Federal Ministry of Transport

Breakfast Dialogue with the Private Sector on the ongoing Reforms for the Improvement of Nigerian Business Environment

Venue: Four Points by Sheraton, Victoria Island, Lagos

A PRESENTATION BY
SENATOR IDRIS A. UMAR
Honourable Minister

Monday 18, March 2013 ©
THE NIGERIAN TRANSPORT SECTOR

The Federal Ministry of Transport is responsible for Rail Transport, Marine Transport, Land Transport Operations and Intermodal Coordination. The mandate, policies, programmes and projects of the Ministry are implemented through its Agencies as listed below:

- Nigerian Railway Corporation (NRC);
- Nigerian Ports Authority (NPA);
- Nigeria Maritime Administration and Safety Agency (NIMASA);
- Nigerian Shippers’ Council (NSC);
- National Inland Waterways Authority (NIWA);
- Nigerian Institute of Transport Technology (NITT);
- Maritime Academy of Nigeria (MAN); and
- Council for the Regulation of Freight Forwarding in Nigeria (CRFFN)
OUR VISION/MISSION

- In order to transform the Transport Sector, the Federal Ministry of Transport has conceptualized the following:

**Vision:**

To evolve a world class transportation system in Nigeria and to position it as a hub in West and Central Africa.

**Mission:**

To establish a safe, efficient, affordable and seamless intermodal transport system in line with global best practices while creating an enabling environment for Public Private Partnership (PPP).
Presentation Outline

Introduction/Background

Initiatives:

- Land Sub-Sector;
  - Rail Transport
- Marine Transport Sub-Sector;
  - Maritime Transport
  - Inland Waterways Transportation

Conclusion
THE NIGERIAN RAILWAYS

- The Nigerian railway system is about 115 years old.

- Between 1898 and 1964, Nigeria had built a network of narrow gauge rail lines totaling 3,505 km.

- In 1986, the Federal Government commenced the construction of 274 km standard gauge line from Itakpe – Ajaokuta - Warri Port.

- In February 2011, the FGN commenced the construction of 187km Abuja – Kaduna standard gauge
Where We Came From: - Our History

LAGOS - IBADAN
1898 – 1901(193km)

IBADAN - JEBBA
1901 – 1909(295km)

KANO - BARO
1907 – 1911(562km)

JEBBA - MINNA
1909 – 1915(225km)

PH - ENUGU
1914 – 1916(243km)

ENUGU-MAKURDI
1916 – 1924(220km)

KADUNA JUNCTION - KAFANCHAN 1922 – 1927(179km)

KAFANCHAN – JOS
1927(101km)

KURU – BAUCHI
1958 – 1961(166km)

BAUCHI – GOMBE
1961 – 1963(166km)

GOMBE – MAIDUGURI 1963 – 1964(302km)
Train services

Train services
25 years Strategic Vision

Before 2010, most of rail tracks have suffered deterioration because of long neglect and lack of maintenance which is further compounded by flooding.

In a bid to turnaround the railways nationwide, the Federal Government articulated a 25-year strategic rail vision containing milestones for future programmes of development in the Nigerian railways to be implemented in three stages:
25 YEARS STRATEGIC RAIL VISION

Stage 1: System Transition

Stage 2: System Modernization

Stage 3: System Stabilization
System Transition

This involves the following:

- Rehabilitation of existing narrow gauge lines
- Restructuring – *Review of NRC Act 1955 and Reenact new NRC law that will incorporate Private Sector as well as States and Local Governments Participation.*
- Introducing Operational Changes
- Training
- Investment Planning
- Development of Domestic Capacity for Production of Rail Materials
- Development of National Technological Capacity
System Modernization

This involves:

- Construction of New Lines & Extensions to key Economic Centres (i.e. Cement Factories, Refineries, Agricultural Zones, Mining Sites, Power Plants e.g. Kaduna 200MW Plant), State Capitals, Seaports, River Ports, Airports and Tourism Centres, etc;
  - Connection of TinCan, Onne, Calabar and Warri ports with rail lines; and
  - Connecting the Abuja, Lagos, Kano, Port Harcourt, Enugu, Kaduna, Jos, Minna, Ilorin, Ibadan, Maiduguri Airports with rail lines.

- Private Investments as well as Public Private Partnerships

- Step up the Development of National Technological Center
System Stabilization

This largely involves:

- Completion of conversion to standard gauge
- Completion of Construction of Extensions to link all State capitals and commercial cities/centres
- Operations and Maintenance (O & M)
RAILWAY MASTER PLAN BASED ON THE 25 YEARS STRATEGIC VISION FOR THE NIGERIAN RAILWAY SYSTEM
Pursuant to this strategic vision, the rehabilitation of over 90% of the entire existing narrow gauge lines throughout the country is on-going and at various stages of completion.

The western line; Lagos – Kano is completed and passenger services and haulage of goods along the line was flagged off in December 2012 while the Eastern line Port Harcourt-Maiduguri is expected to be completed before the end 2013.

Rehabilitation of sidings and loop lines to enhance operational efficiency to commence in 2nd quarters of the year such as; Hensmore, Oando, Mobil, A-Z, Total, Euroafric sidings at Apapa
<table>
<thead>
<tr>
<th>MONTHS</th>
<th>PASSENGERS (Nos)</th>
<th>LUGGAGE &amp; BAGGAGE (TONS)</th>
</tr>
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<tbody>
<tr>
<td>DEC 2012</td>
<td>4,125</td>
<td>133</td>
</tr>
<tr>
<td>JAN 2013</td>
<td>10,293</td>
<td>92</td>
</tr>
<tr>
<td>FEB 2013</td>
<td>11,319</td>
<td>154</td>
</tr>
</tbody>
</table>

LAGOS MASS TRANSIT TRAIN SERVICE — Average of 16,000 Passengers daily
CURRENT STATUS OF FREIGHT SERVICES

- CEMENT TRAFFIC: EWEKORO-IBADAN- OSHOGBO-ILORIN-MINNA *(LafargeWAPCO)*

- WHEAT TRAFFIC: LAGOS – KANO *(Flour Mills Plc)*

- HAULAGE OF HEAVY MATERIALS FOR NRC CONTRACTORS: LAGOS – KAFANCHAN AND VARIOUS DESTINATIONS

# TARRIF COMPARISON WITH ROAD HAULAGE -EXAMPLES

## PETROLEUM PRODUCTS LAGOS – KANO

<table>
<thead>
<tr>
<th>PRODUCT</th>
<th>CAPACITY (LTRS)</th>
<th>ROAD TARIFF</th>
<th>NRC TARIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMS /AGO /DPK</td>
<td>33,000 Litres</td>
<td>N400,000 - 460,000</td>
<td>N288,886.39</td>
</tr>
</tbody>
</table>

## OTHER GOODS LAGOS – KANO

<table>
<thead>
<tr>
<th>PRODUCT (Road)</th>
<th>CAPACITY</th>
<th>IBADAN</th>
<th>OSHOGBO</th>
<th>ILORIN</th>
<th>KANO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>30 tons</td>
<td>N90,000</td>
<td>N120,000</td>
<td>N140,000</td>
<td>N360,000</td>
</tr>
<tr>
<td>Rice</td>
<td>30 tons</td>
<td>N90,000</td>
<td>N120,000</td>
<td>N140,000</td>
<td>N360,000</td>
</tr>
<tr>
<td>Cement</td>
<td>30 tons</td>
<td>N90,000</td>
<td>N120,000</td>
<td>N140,000</td>
<td>N340,000</td>
</tr>
<tr>
<td>Railway Charges</td>
<td>30 tons</td>
<td>N41,109</td>
<td>N62,409</td>
<td>N83,283</td>
<td>N239,838</td>
</tr>
</tbody>
</table>
Rehabilitation Works
System Transition

The draft Railway Bill that will repeal the NRC Act 1955 and to re-enact a new NRC law that will incorporate Private Sector as well as State and Local Governments Participation and other draft Transport Sector Reform Bills will soon be presented to the National Assembly (Parliament) by the Federal Executive Council. The draft Bills as listed below:

- The Railway Bill
- The National Transport Commission Bill
- The Ports & Harbour Bill and
- The Inland Waterways Bill
System Transition : Investment In Rolling Stock & Equipment

- Procured 25 new locomotives from GE
- Refurbished over 200 Coaches and Wagons
- Expecting 4 new locomotives from China
- Procured 20 Oil Tank Wagons from China
- Upgrade of Microwave Equipment
- Procured 2 No. 100 tons Telescopic Cranes
- Rehabilitation of Principal stations
- Supply of 2 No. Lifting Jacks and 2 No. Uprighting jacks
- Supply of 5 set of Rail-railing jacks
- Supply of 5 No. Railroad emergency vehicles
- Supply of 2 No. Rail inspection vehicles
- An investment Incentive Memorandum of Understanding MoU between General Electric (Transportation) and FGN was signed to accommodate the upgrading and development of a multi modal Locomotives Assembly Facility in Nigeria to handle an initial target Assembly of 200 Locomotives over 10 years under a Special Country to Company Relationship.
System Modernization

The second segment of the 25 years Railway strategic Plan is the modernization programme.

Phase 1 of the programme consist of:

- The Completion of the Construction and Rehabilitation of 274km standard gauge line from Itakpe to Ajaokuta to Warri

- The Construction of 187km Abuja-Kaduna section of the Lagos-Kano Railway modernisation programme

- The Construction of Lagos-Ibadan 180km double track standard gauge line
The Federal government has also commissioned Consultants to conduct feasibility studies in respect of new Standard Gauge rail lines.

The reports of the studies will consist of Outline Business Cases (OBCs) amongst others and will be made available to potential investors for their consideration, following Public Advertisement for Expression of Interest for the development of the various lines under PPP.
### On going Feasibility Studies on New Railway Corridors

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<th>S/N</th>
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<tbody>
<tr>
<td>1</td>
<td>Feasibility Studies/Consultancy for Standard Gauge Line on East – West Rail Line Lagos - Shagamu-Ijebu Ode-Ore-Benin City, 300km.</td>
</tr>
<tr>
<td>2</td>
<td>Feasibility Studies/Consultancy for Standard Gauge Line Benin-Agbo-Onitsha-Nnewi-Owerri-Aba with additional line from Onitsha-Enugu-Abakiliki (500km)</td>
</tr>
<tr>
<td>3</td>
<td>Feasibility Studies / Consultancy for Coastal Rail Line in the Niger Delta Region (Benin-Sapele, Warri - Yenagoa, PH - Aba-Uyo-Calabar-Akankpa-Ogoja-Obudu Cattle Ranch)</td>
</tr>
<tr>
<td>4</td>
<td>Feasibility Studies/Consultancy for Standard Gauge line Lagos – Ibadan – Oshogbo – Baro – Abuja (High Speed 615km)</td>
</tr>
<tr>
<td>5</td>
<td>Feasibility Studies/Consultancy for Standard Gauge line- Ajaokuta (EGanyi)-Obajana-Jakura-Baro-Abuja with additional line from Ajaokuta to Otukpo (533km)</td>
</tr>
<tr>
<td>6</td>
<td>Feasibility Studies/Consultancy for Standard Gauge Line Zaria-Kaura Namoda-Sokoto- Illela -Brinin Konni (Niger Republic (520km)</td>
</tr>
<tr>
<td>7</td>
<td>Feasibility Studies/Consultancy for Standard Gauge Rail Line Egyani(Near Ajaokuta) - Lokoja - Abaji - Abuja</td>
</tr>
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**TO COMMENCE IN 2013**

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<tbody>
<tr>
<td>10</td>
<td>Feasibility Studies/Consultancy for Standard Gauge Line Kano – Nguru – Gashua – Damaturu – Maiduguri – GamboruNgala -</td>
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</table>
CONCESSION OF FREIGHT AND PASSENGER SERVICE

The outline business case has been concluded by NRC/ICRC and awaiting approval. Transaction Adviser to be appointed following which investors will be invited to bid for concessioning of Railways Operations including procurement of Rolling Stocks on the following routes:

1. Western line (Lagos – Kano) Narrow Gauge Line;

2. Eastern Line Port Harcourt – Maiduguri Narrow Gauge line including Kaduna – Kafanchan link upon completion by the year 2014

3. Itakpe - Ajaokuta – Warri Standard Gauge Line upon completion by the year 2014
MARINE TRANSPORT SUB-SECTOR

PORT & HARBOUR OPERATIONS

- Nigeria generates about 70 percent of the ship traffic, cargo throughput and volume of trade in the West and Central Africa Sub-regions. Nigeria’s volume of trade has steadily risen from 82 million tons of cargo in 2008 to 93.7 million tons in 2009 and 100 million tons in 2012, with container volume of 1.4 million TEUs in 2011. In 2006, the Federal Government of Nigeria carried out comprehensive Port Reforms that:
  - Made NPA a landlord & Technical Regulator
  - Delineated the Ports into Terminals and concessioned them to private operators.
- Terminal Operators are now responsible for all aspects of cargo handling and Terminal upgrades under the concession agreements.
- Since the reform, overall operational efficiency has been steadily improving and there is appreciable infrastructural development by concessionaires in the Terminals.
- The Nigerian Ports Authority operates six (6) Ports namely:
  - Lagos Port Complex, Apapa
  - TinCan Island Port
  - Rivers Port, Port Harcourt
  - Calabar Port
  - Onne Port Complex (FLT & FOT)
  - Delta Port Complex (Warri, Koko, Sapele and Burutu)

These excluding Oil Terminals have a considerable cargo handling capacity of 100 Million tons per annum.
CHANNEL DREDGING ACTIVITY
Continuous dredging and maintenance of the channels through established Channel Management Companies (Lagos Channel Management Limited, Bonny Channel Company and recently established Calabar Channel Company) to deepen the channels and the berth areas.

Lagos Channel draught by 2010 was about 10metres but now 13.5metres – 14meters while the quay side was 9metres in 2010 but now 12.5metres. Bonny NLNG was 11metres in 2010 but now 14metres. Bonny – Onne is now 9.5metres from 7.5metres in 2010. Efforts are now intensified to deepen it to allow for bigger vessels to call.

24 number critical wrecks have been removed and 19 more have been identified for removal in the Lagos channel.

The East and West Moles have been completely rehabilitated.

Purchase of additional crafts – Tugboats, Pilot Cutters for Safety Navigation.

The number of Agencies operating at the Ports streamlined from 14 to 7 and 24 hours Ports operations introduced.

The contract for the rehabilitation of 1.6km access road in the Apapa Port Complex has reached over 70% completion.

In addition, the NPA has recently carried out some rehabilitation work on the Creek and Wharf roads to ease traffic to and from the Ports.

Rail Rehabilitation inside Apapa Terminals C & D completed and awaiting commissioning.

Steps are being taken to professionalise the practice of freight forwarding in accordance with the Council for the Regulation of Freight Forwarding in Nigeria (CRFFN) Act 2007.
INVESTMENT OPPORTUNITIES

A. GREENFILED DEVELOPMENTS

• The current policy of Port development are on equity participation of 20% Federal Government, 20% Host State and 60% Private Sector.

• The Federal Government is currently making efforts to develop Deep Sea Ports in partnership with the Private Sector at Lekki & Badagry in Lagos, Ibaka in Akwa Ibom, Olokola in Ogun/Ondo States.

• In pursuant of these giant strides Steering and Project Development Committees for the construction of Ibaka and Badagry Deep Sea Ports through Public Private Partnerships were inaugurated.

• Considerable progress has been recorded resulting in the appointment of a Transaction Adviser for the Ibaka Deep Sea Port by the Akwa Ibom State Government, who indeed has submitted Initial Due Diligence Report to the project Steering and Development Committee in line with the ICRC Act 2005.
B. OTHER INVESTMENT OPPORTUNITIES

Investment opportunities abound not only in the Deep Sea ports development but also in other associated support services

- Ship Building and Repair Services;
- Other Greenfield Port Development in Ogidigbe in Delta State and Agge in Bayelsa State;
- Coastal and Inland Trade (Cabotage);
- Other ICDs;
PROPOSED LEKKI DEEP SEA PORT
AKWA IBOM DEEP SEA PORT AND ENERGY CENTRE, IBAKA
INLAND CONTAINER DEPOT (ICDs)

Government has approved the establishment of six (6) Inland Container Depot (ICD’s) in the six geo-political zones under a PPP arrangement:

1. Isiala-Ngwa in Abia State
2. Ibadan in Oyo State
3. Kano in Kano State
4. Haipang - Jos in Plateau State
5. Funtua in Katsina State
6. Maiduguri in Borno State

A committee has been constituted with membership drawn from the Federal Ministry of Transport (FMOT), Nigerian Ports Authority (NPA) and the Nigerian Shippers’ Council (NSC) to address the legal framework of these ICDs so that they will be appropriately designated and declared as Ports of Origin and Destination.
The Nigeria Maritime Administration and Safety Agency hosts the Regional Maritime Rescue Co-ordination Centre (RMRCC) located at the Nigerian Maritime Resource Development Centre (NMRDC), Kirikiri, Lagos. The RMRCC co-ordinates Search and Rescue (SAR) and other safety emergency response operations in West and Central Africa.

The Rescue Co-ordination Centre in Lagos is jointly operated with Nigerian Airspace Management Agency (NAMA) at Murtala Mohammed Airport, Ikeja, Lagos.

NIMASA in collaboration with the Nigerian Navy, Private Sector and other Security Agencies are doubling efforts to ensure crime free maritime environment with the full support and encouragement of Mr. President. As a matter of fact, tremendous progress has been made in the fight against Piracy, oil theft and other maritime crimes.

Nigeria has also established a joint patrol with the Republic of Benin as part of efforts to secure the Gulf of Guinea.
SAFETY AND SECURITY OF NIGERIA’S MARITIME DOMAIN (cont’d)

NIMASA Infrastructure at the Regional Maritime Rescue Coordination Centre (RMRCC) the premier resource centre, Kirikiri-Lagos.
SAFETY AND SECURITY OF NIGERIA’S MARITIME DOMAIN (cont’d)
THE INLAND WATERWAYS TRANSPORT

- The National Inland Waterways Authority was established in 1997 to provide regulation for inland water navigation and ensure development of infrastructural facilities for a national inland waterways connectivity.
- The Inland waterways navigation have been hampered by siltation due to lack of channel management, therefore, capital dredging of the lower river Niger was undertaken between 2009 and 2012 to ensure navigability while maintenance dredging of the channels is ongoing.
- Development of River Ports and Jetties at Baro (Niger state), Oguta (Imo State), Owerintta (Imo State) and Lokoja (Kogi State) are at various stages of completion and will be concessioned to Private Sector Investors.
- The Onitsha River Port was rehabilitated and commissioned by Mr. President in August, 2012 and the procurement processes for the concessioning of the Port are in progress.
- The National Inland Waterways is developing an outline business case for channel management programme on the dredging of Lower River Niger on PPP arrangement. Consultants are working on the framework (Royal Haskoning).

Investment Opportunities:

- Operation of passengers and freight services
- Channel management under PPP arrangement
- Concessioning of River Ports
HUMAN CAPACITY DEVELOPMENT

- The Maritime Academy of Nigeria was established to cater for human capital development in the sector. In addition, a Maritime University is to be established in Okerenkoko in Delta State in 2013 while plans are underway to upgrade MAN, Oron to a degree awarding institution.

- The National Seafarers Development Programme anchored by NIMASA has continued to receive a boost. In December, 2012, over 500 youths were sponsored for training as Seafarers in various institutions abroad and over 100 left for Egypt recently while preparation to send another batch of over 700 youths have reached an advanced stage.

- The Nigerian Institute for Transport Technology (NITT), Zaria is helping in Capacity development for the industry.
PRESIDENTIAL MARITIME SECTOR RETREAT

THEME: “Harnessing the Potential of the Maritime Sector for Sustainable Economic Development” anchored on four modules:

- Security and Safety;
- Cabotage and Local Content;
- Ports and Customs; and
- Revenue Enhancement

Arising from this retreat, a committee was constituted under my Chairmanship to review the outcome of the Retreat. The report has since been submitted to Mr. President who subsequently directed that implementation schedules be presented to the Economic Management Team for consideration.
CONCLUSION

In our avowed commitment to the transformation of the transport sector, enormous investment opportunities abound as have just been presented. Investors are therefore invited to take full advantage of this initiative.
THANK YOU