

Third Party Evaluator's Opinion on: Douala Port Container Terminal Modernization Project.

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Impacts

After having been for years under structural adjustment program funded by the World Bank and IMF, Cameroon reached in year 2000 the Decision Point, that made it eligible to the HIPC (Heavy Indebted Poor Country) Initiative. Although that it took 6 years for Cameroon to reach the Completion Point (April 2006) due to the several reasons mainly related to the country's poor performance on governance and public finance management, it is obvious that the implementation of the port container terminal modernization project, which have brought upon the rising of the capacity of container handling volume in Douala, have deeply impacted the performance of the country's whole economy. More specifically, since Douala port handles 95% of Cameroon port cargo, the project has had a real impact on the increase of taxes revenue collection, that did help the country to meet the budget conditionality set for by the World Bank and IMF. The project has also permit a reduction of ports tariffs as a result of the reductions in costs and cargo handling times through the facilities provided by an effective "one stop service". On the social hand no real damage has been made to employment, as laid off personnel has been replaced by more qualified ones.

Sustainability

Before the construction of the Douala port container terminal, every single handling company was operating with his own equipment using his own personnel. Today, the Container Terminal is operated by a private body (DIT ie : Douala International Terminal) to whom the Douala Port Authority (DPA) has conceded the job.

Maersk and SDV, the two main DIT shareholders own 80% of the capital and have a control over 80% of the port traffic inbound and outbound; therefore, they must be willing to provide the best maintenance in order to keep on operating. However since DIT itself has no equipment for his own – a third crane to be purchased by the company is still awaited – one has the feeling that DIT is not deeply rooted in the country, specially since his parent company (SDV) has recently sold out all his local maritime transport assets in the country. The two existing gantry cranes which can be operated up to 40 movements per hour are currently used at a rate of 30-32 movement/hour. Therefore, very shortly as the traffic grows the need for a third crane may become urgent.

A significant threat to the sustainability of DIT, as based on the existing contract, may soon occur. Given the fact that the former Managing Director of the Douala Port Authority – the one who signed the DIT privatisation contract – has been in custody for four months under alleged corruption accusation that was recently also extended to the Chairman of the Board.

Nevertheless, all these may only end up by bringing in a new bidder with a re negotiated contract.