Africa’s ports: The bottleneck

New investment alone will not fix Africa’s ports. Governments need to deal with pilfering officials, too

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AT THE entrance to the Port of Mombasa, just in front of where machinegun toting policemen check visitors’ permits, is a shipping container mounted on a plinth. It was erected last year to commemorate the port processing 1m containers (or TEUs; twenty-foot equivalent units are the industry standard) in a year for the first time. It is a boast about how much the port, east Africa’s biggest, has improved in recent years. And at the other end of the bay, a brand new container terminal juts out into the water, a smooth new road leading from it. On a hillside nearby, Chinese workers in straw hats look over the valley where a new railway is being built from the port to Nairobi.

All this gives a solid sense of progress. Yet behind the scenes, not everything is going well at Mombasa. Though the builder, Toyo, a Japanese company, has handed over the new terminal to the government, a tender has not yet been agreed to run it. Instead, the port’s management is in chaos. Last month the head of the Kenya Ports Authority (KPA) was sacked along with six other senior officials. Corruption has soared of late, grumble Kenyan businessmen. “The port of Mombasa is completely rotten,” says one chief executive.

What is true of Mombasa is true of ports across Africa. From Nigeria to Djibouti, decrepit and inefficient container ports are being expanded with money from the World Bank, governments (particularly those of China and Japan) and logistics firms such as Bolloré (a big French company which operates 14 port concessions across the continent). That offers the potential to transform African trade. Yet corruption and poor management may mean the gains will be squandered.

Good ports are perhaps more important to Africa than any other region. On a continent bereft of good roads and productive factories, fully 90% of trade happens by sea. Ports also corrall trade where it can be regulated and taxed: in Kenya, for example, some 40% of government revenue is generated by the customs department. Ports are also the means by which much contraband, from drugs to ivory, escapes to the rest of the world.

Onshore pirates

Yet many African ports are dire. And most are tiny. In 2013 sub-Saharan Africa's largest, Durban, in South Africa, processed just 2.6m containers—a thirteenth as many as Shanghai, the world's busiest port. And they cost a fortune to use. According to the World Bank, in 2011 shipping a container from Africa was typically twice as time-consuming as getting one shipped from India and about six times as slow as doing it through an American port. On average, containers sit waiting in African ports for three weeks before being taken to their final destination—compared with a week in other emerging markets.

This makes Africa poorer. The World Bank's figures suggest that delays in ports add roughly 10% to the cost of imported goods, more in many cases than tariffs. For exports the harm is worse. In northern Mozambique, the banana industry could be 20 times larger if Nacala—a natural deep-water port—were as cheap as those in Ecuador, reckons Jake Walter of TechnoServe, an NGO. Instead, perhaps 80% of containers leave Africa empty.

Poor transport links aggravate matters. At Mombasa, the old British-built narrow gauge railway can only take 5% of the containers that are offloaded, says Haji Masemo, a spokesman for the KPA. This means that the port suffers a constant traffic jam of lorries trying to get out. In Lagos, Nigeria's commercial capital, the terminals are both practically in the city centre, so it can take an entire day for a lorry to get from the terminal to a warehouse.

Much of the delay and cost is caused by bureaucracy and lack of competition. At Mombasa, as well as the KPA, importers have to deal with the Kenya Police, the revenue authority and the standards bureau, all of which can delay a shipment. Arguments over the valuations of products or the tariffs applicable can last for weeks. Neither the authorities nor port operators have much incentive to speed things up, because users generally have few alternatives, and are often paying for storage while they wait.

Then there is corruption. Philip de Burgh of Gray Page, a maritime investigations firm, recounts how a client was exporting copper cathodes from Congo through Dar es Salaam in Tanzania. When the containers were opened in China, it was discovered that the copper had been replaced by rocks. In November Rwanda's mining minister made a formal complaint about the damage being done to his country's industry by corruption in Tanzania. Sandra Sequeira of the London School of Economics found that 53% of shipments through Maputo, Mozambique's main port, were eased by bribes, usually to customs officials.

New port infrastructure should help with congestion but only if roads and railways are upgraded, too. New terminals are being built as far afield as Nigeria, Ivory Coast, Cameroon and Togo. However, graft and inefficiency are proving harder to tackle. Kenya is not alone in sacking officials. In December Tanzania's new president, John Magufuli, dissolved the board of the port authority and sacked the permanent secretary of the transport ministry. But Tanzania has sacked three port chiefs in three years; Kenya has been through half a dozen in a couple of decades. High-profile defenestrations do not do much to change the incentives faced by officials.

Simpler fixes—such as moving documentation online—would probably prove more effective. But port workers have powerful lobbies, and changes to rules are not as glamorous as expensive new projects. At Mombasa, officials talk proudly about the next stage of their construction plans: a wholly new mega-port at Lamu, a pretty town on the northern coast. Maritime analysts say that the idea is barmy—the roads are terrible and the area nearby is home to a fierce Somali insurgency. But it seems that for politicians, it is easier to cut ribbons than corruption.