

THE NEED FOR PRIVATE SECTOR INVESTMENTS IN IDPS (INLAND DRY PORTS) IN NIGERIA



The scale of investment required for infrastructure projects has made government financing unsustainable, leading to significant budget deficits (Ahmed, 2021). Low-income countries typically complement governmental investment with additional funding from multilateral and bilateral partners. In well-developed local capital markets, domestic private sector sources can be tapped for capital. Countries with access to global capital markets can also secure international funding. In Nigeria, various financing sources are utilized to create a diversified portfolio for developing transport infrastructure.

Capital investments in infrastructure are widely recognized as vital for promoting sustainable economic development and inclusive growth (Oluyede, 2021). Inland dry ports (IDPs) serve as critical intermodal transport infrastructures that enhance seaport performance. However, the planned IDPs in Nigeria exceed the Federal government’s budget capacity, prompting a push for Public-Private Partnership (PPP) investment models. These partnerships are essential for financing both the development of new infrastructure and the rehabilitation of existing facilities. Investment in infrastructure requires funding from public, private, or international sources, as government resources are limited. Strategic alliances through partnerships with the organized private sector have become essential, a model successfully employed in

various countries (Oluyede, 2021). To illustrate the connection between IDPs in Nigeria and the PPP model, several countries have been identified where similar partnerships have successfully facilitated inland dry port development, showcasing the potential for collaboration.

Investment policies that enable PPPs in inland dry port operations have been recognized as viable. These arrangements typically involve the private sector financing the development of IDPs, while the public sector provides land and regulatory oversight (Jeevan, 2016). The collaboration between public and private sectors aims to enhance operational efficiency, leveraging legal, technical, and financial expertise to effectively manage inland dry port activities, ultimately benefiting both parties involved (Rodrigue et al., 2006).

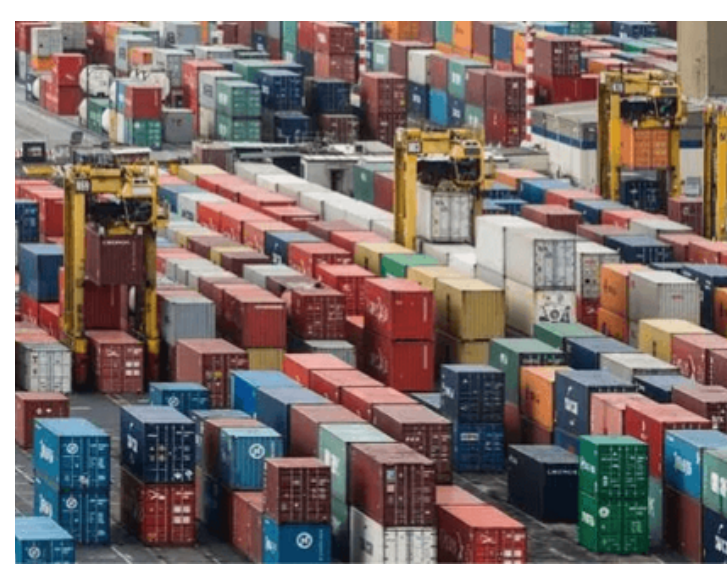
While private sector ownership does not guarantee success, studies suggest that the operation of inland dry ports improves when managed by private companies with logistics expertise.

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A study by the UNESCAP Committee on Transport (2018) highlighted private sector involvement in inland dry port operations across three countries: China, South Korea, and Australia. Similarly, Malaysia and Thailand have successfully applied PPP principles to develop their inland dry ports, demonstrating the effectiveness of this approach (Jeevan, 2016).

According to Cezar-Gabriel (2010), an inland dry port is defined as an inland terminal directly connected to a seaport. The UNCTAD (1991) further describes dry ports as designated sites for customs inspection of imports and exports, serving as origins or destinations for goods in transit. In Nigeria, the development of IDPs is anticipated to enhance international port competition and provide services comparable to those offered by marine ports, functioning as extensions of gateway ports (Mohammed, 2019).

The establishment of inland dry ports signifies a critical collaboration between maritime and intermodal freight transport systems, a process termed port regionalization (Rodrigue et al., 2010). This integration allows seaports and inland dry ports to function as interconnected components of the port system. The emergence of IDPs addresses challenges faced by landlocked developing countries, enabling them to counter physical isolation and high trading costs by facilitating better access to international markets

(United Nations Economic Commission for Africa, 2011). In scenarios where neighbouring landlocked countries do not prioritize IDP investments, maritime nations can still develop inland dry ports to manage transit shipments for these countries. This is particularly relevant for landlocked nations in West Africa that rely on maritime countries like Nigeria for overseas market access (Mohammed, 2019). Consequently, the private sector can seize opportunities to provide logistics and transit solutions for these countries, enhancing the overall effectiveness of Nigeria's maritime services. The emergence of inland dry ports typically occurs in the hinterland, fulfilling functions akin to seaports, provided they are directly connected to them via high-capacity transport modes. The development of IDPs in Nigeria aims to increase government revenue and bolster the economies of host communities. They are essential components of the logistics network, designed to alleviate seaport congestion, improve freight handling efficiency, and enhance logistics solutions for shippers in the hinterland, while also addressing environmental concerns.

Recommendation and Conclusion

However, lack of access to land and funding remains significant obstacles to the development of IDPs in Nigeria. To facilitate progress, the Federal government should create an environment conducive to private sector investment in functional IDPs, particularly supported by intermodal transport systems, including rail freight services. This collaboration would improve port-hinterland connectivity, enhance IDP productivity, and strengthen inland freight distribution systems, ultimately increasing trade volumes and accelerating economic activities interland

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