



Ondo State Of Nigeria

Introduction to Nigeria

Capital:	Abuja
Area:	Approximately 924,000 Square Kilometers, Stretching from the Atlantic Coast in the south to the Sahel regions in the north.
Population:	120 Million people
Economy:	Market-oriented Economy led by the PRIVATE SECTOR
Currency:	NAIRA USSI = 136
Climate:	Tropical
Oil Production:	2 million barrels per day
Oil Reserves:	36 million barrels
Gas Reserves:	160 Trillion standard cubic feet.

The Project

Ondo and Ogun State Governments recently conceived the idea of developing a deep-seaport and Free Zone (FTZ) around Olokola in the coastline areas of Ondo and Ogun State. The project is proposed to be private sector led with a maximum of 40% government participation. It is conceived as an integrated multi-purpose deep-seaport complex and Free Trade Zone, Serving also as Oil and Gas logistics base as well as Export Processing Zone. Based on the cost of comparable projects elsewhere, Olokola Port/FTZ Project, when completed, is estimated to cost between \$350m and \$400m.

Location Of The Project

The Port/FTZ project is to be located at an area referred to as Olokola, Latitude 060 20' North and Longitude 040 30' East, on the Atlantic Coastline, northwest of Escravos and Aiyetoro. Olokola is approximately 125km from Escravos, midway between Escravos and Lagos, 45km east of Lekki-Lagos and 400km west of Onne (Port Harcourt). A 10,000-hectare expanse of land has been acquired for the Port/FTZ. The Southern side of the site runs about 10km along the shore of the Atlantic Ocean while uncultivated fields border the Western, Eastern and Northern sides.

Site Selection

Ondo and Ogun States together have about 54 kilometers of Coastline on the Atlantic Ocean and border about 60% of Nigeria's offshore oil and gas fields in the western Niger/Delta Basin. Immediately inland, there is extensive exploitation of diverse natural resources such as cocoa, rubber, timber and solid minerals. When completed, the port will be the closest to Nigeria's vast hinterland.

The Olokola location for the project was adopted after an evaluation of the area in comparison with other contending locations at Lekki, Epe, Aiyetoro and Escravos. The preference for Olokola derives from the following advantages:

COMPANIES	BLOCK NO	FIELD NAME	OLOKOLA	LEKKI LAGOS	NPA WARRI	ONNE, PH
AGIP	316	ABO-N	75KM	130 KM	200 KM	400 KM
EXXON/MOBIL	209	ERRA 1 & 2	110 KM	160 KM	180 KM	400 KM
SNEPCO	212	BONGA	215 KM	260 KM	230 KM	350 KM

1. It enjoys simultaneous relative proximity to the oil blocks in the Western flank of the Niger/Delta.
2. The site is approximately 45 minutes drive from Lagos, which has essential complementary resources such as skilled labour and management manpower, excellent communications, banking, airport, seaport, rail line, road network and other essential infrastructure as well as the headquarters of all major oil and oil-servicing companies.
3. Access to vast land, with excellent soil conditions in its hinterland.
4. Superior bathymetric data; 10m water depth contour occurs 7.2km offshore, 15m water depth at about 8.5km and 20m depth at 9.6km offshore.
5. The Olokola area is outside the Niger/Delta depositional zone and hence requires less frequent dredging than would otherwise be.
6. There is no significant local river traffic which would obstruct the movement of ships.
7. Relatively superior security profile of Olokola area, far from restive minority youths and communities.

Infrastructure

The principal town in the area is Araromi seaside. There is also an assortment of small villages such as Osasogodomu, and Lokuta. The area is generally flat with the expanse of land traversed by streams with the sandy beach overgrown with grasses.

This essentially green-field site is presently largely undeveloped. However, this situation will change as the public infrastructure development programmes of the Federal Government, Ondo State Government, Ogun State Government Ondo State Oil Producing Areas Development Commission (OSOPADEC) and the Niger/Delta Development Authority (NDDC) are executed in the next few years. The following are in the pipeline:

Roads: These include a multi-billion-naira highway from Igbokoda to Aiyetoro and Araromi seaside on the coast. This will link with another highway from Lekki via Odo Ogbo to Araromi Seaside in the vicinity of the Port/EPZ.

Waterways: Niger/ Delta Development Commission has commenced dredging of the East/West Coastal waterways traversing Ogun, Ondo and delta States.

Electricity: Contract for extension of electric power supply to Araromi has been awarded. (OSOPADEC) intends to extend electricity from Igbokoda to Aiyetoro and westwards to join the Araromi line and then eastwards to traverse other riverine areas.

Water: The State Government in partnership with NDDC intends to drill boreholes to supplement other proposed viable water abstraction schemes.

Proposed Project Facilities

The Port complex will have the following port and ancillary facilities:

- A break-water inland labour or other structures designed to provide protection against swell from the Atlantic Ocean
- A linear quay measuring 1750 meters
- A 400x 1600 meters container yard
- An appropriate number of gantry cranes and other equipment for container handling
- Adequate storage and gate facilities
- Administrative and operations buildings and support infrastructure
- Good quality access to interstate highways

The Free Trade Zone will be designed to provide infrastructure that will support various demands, which would include the following:

- A logistics base serving the Western-based activities of the Oil and Gas industry
- Onshore LNG/LPG plants, oil refineries, petrochemical plants
- Heavy and Light industries for export, manufacturing/assembly, processing, packaging, bulk breaking, fabrication, machine tools etc
- International commercial, residential and recreational areas
- Airstrip and helipad.
- Bonded storage warehouses and pipe rack.
- Office building and suites
- Fuel and water bunkering facilities
- Internal road network
- Electricity supply and distribution network including backup facilities
- Fire Service Station
- Police, Customs and Immigration posts
- Sewage and sewage treatment plants
- Telecommunication facilities

Other Marketing Attractions

- Out of Nigeria' estimated coastline of 450 km, the eastern flank of about 200 km harbors active seaports, namely Calabar, Onne, Port-Harcourt and Warri. Only the Lagos port serves the longer western flank.
- The only Oil and Gas Free Zone and major logistics base serving the activities of the oil industry is at Onne Port Complex. This is far from the majority of the country's oil blocks situated offshore. Deep and Ultra Deep water oil blocks including a substantial part of the Negeria/Sao Tome Joint Development Zone are situated far west of Onne in the eastern flank of the Nigerian Coast.
- The two operational Free Trade Zones in the country are at Calabar and Onne in the eastern flank of the country.
- An Oil and Gas free Zone and major logistics base in the western axis will provide an alternate e to Onne and complement it in improving the economics and operational responsiveness in the increasing and expanding exploration and exploitation activities of Nigeria's Oil and Gas Industry.
- Taken together, the western flank of Nigeria is under serviced by ports, Oil and Gas Free Zone, major logistics bases and free Trade Zones. The prevailing congestion in Lagos metropolis as a whole and the continuing deterioration in infrastructure strongly suggest that Lagos alone cannot adequately satisfy the needs of the western axis of the country.

Economic and Financial Viability

The critical issues in port planning, development and management are the ability of a port to conveniently receive and effectively service ships calling at the port at the least cost and in the shortest time.

- Preferred ports worldwide that distinguish themselves with their high competitive profile are invariable ports with:
- Specialized/wide berths
- Berthing and access channel depths of at least 15m
- Spacious container yards
- Secure warehouses
- Specialized loading/offloading gantry cranes
- Adequate transportation infrastructure which ensure convenient movement of goods into and from the port zone
- Efficient port operating systems handled by proactive port Management

Flowing from the prevailing conditions above, there is a compelling need for a deep-sea port and FTZ as planned, on the western flank of the Niger Delta. Since there is no deep-sea port along the West African Coast, a well-developed, equipped and effectively managed deep-sea port of world-class standard, serviced with good access roads, and properly marketed, will inevitably become the West African hub port and trans-shipment terminal serving Nigeria, the land-locked countries to the north of Nigeria and smaller coastal countries along the West African Coast. Based on preliminary evaluation, the Free Trade Zone is an attractive investment proposition. From the experience of relatively small Onne Oil and Gas Free Trade Zone and Calabar Free Trade Zone, a well planned FTZ of 10,000 hectares; well serviced with first class infrastructural facilities and superior quality access roads linking inter state highways would have comparative advantage.

Assessment of Nigerian Port

Based on the considerations above, existing ports are not competitive. Apart from the Lagos port, they are all small. All Nigeria ports have relatively shallow depths, are congested and ill equipped, ill maintained and poorly managed. These factors account for the poor services in the ports, characterized by shipping delays, pilferage, uncompetitiveness, high tariffs and long service turn-around times.

An eloquent manifestation of the non-competitiveness/unattractiveness of Nigerian Ports is the significant and continuing increase in the importance of Lome and Cotonou ports in Nigeria's economic life.

Conclusion

With good quality private sector management and aggressive marketing, the project would leverage the synergy of a strategic location with the incentives of a Free Trade Zone combined with purpose built infrastructure to create a safe, secured and prosperous business environment.