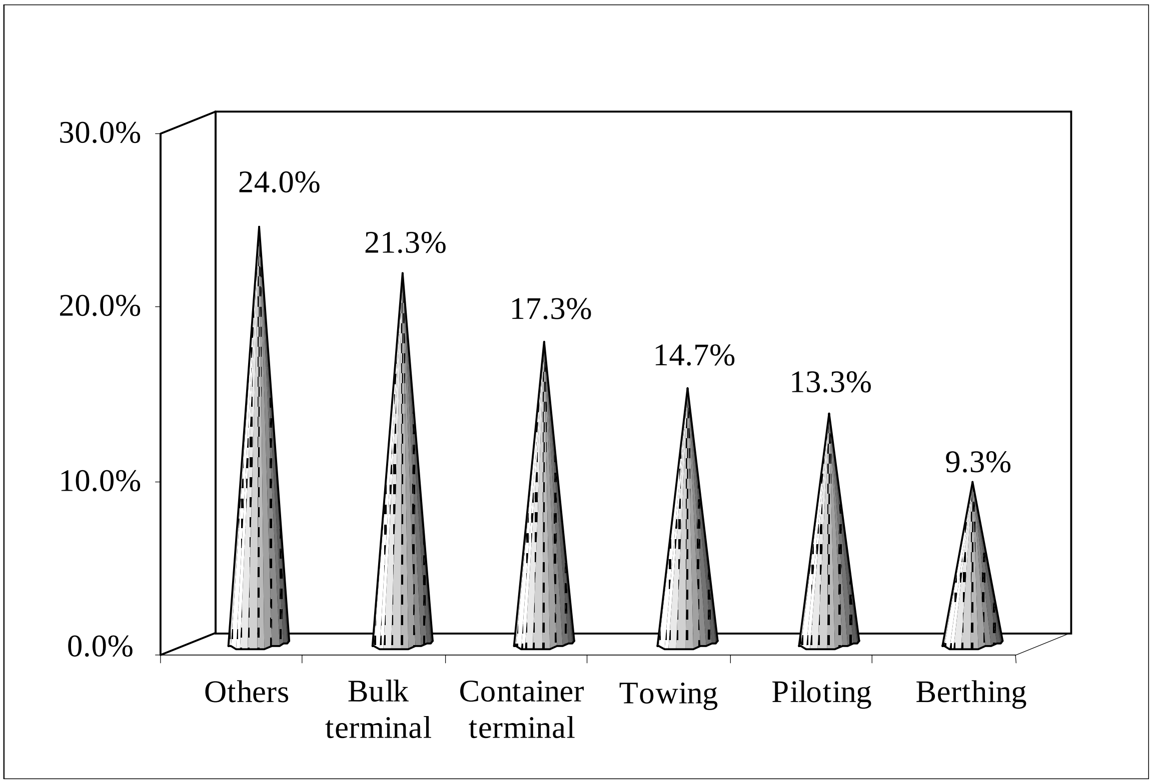
26. It is also of note that the private sector has a particular presence or interest in ports which have already invested in heavy equipment, e.g. container terminals. All the ports in the above table have a container terminal and individual container traffic in excess of 100,000 TEU annually, except for Maputo.

27. According to the survey, where services are concerned, private operators have a 24 per cent involvement in the "Miscellaneous" column (cargo handling, forklift trucks, oil terminals, etc.), 21.3 per cent in activities relating to bulk terminals, followed by container terminals which account for 17.3 per cent of the total. Of the group of ports which replied to the survey 59 per cent have a container terminal, while 88 per cent of ports cooperating with the private sector are equipped with a container terminal. Of the latter, 57 per cent have involved the private sector in container terminal-related operations. These operations concern 14 projects in 12 ports, and take the form of a concession (64 per cent), a management contract (21 per cent) and equal percentages of privatization and leasing (7 per cent).

28. Openness to the private sector can also be explained by other equally important factors, such as the country's financial situation and economic development strategies. For example, the domestic economies of the three countries whose ports are most open to the private sector (Tanzania, Mozambique and Djibouti) do not have adequate financial resources and are implementing a structural adjustment programme.

Figure 1

Services and equipment involving the private sector



VI. COMMERCIALIZATION REFORMS IN AFRICAN PORTS

29. At the present time, all African ports come under public ownership (see annex III: "Selected African ports: a comparative overview") while a minority have the status of State ports (monopoly of all operations). In all regions of the continent, however, institutional reforms are being studied or implemented; at the same time, local and international private operators are being invited to take part in the management of operations, or in the construction or extension of specialized terminals, in particular in Abidjan, Coega (South Africa), Dakar, Mombasa and Lomé. Generally speaking, the institutional reforms in progress are conducted in two stages (table 6), for example, the reform programmes in South Africa,[20] Cameroon, Ghana (July 2002) or Morocco (end-2002), and may be summed up as follows:

(a) Separation of regulatory activities and commercial operations. The former are entrusted to a port authority, and an independent private law entity (department, division, company, etc.) with trade management authority takes over operations;

(b) Transformation of the port authority into a landlord port which possesses only the infrastructure and acts as regulator. This authority is empowered to delegate all or part of its operations to private operators in the form of concessions or leasing.

Table 6

Examples of port commercialization

Port Louis (Mauritius)
A new law entered into force on 1 August 1998 transforming the Mauritius Marine Authority (MMA) into the Mauritius Port Authority (MPA). MPA became a landlord port authority and the Cargo Handling Corporation Ltd. (CHCL) is the only operator in Port Louis. CHCL is a public corporation under private law established in October 1983; the State holds 60 per cent of its capital and MPA 40 per cent. In January 1999, MPA granted a concession for the Mauritius Container Terminal to CHCL for a period of five years and sold it the equipment in May 1999. MPA introduced new revised tariffs in January 2000 and a human resources development plan in October 2001. At the present time the Government is in negotiations with international private operators for the transfer of the share held by MPA.
Ghana
The Ghana Ports and Harbours Authority (GPHA) launched the first phase of its privatization programme in September 2001 with the transfer of part of the cargo handling services to private companies, on the basis of a concession. The second phase will last from July to December 2002 and GPHA will have the status of a landlord port and regulatory authority and will also ensure the collection of the payments made by the concessionaires. At the end of this phase the port of Tema will be completely privatized.
South Africa
The recent reforms of March 2001 have led to the split into two bodies of the State company Portnet, with the establishment of the National Port Authority, responsible for regulatory activities, and South African Port Operations (SAPO) in charge of operations. The two are independent. This separation is the first stage prior to the granting of concessions, for port operations to private companies in the seven South African ports. A new law is being finalized in which the Port Authority will be a "landlord authority". At the present time, SAPO manages all the container terminals, 77 per cent of the miscellaneous merchandise terminals and 35 per cent of the bulk terminals. The rest is operated by private operators under leasing contracts.

VII. IMPACT OF THE PARTICIPATION OF THE PRIVATE SECTOR ON EMPLOYMENT LEVELS

30. According to the UNCTAD survey, an increase (35 per cent), stagnation (35 per cent) or a drop (30 per cent) is visible in employment levels, depending on the ports, after the introduction of the private sector, compared with the pre-reform period.[21] A decrease in employment was recorded only in PMAESA ports, while the increase was noted only in the other two groups (Port Management Association of West and Central Africa (PMAWCA) and the North African Port Management Association (UAPNA)). This difference may be explained by the fact that the PMAESA region comprises the countries which have made most progress in their private sector participation policy (Djibouti, Mozambique and Tanzania).

31. In the case of Mozambique, CFM undertook a major job reduction programme in ports and railways during the privatization reforms; CFM employs more than 18,000 people and plans a reduction of more than 60 per cent of its personnel. It has established a technical group on workers to oversee the redundancy and social integration programme in collaboration with the concessionaires. The programme covers three years and the sum of US$ 133 million is available for its implementation, comprising contributions from the Government ($20 million), CFM ($13 million) and the World Bank ($100 million). An amount of $80 million will be allocated for redundancy payments and professional reintegration programmes for workers. Where the port of Maputo is concerned, it is planned to reduce the total staff, estimated at 2,000 employees, by 40 per cent prior to the introduction of the private sector.

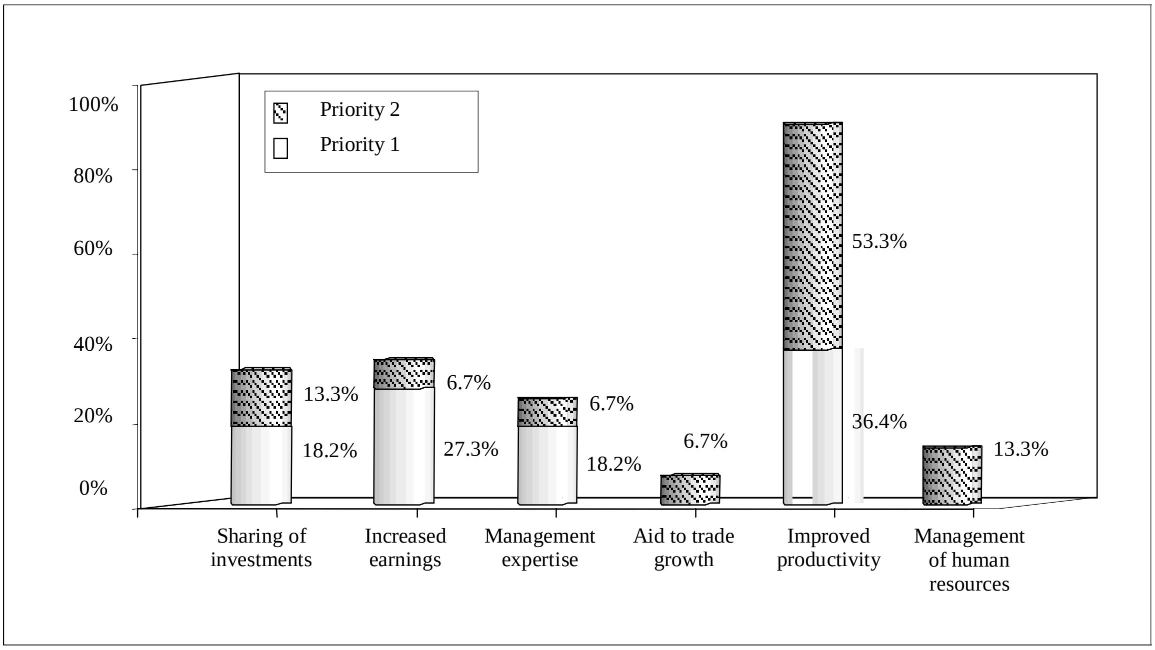
32. In Tanzania, the new container terminal operator of Dar es Salaam has undertaken, in agreement with the port authorities, to lay off all the personnel, estimated at 600 persons, and provide redundancy pay. In a second stage, the operator will recruit 300 employees from among those laid off. In Djibouti, no redundancy programme has been announced by the parties and a reform of work in the port is being studied.

VIII. PERFORMANCE AFTER PRIVATIZATION OF OPERATIONS

33. As regards the question of the positive effects of cooperation with the private sector, the responses of the privatized ports are in keeping with their expectations when the private sector was introduced into port operations. In the classification of results, increased productivity may be seen to be foremost in both cases (priority 1 and priority 2), with 36.4 per cent and 53.3 per cent. One aspect which has been little stressed as an objective in the reforms, the increase in port earnings, has been obtained in 27.3 per cent of instances among the initial advantages linked to the opening up to the private sector. Other positive results obtained as a result of the participation of private sector are the sharing of investment expenses and management expertise.

Figure 2

Classification of the advantages obtained following the participation of the private sector



34. The presence of private operators satisfies 65 per cent of the port authorities in partnership with the private sector. The remaining 35 per cent have not expressed any opinion but there have been no reports of dissatisfaction with the private sector from any of the ports. As regards the disadvantages of private-sector participation in port operations, however, firing of personnel and uncompetitive behaviour are singled out with a rating of 33.3 per cent each, followed by the loss of control by the authorities over port operations at 25 per cent. Other points raised include difficulties of communication between public authorities in charge of ports and private operators.

35. It seems too soon to obtain adequate statistics to analyse the effects of private-sector participation on productivity and the performance of port operations on the continent; the experience is fairly recent. Some comparative data, however, from the replies to the questionnaire before and after the reforms are encouraging, and may be summed up as follows:

(a) A decrease in average turnaround time of vessels ranging from 17 per cent to 9 per cent;

(b) An increase in annual containerized traffic ranging from 219 per cent for Cotonou to 10 per cent for Algiers;

(c) An improvement in container handling of 118 per cent for Djibouti, 103 per cent for Port Louis and 21.2 per cent for Port Saïd.

36. Apart from the survey, other preliminary indications from ports managed by the private sector show improved results (table 7) in terms of greater operational efficiency and increased productivity. Global traffic in these ports has considerably increased and trans-shipment has registered double-figure growth rates as from the first year following the introduction of private management (see table 6 above). These performance benefits have been obtained as a result of improved management of operations and the introduction of a system for operating and maintaining existing equipment with very little new heavy investment.

37. Other ports on the continent, however, managed by autonomous private sector entities with private status, have obtained results comparable to those under private management. An example is the Port Louis container terminal managed by CHCL, the Namibian ports managed by Namport and Le Port (Réunion). A comparison of the container terminal indicators of Dar es Salaam and Port Louis (table 8) shows that privatization is not the only method of increasing port performance; the best example is the port of Singapore. Identical and sometimes better results may be achieved by public sector undertakings once they have the obligation to produce results and the independence to make decisions.

38. A year after the start of the private operator's activities, the Dar es Salaam container terminal recorded remarkable performances; containerized traffic increased and trans-shipment rocketed (table 8). Terminal productivity registered a major improvement of nearly 80 per cent and the average wait time for containers dropped from 26 to 17 days. Average productivity to date has improved considerably and the rate is 19-20 containers/hour.[22] After one year's operation, the concessionaire had made a profit of US$ 11 million. Similarly, in less than a year (February/December 1999) of operation by CHCL, the productivity of the container terminal of Port Louis (Mauritius) more than doubled and waiting time for vessels was more than halved, from 0.24 days to 0.11 days. The improvement in performance indicators continued the following year with an increase of more than 30 per cent in productivity. Port Louis and Le Port (Réunion) have announced crane productivity rates comparable to those of developed countries, of 19.5 movements/hour/crane for the former and 22 for the latter.

39. The above results show that a good performance can also be obtained by separating regulatory from operational activity and entrusting operations to a commercially managed independent public sector organization. This "landlord" type of port management represents a possibility other than privatization for the management of small ports with difficulties in attracting the private sector into port management and development and whose traffic volume is too limited to stimulate operational competition.

Table 7

Results of the privatized management of the port of Djibouti

In a context of strong competition with the port of Aden (managed by Yeminvest),[a] the authorities of Djibouti signed an agreement in the form of a 20-year management contract with Dubai Port Authority (DPA) on 8 May 2000 to operate and develop the port. The aim of the authorities was to clean up management, improve the services offered and develop a free trade zone. The owner, the Government of Djibouti, takes no part in the management, which is delegated to the manager. In return, the latter is remunerated according to performance. In its programme, DPA anticipates an increase in port capacity from 125,000 TEU to 300,000 TEU, in particular by improving trans-shipment facilities for containers and managing existing port infrastructures in as optimal form as possible. DPA's first operations were computerization and training, estimated at US$ 2 million.

Port of Djibouti: Traffic and performance indicators
(in thousands of tonnes)

TOTAL TRAFFIC	2000	2001	2001/2000
Number of vessels	1 124	1 018	-9.4%
Total traffic	4 027	4 199	4.3%
Trans-shipment	380	541	42.4%
Transit	3 004	3 135	4.4%
CONTAINER TERMINAL			
TEU	127 126	147 908	16.3%
Tonnes	1 040	1 275	22.6%
TEU transit Import	46 179	49 774	7.8%
TEU transit Export	13 393	15 230	13.7%
TEU Trans-shipment	29 532	36 224	22.7%
TEU empty	33 369	40 957	22.7%
TEU full	89 104	101 228	13.6%
Average dwell time in port (days)	20	20	0.0%
Import cost of container (US$/TEU)	253	253	-
Service time (vessel/days)	0.56	0.56	-
Turnaround time (vessel/days)	1.32	1.64	25.0%
Crane productivity (movement/ hour/crane)	20	24	20.0%
Quay occupation (%)	58%	56%	-3.4%
Annual average/time of stay (days)	25	25	-

Source: Djibouti Port Authority.

For management purposes DPA has installed a central management team composed of a director-general and a financial controller who will remain in the port permanently. Additionally, there are short-term missions of specific experts to improve the development of targeted activities. In the medium term, the Djibouti authorities expect that the port hub will be used for certain activities relocated from Dubai and become Dubai's pied-à-terre on the African continent. With this in mind, Djibouti airport was also placed under a management contract in June 2002 won by the Dubai Airport Authority.

From its first year under private management (June 2000-June 2001), the port recorded exceptional results in transit (+14%) and trans-shipment (+86.7%) while the average productivity (number of containers/hour) of the container terminal improved, rising by +118%.

At the end of 2001, despite the relative stagnation of total traffic - composed essentially of Ethiopian transit traffic (75%), which reached a record level in 1999[b] - containerized traffic and trans-shipment showed large increases (+22.6% and 22.7% respectively) after three consecutive downswing years. In the second quarter of 2002, average productivity sometimes reached 31 movements per hour.

---

[a] A joint enterprise of the PSA Corporation Ltd. and Yemen Holding Ltd. has managed the Aden container terminal since March 1999. In 2001, container traffic recorded a growth rate of 52% while trans-shipment accounted for 77% of traffic. Investments in equipment to date amount to over US$ 65 million.

[b] Because of the diversion of all Ethiopian foreign sea traffic from the port of Assab to the port of Djibouti in mid-1998.

Table 8

Comparison of performances of container terminals managed by entities with different statuses

Performance indicators	Port Louis container terminal*			Dar es Salaam container terminal		
	Dec. 99	Dec. 00	2000/1999	2000	2001	2001/2000
TEU	127 131	150 185	18.1%	111 500	135 400	21.4%
Tonnes	1 135 441	1 296 882	14.2%	1 205 800	1 389 700	15.3%
TEU empty	34 593	45 004	30.1%	28 449	34 213	20.3%
TEU full	92 538	105 181	13.7%	83 051	101 187	21.8%
Service time (vessel/days)	0.85	0.72	-15.9%	1.2	0.7	-39.2%
Return journey time (vessel/days)	0.11	0.07	-39.8%	0.2	0.2	-10.0%
Vessel turnaround time (vessel/days)	0.96	0.78	-18.6%	1.4	0.9	-37.9%
Vessel productivity (movement/vessel/days)	291	379.4	30.4%	210	371	76.7%
Crane productivity (movement/hour/gantry)	14.4	17.8	23.6%	16	14.2	-11.2%
Quay occupation (%)	49.4	42.8	-13.4%	48	44	-8.3%
Annual average/time of stay (days)	6.5	6	-7.7%	26	17	-35.5%

Source: Mauritius and Tanzania Port Authorities and UNCTAD secretariat.

* Excluding data from Terminals I and II.

IX. LIMIT OF PRIVATE INVESTMENT IN AFRICAN PORTS

40. From 1990 to 1999, the African continent received only 5 per cent of the total flows to developing countries - estimated at US$ 579.2 billion[23] - relating to participation by the private sector in infrastructures (PPI). The transport sector profited from only 8 per cent of this overall percentage, unlike telecommunications, which obtained 47 per cent, and energy, which gained 40 per cent, of the total for infrastructures. According to a World Bank study, sub-Saharan Africa had four port projects in partnership with the private sector, estimated at US$ 32 million, between 1990 and 1998; over the same period Latin America and the Caribbean had 48 projects, amounting to US$ 2.4 billion.

41. At the present time, few reliable data exist for estimating private sector investment expenditure in African ports. Similarly, the results of the UNCTAD survey are inadequate to provide exact figures regarding the sectors which have benefited from private investment or the sums invested. It emerges from the replies to the questionnaire, however, that during the last five years, in terms of investment, the private sector has essentially concentrated 55.6 per cent of investment, with sums ranging from US$ 800,000 to US$ 30 million, on handling equipment. Infrastructure comes next with 22.2 per cent, followed by information system equipment with 16.7 per cent.

42. Apart from limited traffic and a very restricted market, this low rate of participation of private sector investment operations in equipment in African ports can be explained by other factors, even where extremely bold reforms, linked to existing financial structures, have been undertaken:

(a) Local banks are not prepared to grant long-term credit;

(b) The risk/country perception of the international financial institutions is highly unfavourable to the financing of long-term projects on the African continent.

As a result, local private bodies have difficulty in obtaining the necessary financing on the domestic market and major international companies, although they have adequate financial capacity, have little inclination to invest large sums. The public authorities thus take over and assume responsibility for investment expenditure by guaranteeing long-term loans obtained from financial institutions such as the World Bank, the West African Development Bank, etc. These loans are often granted on condition that the equipment and services financed for private partners are concessioned.

X. FRAMEWORKS FOR NEGOTIATION AND RULES OF COMPETITION

43. The frameworks for negotiation between private operators and the public sector are not always conducive to the involvement of private companies. Some partnership projects have experienced serious delays in reform implementation (table 9) and long drawn-out negotiations; this has affected their viability and soured the climate of confidence between the partners. In extreme cases, such delays have led private operators to pull out, as happened with the port of Mombasa,[24] where an agreement was cancelled in September 1997. A stable social, legal, administrative and political environment, providing a firm foundation for competent institutions and clear regulations, is thus a decisive factor in any partnership strategy involving private operators, whether domestic or foreign.

Table 9

Port of Maputo: Time frame for restructuring exercise and public-private partnership project

	Continuing decline in competitiveness in Mozambique's ports
	Government decides to conduct a study on the Maputo corridor
June 1995	Consultant retained to provide technical assistance in implementing strategy
February 1996	Establishment and first meeting of Steering Committee (membership: the consultant, Inter-Ministerial Committee, Companhia de Portos e Caminhos de Ferro de Moçambique (CFM), World Bank)
	Phase 1
July 1996	Steering Committee approves corridor study
	Government adopts private sector participation model: concession contract
November-December 1996	Committee determines terms of concession and makes recommendations (separation of port and railway, capital structure, etc.)
March 1997	Government approves institutional report and port and rail reform model
June-July 1997	Government approves consultant's final report (specifications, background documentation, etc.) Government awareness-raising initiatives for partners
	Free access by private operators to CFM data; Government negotiates with Bretton Woods institutions; Conference organized for investors
	Phase 2
January 1998	Bids open
September 1998	Negotiations with winning bidder Project memorandum and letter of agreement signed
October 1998	Negotiation of concession contract for port of Maputo
November 1999	Framework document for concession signed
July 2000	Government approves draft contract
September 2000	Contract signed; private operator commences operation

Source: Companhia de Portos e Caminhos de Ferro de Moçambique (CFM).

44. Indeed, the fact that there can be little competition in such a tight market makes it vital to establish institutional rules and frameworks[25] so that full advantage can be taken of private sector participation in a port while forestalling a mere shift from State monopoly to private monopoly in the event that there is only a single private operator or the operators form cartels. The survey shows that, of those ports already working in partnership with private companies, 56.5 per cent have established appropriate competition rules. Of those not yet involved with the private sector, 16.7 per cent have a regulatory framework that will provide adequate protection against monopolistic practices. In Mozambique’s case, however, it emerged that the legal framework was insufficient to protect port clients against unfair practices in a monopoly situation (price hikes, collusion, etc.).

45. With regard to pricing, the survey results show that 91 per cent of privatized ports have price control mechanisms in place. The competent authorities responsible for enforcement and monitoring of these mechanisms may be transport ministries (35 per cent), port authorities (35 per cent) or other administrative bodies (30 per cent).

XI. PORT INFRASTRUCTURE PRIVATIZATION: PROSPECTS FOR THE FUTURE

46. There are a large number of plans for private sector participation in African ports over the coming years (table 10). To a greater or lesser extent, nearly every country on the continent is currently undertaking reforms aimed at commercializing port management and/or involving private operators in port management. These programmes are also linked to investment projects for equipment and service modernization.

47. In West Africa, there has been a rapid proliferation of reform and public-private partnership projects, mainly involving multi-port operators such as Bolloré, P&O and Mersey in the construction of new terminals and modernization of existing equipment: examples are Douala, Abidjan, Cotonou, Dakar and Tema. These initiatives have been prompted by increased competition within the region, on the one hand for service provision to landlocked neighbouring countries, and, on the other, for the status of regional trade hub.

Table 10

Projected private sector participation initiatives

Country	Port	Projects involving the private sector
Benin	Cotonou	Plan to construct new container terminal
Cameroon	Douala	Negotiation of management and maintenance contract for Douala container terminal
Côte d’Ivoire	Abidjan	* Agreement on extension of port of Abidjan signed October 2001: construction of container terminal and export-processing zone. Estimated investment by private concessionaire: US$ 118 million * Call for tenders, Vridi container terminal concession, 30 November 2001
Djibouti	Djibouti	Construction of bulk-carrier terminal

Table 10 (*continued*)

Country	Port	Projects involving the private sector
Kenya	Mombasa	Port of Mombasa restructuring programme approved by Government: * Private sector to participate in development of two new container terminals * Privatization of cargo handling for various types of goods
Nigeria	Lagos, Port Harcourt	* Preparation of privatization procedures for port sector * Pilot project for concession of Lagos container terminal to international operator * Amendments to old legislation
Senegal	Dakar	* Extension of container terminal; estimated cost US$ 34 million * Plan to construct ore port
South Africa	Cape Town	Fruit terminal (BOT)
Togo	Lomé	* Construction of new container terminal by private operators (Ecomarine) * Plan to lease out handling of various cargoes

Source: UNCTAD secretariat.

Conclusion

48. This study shows that, despite being State-owned, nearly all African ports, like the rest of the world, are undertaking reforms aimed at commercializing all port operations and promoting private sector participation. At the political level, there is a recognition of the benefits to be gained from State disengagement and public-private partnership in ports in terms of export competitiveness, as costs diminish and operational efficiency increases.

49. Ports that have opened up their operations to private partners, such as Djibouti and Maputo, have recorded enhanced productivity, increased traffic (trans-shipment in particular), more efficient service and investment growth from the very first year. It is important to note, however, that results of this kind have also been recorded in ports run by State corporations with administrative and financial autonomy and subject to performance requirements, such as Port Louis and Walvis Bay. The results obtained by these ports show that this is another option for the vast majority of African ports, which tend to find it difficult to attract private investment owing to the limited volume of traffic, and where the dangers of a switch from a State to a private monopoly raise the problem of striking a balance between wholly private and State management. The landlord port option, whereby operations are run independently by an autonomous department - private and/or State - of the port authority, is thus the most appropriate solution for the majority of Africa's ports.

50. The UNCTAD survey shows that without coordination with the rest of the transport chain and the other port partners, the hoped-for results will not be obtained and any port reforms undertaken are likely to be in vain. Regional transport policies, therefore, tend to link port reforms to other rail- and road-related modernization and privatization projects: examples are the Maputo and Beira development corridors, Senegal’s rail improvement project and the restoration of Ghana’s Accra-Tema railway, projects which also aim to open up landlocked neighbouring countries.

51. African ports’ clients frequently complain of irregular and unreliable service and of hold-ups due to recurring congestion and excessive red tape. In order to maximize the positive impact of port reform, African States must adopt comprehensive strategies embracing the full apparatus of government and all port partners, whether from the private or the public sector.

Notes

[1] The survey, entitled “Expériences de la participation du secteur privé dans les ports africains” (The experience of African ports with private sector participation), took the form of a questionnaire distributed to 50 ports in every region of the continent: 34 replies were received, relating to 46 ports. In 2000, container traffic through these ports accounted for an estimated 92 per cent of the overall total twenty-foot equivalent units (TEUs) for all African ports. The replies came from either the port authorities or the responsible ministry, even for ports that were privately managed. The results of the survey will not be published.

[2] UNCTAD, *Comparative analysis of deregulation, commercialization and privatization of ports* (UNCTAD/SDD/PORT/3), 1995.

[3] UNCTAD, *Guidelines for Port Authorities and Governments on the privatization of port facilities* (UNCTAD/SDTE/TIB/1), 1998.

[4] The cost of a modern gantry crane, for example, is now in excess of 6 million euros.

[5] Defined by UNCTAD as the transfer of services or the ownership of assets from the public to the private sector (UNCTAD/SDTE/TIB/1).

[6] According to the International Association of Ports and Harbours (IAPH), fewer than 10 per cent of the world's ports are privatized; the vast majority of the others are run by a joint administration comprising the port authority and a private sector concessionaire (final report, IAPH working group on institutional reforms, April 1999).

[7] World Bank, “Global Economic Prospects”, 2002.

[8] Freight and insurance costs for Africa, excluding South Africa, were 12.97 per cent of imports CAF in 2001 (UNCTAD, *Review of Maritime Transport* 2002, table 14).

[9] These countries paid an estimated 20.8 per cent in freight charges in 2001, i.e. four times the world average rate.

[10] World Bank, "Prospects for Development", 2002.

[11] "East Africa: Transport cost, competitiveness and export performance", paper prepared by E. Mbuli for the *Trade and Transport Meeting*, Zanzibar, 6-8 December 2001.

[12] UNCTAD Transport Newsletter No. 21, 2001.

[13] "Human Resources and Institutional Development in African Ports", UNCTAD, March 1990 (RAF/89/028).

[14] The congestion observed in the port of Lagos since June 2001 is due basically to the introduction of new customs procedures; it has resulted in traffic diverting to the ports of neighbouring countries and increased costs.

[15] NEPAD stresses the importance of private investment in Africa's infrastructure and general development (see: www.nepad.org).

[16] With the exception of the Republic of Djibouti, which is not a member of SADC.

[17] The Southern African Transport and Communication Commission (SATCC) organized a forum on investment in transport from 24-26 April 2002 (see: www.satcc.org).

[18] Idem.

[19] The Port Management Association of Eastern and Southern Africa (PMAESA) also recommends this model to its members; see PMAESA, *Newsletter*, second quarter 2002.

[20] See in annex I an extract from "White Paper on national commercial ports policy, 6 March 2002".

[21] The survey has not studied labour reform and has focused on the consequences of the public-private partnership for employment levels.

[22] *Containerisation International* (September 2002).

[23] African Utility Regulators, 2nd meeting, 2-3 May, Accra, Ghana.

[24] Felixstowe Port Consultant LTC signed a 15-month management contract with the Kenya Ports Authority for the port of Mombasa in September 1996.

[25] For more details on regulations, see UNCTAD, *Guidelines for Port Authorities and Governments on the privatization of port facilities* (UNCTAD/SDTE/TIB/1), 1998.

Annex I

EXTRACTS FROM THE WHITE PAPER ON NATIONAL PORTS POLICY, SOUTH AFRICA

(Department of Transport, 6 March 2002)

A. Policy guidelines as set forth in the White Paper on National Transport Policy

Four fundamental port policy guidelines were recommended:

1. Establishment of a national ports authority;

2. Establishment of an independent port regulator;

3. Separation of the port authority and port operations functions; and

4. Promoting low cost, high level of service, and shipper choice in the port operations by creating a competitive environment in the commercial ports system.

B. Key guiding principles underlying the new port dispensation

1. The current National Ports Authority within Transnet will be positioned outside Transnet in accordance with the restructuring programme of Transnet, as approved by the Minister of Public Enterprises;

2. The post-Transnet National Ports Authority will then be established as a new State-owned corporate entity;

3. The National Ports Authority will be the landlord of the South African ports and will own all the land and the port infrastructures within the port estates;

4. Greater private sector involvement in operations will be sought through leases and concessions;

5. The allocation of leases or concessions will be open to competitive bidding; and

6. The bidding process will be transparent and based on a set of clearly stated objectives/targets, criteria and measurable deliverables.

C. The role of the National Ports Authority of South Africa

The National Ports Authority will be responsible for the management of the national commercial port system. In order to become a landlord type of port authority, the National Ports Authority will not be engaged in port operations (e.g. stevedoring and terminal operations). The National Ports Authority will own the land. However, the terminal infrastructures such as terminal buildings, workshops, surfacing, rail sidings and terminal services and utilities (e.g. water, lights, sewerage and telecommunications) and cargo handling equipment required, such as cranes, could be purchased and/or constructed, operated and/or maintained by the terminal operators in terms of a concession or leasehold contract with the National Ports Authority. This also implies that the National Ports Authority will not employ the cargo-handling labour.

D. Private sector participation in South African ports

The national ports policy aims to achieve long-term benefits for the country as a whole. The Government aims to increase the private sector's participation in the operational aspects of the ports and will allow for inter- and intra-port competition. The different operators of port terminals will compete on the basis of:

(a) Quality of service:

Ship turnaround time;

Port operational and financial/technical services;

Intermodal integration model costs and model efficiencies;

(b) Facility and operational effectiveness:

Utilization; and

Technology.

E. Port regulatory framework

It is considered expedient to introduce some form of regulatory oversight to the National Ports Authority to ensure that the strategic essence of our ports, the competitive thrust of port development and reform, and the competitiveness of South African commercial ports and businesses, particularly exporters, are not compromised in any way. Port regulation needs to distinguish between technical, environmental and social oversight on the one hand and economic oversight on the other.

Annex II

EXTRACTS FROM THE NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT (NEPAD) OFFICIAL DOCUMENT

(iv) Transport

Objectives

To reduce delays in cross-border movement of people, goods and services;

To reduce waiting time in ports;

To promote economic activity in cross-border trade through improved land transport linkages;

To increase air passenger and freight linkages across Africa's subregions.

Actions

Establish customs and immigration task teams to harmonize border crossing and visa procedures;

Establish and nurture PPPs as well as grant concessions for the construction, development and maintenance of ports, roads, railways and maritime transportation;

Promote harmonization of transport modal standards and regulations, and the increased use of multimodal transport facilities;

Work with regional organizations to develop transport development corridors;

Promote PPPs in the rationalization of the airline industry and build capacity for air traffic control.

Annex III

SELECTED AFRICAN PORTS: A COMPARATIVE OVERVIEW

Country	Main ports	Port structure	Port authority	Comments
South Africa	Durban, Cape Town, Port Elizabeth	Tool, service	South African Port Operations	Regulation and operations separate Privatization of some operations under way
Benin	Cotonou	Landlord	Autonomous Port of Cotonou	Container terminal: Maersk Privatization of some operations under way
Cameroon	Doula	Landlord, tool	Cameroon Port Authority	Container terminal operated by Maersk
Côte d'Ivoire	Abidjan	Tool, service	Autonomous Port of Abidjan	Cargo handling privatized Concession programme for container terminals and new equipment
Djibouti	Djibouti	Landlord	Djibouti Port Authority	Entire port managed by international operator Dubai Ports Authority
Egypt	Port Saïd, Alexandria	Service	Ministry of Transport	-
Gabon	Port-Gentil, Libreville-Owendo	Tool, service	Gabon Ports and Harbours Office (OPRAG)	Ports managed by a Board of Directors; cargo handling privatized
Ghana	Tema	Landlord, tool	Ghana Ports and Harbours Authority	Regulation and operations separate
Kenya	Mombasa	Tool, service	Kenya Ports Authority (KPA)	Privatization of some operations under way
Mauritius	Port Louis	Landlord, tool	Mauritius Ports Authority	Container terminal managed by Cargo Handling Corporation Ltd. (autonomous State corporation)
Morocco	Casablanca, Mohammedia	Service	Office for Ports Management (ODEP)	Department of the Ministry of Agriculture, Equipment and Environment
Mozambique	Maputo	Landlord	Companhia de Portos e Caminhos de Ferro de Moçambique (CFM)	Cornelder Moçambique
	Nacala	Landlord		SCDN
	Beira	Landlord		Mersey docks (MPHC)

Annex III (*continued*)

Country	Main ports	Port structure	Port authority	Comments
Namibia	Luderitz, Walvis Bay	Tool, service	Namibia Ports Authority (Namport)	Bulk-carrier terminal managed privately
Nigeria	Lagos, Port Harcourt, etc.	Service	Nigerian Port Authority (NPA)	Protocol of agreement signed with the port of Antwerp in December 2001 for an audit of Nigerian ports to facilitate privatization of NPA
Senegal	Dakar	Tool, service	Autonomous Port of Dakar	Cargo handling privatized
Tanzania	Dar es Salaam	Landlord	Tanzania Harbours Authority	Container terminal: Hutchinson Port Holdings
Togo	Lomé	Landlord, tool	Autonomous Port of Lomé	Container terminal: Delmas
Tunisia	Tunis	Service	Office of the Merchant Navy and Ports (OMMP)	OMMP is a department of the Ministry of Transport; the Government is currently finalizing legislation, including amendments to the Ports Code, to attract private companies into port operations

Source: National port authorities and UNCTAD secretariat.

Annex IV

CONTAINERIZED TRAFFIC IN AFRICAN PORTS, 1997-2000

Ranking 2000	Port	Country	UNCTAD classification	Regional association	Total TEUs 1997	Total TEUs 1998	Total TEUs 1999	Total TEUs 2000
1	Durban	South Africa	South Africa	PMAESA	941 733	1 079 692	969 085	1 291 100
2	Alexandria	Egypt	North Africa	UAPNA	397 327	515 963	628 724	601 987
3	Damiette	Egypt	North Africa	UAPNA	606 973	309 088	432 329	583 060
4	Port Saïd	Egypt	North Africa	UAPNA	415 694	269 915	410 728	527 896
5	Abidjan	Côte d’Ivoire	West Africa	PMAWCA	416 100	468 727	463 835	434 654
6	Cape Town	South Africa	South Africa	PMAESA	316 383	329 428	331 766	394 913
7	Casablanca	Morocco	North Africa	UAPNA	210 687	245 382	280 982	311 695
8	Port Elizabeth	South Africa	South Africa	PMAESA	180 000	205 134	250 846	242 718
9	Mombasa	Kenya	East Africa	PMAESA	230 047	248 451	232 510	236 928
10	Algiers	Algeria	North Africa	UAPNA	120 836	162 454	190 325	216 052
11	Radés	Tunisia	North Africa	UAPNA	127 421	161 584	201 653	214 770
12	Tema	Ghana	West Africa	PMAWCA	140 260	169 687	197 900	169 679
13	Dakar	Senegal	West Africa	PMAWCA	110 836	115 039	149 000	165 000
14	Port Louis	Mauritius	East Africa	PMAESA	116 956	136 417	144 269	157 420
15	Le Port	Reunion (France)	East Africa	PMAESA	123 734	145 286	146 172	154 389
16	Apapa	Nigeria	West Africa	PMAWCA	98 101	102 339	137 540	131 466
17	Djibouti	Djibouti	East Africa	PMAESA	148 872	136 217	128 791	127 126
18	Douala	Cameroon	West Africa	PMAWCA	116 835	118 374	120 772	126 958
19	Dar es Salaam	Tanzania	East Africa	PMAESA	103 432	108 362	106 304	117 912
20	Port Sudan	Sudan	East Africa	PMAESA	61 318	69 708	82 244	94 182
21	Cotonou	Benin	West Africa	PMAWCA	54 293	57 441	58 882	81 862
22	Tamatave	Madagascar	East Africa	PMAESA	53 067	62 078	66 513	67 062
24	Lomé	Togo	West Africa	PMAWCA	47 855	47 521	50 246	57 350
25	Conakry	Guinea	West Africa	PMAWCA	40 459	43 753	50 688	44 431
26	Oran	Algeria	North Africa	UAPNA	*33 426*	42 107	41 984	41 984
27	Libreville	Gabon	West Africa	PMAWCA	36 651	26 958	38 211	40 059
28	Takoradi	Ghana	West Africa	PMAWCA	*24 752*	29 341	37 843	39 805

Annex IV (*continued*)

Ranking 2000	Port	Country	UNCTAD classification	Regional association	Total TEUs 1997	Total TEUs 1998	Total TEUs 1999	Total TEUs 2000
29	Maputo	Mozambique	East Africa	PMAESA	*17 536*	23 982	30 340	34 871
30	Beira	Mozambique	East Africa	PMAESA	37 522	36 090	32 737	34 498
31	Walvis Bay	Namibia	East Africa	PMAESA	25 025	31 606	32 818	33 700
32	Agadir	Morocco	North Africa	UAPNA	*19 374*	*15 197*	*26 745*	*29 817*
33	Banjul	Gambia	West Africa	PMAWCA	19 649	25 240	30 003	28 743
34	Nouakchott	Mauritania	West Africa	PMAWCA	*22 864*	*18 364*	*19 130*	27 665
35	Skikda	Algeria	North Africa	UAPNA	*9 000*	11 799	22 646	25 453
36	Nacala	Mozambique	East Africa	PMAESA	10 733	14 722	19 493	25 207
37	East London	South Africa	South Africa	PMAESA	26 518	27 542	32 263	24 078
38	Lobito	Angola	West Africa	PMAWCA	8 326	20 200	*21 000*	23 573
39	Pointe-Noire	Congo	West Africa	PMAWCA	13 306	21 200	15 431	*22 000*
40	Port Victoria	Seychelles	East Africa	PMAESA	16 100	21 100	18 898	19 700
41	Tangiers	Morocco	North Africa	UAPNA	*12 108*	15 131	15 241	16 758
42	Massawa	Eritrea	East Africa	PMAESA	10 144	13 161	13 121	*13 000*
43	Assab	Eritrea	East Africa	PMAESA	34 756	14 479	268	*300*
		Total I (43 ports)			**5 569 539**	**5 753 138**	**6 329 017**	**7 102 834**
		Total II (estimate for remaining ports)			**86 875**	**100 361**	**133 141**	**151 291**
		Total III = I+II			**5 656 414**	**5 853 499**	**6 462 158**	**7 254 125**
		Ports in least developed countries (LDC)			**832 090**	**871 613**	**923 086**	**1 017 751**

Source: UNCTAD secretariat.

Note: figures in italics are UNCTAD secretariat estimates.

Annex V

SELECTED AFRICAN PORTS AND REGIONAL ORGANIZATIONS: ELECTRONIC ADDRESSES

East Africa	
Djibouti	www.port.dj
Kenya	www.kenya-ports.com
Mauritius	www.mauport.com/ http://mpa.intnet.mu
Reunion	www.reunion.port.fr
Tanzania	www.tanzaniaports.com
Maritime Organization for West and Central Africa (MOWCA)	www.mowca.org
Angola	www.eplobito.com
Cameroon	www.cameroonports.com
Cape Verde	http:/www.enapor.cv
Congo	www.congoport-papn.com
Côte d'Ivoire	www.paa-ci.org
Gabon	www.ifrance.com/websystemes/oprag
Gambia	www.gamport.gm
Guinea	www.eti-bull.net/pac/
Senegal	www.tpsnet.org www.rapide-pana.com
Nigeria	www.nigeria-ports.com
Togo	www.togoport.com
North African Port Management Association (UAPNA)	
Algeria	
Annaba	www.annaba-port.com
Skikda	www.skikda-port.com
Algiers	www.portalger.com.dz
Bejaia	www.portdebejaia.com.dz
Oran	www.oran-port.com
Egypt	www.rafimar.com www.imsalex.com
Morocco	www.odep.org.ma
Pan-African Association for Port Cooperation (PAPC)	www.afriports.org
Port Management Association of Eastern and South Africa (PMAESA)	www.pmaesa-agpaea.org
Port Management Association of West and Central Africa (PMAWCA)	www.pmawca-agpaoc.org
Southern Africa	
South Africa	www.portnet.co.za
Mozambique	www.cfmnet.co.mz
Namibia	www.namport.com

Bibliography

Bakr, Mohamed A., "A model in privatization, successful change management in the ports of Saudi Arabia"

Containerisation International, August, September and October 2002

Crook, Gary, "Evolution of Institutional Framework and Port Reforms", First Pan African Port Conference, Abidjan (10-12 December 2001)

Economic Commission for Africa (ECA), "Evaluation Report on the Second United Nations Transport and Communications Decade in Africa (UNTACDA II)" (ECA/RCID/042/01)

Hoffman, J., Isa, P., Pérez, G., "Trade and maritime transport between Africa and South America", Economic Commission for Latin America and the Caribbean (ECLAC), Transport Unit, March 2001

*International Journal of Maritime Economic*s, vol. 3, No. 2, June 2001

Jeune Afrique L'Intelligent, No. 2161 (10-16 June 2002)

Kenya, "An overview of port commercialization: the African experience", Kenya Ports Authority (KPA), Mombasa, Kenya, 28-30 April 1998 (ECA/RCID/23/97)

Mbuli, Ernest, "East Africa: Transport cost, competitiveness and export performance", Trade and Transport Meeting, Zanzibar (6-8 December 2001)

NEPAD, Document available on www.nepad.org

SADC, Papers from the Transport Investment Forum organized by SATCC, Windhoek, Namibia, 24-26 April 2001

SADC, "Protocol on transport, communications and meteorology", Maputo, 1998

South Africa, "White paper on national commercial ports policy", National Department of Transport, 6 March 2002

Southern Africa Transport Network, "Comparative Transit Transport Cost Analysis", September 2001, ARD-RAISE Consortium

UNCTAD, "Comparative analysis of deregulation, commercialization and privatization of ports" (UNCTAD/SDD/PORT/3), 1995

UNCTAD, "Guidelines for port authorities and governments on the privatization of port facilities" (UNCTAD/SDTE/TIB/1), 1998

UNCTAD, “Human resources and institutional development in African ports” (RAF/89/028, March 1990)

UNCTAD, *Review of Maritime Transport, 2002*, Geneva, 2001

UNCTAD, “Review of progress in the development of transit transport systems in Eastern and Southern Africa” (UNCTAD/LDC/115, 20 July 2001)

UNCTAD, Transport Newsletter, Nos. 20 and 21 (2000 and 2001)

World Bank, “Global economic prospects and the developing countries 2002”

World Bank, “Public policy for the private sector”, World Bank Group, Nos. 100, 167, 193, 196, 222 and 223
