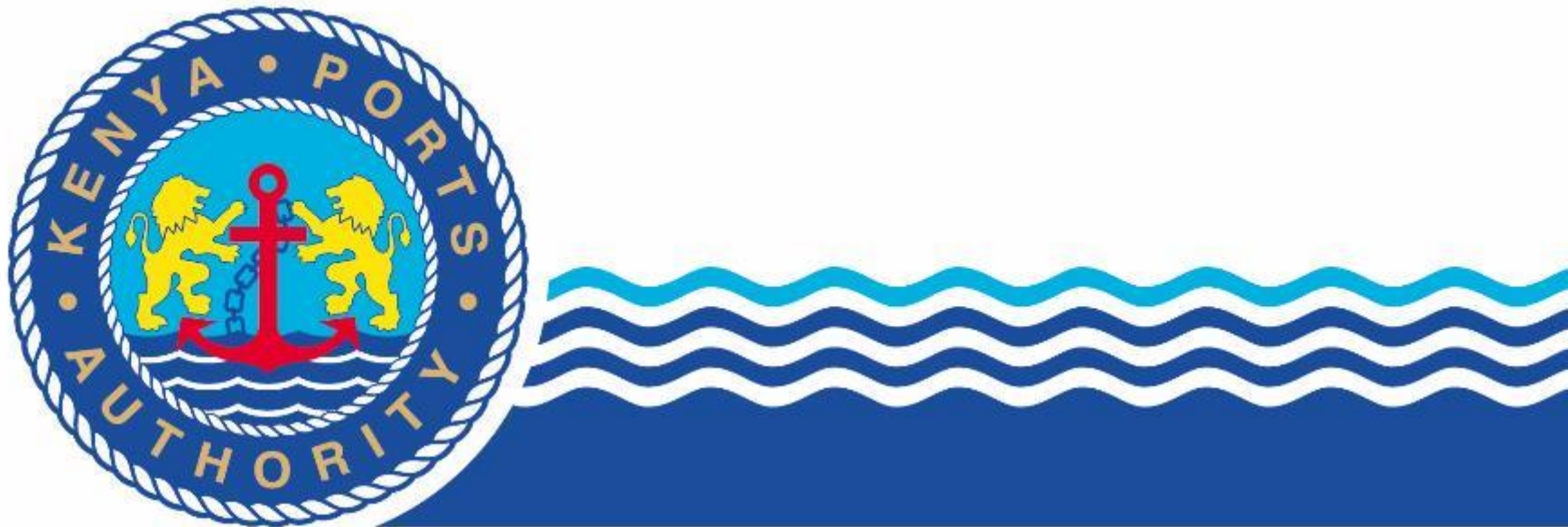


Ports Expansion & Modernization Strategy

The case of Kenya



Martin Mutuku

Head of Strategy & Corporate Development



Outline

- Introduction
- African Ports in Context
- Mega Port Projects in Africa
- Port of Mombasa
 - Role of KPA
 - Port Performance
 - Demand Forecast
- Mombasa Port Expansion Programmes
- Expansion beyond Mombasa – Lamu & Small ports
- Conclusion

Introduction



- Africa is experiencing a new impetus in trade with growing volumes of cargo across its ports
- This is supported by:-
 - ✓ Strong predicted population growth in Africa in the 21st Century;
 - ✓ Sustained strong economic growth;
 - ✓ Varying economic structures of African countries; and
 - ✓ A continuous increase in cargo volumes and vessel sizes.
- Need for construction of larger port facilities to cope with demand.



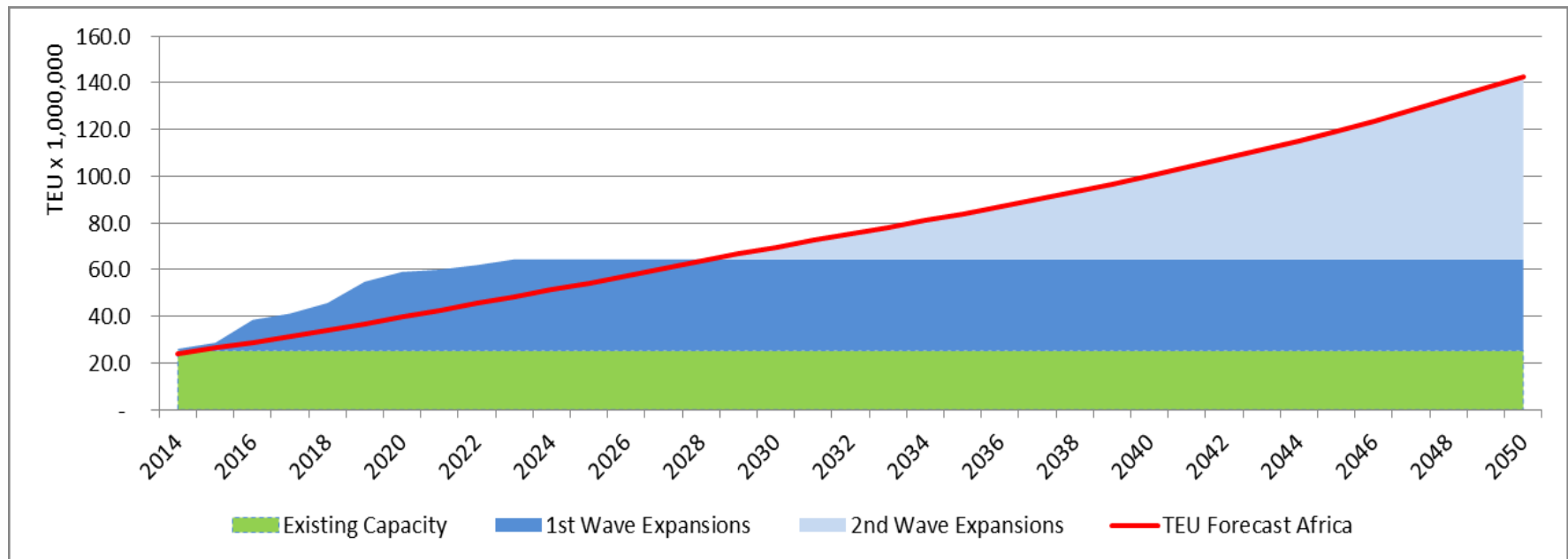
African Ports in Context

- 38 of 54 African States are either coastal or insular in nature.
- Africa has over 100 port facilities
- 90% of Africa's imports and exports are conducted by sea.
- Going forward, African ports, need to move from traditional service ports to responsive, agile and customer centric ports

Cont.... African Ports in Context



- African containerized cargo demand is forecasted to grow to 140 million TEUs by 2050.



- This will result in a wave of Port Expansion Projects

Mega Port Projects in Africa Today



- Ports in Africa are diversifying their strategies to move towards:
- Creating Regional Hubs backed by Regional Economic Blocks on the Continent (EAC/SADC/WAEMU/North Africa)
- Specialised Green Field Port Terminals
- Nigeria & Ghana – USD 1.5B APM Terminals, each;
- Durban - Dig-out Port (USD 1.5B, 7.6m TEU capacity)
- Djibouti - Transit and Transshipment Hub for Eastern Africa Region
- Algeria – USD 1.89B Transshipment & Logistics Hub
- Kenya – USD 1 B – Mombasa Port Development Project



PORT OF MOMBASA

The Role of The Kenya Ports Authority

- The powers/functions of KPA are as provided in Sec. 12 of the KPA Act;
- Port Infrastructure development;
- Port operations;
- Maintaining port facilities;
- Aids to navigation;
- Pilotage and other port services; and
- Regulation of port business;



Port of Mombasa



- The Port of Mombasa is the primary gate way to the larger East Africa and the Great lakes region.
- It has a natural deep harbor with 19 berths, 6 of which are fully fledged container handling berths.
- A total quay length of 3,844 meters and a depth of between -10 and -15 meters.
- It is complimented by two Bulk oil; handling facilities, a dedicated conveyor belt for handling bulk grains under private leasing arrangements.

Mombasa Port Layout





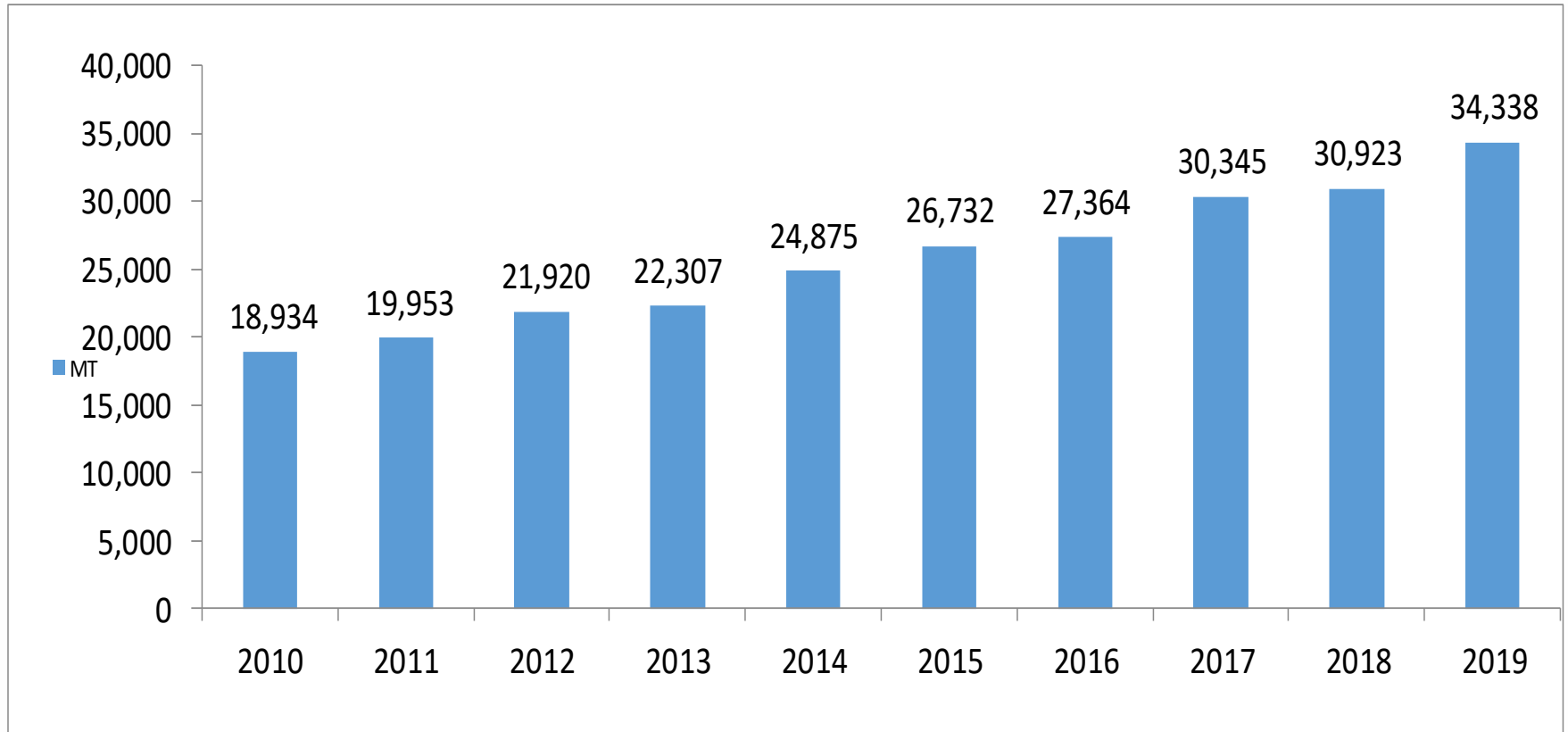
Mombasa is The Gateway To Kenya, Uganda, Rwanda, Burundi, South Sudan, Northern Tanzania, Eastern DRC, Ethiopia and Somalia

The Port Serves Over 33 Shipping Lines That Call Regularly and Provides Connectivity to Over 80 Sea Ports Worldwide





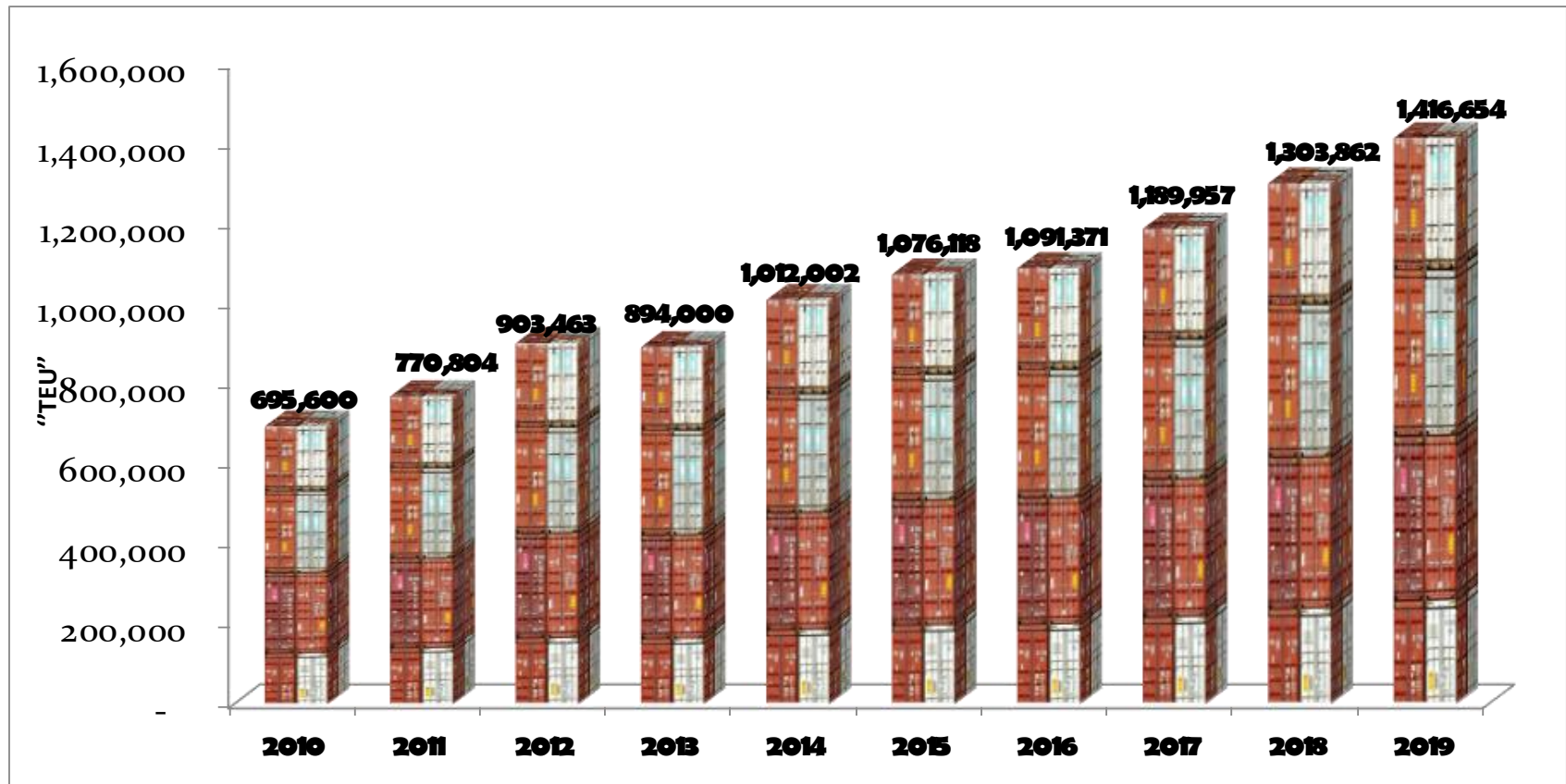
Port Throughput (MT '000''): 2010 – 2019



Rate of increase for the period: 6.8



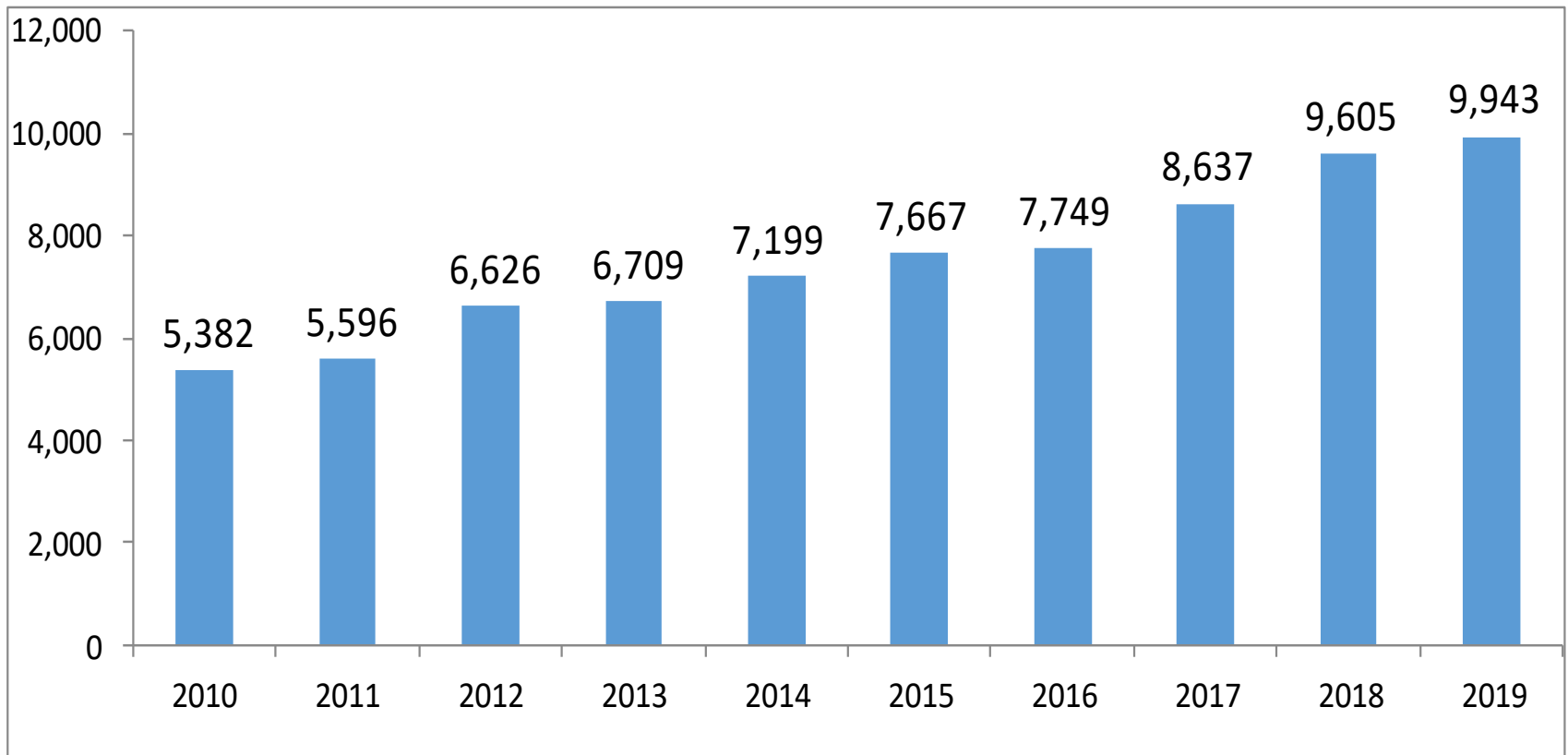
Container Traffic (TEUs): 2010 - 2019



Rate of increase for the period: 8.2



Transit Traffic (MT '000"): 2010 - 2019



Rate of increase for the period: 7.1

Demand Forecast for Port of Mombasa



- Total Cargo Throughput to rise from 24.8 million tons in 2014,
 - To 42 million by the year 2022
 - To 55.7 million tons by year 2030
- Container Traffic forecast – projected to grow from 1.012 million TEU in 2014,
 - To 1.7 million TEUs by 2022 and
 - Year 2030 – 2.9 million TEU



Port Modernization Strategy





KENYA PORTS AUTHORITY STRATEGIC PLAN

2018 • 2022



**KPA has a five (5) year
Strategic Plan (SP)
2018-2022**

***Anchored on the Vision
2030 and the Third
Medium Term Plan (MTP
3), & Big 4 Agenda***

REPORT

Kenya Ports Masterplan

Executive Summary

Client: Kenya Ports Authority

Reference: BF5857-R005

Status: S3/P02

Date: 05 April 2019



**KPA Master plan.
2018-2048**

**Launched in
August 2019**



CAPACITY EXPANSION INITIATIVES

Port Expansion Programmes



- The Growth Strategy is to keep enhancing efficiency and maintaining *“Capacity ahead of Demand”*
- Capacity enhancement Programmes/projects:
 - Mombasa Port Development project (MPDP)
 - Relocation of Kipevu Oil Terminal (KOT)
 - Conversion of Berth 11-14 into Container Terminal
 - Dongo Kundu Free Port and SEZ
 - Shimoni Port Development
 - Cruise ship Terminal at Berth 1/2
- Expansion beyond Mombasa - new growth areas and Markets

1. Mombasa Port Development project (MPDP)



- This project entails the construction of the 2nd Container Terminal at the port of Mombasa.
- Total project area covers 100 hectares of reclaimed land
- On completion, increase the container handling capacity by 1.55 million TEUs.
- The first phase of the project covering berth number 20 & 21 is complete and in operations since April 2016
- Phase II Construction commence in August 2018. Phase II is expected to bring an additional Capacity of up to 500,000 TEUs at Berth No. 22





2. Relocation of Kipevu Oil Terminal (KOT)

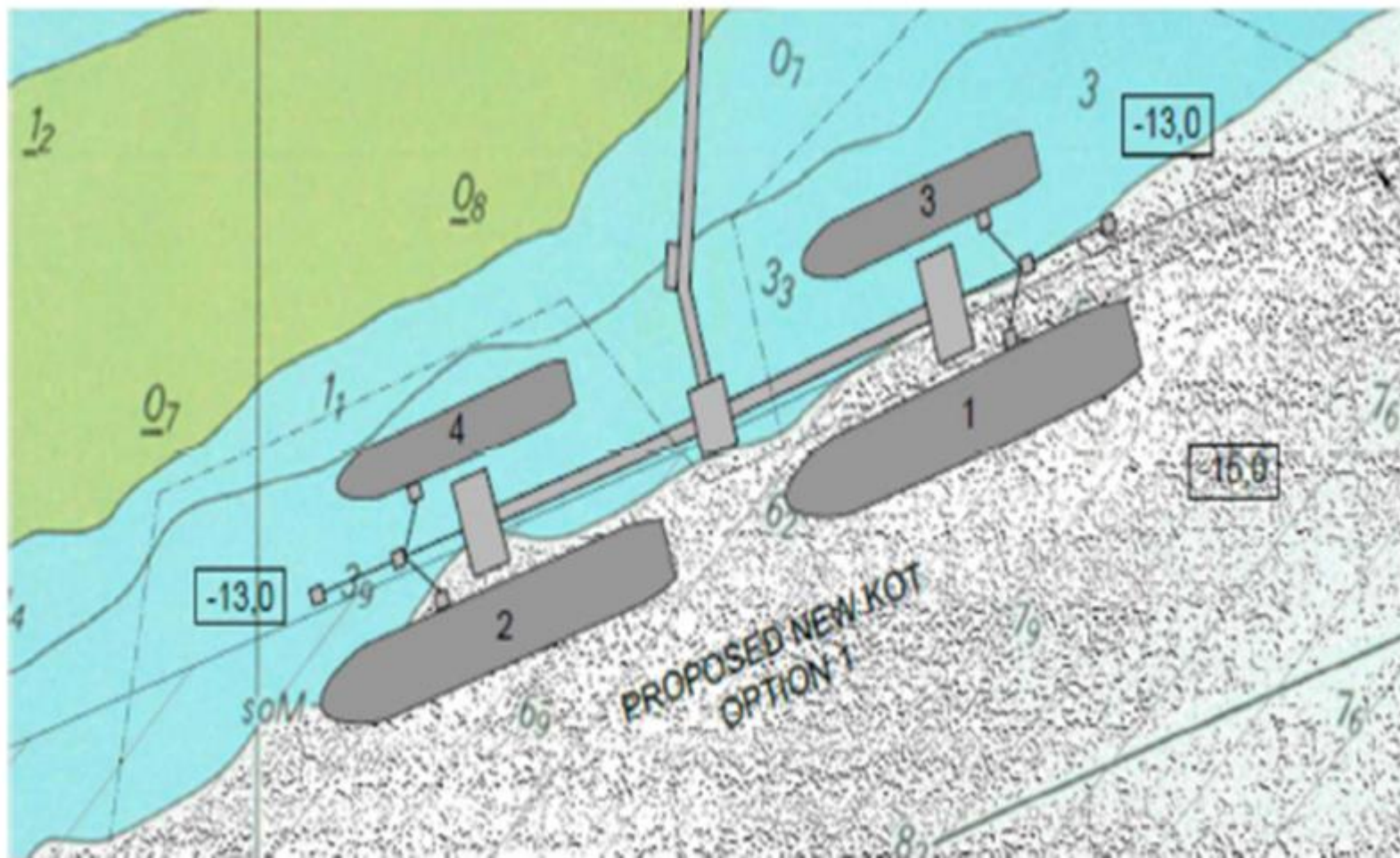
- The Kipevu Oil Terminal mainly handles crude oil imports.
- Recent development of new container berths towards the West of KOT, making its present location no longer safe.
- A bigger modern oil handling facility with sufficient capacity to cope with demand growth – with LPG provision
- Safer and with 4 berths capable of handling vessels of up to 200,000 tons
- Able to deliver higher operational efficiency;

Kipevu Oil Terminal –Relocation



- Under Construction
- Safer
- More Capacity

Berthing at the Proposed KOT

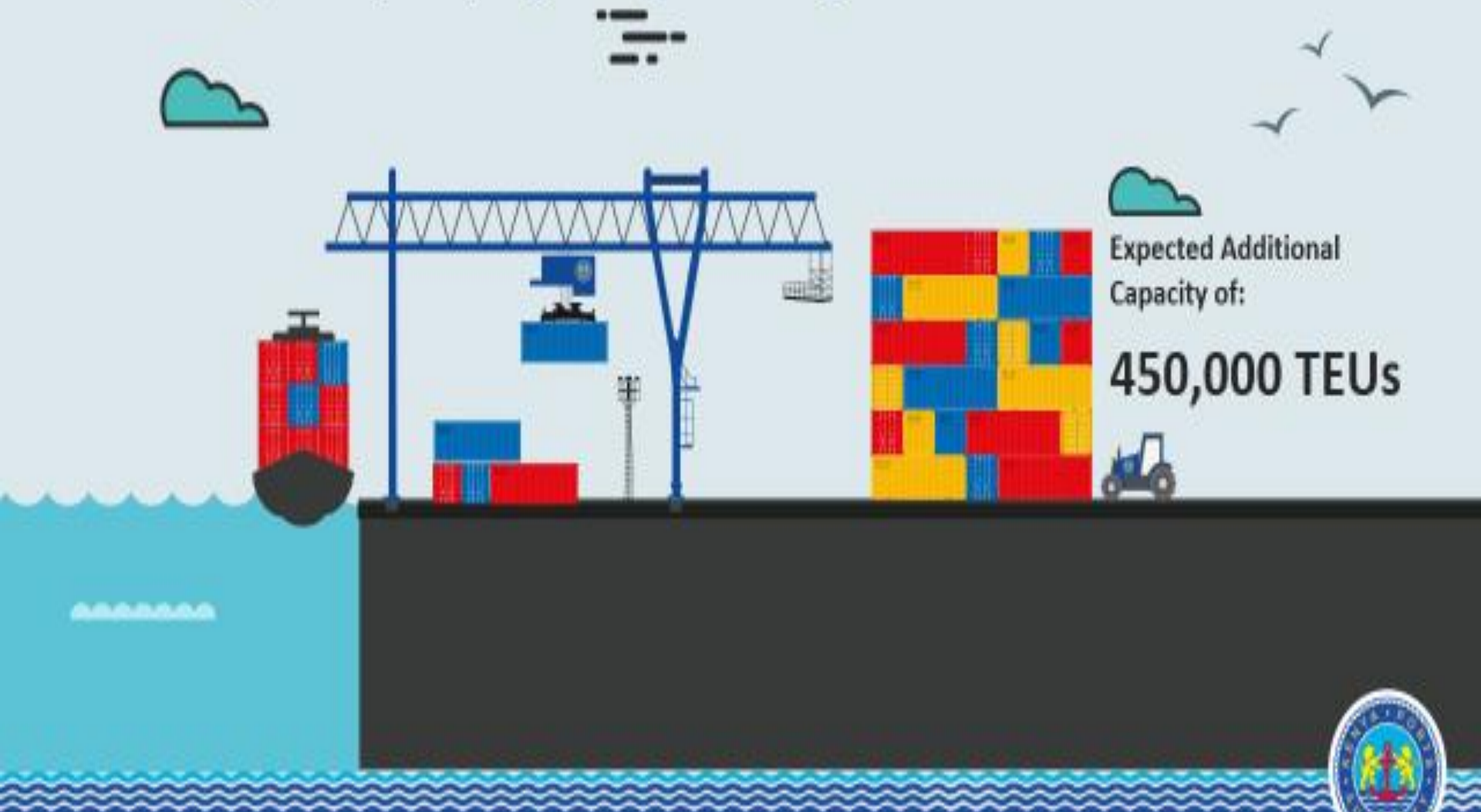


3. Conversion of Berth 11-14 into Container Terminal



- The aim is to convert Berths 11-14 into a container terminal to accommodate bigger vessels and support ship operations by using modern container handling equipment.
- The works will include extension into the sea by about 90 meters and strengthening, deepening of the current berths - gain an additional area of 60,000m²
- Additional 450,000 TEUs
- Detailed design finalized and negotiations for funding on-going

Conversion of Berth 11 - 14 into Container Berths –
detailed designs completed, negotiating for funding.



Expected Additional
Capacity of:
450,000 TEUs



4. Cruise ship Terminal at Berth 1/2

- Cruise tourism has shown great potential for growth in recent months.
- This project aims at building capacity to accommodate the envisaged growth through construction of modern cruise facility with a bigger capacity.
- The project is complete to be launched shortly



5. Nairobi-ICD and the SGR

- With the Operationalization of the SGR, KPA is targeting to deliver 6,000,000 tons by Rail every year.
- The Nairobi ICD has been expanded to a capacity of 450,000 TEUs from the initial 180,000 TEUs.



Further Expansion of the New Nairobi ICD to keep up with SGR demands



Capacity has increased to 450,000 TEUs up from 180,000 TEUs



Port Expansion Programme beyond Mombasa

-

New Growth areas and Markets



Lamu Port

- KPA is developing the First 3 Berths of Lamu Port, which is envisaged to have 23 berths, under the Lamu Port South Sudan Ethiopia (LAPSSET) Corridor Programme.
- The project is 80 % complete with the 3 berths ready by October 2020.
- The remaining berths to be developed under private sector initiatives.
- Natural deep water harbour, able to handle larger ships and making it attractive for transshipment business.
- Operations are considered under the PPP framework with a proposal under negotiation.

Cont..... Lamu Port

General cargo berth,
Container berth, and
Dry bulk berth.



Construction of Lamu Port at about 80%





Development of Small Ports

Development of Small ports





Shimoni Port

- Shimoni port development is at advanced stage
- Feasibility studies have been completed and approved by the National Treasury
- Focus of the port development will be on fishing – 50,000 MT capacity
- Port development and operation will take landlord model.



Kisumu and Lake Victoria Ports

- Completed Master Plan
- Investment in collaboration with EAC Partner States
- KPA will undertake infrastructure development and enable successful operations of the ports including improvement of the existing shipyard facilities;
- Enhance Port inter-operability in EAC region – Kisumu, Port Bell, Jinja, Bukoba, Mwanza. Phase I is ready for commissioning.
- This is expected to revive the economies of the lake region and increase demand for port services across lake Victoria.



Dongo Kundu Free Port and SEZ

- This is a Vision 2030 project.
- Involves development of free port facilities on 3,000 acres of land owned by KPA at Dongo Kundu through Public Private Partnership arrangements.
- Master Plan for the Special Economic Zone (SEZ) developed and Environmental Impact Assessments also completed.
- Free Port Facility will support the SEZ – Initially 2 Berths.



CONCLUSION

- As the world trade grows, world strategic ports will work towards sustaining capacity
- Demand for port services will continue grow driving port infrastructure development
- African ports must shape up or ship out!
- Keeping up with the strategy – “Capacity ahead of demand”
 - Modern facilities – Efficient
 - Expand infrastructure - Capacity
 - Reduced ship waiting & turn around time
 - Cargo dwell time reduced
 - Complimented – automation, new equipment, human capital investment
 - Better service/Savings to the customer
- To remain competitive and relevant - innovative and dynamic transformational ideas
- World class ports of choice

Thank You!

KENYA PORTS AUTHORITY

GROWING BUSINESS, ENRICHING LIVES

www.kpa.co.ke