THE TRANSITIONAL PROCESS OF THE GHANA PORTS AND HARBOURS AUTHORITY TO A LANDLORD STATUS: PROSPECTS AND CHALLENGES

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DECLARATION

I declare that, except for references to other people’s works, which have been duly acknowledged this dissertation is the result of my own research, carried out under the supervision of Professor Max Assimeng and Mr S. O. K. Yeboa.

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ABSTRACT

The maritime industry, seaports and shipping in particular are the major means of transporting huge tonnes of cargo all over the world. With the ports serving as the receptacles for cargo and platform for trade, seaports have to reform in order to be able to stand the increasing technology that has characterised shipping and port operations. Since the 1980s many port authorities have seen the need to privatise their port operations. The main reasons for private sector participation are to increase investment, cut down cost of operations and improve efficiency by increased competition.

The Ghana Ports and Harbour Authority (GPHA) has not been left out of these global trends. It has gone through some reforms, but the current reform to a landlord Port Authority is most strategic and integrated because it is part of the national privatisation policy in Ghana. The main objective of this research was to examine the experience of GPHA’s reform from a comprehensive port to landlord port status. Specifically, the study focused on the prospects and challenges of the process.

The research focused on the GPHA and the two main ports of Tema and Takoradi as well as the organisations working with it including stevedoring and shipping/freight forwarding companies. Data was collected through the use of questionnaire and oral interviews. Sample was drawn from the GPHA, Tema Port, private stevedoring, shipping lines and freight forwarding companies.

The research found widespread awareness and participation in the reforms by the stakeholders in the industry. The process gained considerable success even though there was evidence of initial apprehension over job losses and fear some companies losing their share of port operations in port.
Though there was evidence that lucrative port operations were taken over by foreign companies at the expense of local operators, these companies brought significant development in port operation. Specifically, the reforms brought substantial infrastructural development to Tema and Takoradi Ports. At the time of the study, the reform was in its final stages and the port authorities were addressing some concerns on petitions sent to the Minister for Ports, Harbours and Railways.

In subsequent reforms the GPHA should intensify education to create and deepen awareness among stakeholders about the reforms. Further, GPHA should intensify its monitoring systems to ensure that multinational companies operating in Ghana's port do not abuse the system in respect of high charges on demurrage. Finally, as a norm in other parts of the world, the GPHA should endeavour to explore other potentials (tourism & industry) of the port and its enclave since it has relinquished much of its operational functions.
CHAPTER ONE

INTRODUCTION

1.1 Background

In today's global economy, maritime transport is one of the prime facilitators of international trade, providing the most cost effective means to transport goods and services over long distances. Maritime transport is the principal network for those with access to natural resources, those with the ability to convert these resources into products useful for the good of mankind, and indeed those with the wherewithal to utilize and consume the products.

'Such therefore are the advantages of water carriage; it is natural that the first improvement of art industry should be made where this convenience opens the world for a market to the produce of every sort of labor' (Adam Smith, 1776)\(^1\)

This assertion is supported by the world output and growth pattern as indicated in the UNCTAD “Review of Maritime Transport” (UNCTAD/RMT/2004 and 2005). World output of maritime transport increased from 2.6 per cent in 2003 to 3.8 per cent in 2004, while world seaborne trade expanded in volume to 6.17 billion tonnes (3.7 per cent in 2003 to a volume of 6.76 billion tonnes or 4.3 per cent) in 2004.

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Be that as it may, significant interest has risen particularly in the last decade as to the need to overhaul operational procedures with regard to seaports worldwide. This is to enable maritime transport maintain its lead in International trade. Hence, the drive to improve port efficiency could lower cargo handling costs and integrate port services with other components of the global distribution network. In this regard, African seaports which play a significant role in the economic development of coastal countries need comprehensive re-engineering to facilitate integration of the continent into the international market.

In particular, the contribution of seaports in Africa cannot be over emphasized, given that output growth of African economy reached 3.6 percent in 2003 with Ghana, Cameroon, and Nigeria growing at the rate of 4.7, 4.2 & 4.1 per cent respectively in 2003 (UNCTAD/RMT/2004 (pg.1)), while sub-Saharan African countries recorded an impressive 5.1 per cent economic growth during 2004 (UNCTAD/RMT/2005 (pg.1)). These levels of increase implied large volumes of seaborne trade for seaports in Africa, reaching a share of 8.9 percent of world export in 2003. By the year 2005, world seaborne trade had increased considerably to 7.11 billion tonnes. In the same vein, global logistics cost rose to U$1.31 trillion. In Ghana, total throughput for 2006 including transit traffic amounted to 13,447,960 tonnes. (Shipping Review, 2007)

The above trends, coupled with the pressure of globalization on international trade compelled seaports in Africa to reforms in order to meet the challenges of the era. Thus, the cardinal objective for seaports in Africa is to accelerate trade especially for
landlocked countries. It is to achieve this purpose that seaports are going through various reforms, including changing from being entities completely controlled by governments to becoming mixed private – public organizations, or even totally private sector entities.

As pointed out by Hoffman (1998), reforms are probably more imperative for developing rather than developed economies, since seaports in the former are in dire need of investments and renovation at a time governments are faced with the dearth of resources. However, transforming seaports in developing countries is more complicated, due to the fact that they are generally more prone to political control and overwhelming corruption.

Even though the reforms of seaports imply that governments should quit this industry, there is still the need for some public intervention at two levels. First, governments must define what objectives the new reforms are intended to achieve, and also, there is the need for post privatization regulation for operators when they participate in the business of seaports (Trujillo and Nombela 2001).

It is also imperative to recall that the ultimate aim of reforms is to improve efficiency by introducing competition, as a substitute for public regulation, although competition may not always be feasible for all ports services. Hence an independent regulator must be able to avoid political interference from governments as well as undue influences from private operators.
Thus, it is critical for independent institutional set ups to be allocated the task of supervising the process of privatization and liberalization, in order to manage the reforms beyond mere transformation from public monopolies to private entities. Consequently, the regulator should combine the social objectives pursued through reforms (improved cost, efficiency, low charges) with the interest of the new concessionaires (profits, security).

Contemporary developments in seaports of industrial countries and globalization of the world economy have put pressure on various governments to relax their control over the management, administration, and operation of seaports in the West African sub-region. For instance, Abidjan and Apapa (Lagos) have ceased to operate as entirely public owned ports and have subsequently privatized the cargo handling activities to make them more efficient and competitive (Adorkor, 1993).

The port of Djibouti currently has a virtual monopoly on access to the Ethiopian market as a result of the conflict between Ethiopia and Eritrea, as well as Somalia because of lack of transport infrastructure. Also Dar es Salaam is the major entry point to Tanzania, as well as the neighboring landlocked countries of Zambia, Burundi, Rwanda and Malawi (WBTK Module 2. pg 3).

The position of Djibouti and Dar es Salaam could serve as a clear example to Ghana (Tema & Takoradi Ports) to take advantage of the crisis in Abidjan to serve as a hub port in the Sub-region.
In Ghana, the process of privatization and commercialization of various port activities are part of the total package under which the World Bank and other international financial institutions have agreed to finance the rehabilitation of all transport infrastructures in the country including the seaport.

In 1993, a study financed by the EU was commissioned to prepare a “Master Plan” for the development of the commercial ports of Tema and Takoradi. The final “Master Plan” report was submitted in 1995, and the recommendation reviewed by all stakeholders. Subsequently, cabinet approved a port development and reforms policy document in 1997, outlining broad polices of the reforms and development to be embarked on with respect to the following (SAPS, 1998, P.20):^2

- Gradually changing the status of GPHA from that of a “Service Port” to a “Landlord Port,” with the two ports (Tema & Takoradi) being autonomous from each other and competing in port operations.
- Introducing more competition into port operations by increasing private sector participation.
- Increasing the capacity of the ports to accommodate modern generation vessels.

The GPHA management was seriously preparing for the implementation of these policies until a change in government in January 2000 resulted in the temporary suspension of the privatization process scheduled to be completed by June 2001. Nevertheless, it was re-

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implemented after the new government had expressed strong commitment to increase private sector participation in all sectors of the economy. (Gyebi-Donkor, 2001)³


The outcomes were no where different from the earlier study which led to the drafting of the “Landlord Port” Bill in July 2000.

The main features of the Port Development Policy based on Ghana Trade and Investment Gateway Project (GHATIG) are as follows:

- Changing the status of GPHA from that of a “Service Port” to that of a “Landlord Port”

- Introduction of more competition into port operations by increasing private sector participation (OCDI). NIPPON KOEI CO., LTD 2002).

Hence, Ghana Government, since 2001 repackaged the policy under the Gateway project, upon the second study, and the implementation has since gone through various stages.

Before the inception of this project to increase private participation in port(s) operation, leading to “Landlord Port,” the GPHA was managing 75 per cent of container handling,

50 per cent of general cargo handling, and 25 per cent of container handling shared between Speedline Stevedoring Company LTD (SSL), and Atlantic Port Services LTD (APS). The remaining 50 per cent of general cargo handling was operated by three companies; Express Maritime Services (EMS) 25 per cent, APS 15 percent, SSL 10 per cent (All in Tema Port).

This made GPHA the largest operator of the ports in Ghana, about 75 per cent Tema Port and 100 per cent Takoradi Port and, overseeing all the fishing harbours. Hence, the ports could still be described as “Service Port” (comprehensive port), operated by Public Authority.

The reforms of the GPHA have since been under implementation as part of the Gateway Project, and the Ghana Ports and Harbours Authority is mandated to facilitate and streamline the cost efficiency of doing business at the Ports by way of privatization. The draft Bill specified the procedures and types of private sector participation. The participation was based on the following;

- Build – Operate – Transfer Scheme (BOT)
- Concession
- Lease

The BOT Scheme is a specialized arrangement of concession for a specified period of time involving the transfer of some project assets.
Concession is a grant of specific privileges by government, (used as equivalent of leases) and not privatisation. The concession system has been the backbone of port operations in a number of countries for the last 300 years. Concessions have been generally successful because their main advantage is that they relieve the finances of the grantor. Another benefit from concessions is that they establish a strong legal relation between grantor and concessionaire with candidates for concessions being carefully screened and reselected. Thirdly, it attracts capital especially foreign without losing long term control over its vital port facilities (IAPH, 2001).

BOT and concession are more political than economic acts. Long term, well defined strategies are needed to implement privatisation including research and public relations efforts to press for internal and external support. For instance, on job cuts, legislations are needed to allow it, and also strong coalitions of stakeholders are required to ensure successful implementation.

“Landlord Ports” are characterized by public ownership, development and maintenance of the infrastructure which are leased (on BOT), concession or lease bases to private companies. Under this, stevedoring, warehousing/distribution, container terminals, pilotage, stowage, bunkering and other operations are financed and operated by private companies.

The “Landlord Port” model can therefore not be described as a 100 per cent privatization of seaports, in the words of the Director General of GPHA-“As far as I am concerned, no
government would privatize the ports completely because of the importance of ports to the national economy or even national security." Port privatization is mostly about privatizing sections of operations that will boost efficiency’ (Otabil 2002)\(^4\).

Due to the huge financial investment involved in port operations, the private sector being the engine of growth must be encouraged to invest in seaport business while reserving strategic areas under the care of public port authorities.

Three broad forces are generating momentum for port reforms in developing and industrialized countries:

- External forces of competition and technology from the shipping industry;
- The acknowledged financial and operational benefits of private participation in port development and service delivery; and
- The diversification and globalization of investors and operators in the port industry. (World Bank Port Reforms Tool K.I.T. Module 1 pg 6).

The impacts of privatizing port operations are overwhelming. There are numerous success stories where port authorities have transferred to the private sector operations previously performed by public employees.

\(^4\) Interview with Owusu-Mensah. DG. GPHA. West Africa Journal. (2002)
Buenos Aires awarded terminal concessions to four competing companies in 1994. This brought down handling charges significantly. Between 1995 and 1998, Panama attracted more than U$380 million in investments for modernization and expansion. Mombassa improved its outdated equipment, streamlined bureaucratic procedures, and improved terminal productivity after it transferred to a commercial terminal operator (WBPRTK module 2, page 47).

However, this is not to say that port reforms have not hit deadlocks. In Indonesia, (Kola) and the City of Rostock, private involvement in terminal operation had been withdrawn, citing lack of compliance with original contract. Also, following dispute with port authorities, Trieste withdrew from a 30 year contract after eighteen months. The World Bank Ports Review Tool Kit, module 2, page 47 also cited similar occurrences in Rosario and Kipevu.

In Nigeria and Ghana news about the privatization of seaports was met with opposition from some stakeholders, who thought the process meant outright takeover of their business by foreigners. This can be supported by the reasons Gyebi-Donkor cited in Daily Dispatch of 22nd May 2007, as to why some opposed such reforms. These include reduction in employment, loss of state control over port business, difficulty in operator selection, difficulty in coordinating public and private investments and the potential for unfair competition or preferential treatment.
Nevertheless, in Ghana, the process of privatization is on going and the GPHA strategically, has the following mandate under the Gateway project:

- Transform GPHA into a “Landlord Port Authority”
- Re-organize and downsize GPHA to a Headquarters, with greater transfer of autonomy to the ports
- Develop a container devanning area outside Tema Port
- Extend and dredge Quay 2 of Tema Port
- Establish Electronic interactive data system for the maritime community
- Improve container handling productivity in the ports (Brochure, GPHA.2006)

The first and second phases of the rehabilitation of the seaports have been completed. These phases involved the reconditioning and maintenance of existing structures, provision of cargo handling equipment, dredging of the harbour basin and restructuring of the management and administrative set up at Tema and Takoradi ports.

The completion of the final phase of the rehabilitation works will involve the construction of an appropriate modern terminal, with deep water facilities at Tema to cater for third and fourth generation container vessels. This is to enable the Tema Port to serve as one of the container load centers of the sub-region. In this regard, potential financiers requested that government should relax its control and impress upon the port authority (GPHA) to efficiently privatize their operational activities to make them more competitive.
The final phase of this privatization process will ultimately transform GPHA to a "Landlord Port Authority" with reduced responsibility in operations, but remain as the main regulatory body. The authority shall be responsible for provision and maintenance of port infrastructure and cede most cargo handling operations to the private sector. (Daily Graphic, June 26 2006.a).

Even though the Bill to give the statutory requirements for the transformation is not yet passed by Parliament, a substantial part of the plan under the transformation has been executed with privatization of about 75 per cent of stevedoring operations and 100 per cent of shore handling of conventional cargo being privatized. (Daily Graphic, June 26th 2006.b)

By the middle of 2007, existing port assets were leased to private operators; 75% of stevedoring activities have been taken over by nine private operators, and GPHA controlling only 25% for strategic reasons. The management and operation of the new container terminal (Jubilee Terminal) in the Tema Port has been concessioned to a private consortium Meridian Port Services (MPS). Shore handling of general cargo has also been privatized. Licenses have been given to five shipping lines and port operators to operate their own off-dock terminals to handle their containers. (Gyebi-Donkor, 2007)

When the "Landlord Port" Bill is passed, the port of Tema will concentrate on providing the infrastructure (e.g. quays and terminal paving), whilst the superstructure (e.g. cranes, warehouses etc) would be owned and managed by private companies.
According to the Public Relation Director of Tema Port in an article published in the Daily Dispatch of May 22nd 2007, the mission and functions of the port would fundamentally change to

- “Landlord” and performance monitoring.
- Policy making, planning and coordinating port development.
- Traffic control, regulatory and surveillance.
- Marketing, public relations and promotion.

The high level of interest generated by ports reforms exercises is as a result of increasing complexity, popularity and growth of shipping and cargo activities in the maritime sector. Irrespective of the desired goals of the reforms and the manner it is designed and implemented, the anticipated goal is to ensure that the programme will be capable of achieving sustainable and better improved port operations and terminal management than the existing level of operational performance without which the essence of reforms will be defeated (Badejo 2007).

Consequently, giving the complex and arduous task of seaport privatization with the attendant bureaucracies and implications for employment, this research seeks to identify the prospects and challenges of the transitional process of the Ghana Ports and Harbour Authority to a “Landlord Port.”
1.2 Statement of the Problem

The concept of change implies the situation, person or thing has altered in some way. Change implies difference, adaptation, innovation and renewal. (Cole, 2003)

It requires that the GPHA alters in some way, resulting in the adaptation, innovation and renewal of organizational and management structures and operations. As stated by Boelhouwer (1999), the processes of port reforms usually go through improvement of port administration, liberalization or de-regulation, commercialization, corporatization and finally, privatization.

This constant state of flux, where change and adaptation in one part of the organization has a knock-on effect elsewhere, would hardly successfully be complete without some level of intrinsic and extrinsic difficulties and challenges. Even though, the intended purpose is to improve efficiency, effectiveness and quality service within the organization, challenges are inevitable.

Buabeng reported in Daily Graphic (May 26th 2000) that private involvement in the operations of the country's port would be in the best interest of importers and exporters because it would enhance efficient service delivery. Since the introduction of the reforms at GPHA, there have been several newspaper reports of worker agitation and misgivings about the reforms. These doubt and allegations on the success of the reforms have generated high level of interest on the port reforms process.
GPHA, as a corporate organization, undoubtedly has very strategic plans but perhaps, cannot go through these reforms without any challenges. Of course, the intensity, variations, and obvious nature of bottlenecks would differ from other institutional reforms, and indeed, would generate interest within the academia. This research therefore, aims at studying the experience of GPHA, and more specifically, identifying the prospects and challenges of the reforms.

1.3 Objectives of the Study

Main Objective:

To study the experiences of GPHA’s transition from a Comprehensive Port (Public Port) to a “Landlord Port”, more specifically the study would attempt to:

1. Identify the reasons for the transition from a comprehensive port to “Landlord Port”.
2. Verify the prospects and challenges of the transition of the GPHA to landlord status
3. Establish how successful or otherwise the process has been and examine the way forward for GPHA.
1.4 Justification of the Study

The underlying factors of privatization of seaports all over the world are for efficient and effective management. Against the backdrop of this development, one crucial issue that cannot be overlooked is that the transition between the old and new systems must necessarily be managed properly. Managing corporate and personal change will be more successful if certain basic principles are applied. Change management entails thoughtful planning and sensitive implementation, and above all consultation with, and involvement of, the people affected by the changes. (Adzadi, Daily Graphic, April 25 2006)

It is significant to realize that corporate change must not only be realistic and achievable but also measurable. In this regard, during the transitional process, actors must carefully address the following:

- What does the organization expect to achieve with this change?
- Why and how will the entity realize that the change has been achieved?
- Who will be affected by this change, and what will the reaction be?
- Finally, is the organization equipped to achieve the expected change process?

Whatever the situation, the process needs to be understood and managed such that the affected personnel and organizations can cope effectively with it. Further, the process of change can be unsettling, unpredictable, and for that reason, the key actors or chief
Executives must act as a settling influence. This research is in the interest of all stakeholders in ports and shipping business, and Ghanaians at large because,

- The Port is a national asset
- State funds are committed to it
- The outcome of port operations affects national and internal trade.

Subsequently, the absence of this research could create a vacuum in knowledge with respect to port development in Ghana. It could also deny students, the intellectual community and actors in the industry of relevant information.

As stated earlier, implementation of privatization schemes can be cumbersome. Thus, it is important to engage all the affected stakeholders in planning and implementation of the transitional process to help reduce the change burden and spread the organizational load, as well as create a sense of ownership among stakeholders.

In another aspect, this study is important because, corporate transformation characterized by retrenchment and insecurity often portends labour unrest especially among workers of the lower echelon and the proper management of these anxieties may as well determine success and sustainability of the reforms.

Meaningful discussions on the issue of port reforms are of great importance not only in finding ways to manage the reforms process itself in the short-run but also in highlighting that the need for reforms and increased efficiency may diverge significantly from the desire to safeguard port labour standards and other social objectives that might be adversely affected by the reforms. (Hercules, 2001)
It is in line with ensuring industrial harmony and to avoid losing experienced and knowledgeable personnel, that is the remit of this study, the findings of which will inform future decision-making on the management of port reforms with the participation of the private sector.

1.5 Scope

The focus of this research is on the “Ghana Ports and Harbour Authority” (GPHA), the statutory institution operating under the Provisional National Defense Council Law (PNDC, Law 160)

The study also extends to establishments working under the supervision, or in collaboration with the GPHA such as stevedoring companies, shipping lines and shipping agents. This is to enable the research discover the prospects and challenges of the transition on operations, and service delivery.

1.6 Operational Definitions

Reforms: A change intended to improve efficiency and effective operation in organization.

Transition: The process of changing from one state or situation to another.

Privatization: Participation of private individuals or groups in the management of public organization.

Prospect: Chances of success.
Comprehensive port system: public port system or an example of “Service Port” managed by public port authority.

1.7 Organization of the Chapters

The report consists of five chapters: Chapter one contains, background, statement of the problem, objectives of the study, justification of the study, scope, operational definitions and organization of the chapters. Chapter two covers literature review and deals with, trends and stages of port reforms, objectives of port privatization, experiences and challenges of port reforms. Chapter three contains profile of GPHA, sample selection, data collection methods, data presentation and analysis and field experience. Chapter four comprises of presentation of findings, participants’ demographic variables, and reforms process of GPHA, privatisation of port operations, reasons and prospects of the reforms of GPHA to “Landlord Port” Authority, productivity and efficiency levels during the reforms. It also includes transparency and challenges of the reforms, presentation of interview findings, and discussions of findings. Chapter five contains summary, conclusion, recommendation
CHAPTER TWO

REVIEW OF LITERATURE

2.1 Introduction

This chapter contains literature relevant to the study. The literature reviewed covered issues such as, trends and stages of port reforms, objectives of port privatization, experiences and challenges of port reforms.

2.2 Trends and Stages of Port Reforms

The World Bank Tool Kit illustrates some reasons why many port managers and government officials believe that the only way to improve the performance of public port organization is through the process of privatization. Port reforms imply the changing institutional structure of the port business and the much greater involvement of the private sector in the exploitation and financing of port facilities, terminals and service. Hence, reforms result in changing relationships between the public and private sectors.

However, unlike other spheres of the academia, the maritime industry has not enjoyed widespread research work and publication. As it is rightly put by Churchill, (1999), that developing countries have long felt that one of the more important reasons for their economic backwardness is that they lack much of the
research technology which developed countries enjoy, and that without a substantial transfer of research technology in the maritime industry, their economies will not adequately develop.

It is important to acknowledge that until recently the ports have silently operated as strategic sectors under the ambit of government ministries (in most cases Ministry of Transport) and as part of some civil and public service departments at various stages.

But, the sharp increase in world trade over the last 50 years focused the attention of national governments on the economic importance of ports. This saw the emergence of major port reforms with major ports developing large industrial sites within their domain.

In a bid to improve on port structures and serve the needs of the era in the 1950s and 1960s, many nations introduced institutional changes with the aim of coordinating port development at national and regional levels (World Bank Tool Kit. Module 3)

Ports are necessary to improve port efficiency, decrease costs and prices, improve services, increase competitive power, de-politicize the public port administration, reduce bureaucracy, reduce public expenditure, attract foreign investment, increase private sector participation and increase private sector employment.
Therefore, port reforms go through the process of modernization, liberalization or de-regulation, commercialization, corporatization and finally end up in full privatization. (Boelbouwer, 1999). However, developing countries have the peculiar vulnerability at any of these levels of transition during port reforms and these are worth understanding despite the prospects of port reforms.

Authorities have indicated that in the liberalization stage public port organizations used the unfair practice to compete against private operators. They take actions beneficial to the public terminals, but disadvantageous to the private terminal.

One of the inherent weaknesses of the commercialization process is the use of public sector managers responsible for pushing through changes in organization but, these managers are still accustomed to civil service procedures and practices.

The aim of corporatization is to constitute the corporatized firm (port) as a single self-sustained entity. This means that the port authority is converted into a legally and financially independent body with its own Board of Directors. (World Bank Tool Kit)

The negative aspects of corporatization include monopoly by port authorities, especially in the absence of port sector regulation mechanism that does not render equal playing field for the all stakeholders in the industry. The Ghana Ports and Harbours Authority in its transitional process currently underway to a landlord status is “perhaps” at the Corporatization Stage.
According to the American Association of Port Authorities, a question often asked is, "how a government goes about the process of privatization"? A useful procedural framework comprises:

(a) Selection  
(b) Legislation  
(c) Sale process  
(d) Legal and policy issue  
(e) Valuation  
(f) Funding options  
(g) Applying for financing  
(h) Risk mitigation

According to the UNCTAD 2005 report, the participation of the private sector in the port industry proceeded at a pace adaptable to the economic and social situation of given countries.

By mid-year, the Russian government had discussed the disposal of 20 percent of the public ownership for the ports of Novorossiysk, St. Petersburg, Murmausk and Tuapse. In Nigeria, 94 bidders were pre-qualified during the fourth quarter of the year for the envisaged 24 port concessions. In Togo, it was also reported that a French-Spanish consortium had entered into a joint venture with a Togolese Company to develop the port of Lome as a regional hub. South Africa followed leaning towards public private partnerships allocating $340 million for improvement of terminals in Durban, Cape Town and Port Elizabeth (UNCTAD, 2005, p 80).
In previous related developments, attempts to improve infrastructural development at Tema Port in Ghana, resulted in seven maritime related companies teaming up to form the Ghana Ports consortium (GPS) that was to invest about U$200 million in the infrastructure development of the port (West Africa Journal, October, 2002 pg. 22).

Almost half of the 82 members of the American Association of Port Authorities (AAPA) are “Landlord Ports”. Port Authorities can greatly benefit from transferring port facility operations to the private sector through a lease or concession to a terminal operator. Research by University of Washington Professor Thomas Dowd indicated that the top 15 U.S. General Cargo Port Authorities currently earn more from lease agreements and concession to terminal operations (David H. and Peter Y., 1993).

Asnawi (1992) in his work ‘privatization of container terminal at the port of Tanjung Prioll’ Jakarta, Indonesia indicated the types of private involvement in some Asian ports as:

- Government owned and operated
- Government owned and private sector operated.
- Private sector Dominated.

According to this classification, Ghana’s reforms aim at the second category of port operations.
Asnawi (1991) further added that the method of privatization could be differentiated as follows:

- Contracting out specific services.
- Competitive bidding for the sale or lease of government assets.
- Direct award of a franchise to a nominated company.
- Awarding a build, operate and transfer contract.
- Sale of equity or bonds in a government corporation through the financial markets.
- Management and or labour buyout.

What is clear and evident in the reforms of the GPHA is contracting out specific and competitive bidding. This was confirmed by the Director General of the GPHA, in a publication by Victoria Odoi, Tema, in Daily Graphic (August 29, 2001) under the Article entitled “GPHA begins 'Landlord' Scheme next month.”

The Director General, placed emphasis that “the selection for participation in the privatization exercise will be based strictly on competence and financial backing, adding that, quality and standard of work within the ports will not be compromised.”

### 2.3 Objectives of Port Privatization

The Ghana Ports and Harbours Authority, final Report on the “Landlord Port” Bill (July 2000) outlined the objectives of the Port Authorities as follows:
• To perform its functions with a view to satisfy transport demand while ensuring fair and transparent competition between port users and enhancing the quality of delivery of service providers.
• To reduce cost and delays of transportation.
• To serve the needs of port-related activities and industries while encouraging their owners and operators to invest in the economic activities of public sector, while preserving the environment.

Recounting the benefits of privatization in port operation C S. Buabeng wrote in the Daily Graphic 26th May 2000, page 23 under the heading “GPHA becoming ‘Landlord’ is critical.” The private involvement in the operations of the country’s port would be in the best interest of importers and exporters because it would enhance efficient service delivery. Perhaps it is better stated by Professor Kuiler “a port is a terminal facility in a goods stream which originates from such a combination of production factors, that in it a number of specific functions can be performed with respect to navigation, inland transport, service and industry in such a way that an optimal result of the goods stream and income forming is obtained in the national economy.” (K.D. Jayecoba 1991) cited by H. Coltof.

K.D. Jayecoba (1991) in his work on the Nigerian Ports Authority, a searchlight on its activities and problems, enumerated some advantages of privatization of the Nigerian Port Authority as:

a. To optimize the contribution of port facilities and business in Nigeria.
b. To manage the work force as a resource and not merely as a cost.
c. To become customer-oriented and therefore open up its management structure as a way of responding to customer needs.

d. To conduct all its operations effectively, competitively, and profitably and thus generate significant amount of contributions to the national economy.

e. To offer neighbouring landlocked countries unimpeded access to the sea.

f. To co-operate with neighbouring ports in the provision of common services.

g. To maintain a creditworthy posture and remain attractive to national and international investors.

h. To reform and modernize dock work in order to bring industrial harmony to the dock industry.

i. To explore the possibility of attracting reputable international organizations as technical partners of joint ventures.

j. To maintain an up-to-date management information system in all aspects of the authorities' activities. Comparatively, there are similar objectives for the ports authorities in the sub-region.

Comparing to that of Nigeria as stated above, the final report on the “Landlord Port” Bill for Ghana has similar objectives. This indicates the homogeneity of demand for maritime services within the coast of West African serving landlocked countries.

The bill outlines the objectives of the “new” Port Authority ("Landlord Port" Authority) as followings:

- To satisfy transport demands while ensuring fairness in transport competition between port users and enhancing the quality of delivery of services provided.
• To serve the needs of port-related activities and industries while encouraging their owners and operators to invest in ports and

• To maximize the economic value of public investments while preserving the environment.

It is clear that the prospects of ports reforms are quite similar but unique when considering their peculiar location and economic might.

2.4 Experience and Challenges of Port Reforms

Esther Gyebi-Donkor, (2001) in her work on “Port Pricing in the Era of Privatization; a Case Study of Tema Port,” cited that, “but for the change of government in January, 2001, the privatization process would have been completed in June 2001.” Nevertheless, the process is still on going since the current government showed strong commitment to an increased private sector participation in all sectors of the economy (Financial Statement of Ghana, 2006). However, the Bill – Ghana Ports and Harbours Authority, “Landlord Port” Bill, is yet to be passed in Parliament.

In the UK, the rejection of the Associated British Port proposal for developing container facilities in Dibben Bay, near Southampton, on environmental grounds prompted statements by several parties who requested government to produce a port policy strategy that provided controlled capacity growth in the country. (UNCTAD, .2004. pg 81)
On the contrary, the case of delay in passing the landlord Bill in Ghana has not prompted any comments neither have there been explanation provided for the delay. Perhaps actors in the industry are simply observing the smooth running of the transitional process before calling for the legally binding document to be passed, to legitimize the reforms.

According to the UNCTAD annual review (2004), similar large port development schemes have been rejected in Germany by the Government, citing security of new long-term investments.

The United Nations Conference on Trade and Development Report, 2004 on maritime transport also indicated that, the importance of environmental concerns in ports development was highlighted in several countries. In Spain, Greenpeace objected to development plans in Coruna and Tenerife. Also, in Italy, a dredging ban in La Spezia was suspended after an administrative court accepted an appeal. Dredging was said to cost U$30 million.

However, there are no official records indicating that the reconstruction works in the ports of Ghana are a threat to warrant opposition, especially on environmental grounds.

Dr. H. Coltof in his work on selected research topics conducted by a group of students in Africa, pursuing programmes at the International Maritime Transport Academy, Rotterdam recounted some obstacles to privatization in ports. These were:

- There should be proposal to deal with redundant labour and changes in conditions of employment such as security, pension. This is so because adverse labour
actions have the potential to significantly disturb privatization plans. This assertion is confirmed by a publication by George Sydney Abugri, in Daily Graphic, Monday April 3rd 2006 edition. Under the heading: “Ghana Ports Authority in Turbulent Times.” It indicated that, as the GPHA has been gearing up to take advantage of the refurbishment and extension of its facilities at the Tema Port aimed at generating higher revenues and profits, financial disasters struck it following a court order to pay a colossal $350 billion to former workers of the GPHA who sued the Authority for the payment of redundancy benefits. It would be recalled that as part of the reforms process of the GPHA to a “landlord” status, there was the need to downsize the work force of the GPHA 2002, which resulted in the court action.

- Another obstacle was vested interests, here, government agencies and port administrators may feel threatened by the privatization process. Also some port users may feel that privatization is not in their best commercial interest (Asnawi 1992). These vested interests may take action by mobilization of political pressure to disturb the privatization process.

- Also protest from losing bidders, is a major obstacle to privatization. In the event that losing bidders are dissatisfied with the process, which is used to award the franchise to operate port facilities, they can undertake actions including challenges, which can significantly delay the implementation of privatization plans.
During reforms, apart from protest from losing bidders, inappropriate bidding could also affect the quality and transparency of the reforms. In 1976, during the Manila International Container Terminal Expansion Project, the government awarded, without bidding, the franchise to operate MICT to a company with strong political connections. The financial terms of the contract were very favourable to the company. But, the company could not, however invest in the necessary equipment and the project was not operated efficiently. (Asnewi 1992), cited by H. Coltof. It is obvious that the areas or components of ports most targeted for reforms are the container terminals, stevedoring, storage and the labour front. These sectors also engage large proportions of the labour force. Therefore, threat to job security gains prominence during reforms and may lead to several disturbances.

As reported by Yaaba Yamikeh, in The Statesman of 25th February 2001, under the title "Takoradi Harbour faces collapse," workers of the Ghana Ports and Harbours Authority (GPHA) at Takoradi had expressed fears that, their port which is financially constrained as a result of inadequate operational space, will collapse should it start operating as autonomous entity. Their fear stems from the content of a draft bill prepared by the government, which seeks to make the Takoradi and Tema Ports, two autonomous entities.

Their contention emanated from the fact that Tema Port has large operations areas than Takoradi Port. Hence, the former makes more revenue than the latter, citing situations where the Takoradi Harbour had to rely on Tema Harbour to defray its debts. Therefore, it was argued that the autonomy will not favour the Takoradi Port largely because of its
limited operational space with the relative consequence on revenue generation. However, authorities argued that the port is supposed to work or operate within its operational and financial capacity, under the new regime.

Bentil (2004) in his book on 50 years of Civil Service Reforms in Anglophone Africa, reiterated that, irrespective of reasons motivating administrative reforms and despite the differences in the needs of countries, especially between developed and developing countries, there is the consensus that the goal of reforms efforts “should be the development of greater administrative and managerial capabilities, including effective use of Science and Technology, to achieve national objectives.” Bentil (2004) confirms the urgency and importance of reforms in developing countries, and added that, reforms are much greater and critical in developing countries because of the more central role of government.

Perhaps, the lack of experts in the maritime sector, within the Civil Service also calls for the need for government to relax her role and give more room for the private sector that can attract the best know how to manage the ports. Other important area of reforms, Bentil (2004) touched on are the strategies and approaches, much related to the scale and timing of the reforms to be undertaken. He observed that it could be comprehensive or partial approach. Comprehensive, covering structural reorganization and partial, limited to sectorial activities.
The reforms in GPHA could be seen as comprehensive since it affected personnel, management structures, infrastructure and equipment. Unlike the case of Ghana in other parts of the world, port reforms largely concentrates on container terminals.

The reason for relative ease in privatization of container terminals in other ports of the world is because such ports are already far advanced in the area of infrastructure and some superstructures. Therefore, current challenges are only limited to ability to improve on equipment for handling container, which is a recent development to port operation. To that end, it is clear that seaports that do not take steps to efficiently handle containers are likely to fall out of the competition in the port sector.

In the case of privatization of container terminals in Tanjung Priok (Indonesia) the strategy is making container terminal in Tanjung Priok port a national transshipment point for other ports in Indonesia, to enhance competition, mobilize private sector investment to supplement public investment and to introduce new management skills and techniques (Asnawi, 1992).

Further, key areas of concern in the entire process underlies the influence of the project (under reforms) on harmonizing conflicting interest within the harbour-system and ensure it does not jeopardize short-term improvement (Team Amsterdam Port Consultants, 1974 – 1984).
David Haarmeyer and Peter Yorke (1990), in their work “Port Privatization: An International Perspective,” cited that, to reflect the degree of private-sector participation, port authorities are classified as landlord, operating, and limited operating. “Landlord Ports” lease cargo-handling facilities and property to either shipowners or commercial cargo-handling companies. Facilities and property under operating ports are managed exclusively by public-sector agencies. Under limited-operating ports, there is a mix of public and private operational responsibilities.

This literature review so far, shows a strong indication that private participation in port operation has significant bearing in efficient port performance. Privatization has therefore come to stay; perhaps the area of concern is that countries should identify their priorities in port privatization and make use of the opportunities.
CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter consists of the profile of GPHA and procedures or methods used to collect and analyze data. Specifically, it presents the study area (GPHA- Tema and Takoradi Ports), sample selection, data collection, method of analysis, and field experience.

3.2 Profile of GPHA

The Ghana and Ports Harbors Authority (GPHA) was created by a statute known as the "Ghana Ports and Harbours Law 1986 (PNDC L.160)" by merging three state owned companies, Ghana Ports Authority (GPA), Ghana Cargo Handling Company (GCHC), Takoradi Lighterage Company (TLCL).

The GPHA owns the two main ports Takoradi and Tema Ports. The GPHA is under the supervision of the Ministry of Harbours and Railways. At the time of independence in Ghana there did not exist any organization as the Ghana Ports and Harbours Authority. There rather existed the Ghana Railways and, Ports Departments of the Civil Service which had been established by the colonial rulers with the responsibility to oversee the
administration and operation of the railways system and the Port of Takoradi and the surf
ports of Accra, Keta, Winneba, Axim, Cape Coast and Ada.

The Ghana Cargo Handling Co. Ltd (GCHCL) was established in 1961 with partnership
between the Government of Ghana and Messrs. W. H. Biney & Co. (GH) Ltd, as a
Limited Liability Company.

The Government of Ghana held 87% shares and M S Biney & Co., 13%, with the
objective of providing stevedoring and master porterage services at the port of Tema. By
1965 the company had extended its services to Tema Port. On 18th October 1969, the
Government bought out shares of M S Biney and Co., making the GCHC a fully
Government owned organization, with monopoly over the stevedoring and master
porterage activities at Tema and Takoradi Ports.

On 3rd May 1979 the Takoradi Lighterage Co. Ltd was incorporated as a Limited
Liability Company, and authorized to take over as a going concern in lighterage, sawn
timber and handling services operated in the port of Takoradi with the following share
allocations;

- Black Star Line 50%
- Ghana Cargo Handling Co. Ltd 40%
- Private Operators 10%

This incorporation was aimed at breaking foreign monopoly.
The ports in Tema and Takoradi are semi-autonomous in operations and management. The headquarters co-ordinates the overall policy, financial management, investment, planning, training and other areas of common interest with the help of the government and other agencies. The GPHA is (under the Ministry of Ports Harbours and Railways) administered by Board of Directors under the supervision of the sector minister. The Board of Directors includes the Director General, and Directors of both Tema, and Takoradi ports. Day to day management of the ports is under the leadership of the Director-General who is the Chief Executive. Apart from the two directors of Tema and Takoradi Ports, there are heads of departments and other principal officers. The GPHA has the following departments and performs the following functions:

- Administration and Human Resource Department is responsible for personnel and administration of industrial policy.
- Corporate Planning Department is responsible for overall coordination, development, reviewing and evaluation of corporate polices and strategies.
- The Finance Department handles all financial processes and procedures.
- Internal Audit Department ensures that all financial transactions and other management systems of GPHA are effectively monitored.
- The Legal Department provides all legal services for the GPHA.
- Engineering Department co-ordinates all engineering projects at the ports.
- Security is responsible for all security operations of the ports.

Figure 3.1 and 3.2 below show the pictorial organizational structure of the GPHA, at headquarters’ and port management respectively.
Figure 3.1 GPHA Headquarters Organizational Structure

SOURCE-CORPORATE PLANNING DEPT. (GPHA) 16 July 2007
Figure 3.2 GPHA Ports Level Organizational Structure

SOURCE-CORPORATE PLANING DEPT. (GPHA) 16 July 2007
3.3 Sample Selection

A targeted total sample size of 'forty four' (44) respondents for the study were drawn from the management staff of GPHA Head Office, GPHA-Tema and Takoradi Ports, and staff (respondents) from private stevedoring companies and shipping agencies/lines. 'Twelve' (12) of them were drawn from GPHA Head Office, GPHA Tema and Takoradi Ports, 'Fourteen' (14) from stevedoring companies, and 'eighteen' (18) from shipping agencies/lines.

However, the actual responses received after field work were; 'five' (5) from GPHA Head Office, GPHA- Tema Port, 'eight' (8) from stevedoring companies, and 'thirteen' (13) from shipping agencies/lines (see table 3.1. pg 43).

Purposive sampling method was used to select the GPHA officials (respondents) because of their strategic importance in administration and management. Simple random sampling was used to select the respondents from stevedoring companies and shipping agencies/lines because, it gives fair chances of selection to all targeted respondents.

Below are the categories of officials, and stevedoring companies and shipping agencies/lines from which the respondents were selected.
GPHA Head Office

1. Director General
2. Head of corporate planning
3. Head of Human Resource/Administration
4. Head of legal Affairs
5. Head of Public Relations
6. Chief Labour Officer, Ghana Dock Workers Labour Union

GPHA Tema Port

1. Director
2. Manager port operations
3. Head of public relation/marketing

GPHA Takoradi

4. Director
5. Manager port operations
6. Head of public relations/marketing

Out of the total of ‘ten’ (10) private stevedoring companies licensed to carry out stevedoring on conventional cargo operation in the ports, ‘seven’ (7) companies were drawn for the study using simple random sampling.

Stevedoring Companies

1. Atlantic Port Services
2. Carl Tiedemann Stevedore Company
3. Dashwood Shipping Agencies
4. Speedline Stevedoring Company Ltd
5. Advance Stevedoring
6. Fountain View Stevedoring
7. Gemini Stevedoring

‘Sixteen’ (16) companies are licensed by the GPHA to undertake shore handling, offshore handling, and container handling, at the ports. Out of which, ‘nine’ (9) of them were drawn using simple random sampling.

**Shipping Agencies and Shipping Lines**

1. Andrew Agencies Ltd
2. Delmas Agencies (GH) Ltd
3. Consolidated Shipping Agencies
4. Dolphin Shipping Services Ltd
5. Tema Container Terminal
6. Maersk (GH) Ltd
7. Trans Gold Shipping Ltd
8. Scanship (GH) Ltd
9. P & O Nedloyd (W. Africa)
3.4 Data Collection Procedures

In-depth interview (oral) was conducted on the officials (respondents) of the GPHA Head Office, and structured questionnaires were also administered on the staff of the private stevedoring companies and the shipping agencies/lines.

Two officials (respondents) were randomly drawn from the 'seven' (7) stevedoring companies and the 'nine' (9) shipping agencies/shipping lines for the survey. In all a total sample size of 'thirty two' (32) respondents were selected from the stevedoring companies and private shipping lines/ agencies.

Therefore, a total of 'thirty two' (32) structured questionnaires were issued, and 'twenty one' (21) constituting 'eight' (8) respondents from stevedoring companies and 'thirteen' (13) from shipping agencies/lines were returned (see table below).

Consequently, a total of 'twenty six' (26) respondents constituting 'five' (5) officials from GPHA Head Office, GPHA- Tema Port and 'eight' (8) from stevedoring companies and 'thirteen' (13) from shipping agencies/lines were interviewed.

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Sample Size Expected</th>
<th>Actual Outcome</th>
<th>Instrument(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GPHA (HQ), GPHA- Tema &amp; Takoradi ports</td>
<td>12 (27.3%)</td>
<td>5 (19.2%)</td>
<td>Oral interview</td>
</tr>
<tr>
<td>Stevedoring companies</td>
<td>14 (31.8%)</td>
<td>8 (30.8%)</td>
<td>Questionnaire</td>
</tr>
<tr>
<td>Shipping agencies/lines</td>
<td>18 (40.9%)</td>
<td>13 (50%)</td>
<td>Questionnaire</td>
</tr>
<tr>
<td>Total</td>
<td>44 (100%)</td>
<td>26 (100%)</td>
<td></td>
</tr>
</tbody>
</table>
Out of the ‘twelve’ (12) senior officials of the GPHA Head Office and GPHA-Tema and Takoradi Ports designated for the interview only ‘five’ officials or (19.2%) were accessible for the interviews. Due to limited time the researcher could not reach any official of Takoradi Port for the interview. However, relevant information on Takoradi Port was solicited from the Director of Corporate Planning at the GPHA Head Office, and GPHA Tema Port.

The researcher used oral interviews to solicit answers from the management staff of GPHA Head Office, and GPHA- Tema Port. The decision to use oral interview to solicit answers from the officials of the GPHA was arrived at because of several failed attempts to administer structured questionnaires on them. The oral interview was therefore, used because it facilitated detailed discussions of the audiences’ impressions about the reforms process of the GPHA to a “Landlord Port authority.” An interview guide was used to conduct the interview on the following officials from the GPHA Head Office:

1. Director of corporate planning (GPHA)
2. Director of public relations (Tema Port)
3. Director, Tema Port
4. Manager, Port Operations Tema
5. Manager, Stevedore Tema Port

Table 3.2 presents the actual number of response(s) received from the private stevedoring companies and shipping agents/lines.
Table 3.2: Responses from Organizations (Stevedores & Shipping Companies)

<table>
<thead>
<tr>
<th>Organizations</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stevedores</strong></td>
<td></td>
</tr>
<tr>
<td>Atlantic Port Services</td>
<td>1</td>
</tr>
<tr>
<td>Carl Tiedemann Stevedore</td>
<td>2</td>
</tr>
<tr>
<td>Speedline Stevedoring Company Ltd</td>
<td>1</td>
</tr>
<tr>
<td>Advance Stevedoring</td>
<td>2</td>
</tr>
<tr>
<td>Fountain View Stevedoring</td>
<td>2</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>8</strong></td>
</tr>
<tr>
<td><strong>Shipping Agencies/Lines</strong></td>
<td></td>
</tr>
<tr>
<td>Andrew Agencies</td>
<td>2</td>
</tr>
<tr>
<td>Consolidated Shipping Agencies</td>
<td>2</td>
</tr>
<tr>
<td>Delmas Agencies (Gh) Ltd</td>
<td>1</td>
</tr>
<tr>
<td>Maersk (Gh) Ltd</td>
<td>2</td>
</tr>
<tr>
<td>Scanship (Gh) Ltd</td>
<td>1</td>
</tr>
<tr>
<td>Tema Container Terminal</td>
<td>1</td>
</tr>
<tr>
<td>Dolphin Shipping Services Ltd</td>
<td>2</td>
</tr>
<tr>
<td>Trans Gold Shipping Ltd</td>
<td>2</td>
</tr>
<tr>
<td><strong>Sub- Total</strong></td>
<td><strong>13</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>21</strong></td>
</tr>
</tbody>
</table>

Table 3.3 and 3.4 presents the ranks and rates of responses from officials of the stevedoring companies and shipping agents/lines.

Table 3.3: Rank of Respondents (Stevedoring Companies)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Number of Officers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operation Manager</td>
<td>1 (12.5%)</td>
</tr>
<tr>
<td>Operation Officer</td>
<td>2 (25.0%)</td>
</tr>
<tr>
<td>Assistant Operation Officer</td>
<td>1 (12.5%)</td>
</tr>
<tr>
<td>Stevedore Manager</td>
<td>2 (25.0%)</td>
</tr>
<tr>
<td>Marketing Officer</td>
<td>2 (25.0%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8 (100%)</strong></td>
</tr>
<tr>
<td>Rank</td>
<td>Number of Officers</td>
</tr>
<tr>
<td>---------------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Marketing Manager</td>
<td>2 (15.4%)</td>
</tr>
<tr>
<td>Information Manage</td>
<td>1 (7.7%)</td>
</tr>
<tr>
<td>Operation Officer</td>
<td>4 (30.8%)</td>
</tr>
<tr>
<td>Assistant Marketing Officer</td>
<td>2 (15.4%)</td>
</tr>
<tr>
<td>Finance Officer</td>
<td>2 (15.4%)</td>
</tr>
<tr>
<td>Terminal Supervisor</td>
<td>2 (15.4%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13 (100%)</strong></td>
</tr>
</tbody>
</table>

All respondents from the above ranks were within the middle and senior levels management in their organizations. 'Twelve' (12) of them representing (57.1%) were in senior level status and 'nine' (42.9%) were in the middle management level. These personnel were all at strategic positions and participate in decision making of their organizations. Their positions were important because it signified the level of insight they had about the industry and could therefore give adequate information about this study. (See table 3.3 & 3.4).

3.5 **Data Presentation and Analysis**

Qualitative and descriptive methods are used in the presentation and analysis, with the help of tables and bar graphs. The Statistical Package for Social Scientists (SPSS) computer programme was used to run the frequencies, percentages and charts.

3.6 **Field Experience**

The field work was one of the most difficult tasks to accomplish during the study. Most workers in the maritime industry were very busy and mostly unavailable for the
interviews. In the case of those who were given questionnaires, it had to be re-issued on several occasions, the researcher called in to collect the response.

Hence, the response rate was low. Out of ‘thirty two’ 32 questionnaires distributed to ‘two’ respondents each, from ‘seven’ (7) private stevedoring companies and ‘nine’ (9) shipping agencies/lines, respectively, ‘twenty one’ (21) questionnaires were received from ‘five’ (5) stevedoring companies, and ‘eight’ (8) shipping agencies/lines (see table 3.2).

‘Five’ (5) officials of the GPHA Head Office and GPHA-Tema Port were interviewed, out of the ‘twelve’ (12) earmarked. So, a total of ‘twenty six’ (26) respondents were interviewed. (Both questionnaires and oral interview)

The limitations of this study are inadequate information and the apathy on the part of officials in the maritime industry towards the researcher. It was generally acknowledged that very little academic work had been done on the maritime industry in Ghana. This culminated in the difficulty encountered in getting reading materials for the work. Existing works are mainly on Europe, Asia and USA ports.

The field work was not convenient as officials of the various organizations designated for administering of questionnaire and oral interview had not been cooperative. This seriously affected this work and contributed to the delay in presenting the report at the stipulated time.
Nonetheless, persistent and frequent visits to the offices yielded some fruits which supported this outcome.
CHAPTER FOUR

PRESENTATION OF FINDINGS

4.1 Introduction

This chapter presents the findings in two ways. First, presentation and analysis of data from structured self administered questionnaires in tables (frequency distribution and percentages) and bar graphs. Secondly, presentation of results obtained from oral interviews in descriptive texts. The presentation is done in line with the objectives of the research, and the demographic characteristics of the respondents. The entire presentation include results from ‘five’ (5) Officials of GPHA Head Office &Tema Port’, eight’ (8) respondents from stevedoring companies and ‘thirteen’ (13) respondents from shipping agencies/lines.

4.1 Participants’ Demographic Variables

This section presents the demographic characteristics of the ‘twenty one’ (21) respondents from the stevedoring companies and the shipping agencies/lines. It includes: age distribution, marital status, sex, level of education, and the length of time respondents have worked with the organizations.
Majority of the respondents as presented in figure 4.1, constituting ‘eight’ or (38.1%) were between ages 36 and 45 years. ‘Six’ (6) of them constituting 28.6% were between 26 and 35 years. Another ‘six’ (6) constituting 28.6% were between 46 and 55 years, while ‘one’ (1) respondent or 4.8% were 56+ years.

The marital statuses of the respondents were as follows: 71.4% married, 19% single and 9.5% divorced. All the twenty one respondents drawn from the private stevedoring companies and shipping agencies/lines were males.
Figure 4.2 shows the educational background of the respondents. ‘Eleven’ (11) respondents, constituting (52.4%) attained tertiary education. ‘Eight’ (8) of them constituting (38.1%) were professionals, while ‘two’ (2) or (9.5%) had attained secondary or technical education.

<table>
<thead>
<tr>
<th>Duration</th>
<th>Shipping Lines</th>
<th>Stevedore</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5</td>
<td>5</td>
<td>3</td>
<td>38.1</td>
</tr>
<tr>
<td>6-10</td>
<td>4</td>
<td>3</td>
<td>33.3</td>
</tr>
<tr>
<td>11-15</td>
<td>2</td>
<td>2</td>
<td>19.0</td>
</tr>
<tr>
<td>16-20</td>
<td>2</td>
<td>0</td>
<td>9.5</td>
</tr>
<tr>
<td>Total</td>
<td>13</td>
<td>8</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 4.5, above contains data on the length of time respondents had worked in their organizations. The categories of workers with the longest duration were ‘two’ (2) or (9.5%) from the shipping lines. These people had worked from 16 to 20 years with their
organization(s). ‘Four’ or (19%) had between 11 and 15 years of working experience in the industry. ‘Seven’ or (33.3%) had 6 to 10 years of working experience, while ‘eight’ (8) or (38.1%) had worked between 1 and 5 years. It is important to note that the longer the respondent worked in the industry, the more in depth knowledge the respondent was likely to have had on the subject matter of the research.

4.3 The Reforms Process of GPHA: Privatisation of Port Operations

The main objective of the study was to examine the experience of GPHA in the transitional process. The reforms involved privatizing the operations of the port; mainly stevedoring, container handling, off-shore handling and labour. Responses from the staff involved in the study indicated an overwhelming popularity of the reforms among the respondents. Views were sought to enable the researcher find out the level of awareness of the reforms among the respondents.

![Figure 4.3: Respondents' Awareness of the Transition of GPHA to Landlord Port](image)
Figure 4.3 presents responses on the level of awareness of respondents about the reforms. From figure 4.3 above, ‘seventeen’ (17) respondents (nine from stevedoring companies and eight from shipping lines) representing 81% said they were aware of the reforms, while ‘four’ (4) respondents or (19%) all from shipping lines indicated that they were not aware of the reforms. Awareness about the reforms was relevant to ascertain the popularity of the reforms among the respondents.

4.3.1 Reasons and Prospects of the Reforms of GPHA to “Landlord Port” Authority.

An objective of the study was to identify the reasons and the prospects of the reforms of GPHA. Towards the achievement of this objective, and to confirm reasons cited in literature for port reforms, a question was asked to establish the motive(s) for the reforms. The reasons were overwhelmingly confirmed, as ‘fourteen’ (14) or (66.7%) of respondents cited improvement of port operations and efficiency in service delivery as some of the reasons for the reforms. ‘Four’ (4) or (19%) of respondents indicated increase in investment and competition as the reason for the reforms, while ‘three’ (3) or 14% respondents, said the reforms was needed to upgrade the ports to modern operational standards.
Table 4.6: The Prospects of the Reforms to the Private Sector in the Maritime Industry

<table>
<thead>
<tr>
<th>Responses</th>
<th>Stevedores</th>
<th>Shipping Lines</th>
<th>Total/Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very good</td>
<td>2</td>
<td>1</td>
<td>3 (14.3%)</td>
</tr>
<tr>
<td>Good</td>
<td>5</td>
<td>9</td>
<td>14 (66.7%)</td>
</tr>
<tr>
<td>Fairly good</td>
<td>1</td>
<td>3</td>
<td>4 (19.0%)</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>13</td>
<td>21 (100.0%)</td>
</tr>
</tbody>
</table>

As regards prospects for the reforms involving the private stevedoring companies and the shipping agencies/lines, a question was designed seeking the following ratings on possible success; 'very good,' 'good,' and 'fairly good.' This was to help find the potential benefits they thought were likely to be derived from the reforms. 'Fourteen,' (14) or (67%) of the respondents thought the reforms were 'good.' 'Three' (3) respondents or (14%) rated it as 'very good,' while 'four' (4) respondents (19%) rated the reforms as 'fairly good.' It could therefore be deduced from these responses that, more than 'fifty' (50%) of the respondents (private stevedoring companies and the shipping agencies/lines) rated the reforms as 'good' and above, which implied they believed the reforms could bring improvement in port business.
The researcher wanted to find out the overall impression of the respondents about the privatisation of port operations, (Stevedoring, container handling, storage among others). Questions were then designed to solicit the opinion of the officials of the stevedore operators and shipping agents on their assessment of privatization. Figure 4.4 illustrates views of the respondents; ‘eleven’ or (52.4%) thought the privatization of port operations was ‘good.’ ‘Eight’ or (38.1%) of respondents indicated that the privatization was ‘fairly good.’ ‘One’ or (4.8%) thought it was ‘very good,’ while another ‘one’ or (4.8%) viewed the decision to privatize port operations as ‘poor’ or ‘unwelcome.’

4.3.2 Productivity and Efficiency Levels during the Reforms

Before the GPHA embarked on the reforms to privatize its operations, it was solely the manager of all aspects of port operations. This practice was characterized by low productivity. To identify the causes of low productivity under the previous system of port
operation, (Service Port), a questionnaire was designed to solicit the opinion of respondents.

Their responses on the causes of low productivity under the comprehensive system (Service Port) were as follows: ‘Seven’ respondents (four from stevedore, three from shipping lines) representing 33.3% stated the lack of modern technology and handling equipment in the ports as a key hindrance. ‘Four’ respondents (two stevedore, two from shipping lines) representing (19%) cited low investment. Another ‘four’ respondents (one from stevedore, three from shipping lines) representing 19% cited ‘poor’ customer service and lack of vision for profit orientation as serious flaws against productivity. Whilst ‘three’ respondents (one from stevedore, two from shipping lines) constituting 14% of respondents thought the absence of competition within the port system brought about poor performance and ‘two’ respondents (from shipping lines) constituting 9.5% also reported the lack of commitment and skilled personnel. ‘One’ respondent (4.8%) from shipping lines did not respond to the question.

Table 4.7: Assessment of Efficient Service Delivery by Companies within the
Reforms

<table>
<thead>
<tr>
<th>Response</th>
<th>Stevedores</th>
<th>Shipping Lines</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>4</td>
<td>11</td>
<td>71</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>2</td>
<td>29</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>13</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 4.7, contains responses to a questionnaire which sought views from the private stevedoring companies and the shipping agencies/lines on “whether or not service
delivery by their organizations within the reforms period was efficient.” ‘Fifteen’ or (15) respondents representing 78% responded ‘yes’ to the question, while ‘six’ constituting 29% respondents said ‘No’ to efficient service delivery. On a follow up question to solicit specific reasons for the efficiency under the “Landlord Port” management system, ‘sixty four’ percent (64%) of them thought that the involvement of private operators would increase human resource base, capital investment and technological capacity. Responses from the stevedoring companies and shipping agencies indicated that, especially with the consortium taking over the container terminal, privatisation would attract high caliber personnel with the requisite experience and technology because of the international exposure of the members of the consortium.

Table 4.8: Current Level of Port Performance.

<table>
<thead>
<tr>
<th>Category of Response</th>
<th>Stevedore</th>
<th>Shipping Lines</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very good</td>
<td>2</td>
<td>2</td>
<td>19</td>
</tr>
<tr>
<td>Good</td>
<td>2</td>
<td>9</td>
<td>52</td>
</tr>
<tr>
<td>Fairly good</td>
<td>4</td>
<td>2</td>
<td>29</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>13</td>
<td>100</td>
</tr>
</tbody>
</table>

There was significant evidence that the current level of the port’s performance had appreciated, which supports the basis for high productivity level. Table 4.8 presents rating of current level of port performance as compared to the previous system. ‘Eleven’ respondents (two from stevedore, nine from shipping lines) representing (52%) reported the level of performance to be ‘good.’ ‘Six’ respondents (four from stevedore, two from shipping line) representing (28.6%) reported performance as ‘fairly good,’ and ‘four’
respondents (two from stevedore, two from shipping lines) constituting (19%) reported it was ‘very good.’ Responses from the private companies expressed the opinion that there had been an improvement in port performance particularly at the container terminal. They also reiterated that, the introduction of the Gantry Cranes as part of the reforms had significantly contributed to the high loading and discharge rate of containers at the port.

4.3.3 Transparency and Challenges of the Reforms

The research solicited the opinion of respondents from the stevedoring companies and shipping agencies on how transparent the reforms process was conducted, and the challenges encountered during the process. Issues such as “impediments in operations,” “bidding process for the allocation of shares to cargo handling,” “perceived threats,” and the “level of involvement of stakeholders in the reforms process” were used to measure the transparency and challenges they encountered during the reforms.

Table 4.9: Responses on Impediments in Operations during the Reforms

<table>
<thead>
<tr>
<th>Responses</th>
<th>Stevedores</th>
<th>Shipping Lines</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>4</td>
<td>3</td>
<td>33%</td>
</tr>
<tr>
<td>NO</td>
<td>4</td>
<td>10</td>
<td>67%</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>13</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4.9 presents responses to an item which solicited information on “whether the implementation of the reforms impeded operations.” ‘Seven’ respondents (four from stevedore, three from shipping lines) representing ‘thirty three’ percent (33%) thought there were no impediments during the reforms; while ‘fourteen’ respondents (four from
stevedore, ten from shipping lines) representing 'sixty seven' percent (67%) thought there were impediments in their operations during the reforms.

In a follow up question to establish the nature of the impediments, 78% of responses from the stevedoring companies and the shipping lines thought the major one was reduction in their share of cargo handling.

A question was also put to the respondents from the private stevedoring and shipping companies to establish whether their organizations were involved in the tender process by the GPHA for the concession of port operations to private operators.

'Ten' (10) respondents representing (48%) said their companies were involved in the bidding, while 'eleven' (52.4%) responded that their companies did not take part in the bidding process. Data revealed that 74% of the companies who did not tender bids were already existing companies operating under the 25% quota system before the reforms began. This confirmed the assertion by the Public Relations Officer that many of the already existing operators did not avail themselves of the bidding when it was offered. As a follow up item to find out how 'satisfactory' the respondents assessed the bidding process, 'Nine,' (43%) said the bidding process was 'not satisfactory,' while 'seven' respondents representing 33% thought the process was 'satisfactory.' 'Five' respondents representing 24% declined to respond to the question.

Following the agitation by workers that characterized the reforms in the ports industry in Ghana, the research solicited the opinions of officials (respondents) of the stevedoring
companies, and shipping agencies/line on whether they anticipated any ‘threats’ as a result of the implementation of the reforms.

Table 4.10: Responses on Threats to Private Operators due to Reforms

<table>
<thead>
<tr>
<th>Responses</th>
<th>Stevedore</th>
<th>Shipping Lines</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>3</td>
<td>9</td>
<td>57.1</td>
</tr>
<tr>
<td>No</td>
<td>5</td>
<td>4</td>
<td>42.9</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>13</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The above table presents the views of respondents about anticipated ‘threats’ as a result of the reforms. The question was, “do you anticipate any threats to your organization as a result of the new reforms?” ‘Twelve’ respondents (three from stevedore, nine from shipping lines) constituting (57 %) reported that they anticipated ‘threats.’ ‘Nine’ respondents (five from stevedores, four from shipping lines) representing (42.9%) thought their organizations were not under any ‘threats’ due to the reforms.

On a follow up question to identify the nature of the ‘threats,’ ‘seventy eight’ percent (78%) of the respondents (stevedore & shipping lines) thought the reforms were just an opportunity for multinational companies to take over the maritime industry and control business to the disadvantage of smaller local companies which could equally do well with little support from government. ‘Sixty five’ percent (65%) of the respondents also expressed fears that the revenue generated by these foreign companies could not be effectively monitored. They added that, under the reforms, the foreign companies only paid royalties to the GPHA. Therefore, the fear was that since GPHA was not directly
involved in the daily operation of these foreign companies, there was the tendency not to declare some profit and pay tax appropriately.

Specifically, the major concerns were that the take over of the container terminal by the consortium would decrease the demand for labour for terminal operation. Dock labour and permanent staff of stevedoring companies would also be retrenched, while too many stevedoring companies would be competing for a small share of throughput (cargo) at the ports, only for the consortium to enjoy a large share of container cargo.

The research sought respondents’ judgment on the fairness of the authority’s implementation of the reforms (GPHA). This question arose because of the hunch that certain policies of the reforms might not favour some stakeholders. Therefore, this question was posed to the officials of the private stevedoring companies and shipping agencies, “whether they thought a neutral body (apart from GPHA) should implement the reforms.”

‘Eleven’ (52.4%) of the respondents said there was no need for a neutral body to implement the reforms, According to these respondents the GPHA was in the right position and well equipped to implement the reforms. ‘Nine’ or (42.9%) of the respondents said they wished a neutral body did the implementation of the reforms. This implied very close opinion, but the majority had confidence in the GPHA to implement the reforms.
Table 4.11: Level of Involvement in the Reforms

<table>
<thead>
<tr>
<th>Responses</th>
<th>Stevedores</th>
<th>Shipping Lines</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Involved</td>
<td>1</td>
<td>1</td>
<td>9.5</td>
</tr>
<tr>
<td>Involved</td>
<td>5</td>
<td>3</td>
<td>38.1</td>
</tr>
<tr>
<td>Fairly Involved</td>
<td>2</td>
<td>9</td>
<td>52.4</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>13</td>
<td>100</td>
</tr>
</tbody>
</table>

To assess the level of ‘involvement’ of the stakeholders (stevedores & shipping companies) in the reforms, a question was designed with the following rating: ‘very involved,’ ‘involved,’ ‘fairly involved,’ and ‘not involved.’ Table 4.11 contains the responses. ‘Two’ respondents (one from each group) representing (9.5%) said they were ‘very involved.’ ‘Eight’ respondents (five from stevedores, three from shipping lines) representing (38.1%) said they were ‘involved.’ ‘Eleven’ respondents (two from stevedores, nine from shipping lines) constituting (47.6%) thought they were ‘fairly involved.’

Finally, with regards to the pace of the transitional process, ‘sixteen’ or (76.2%) responded that the process was ‘slow’ but, ‘five’ or (23.8%) thought it was ‘fast.’

One of the critical problems expressed by the respondents which had a big impact on personnel during the reforms was labour issues with specific reference to job losses. About 76% of the respondents thought that the reforms had brought about massive job losses in the port sector. It was also found out that there were a lot of internal transfers and reshuffles within the GPHA and Tema Port which some were not initially comfortable with.
4.4 PRESENTATION OF FINDINGS FROM INTERVIEWS

4.4.1 Introduction

This section presents findings from interviews conducted with the ‘five’ senior officials (respondents) of the GPHA Head Office and GPHA-Tema Port. They included: Director of Corporate Planning at the GPHA Head Quarters, Director of Tema Port, Public Relations Director of Tema Port, Port Operations Manager of Tema Port and the Stevedore Manager of Tema Port.

GPHA – Head Office

Director of Corporate Planning (GPHA)

The DCP explained that the GPHA was reforming to a “Landlord Port” that would require relinquishing some of its operational functions to the private sector. This was because, in his view port business was capital intensive, and following budgetary constraints government was not able to fully finance port projects. On the other hand, the private sector proved to be effective in port business by way of investment in port equipments and operations. That was why they had been invited to assist with port operations.
The DCP also alluded that, under the previous system of port management, the GPHA was not able to generate enough funds to finance its operations to meet current trends in the maritime industry especially with the introduction of containers. He said, with the current trend of containerization in the shipping industry, there was the need for new equipment. Because, ship’s handling equipments alone were inadequate to effectively handle container loading and discharge. That, the poor state of port equipment brought about long turnaround time causing unnecessary delays and increased cost of operation.

The DCP further added that for the port to be able to perform as a hub port in the sub-region the port authorities needed radical reforms to put in place the following:

- Increase drafts
- Introduce needed equipment
- Expand storage facilities in and outside the main port areas.
- Cut down labour cost

The DCP said port authorities noticed that Ghana’s share of the throughput to the sub region had switched to other countries that were more competitive in the sector. Hence the need arose to introduce some efficiency to reorganize the port system and this began in 2001. The objective of the reforms was to privatize some aspects of port operations.
He indicated that 75% of Cargo handling had been privatized. This was to enable the GPHA concentrate on provision of infrastructure, maintenance, and monitoring of operations.

He reiterated that the ultimate objective was to make the port a hub port in the sub region this meant attracting and increasing cargo throughput at the ports of Tema and Takoradi designated as hubs. This would enable most land locked countries around Ghana to continue to depend on our port, especially with the conflict in Ivory Coast shippers would depend on our ports for shipment. Toward this, GPHA had to improve its infrastructure and reduce turn around time for ships.

He explained that, at that moment GPHA had completed the major infrastructural development as contained in the reforms policy and had privatized major operations up to 75%. He confirmed that Meridian Port Services (MPS) had already taken over management of the container terminal at ‘Quay 2,’ while ‘ten’ (10) private stevedoring companies were on contract handling conventional cargo.

The DCP also said the concession of the container terminal would last for 20 years after which a review would be considered for extension or otherwise. He said the reforms were on going and the GPHA is monitoring and evaluating progress simultaneously.
He also hinted that the aspect of the ports most affected by the reforms were, stevedoring, shore and off-shore cargo handling and waste management. He further disclosed that, the GPHA controls 25% share of port operation, and manages some key areas such as:

- Marine operations (Pilotage)
- Port security
- Fire service
- Lighting in the port
- Labour negotiation

He added that for national security reasons these areas of port operations would not be completely relinquished to private management.

When asked, “Why is the Bill not yet passed?” He responded that the Bill was still going through some processes, and that “because several problems came up and government was carefully examining them in order not to pass a bill that may not stand the test of time.”

When asked about the problems encountered during the reforms, he intimated that some stevedoring companies had problems with the concession. For example He said, under the reforms, shipping lines were not to take part in stevedoring. However, some shipping lines flouted the norm. Further, some members of the Consortium (MPS) were still engaged in general cargo handling. This is because there are no laws stating that shipping companies must not engage in stevedoring.
He also said that there had also been concern about giving out the most lucrative port operation to foreign companies. Some petitions were also submitted to the Ministry of Ports, Harbours and Railways for consideration in regard to shares of cargo handling. He added that government fully supported the reforms because it was part of its policy under the private sector participation programme. Thus, there was no undue interference by government; hence all outstanding issues will be resolved as the process progresses.

He said in spite of concerns raised at the beginning of the reforms, the companies involved co-operated because they began to understand the real importance of the reforms with the passage of time. The problems with the consortium was about the existing stakeholders- stevedoring companies, freight forwarders and shipping agents who thought they were already operating in the sector and should have been given paramount consideration on the ownership and management of the container terminal.

He further added that, some concerns were also raised by the Ship Owners and Agents Association of Ghana (SOAAG) on the charges on container imposed by the MPS, however, he added that these were not part of the reforms problems. These were existing problems and were not introduced by the reforms.

The Corporate Manager said under the reforms the GPHA was looking for a competent bidder with capital to take over the container terminal and operate it within the confines of the contract and the laws of Ghana. “The allegation will always come” He added, and continued, “Allocations were done based on the capacity of the companies involved to
invest in the projects, smaller companies can not be given bigger allocations.” This made some companies uncomfortable, He said, "but we were going on and now they are coming to terms with the whole exercises and things are going on smoothly.”

About the impact of the reforms on labour, He revealed that, there were some court cases pending but added that any exercise that affected people was bound to be beset with problems. After all, He added “one of the principal objectives of the reforms was to downsize the labour force since GPHA was no longer the employer of stevedore labour.” Nonetheless, adequate compensation was given to retired and retrenched workers.

The research quizzed the Corporate Planning Manager whether the reforms were not concentrated more on Tema Port than Takoradi Port. He indicated indeed that the Takoradi Port was quite unique and meant for the export of raw materials (minerals, Timber, Cocoa).

He further added that the difficulty in expanding the Takoradi Port had to do with limited land area. Therefore, investor interest was not high for Takoradi Port as it was for Tema Port though there had been some infrastructural development at the latter. These include a number of warehouses for storage of cargo. Initially there were only ‘two’ (2) stevedoring companies working there but these increased to ‘seven’ (7) following the reforms with more companies expected. He added, “I must say the service delivery has improved and throughput has also increased considerably in Takoradi Port under the
reforms, even though the expected investor target for the port has not been fully achieved.”

With regards to challenges facing GPHA, the DCP said traffic was growing at a fast pace, necessitating increased investments in port infrastructure to avoid congestion. He said private capital was vital for the financing of such investments and this required long-term commitment from private investors in the port industry. Generally, He concluded, land for port expansion is scarce, putting an increased strain on vital port development plans.

**GPHA-Tema**

**Director of Tema Port**

The Director of Tema Port (DTP) indicated that the reforms were not new to the authority. Rather it was further consolidation of such previous reforms. He said that prior to the current reforms ‘two’ (2) stevedoring companies were already operating in the ports but the number increased particularly at the Tema Port. Nonetheless he conceded that, these current reforms to “landlord” status were the most comprehensive one which began in 2001.

The Director said globally seaports were going private in order to attract investments and improve the quality of services. When asked what was ‘landlord Port’ he opined that it was one of the kinds of port management systems, where some aspects of port operations
are privatized, while the port authority remains the owner of the infrastructure. He said depending on the peculiarity of the problems of a port authority you make a choice from the modules. However, in some instances the port authorities may decide to seek a complete privatization of the port. In the case of the Ghana Ports and Harbours Authority (GPHA), the privatization was only limited to some aspects of port operations (Stevedoring, container handling, General Cargo handling, storages and warehousing) and that was up to 75% of port operations. Labour management had also been relinquished to a separate entity.

When asked about the reasons for the reforms, He said the objective was to improve the quality of services at the port in order to elevate operations to international standards. This was to be achieved by involving the private sector in some port operation activities that required huge capital investment and efficient service delivery such as terminal operations and container handling. When asked about the nature of the transition and how it began, he said prior to 2001 the process began with the search for potential investors when the authority needed funds to upgrade infrastructure to internationally acceptable standards.

The DTP said, fortunately, the World Bank sponsored the authority to embark on some rehabilitation. That covered the channel and berths 1 and 2 of Tema Port which were dredged to 11.5 meters, which were up to the standard depth for ships world wide. Also “Quay 2” in Tema Port was extended by 200 meters which created space for the Jubilee Terminal Currently Operated by MPS.
He said as part of the reforms the authority acquired three (3) ship-to-shore (STS) container gantry cranes and four (4) rubber-tyre gantries for Tema Port.

He added that, companies were later short listed and those who met the requirement were awarded license to operate. When asked about the nature of the private sector involvement. He said the entire exercise was open for bidding and interested organizations tendered their bids. He said some organizations formed consortiums and tendered their bid.

The Director observed that all the major sectors were relinquished under concession to private companies who were carrying on port operations. He said with the exception of GPHA’s share in stevedoring, ‘nine’ (9) private operators had been licensed to carry out stevedoring operations but the GPHA still hold 25% share in port operation. The private operators however yearned for the additional 25% share of GPHA to be given out completely. He said, for strategic reasons the authority was to observe their operations for a while, evaluate, the outcome before any further action taken.

The Director said the exercise had impacted positively on productivity at the port as production levels met a JICA recommendation made in 2002. The recommendation cited that with the reforms, the throughput level of Tema Port would require the development of a new port by 2010. He, therefore, disclosed, that current level of production had revealed that the port had exceeded that target; hence a US$200,000 grant was to be negotiated for the development of a third port.
Reacting to the reason why the legislative instrument backing the reforms was not yet passed. He said the Bill was being taken through all necessary processes and that required several reviews to be done by the Ministry and Attorney General's Department for the attention of Cabinet. He admitted that these reforms were complex activities and would need to address all nitty gritties. The delay in passage of the "Landlord Port" Bill had not affected the reform process.

The response from the Director on the difficulties and problems during the reforms centered on agitations on labour issues and the allocation of terminal operations to the private operators. He said there were serious agitations against the reforms both from within and outside the maritime industry. However, it took determination, intensive consultations and mediation to enable stakeholders appreciate the relevance of the reforms to the economy of Ghana and the sub-region.

When asked whether the GPHA would like to go 100% privatization, He said, that option was not ideal for a developing country like Ghana.

**Public Relations Director (Tema Port)**

According to the Public Relations Director (PRD) of Tema Port, since 2001 the GPHA embarked on a privatization policy as part of the gateway project of the Ghana Government to expand port facilities and increase private sector participation in port operations. Since then various rehabilitation programmes had taken place to transform
the GPHA to a “Landlord Port Authority.” She said it meant that the GPHA was to be a “landlord” while enabling the private sector to take part in port operations.

She said under the reforms the GPHA relinquished 75% of its port operations to private operators. She added that, the main areas that were given to private sector operators were mainly terminal operation – Shore handling, and off-shore handling-storage, tracking. Labour was transferred to Ghana Dock Labour Agency, to recruit labour for terminal operations. This means Tema Port Officials were no longer to be direct employers of labour.

The mission and functions of the port authority would therefore change fundamentally to a “Landlord” status and the authority would limit its functions to policy making, planning, monitoring, and coordinating port development, traffic control, regulatory and surveillance, marketing, public relations and promotion. The benefits of the reforms she added included increased private capital, increased efficiency in operation, job creating and revenue for government from taxes and ultimately makes the port a hub port.

When asked about the extent of the reforms at the time of interview and the successes and problems encountered so far, she said the reforms had changed the face of the two ports in Ghana, particularly Tema. She admitted that the reforms most favoured Tema Port because of the relatively large land area for expansion. As a result of the increased containerization that demanded much space. She observed that much had not been realized in the case of Takoradi because of low investor interest.
The Public Relations Director said that initially there were problems with the reforms especially from the port workers, private stevedoring, shipping and freight forwarding companies. She added that it was normal of people to resist change. She explained that when the offer was made for companies to tender bids, the already existing stevedores that held 25% share of operations did not bid, because perhaps they had no confidence in the process.

When she was asked about the impact of the reforms on labour, she intimated that the exercise resulted in significant redundancies as modern port equipment and increased use of mechanization and computerization had implications for the economies of labour utilization. She indicated that appropriate packages were put in place for permanent staff that was granted the option to resign. Beyond that amicable arrangement some casual employees still felt cheated and came back to ask for more packages from GPHA.

She also explained that the Ghana Association of Stevedoring companies (GASCO) expressed doubts about management decision to award the dedicated container terminal to a foreign consortium. She intimated that one reason was that the operations of the consortium would decrease the demand for labour required for terminal operations. She added that some stakeholders held the opinion that the lucrative part of the port operations had been given to foreign companies.

She however concluded that, the private stevedoring companies were asking for 25% shares of the GPHA to be fully privatized. It was also disclosed, that GPHA was
currently going through the process of assessing the financial impact of increased private participation in port operations. Depending on the outcome, GPHA would decide to continue or end it.

In the case of Takoradi Port the Public Relation Officer of the GPHA indicated that there were difficulties in securing investors. This was also confirmed by the Director of Tema Port and the Corporate Planning Director, they indicated that some developments had taken place in Takoradi Port, such as the construction of new sheds. The private stevedoring companies in Takoradi Port had also increased in number from ‘two’ (2) to ‘seven’ (7). However, significant structural changes had not been realized in Takoradi Port as expected because of lack of investor interest in the port. It was also clear that, Takoradi Port actually lacked space (land) for expansion.

Port Operations Manager (Tema Port)

The Manager of Port Operations (MPO) said all over the world increased private sector participation in port operation is the trend. In Ghana the recent reforms began with restructuring the basic port infrastructure and superstructure, followed by the search for investors, the bidding process, selection and allocation of operations to successful bidders. The GPHA was at that moment monitoring and reviewing the economic benefits of the privatization to help determine the way forward.
He added that, previously GPHA operated as a “Service Port” system. This was characterized by a legion of problems and operational difficulties. Especially, with the introduction of containerized cargo the existing equipment were not technologically adequate to perform the operations. He said with private sector participation the port could now boost infrastructure such as the gantry cranes and other modern equipment.

He reiterated that cargo throughput had increased tremendously with the total number of vessels calling at Tema and Takoradi Ports increasing from 1,648 in 2000 to 2,342 in 2005. He drew attention to the fact that about 99.5% of the loaded trucks present (at the time of interview) were all designated transit cargo. This suggested an increase in use of the Port of Tema by the landlocked countries. He added that transit cargo increased from 144,973 tonnes in 2000 to 1,122,150 tonnes in 2005.

He conceded though that prior to the purchase of the gantry cranes by GPHA, training for the operations should have begun much earlier, because long after the acquisition of the gantry cranes the local operation are still not familiar with the equipment. Particularly, they faced problem of precision landing of containers which slowed down the rate of container discharge from vessels.

As to what GPHA had offered private operators as a “landlord,” he provided the following:

Infrastructure
- GPHA had dredged the channel and berths ‘1’ and ‘2’ in Tema Port to 11.5 meters which was the standard depth for ships worldwide.

- Minimum dredging in Takoradi port

- Quay II in Tema Port had been extended by 200m and created space for the Jubilee Terminal operated by MPS.

- ‘Three’ (3) ship-to-shore (STS) container gantry cranes and ‘four’ (4) rubber-tyred gantries (RTG’s) had been acquired for Quay II.

- Land had been leased for

  I. The construction of an off dock container devanning area in Tema Port, with a container freight station (CFS) to accommodate all LCLs (less than container loads).

  II. The construction of Truck Park for in coming and out going trucks with or without cargo.

- In terms of security the GPHA has strengthened its security capacity and had fenced the entire port(s), both Tema and Takoradi. GPHA had also mounted CCTV Cameras to improve on security in the port.

- There was also the construction of three (3) new big warehouses in Takoradi Port to accommodate transit cargo.

- The acquisition of the container scanners to facilitate quick delivery of containers.

- Land for private operator to receive all imported vehicles to Tema Port.

- Also Ghacem, Ghana Manganese Company, Ghana Bauxite Company and the flour Mills had been licensed to stevedore their own cargo.
The Operation Manager added that now the congestion experienced at the port could not be entirely blamed on GPHA –Tema Port, but the custom officials. He assured that they were working hard on congestion beginning with some specific cargo which was easier to clear.

When asked about the way forward, he said the authorities were looking forward to strengthening private sector participation to increase productivity.

**Stevedore Manager (Tema Port)**

The first question was to solicit the meaning of “Landlord Port,” in responses the Stevedore Manager (SM) said “it was a system of port management where by the port authority owns the ports’ infrastructures and some supper-structures, while port operation are contracted to private operators.” This implies public ownership and management of the port system, and private participation in port operation (terminal operation, trucking, warehousing and so on).

The Stevedore Manager added that it was not common to find 100% participation of private sector in port business that was not ideal. Especially in developing countries like Ghana, because of strategic reasons it was not possible to give out entirely the management of the ports to private sector as claimed by critics of the reforms.
When he was asked about what necessitated the reforms, the Stevedore Manager identified the following:

- cut down cost
- improve efficiency
- increase private participation in port sector
- increase private investment
- modernize the ports

According to the manager the reforms were in advanced stage and allocations of major concessions and terminal operations had been completed. However, he also confirmed that some stevedore companies had petitioned the sector Minister for Ports, Harbours and Railways, for more allocation on the handling of Cargo and that was under consideration. He added that the country stands to benefit from the reforms through increased private capital, increased efficiency in operation, job creation, and revenue to government.

When he was asked about the aspects of port operations most affected by the reforms, he explained that generally, all areas of the system had been affected by the reforms particularly, port operations container handling, warehousing and labour were the most affected. Areas such as labour had been restructured and relinquished by the GPHA to a labour recruiting agency, the Ghana Dock Labour Agency. He said permanent staffs were given the option of resigning with a package. The casual staffs were also redeployed to the new Dock Labour Agency after receiving redundancy packages.
The Stevedore Manager also added that the gantry crane operators did not receive adequate training before the introduction of the Gantry Crane at Quay II. This was causing problems in precision landing of containers resulting in delays in the discharge of containers. Therefore, expatriate workers were supporting in operating the gantry cranes.

He said one of the major concerns the private stevedoring companies raised was that, the take over of the container terminal by a consortium would create uneven competition. Particularly, that the inclusion of shipping companies like Maersk, SDV- Bolloré and A P Moller in the consortium was violating the reforms policy of the GPHA. The consortium had been involved in all the stages of port operations causing low share of cargo handling to other stevedore and shipping lines. He further explained that these companies (Maersk, SDV, Bolloré and A P Moller) did not operate under the same entity but were registered under different corporate entity to operate as shipping lines, stevedores and haulage.

4.5 Discussions

There is no doubt that the GPHA has gone through many re-structuring over the years since independence. It is clear that the current reforms are the widest ranging in the life of the Ghana Ports and Harbours Authority (GPHA). This is so because of the current trends in international maritime trade largely influenced by globalization.
The need for the reforms is long overdue and though stimulated by a host of issues both internationally and locally. However, the international dimension was most predominant. Following the advent of containerization in maritime trade characterized by increasing value of trade all over the world there is the need, as confirmed by this research, for ports to upgrade their facilities to meet current port operational levels required for cargo handling.

It was also clear that the inability of the public sector to handle port business efficiently and effectively necessitated the reforms subsequently, the involvement of the private sector as the engine of growth.

Ghana therefore stands to benefit immensely from these reforms given the enormous investment that will be attracted to the port sector. Increased revenue through royalties, tax and the expansion of business opportunities for related stakeholders in the logistics chain will support economic growth.

As indicated earlier in some aspect of this research, institutional reforms by their nature have not received the kind of applause expected by the initiators. There have been several misgivings about the GPHA to transform to a landlord status. Surely, reactions from stakeholders are usually foreseeable, and that of the GPHA’s transition was no exception.

Particularly from the labour point of view, there were some job losses. Stakeholders such as stevedore and freight forwarders also registered their displeasure. This stemmed from belief that the reforms were an opportunity for foreign companies with huge capital base
to take over their business. The phobia was vindicated when Maersk line engaged in its multimodal system and reduced the share of work for truckers and freight forwarders.

Even though there were several agitations at the initial stages of the reforms, there was a general confidence among the stakeholders in terms of prospects of the reforms as their organizations will improve service delivery (see table 4.6 pg51). It is important to note that, the reasons for the reforms fall in line with reasons that globally, pertain to “Landlord Port” model (see pg 50). In other parts of the world port authorities under “landlord” system have decided to go into other areas of making the port an attractive platform for business such as estate development and tourism. The study established that it was too early for GPHA to delve into such areas rather it will be useful to consolidate the privatization process.

One of the biggest problems that confronted the GPHA in its operation was congestion. Though there has been major restructuring of the port layout, and establishment of truck parks to reduce congestion in the port. The activities of custom excise and preventive services have been slow; causing the delay of many trucks within the port vicinity.

One most revealing issue about the entire process is the reasons for GPHA holding 25% of share in the port operations and also managing some strategic areas such as marine operation and port security. It has been the saying of most experts during this process including the Director General of GPHA, that 100% port privatization was not a favourable option, especially for developing countries like Ghana. But the study also
revealed that the private operators are pushing hard for the GPHA to relinquish its 25% share of port operation to them (see pg 63 & 69).

Even though it looks obvious from the findings of the interviews that all the officials interviewed are in support of the reforms, some thought the GPHA could equally manage the port, yield results without necessarily privatizing its operations to that extend.

Nevertheless, it was obvious from the findings that, the authorities of the GPHA (HQ), GPHA- Tema, are in favour and optimistic about the reforms, while the private stevedoring companies and shipping companies were skeptical and had mixed feeling about the reforms.
CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter contains the summary of findings (structured questionnaires and oral interviews), conclusion and recommendations.

5.2 Summary

This chapter presents the major findings of the research and indicates how this work would contribute to academic knowledge. It also presents the concluding remarks and recommendations of the study.

In the country’s pursuit towards the gateway policy, it is relevant to bring to bear that, seaports play a critical role towards the objectives. In the same vein Ghana’s position in international trade would be greatly enhanced if the ports are well equipped. The value and magnitude of commerce that passes through the country’s ports are determined by how well resources of these ports such as - labour, port terminals, wharves, equipment, are managed.
Indeed it was clear that the reforms are consistent with worldwide trend in port privatization. In most cases, the public sector retains responsibility for essential statutory functions such as general navigational safety regulations, security and contract monitoring and enforcement, while the private sector takes over port operations.

The results of this study show some revelations that are consistent with trends of privatization in the world.

Summary of findings from the structured questionnaires are presented below:

1. First, there is an overwhelming popularity of the reforms of the GPHA among the players, 81% of respondents from stevedores, shipping lines, shipping agents and freight forwarders indicated they were aware of the reforms (pg 51).

2. The reasons for the reforms are to increase efficiency, competition, investment, and attract customers and upgrade the ports to modern standards. The ultimate is to make the port of Tema a hub port in the West Africa sub region.

3. The reforms of the GPHA come with great prospects of increasing technological capacity of the ports, increase cargo throughput, and support industrial development process of the country. A total of eighty one (81%) of the respondents rated the prospects of the reforms as good.
4. On the issue of privatization of port operations, 57% of the respondents are in favour of the reforms (privatization of port operations). The result also show the stake holders see the reforms as good step in the right direction to facilitate the logistics chain in Ghana and the sub region.

5. Current performance of the port of Tema and Takoradi clearly indicate that the reforms have come with efficiency than the previous system of operation. Cargoes throughput have increased significantly up to 13,447, 960 tonnes with total import value of $6.8 billion (Mbiah, 2007). This is confirmed by 71% of the respondents.

6. The findings also revealed that there have being no significant disturbance or impediment to operators in the industry during the reforms.

7. However, results on the transparency of the reforms specially on bidding processes had not been very satisfactory. This is more particular with the local private operators, but, on the contrary there had been broad based involvement of all stakeholders in the reforms process.

8. One of the major problems that had come about during the reforms was job losses. The reforms brought about many job losses, reappointments and internal transfers in and within the port sector, ‘seventy six’ percent (76%) of the respondents confirmed this fact.
9. It is also clear from the study that the most lucrative sectors of port operations have been privatized to foreign operators. Therefore some local port operators have suffered share reduction in their operations.

10. The study shows an equal proportion of opinion on the level of involvement, 47.6% thought they were “less involved” and 47.6% also thought they were “involved.”

12. It is important to note that, though this category of respondents found the reforms favourable they held some reservation about the manner in which it was carried out.

Summary of findings from the oral interview conducted with the officials of the GPHA (HQ) and GPHA- Tema.

1. The officials of the GPHA (HQ), GPHA- Tema Port were all optimistic about the reforms, which they thought adds a face lift to the ports.

2. The respondents have all conceded that the aims and objectives of the reforms are to increase productivity (port performance), introduce technology to port operations, cut down cost, increase investment, and make the port a gateway to West Africa.(hub port)

3. It was found out from the interviews that the major sectors of the port privatized are stevedoring, shore- handling, off-shore handling of cargo and container handling.

4. The officials also gave the impression that the process was so far successful even though there have been some initial problems which received the necessary attention.
5. The study also found that through the reforms throughput has reached a level which demanded the construction of a new port at Tema Port with support from the US government. This was a recommendation in a projection report by JICA/ GPHA, 2002.

6. Takoradi Port had not seen much face lift through the reforms because it had not attracted investors as envisaged by the reforms.

7. It is important to mention that the study showed that the GPHA had not under gone 100% privatization. The GPHA still holds 25% share in terminal operations, and also responsible for strategic areas like navigation, security and owns the superstructure and infrastructure of the port.

8. Indeed some held the view that GPHA did not need to privatize its operations, because with the appropriate management put in place and the financial support from government, the sector had the experts to deliver. More so, with the reforms all the lucrative port operation had been taken over by foreigners.

5.3 Conclusion

This research work would in no mean way contribute significantly to academic work in general and in particular the maritime industry. The results of this work would help establish the experience of the GPHA transition process and specifically show the nature, purpose, prospects and challenges during the reforms process.
The work also demonstrates the fact that even though various apprehensions came up against the reforms initially which culminated into strikes and legal rambles, the policy has been accepted by stakeholders and went on smoothly. Lastly, this study is part of the humble beginning of postgraduate research work in Ghana in the maritime industry.

Global trend in international trade have impacted on the maritime industry, particularly the ports and shipping business. Therefore, the need for Ghana to reposition itself and take advantage of the opportunities in the sub-region is welcoming. This study shows how the GPHA is in the right direction towards taking its position as a hub port in the sub-region. The reforms of the GPHA to landlord status are positive steps and geared towards increasing investment in the port sector which will ultimately contribute to the economic development of Ghana.

5.4 Recommendation

The recommendations of this research work are based largely on the experiences encountered during the research work and the findings of the research.

The time constrains on the entire programme had negatively impacted on the depth of the research work, because the course work is intensive and runs concurrently with the dissertation. It would therefore, be appreciated if a semester is added to the duration to enable completion of the research work without compromising quality.
Access to information from the port authorities was very frustrating; it is recommended that steps be initiated to introduce postgraduate students to the port authorities before the commencement of the field work.

Based on the findings and literature reviewed, it is recommended that in view of the efficient and effective performance of the private sector in port operations, the remaining 25% share of GPHA in cargo handling should be relinquished to the private operators.

Additionally in subsequent reforms there should be effective and adequate public education to clear doubts and suspicions about the reforms.

Since the GPHA has relinquished its operational functions, the authorities should endeavor to invest in developing the tourism potential of the ports.