Improving port services and infrastructure

The efficient movement of goods is crucial to economic growth. In developing countries, the lack of proper infrastructure, including ports, can mean the difference between sustainable progress and persistent under-development.

More than 90 percent of the world’s trade in volume—and about 60 to 70 percent of its value—is carried by sea, according to the United Nations Conference on Trade and Development. Although seaports are critical to countries’ economic development, they must continually evolve to meet a variety of needs from a number of players. Public-private partnerships (PPPs) for container terminals are becoming increasingly popular globally, and particularly in emerging markets, as a way to introduce efficiency and innovation into port operations.

For over 20 years, IFC has been a trusted advisor to governments on structuring PPP transactions, working on over 350 projects in 99 countries, including many of the world’s poorest. In ports, IFC has advised on container, bulk, and multipurpose ports as well as inland logistics centers. These include PPPs for greenfield ports as well as expansion and rehabilitation of existing ones. IFC’s focus is to assist governments in designing a partnership that will maximize port efficiency in integration with inland transport networks, taking into account the broader social and economic needs of the country.

In partnership with Australia, Austria, Brazil, Canada, France, Ireland, Italy, Japan, Kuwait, Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom, the United States, the Public-Private Infrastructure Advisory Facility, the Global Partnership on Output-Based Aid, the Private Infrastructure Development Group, the African Development Bank, the Asian Development Bank, the Brazilian Development Bank, the Caribbean Development Bank, the Central American Bank for Economic Integration, the European Investment Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the Infrastructure Consortium for Africa, and the Islamic Development Bank.
BENIN: PORT OF COTONOU CONTAINER TERMINAL (2009)
The government engaged IFC as the lead advisor on the structuring and implementation of a PPP for the South Wharf Container Terminal. High shipping costs, low efficiency, and poor logistical facilities had kept the port from becoming a key trade route. Société de Manutention du Terminal à Conteneurs de Cotonou (SMTC), part of the Bolloré group of France, won the bid for a 25-year concession to build and operate the terminal. The transaction is expected to double container traffic in the first eight years. Additionally, the port will expand the export corridor for inland countries such as Burkina Faso, Mali, and Niger, as well as help develop markets for the agriculture and fishing industries.

MADAGASCAR: PORT OF TOAMASINA (2005)
Although the port of Toamasina handled 90 percent of the nation’s container traffic and is located on key trade routes, low productivity, outdated equipment, and poor tariff structures prevented it from becoming a regional hub. As main advisor, IFC proposed amendments to the legal and regulatory framework to make it more favorable to private sector participation and structured a long-term concession with a private partner. In May 2005, Philippines’ International Container Terminal Services (ICTSI) won the 20-year concession for the operation, management, financing, rehabilitation, and development of the Toamasina container terminal. Since 2005, container movement has increased from 10 or less to over 30 per hour per vessel, while the time needed for container yard handling and dispatching product has decreased from several days to a few hours, resulting in a significant increase in port capacity. Additionally, increased traffic has led to greater integration with world markets and increased opportunities for transshipment.

BRAZIL: SUAPE CONTAINER TERMINAL (2001)
As part of a major port sector reform, the government of Pernambuco hired IFC as lead advisor for the privatization of the first dedicated container terminal (TECON) at the Port of Suape. Suape is Pernambuco’s main port; it is located at the intersection of main commercial long-haul routes across the Atlantic as well as along Brazil’s coast. In March 2001, Philippines’ International Container Terminal Services (ICTSI) won the public tender to build and operate the container terminal. As of 2010, the port handled about 350,000 TEUs per year, up approximately 500 percent more than before the terminal was commissioned. Additionally, the concession has allowed TECON Suape to focus on the quality of the services and search for new markets, while freeing up the Port Authority’s resources and transferring the risk of operation and investment from the Port to TECON.