Maldives: Malé Container Port Boosts Economy

A port project in the Maldives is providing a boost to the economy, and even helping turn unsightly trash into cash.

Malé, Maldives - Discarded cans, dumped appliances, and twisted scraps of iron are an eyesore anywhere, but amid the picture-postcard landscapes of the Maldives the sight is especially jarring.

Once upon a time this metallic detritus would have been left to rust - or worse, be dumped into the crystal clear seas that are a magnet for tourists from around the globe.

But the advent of a modern container port in the capital, Malé, and a spike in the price of metals in recent years has changed that. Now, many communities collect the leftover cans and scrap metal, taking them back to the capital, where they are shipped in containers to India for recycling. Aluminum, copper, and some other metals fetch good prices.

"This business, which has been going on for some years now, is really beneficial because it cuts down on waste, reduces pollution, and provides a source of additional income to communities on many outer islands," says Mohamed Hashim, general manager of Maldives Ports Limited, the operator of the Malé Commercial Harbor, the largest port facility in the Maldives.

Boosting throughput

Before the ADB-assisted development of the port, cargo transfers were inefficient, costly, and slow. Freight on large vessels had to be transferred to smaller barges, known as lighters, and then brought ashore, where it was unloaded either on the shoulders of stevedores or using a light crane.

The ADB-funded improvements at the commercial harbor, gateway for the country's imports and exports, include a 101-meter concrete wharf for vessels to unload directly to shore, cargo-handling equipment, port service craft, and physical works, including pier reclamation. Container operations are now underway, resulting in a dramatic increase in cargo

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throughput (inputs and outputs) and a decrease in ship turnaround time.

In 1991, before the start of the Second Malé Port Project, financed by an ADB concessional Asian Development Fund (ADF) loan of $8.8 million, annual cargo throughput totaled 273,000 freight tons. This rose to 590,742 freight tons in 1999 after completion of the project, and by 2011 throughput was over 1 million freight tons.

Meanwhile the average turnaround time for foreign cargo vessels fell from about 18 days in 1991 to just over 11 in 1997, and has been slashed to just over 2 as of 2011. The wharf - large enough to berth ships of under 180 meters - has also reduced the need for lighter transfers, resulting in time and cost savings, and less damage and losses.

"We estimate that losses and damage have been reduced by as much as 40% to 50%," says Ali Ahmed, general manager, head of operations at Maldives Ports Limited. "The port upgrade has also helped create a number of new jobs for forklift, crane, and container handling equipment operators and stevedores."

Efficiency gains

The improvements have helped scale up the country's sale of lucrative yellowfin tuna and other fish species, which are canned or frozen at processing factories on several outer islands, before being shipped back to Malé for transport by container to markets all round the world. Dried fish also passes through the port, destined mainly for nearby Sri Lanka.

"Previously our vessels would come to Malé and get stuck for 4 or 5 days, which hampered our schedule at other ports and increased costs. Now, the turnaround time is a max of 2 to 3 days, which really helps us stick to schedule," said Ali Shiman, customer service manager for shipping firm, The Silver Company.

At the adjacent domestic harbor (Malé North Harbor), the main hub for the distribution of goods to the rest of the country, the efficiency gains have been equally impressive. In the past, limited berthing capacity for dhonis (local boats) meant waits of a week or more to load cargo, resulting in cost increases and the occasional spoilage of fresh goods.

No more long waits

"Before we had long waits for a berth and boats were sometimes damaged. Now, with the new wharf, we have faster turnaround time, which saves money, and goods arrive in better condition." - Moosa Ali, captain of a boat that transports consumer goods to Kulhudhuffushi Island, over 274 kilometers from the capital.

The growing level of freight flowing through the port has put increasing pressure on space at the commercial harbor. In 2006, land was reclaimed at the current site to provide an additional area for container storage. Now, with cargo levels still rising, an even more ambitious plan is in the works to move commercial operations to nearby Thilafushi Island, storage site for Malé's rubbish.

"The government has taken the decision to move, and the reclamation of land on Thilafushi will take about two years," says Abdul Nasir Mohamed, deputy director general of the Transport Authority. "Once that is done, the commercial operations will move there and the existing alongside wharf will be made available for visiting cruise ships."

ADB has prepared an interim country partnership strategy with the Maldives for 2012-2013, and one potential investment is a public private partnership for the development of Thilafushi Island as the new container port.

The harbor improvement projects were not without difficulties. However, the efficiency gains, cost reductions, and the creation of jobs and new businesses have been a real shot in the arm for the Maldives economy - and have provided a gateway and opportunity for turning unsightly and environmentally harmful waste into a small windfall for many communities.
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