Four challenges for African ports

February 26, 2020 at 2:59 pm | By Amaury De Féligonde, Partner at Okan, and Kim Fejfer, CEO at AP Moller Capital

Race for ship gigantism, emergence of large port hubs and the world maritime gravity center relocation to Asia, automatization and IT enhancement… For the two authors, the accelerated moult of the port sector over the past twenty years could not affect the continent more. With respect to these developments, quite a few challenges arise.

Africa did not stay away from the revolution in the shipping industry and witnessed some profound changes affect the sector. Between 2007 and 2017 more than 50 billion dollars (46 billion euros) were invested in African ports, leading to the maritime traffic quadrupling.

Just in one decade, Port Said and Tangier Med Port became the world top 50 ports, smartly benefitting from their favorable location. Most ports underwent modernization programmes, namely through privatization.

However, many challenges still face Africa's port sector, especially given a rapidly changing environment (e.g. trade wars) characterized by exacerbated competition and a striking gap between countries (the port of Durban handles 3 million TEUs, the port of Cotonou - less than 0.4 million TEUs).

Reasonable investment

The first challenge is to invest in a smart way, avoiding going crazy over big scale. Despite what some African leaders may dream of, all countries will not be able to become a world-class port hub with just four to five ports capable of claiming the title (two in the Maghreb / Mashriq, two in East and Southern Africa). There will also be a dozen of sub-regional port hubs, serving adjacent ports and hinterland countries.

Port authorities should carefully analyze demand before putting significant investment in infrastructure. Many countries would benefit from investing in a frugal and targeted manner: decongesting port access, setting up truck parking and rear logistics areas, progressively modernizing quays and superstructures.

Better management

The best way to modernize ports lies sometimes not in investing in "hard" infrastructure, but in reviewing operations and improving collaboration between port actors to spot inefficiencies (a container handling time is around twenty days in most Sub-Saharan African ports compared to three to four days in most major international ports).

This requires managing better vessel movements ("port call optimization"); improving loading and unloading (e.g. through HR training and process optimization); massively improving transaction processing time and costs (namely, at customs) and adopting a terminal decongestion policy (e.g. importers from Sub-Saharan Africa are still often encouraged to use ports as storage areas).

In addition, port digitalization (i.e. a port community system) and performance indicators (KPIs) implementation can bring about dialogue between different actors and defy the humorous saying: "Port is a place where ships take shelter from storms and are then exposed to the fury of the customs”.

Private capital

The third challenge is to continue to attract private investors, which have capital and know-how, while ensuring that they do not take on undue market dominance (monopoly or oligopoly) harmful to the countries’ competitiveness.

This requires enhanced governance, where public partners (port authorities, ministries) know how to preserve public interest throughout a public-private partnership (PPP) life: negotiation at the upstream (e.g. over fees and an obligation to partner with a local player, such as the State); choice of concessionaire (carefully selecting a shipping line wishing to manage port terminals); regulation; monitoring international indicators and benchmarks (efficiency and cost of transit).

Finally, in a world where many are exclusively thinking about container mega-hubs, other specialized terminals should be developed to contribute to Africa’s emergence. The port of Tanger Med has thus created a virtuous circle: the port and its free zone attracted industrial companies, which, in turn, increased the port attractiveness (Renault exports more than 300,000 cars from Tanger Med Port).

Port facilities accommodating cruise ships contribute to tourism development, creating thousands of jobs. Finally, setting up efficient mineral terminals, like Richards Bay port (coal) and Nouadhibou port (iron), is one of the *sine qua non* conditions for at-scale mining projects development, such as Simandou, Belinga, etc.

Many African countries, including some major economies (Algeria, Nigeria, Kenya) still need to significantly improve their ports capacity and efficiency.

But the moult of African ports is underway. In less than a decade, it has created global champions (Tanger, Djibouti, Lomé). Their success can serve as a role model, capable of galvanizing competitors, to the delight of the African consumers and exporters.

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