



PROPOSED BAKASSI DEEP SEA PORT

CROSS RIVER STATE

NIGERIA

PROPOSED BAKASSI PORT OUTLAY



BACKGROUND

- Greenfield 16.0m (draft) deep sea port project in Cross River State, Nigeria
- 1st Grand Mother Carrier Port in Africa with scale economies to maritime business across the continent
- Supported by large-scale Free Trade Zone development
- Part of 7,000 hectare Bakassi Industrial Park

Mission:

“To provide a convenient, safe and cost-effective sea port and free trade zone as a catalyst for diversifying the national and regional economy ”

Vision:

“To be a world-class sea port of choice providing value added offerings including economic linkages in the Gulf of Guinea ”

PROJECT OBJECTIVES

Bakassi aims:

- become the Eastern maritime gateway of Nigeria
- serve national and regional economies and facilitate the adjacent Free Trade Zone and Bakassi Industrial City
- provide container handling, storage capacity and import capacity for petroleum products and vehicles
- provide dedicated import capacity for important food and agricultural products (Cross River State is potentially the lead producer of cassava, cocoa and oil palm in Nigeria)
- provide dedicated export capacity for industrial output and natural resources
- provide a supply route base for the regional oil & gas sector and logistics base and regional trading hub for West Africa
- **Project Initiators:** The project was initiated by The Federal Ministry of Transportation (FMT) and Cross River State Government (CRSG).

Project Supervisors:

- The project development is supervised and supported by the Honourable Minister of Transport and the Ministerial Project Development and Steering Committee on Bakassi, consisting of members from the Ministry of Transport, Cross River State, the Nigerian Ports Authority (NPA) and the Infrastructure Concession Regulatory Commission (ICRC).

Project Transaction Advisors & Inter-Ministerial Project Steering Committee:

- The project development is supported by the interim transaction advisors, The Infrastructure Bank, China Harbour . The official project transaction adviser shall be appointed by end January 2017 following open tenders by the Inter-Ministerial Project Steering Committee. The Committee shall comprise representation from NPA, ICRC, FMT, CRSG & the Federal Ministry of Finance.

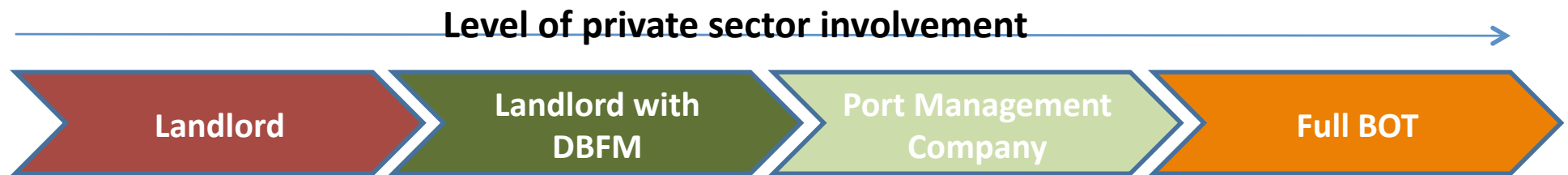
Project's Competitive Advantage

- Chadian & Nigerian Govts., & Mexican (Banana) Consortium (bonded warehouse); about 400 containers shipments;
- Bakassi Port's natural cost efficient evacuation corridor for shipment of solid mineral - Kogi, Taraba and Nasarawa States.
- Recent major finds of massive hydrocarbon deposit in Cross River & Benue States; highest oil & gas reserve opportunity on the terminals of the Port;
- The recent massive find of highest grade granite for production of granite floor provides a natural opportunity for the Bakassi Deep Sea Port;
- Bakassi Deep Sea Port's competencies as the most efficient for shipment of agricultural products. Cross River State is the potentially home to the biggest cocoa estate in Nigeria through the entire stretch of Boki, Ikom, Etung and Obudu complexes.

Project's Competitive Advantage

- the massive investment of Cavenco of Spain (poultry) given the evacuation corridor with unencumbered haulage opportunity;
- The Thai Rice City multi-million dollar value chain program in Cross River State;
- The biggest garment & fabric factory in sub Saharan Africa in Calabar with massive export potential under AGOA;
- Maritime opportunity for commerce & industries - captive industrial areas – Onitsha, Aba, Nnewi and Awka;
- Substantial coal deposit in neighboring Benue, Kogi and Enugu States;

PROPOSED PPP STRUCTURE: OPTIONS ANALYSIS



- **Traditional landlord structure**, where the NPA is the landlord and concession agreements are tendered out for the specific terminals.
- **Landlord with DBFM (Design, Build, Finance and Maintain) structure**, where NPA is landlord and construction contract is tendered out under DBFM to contractors who receive availability payments.
- **Port Management Company (PMC) structure**, where the NPA has a master concession with a Port Management Company (PMC) which consists of a public/private shareholding structure. The PMC is responsible for the development of the project and is allowed to establish sub-concession contacts with terminal operators.
- **Full BOT (Build, Operate, Transfer) structure** with NPA handing over the full project to a private consortium responsible for the development of the project.

PROPOSED PPP STRUCTURE

The preferred PPP structure is in the form of a Port Development and Management Company (PDMC).

- The PDMC's shares are divided between the Federal government with NPA as the representative, Cross River State government and private sector (company/consortium), where the majority of the shares will be privately owned.
- The PDMC is responsible for all investments in common-user infrastructure, superstructure and equipment.
- Advantages :-
 - Government (NPA, Cross River State) retains a sufficient level of control through its shareholding position in the PDMC
 - Clear platform for Government commitments through 20% + 20% public injections in the PDMC
 - Improved project bankability through public injections, combined with private equity, private experience and private commitments
 - Flexibility before and during the actual implementation of the project
 - Project management: experienced private sector well able to manage and drive a complex port infrastructure development project under strict timelines.
 - Structure in line with similar port projects currently undertaken in Nigeria (Lekki) and proposed for Olokola and Badagry.

FINANCIAL FEASIBILITY

Business Case ~ Bakassi Deep Seaport Project – Feasibility (estimated)

Project NPV

796,324,124USD

WACC

14%

Payback Period (capex + opex)

8 years

Project IRR

17%

CAPITAL EXPENDITURE ALLOCATION

Item	Amount (Phase 1 Mini)	Amount (Phase 1 Max)	
Land	0 M USD	0 M USD	
Port Infrastructure	358 M USD	474 M USD	Dredging, breakwater, land reclamation
Port Superstructure	118 M USD	124 M USD	Utilities, aids to navigation, offices, nautical base
Terminal Infrastructure	125 M USD	220 M USD	Quay walls, jetties
Terminal Superstructure	109 M USD	143 M USD	Paving, roads, fences, offices, warehouses, IT
Terminal Equipment	198 M USD	328 M USD	Cranes, trucks, forklifts, tanks
Free Trade Zone	22 M USD	38 M USD	Land development, internal roads, utility connections
Road connection	108 M USD	128 M USD	10km dual-carriage way
Total Capex PDMC	800 M USD	1,455 M USD	
Nautical Fleet (NPA)	11 M USD	19 M USD	Tug boats, pilot boats, mooring craft
Total Capex Project	1,049 M USD	1,474 M USD	

REVENUES SOURCES

Entity	Service	Tariff
NPA	Nautical Services: Towage & Mooring	Ship Dues
	Nautical Services: Pilotage	Ship Dues
	Nautical Services: Harbour Master	Ship Dues
	Concession Grantor	Fixed Land lease Fees
Concessionaire	Channel Development & Maintenance	Ship Dues
	Solid and Liquid Waste Collection & Processing	Ship Dues
	Breakwater & Land Development/ Management	Harbour Dues
	Aids to Navigations	Light Dues
	Quay Development	Berth Rent
	Jetty development	Port Piers
	Environmental Management	Environmental Protection Fees
	Terminal Operations	Cargo Handling Dues Storage Dues Delivery Dues Customs Charges Terminal Handling Charges
	FTZ Management	FTZ Rent
	Port Road Development & Maintenance	Road Tolls

ECONOMIC COST BENEFIT ANALYSIS

The benefits envisaged from the project under PPP option includes but not limited to the following:

- Establishment of customs clearance facility close to production and consumption centers;
- Improved container usage and reduction in the movement of empty containers;
- Improved turnaround time of ships thereby reducing demurrage and avoiding pilferage;
- Attraction of foreign investments and expertise in port operations thereby advancing the nation's economic growth;
- Reduction of financial burden to government thereby freeing resources which could be channeled to other areas of need especially social services

Project Implementation Timelines

Indicative Project Implementation Timetable				
	Activity	Timeline	Status	Output
1.	Bakassi Sea Port Identification & conceptual studies	December 2014	Achieved	Conceptual technical designs
2.	Development of terms of reference for project Environmental & Social Impact Assessment (ESIA)	March 2015	Achieved	Project ESIA terms of reference
3.	Request to the Presidency for clearance and initiation of project	August 2015	Achieved	Clearance from Presidency to comply with ICRC & FMT Guidelines.
4.	Request to Federal Ministry of Transportation for constitution of PSC	December 2015	Achieved	Approval for PSC received on February 8, 2016.
5.	Expression of Interest (Eoi) for the engagement of a TA	December 2015	Achieved	Eoi cleared with the Federal Bureau of Public Procurement.
6.	Project sponsor (CRSG) nomination to the PSC	February 2016	Achieved	This milestone was achieved within schedule
7.	Inauguration of the PSC	May 2016	Achieved	This milestone was achieved within schedule
8.	Constitution of the Project Delivery Team (PDT)	May 2016	Achieved	This milestone was achieved within schedule
9.	Evaluation and appointment of TA by the PSC	January 2017	Outstanding	This timeline on this milestone represents worse case; expected to be achieved ahead of schedule.
10.	Development of project OBC	March 2017	Outstanding	This timeline on this milestone represents worse case; expected to be achieved ahead of schedule.
11.	Issuance of Certificate of Compliance on OBC by ICRC and clearance by the Federal Executive Council	April 2017	Outstanding	This timeline on this milestone represents worse case; expected to be achieved ahead of schedule.
12.	Development of project full business case, project ESIA and procurement of concessionaire	May 2017	Outstanding	This timeline on this milestone represents worse case; expected to be achieved ahead of schedule.



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