



62S Maritime Consultancy

SUSTAINABLE SOLUTIONS

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African ports infrastructure investment and development: Key challenges and a look ahead

PORT REFORM CHALLENGES

Tau Morwe, CEO | Cape Town, April 19TH 2017

INTRODUCTION

- **Port Infrastructure Investment.**
- **Port Development.**
- **Key Challenges.**
- **Look Ahead – What does the Future hold?**





THE CONTEXT

- **Ports are at the heart of the global supply chain.**
- **Global markets ↔ Port ↔ Hinterland ↔ LLCountries.**
- **Hard versus Soft Infrastructure.**
- **Regulations ↔ Governance ↔ Customs.**
- **Absence of Port Reform or Explicit Strategy.**



SOME OF THE PROJECTS

- **Maputo** ⇔ **US1.5B to dredge and expand.**
- **Kenya** ⇔ **US 366M for a 3-berth facility.**
- **Tanzania** ⇔ **US 10B new port in Bagamoyo.**
- **Djibouti** ⇔ **US \$470M Damerjag and Doraleh.**
- **Togo** ⇔ **350 million euros LCT.**
- **South Africa** ⇔ **US \$3.8B for expansion.**



THE CURRENT APPROACH

- **Non-systemic, piece-meal.**
- **Focus on “Privatisation”.**
- **Financial Return on Investment by the Private Sector versus Development Return on Investment.**
- **The role of a state-owned infrastructure entity in a national economy – taken lightly in the African context.**
- **Policy and Legal environment to ensure that Macro objectives of the national economy are met – the absence thereof.**



THE CONSEQUENCES

- **A part of the system optimised rather than the Total system – Container moves improved from 10 to over 30 per hour.**
- **Low Development Return on Investment.**
- **Policy and Legal environment – specifically around the port system – not sustainable.**
- **Infrastructure development narrowly focused, and lacks a national perspective.**



SYMPTOMS OF A SYSTEM IN NEED OF ATTENTION

- **Lack of Maritime Transport or Ports Policy within the various national transport environments and specifically in the National Transport Policy.**
- **Decisions to concession usually not accompanied by detailed work on the restructuring and transformation of the ports sector.**
- **The functions and responsibilities of Port Authorities not adapted to their new roles as landlord ports as opposed to tool ports.**



SYMPTOMS OF A SYSTEM IN NEED OF ATTENTION (Continued)

- **Financial flows from the concessions accruing directly to the state rather than to the Port Authority.**
- **Funds meant for the development and sustenance of the port system utilized elsewhere.**
- **Lack of independent, autonomous Port Authorities operating in an open and transparent, “Political Interference Free” environment.**



SYMPTOMS OF A SYSTEM IN NEED OF ATTENTION (Continued)

- **Disempowered Port Authorities.**
- **Private terminal operators and large shippers taking advantage.**
- **Port Stakeholders not performance managed**
- **Revenue leakage.**
- **Port Authorities unable to fund the maintenance of port and surrounding road networks and related infrastructure.**



MEASURING THE FAILURE OR SUCCESS OF INVESTMENTS IN A FLOURISHING PORT REFORM ENVIRONMENT

- **New infrastructure and increased port capacity and efficiencies – including activities at the back of port.**
- **A flourishing public private partnership (PPP) which involves diverse participation of private sector port funding, development and technology transfer in both Port Authority and Operations.**
- **The use of technology to ensure timely and effective cargo inspections and data exchange with all affected stakeholders – resulting in more efficient credentialing inspection processes.**



MEASURING THE FAILURE OR SUCCESS OF PORT REFORM (Continued)

- **Effective and efficient coordination of road, rail and port related investments.**
- **Improved modal and corridor/hinterland/LLC coordination, resulting in reduced transit times – efficient and cost effective.**
- **Increased employment and training of locals in port related activities.**
- **In creased involvement of local entrepreneurs/investors in port related activities.**
- **A lean, independent and sustainable Port Authority.**





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THE END, THANK YOU!

567 Green Tree Avenue, Melrose Business Park, Sandton 2009. Tel: 011 345 6789. Email: enquiries@62smarineconsult.co.za

Web: www.62smarineconsultancy.co.za