

Nigeria: Reforming the Maritime Ports







Table Of Contents

<i>Lists of Aberrations</i>	<i>4</i>
<i>Executive Summary</i>	<i>5</i>
<i>Background</i>	<i>9</i>
<i>Current Realities in the Maritime Ports Sector</i>	<i>10</i>
<i>Gap Analysis</i>	<i>12</i>
<i>Stakeholder's Survey - Evaluating the Impact of a challenging Port landscape</i>	<i>15</i>
<i>Port Governance Models</i>	<i>23</i>
<i>Reforms enacted by other countries to Enhance Ports Efficiency</i>	<i>25</i>
<i>Port Reform Roadmap</i>	<i>27</i>
<i>Conclusion</i>	<i>31</i>
<i>Appendix</i>	<i>32</i>
<i>Acknowledgements</i>	<i>38</i>
<i>References</i>	<i>39</i>
<i>About LCCI</i>	<i>39</i>

Lists Of Abbreviations

AEO	Authorized Economic Operator	NAGAFF	National Association of Government Approved Freight Forwarders
APMT	APM Terminal Apapa	NARTO	Nigerian Association of Road Transport Owners
ASYCUDA	Automated System for Customs Data	NCS	Nigerian Customs Service
BoL	Bill of Lading	NDLEA	National Drug Law Enforcement Agency
BOT	Build-Operate-Transfer	NEPC	Nigerian Export Promotion Council
BPE	Bureau of Public Enterprises	NESS	Nigerian Export Supervision Scheme
BTDP	British Transport Docks Board	NEXT	Nigeria Expanded Trade and Transport
CBN	Central Bank of Nigeria	NIMASA	Nigerian Maritime Administration and Safety Agency
CCI	Clean Certificate of Inspection	NIWA	Nigerian Inland Waterways Authority (NIWA)
CIF	Cost, Insurance, and Freight	NPA	Nigerian Ports Authority
CISS	Comprehensive Import Supervision Scheme	NAQ	National Quarantine Service
CMG	Corridor Management Group	NRC	Nigerian Railway Corporation
CRFFN	Council for the Regulation of Freight Forwarding in Nigeria	NSC	Nigerian Shippers Council
DHC	Destination Handling Charge	NSW	Nigerian Single Window
ECD	Exchange Control Documents	PAAR	Pre-Arrival Assessment Report
EU	European Union	PID	Port Inspection Directorate
FAAN	Federal Airport Authority of Nigeria	PTML	Ports and Terminal Multiservices Ltd.
FDC	Financial Derivatives Company	RAR	Risk Assessment Report
FGN	Federal Government of Nigeria	Ro-Ro	Roll-On, Roll-Off
FIRS	Federal Inland Revenue Service	FSSFGT	Framework of Standards to Secure and Facilitate Global Trade
FMF	Federal Ministry of Finance	SLPA	Sri Lankan Port Authority
FMOT	Federal Ministry of Transportation	SON	Standards Organization of Nigeria
FOU	Federal Operations Unit	SOP	Standard Operation procedure
FMTI	Federal Ministry of Trade and Investment	SSS	State Security Service
FOB	Free on Board	TCC	Tax Clearance Certificate
GON	Government of Nigeria	TCICT	Tin Can Island Container Terminal
GT	Gross Tonnage	TDO	Terminal Delivery Order
ICC	International Chamber of Commerce	TEU	Twenty-Foot Equivalent Unit
ICD	Inland Container Depot	THC	Terminal Handling Charge
ICPC	Independent Corrupt	UNCTAD	United Nations Conference on Trade and Development
ICRC	Infrastructure Construction Regulatory Commission	USAID	United States Agency for International Development
LAKAJI	LAGOS-KANO-JIBIYA	UCP	Uniform Customs and Practice for Documentary Credits
LCCI	Lagos Chamber of Commerce and Industry	USD	United States Dollars
L/C	Letter of Credit	WCO	World Customs Organization
MAN	Manufacturers Association of Nigeria	WTO	World Trade Organization
MARKETS	Maximizing Agricultural Revenues and Key Enterprises in Targeted States		
MDA	Ministries, Departments and Agencies		
MOWCA	Maritime Organization for West and Central Africa		
MPA	Ministries, Departments and Agencies		
MT	Metric Ton		
NAFDAC	National Agency for Food and Drug Administration and Control		

Executive Summary

An examination of successful reforms across the world reveals the importance of an appropriate regulatory framework to support the transition process and ensure satisfactory levels of efficiency while upholding public interest.



The efficiency of port operation is a major driver of trade and economic activities across countries. Unfortunately, over the years, users and operators at the Nigerian Ports have been facing lingering challenges and bottlenecks namely, infrastructure shortcomings, policy and regulatory inconsistencies, overlapping functions and duplication of roles among the Ministries, Departments and Agencies (MDAs) operating at Nigerian Ports, high incidence of infractions of the MDAs.

To take advantage of the present opportunity presented by the imperative to diversify the economy, LCCI in partnership with FDC, is riding on the present research to identify and to propose solutions to the key challenges presently inhibiting the Nigerian Port system. This is in line with business policy advocacy mandate of the Chamber of coordinating private-sector efforts for governance reform in the Nigerian maritime transport sector.

The research shows that distortions in port operations is by no means limited

to infrastructure inadequacies, or the moral misgivings of a few errant MDAs officials. Impediments occur at every level of Nigerian society involving both public and private sector actors. While the MDAs and their officials are most often associated with creating artificial barriers and demanding unofficial payments for personal gain, the private sector players are not without blame. Users of the ports and their agents represent the “supply side” of undocumented payments, often in the form of inducements, conflicts of interest, illegal dealings and lack of knowledge of port processes (especially the Customs rules and regulations). Thus, the causes of barriers, disruptions at the Nigerian Ports and preventing or reducing such impediments - are largely the result of institutional, operational failures, legal and administrative gaps.

An examination of successful reforms across the world reveals the importance of an appropriate regulatory framework to support the transition process and ensure satisfactory levels of efficiency while upholding public interest.

In countries with reform impacts, maritime

Estimates from the research show that trillions of Naira in revenue lost annually within the port and business community due to inefficiencies and inherent shortcomings of the nation's maritime ports.



port reforms usually have the general objective of promoting global trade through:

- Faster clearance of goods
- Shorter waiting times for ships awaiting berth
- Eliminating redundancies in the functions of the several regulatory government agencies in the ports

Estimates from the research show that trillions of Naira in revenue lost annually within the port and business community due to inefficiencies and inherent shortcomings of the nation's maritime ports. It is evident that recommended reform measures if implemented can reverse this leakage within in the near term. Moreover, about 10,000 new jobs in the maritime port sector and approximately 800,000 jobs in the industry can be generated over the same period giving a more efficient and productive port in Nigeria. These estimates are potentially feasible under the assumption that the port can double its 2014 non-oil volume of 1.1 million TEUs within a period of 24months and from that point, grow consistently at 15-25% annually. To achieve the much needed efficiency and

productivity within the Nigerian Maritime Ports the following short and medium term reforms and policy measures are essential:

- **Technology and Innovations:** Adopt an Integrated Advance Cargo and customs clearance system, with scanning, sealing and tracking (SST) capabilities.
- **Establish National Trade Data Centre:** The National Trade Data Centre should be readily accessible to all agencies, operators and stakeholders at all times and everywhere to eliminate inherent abuses
- **Establish and Implementation of a Single Window Platform:** Reduction/ elimination of multiplicity of agencies by the creation of a single clearance and payment desk as a vital reform measure with an immediate cross-cutting positive impact in the port.
- **Private Sector Ports Investment:** Public private partnership infrastructural participation in



funding access routes to the ports (roads and rails), truck parks with online call-up systems. This would improve efficiency and better use on manpower.

- **Reduce The Number of Public Sector Agencies/ Departments at The Ports:** Cutting the number of public sector agencies/departments at the ports from present 14 to 6 is highly advised. For a start, this is in line with best global practices and will go a long way to reduce the overlapping functions of public agencies, costs of doing business at the ports and artificial barriers and intimidation of port users.
- **Set, publish and monitor performance targets for all the MDAs.** Targets such as such as maximum timelines for each process, volume/number of import/export transactions processed within a giving period

will go a long way to resolve delay issues at the ports.

- **Pass the Pending Bills at the National Assembly:** The National Transport Bill (NTB), especially for road and rail, and the Port & Harbour Bill (PHB).
- **Increased partnership and collaboration with advocacy platforms:** At the regional level, LCCI and its members should engage with the Borderless Alliance in the implementation of these key recommendations. It would also be useful for the port reforms to be pursued in the context of the implementation of the WTO Trade Facilitation Agreement in order for the country to apply global best practices, and to benefit from technical assistance from funding agencies, in the overall framework of the Global Alliance for Trade Facilitation.

We believe that with dedicated,

inclusive and consistent implementation of the short/medium term policy measures termed “Low Hanging Fruits” illustrated in the figure below will surely set the Nigerian ports on the path of productivity and growth. It is widely acknowledged that coordinating the reforms in the maritime port is predicated on the buy-in of the Presidency and National Economic Team. Public authorities and the private sector have come to a convergent realization that one of the starting points for activating the diversification objective of the present government is fixing the ease of doing business at the nation's ports. Overall, political will that flow right from the Presidency down to the MDAs is the most essential enabler to enforce and sustain this reforms.

Large GDP Size -
US\$478 billion, now 2nd
largest in Africa

**Poor Ranking on
Trading Across
Borders (Ports): -**
182 out of 185 Countries in
World Bank Ease of Doing
Business Ranking

**No. of Government
Agencies in the
Ports:** 14 instead of 6

**Employment
Potential:**

800,000 industrial and 10,000
maritime new jobs

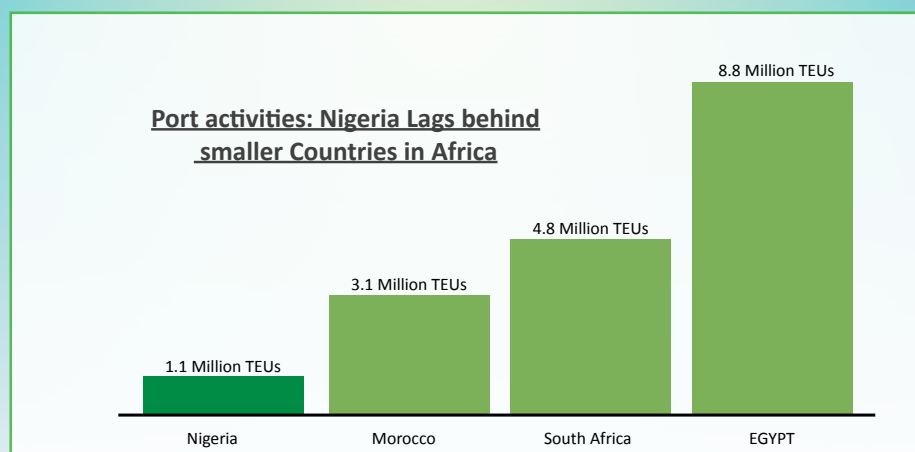
**Average timeline
for clearing TEUs:**
14 days instead of 2 days

**Costs Attributed to
Illegal Payments:**
About 50% import and 61%
export processing costs

Revenue Losses:
Over N1 trillion attributed
to port inefficiencies

**Economic
Competitiveness
Index:** 124th out of
140 countries in 2016 –
World Economic Forum

Delays: 71% of the
time spent to import and
64% of the time spent
to export are linked to
delays



Source: UNCTAD (2014) Trade Report

Background



Nigeria is widely recognized and predicted by major international indices (MINT, N-11, IMF, World Bank) as a country with great potential to become one of the 20 largest economies in the world. However, artificial barriers and difficult operating environment for the private sector are perhaps one of the major inhibitive factors stifling Nigeria from achieving its growth aspirations, while deterring investors from maximizing trade and investment opportunities.

The growth and promotion of trade and economic activities can only be pragmatic when economies strive to provide a conducive and friendly environment. Unfortunately, the Nigerian maritime ports are of particular concern as users of the Ports continue to face increasing challenges of high and arbitrary costs, poor investment conditions and dwindling inefficiencies. The Nigerian port remains the gateway to the world economy and its operations affect, to varying degrees, the cost of doing business.

According to the World Bank 2016 Annual Ease of Doing Business Report, Nigeria ranks 169 among 189 countries with Mauritius ranking 32 as the best in Africa. From the report indicators, trading across borders which is a measure of country's ports effectiveness, presents a more depressing ranking of 182 out of 185 countries. This underscores the need to urgently take steps towards reforming port operations in Nigeria.

At a time when the country's income from oil has depleted due to low international price and falling domestic output, the need for economic diversification is increasingly obvious. Improving ports governance for greater efficiency has major implications for the potential development of non-oil sectors at this time. Nevertheless, the country's ports have long been recognized as a bottleneck for the rest of the Nigerian economy: inadequate for the level of demand, poor physical shape riddled with corruption and, above all, poor governance.

At a time when the country's income from oil has depleted due to low international price and falling domestic output, the need for economic diversification is increasingly obvious. Improving ports governance for greater efficiency has major implications for the potential development of non-oil sectors at this time.



Without clear legislation, ports governance remains prone to inefficiency and corruption. Consequently, companies working in the Nigerian ports complain about bureaucratic red tape, constant delays, high costs, harassment, and demands for illegal charges.

Significant efforts to reform Nigeria's maritime transport sector were made in the early 2000s, when the Nigerian ports system was partially privatized under the Obasanjo government. A full decade on, the results of these reforms are sobering. The regulatory landscape is complex: involving the Ministry of Transport, about 20 public agencies, private terminal operators, and a myriad of businesses in freight forwarding, logistics, and trade. Nevertheless, legal framework put in place to govern this public-private partnership arrangement are fragmented and overlapping. Without clear legislation, ports governance remains prone to inefficiency and corruption. Consequently, companies working in the Nigerian ports complain about bureaucratic red tape, constant delays, high costs, harassment, and demands for illegal charges.

These governance deficits translate into real costs for Nigerians. World Bank (2014) asserts that processing times in Nigerian ports are longer than anywhere else in Africa. On a macro level, legal uncertainty represents a formidable barrier for local and international investors to mobilize funds for an urgently needed infrastructural upgrade. The persistence of this logistical bottleneck slows the development of Nigeria's non-oil sector, whose growth is crucial to overcoming the dependence of political elites

on oil revenues. Furthermore, the poor state of governance in Nigerian ports affects small businesses who lack the capacity to navigate the labyrinth of rules and regulations at the ports, and are especially vulnerable to assaults by public officials as they often find the cost of exploitation very prohibitive.

It is paramount that the private sector takes a leading role in promoting reforms in Nigerian Ports, approaches to promoting port reforms in Nigeria must ultimately address the institutional, operational factors and legal lapses that allow impediments to occur and reduce the tendencies for business to "play along". This report provides an evidence based roadmap needed to drive sector wide reforms at the Nigerian Maritime Port.

Current Realities in the Maritime Ports Sector

Nigeria's ports have increasingly seen a rise in gross tonnage (GT) by 3.3% - Compounded Annual Growth Rate - to 144.2 million tons within the past five years (2010 - 2015). Annual growth of 1.8% is expected on average until 2021 in spite of the country's challenges. This growth projection is anchored on the premise that the country's ports will continue to be the most preferred means of transporting goods in and out of

the country (including containers, bulk, break-bulk, neo-bulk, project cargo, automobiles and trucks, petroleum and other bulk liquids) given the deplorable state of other means of transport – road and rail – in the country. And, as such these ports are the lifeblood of the Nigerian economy.

The development of Nigeria's ports system has been largely driven by government. More recently in 2006, the government began to concession the ports and terminals and began the automation of the ports: Lagos Port complex, Tin can Island Port, Rivers Port Complex, Calabar Port Complex and Onne Port Complex increasing private sector participation in the provision of supporting infrastructure. Furthermore, there has been an improvement in port operations in areas relating to anchorage/berthing, ship turnaround time, throughput time, clearance and yard handling. Though considerable progress has been recorded, there is still great room for improvement given the evolution of trade patterns globally and increase in cargo tariff.

The cost of trading goods remains a significant hurdle with the import and export times' reduction of 25% and 6% respectively since 2013, Nigeria's seaports still rank as the most expensive in West Africa. Presently, on the import side, extra costs related to yard handling fees (which include demurrage and storage) represent an extraordinary 77% of the total cost, driven by longer-than-ideal border clearance times, yard handling procedures, and informal payments to customs and other government agencies. Extra costs related to transportation between the port and Lagos warehouses represent 94% of the total cost, driven mostly by congestion and poor road conditions.

Additionally, 41% of the cost to import is attributable to inefficiencies or informal payments. On the export side, costs are lower than import costs, but distributed similarly. Conclusively, 43% of the cost to export is attributed to inefficiencies and informal payments. The major driver of extra costs on the export side is also transport between Lagos warehouses and the ports, due to congestion, freight forwarding and yard handling costs.



Gap Analysis



Nigeria's ports have seen 3.3% Compounded Annual Growth Rate (CAGR) in Gross Tonnage of 144.2 million tons within the past five years and an annual growth of 1.8% is expected until 2021. Notwithstanding this progress, the United Nations Conference on Trade and Development (UNCTAD) report indicates that Nigeria trails far behind many smaller economies in Africa in terms of ports and maritime activities. According to the report, Nigeria ranks 4th in Africa in maritime industry by size of annual quantity of Twenty-foot Equivalent Unit (TEUs) in 2014. Specifically, Egypt ranks first with 8,810,990 TEUs, South Africa (4,831,462 TEUs) and Morocco (3,070,000 TEUs) respectively while Nigeria reported 1,062,389 TEUs.

Selected Performance Indicators of the Nigerian Port

Indicators	Ideals/ Baseline/ Targets	Current Reality	Gaps
No. of Government Departments Operating in the Port	6	14	+8
Cargo Clearance Timeline	2 days (48 hours)	5 to 14 days	+ 3 to 12 days
Number of papers/ paper work and agencies to interface with for to clear cargo	One (Single Window	18 agencies, and 23 signatures	+18
Number of papers/ paper work and agencies to interface with for to Export a cargo	6 Agencies	20 agencies, and 33 signatures	+20
Government's Target of TEUs volume per annum	10 million TEUs	1.1 million TEUs	-8.9 million TEUs

Source: LCCI Port Users Survey, 2016

Severally, survey from port users indicate that it takes an extended number of days (5 to 14 days) to clear a container at Nigerian ports. This is a far cry from what obtainable at the ports of neighboring countries such as Republic of Benin and Ghana (with 48 hours cargo clearance time). Exporters of fragile goods complained of about 20% damage to their goods due to bad port roads and poor physical infrastructure within the port terminals. This is

compounded by unwieldy documentation process making importers and exporters go through the pain and associated costs of processing about 25-33 different papers from multiple agencies and departments. Appendix two (Lists of key government agencies/departments operating at the port and their responsibilities) presents a sober picture of conflicts and multiplicity public agencies at the port.

Time and cost of Delay at the Port

Indicators/Measure	Time (hours)	Delay (hours)	Cost (US\$/TEU)	Informal cost (US\$/TEU)	Informal % of total	Extra cost (US\$/TEU)	Extra % of total
Import: 20-ft							
Anchorage and berthing	21	13	148	---	---	14	9%
Unloading at berth	20	0					
<i>Anchorage and berthing total</i>	41	13	148	---	---	14	9%
Yard handling and storage	82	58	532	103	19%	411	77%
Border clearance	63	39	93	83	89%	83	89%
Forwarding			228	---	---	59	26%
Shipping line release and delivery	48	24	79	---	---	51	65%
<i>Port yard operations total</i>	193	121	932	186	20%	604	65%
Export: 20-ft							
Border clearance	48	42	222	69	31%	99	45%
Forwarding			441	---	---	272	62%
Yard handling			124	---	---	77	62%
<i>Port yard operations total</i>	48	42	787	69	9%	448	57%
Loading at berth	20	0	0	---	---	0	0%
Channel operations	6	6	4	---	---	4	0%
<i>Anchorage and berthing total</i>	26	6	4	---	---	4	0%

Source: NEXTT (2015) LAKAJI Corridor Report

Furthermore, the Lagos maritime ports which process more than 70% of Nigeria's non-oil exports are located in populous urban areas and as such, constitute a major strain on key roads which cause congestion and environmental issues. This is compounded by the absence of a functional rail transport system to compliment the over used and dilapidated road network. Due to the urban location and being a major transit route of imported refined petroleum products, ports in Lagos are susceptible to considerable disruption in the event major or minor "shocks," such as fuel scarcity which translates to long queues blocking major roads or regular vehicle breakdown that blocks key feeder

road. The road system linking the Ports Complex are regularly congested. The mix of cargo trucks, buses, cars, and other users stretches the capacity of the roads. Faulty and parked cargo truck awaiting access to and from the ports do exacerbates the already bad situation.

The Nigerian trade imbalance appear to be very evident on the ratios of laden and empty container flow at its ports. In 2014, record shows an empty and laden container ratio of 85% and 15% respectively at the Nigerian port. Only port reform and improved doing business conditions are needed to reverse this imbalance.

Container flows Tin Can Island Ports

Year	Inward (imported)		Outward (exported)			
	No. empties	Laden (TEU)	No. empties	Laden (TEU)	% Laden	
2010	81	300,788		229,540	43,609	16%
2011	12	376,728		289,017	44,123	13%
2012	33	401,064		328,430	51,151	13%
2013	349	447,374		364,204	54,675	13%
2014	90	437,464		375,650	78,434	17%
2015	449	547,374		464,204	44,675	12%

Source: Nigerian Port Authority (NPA)

Furthermore, Nigerian ports are yet to conform to international standards in the adoption of electronic payment of Customs duty; electronic container loading list and electronic risk-based inspection. Presently, physical examination is still the major form of container inspection as opposed

to electronic scanning. Port Users Survey conducted by NEXTT in 2015 reveals that physical examination of containers accounts for 47% of container inspection while electronic scanning constitutes 27% of terminal operator's container inspection rates.

Container Scanning is Largely Based on Physical Examination

Terminal operators	Physical examination (47% average)	Scanning (27% average)	Fast track doc check (18% average)
APMT	35%	25%	30%
TICT	65%	35%	10%
PCHS	60%	30%	10%
FSL	70%	30%	0%

Source: NEXTT (2015) LAKAJI Corridor Report

The Nigerian Single Window (NSW) which connects other government agencies under one platform rarely available for use. This innovation was conceived to allow for adequate and timely information to process the shipment of goods and release of goods. Past attempts for the port to ride on technology innovations to eliminate or

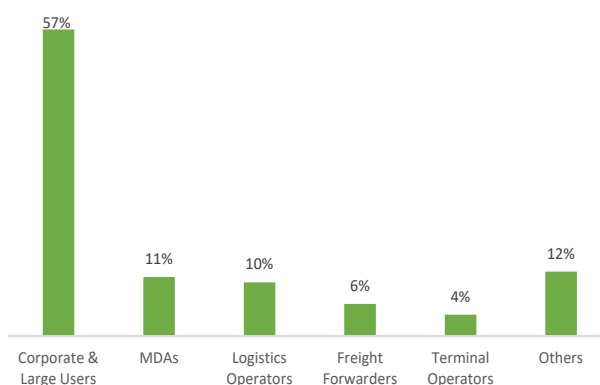
reduce physical contacts, illegal payments and delays in processing port documents are seen to be deliberately frustrated by agency and departments officials. It is widely believed that the efficient working of NSW is single most vital reform capable of setting the Nigerian ports on a new path of progress.

Port Stakeholders Survey

Evaluating the impact of a challenging maritime port landscape

- Approach: The research used semi structured open-ended questionnaire, Focus Groups Discussions (FGDs) of key stakeholders and desk work.
- Participation: 79 organisations across eight different segments within operators, regulators & users of the ports.
- Analytical tools: Gap analysis and Concept maps using Mindjet MindManager. The MindManager allow for the multiple responses to be further analyzed, categorized and coded to create the tables, tally charts and graphs.

Respondent's Map



All the stakeholders interviewed said that they want to see positive reforms at the ports.

100%
All the port Stakeholders call for Reforms

70%
Respondenc has above 15 Years of Port Experience

100%
Experiences Man-made Delays

80%
Said that Foreign Exchange Crisis top current challenges

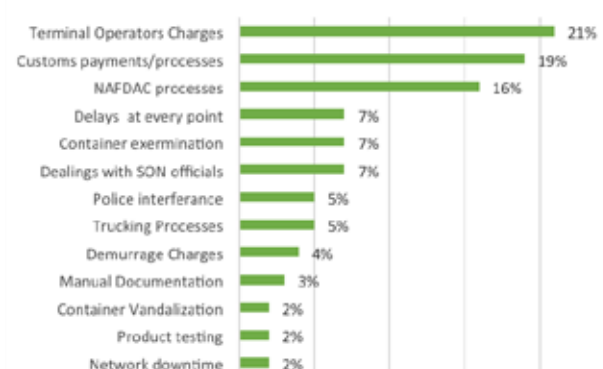
91%
said that Corruption is a big issue

100%
Poor Transport & ICT infrastructure

85%
Held that Previous Reforms did not succeed

Port processes that are mostly associated with unofficial levies are interface with terminal operators, NCS, NAFDAC, SON and security agencies. There is need for reforms such as enhancing information exchange on Single Window platform to reduce the spate of human interface

Processes mostly associated with unofficial levies at the ports



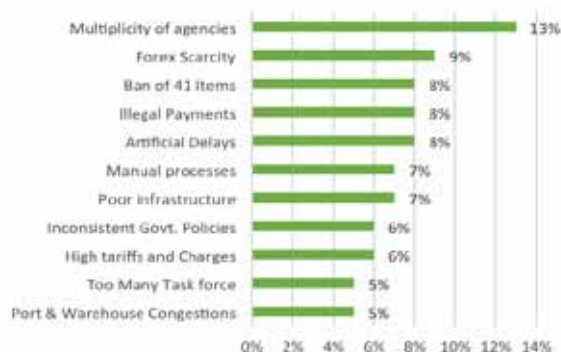
Multiplicity of security agencies such as police units, SSS, NDLEA (etc) and ethical issues of some MDAs officials continues to fuel illegal charges and personal demands from port users. This is adding to the already high costs of doing business at the Nigerian ports

Agency Official Mostly Associated with undocumented levies at the Ports



As shown in the chart, forex scarcity, excess number of MDAs at the port, illegal payments, deliberate process delays, poor infrastructure and facilities and high tariff rate are the top challenges currently facing port operators/users

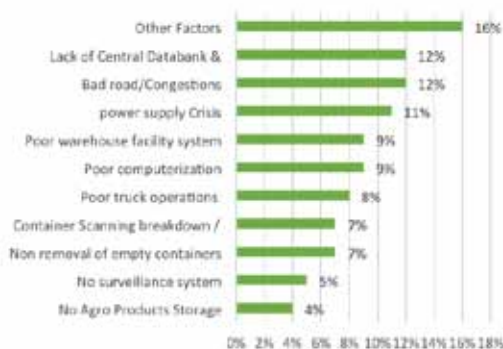
Top policy, regulatory, legal & Operational challenges currently faced at the ports



Note: other factors not listed constitute 18%

The port continues to face acute lack of modern or functional technology infrastructures such as process automation, valuation database, surveillance equipment tracking systems and integrated process systems. This places the Nigerian ports at a backward position in global ranking.

Critical infrastructure and Technology challenges affecting operations at the port



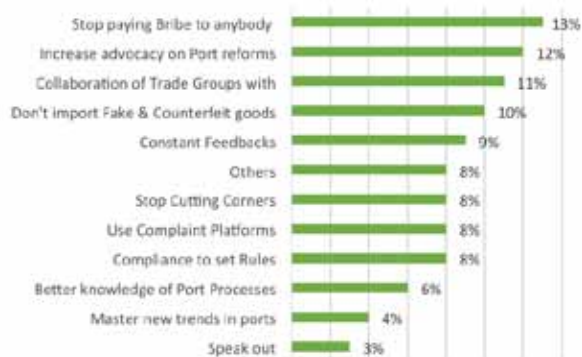
Sustained inefficiencies at the Nigerian ports continues to take its tolls on businesses and the larger economy. As a consequence, businesses are shrinking, closing down or running far below installed capacity with implication on trade flows and GDP

Consequences/impacts of Challenges at the ports on Businesses & Economy



The survey findings strengthen calls for private sector operators and users of the ports have a larger role to play in repositioning the Nigerian maritime ports. The chart outlined some major areas of attention required from the private sector.

Expectations of MDAs from the private sector port users



Both MDAs, operators and users of port share the same positive aspirations about the Nigerian port as follows:

- Improve the overall efficiency of the port
- Reduce the cost of doing business at the ports
- Boost government expenditure receipts from the port
- Increase trade flows and economic activities
- Make Nigerian ports the hub for international freight and trade in West Africa

Top aspirations performance of the Ports by MDAs, Operators and Users



The Chart highlights major reforms suggested by stakeholders at the port. Interestingly, most of the listed reforms are within the regulatory power and resources to implement within a reasonable time frame.

Major Reform Suggestions to address the Observed bottlenecks at the Ports





Pre-Arrival Assessment Report (PAAR):

Persistent delays in the clearance of cargo at the Lagos ports have become a major cause for concern for the business community. The PAAR arrangement being managed by the Nigeria Customs Service (NCS) is evidently fraught with capacity challenges. The PAAR which was originally programmed to be issued within 6 hours now takes over a week in most cases before it is released. Without the issuance of PAAR, other cargo clearance procedures cannot progress. Closely related to this is that the NCS officials do jerk up the value of containers and at the same time determine issuance of alert, leading to delay in processing time. It is advised that PAAR values should not be arbitrarily jerked up above invoice values.

Issues with Shipping Companies and Terminal Operators:

Terminal operators are not maintaining or renewing the facilities at the terminal. They charge high fees without recourse to any regulatory approval. For now, there is no clear agency in Nigeria that regulates the activities of Terminal operators. The Terminal operators also face incessant server breakdown. This leads to delay in the dropping of containers for physical

examination and processing the Terminal Delivery Order (TDO). Also, booking should be made immediately terminal payments are effected. In other words, container dropping process for physical evaluation should be modified, which implies that containers should be dropped when terminal charges paid are updated.

Shipping Companies should replace obsolete servers with modern electronic ones in order to forestall server failure and breakdown, which causes adverse interruption in port operations, resulting in high cost of demurrage and delays in the collection of debit notes. Nigeria is lagging behind in ship businesses and spending so much on freight payments. Thus, the present reform must suggest road map for indigenous participation in shipping.

Eliminate Human Interface as much as possible:

It is noted that SON should enforce rules that moderate the chances of human interface in its processes. This will eliminate the rate of complaints relating to its official intimidation of businesses and illegal levies demanded from trucks on the road after they had been cleared at the Port.

Extra Charges at Bonded Terminals:

It is noted that when containers are transported to the bonded terminal as a result of congestion at the Port, the Terminals often add 100% extra charges to the containers thereby increasing the cost of clearing. There are high incidence and reported cases of the containers being vandalized or stolen at the terminals.

Empty Containers Terminals:

There is evidence that congestion at the Port was also compounded by the trucks returning empty containers. It is suggested that a separate bay for empty containers should be constructed to ease the congestion and traffic at the Ports.

Multiplicity of Agencies at the Ports:

LCCI note the presence of too many security agencies at the ports such as Plant Quarantine, Vet Quarantine, State Security Service (SSS), Police and Bomb Squad, NAFDAC, NDLEA, etc. Their respective functions are apparently interwoven and need to be consolidated. There are so many parallel units within NCS and each group working at cross purposes making things more difficult for port users. Unfortunately, each of the agencies prefer to carry out an independent check on the same container. This leads to waste of time, unnecessary fees, fines, charges and high operational cost. Additionally, the constant demand for gratifications from port users fuel corruption tendencies at the port which further raise the cost of clearing. Most of these costs are difficult to transfer to the importer or end customers. The former administration in 2010 reduced the number of agencies at the Port considerably to six. Sadly, many agencies have since found their way back into the Ports and causing all sorts of hindrances.

**Truck call-up systems:**

The menace of Trucks, Trailers and Tankers on port roads in particular, and the national road network in general has assumed an unbearable dimension. This needs to be addressed through the adoption of truck parks and truck call-up systems. The private sector can easily invest in this project if the right policy and regulation is put in place. The near-by port in Cotonou, Benin Republic has since adopted this model and it has improved efficiency and better use of manpower.

The Trailer Park which is under construction in the neighbourhood of the Tin Can Island Port should be urgently completed to reduce the menace of trucks and tankers on Lagos roads. It is gathered that this trailer park is 80% completed already and it should be run using the Truck call-up system.



Access to and within the Ports - Roads & Rail:

This research is concerned about the deplorable condition of the roads around the Port and proposed that the government should do something even if its temporary to alleviate the sufferings of commuters. The long term approach is to initiate good reform that allow private sector investment in port roads and other physical infrastructures. Above all the rail system designed to evacuate cargo from the Lagos Ports need to be resuscitated as a matter of urgency.

Implications of Transportation Crisis at the Lagos Ports:

Stakeholders expressed grave concern over the deplorable state of roads leading to the Lagos Ports - Apapa and Tincan Island Ports. These Ports account for over 60% of the cargo into the Country and an estimated 70% of customs revenue. The poor state of the roads has had multifarious effects on the private sector, economy and the citizens. Persistent delays in the clearance of cargo at the ports have become a major cause for concern for the business community. This situation has the following implications:

- Risk to the lives of citizens arising from Containers falling off the trucks as a result of bad roads. Several lives have been lost in recent past as a result of this.
- Congestion at the Ports resulting from the delay in the evacuation of cargo from the Ports.
- High demurrage paid by importers to Terminal Operators and Shipping Companies as a result of delay in the clearance and evacuation of cargo in the Ports.
- High cost of transportation for evacuating cargo because of the prolonged engagement of the trucks by importers arising from the delays.
- Serious traffic congestion along the roads leading to the Ports, which often spills over into the Lagos Metropolis causing severe traffic jam and loss of man hours in Lagos.
- Delays in getting raw materials and other inputs from the Ports to the factory premises in Lagos and other parts of the Country.

Port Governance Models

Port governance reforms entail an institutional restructuring of the port business to allow the involvement of the private sector. Some of the major ports across the world house large developing industrial sites as a result of rising trade activity. This is an indicator of the immense contributions ports make to national economies all over the world. As a result, many countries introduced institutional changes with the aim of coordinating port development at national and regional levels.

Classification of Port Governance Reform Models:

There are four major port governance models which the public sector could adopt in a bid to manage the activities of the ports. Most of these models seek to introduce the private sector into the port management circle. These models are usually distinguished with respect to the following characteristics:

- *Provision of service - public or private*
- *Orientation - local, regional or global*
- *Ownership of infrastructure*
- *Status of port management*

The major port governance models are as follows:

1. Service Ports: This port model is largely public owned. The port authority owns, maintains, and operates the port's assets. Under this model, the port authority offers a comprehensive scope of services necessary for the operations of the port. The activities of the service port authority are usually overseen by the ministry of transport. As part of the primary functions of a service port, cargo handling activities are usually contracted out to separate

public entities which report to the same ministry. The conflict of interest that arises in the port operations poses managerial challenges which have gradually seen a phasing out of this service model with many transitioning to the landlord port model.

2. Tool Ports: Under the tool port model, the port authority owns, controls, and sees to the overall maintenance of the port infrastructure and equipment. Other services that occur on board the ships and vessels are carried out by licensed private port service providers.

The model is characterized by split operational responsibilities between the port authority and the private cargo handling companies. The private companies, however, are not fully autonomous with regards to their operations within the ports and this creates conflict in the use of equipment. As a preventive measure, port authorities may allow operators to use their own equipment which is similar to the service port model.

3. Landlord Ports: The landlord model is driven by a public-private partnership. The port authority leases out land and port infrastructure on an annual basis to private companies for a fixed sum. The port authority thereby acts as a landlord as well as a regulatory body for the port operators. All the port operations and services are carried out by private companies including bearing the costs of maintenance, infrastructure and development. This means that the private companies procure and fix equipment based on business need.

4. Fully Privatized Ports: This is an extreme practice of port reform that does not attract any form of public interest. The state relinquishes all its powers by transferring ownership of the port to the



private sector. Some states simultaneously transfer the regulatory functions to private companies. In the absence of a port regulator, the privatized ports are essentially self-regulating.

Nigeria – Adoption of the Landlord Port Model: Nigeria adopts the landlord port management model based on the recognition of the role of transport and ports in modern economic growth and development. A major reason for the continuing involvement of the Nigerian government in the port sector is owing to its national responsibilities in the areas of land use planning, environmental protection, job creation, and the economic stimulation of underdeveloped areas. Government undertook to reform the transport sector to bring it in line with international best practice.

The objectives of ports reform in any country involve the need for faster clearance of goods, shorter waiting times

for ships awaiting berth, eliminating redundancies in the functions of the several regulatory government agencies in the ports, and the promotion of global trade. Unfortunately, the key objectives of the Nigerian ports reform undertaking in 2004-2007 are far from being achieved:

- To improve the overall efficiency of the port operations
- To reduce the cost of doing business at the ports for users and operators
- To decrease government expenditure
- To boost economic activities by the introduction of the private sector
- To make Nigerian ports the hub for international freight and trade in West Africa

Reforms enacted by other countries to enhance Port Performance

Reforms enacted in Selected Countries	Outcomes from Implementing the Port Enacted Reforms in Selected Countries
Faster and Convenient Port Clearance Process and Procedures (Efficiency)	<ul style="list-style-type: none"> ➤ Singapore strait are monitored by the Maritime Port Authority's (MPA) port operations control centre, using Vessel Traffic Information System (VTIS) which has the capacity of handling up to 10,000 tracks at any one time. Annually, more than 130,000 ships call at Singapore with at least 1,000 vessels in the port at any one time. Every 2-3 minutes, a ship arrives or leaves Singapore. Although Singapore does not produce any oil, it is the top ship refuelling port in the world. In 2015, more than 45 million tonnes of bunkers were lifted in Singapore. Today there are more than 5,000 maritime establishments contributing about 7% to Singapore's GDP, and employing more than 170,000 personnel. ➤ Shanghai port in china currently stands as the busiest port in the world with an estimated 35.29m TEU annually. ➤ The performance of these ports was achievable by Government and Private sector participation in providing infrastructures and maintenance. An Efficient good road network is crucial to improve productive manpower, which reduces clearing/delivery time for containers in and out of the port.
Elimination of Excess Government Agencies and Charges	<ul style="list-style-type: none"> ➤ The Ghanaian Government have recently authorised the cancellation of terminal handling charges by shipping lines at the port. This act being put in place would improve the timeline to clear containers at the ports eradicating delays and excessive charges on cargoes. ➤ According to NPA report there are six Government regulated agencies that are legally authorised to be at the port and conduct all forms of inspection and certification. Unfortunately, we currently have twenty-eight. The illegal excesses have to be investigated to encourage the ease of doing business at the port.
Technology and Innovations to cut down on corruption and other forms of illegality	<ul style="list-style-type: none"> ➤ With the introduction of the online vessel shipping system at the Ghanaian Port, Port activities are currently encountering tremendous growth as shipping lines can conveniently apply for vessel space from the comfort of their homes. Currently, a vessel booking meeting is conveyed where shipping lines assemble for the allocation of berthing space for their vessel. This has however improved efficiency and service delivery at the port. ➤ The implementation of the Nigerian Single Window trade is very crucial at this point is enhancing service deliveries across various port activities. This innovative concept provides port users the opportunity to access all resources and standardised services from the different Government agencies. This would further eradicate the unlawful charges and hitches associated with these agencies.

Private Sector Investment and participation	<ul style="list-style-type: none"> ➤ Private sector participation in infrastructures in Hong Kong ports are done under long term leases allowing the private investors finance and operate infrastructures. Furthermore, in Japan the private sector investment strategy has been to lease fully developed berths to ocean carriers, who equip and manage these berths in line with their own needs. ➤ Malaysia was the first country to involve private sector participation in managing port facilities by leasing the container terminal in Port Kelang to a consortium of local and foreign interests in 1986. ➤ The Philippines followed in 1988 handed over the management of Manila's International Container Terminal to a private holding group. Since the early 1990s both countries have expanded private sector involvement in port financing and management to cover more local ports and a variety of maritime transport related services. ➤ In each of the countries above, port productivity with private sector involvement is reported to have increased between 15% and 20%. It is important to note that capital mobilization for these purposes has been relatively easy because special legislation and transparent government policies reduced risk perceptions among private investors.
Creation of a National Trade Data Centre	<ul style="list-style-type: none"> ➤ The Singapore registry of ships (SRS) is among the top 10 largest registries in the world. Today SRS has over 4500 vessels registered in its database commanding about 70% share of the world's jack-up rig-building market and 70% of the global floating production storage and offloading (FPSO) platforms market. ➤ The Creation of a National Trade Data Centre remains critical in integrating the various processes and value chain management within the ports, for increased efficiency and in a bid to attain global business practice.

Port Reform Roadmap



Nigerian seaports remain the most expensive in the West African sub-region due to the cumbersome documentation requirements and double charges imposed on importers and exporters. Our survey shows that the documentation processes, requiring 25-33 different papers from multiple agencies, are burdensome and time-consuming by any standard. About 35% of operators surveyed say their major challenge was the multiple agencies they had to deal with. The regulators corroborated this claim as 25% of those surveyed say the number of agencies at the ports need to be minimized while 29% listed multiple cargo inspections as the most critical of operational bottlenecks. Twenty-five percent of regulators also desire that clear mandates be given to agencies.

Therefore, as a quick win, the numerous agencies with similar and overlapping

functions, specifically with regard to cargo inspection, need to be consolidated. This would require amendments to the Acts empowering these agencies, including the Nigerian Customs Service. Legal processes could be protracted, but considering the importance of such amendments to the development of Nigerian ports and, in turn, the ease of doing business, the relevant authorities need to expedite action.

The Single Window Model of cargo clearance which is a global best practice needs to be introduced while inconsistent and arbitrary fees need to be scrapped. There is a need to adopt automation of payment processes as well as to check midstream discharge, piracy and other sharp practices.

Increasing the speed of cargo clearance at the ports is a “quick win”. Majority of port operators say that delays in clearing

goods is the biggest bottleneck. The report by United States Agency for International Development Nigeria (USAID/Nigeria) for the Nigeria Expanded Trade and Transport (NEXTT) in 2015 highlighted measures necessary to reduce clearance, yard handling, freight forwarding and shipping line release time and cost as follow:

- *Support expansion of the number of Fast Track Traders and extension of Fast Track to basic*
- *AEO scheme under the WCO SAFE Framework.*
- *Encourage takeover of scanning operations by terminal operators, and electronic transmission of scanned information to NCS*
- *Support NCS to enhance information exchange on the Single Window platform.*
- *Work with shipping lines, banks, NSC, and importers to encourage migration to non-negotiable bills of lading where appropriate.*
- *Build capacity of freight forwarding*

industry to increase compliance and professionalism.

· *Expansion of export inspection exemptions and eliminate double inspections under Risk Management scope of NCS.*

Appropriate Coordination of Reform

Efforts: We believe that coordinating the reforms in the maritime port is predicated on the realization of the Presidency and Economic Team that one of the starting points for activating the diversification aspiration of the present government is fixing the ease of doing business at the nations ports. This requires Presidential buy-in and high level inter-ministerial coordination among all the relevant MDAs. This framework is desirable to eliminate overlapping functions of MDAs at the port, reduce the competition and supremacy syndromes inherent among term and ultimately achieving the much needed result of cutting down the number of government agencies operating at the port. The table below shows the current governance and linkages between the authorities and port users. From the table, it is evident that multiplicity of MDAs at the port is predominant and should be fix.



Port Governance Map in Nigeria

S/N	Presidency		
	Federal Ministries	Agency/ Department	Operators & Port Users Governed
1	Ministry of Transport	NIMASA	Shipping Companies
		NPA	Terminal Operators *Port Concessionaires Freight Forwarders & Clearing Agents Shipping Companies *Transport and Logistics Companies Importers and exporters
		NSC	Terminal Operators *Port Concessionaires Freight Forwarders *Shipping Companies Transport and Logistics Companies
		NIWA	Shipping Companies *Water Transporting Companies
2	Ministry of Health	NAFDAC	Freight Forwarders & Clearing Agents Importers and exporters
		NQS	Freight Forwarders & Clearing Agents Importers and exporters
		PHA	Freight Forwarders & Clearing Agents Importers and exporters
3	Ministry of Trade & Investment	SON	Freight Forwarders & Clearing Agents Importers and exporters
		NEPC	Importers and exporters
4	Ministry of Finance	Customs	Container Inspection Companies *Freight Forwarders & Clearing Agents Transport and Logistics Companies *Importers and exporters
		FIRS	All Operators & Users of Port
5	Ministry of Interior	NIS	All Operators & Users of PortW
6		CBN	Payment and collection Platforms *Financial institutions *Importers and exporters
7	Security Commands	Police	All Operators & Users of Port
		SSS	All Operators & Users of Port
		NDLEA	All Operators & Users of Port
		NSCDC	All Operators & Users of Port

Source: LCCI Research, 2016

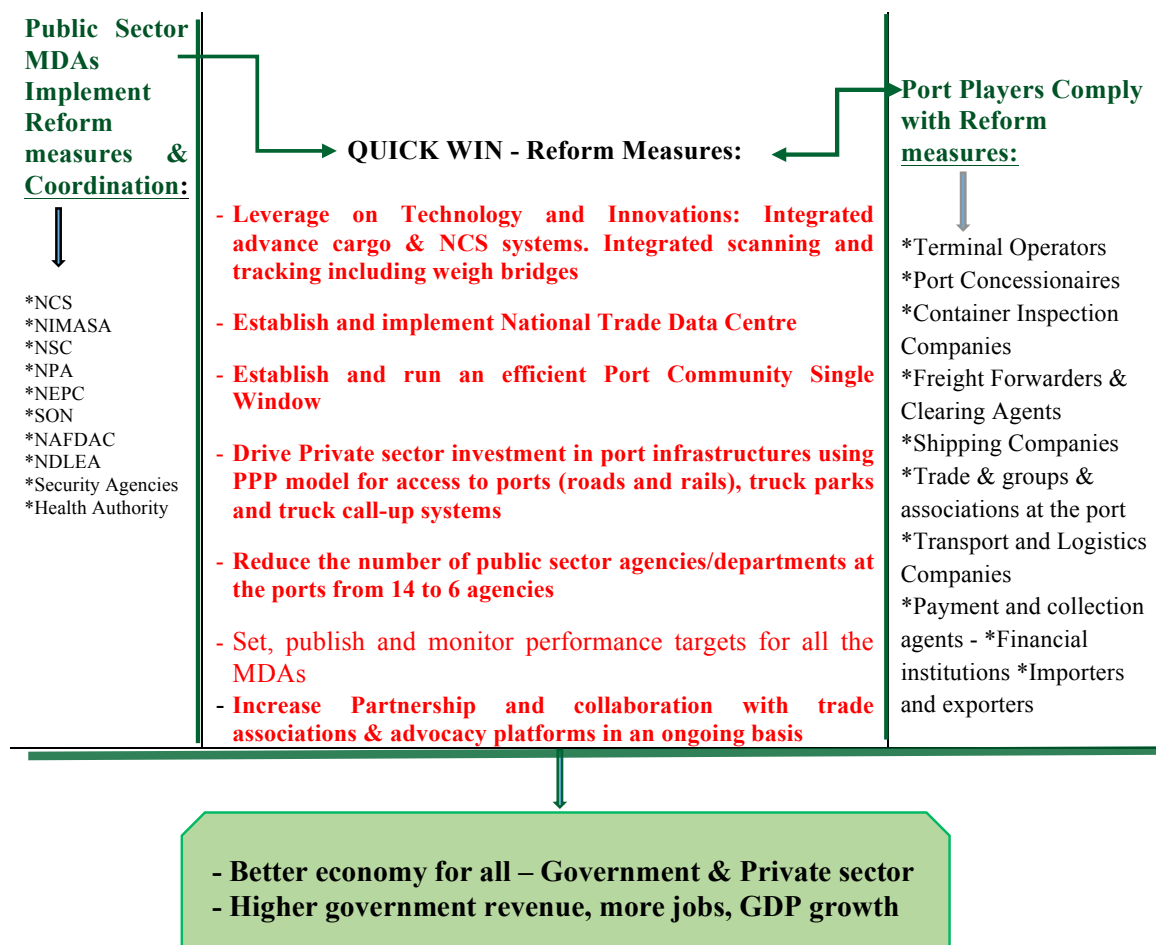
The report findings to reduce the number of agencies at the port is consistent with past port reform efforts. We noted that the Federal Government in 2010 port reform efforts coordinated under Dr. Ngozi Okonjo-Iweala, the former coordinating Minister of the Economy & Minister of Finance had approved only six agencies to operate in the port. The approved agencies are:

- Nigerian Customs Service
- Nigerian Immigration Service
- Nigerian Police Force
- Nigerian Maritime Administration and Safety Agency
- Nigerian Drug Law Enforcement Agency
- Port Health Authority

Low Hanging Fruits: This research is convinced that with dedicated, inclusive and consistent implementation of the short/medium term policy measures termed “Low Hanging Fruits” illustrated in the figure below will surely set the Nigerian ports on the path of productivity and growth.



Port Transformation Pillars



Source: LCCI Research

Conclusion

Unfriendly business environment such as the situation we currently have in the ports continue undermine the capacity of investors to maximise abundant trade and democratic opportunities in Nigeria. One of the major shortcomings of the investment environment in Nigerian is cargo delays at the ports. The 48-hour target set by government is still far from being achieved. Speedy processing of import and export documents are important elements of trade facilitation process; it is also a major variable in the 2016 World Bank Ease of Doing Business ranking in which Nigeria ranked very low at 169 out of 185 countries profiled. This has made very difficult to achieve any of the port reform objectives set by the past political administration as listed below:

- To improve the overall efficiency of the port operations
- To reduce the cost of doing business at the ports for users and operators
- To decrease government expenditure and boost its revenue
- To boost economic activities by the introduction of the private sector
- To make Nigerian ports the hub for international freight and trade in West Africa

Estimates from the research show that trillions of Naira in revenue lost annually within the port and business community due to inefficiencies and inherent shortcomings of the nation's maritime ports. It is evident that recommended reform measures if implemented can reverse this

leakage within in the near term. Moreover, about 10,000 new jobs in the maritime port sector and approximately 800,000 jobs in the industry can be generated over the same period giving a more efficient and productive port in Nigeria. These estimates are potentially feasible under the assumption that the port can double its 2014 non-oil volume of 1.1 million TEUs within a period of 24 months and from that point, grow consistently at 15-25% annually.

We believe that with dedicated, inclusive and consistent implementation of the short/medium term policy measures termed “Low Hanging Fruits” illustrated in the figure below will surely set the Nigerian ports on the path of productivity and growth. It is widely acknowledged that coordinating the reforms in the maritime port is predicated on the buy-in of the Presidency and National Economic Team. Public authorities and the private sector have come to a convergent realization that one of the starting points for activating the diversification objective of the present government is fixing the ease of doing business at the nation's ports. “The time is now”.

Thus, a well-coordinated reform in the nation's ports at this time will give significant boost to non-oil economy, output growth, greater wellbeing of the citizens and democratic gains. Overall, political will that flow right from the presidency down to the MDAs is the most essential enabler to enforce and sustain this reforms.

Appendix

Appendix 1: Port Reform Roadmap

Appendix 1A. Reform Roadmap - Nigeria Customs Service (NCS)			
S/N	Challenges and consequence	Remedial Action Required	Responsibility
1.	Excess number of Non-customs agencies at the port	Limited number of non-customs agencies Total absence of police/SSS/DNI/DMI on cargo clearance activities NQS should NOT be involved in clearance approval for cargo unrelated to statutory functions- as in the case of NAFDAC	FGN, NSC
2.	Customs Units are too many and fragmented, leading to disparate regulations, service disrespect amongst officers, and unclear hierarchies	The CIU, Q & A, and FOU should be stopped from operating inside the ports as they DO NOT add value. Tally units should be restricted to cargo offload from vessels.	FGN, NSC NCS
3.	The FOU's of Customs and Police often unlawfully arrest and detain cargo duly released by their colleagues in the seaports / airports/off dock terminals and land borders.	Prohibition of arrest and detention of ANY cargo cleared from these designated entry / exit points in the country by agencies of Government. Warehouse inspections are different. FOU to be limited to escort of bonded cargo and border patrols.	FGN, NCS, NPF, NSC
4.	Issuance of electronic alert by diverse units of customs against PAARs duly issued by NCS leading to service confusion as to the lawful practice approved by the agency of Government.	ONLY the Valuation Unit of Customs should be permitted to issue alerts on PAARs No Customs heads of terminals can stop delivery of ANY cargo that they have duly released. No alerts should henceforth be issued to the O/C Gate once a cargo is released.	NCS, NSC FMF
5.	Late resumption of customs officers is chronic and results in trade de-facilitation	Official opening hours adhered henceforth Creation of a 24-hour rotational shift for officers in line with global practice, collaborating with terminal operators	NCS/FMF NSC
6.	There are different examination groups between O/C terminals and Releasing group in charge of specific cargoes leading to delays and corruption.	Releasing Groups' Examination Report should be FINAL for cargo release by the DC who should also physically witness cargo examination.	FMF/NCS NSC

SOURCE: LCCI PORT OPERATORS SURVEY, 2016

Appendix 1A: Reform Roadmap - Nigeria Customs Service (NCS) Cont'd			
S/N	Challenges and consequence	Remedial Action Required	Responsibility
10	Duty payment confirmation takes place a second time during cargo delivery ONLY after cargo is loaded – at airports and seaports.	All duty payment confirmations MUST be made before cargo loading.	NCS
11	Validation of (ECDs) delayed beyond 24hours in ports	Validations of ECDs MUST be effected within THREE hours (Submission& Collection) on a 24hour work operation	NCS
12.	Valuation Unit of Customs indiscriminately rely on internet print out of cargo pricing without regard to trade terms and specifications	Unlawful pricing confirmation on internet to be prohibited. Price confirmation MUST be from shippers/Manufacturer's website	NCS
13.	Customs insistence on signing the examination form by non-customs units before the release of cargo/s	Examination forms should be signed solely by the customs. NAFDAC stamp should continue to be a prerequisite for cargo clearance	NCS/NSC
14.	Customs ALWAYS insist that bank bonds issued for cargo release on indemnity should have 30 days validity and should be couched in a way as to authorize the bond to be automatically redeemed by customs on expiry of 30 days whether or not the dispute is resolved.	<ul style="list-style-type: none"> - All bank or corporate indemnities should be for 90 days to 120 days. - Redemption in favour of customs to be prohibited – and should operate only if dispute is settled in favour of customs. - A third – Party arbiter (FMF) should handle dispute resolutions between consignees and customs. 	NCS/NSC/FMF
15.	Customs scanning procedures results in extra time required to schedule cargo scans, increasing cost of container movement	Allow scanning operations to be done by terminal operators while electronic transmission of scanned information can be done by NCS	NCS

SOURCE: LCCI Port Operators Survey, 2016

Appendix 1B: Reform Roadmap - Port Infrastructure			
S/N	Challenges and consequence	Remedial Action Required	Responsibility
1.	Dilapidated roads leading to the ports affecting efficiency of productive manpower	Fix ALL such access roads and provide maintenance mechanisms	F.M.W.H.P
2.	The infrastructure in the seaports have not met the minimum agreements negotiated by the BPE with seaports terminals concessionaires.	All seaport terminal operators should provide the required infrastructure as agreed with BPE	BPE, ICRC, NPA, NIWA, NSC
3.	Off – dock terminals/bonded warehouses are significantly lacking in cargo handling equipment and optimal office facilities for customs and non– customs agencies	All required infrastructure should immediately be provided	NSC, NPA, NIWA

SOURCE: LCCI Port Operators Survey, 2016

Appendix 1C: Reform Roadmap - Standard Organisation of Nigeria (SON)			
S/N	Challenges & consequence	Remedial Action Required	Responsibility
1.	Unlawful inspection of cargo/s by members of SON and charges without government authorisation	Inspection of cargoes should be done solely requested by NCS before the intervention of SON	FGN FMITI Customs, NSC & Nigerian Police
2.	Indiscriminate arrest of cargo cleared at the port without SONCAP certificate leading to accumulation of container and truck demurrage	SON should refrain from demanding fines for inspection charges from cargoes that have not been inspected by the organisation. Also be banned from arresting cargoes in transit from the port to the warehouse.	FGN/FMITI NSC
3.	Manual generation of receipts especially when the computers are inaccessible creating authenticity issues and corruption	Upgrades to computers and provision of power generating devices to aid efficiency and better record taking of receipts issues electronically.	NSC/SON

SOURCE: LCCI Port Operators Survey, 2016

Appendix 1D: Reform Roadmap - Shipping Companies			
S/N	Challenges and consequence	Remedial Action Required	Responsibility
1.	Most shipping lines start operations at 9am as against business hours of 8am	Reinforcement of business hours (8:00am-4pm) to support ease of doing business and improve efficiency	FMOT/NSC Shipping lines
2.	Commercial invoicing and cargo release stop at 4pm at most shipping lines, leading to loss of one hour, and demurrage accumulation.	Invoicing should follow best global practices by running 24 hours via online platform.	FMOT/NSC Shipping lines
3.	Employees lunch break are between 12.30pm and 1.30pm leading to an inefficient/flexible work pattern	Efficient utilisation of manpower ensuring employees are provided a flexible lunch break, allowing for substitutes amongst employees	FMOT/NSC Shipping lines
4.	No commercial services/activities on weekends, public/religious holidays – leading to earning of unjustified demurrage and storage charges for periods when the service is NOT functional.	All shipping lines to ensure they open 8am – 5pm providing flexibility for key employees to work half-day on National holidays Invoicing and cargo release can also be done via an online portal like Single Window Platform (SWP) for 24 hours operations.	FMOT/NSC Shipping lines
5.	Service counters / offices too small, impersonal, without sitting space for agents (in most cases), and always crowded – leading to sustained delays in cargo release.	All service centres to be spacious, with seats, and redesigned to be customer friendly.	FMOT/NSC Shipping lines
6.	Very unprofessional employees causing difficulties in getting the right information leading to transaction delays.	Training on optimal customer service – and its practical application is vital. Employees in-depth knowledge on the business can also be achieved through training programmes	FMOT/NSC Shipping lines

SOURCE: LCCI Port Operators Survey, 2016

Appendix 1E: Reform Roadmap - Terminal Operators & Off Dock Terminal Operators

S/N	Challenges and consequence	Remedial Action Required	Responsibility
1.	Commence commercial services to the public from 9am, and MOST do not work weekends and public holidays. This results in illegal earning of storage charges	Step 1: Commercial Services must commence 8am DAILY including weekends and public holidays. Step 2: 24 hours commercial and operations service should be available including on – line via single window platform.	NPA/ALL Terminal Operators
2.	(a) Commercial service stop 3pm or 4pm (especially invoicing, payment, receipts issuance) (b) Issuance of TDOs stop after 4pm – including ticketing for TDOs.	Step 1: Commercial services as well as TDO issuance /ticketing continue physically till 5pm – and should remain available online after 5pm. Step 2: These services should remain e-available 24 hours DAILY under the single window electronic platform	NPA/ALL Terminal Operators
3.	Booking for examination of cargo stops latest 10am (Monday – Friday) – Resulting in unjustified storage earnings.	Booking should have no cut – off time. Logistics planning should be strengthened.	NPA/ALL Terminal Operators
4.	Delays in positioning for examination in many terminals leading to storage accumulation	Cargo positioning to be effected latest 24 hours after booking.	NPA/ALL Terminal Operators
5.	Unjustified delays in cargo loading leading to additional costs.	All loading to be effected promptly.	NPA/ALL Terminal Operators
6.	Refusal to print TDOs based on instructions from customs and non-customs agencies in the port	TDOs MUST be written once terminal operators confirm that their charges have been paid – otherwise, it becomes breach of contract liable for court action – and the operator will not charge further storage.	NPA/ALL Terminal Operators
7.	Use of original bills of lading requires that the originals be tendered to the shipping line before a cargo can be released leading in delayed cargo release	Work with shipping lines, banks, NSC and importers to encourage migration to non-negotiable bills of lading where appropriate	NSC

SOURCE: LCCI Port Operators Survey, 2016

Appendix 2: Government Agencies/ Departments at the Ports and their Functions

S/N	Government Agencies/ Departments	Roles and Responsibilities at the Ports
1	Nigerian Maritime Administration and Safety Agency (NIMASA)	<ul style="list-style-type: none"> Administration, Certification of Seafarers To regulate the safety of shipping; construction of ships and navigation Establishment of Maritime training and safety standards Maritime Security
2	Nigerian Shippers Council (NSC)	<ul style="list-style-type: none"> Advisory role to the Federal Government on the structure of freight rate, availability and adequacy of shipping space, frequency of sailings, terms of shipment, class/quality of vessels, port charges and facilities Provide a platform for shippers on matters affecting the shipment of import and exports to and from Nigeria.
3	National Agency for Food and Drug Administration and Control (NAFDAC)	<ul style="list-style-type: none"> Regulation and control the importation, exportation, manufacture, advertisement, distribution, sale and use of drugs, cosmetics, medical devices, packaged water and chemicals Control and provide certification for the exportation of food, drugs, medical devices, bottled water and chemicals.
4	Nigerian Customs Service (NCS)	<ul style="list-style-type: none"> Collection of Import and Excise Duties and accounting for same (Revenue Generation) Prevention of smuggling Implementation of Government Fiscal Measures - Trade Facilitation.
5	Standards Organisation of Nigeria (SON)	<ul style="list-style-type: none"> Investigate the quality of facilities, materials and products in Nigeria, establishing a quality assurance system including certification of factories, products and laboratories Compilation of Nigeria's industrial Standards
6	National Quarantine Service (NQS)	<ul style="list-style-type: none"> Implementation of health regulations
7	Nigerian Export Promotion Council (NEPC)	<ul style="list-style-type: none"> Provide Trade Information Service, Products and Market Development, Administration of export and Incentives Coordination and co-operation with multi-lateral institutions, Plan and organise outward trade missions. Provision of market entry services, Registration of Nigerian exporters
8	Nigerian Ports Authority (NPA)	<ul style="list-style-type: none"> Planning and development of port operational infrastructure Day to day monitoring of operations and enforcement of relevant sections of respective agreements Enacting port regulations and bye-laws as well as monitoring and enforcement Leasing and concession of port infrastructure and setting bench mark for tariff structure Nautical/harbour operations and hydrographic survey Ownership and administration of land, water within port limits.
9	National Drug Law Enforcement Agency (NDLEA)	<ul style="list-style-type: none"> Checkmate imported drugs at the port, factories and drug stores to ascertain authenticity
10	The Nigeria Immigration Service (NIS)	<ul style="list-style-type: none"> Detecting fraudulent travel documents. Border control and investigation techniques function
11	State Security Service (SSS)	<ul style="list-style-type: none"> Security at the Port
12	National Inland Waterways (NIWA)	<ul style="list-style-type: none"> Issue and control licenses for inland navigation, piers, jellies, dockyards Examine and survey inland water crafts and shipyard operators Grant licenses to private inland waterway operators
13	The Nigeria Police Force (NPF)	<ul style="list-style-type: none"> Security at the Port
14	Port Health Authority	<ul style="list-style-type: none"> Implementation of health regulations

SOURCE: LCCI Port Operators Survey, 2016

Appendix 4: Members of LCCI-CIPE Port Reform Working Group

SN	Organisations
1	Manufacturers Association of Nigeria
2	Independent Advocacy Project
4	Ship Owners Association of Nigeria
5	NAGAFF
6	Nigerian Economic Summit Group (NESG)
7	Shipowners Forum
8	Nigerian Chamber of Shipping
9	Nigeria Trawler Owners Association (NITOA)
10	Nigerian Ports Consultative Council
11	Seaport Terminal Operators Association of Nigeria - STOAN
12	Olisa Agbakoba Legal
13	American Business Council
14	American Business Council – ABC
15	Ship Owners Forum
16	LCCI Freight Forwarders Group
17	LCCI Export Group
18	LCCI Agricultural and Allied Sector Group
19	Association Approved Freight Forwarders (AAFF)
20	Financial Derivatives Company (FDC)
21	The Lagos Chamber of Commerce and Industry

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Financial Derivatives Company (FDC) is a diversified financial services institution founded in 1990 and commenced operations in April of 1991. The company was established with a unique, research-oriented approach. The founders recognized the investor's need for information when making investment decisions in Sub-Saharan Africa especially Nigeria.

To add value to the Nigerian investment environment, Financial Derivatives utilizes some of the best talents along with relevant technology to conduct quantitative and qualitative research. Financial Derivatives has built a world class reputation as the leading source of business information, economic data, research and analysis in West Africa. FDC partnered LCCI to put the table research together. Find out more by visiting us at www.fdcng.com.

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Market Surveys International Limited (MSI): Market Surveys International Limited (MSI) conducted the port stakeholder's field research (interviews and questionnaires). MSI is based in Lagos Nigeria and have vast experience in market, media, financial, social and opinion research.

LCCI Freight Forwarders Group: The Lagos Chamber of Commerce & Industry (LCCI) Freight Forwarders Group is a key partner and a stakeholder in this project. Thanks to the group for their contribution in the research and leading role in Nigerian port reform initiatives.

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About The Lagos Chamber of Commerce and Industry (LCCI)

Established in 1888, the Lagos Chamber of Commerce and Industry (LCCI) is the foremost and largest private sector group in Nigeria with over 1,750 corporate members, accounting for an estimated 60% of industrial output, 65% of general commerce and 75% of financial services in the country. LCCI's mission is to promote and protect the interests of its members and the business community at large through public policy advocacy, creation and facilitation of commercial and industrial opportunities, provision of business services and observance of the highest standards of business ethics. Find out more by visiting us at www.lagoschamber.com.

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