Port governance and its impacts on port performance and the economy: a case-study at the Freeport of Monrovia

Aromenia Zinnah Cooper

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PORT GOVERNANCE AND ITS IMPACTS ON PORT PERFORMANCE AND THE ECONOMY: A CASE-STUDY AT THE FREEPORT OF MONROVIA

By
Aromenia Zinnah Cooper
Liberia

A dissertation submitted to the World Maritime University in partial fulfilment of the requirement for the award of the degree of

MASTER OF SCIENCE
In
MARITIME AFFAIRS
(PORT MANAGEMENT)

2019
Declaration

I certify that all the material in this dissertation that is not my own work has been identified, and that no material is included for which a degree has previously been conferred on me. The contents of this dissertation reflect my own personal views, and are not necessarily endorsed by the University.

(Signature): ....................................................

(Date): ............................................................

Supervised by: ................................................

Supervisor’s affiliation............................................
Acknowledgements

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Abstract

Title of Dissertation: Port Governance and its Impacts on Port Performance and the Economy: a case-study at the Freeport of Monrovia

Degree: MSc

The main drivers that are contributing to the successes of many port across the world today, have been attributed to and influence by the type of governance systems and policies adapted by the port. OECD (1999) defines governance as the system that regulates and oversees’ institutions, with the aim of boosting performance. This research paper analyses the impacts of governance structure on port performance and the economy, particularly at the Freeport of Monrovia. Additionally, the dissertation presents an in-depth review of the different literatures of port governance models and port performance indicators. In the wake of the expansion, development and procurement of new equipment of the Freeport of Monrovia and other ports across the country, it is expedient and imperative that the management collaborate and cooperate with the National Legislature in reversing and formulating a better policy and governance structure for the ports. The paper also argues that changing or amending governance structure involves a very complex and complicated process as it may have a positive or negative impact on the port performance. Hence, policymakers and crafters of said instrument should consider the legal, environmental, financial and technical aspects in the short, medium and long-terms. The paper also supports the idea that each port within the Freeport network be allowed to have its own management structure in place and most importantly its own board of directors to ensure economic growth and development and support the country’s decentralization effort. Performance indicators of the port are vital to clients, customers and stakeholders. As such, the port must utilize these indicators to it advantage in order to remain competitive. The nature of the research is qualitative. A case study methodology was utilized to examine the impact of governance on the performance of Freeport of Monrovia. The paper also provides an analysis of the results. The dissertation ends with a conclusion, recommendations, the limitations encountered and areas for future research.

KEYWORDS: Port, Reform, Governance, Port performance, Efficiency, Effectiveness, Competence
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<tr>
<td>NPA</td>
<td>National Port Authority</td>
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<tr>
<td>WBPRTK</td>
<td>World Bank Port Reform Toolkit</td>
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<td>LMC</td>
<td>Liberia Mining Company</td>
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<tr>
<td>BMC</td>
<td>Bong Mining Company</td>
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<tr>
<td>GEMAP</td>
<td>Governance and Economic Management Assistance Program</td>
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<tr>
<td>PPP</td>
<td>Public-Private Partnership</td>
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<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade &amp; Development</td>
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<td>ISPS</td>
<td>International Ship &amp; Port Security</td>
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<tr>
<td>KPIs</td>
<td>Key Performance Indicators</td>
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<td>USPS</td>
<td>Uniform System of Port Statistics</td>
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<td>LIP</td>
<td>Logistics Performance Index</td>
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<td>WMU</td>
<td>World Maritime University</td>
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<tr>
<td>ICT</td>
<td>Information, Communication &amp; Technology</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>OECD</td>
<td>Organization of Economic Corporation and Development</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>ESPO</td>
<td>European Sea Ports Organization</td>
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<tr>
<td>CMP</td>
<td>Copenhagen Malmo Port</td>
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<tr>
<td>PA</td>
<td>Port Authority</td>
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<td>IMO</td>
<td>International Maritime Organization</td>
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1.0 INTRODUCTION

1.1 BACKGROUND AND PROBLEM STATEMENT

Ports, specifically seaports, play a cardinal role in the international seaborne trade and are vital for fostering economic growth of a nation. Countries that are landlocked could benefit from their neighbouring countries that have seaports. Moreover, ports could also be considered as key economic drivers for a nation’s breakthrough and success. Ports that are very efficient and effective will not only bring about economic growth and prosperity and attract foreign direct investment (FDI), but will also ease and smooth transactions and port operations for port operators, shipping lines, consignees and the port authority itself, thereby reducing the cost of seaborne trade in the region and the country in which the port is located.

The port sector is vibrant and evolving. This sort of dynamism stems from many factors, but mainly the environment in which the port operates and thrives, which is characterized by the globalization of international trade and the recent waves in modern technological development particularly in the port and shipping sectors. Quite recently, a significant change in the role of ports has been witnessed, moving from the traditional role as simple interfaces between the hinterland and the sea to an integral component facilitating and serving multiple roles.

In an effort to adapt to this wave of change and dynamism, international, regional and local state actors including government and port authorities have chosen to upgrade or reform the governance structures of their ports through the implementation of port and regulatory policies, thereby incorporating private sector participation.

Haven said that, it is important to indicate at this juncture that the National Port Authority (NPA) of Liberia was established by an Act of National Legislation in 1967, which was amended in 1970, making the corporation a state-owned entity, giving the right to manage, plan, develop and coordinate all ports in Liberia. There are four ports making up the NPA system; they include the Freeport of Monrovia, the Port of Buchanan, and the Greenville and Harper Ports, respectively. Under the Authority’s network, the Freeport of Monrovia is by far the largest and most vital of the four ports mentioned above. The Freeport of Monrovia provides approximately ninety-five per cent (95 %) of service to domestic seaborne trade.

The Freeport of Monrovia is protected by two rock breakwaters nearly 2,300 meters and 2,200 meters in length, with an enclosed basin of 300 hectares of protected water. The main pier/ marginal wharf is 600 meters in length with a berthing capacity of three to four
(3-4) ships, which mainly depends on the size of the vessel. Additionally, the Port houses three smaller sub piers: the Liberia Mining Company (LMC), the National Iron Ore Company (NIOC) and the Bong Mines Company (BMC) piers, respectively. In 1943, the first funding for the construction of what would later be the Freeport of Monrovia was provided by the United States government, and in 1948, the Port of Monrovia was completed.

The country’s civil crisis lasted between the periods 1989-2003. The Civil War did not only kill hundreds of thousands of innocent people, but also destroy the majority the country’s infrastructures and superstructures, including its human capacities. The war also derailed and hindered key development of the post-war capacities that were required to rejuvenate and sustain the country’s development. As such, by the time the war came to an end, the country’s policies and entire systems including its Civil Service policy had become disorientated and disintegrated. This suggested that there was an urgent need for rehabilitation, modernization and firm improvements in Liberia’s governance and policy (Liberia National Capacity Development Strategy, 2011).

After fourteen (14) years, in 2004, the Liberian Civil war finally came to an end and saw the country elect its first ever female president in 2005. The only functioning seaport was left in ruins and predicament, engulfed by massive corruption and hundreds of untrained and unqualified workers. As one of the battle grounds, the Freeport of Monrovia was badly affected and damaged, leaving the facility in a state of neglect and at a point of completely shutting down. The scarcity of equipment was high and further exacerbated by frequent and persistent power outages. The only tugboat that the port had for berthing vessels was non-functional. This created further fears and uncertainty about the status of the nation’s premier gateway (Friedman, 2012).

Because of the vital importance of trade and revenue of the Freeport of Monrovia, it was considered as an integral part of the country’s fragile recovery systems. The Freeport of Monrovia serves as the main entry point for over 80 per cent of Liberia’s imports and accounts for approximately 85 per cent of all customs revenue collected by the Liberian government. The expansion of the country’s capacity was key for its future economic growth and development. The Freeport of Monrovia also serves a very important and significant purpose for the export of Liberia’s traditional commodities (Iron Ore & Rubber) and is the import point of the country’s stable food (Rice). The country’s three other local ports (Greenville, Harper & Buchanan ports) are also managed by the National Port Authority. By the end of the civil crisis, these other ports had been ruined and were dysfunctional (Friedman, 2012).
After President Ellen Johnson Sirleaf took over in 2006, the economic woes of the port were visible in many ways to the point that the port could not even account for its revenues and expenditures. Hence, the new administration knew it had to act and act quickly. Additionally, nearly all financial transactions carried out at the port were in cash and the records were all paper-based giving more room for widespread corruption and bribery. After taking over and realizing that the port was plagued by major governance, policy, operational and financial challenges, President Sirleaf appointed three managing directors at the Freeport of Monrovia between 2006 and 2010 to help tackle and address the existing challenges. The president’s first choice was Mr. Togba Ngangana. Mr. Ngangana had a technical background and had previously worked at Liberia’s Ministry of Public Works and the Maryland Department of Transport in the United States of America, respectively. Later, the president appointed Tubman, who assumed the responsibility as managing director in mid-to late 2007. Tubman served for a little over two years and was subsequently replaced by Matilda Parker who had previously worked and served in the position as a senior director at AT&T and had earned a master’s degree in business administration from the University of Texas.

Furthermore, as a means of supporting the newly elected leadership of President Sirleaf’s government, restore investors’ confidence and address the economic, fiscal and governance challenges that confronted not only the Freeport of Monrovia, but the entire government, the Liberian government in consonance with its international partners/donors agreed to the hiring of three financial (comptrollers) and technical experts under the arrangement of the country’s Governance and Economic Management Assistance Program (GEMAP) to put in place sound fiscal policy and ensure that donor aid money was spent, used appropriately and accounted for at every level of the government (Friedman, 2012). These experts had a responsibility to help support the government of Liberia, specifically the Freeport of Monrovia, by instituting good governance and ensured sound fiscal policy. Fortunately, they were only answerable to the donors.

In order to upgrade the infrastructure and restore the Freeport to its pre-war status and even beyond, the government of Liberia and APM Terminals in 2010 concluded and signed a Public, Private Partnership (PPP) concession agreement to handle/provide marine services, including cargo and container handling services, at the Freeport of Monrovia. The signing of this agreement signalled a milestone achievement in consonance with the government of Liberia’s Poverty Reduction Strategy pillar under its Port Sector Reform Program. In addition, the management of the Freeport of Monrovia exerted huge efforts that led to minimizing its security risk profile, thereby achieving ISPS compliance status.
(International Ship & Port Security Code) for both the Freeport of Monrovia and the Port of Buchanan.

The development of urban areas indicates that rapid economic growth is significantly correlated with the existence of a seaport (Shan et al., 2014). It is important to highlight that without the maritime industry, the movement and or export and import of goods/cargo (bulk, containers, etc.) would not have been possible early on. Harlaftis, Tenold, & Valdaliso (2012) have “labelled maritime transport as the bedrock of the world’s industry. Undeniably, maritime transport has been and till today is the main driver of world trade growth and an expansion of global economy”.

![Figure 1 shows the Location of Liberia](image)

As depicted in Figure 1.0, Liberia used to have a total land area of 43,000 Sq. miles, but due sea-level rise and coastal erosion, Liberia today occupies an area of approximately 37,420 Sq. miles and is located in the West of Africa. The country is bounded to the north by Guinea, to the East by Ivory Coast, to the West by Sierra Leone and to the South by the Atlantic Ocean.
Liberia being the second oldest nation in Africa and the oldest independent nation in West Africa has fifteen (15) political sub-divisions known as counties as seen in Figure 1.1 above.

The management, responsibility and operation of Port governance around the world is quite complicated. Moreover, in the last twenty years, port governance has significantly shifted across the world mainly due government devolution programs (Brooks, 2004). In furtherance of the above, Rodal and Mulder defined devolution as “the transfer of
functions or responsibility for the delivery and services from the federal government to another entity,” which may be “another order of government or a non-governmental organization, community group, client association, business or industry” (As cited in Brooks, 2004). Brooks, (2001) further elucidated that since this definition does not include privatization, the extent of devolution may range from partial to full privatization.

Although authors, scholars and port experts have written different books, journals and articles and presented at conferences on port governance, it is unfortunate that there has been little or no attention focused on producing academic materials regarding ports of Liberia and in particular port governance concerning the Freeport of Monrovia. Against this backdrop, this research aims to contribute to bridging this academic deficit by focusing on port governance models as one of the key components or bedrocks of organizational structure within the port sector. It further seeks to critically analyze and explain the port governance model implemented by the Freeport of Monrovia and the impacts that the port governance has on port performance and the economy.

1.3 OBJECTIVES

The objective of the research is to investigate and critically analyze port governance models, specifically in relation to the “Freeport of Monrovia”, and further to undertake comparative analysis of the governance structure/model of the Freeport and evaluate the impact (s) of governance structure on the port and the economy of Liberia. To achieve and address the research questions, a case study of the Freeport of Monrovia will be undertaken with the following aims:

- To examine the impact of Governance Structure of the Freeport on its Economic Growth
- To determine the extent to which the Port Governance Structure has impacted or can impact port performance and the Country's Economy

1.4. RESEARCH QUESTIONS

A case study focusing on the Freeport of Monrovia aims to specifically address and answer the following research questions:

- What is the impact of governance structure on the Freeport of Monrovia vis-a-vis the economic growth?
- To what extend does the Port Governance structure of the port of Monrovia differ from that of the World Bank governance model?
- To what extent has Port Governance Structure impacted the country's economy?
➢ To what extend has the port governance structure impacted the port performance (positive/negative)?

1.5 LAYOUT AND STRUCTURE OF THE THESIS

This thesis comprises six (6) chapters (as in Figure 4). Chapter one of this dissertation contains the introduction and background of the research. The chapter gives an overview of the background and the perspective of the research. This chapter identifies and explains the purpose of the research and encompasses a complete overview.

Chapter two however, discusses the literature and provides much more detail about the subject of port governance and administration. In this chapter, the literature review presents a general and broad overview of port governance and administration and in the specific context of the Service port, Tool port, Landlord port and Private port of the WBPRTK. Moreover, this section discusses the evolution of port governance of Liberia, mainly the Freeport and its challenges.

Chapter three covers an introduction to performance measurements, identifies indicators to be measured and analyses the relationship between the governance indicators and port performance.

Chapter four lays out and explains in detail the specific research methodology that the study utilizes. Moreover, this chapter introduces and emphasizes the criteria and approaches used in selecting the data and discusses in detail the methodology used.

Chapter five presents the results and analysis of the data from the literature review. Lastly, chapter six encapsulates and provides an overall summary of the dissertation. This chapter also presents key recommendations on port governance impact in the context of the Freeport of Monrovia, limitations and future research directions.
CHAPTER – 1 INTRODUCTION

CHAPTER – 2 LITERATURE REVIEW (PORT ADMINISTRATION & GOVERNANCE)

CHAPTER – 3 REVIEW OF PORT PERFORMANCE MEASURES

CHAPTER – 4 RESEARCH METHODOLOGY

CHAPTER – 5 RESULTS & DATA ANALYSIS

CHAPTER – 6 CONCLUSION

Figure 4 Organization and structure of the dissertation

Source: Author
Chapter 2

2.0 LITERATURE REVIEW

2.1 INTRODUCTION REVIEW OF PORT ADMINISTRATION AND PORT GOVERNANCE

No two ports are the same in all aspects. Each port is unique in its own way. Ports are subject not only to the policy and governance systems laid down by government, but particularly the structures and processes they choose during the establishment of managerial practices and policies. Over time, it is possible that crafters of a port governance structure will change said structure depending on the situation to conform to the realities of the day. This is corporate governance. One of the fundamental reasons for reforms in the governance of an institution/organization is to align the organization’s strategies and its corporate goals to the context of the prevailing economic situation. Governance is the art of organizing and steering societies and organizations. Similarly, good governance encompasses both achievement and attainment of those desired results and achieves them in the right way; while the governance models are samples and or tools used to achieve good governance and not a goal as such (WMU Port Management, 2019). In order to have a well-functioning port or port system, certain rules and regulations have to be adhered to.

Undertaking a port reform entails, a strong and robust vision coupled with sound planning and strategies. The process of engaging in institutional reform is complex. Therefore, it is less likely that many countries will design and undertake key institutional reforms that will redirect and shift the course between the public and private sector (World Bank, 2007). If well designed, properly planned and implemented, a successful reform program may free governments not only of institutional burdens and governance challenges, but also of unnecessary expenditures. This can release funds for necessary public programs, while at the same time unplugging and minimizing bottlenecks especially those that prohibit and discourage trade and economic development, thereby motivating the need to adopt new regulations that protect the environment and improve the overall working conditions of the workers (World Bank, 2007).
Today, devolution programs encompass a recent concept towards alternative service delivery (ASD). Additionally, (As cited in Brooks, 2004), there have been two major drivers of reforms that have caused the wave of changes witnessed over the last two decades. The first component would be the rapid and increased improvements in information and communications technology (ICT) which has led to increased transparency in government operations, thus providing citizens with the opportunity and ability to better monitor, track and participate in the administrative, policy and financial activities of the government. Second, during the latter part of the 80s up to the early 90s, increasing budget deficits and loss of public trust and confidence in governance, compelled governments to change from business as usual to do much more with the limited resources at hand.

Confronting and addressing key institutional, national, regional and global challenges such as poor service delivery, violence, slow economic growth, corruption and the “natural resource curse” amongst others, will require immense efforts and rethinking the course by which those concerned (state and non-state actors) can plan, design and implement better and sustained policies or governance (The World Bank, 2017).

To this end, it is worth noting that policies do not always translate into those development outcomes in ways that were expected and or planned. This is evident from examples from countries like Somalia and Somaliland and Nigeria in Africa, China and India in Asia, Brazil in South America and Great Britain. These countries demonstrate substantial level of contradiction that exists in the real world and further exemplifies that governance and policies have not met targeted objectives as were laid out in the policy tools designed. For instance, Somalia is a fragile state whereas Somaliland is making progress and forging ahead. Interestingly, Nigeria is a country in West Africa that is endowed with an abundance of natural resources yet, surprisingly, Nigeria is categorized as a lower-middle income country. In addition, China over the last couple of years has grown rapidly; however, the country’s fundamental institutions have not changed. Similarly, India has witnessed growth in technology and economy, yet India has been unable to control the proliferation of slums. Likewise, Brazil is one of the world’s biggest economies and is moving at a fast pace, experiencing increased and inclusive growth, but today the government is facing widespread protests from the country’s middle income earners. Also, the United Kingdom is challenged with low unemployment, yet the country voted to leave the EU (The World Bank, 2017).

What these countries have in common? It will interest you to know that the commonality being projected here is the issue of governance mal-functions; ineffective policies persist and most often take precedence over effective policies. Therefore, no matter the chosen
course and unexpected circumstances, it is essential to unearth and identify the fundamental drivers of policy effectiveness. Predicated on the above, the World Bank (2017) in its report identified three integral or core functions (Commitment, Coordination and Cooperation) that are needed by institutions to mitigate near, medium and long-term economic challenges and ensure rules and resources yield the intended outcomes. Furthermore, Brooks (2016) argues that for any devolution program to be successful, the appropriate environment and governance structures must be established by government. Similarly, the board of that devolved entity must adapt to the rudiments of the new regimes and, overtime, implement its strategy for growth and economic empowerment and development.

For many communities, the shift from government to locally controlled entities (decentralized system) is perceived as a forward step for the implementation of policy and economic empowerment for the community (Brooks, 2016). The Free Market economists use the term “governance” to capture the adoption and enforcement of the rules governing conduct and rights; however, the truth of the matter is that people often confuse governance with “government”. Hence, this fits into the context that governance may be imposed by government or adopted voluntarily by groups, associations and businesses or informally by citizens when they adopt a particular structure, system or regime for a common purpose (Brooks, 2016).

As part of a broad development effort, Parr (2008) argues that airports and ports are “growth poles” that can serve as economic catalysts for the attraction of industries and businesses to locate and/or invest in their vicinity (As cited in Brooks, 2016). It is therefore important to highlight that throughout history, ports have been known to be dominated by the public sector. Thus, today, ports as the nodes of maritime transport and logistics have formed a synergy of the public and private actors. Importantly, it is worth pointing out that there are four administrative models contained in and discussed by the World Bank in its “World Bank Port Reform Toolkit”. These are Service Port, Tool Port, Landlord Port and Private Service Port. The application of these models differs from country to country and it is characterized by the regime and the type of service provided. At this juncture, an in-depth review focusing on the four governance models highlighted above will be considered and discussed below.

**Service Ports**

As depicted in the World Bank Port Reform Toolkit model (WPRTK), Service ports have a predominantly public character. Today, it is evident that the number of Service ports is reducing. As such, many Service ports today are moving towards the landlord port model.
In this model, the port owns, maintains and operates both fixed and mobile assets. One of the most defining characteristics of the Service Port is that the Port authority provides the full and complete range of services that are expected for a functional port system (Brooks & Collinane, 2007). The port authority also provides cargo handling activities and the employment of labor. In most countries where Service Ports still exist today, the port is controlled by or is a part of the Ministry of Transport and is managed by the Director General/Managing Director who is a civil servant. Interestingly, the Service Port model is still being used by some ports in developing countries including the Port of Colombo (Sri Lanka) and the Port of Dar es Salaam (Tanzania). Cargo handling activities have been identified as the main function of the service port. However, in some developing countries, port handling services are undertaken by a separate entity commonly referred to as the cargo handling company (The World Bank, 20017).

**Tool Ports**

In this model, the port authority develops, owns, and maintains both the superstructures and infrastructures including the cargo handling equipment (quay cranes and forklift trucks) (Brooks and Collinane, 2007). Accordingly, the port equipment is usually operated by the port authority workers. On the other hand, private cargo handling firms are contracted by shipping lines or licensed agents to execute the cargo handling on board the vessel and on the quay. Interestingly, the ports of Chittagong (Bangladesh) and Autonomes in France are typical and classic examples of Tool ports. The World Bank (2007) argues that “the fact that private firms and companies handle the cargo operations exposes a fundamental problem within the port settings of this management model. Although the cargo handling equipment is own by the port authority, however, the cargo handling operation is carried out by a private cargo handling firm using the port equipment and not their own. Therefore, to avert such conflict, most port authorities prefer operators to purchase and use their own equipment (at that point the port is no longer a Tool Port). Under this model, the port authority is obliged to make the land and superstructures available to the cargo handling firms.

**Landlord Port**

As noted earlier, the Landlord Port is characterized by the mixture of public-private composition. Under this model, the port authority serves a dual role as both regulator and landlord, while the operations of the port, in particular the cargo handling activities, are carried out and implemented by private firms (The World Bank, 2007). The ports of Rotterdam, Antwerp and Singapore are classic examples of the Landlord port model. Today, this model is the most dominant port model, adopted by small, medium and large
ports across the world. Additionally, the infrastructure such as refineries, tank terminals, and chemical plants is leased to private companies by the port authority. Usually, the lease amount paid to the port authority is a fixed sum and is adjusted to either the present or future value of the investment or future inflation. Furthermore, the superstructure, which is considered a mobile or removable asset (such as workshops, warehouses, offices, container freight stations), is owned and maintained by the private operators. The purchase and installation of equipment and employment within the terminal is the responsibility of the private companies. As explicitly argued by the World Bank (2007), in this model, dock workers are employed by the private terminal operators. However, in some cases or some ports, a segment of the dock labour force maybe provided through a pool system.

**Fully Privatized Ports**

Under this model, too often the Fully Privatized Port takes the form of a private service port. Unlike other management systems or port models, port land including superstructures and infrastructures is fully owned by the private sector or company. In this type of model, one of the key highlights is the complete transfer of land ownership from the public sector/government to the private sector. Additionally, some governments may turn the regulatory authority over to the private sector (The World Bank, 2007). However, fully privatized ports are few and seldom found around the world in port settings today. For example, countries like the United Kingdom (U.K.) and New Zealand are the best and most modern examples of the fully privatized port model. Many scholars and reformers have referred to this model as the extreme form of port reform (The World Bank, 2007). The Fully Privatized model signifies that the government or state does not have at least any interest port operations. Unlike the other port models, in a fully privatized port, the land is owned by a private company. The danger under this arrangement is that port land sold to private companies or firms may be of major national security concern.

**2.2 DEFINITION OF GOVERNANCE**

Port governance is one of the fundamental pillars of any port authority, particularly in terms of boosting its performance. According to the World Bank “governance is the process through which state and non-state actors interact to design and implement policies within a given set of formal and informal rules that shape and are shaped by power (World Bank, 2017). Additionally, the OECD also defines corporate governance as the “set of relationships between a company’s management, its board, its shareholders and other stakeholders”. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and
monitoring performance are determined (OECD, 2015). The Oxford Advanced Dictionary (2010) defines governance as “the activity of governing a country or controlling a company or an organization”. In its 2015 annual report, CMP (2015, pp.30) expressly states that good governance is a system that ‘creates conditions for clear allocation of responsibility between the different corporate bodies, which increases efficiencies and reduces risk’.

Brooks (2001) further emphasizes that governance is the act of establishing clear objectives, policies and measures to support and enhance corporate decision making whilst at the same providing the necessary framework to achieve those goals through performance monitoring. As cited in Brooks and Cullinane (2007, pp.10), the World Bank Institution (2000) considers governance as “the traditions and institutions by which authority in the country is exercised for the common good”.

2.3 BROAD PERSPECTIVE OF PORT ADMINISTRATION AND GOVERNANCE

Ports are known to be different in the scope of governance and operations. The contribution of port governance and administration is unique in itself and cannot be overly emphasized. Different authors and scholars have had diverse perspectives regarding the terms governance and administration. Governance is defined as the process of governing an institution, organization or group of people. According to Brooks (2016), “governance may be imposed by governments or adopted voluntarily by businesses, group or associations or informally by citizens themselves who want change when they adopt systems, structures, and processes for a common purpose”. While the principles of governance cut across and work well for businesses and corporations, governance also serves as a link between governments and their electorates and taxpayers, between private/public agencies and shareholders, including different organizations. From the perspective of a port, governance is defined as the legislation and regulations instituted by the government.

2.4 PORT ADMINISTRATION AND GOVERNANCE IN LIBERIA

No two ports are the same in terms of administration and governance structure around the world. Importantly, governance and administration play a pivotal role and contribute uniquely to a port development and growth. As a fundamental pillar of any port authority, Bourgeois, Duhaime and Stimpert (1999) agree that governance depicts an organizational structure that consists of hierarchical reporting, information sharing and operational
processes and systems control. Thus, it is a matter of utmost importance that a port be governed.

Administration, on the other hand, has to do with the implementation of rules and regulations. It is also the duty of the entity to provide oversight. Administration involves forming policies, plans and procedures and ensuring that goals and objectives are set in line with the institution’s short, medium and long term strategy, while at the same time ensuring that the rules and regulations are enforced. Considering its importance and integral nature, administration has to forecast, plan, organize and make day-to-day (be it financial, investment, technical, legal or operational) decisions that are critical for the survivability of the institution. In his book, Politics and Administration, Goodnow (2009) maintains that administration is a process that has to do with the execution of rules and policies. It is viewed as the top layer of management in the hierarchy of an entity.

Prior to the Liberian civil crisis and to date, the port governance system has been one of centrality, meaning the Freeport of Monrovia/the National Port Authority (NPA) makes all key investment, managerial and financial decisions for the other three ports across Liberia. These ports, the Port of Buchanan, the Port of Greenville and the Port of Harper, have all been under the supervision and authority of the Freeport of Monrovia termed the National Port Authority (NPA). This centrality has impeded investment efforts and limited the workings and operations of those three smaller ports to a large extent simply because they are not empowered to make any major management, investment or financial decisions. This sort of management (Quasi governance) system poses a major challenge to the local authorities in charge since they cannot make any major decision without seeking the main port’s approval.

2.5 OVERVIEW OF PORTS IN LIBERIA

Established by an Act of National Legislation in 1967, the National Port Authority (NPA) is a state-owned public corporation of the Government of Liberia whose responsibility encapsulates managing, planning, designing, constructing and engaging in development, including the maintenance and operations, of all public ports within the country’s territorial limit.

Currently, there are four ports within the NPA systems, namely the Freeport of Monrovia, the Port of Buchanan, the ports of Greenville and Harper respectively. Within the NPA networks, the Freeport of Monrovia is the largest and main port providing for more than 70% of the country’s imports and over 50% of its exports. Depending on the sizes of vessels, the Freeport of Monrovia is capable of berthing three to four (3-4) ships at a time.
Additionally, the port has three finger piers, namely the LMC, the NOIC and the BMC Piers. Located approximately 272 kilometers southeast of the capital Monrovia is the country’s second largest port, the Port of Buchanan. The port of Buchanan is protected by two breakwaters, 1,890m and 590m long. Inside the basin, there is a 255m long iron ore loading quay that is adjacent to the commercial loading quay with a water depth of 10.5m below chart datum. The port has an access channel with a depth of 11.5m and a channel width between the breakwaters of 210m for ships coming in and leaving its terminal. The Port of Buchanan is strategically located for mining, offshore oil drilling and fishing activities within the NE and SE of Liberia. The port is expected to start booming when the giant iron ore mining company Arcelor Mittal begins full operations and exportation of iron ore.

The third port of Liberia is the Port of Greenville located in Sinoe county in the south eastern part of Liberia. The port is situated 673.6 kilometers away from the capital city, Monrovia. Heavily affected by the Liberian civil war and left mostly in ruins, the port of Greenville has only two berthing facilities (70m and 180m), each with an existing depth of 6 meters enabling it to handle mostly smaller fishing vessels and other local commercial boats and feeder craft vessels. Additionally, the port principally serves as an outlet for the timber and small scale mining industries of that part of the country.

Lastly, the Port of Harper is also located in the south eastern region of Liberia with a distance of 761.6 kilometers away from the capital, Monrovia. The Port of Harper was constructed on the Rocky Russwurn Island, making it possible to connect the island to the mainland. From the inception of the civil war until the end, this paper cannot authenticate whether the port has been rehabilitated or refurbished. The port also has a 100m long berthing facility that is made up of a reinforced concrete pier comprising a water depth of 5.5m on each side. This port also plays a major role in the country’s economy as it serves as one of the nodes providing and supporting the export of timbers.

2.6 PORT GOVERNANCE CHALLENGES AT THE FREEPORT OF MONROVIA

There are several challenges confronting the National Port Authority system. Some of the key issues affecting ports outside of Monrovia are lack of proper attention, well-skilled and well-trained manpower, resource constraints, and their proximity to the capital city, Monrovia. Predicated on the above, and including training policy, staff retention policy, bad and poor labour practices have caused staff of these ports to expressed that the lack
of good management especially decentralized management system is the major issue hampering the network. 

In his book “Understanding Public Policy” Cairney (2012), maintains that policies fail or achieve only partial success depending on:

a) Whether the policy objectives are clear, consistent, well communicated and understood
b) Whether the policy will work as intended when implemented.
c) Whether the policy is implemented by skillful and compliant officials and
d) That the conditions beyond the control of policymakers do not significantly undermine the process

From the above, it is therefore very important that management, organization and institution take into account and be cognizant of the near and long-term consequences that may arise as a result of adopting a particular governance model for their port. Below, Table 1 depicts the pros and cons of each port governance model.

Table 1: The Pros and Cons of Port Governance Models

<table>
<thead>
<tr>
<th>GOVERNANCE MODEL</th>
<th>PROS</th>
<th>CONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Ports</td>
<td>• Normally, there is a huge investment by the port authority.</td>
<td>• There could be conflicts due to the assignment of equipment and port operational efficiency</td>
</tr>
<tr>
<td></td>
<td>• No redundancy</td>
<td></td>
</tr>
</tbody>
</table>
| Tool Ports       | • Operation of Port authority equipment is usually performed by Port Authority labour | • fragmentation in cargo-handling responsibility can lead to conflict
|                  |                                                                      | • private operators are usually small companies                      |
| Landlord Ports   | • Port authority maintains ownership in the port                    | • Do not have the legal rights to employ dock labor                  |
The port is in a better position to economically exploit the port in the interest of the country.
- Private entities make the investment to ensure a strong market and long-term relationship.
- Maintenance of basic infrastructures such as roads, berths and wharves

Private entities make the investment to ensure a strong market and long-term relationship.

- Maintenance of basic infrastructures such as roads, berths and wharves
- Risk of over-capacity since it is possible for more than one private operator to pressure/seek expansion
- Most likely, there may be uncontrolled operations

<table>
<thead>
<tr>
<th>Type</th>
<th>Port Infrastructure</th>
<th>Port Superstructure</th>
<th>Port Labor Force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully Privatized</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Investment in port operations are flexible</td>
<td>Public sector no longer has any interest in port activities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Port development and tariff policies tend to be market oriented</td>
<td>The port land is owned by the private sector</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Both regulatory functions and operational activities are performed by the private sector</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Monopolistic behavior may persist</td>
<td></td>
</tr>
</tbody>
</table>


Additionally, Table 2 presents a real-world case examples of the infrastructures, superstructures and types of labour within the port environment. The examples show that port infrastructures like roads, pavements and quays are normally fixed and immobile, while port superstructures are normally equipment and buildings that are mobile.

Table 2: Examples and illustrations of Port governance
### Examples
- Roads
- Quays
- Water
- Pavements
- Electricity
- Railway tracks

### Port Areas
- Office buildings
- Storage facilities

### Buildings
- Cranes
- Trucks
- Tractors
- Folk lifts
- Reach stackers
- AVGs
- Straddle carriers

### Port Work-Force
- Office Workers
- Port/dock workers
- Folk lift drivers
- Crane operators

---

**Figure 5: Location of the Ports in Liberia**

![Map of Liberia showing port locations](https://www.worldatlas.com/webimage/countrys/africa/liberia/lrland.htm)

Source: [https://www.worldatlas.com/webimage/countrys/africa/liberia/lrland.htm](https://www.worldatlas.com/webimage/countrys/africa/liberia/lrland.htm)
There are four ports within the National Port Authority’s network. Marked by red stars, Figure 4 depicts the strategic location of these ports in terms of accessibility to shipping lines, fishing vessels, and mining and logging companies including other port users.

Table 3: Matrix of Port Governance Model and Functions

<table>
<thead>
<tr>
<th>PORT GOVERNANCE MODEL</th>
<th>PORT FUNCTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regulator</td>
</tr>
<tr>
<td>PUBLIC</td>
<td>PUBLIC</td>
</tr>
<tr>
<td>PUBLIC/PRIVATE</td>
<td>PUBLIC</td>
</tr>
<tr>
<td>PRIVATE/PUBLIC</td>
<td>PUBLIC</td>
</tr>
<tr>
<td>PRIVATE</td>
<td>PRIVATE</td>
</tr>
</tbody>
</table>


Table 3 represents the allocation of responsibilities and shows the relationship between the public and private sectors under the port governance model.

2.8 SUMMARY

In summary, this chapter provided review of published literatures on governance and corporate performance measurement and a complete background and broader perspective of port governance. Although, governance is broad subject, however, to achieve the aim and maintained the uniqueness of the research, the researcher focussed specifically on governance and performance within port sector. In addition, a strong emphasis was placed the tenants of good governance, port sector governance and port performance measures.
3 REVIEW OF THE FREEPORT PERFORMANCE MEASURES

3.1 INTRODUCTION

“If you can’t measure it, you can’t manage it”, is a statement by W. Edward Deming, but is often attributed to Peter Drucker. Fortunately, this statement holds true across all facets of the public and private sectors and in particular the port sector. In today’s competing market, the primary objective of any port is to ensure that quality services are rendered to all users of the port. Therefore, ports must focus on optimization (efficiency and effectiveness) at all times in order to minimize operating cost and time spent in ports by vessels. In this regard, ports have to establish frameworks/benchmarks that guide and assist decision and policymakers to undertake the right decisions in a timely manner, simply by measuring performance and making quality services better as well as deciding on the most appropriate investment with limited and scarce resources.

The benchmarks or tools used are termed the Key Performance Indicators (KPIs). Establishing a control mechanism that allows the management of the port to spot when, where and at what particular time the likelihood of capacity/operational problems will arise in the short, medium and long term is very important.

Under the caption “Tracking and measuring port performance”, UNCTAD classified Port Performance Indicators into two broad categories, namely operational and financial indicators (UNCTAD 2018). In a modern competitive port market setting, the use and importance of performance measures cannot be over emphasized. According to UNCTAD (2016) in its Port Management Series report titled “Port Performance”, the strategic direction of modern seaports has shifted towards achieving greater competitiveness and higher standards of performance, citing reform as the key driver.
3.2 ANALYSIS OF THE RELATIONS BETWEEN PORT GOVERNANCE INDICATORS AND PORT PERFORMANCE INDICATORS

The issues of port governance over the last few years have become significantly relevant. The shifts in both economic and political terrain have had an impact on the structure of port governance. Today, even though the Landlord port model is gaining an increasingly relevant place among the other port models, there is still a wide debate about the most prefer, appropriate and applicable governance model to adopt. Therefore, identifying and monitoring key segments of governance models cannot be overstated (ESPO, 2012). Accordingly, Bochio & Gray (2005) maintained that port reforms in today’s world have defied the traditional models of ports. Additionally, Collinane & Song (2002) and Brooks & Collinane (2007) provided a differing view about port service delivery models and their operational responsibility to the local public and local ports (private/commercially driven entities). Baltazar & Brooks, (2001) and Notteboom & Winkemans (2001) suggest that in order to tackle and mitigate these problems, the discourse on port models has changed from ownership to a more governance focused approach. Moreover, Wang & Slack (2002) recommend that port governance be categorized into three spheres based on the authors’ notion. These include Spatial-Jurisdictional scales, Stakeholder community, and Logistics capabilities. This classification is based primarily on a cluster governance approach which seeks to establish port governance communities. As defined earlier, “governance is the process through which state and non-state actors interact to design and implement policies within a given set of formal and informal rules that shape and are shaped by power” (World Bank, 2017). Port governance is the input of the port sector, which encapsulates three integral components, namely the structure, the strategy and the environment.

Port performance, on the other hand, is a tool that should be utilized to compare performance with targets and to gauge trends in performance levels from an operational and financial standpoint. Esmer (2008) states that 90% of world trade is carried by sea. This demonstrates that ports play a pivotal role within the supply chain systems. Accordingly, we can categorize port performance into physical, financial and quality performance. The indicators that are used to measure and monitor physical, financial and quality performance are classify as (a) Indicator of output (b) Services (c) Quality of Services (d) Utilization and (e) Productivity.
Figure 5 depicts a framework developed by Brooks and Pallis (2008) (as cited in Pallis 2008). The authors established and showed a clear link between Port performance (output) as a product of governance (input). This conceptual framework has been designed particularly to help port authorities understand the transition between governance and performance. As a member of the NPA systems, the Freeport of Monrovia utilizes the Uniform System of Port Statistics (USPS), an internationally recognized system that harmonizes the format of vessel traffic, cargo throughput, equipment and facilities utilization and labour associated with port operations to prepare and execute its operational analysis (NPA Annual Report 2013).

3.3 BERTH UTILIZATION
The application of appropriate techniques to maximize the utilization of a berth is termed berth utilization. Optimizing berth utilization will depend primarily on proper and strategic planning, coordination, directing and monitoring, which are the tenants of a good management system. According to UNCTAD, the standard berth occupancy rate is 65% to 85%. Accordingly, the berth is said to be under-utilized if and when the range of utilization is below the occupancy rate mentioned above and is over utilized when the occupancy rate is beyond the stated range. Additionally, according to OECD (2013) (as cited in UNCTAD 2017), many factors have been used over the years to determine port performance. Key among these are indicators that gauge the rates of utilization and productivity of cranes, berths, yards, gates and gangs among others. Berth occupancy
represents the total time (hours) when a berth is occupied or in use during a particular period.

3.3 YARD CAPACITY AND UTILIZATION
According to Esmer (2008), operationally speaking, yard planning and utilization is the most crucial and busiest segment of terminal activity (be it bulk and or container). This operation ensures that the port yard is well planned ahead of vessel schedules allowing for cargo to be discharged from vessels and reloaded again onto vessels, and the shuffling and reshuffling of containers and other cargoes that are out of sequence.

Like any other business, ports require systematic planning for effective and efficient service delivery. Port planning like many other businesses can be divided into three broad categories, namely
- Strategic plan
- Tactical plan
- Operational plan

According to UNCTAD (UNCTAD, 1993), strategic/corporate planning involves the preparation of an all-year round plan to guide a port management’s decision in the direction of the development of different business activities of the port. Together, strategic and marketing plans focus on competitive advantage in order to adopt best strategies.

3.5 EQUIPMENT UTILIZATION AND AVAILABILITY
Due to the huge cost associated with the investment of cargo-handling equipment, the optimal utilization, deployment, allocation and servicing of this equipment is significantly important in terms of performance measures. Hence, the utilization of any item or type of equipment is defined as the proportion of time that it was effectively deployed over a specific time period. According to Esmer (2008), operationally speaking, yard planning and utilization is the most crucial and busiest segments of terminal activity (be it bulk and or container). This operation ensures that the port yard is well planned for ahead of vessel schedules, allowing for cargo to be discharged from vessels and reloaded again onto vessels, and the shuffling and reshuffling of containers and other cargoes that are out of sequence. This technical planning ensures that the port yard capacity is not overly utilized or under-utilized.

3.6 RELIABILITY AND PUNCTUALITY
A port is considered reliable when there is no disruption to undermine its planned and scheduled activities. Moreover, the punctuality ratio of a port is the difference between the planned and actual arrival and departure times of the number of ships that have
called. The port should be scheduled based on the forecasted times and planned schedules. Considering the basic requirements for measuring and benchmarking port performance, the Dry Bulk Terminal Group (DBTG) working Group acknowledges that each terminal is unique in its own way, hence each terminal has its own specific operational and reliability targets. Therefore, factors such as berthing delays, equipment reliability, enhancement and development of staff and management capacity through quality training, planning and scheduling, and inventory constraints impact the basic operational indicators such as loading and discharge rates, vessel turnaround time and others (Peckham, 2008). Reliability and punctuality are important factors to consider as port operators and port authorities since shipping lines and port users tailor their activities in accordance with time, and shipping lines will mostly call to ports that are more reliable and punctual than their counterparts.

3.7 LOGISTICS PERFORMANCE INDEX

**Figure 7: Logistics Performance Index**

<table>
<thead>
<tr>
<th>Country</th>
<th>LPI Rank</th>
<th>LPI Score</th>
<th>Customs</th>
<th>Infrastructure</th>
<th>International Shipments</th>
<th>Logistics Competence</th>
<th>Tracking &amp; Tracing</th>
<th>Timeliness</th>
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</thead>
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<td>130</td>
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<td>2.21</td>
<td>2.00</td>
<td>2.17</td>
<td>2.18</td>
<td>2.21</td>
<td>1.90</td>
<td>2.78</td>
</tr>
<tr>
<td>Equatorial Guinea</td>
<td>156</td>
<td>2.21</td>
<td>1.99</td>
<td>1.82</td>
<td>2.46</td>
<td>2.11</td>
<td>2.14</td>
<td>2.66</td>
</tr>
<tr>
<td>Mauritania</td>
<td>157</td>
<td>2.20</td>
<td>2.16</td>
<td>2.09</td>
<td>2.15</td>
<td>2.06</td>
<td>2.18</td>
<td>2.54</td>
</tr>
<tr>
<td>Gabon</td>
<td>158</td>
<td>2.19</td>
<td>1.99</td>
<td>2.07</td>
<td>2.23</td>
<td>2.13</td>
<td>2.08</td>
<td>2.61</td>
</tr>
<tr>
<td>Iraq</td>
<td>159</td>
<td>2.18</td>
<td>1.90</td>
<td>2.00</td>
<td>2.33</td>
<td>1.98</td>
<td>2.13</td>
<td>2.73</td>
</tr>
</tbody>
</table>

Source: [https://lpi.worldbank.org/international/aggregated-ranking](https://lpi.worldbank.org/international/aggregated-ranking)

The Logistics Performance Index (LPI) report 2018 titled “Connecting to Compete”, presents the latest worldwide view on trade logistics performance comprising more than 160 countries viewed by logistics professionals.
The information contained in this index encapsulate six main indicators which include; logistics infrastructure, service provision, cross-border trade facilitation, and other invaluable aspects for policy and decision makers, traders, and a range of other stakeholders, including researchers and teachers. Also, these indicators are assessed on a five-point scale. The survey data provide both numerical and empirical evidence on the difficulties and ease at which these (World Bank 2018).

According to the World Bank (2018), “Logistics is understood as a network of services that support the physical movement of goods, trade across borders, and commerce within borders”. It comprises an array of activities beyond transportation, including warehousing, brokerage, express delivery, terminal operations, and related data and information management. The global turnover generated by these networks exceeds US$4.3 trillion. Therefore, an in-depth understanding of their operation is no trivial issue. As of 2018, Liberia stood at One hundred and forty-six places on the Logistics Performance Index World Ranking compare to previous years.

3.8FINANCIAL INDICATORS

Ensuring judicial and prudent financial systems and information is a fundamental requirement/hallmark for a good port tariff system (UNCTAD, 1976). The port financial systems are the profit and loss aspect of each category of the port operations and services. As such, port authorities should be cognizant of the costs incurred by the port’s activities (operations) and the revenue generated by these operations (UNCTAD, 1976). Most often, port indicators are expressed based on scarce resources such as time, space or monetary value (UNCTAD, 2016). The governance system of any port is a fundamental bedrock with the aim of ensuring and achieving sound port performance. Hence, the operational, financial and management efficiency and effectiveness should be adaptive to current trends, developments and waves of port reforms. UNCTAD (2018), in its review titled “Tracking and Measuring Port Performance” classified and categorized port performance indicators into two specific categories, namely operational and financial indicators as indicated in Figure 8.
Figure 8: Summarizes financial performance indicators suggested by UNCTAD

## Summary of performance indicators suggested by UNCTAD

<table>
<thead>
<tr>
<th>Financial indicators</th>
<th>Tonnage worked</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berth occupancy revenue per ton of cargo</td>
<td></td>
</tr>
<tr>
<td>Cargo handling revenue per ton of cargo</td>
<td></td>
</tr>
<tr>
<td>Labour expenditure</td>
<td></td>
</tr>
<tr>
<td>Capital equipment expenditure per ton of cargo</td>
<td></td>
</tr>
<tr>
<td>Contribution per ton of cargo</td>
<td></td>
</tr>
<tr>
<td>Total contribution</td>
<td></td>
</tr>
</tbody>
</table>

### Summary of operational indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arrival late</td>
<td>Ships/day</td>
</tr>
<tr>
<td>Waiting time</td>
<td>Hours/ship</td>
</tr>
<tr>
<td>Service time</td>
<td>Hours/ship</td>
</tr>
<tr>
<td>Turn-around time</td>
<td>Hours/ship</td>
</tr>
<tr>
<td>Tonnage per ship</td>
<td>Tons/ship</td>
</tr>
<tr>
<td>Fraction of time berthed ships worked</td>
<td>Gangs</td>
</tr>
<tr>
<td>Number of gangs employed per ship per shift</td>
<td>Tons/hour</td>
</tr>
<tr>
<td>Tons per ship-hour in port</td>
<td>Tons/hour</td>
</tr>
<tr>
<td>Tons per ship hour at berth</td>
<td>Tons/hour</td>
</tr>
<tr>
<td>Tons per gang-hour</td>
<td>Tons/gang-hour</td>
</tr>
<tr>
<td>Fraction of time gangs idle</td>
<td>—</td>
</tr>
</tbody>
</table>

* Calculated monthly for each berth group servicing a cargo class.

Source: UNCTAD, 1976
Figure 9: Economic Contribution of the Freeport of Monrovia to the National Economy

ANNEXES
Annex 2: State-Owned Enterprises

**FY2019/2020 SOEs Estimate**

<table>
<thead>
<tr>
<th>SOEs</th>
<th>Operating Revenue</th>
<th>Accrued to Govt</th>
<th>Subsidy to SOEs</th>
<th>Total Subsidy</th>
<th>Salary &amp; Benefits</th>
<th>Operating Expenses</th>
<th>Expenditure or Income to CPA</th>
<th>Total Outlay</th>
<th>Net Profit/Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEC</td>
<td>6,184,000</td>
<td>-</td>
<td>6,184,000</td>
<td>6,184,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>NPA</td>
<td>10,000,000</td>
<td>895,000</td>
<td>-</td>
<td>895,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>LAA</td>
<td>10,000,000</td>
<td>-</td>
<td>10,000,000</td>
<td>10,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>LiMA</td>
<td>5,000,000</td>
<td>2,500,000</td>
<td>7,500,000</td>
<td>7,500,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>LPRC</td>
<td>5,000,000</td>
<td>2,500,000</td>
<td>7,500,000</td>
<td>7,500,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>NASSCORP</td>
<td>10,000,000</td>
<td>-</td>
<td>10,000,000</td>
<td>10,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>MBA</td>
<td>50,000</td>
<td>-</td>
<td>50,000</td>
<td>50,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>NIA</td>
<td>50,000</td>
<td>-</td>
<td>50,000</td>
<td>50,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>NOGAL</td>
<td>200,000</td>
<td>-</td>
<td>200,000</td>
<td>200,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>NPA</td>
<td>150,000</td>
<td>-</td>
<td>150,000</td>
<td>150,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>NLA</td>
<td>150,000</td>
<td>-</td>
<td>150,000</td>
<td>150,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>90,000,000</td>
<td>4,500,000</td>
<td>135,000,000</td>
<td>135,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Consolidated estimated operating revenue stands at USD180.59 million and key drivers of revenue estimates are LEC, NPA, NASSCORP, LTA, LAA, LiMA and LPRC accounting for 13%, 15%, 20%, 8%, 6%, 11% and 13% respectively. Driving accrued revenue for FY18/19 budget estimate are LiMA—41%, NAFAA—8%, FDA—19% and LTA—35%. FDA is expected to receive USD2.98 million or 27% in subsidy allocated, LEC—33%, NTA—17%, LWSC 4%, LBS 9%, NHA 5% while NLA 2% and LAA 3%. Estimated expenditure drivers for fiscal year 2019/2020 are LEC, NPA, NASSCORP, LAA and LPRC accounting for 23%, 14%, 18%, 8% and 11% respectively.

SUMMARY

The chapter captured framework and key elements of port performance indicators that are considered crucial for port sector governance. The economic performance of port is the central and perhaps the most important aspect to the port and its stakeholders. Port devolution (partially or fully) is influenced by governance analysis and the port’s ability to manage and address port performance factors. Throughout this chapter, it was realised that the performance of port is influenced significantly by the type of governance system(s) adapted. As such, the Freeport of Monrovia selected and adapted a governance structure that is favourable and conducive for port operators. Lastly, the section highlighted and discussed in-depth the parameters of port performance and the importance and impacts on the port yield the overall economy.
4.0 RESEARCH METHODOLOGY

4.1 INTRODUCTION

The research methodology chapter of this study provides step-by-step procedures and describes the broad strategy that is employed to incorporate those unique elements of the research in a comprehensive, integrated and logical fashion. To put it in a very simple way, the research methodology serves as a blueprint/guide to gather the data, measure and analyse it in a more succinct and effective way (USC, n. d). The study employs a qualitative research method that is non-experimental to authenticate, support and provide answers to the research questions by the use of surveys and other useful academic materials. Accordingly, this sort of logical approach emphasizes subjective assessment of attitudes, opinions, views and impressions (Sahu, 2013).

Kothari (2004) states that a research methodology is defined as a systematic approach used to solve the problems of the research. Additionally, Creswell (n. d) aptly expresses that research methodology is that strategic plan of action linking methods and results in a more coordinated fashion. There are three approaches a researcher can employ as a guide when collecting, analysing and interpreting the data: quantitative, qualitative and the mixed methods (Creswell, n. d). The quantitative research method involves the compilation of statistical data, opinion surveys, questionnaires and careful examination of the results to produce an appropriate analysis driven by empirical evidence. Whereas a qualitative approach reflects a process that enables the researcher to understand the fundamental reasons, opinions and motivations of the study through the use of non-numerical representation of the subject (Trochim, Donnelly & Arora, 2016). Unlike quantitative methods, this approach is far more descriptive. Mixed methods are a combination of quantitative and qualitative approaches.

The research focuses specifically on Port governance and its impacts on port performance and the economy through a case study of the Freeport of Monrovia. The study relies on both primary and secondary data.

HYPOTHESIS

The Board and Senior management team are held liable for the negative and positive outcomes of port performance. This means that decision of the financial and operational performance of the port are made only by the Board and SMT. And since they are the ones making the corporate decisions and running the day-to-day management, operational and financial affairs of the organization, they should be held liable if anything goes wrong. Additionally, management is clothed with the authority to run the daily affairs of the
business or organization with the aim of achieving the best results. Therefore, any decision taken by Senior management or the board should be in line with plans and growth of the port to ensure accountability, transparency and proper governance and that the highest ethical standards are held in the interest of the state. The hypothesis is founded on the premise that governance eventually impacts performance. Therefore, crafting and employing sound, unique and good governance has the propensity to affect positive change, thereby improving an organization’s performance and fostering growth.

4.2 ETHICAL CONSIDERATION OF THE RESEARCH
The ethical aspects of any research be it quantitative, qualitative or mixed are of utmost importance and cannot be over emphasized. This researcher acknowledges the importance attached to this aspect and has endeavoured to follow all applicable requirements concerning best academic ethical standards in fulfilment of this research work as laid down by the World Maritime University Ethics Committee. In adherence to the ethical standards, the participants who participated in this research were given prior notice and informed of their rights, privacy and anonymity (see Appendix A).

4.3 RESEARCH INSTRUMENT
Eladio (2006) maintains that observation, survey and interview are the most used instruments for research. The type of instrument used by the researcher is directly linked to the study type, research questions, objectives and hypothesis that the researcher is considering. Any device used by the researcher to measure and authenticate the validity and reliability of the research tool is termed the research instrument. To achieve the data gathering process, the researcher compiled a questionnaire based on a rating scale, known as the “Likert Scale”. The Likert Scale, which was developed by Rensis Likert, is an important research tool used to measure a respondent’s opinion and or attitude regarding a particular subject. Typically, the scale uses five, seven or nine points of agreement to rate/measure the degree to which respondents are in agreement with different statements (QuestionPro, n. d).

4.4 SELECTION OF THE PARTICIPANTS
According to Sargent (2012), the sample size of a qualitative research study is not always fixed, rather, it is contingent on “the number required to fully inform all the important aspects of the particular situation being studied”. In order to properly execute the objective of this research, the researcher sought to use a stratified sampling method to gather and analyse the results from a range of well-informed perspectives, which in the researcher’s view was the best and most appropriate way to proceed in addressing the questions and
objective of the topic at hand. The participants targeted for this research were categorized as follows: (a) The National Ports Authority (the Freeport of Monrovia) as the main governing body and shareholder’s representative; (b) Senior Executive management team, accountable to the board and responsible for the day-to-day working of the organization (c) senior and middle management; (d) staff members from various departments of the Port and (e) private institutions, including stevedoring companies, importers and exporters and other port users.

4.5 DATA COLLECTION
A method of data collection is simply a technique that is used to collect empirical research data. Additionally, it indicates how the researcher “gets” the information (Tashakkori & Teddlie, 2003). Tashakkori & Teddlie (2003) also maintain that there are six methods of data collection: questionnaires, interviews, focus groups, tests, observation and secondary data. Therefore, the data collection was conducted using two unique but separate approaches (primary & secondary). The researcher chose to gather the data in a way that represents the actual operation of the port and players that would be instrumental in expressing the impact of port governance on the Freeport of Monrovia and, by extension, on port performance and the economy.

4.6 DATA PROCESSING AND ANALYSIS
Microsoft Excel (2016) was used to process the survey responses and extract statistical diagrams that are shown in chapter five. The researcher made use of Microsoft excel as the tool for the analysis of the survey responses/data collected using statistical diagrams. As defined by Investopedia (n. d), a descriptive statistic is a tool that is used for describing, supporting and understanding a segment of a particular data sample.

4.7 SUMMARY
In order to derive an excellent results based on empirical evidence, a case study methodology was used to arrive at the results. Like the Freeport of Monrovia, there are several port performance indicators that were identified. However, for the scope of this research, only six were considered. If these indicators are given much attention they could improve and make the port more vibrant and productive to support the port development and the overall economy. Lastly, the section shows the research instrument that was used, the selection of the participants and how the data was selected/colllected, process and analysed.
CHAPTER 5

5.0 RESULTS, DATA ANALYSIS AND DISCUSSION

After analysing the questionnaires and reviewing the data, the findings of this research work are displayed and discussed in this chapter. In addressing the research objectives and measuring the influence of port governance on performance and on the economy, the researcher will now use the empirical evidence to supported the data interpretation and the research objectives. Upon analysing the data as displayed in diagrams, including charts and graphs, the detailed descriptions are provided under each section.

The research results were gathered and analysed to ascertain the impacts (positive/negative) of governance structure on port performance and the economy of the Freeport of Monrovia. The intention was geared towards linking governance structure to port performance, where the governance structure was considered as the input variable and the output variable was performance. The analysis was based the following:

5.1 QUESTIONNAIRE FINDINGS

A survey questionnaire was drawn and distributed to Executive management of the Freeport, stevedoring companies, importers and exporters and employees from different departments of the port. The responses gathered from each of the eighteen questions will be reviewed and presented using diagrams and graphs followed by interpretations and key observations.

5.2 ANALYSIS OF RESPONSES FROM THE QUESTIONNAIRES

A total of 25 participants were targeted to participate in the survey exercise. Unfortunately, only 20 of the 25 participants consented to take part in the exercise. This section highlights and presents the views/opinions expressed by those who participated the exercise. The survey exercise was divided into three different sections comprising governance model, port performance and future port governance and operation of the Freeport.

PROFILE OF THE RESEARCH PARTICIPANTS:

Response/feedback from Executive management -- 1
Response/feedback from Stevedoring Companies -- 1
Response/feedback from Importers & Exporters -- 2
Response/feedback from Employees – 16
PART I: PORT GOVERNANCE

This section contains ten (10) questions and each question will be further discussed in detail. The significance of this section is to gather a broad view and to determine the governance structure in place at the Freeport of Monrovia and to ascertain whether the Freeport of Monrovia and other port users are aware of and in compliance with the governance systems.

Statement 1: Your Department as a port user, do you agree based on the rating below that your department is involved in the decision making processes of the Freeport of Monrovia?

![Staff Involvement in the Decision Making Process at the Freeport](image)

**Figure 11: Staff involvement in decision making process at the Freeport of Monrovia**

Considering the importance of policies, especially as the bedrock of good governance, the statement above tries to ascertain the level of involvement of port users/stakeholders in the decision making processes in the Freeport network. The response pattern of the participants indicates that the vast majority, 12, representing 46% of staff agree that they are involved in the decision making process. None of the respondents strongly agreed to being involved in the decision making at the port. Additionally, eight respondents, representing 31% were unsure of where they stood regarding their involvement in decision making processes. On the contrary, 5 respondents representing 19% and 0% “disagree” and “Strongly disagree”, respectively, to being involved in the decision making processes at the Freeport of Monrovia.
Statement II: How do you rate the dissemination of information between your institution and other port users/stakeholders?

Figure 12: Information Flow / Sharing within the Port

Statement II:

Information flow within an organization is vital for the growth and overall improvement of the organization. How information is disseminated (bottom to top approach or top to bottom approach) and shared amongst stakeholders should be considered by the board and Senior management very carefully. Responses gathered for this section, as seen in Figure 12, demonstrate that the vast majority (60%) representing 15 respondents expressed that the dissemination of information is poor within the port working area. Similarly, one respondent, representing 4%, stated that information flow is very poor. Contrary to those views, four respondents, representing 16%, in this category agreed that information sharing among stakeholders is good; while five respondents (20%) placed the flow and sharing of information at a fair level. No one agreed that information flow is excellent at the Freeport of Monrovia. This suggests that the Port Authority has to give more attention and priority to this area and ensure that information is shared and disseminated in a more effective and efficient way amongst stakeholders at the port.

Statement III: On a scale of 1 to 5, please rate the acquaintance and exposure of port users/stakeholders with the current port governance structure, agreement, practices and policy statements at the Freeport of Monrovia.
Statement III:
As seen in Figure 13, ten (10) out of the 20 respondents accounting for 40% answered this question by expressing that their acquaintance and exposure with the governance structure and policies at the Freeport is “Poor”, whereas 2 respondents (8%) confirmed that their acquaintance with policies and governance is “Very Poor”. Contrary to those views, seven respondents (28%) and six respondents (24%) stated that their understating of the policies at the port is good and fair, respectively. From all indications, it appears that as many as 52% of the employees and port users are not aware of or are inadequately acquainted with the policies and practices that embody the Port’s governance at the Freeport of Monrovia. This means that management has to do more in educating staff about the policies of the port.

Statement IV: From the scale provided below, rate the current governance structure and policies in place at the Freeport of Monrovia based on its suitability for the promotion and enhancement of the port performance and operations and the overall future advancement of the port-
Governance is an integral component/element for a sound, vibrant and functional system. Therefore, the type of governance system in place will determine the outcomes and optimal performance of that institution. The responses gathered during the survey, as seen in Figure 14, suggest that the vast majority of the respondents (15) making up 60% concord that the governance system at the Freeport of Monrovia is “Suitable”, while seven respondents, accounting for 20% agreed that the system is “Very Suitable”. Interestingly, 12% of the participants rated the system on a fair level and two, or 8% of respondents said that the governance system in place is not suitable. This evidences the fact that the Landlord governance system is one of the best Port governance systems as suggested by the World Bank 2017 et al.

**Statement V:** Are you aware if the Board and Senior Executive management prioritizes and places emphasis on the adequate training of its staff and provides equal opportunities to develop the skills of staff across all departments?

**Figure 15: Opportunities for Staff Capacity building and Skills Development**
Statement V:
The development of human capital is the most vital and resourceful asset that any institution including a port can and should provide for its staff. According to the responses, a significant proportion, 60%, of participants expressed that they are “Not Sure” about training and adequate opportunities for staff development. Similarly, 16% stated that they are “Not aware” of capacity development and staff capacity enhancement opportunities at the port. Contrary to that, 16% of the respondents agreed to being “Aware” of the training opportunities provided by the Board and Senior management at the port. What this section indicates is that, overall, corporate training, staff capacity development and enhancement is “poor”, which could be one of the reasons the port is experiencing a very low productivity. This also suggests that training tools and policies are either not utilised or are very weak at the port. Therefore, management at the Freeport of Monrovia should remedy this situation by placing more emphasis on staff development and training by creating more avenues that target the development and capacity building of its staff as a motivating technique for advancing the ports’ performance and long-term optimization.

Statement VI: From the scale below, rate the responsiveness and consideration of the needs, wellbeing and suggestions of employees and port users/stakeholders at the Freeport of Monrovia.

![The Freeport of Monrovia Responsiveness to its Employees & Port Users/Stakeholders Needs](image)

*Figure 16: Freeport of Monrovia’s Responsiveness to Employees, Port Users & Stakeholders*

The result shown Figure 16 indicates that 18 respondents, amounting to 72%, graded the port responsiveness to its employees and port users/stakeholders as “Poor”, while 16% of respondents affirmed that this component on the part of the port is “Very Poor”. An average of 12%, or 3 respondents, expressed that the port is neither good nor poor in its responsiveness to users, thus they placed it at a “Fair” level. None of the respondents rated
the port under this section as being “Excellent” or “Good”. Within a well-functioning and vibrant institution, responsiveness/feedback is one of the tenets of good governance. Thus, for a port like the Freeport of Monrovia to constantly and continuously improve its operational, environmental and customer service areas and serve the interests of its stakeholders, it should prioritize timeliness in responding to employees and port users. Additionally, it will be appropriate for the Port Authority to conduct a Customer Service Satisfaction, Investigative Survey or feedback assessment on a quarterly basis to establish and ascertain the needs of its customers to improve in those areas that need improvement.

**Statement VII:** As an employee of the Freeport or stakeholder, would you agree that you have good understanding and knowledge about what governance is all about?

![Knowledge and Understanding of what Governance is all about](image)

*Figure 17: Understanding of the governance system at the Freeport of Monrovia by Employees*

**Statement VII:**

This statement received mixed responses, with 46% of the respondents “agreeing” and confirming that employees have a good knowledge and understanding of what governance is all about. Additionally, 31% of those who responded to this question responded that they are “Not Sure” where they stand regarding their understanding and knowledge of exactly what governance is all about. Contrarily, none of the participants “Strongly agree” to the question above, whereas, 19% “Disagree” and 4% “Strongly disagree”. Staff understanding and knowledge about the form or type of governance system in place is cardinal for the growth and development of the institution. Therefore, it is essential that senior management of the Port Authority ensure that this gap is bridged by putting in place programs and training opportunities that will help employees and Port Users understand what governance is all about and in particular the governance system currently at the Freeport of Monrovia.
Statement VIII: To the best of your knowledge, the Freeport of Monrovia is accountable and transparent regarding its financial and operational performance.

![Accountability and transparency about the Freeport's financial and operational performance](image)

Figure 18: Accountability and transparency about financial and operational performance

Statement VIII:
In the public and private sectors, institutions are deemed credible if and when they are accountable to those they serve and transparent in their financial and operational activities. Transparency and accountability are pillars of good governance. This was particularly touched upon in the literature review in Chapter two. The statement above received highly negative feedback with 42% of the respondents “Disagreeing” that transparency and accountability are visible or seen in the financial and operational performances at the Freeport. Additionally, 15% of the total respondents “Strongly disagree” that accountability and transparency are practiced to the best of their knowledge. On the other hand, respondents who were “Not sure” of where the port stands on transparency and accountability accounted for 27%. Contrarily, 16% of the responses “Agreed” that the port is transparent and accountable in its dealings with employees and other port users. With an overall 57% respondents disagreeing and strongly disagreeing that accountability and transparency are seen or practiced at the Port, the port will have to do more regarding its openness to doing business with employees and other port users so as to restore investors’ confidence and attract Foreign Direct Investment (FDI) within the port sector and to ensure that good governance is adhered to.

Statement IX: As a port employee and stakeholder/port user, are you aware of the IMO Sulphur Cap regulation/measure that is coming into effect as of January 2020?
The IMO 2020 Sulphur Cap is expected to come into effect as of January 2020. The aim of the measure is to ensure that Sea-going Ocean Carriers/Maritime vessels are in compliance with the IMO mandate to reduce Carbon Emissions and GHG. Therefore, with such stringent measures coming into effect, it is important to investigate and ascertain stakeholders’ level of awareness and readiness to comply with the new regulation. Under this section, 40% accounting for almost half of the respondents acknowledged that they are “Highly Aware” and familiar with this new policy/regulation and 12% also indicated that they are “Aware” of the new IMO regulation come January 2020; whereas 20% and 12% confirmed being “Slightly Aware” and “Not Sure” of the regulation respectively. Contrary to the above, a small number accounting for 20% of the respondents stated that they are “Not Aware” of the new regulation. What does this mean for the IMO and the maritime and port sectors? This suggests a significant breakthrough and major success for the IMO considering an overall 52% of respondents acknowledging that they are “Highly aware” and “Aware” of this vital instrument. The IMO should go further by creating more awareness and sensitization amongst port users and Port Authorities.

**Statement X:** Do you agree that senior management, general staff and other port users, are fully informed and adequately prepared to manage and support the enforcement of this new IMO 2020 Sulphur Cap regulation?
**Statement X:**

This statement received mixed responses from the respondents with 28% “Strongly disagreeing” and 24% also confirming that they “Disagree” with the preparedness of management and stakeholders to support the enforcement of the IMO Sulphur Cap 2020 regulation even though they are aware of the regulation. On the contrary, 16% and 8% of the respondents “Strongly agreed” and “Agreed” that Senior Management, general staff and Port users are prepared and ready to support the enforcement of the IMO 2020 Sulphur Cap regulation, whereas 24% of the respondents are not sure about the preparedness of all stakeholders to fully and adequately enforce this new regulation. With such mixed views about this important legislation, it is important that the IMO and other collaborating partners carry out more awareness and provide technical support and assistance in particular to developing countries in Africa, Asia and the Caribbean.

**PART II: PORT PERFORMANCE**

This section reviews and aims to evaluate the synergies between governance and Port performance in particular at the Freeport of Monrovia.

**Statement 11:** As a manager, employee or port user, do you agree that the system or governance structure of the port has a direct impact on the port’s performance?
Statement 11:
As demonstrated in Figure 21, the vast majority of the respondents accounting for 60% and 24% positively affirmed by “Strongly agreeing” and “ Agreeing” that the governance structure that is adopted has a direct impact on port performance. On the other hand, 16% (4) of the respondents are “Not Sure” as to the direct impact of the governance system on the port’s performance. Interestingly, there are no opposing views from the respondents regarding this proposition. This is a clear indication that governance is a powerful and sophisticated tool to optimize port performance growth in any institution. This statement further supports and confirms the basis for which this research was undertaken. Hence, it is important that governments and Port Authorities ensure that the right policies, particularly the most appropriate governance structures, are in placed to enhance growth and promote speedy development since the governance system(s) adopted is directly proportional to the performance and outcomes of the port as empirically expressed and evidenced by the survey.

Statement 12: Are you aware of the tool “Logistic Performance Index” (LPI) as an effective tool for port performance and this LPI being utilized by the Freeport of Monrovia?
According to the World Bank (2018), the “Logistics Performance Index” is an interactive benchmarking tool designed to assist countries in identifying the challenges and opportunities they face in their performance on trade logistics and what they can do to improve their performance. Accordingly, the survey result shown in Figure 19, demonstrates that more than half of the respondents (64%) at the Freeport are “Not aware” of what the LPI is or of its importance to the port. Similarly, 20% are “Not Sure” and 16% are “Slightly aware” of this port performance benchmarking tool created by the World Bank to improve port performance. This suggests that the overall majority of port users at the Freeport are not familiar with or aware of the tool. This raises many questions and calls for serious attention because these are instruments and systems that attract international partners and investors to a port and a country when adopted and utilized. With this alarming and worrisome figure, it is expedient to call on the Port Authority to adopt and institutionalize the “Logistics Performance Index” as a means of adhering to international best practices and improve its performance in trade.

**Statement 13:** The port’s documentation system is now digitized; on the scale of 1-5, do you agree that the documentation processes within the Freeport of Monrovia are more efficient and effective, thus making business transactions easier for customers/port users?
Figure 23: Stakeholders views about the impacts of the Digitalization of the Ports’ documentation system

Record keeping and documentation systems are integral and important aspects of a sound and responsible institution. Today, digitalization through the internet has made information sharing easy and successful. As such, institutions like the port should take advantage and strive to be a part of this global network by prioritizing the digitalization of its documentation systems, especially in this modern age. According to the result, 12 out of the 25 respondents representing 48% “Strongly disagree” that the port has efficient documentation processing in place or has transitioned to a fully digitized system. Moreover, 22% of the participants “disagree” with the assertion that the port documentation system is now digitized, while 22% were “Not sure”. This indicates to the researcher that the Port is still dependent on or mostly using a manual documentation system. In this era of fast paced operations, the Port seems to be lagging behind in this area. Therefore, there is a need to adjust its documentation processes by adopting some digital online platforms to enhance efficiencies that will ultimately lead to providing better services to its clients and prevent delays during vessel berthing, customs clearance procedures and the delivery of other basic port services.

Statement 14: As an employee of the port, can you agree that over the last ten (10) years the port has performed considerably well by improving the quality of its systems and services to meet international port standards and or exceeded set targets?
This statement was intended to gauge employees and port users’ views as to whether they can safely confirm at this point that the port has performed considerably well in terms of quality and service as per international standards. To the dismay of the researcher, the analysis reviewed that 48% of the respondents “Strongly disagree” and an additional 28% “Disagree” with the proposition above that the growth in performance over the past ten (10) years of the port has been able to meet up with international standards. The participants who strongly disagree and disagree represent more than 50% of the respondents. On the other hand, 20% representing 5 respondents were “Not Sure”. With such overwhelming negative results coming from the survey under this section, this means that the Port Authority and Senior management will have to double up their efforts and ensure that those gaps and pitfalls that are causing the port to lag behind are remedied to put the port on par with international standards.

**Statement 15**: Do you agree that the Freeport of Monrovia’s resources are managed and utilized in the manner and form that allows for business to thrive and enhance future economic growth?
Proper management and Utilization of the Port Resources

The statement received a mixture of responses, with 40% and 24% of the participants “Strongly disagreeing” and “disagreeing” while the other 36% representing 9 respondents yielded a neutral response. None of the participants “Strongly agreed” and or “agreed” with the statement under this section. In essence, the empirical analysis which has more than 50% disagreeing demonstrates that the management and utilization of the port’s resources are not being put or tailored in the right direction. Hence, this could imply that there is some mismanagement, misappropriation or negligence on the part of the management in the way resources are allocated.

Statement 16: The Freeport of Monrovia is a port that subscribes to environmental best practices and creates awareness of a safe workplace and encourages a hazard-free working environment.

The Port subscribes to Environmental best practices by creating a safe and Hazard-free work Environment

Figure 25: Investigates as to whether the Port has managed and utilized its resources in the right direction

Figure 23: Describes whether the working environment of the Port is safe and a Hazard-Free area
This statement received a wide range of positive feedback, with 48% of respondents agreeing that the environmental performance of the Port is at par with industry standards. A small proportion of respondents accounting for 28% had a neutral view, while 24% “disagreed” with the proposition. This shows that the Freeport of Monrovia subscribes to best environmental practices that ensure a safe and hazard-free working environment. This further confirms that the port’s environmental policy is well implemented and executed accordingly, to meet International Standards principles. One of the respondents elaborated further on the measures the PA has in place, in fulfilling its safety and environmental obligations.

**PART III: FUTURE PORT GOVERNANCE AND OPERATIONS**

This section investigates and discusses the future of the Freeport of Monrovia, in particular its short, medium and long term governance, operational and investment plans. Additionally, the section considers the port’s operational, tactical and strategic objectives and how they are designed and how the port intends to achieve these goals.

**Statement 17:** How do you see the Governance and operational models at the Freeport of Monrovia in the next 5, 10 to 15 years?

**Table 4: Summary of Responses for Statement 17**

<p>| | |</p>
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<tbody>
<tr>
<td>I.</td>
<td>In my candid opinion, nothing will fundamentally change as long as corruption and politics continue to overshadow port governance and management</td>
</tr>
<tr>
<td>II.</td>
<td>With the current Management Team at the Port, I do not foresee any significant improvement in the governance and operational models in the next 5-10 years</td>
</tr>
<tr>
<td>III.</td>
<td>For the Freeport of Monrovia, I do see a downward trend as there needs to be a complete change in the way of doing business which will take more than 10 years.</td>
</tr>
</tbody>
</table>

**Statement 18:** Created by the World Bank, “Doing Business Index” is a ranking index system which shows the regularity of business environments. Additionally, the World Bank has been measuring and scrutinizing the quality of worldwide business
environments based on specific criteria which include, starting a business, obtaining a permit, connecting to electricity, transferring ownership, getting credits, payment of taxes, cross-border trading among others over the last (15) fifteen years. The World Bank carries out this indexation system with the aim of attracting Foreign Direct Investment to a particular region or country. As a port user/stakeholder, what will be your recommendation to a shipping/logistic company or port operator who is desirous of investing at the Freeport of Monrovia? Briefly stating the current challenges and successes at the port.

Table: 5 Summary of the responses for statement 18

| I.  | This is difficult to address as long as we continue to put square pegs in round holes. Hence, the challenges are overwhelming for a possible investor in the port infrastructure. However, there are always opportunities. For instance, news of a possible deal between the governments of Liberia and Guinea and owners of iron ore mining company in neighboring Guinea presents opportunities for port operator and logistic company in the Port of Buchanan. Similar opportunities exist in the Freeport of Monrovia and Greenville Port as private investment in palm oil production is on the rise |
| II. | The port needs major infrastructural makeovers to address the many challenges. My recommendation would be: |
|     | a) Dredge the port |
|     | b) Rehabilitate the LMC Pier to become operational |
|     | c) Build shore Gears |
|     | d) Install automated systems |
| III. | To shipping or logistics companies, there need to be a clear understanding of all processes and point of contact before investing in a particular business transaction. Communication and getting response or audience is a challenge |

Statement 19: As an employee/port user/stakeholder, where do you see the Freeport of Monrovia in the next five to ten years (5-10) from now?

Table 6 Summary statement 19

<p>| I.  | Again, I repeat that nothing will fundamentally change as long as corruption and politics continue to overshadow port governance and management. |</p>
<table>
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<tr>
<td>II.</td>
<td>Honestly, I do see the Freeport at the same point or worse because the current management will serve for a minimum of 4 more years</td>
</tr>
<tr>
<td>III.</td>
<td>As a port user/stakeholder, I do not have confidence in the current Management Team of the port. However, I do expect improvements at APM berths.</td>
</tr>
<tr>
<td>IV.</td>
<td></td>
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</table>
6.0 CONCLUSIONS

6.1 Summary
The main or paramount objective of this research paper was to determine the impact of governance structure on port performance and the economy in particular at the Freeport of Monrovia. The paper further argues that the governance structure contributes immensely (positively) towards the performance of the port. Over the last two decades, authors and specialists on governance have stressed the importance of governance specifically port governance and have also put in place several features of port governance. Furthermore, governments and port authorities have instituted and executed a number of port reforms in order to shift the paradigm and become more efficient and more reliable. Importantly, port authorities and governments have an obligation to ensure that their corporate goals and objectives are achieved so that their institutions perform according to the plan. This can only be achieved by adapting and using the most appropriate governance structure.

Under the section transparency and accountability, the statement received a highly negative feedback from respondents with 42% disagreeing and an additional 15% strongly disagreeing that the Freeport of Monrovia is not transparent and accountable in its financial and operational dealings. With an overall 57% respondents disagreeing and strongly disagreeing that accountability and transparency are seen or practiced at the Port, the port will have to do more regarding its openness to doing business with employees and other port users so as to restore investors’ confidence and attract Foreign Direct Investment (FDI) within the port sector and to ensure that good governance is adhered to.

Additionally, this research paper discusses the types, strengths and weaknesses of port governance and the importance of port devolution. The paper also argues very strongly that governance system has a direct relationship with port performance. This means that if the port adopts sound and good governance structure, the port will perform well. However, if the port did the contrary, it will also experience a negative performance and or economic shock.

The intend of the research under the section “Port Governance” was to gauge the compliance of the Port Authority and Stakeholders’ understanding and familiarity about the governance systems of the Freeport of Monrovia in line with best international acceptable practices. The research reviewed that the gaps are clearly visible regarding employees and port users understanding and knowledge of the port governance system. The management of the Freeport of Monrovia can address this gap and improve workers and port users’
knowledge and understanding of the existing port governance and other vital pieces of regulations. The Freeport of Monrovia can learn from the Port of Singapore. Singapore’s port prides itself as a “People Developer”. Training is an indispensable element of any institution, in particular the port sector. As such, the Freeport of Monrovia needs to place more emphasis on training and create more opportunities for staff capacity development. Port users and employees need to be engaged in both local and international training to serve as agents of change within the work environment. Additionally, the Freeport of Monrovia should develop a succession planning strategy as a culture for growth, development and motivation of staff.

Also, the results indicate that the Freeport of Monrovia is lagging behind in many areas that need urgent and timely improvements, particularly in the area of port performance and governance. Considering the importance of policy, particularly being the bedrock of good governance, indicates that the Freeport of Monrovia needs to place more emphasis on inculcating a strong culture of policy and governance amongst employees and stakeholders. With the survey result demonstrating that 40% of respondents are poorly acquainted with the current governance structure at the Freeport of Monrovia, means that the management needs to double up and do more to ensure that staff and port users are well familiar with the existing policy at the port.

The paper also argues that logistics performance is very important for both economic growth and a port’s competitiveness. Therefore, if a port is inefficient in handling its logistics, the port will become less attractive and decline in performance. At the moment, the Freeport of Monrovia does not subscribe to the World Bank Logistics Performance Index adequately according to the survey respondents. This is particularly worrisome and calls for attention because logistics policies are increasingly intertwined with domestic logistics and seeks to facilitate and improve trade thereby removing bottlenecks from ports of entries and exits. Therefore, it is imperative that Freeport of Monrovia adapt the LIP and make significant improvements in this area in order to enhance and improve trade and remove barriers.

The objectives of the paper were achieved. The paper identified the possible impact of governance structure on port performance and the Freeport of Monrovia in comparison with to other national ports.
6.2 Recommendations

Based on the findings of this study, the researcher proffers the following recommendations that the Government of Liberia, the Authority at the Freeport of Monrovia and stakeholders should consider executing in order to curb and overcome existing and future challenges confronting the Freeport of Monrovia. The following are:

1. The Ports’ most significant asset is its labour force; thus making the Port succeeds largely dependents on its workforce. To this end, the Freeport of Monrovia should prioritize and must ensure staff capacity development. Continuous training is very vital for the staff and the organization. A skillful and trained workforce is essential for the growth and development of the company. For example, the Freeport should ensure that staff receive specialized trainings to adapt to technological changes within the industry in order to be competitive and possess the proper skillset for specific jobs to meet the customers’ demands. While training is very important for the growth and forward movement of the port, the Freeport should at the same time pay key attention and ensure that its customers are satisfied and well served. The port can achieve this by replicating the customer satisfaction survey and creating a quarterly online staff/stakeholders survey to assess the levels of work and business satisfaction and also welcome suggestions for improvement. This could assist in staff retention as gaps will be identified and address, thus reducing such future occurrences.

2. The Freeport of Monrovia should strongly consider becoming semi-automated in order for the port to remain competitive in Africa and the international market. Also by becoming semi-automated, the port will reduce over-crowdedness employees at the port and the mistakes prone to human error will be at a minimum. The congestion and delays experienced at the port will be reduced because an autonomous system functions faster than a manual system. Additionally, automated system will improve the performance of the port. It is expedient that the Freeport also upgrade and expand its existing facilities in order to enable the port accommodate larger vessels and have more storage capacity for import and export cargos.

3. The Freeport of Monrovia should place more emphasis on regulating the port to ensure that they serve in the best interest of the country.

4. The flow of information is vital for the execution of policies and strategies. In the absence of proper information sharing and management, staff, stakeholders and
management are left in a state of confusion and this could hamper the overall performance of the organization. Therefore, to improve coordination amongst the various departments, port users and the Port Authority, senior management of the Freeport of Monrovia should consider streamlining and integrating clear communication systems/strategies. The Freeport of Monrovia should also centralize an information platform system via mobile apps or emails. By doing so, management of the Freeport will improve coordination and response mechanisms and advance the flow of information and communication within the organization.

5. Members of the board and senior management of the Port Authority are mostly appointed based on their political affiliation. As such, the researcher has observed that both senior management and board members do not necessarily have any maritime related or port backgrounds. This means that making crucial maritime or port related decision to bring about positive outcomes is a challenge because those in key decision making positions are less sophisticated and have little or no knowledge relating to that field. Furthermore, since the port sector of the National Port Authority in particular the Freeport of Monrovia is challenge with the issue of qualified and well-trained maritime professionals, it imperative that going forward, the government of Liberia begin appointing more board members and those managing the Freeport of Monrovia and other ports in the country with maritime and port related backgrounds/knowledge to steer and manage the affairs of the port.

6. That the Act creating the National Port Authority be amended to ensure that each port within the NPA system (The Freeport of Monrovia, The Ports Buchanan, Sinoe and Greenville) has its own managing Director and possibly board of directors so that the ports can become decentralized, more vibrant and effective, thus allowing inter-port competition.
6.3 LIMITATION AND FUTURE RESEARCH

The research was no shot of challenges. The paper had some limitations which may have affected the outcomes and interpretation of the results. Getting participants to partake and provide the information that were vital for the research was a challenge, mainly due to their tight schedules and busy engagements and in particular their information policy. Also, the research had a limited sample size. According to Creswell (1998), the range between 20-30 is the minimum accepted amount of observations for research work. Importantly, the bigger the sample size, the better and more accurate the results/outcomes will be. Furthermore, the lack of historical data to analyze other important indicators such as gang productivity, turnaround time of handling equipment such as straddle carriers and trailer truck, gate productivity and cargo dwell time further impeded and limited the research work.

For future research work, the following key factors should be given serious consideration:

- indirect factors that might affect the governance and performance the Freeport of Monrovia;
- to determine whether the rules and regulations are functioning as intended;
- to gather the survey data well in advance and use more participants; and
- once the data are made available and on time, other governance and performance indicators should be assessed and analyzed.
References


National Port Authority, (. (2010). National port authority annual report.


Appendices

Consent Form for Participating in this Research Study

Research Title: Port Governance and its Impact on Port and the Economy of Liberia: A case at the Freeport of Monrovia

Dear Participant (s)

Description of the research and your participation

In partial fulfilment of the Master of Science Degree on Port Management at the World Maritime University for the researcher, you are kindly invited to voluntarily participate in this, conducted by Mr. Aromenia Zinnah Cooper a candidate for the Masters of Science degree at the World Maritime University in Malmo, Sweden. The study aims to examine and compare the different governance models and also understand the impact (s) and effect (s) of port governance on port performance and the economy in general.

The research focuses specifically on resource materials and information that are available in order to produce recommendations that will guide and inform policy makers and partners now and in years to come thereby bridging systemic gaps for the enhancement and improvement of port performance and operations. Therefore, your participation in this research which includes the completion of questionnaires, is very highly welcoming as it is useful for drawing up analysis and conclusion of the research.

Risk

To the knowledge of the researcher, there is no known or acute RISK (s) associated with this study.

Protection of Confidentiality

The researcher unequivocally states that the data collected and obtained for this exercise will be limited and used only for the purpose of this research and prospective future works were needed. Going forward, your responses and identity will be kept anonymous and confidential.

Voluntary Participation
In as much as your participation is encouraging and welcoming, it is also worth noting that your participation in this study is completely voluntary. Participant(s) may choose not to participate and or withdraw his/her consent to participate at any point in time. Know also that should you decide to withdraw at any stage of the study process by not participating, there is absolutely no penalty levied in any form or manner.

Contact Information
If you have any questions or concerns about your rights or participation as a participant in this research, please feel free to contact me by email at zeemienu2012@yahoo.co.uk

Consent
I have read this consent form and have been given the opportunity to ask questions. I give my consent to participate in this study. I understand that all personal data relating to volunteers is held and processed in the strictest confidential manner and I confirm that said information will be deleted upon completion of the research’s studies.

QUESTIONNAIRE ON PORT GOVERNANCE AND ITS IMPACTS ON PORT PERFORMANCE AND THE ECONOMY: A CASE AT THE PORT OF MONROVIA

Instructions:
Participants are hereby informed that feedbacks/comments provided to support this research will be treated on the basis of anonymity and confidentiality.

- Please answer all the questions/statements by selecting your choice of preference by circling, highlighting or with an (X) where necessary. Where applicable, your comments/feedbacks are highly appreciated. On an average, the survey takes approximately 5-8 minutes to complete.
- Once completed, kindly forward this form/document to zeemienu2012@yahoo.co.uk

Designation: …………………………
Department: ……………………………

Number of year(s) served: …………

Gender:  Male □  Female: □

Part # 1:
Governance model at the Freeport of Monrovia
It is observed that Landlord Governance model is the adopted model at the Freeport of Monrovia. In this model the Port Authority/Government mostly serve as the regulator whilst private sector mostly operates the port in terms of cargo handling and other port related services.

1. Your Department as a port user, do you agree based on the rating below that your department is involve in the decision making processes of the Freeport of Monrovia?

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Not Sure</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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2. How do you rate the dissemination of information between your institution and other port users/stakeholders?

<table>
<thead>
<tr>
<th>Excellent</th>
<th>Good</th>
<th>Fair</th>
<th>Poor</th>
<th>Very Poor</th>
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If there are challenges in information sharing between port users/stakeholders, how can these challenges be improved?

…………………………………………………………………………………………………………………………

3. From the scale of 1 to 5, please rate the acquaintance and exposure of port users/stakeholders with the current port governance structure, agreement, practices and policy statements at the Freeport of Monrovia?

<table>
<thead>
<tr>
<th>Excellent</th>
<th>Good</th>
<th>Fair</th>
<th>Poor</th>
<th>Very Poor</th>
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</table>

For further comments on port Governance at the Freeport of Monrovia, please state below:

…………………………………………………………………………………………………………………………

…………………………………………………………………………………………………………………………

4. From the scale provided below, rate the current governance structure and policies in place at the Freeport of Monrovia based on its suitability for the promotion and enhancement of the port performance and operations and the overall future advancement of the port?

<table>
<thead>
<tr>
<th>Very Suitable</th>
<th>Suitable</th>
<th>Not Sure</th>
<th>Fairly Suitable</th>
<th>Not Suitable</th>
</tr>
</thead>
</table>

61
For further comments on port Governance at the Freeport of Monrovia, please state below:

........................................................................................................................................

........................................................................................................................................

5 Are you aware if the Board and Senior Executive management prioritizes and places emphasis on the adequate training of its staff and equal opportunities to develop the skills of staff across all departments?

<table>
<thead>
<tr>
<th>Highly Aware</th>
<th>Aware</th>
<th>Not Sure</th>
<th>Slightly Aware</th>
<th>Not Aware</th>
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Comments:

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6 From the scale below, rate the responsiveness and consideration of the needs, wellbeing and suggestions of employees and port users/stakeholders at the Freeport of Monrovia?

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<thead>
<tr>
<th>Excellent</th>
<th>Good</th>
<th>Fair</th>
<th>Poor</th>
<th>Very Poor</th>
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7 As an employee of the Freeport or stakeholder, would you agree that you have good understanding and knowledge about what governance is all about?

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Not Sure</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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8 To the best of your knowledge, the Freeport of Monrovia is accountable and transparent regarding its financial and operational performance.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Not Sure</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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</table>

9 As a port employee and stakeholder/port users, are you aware of the IMO Sulfur Cap regulation/measure that is coming into effect as of January 2020?
10 Do you agree that senior management, general staff and other port users, are fully informed and adequately prepared to manage and support the enforcement of this new IMO 2020 Sulfur Cap regulation?

<table>
<thead>
<tr>
<th>Highly Aware</th>
<th>Aware</th>
<th>Not Sure</th>
<th>Slightly Aware</th>
<th>Not Aware</th>
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</table>

11 As a manager, employee or port user, do you agree that the system or governance structure of the port has a direct impact on the port’s performance.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Not Sure</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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</table>

12 Are you aware of the tool “Logistic Performance Index” (LPI) as effective tool for port performance and this LPI being utilized by the Freeport of Monrovia?

<table>
<thead>
<tr>
<th>Highly Aware</th>
<th>Aware</th>
<th>Not Sure</th>
<th>Slightly Aware</th>
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</table>

13 The port’s documentation system is now digitized, on the scale of 1-5, do you agree that documentation processes within the Freeport of Monrovia are more efficient and effective thus making business transactions easier for customers/port users?

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Not Sure</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
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</table>
14 As an employee of the port, can you agree that over the last ten (10) years the port has performed considerably well by improving the quality of its systems and services to meet international port standards and or exceed set target?

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Not Sure</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

15 Do you agree that the Freeport of Monrovia resources are managed and utilized in the manner and form that allows for business to thrive and enhance future economic growth?

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Not Sure</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
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<td>1</td>
<td>2</td>
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<td>4</td>
<td>6</td>
</tr>
</tbody>
</table>

16 The Freeport of Monrovia is a port that subscribes to environmental best practices and creates awareness of a safe work place and encourages hazard-free working environment.

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Not Sure</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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<td>4</td>
<td>5</td>
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</tbody>
</table>

SECTION C: Future port Governance and operations

How do you see the Governance and operational models at the Freeport of Monrovia in the next 5, 10 to 15 years?

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Created by the World Bank, “Doing Business Index” is a ranking index system which shows the regularity of environment of businesses. Additionally, the World Bank has been measuring and scrutinizing the quality of worldwide business environment based on specific criteria which include, starting a business, obtaining a permit, connecting to electricity, transferring Ownership, getting credits, payment of taxes, cross-border trading among others over the last (15) fifteen years. The World Bank does this indexation system with the aim of attracting Foreign Direct Investment to a particular region or country. As a port user/stakeholder, what will be your recommendation to a
shipping/logistic company or port operator who is desirous of investing at the Freeport of Monrovia? Briefly stating the current challenges and successes at the port.

As an employee/port user/stakeholder, where do you see the Freeport of Monrovia in the next five to ten years (5-10) from now?

Your feedback/comments and participation in this survey is highly appreciative and valuable. Thank you for making yourself available and dedicating time of your busy schedule (s) to complete this questionnaire.
| **WMU Research Ethics Committee Protocol** |  |
| **Name of principal researcher:** | AROMENIA ZINNAH COOPER |
| **Name(s) of any co-researcher(s):** |  |
| **If applicable, for which degree is each researcher registered?** | Master of Science in Port Management (MSc) |
| **Name of supervisor, if any:** | PRO. GEORGE THEOCHARIDIS |
| **Title of project:** | Port Governance and its Impact on the Port and Economy of Liberia: A case at the Freeport of Monrovia |
| **Is the research funded externally?** | NO |
| **If so, by which agency?** |  |
| **Where will the research be carried out?** | At the Freeport of Monrovia, Liberia, West Africa |
| **How will the participants be recruited?** | The participants will be recruited voluntarily from the work environment at the Freeport of Monrovia. |
| **How many participants will take part?** | 20 – 25 persons |
| **Will they be paid?** | No |
| **If so, please supply details:** |  |
| **How will the research data be collected (by interview, by questionnaires, etc.)?** | The research data will be collected by means of questionnaires |
| **How will the research data be stored?** | The research data will be stored on my personal laptop and hard-disk with strong password. |
| **How and when will the research data be disposed of?** | The research data will be deleted upon completion of my MSc studies, degree scheduled to be awarded in November 2019. |
| **Is a risk assessment necessary? If so, please attach** | No! |
Signature(s) of Researcher(s):  

Date: JULY 22, 2019

Supervised by: Pro. George Theocharidis

Please attach:

- A copy of the research proposal
- A copy of any risk assessment
- A copy of the consent form to be given to participants
- A copy of the information sheet to be given to participants
- A copy of any item used to recruit participants