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"Sustainable freight transport in support of the 2030 Agenda for Sustainable Development"

How freight transport can contribute to the achievement of sustainable economic development in Zimbabwe

by

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1.0 Introduction

Since the inception of the new government, priority is being accorded to taking all necessary steps to invite prospective investors to explore business opportunities in Zimbabwe under the dictum - Zimbabwe is open for business. The response of local and international business to date can best be described as overwhelming. The laws are being aligned to facilitate ease of doing business and Government has moved quickly and with determination to conclude and launch major infrastructural projects in mining, energy and transport. Freight transport therefore plays a vital role in this endeavour to transform the economic fortunes of the country. The interface between transportation, investment and economic development has far reaching implications that go beyond transport's basic purpose of moving goods from one place to another. Therefore freight transport promotes sustainable economic growth and development in the following facets:

2.0 Investment in transport infrastructure and services

The development of an integrated transport infrastructure network supports the achievement of sustainable economic development. No country has developed without access to well-functioning infrastructure. More specifically, infrastructural development is essential for competitiveness and trade, which in turn can play a pivotal role in achieving socio-economic development.

Infrastructure and other logistics services promote the smooth running of the economy nationally and regionally, provided they are in good condition and in the optimal locations. Transport infrastructure development is a key element of the country's ability to produce and move goods. But the reality is that Africa's road infrastructure development – perhaps because of the continent's difficult economic geography – is still very weak in terms of quantity, quality, or access, and is also characterised by missing regional links. On top of that, a substantial share of the road networks built in the 1970s and 1980s are in poor condition due to lack of maintenance. Moreover, our region's rail transport system, which is essential for both freight transport, is even more poorly interconnected than the roads, since different rail gauges do not allow cross-border network connectivity and usage of the same rolling stock between neighbouring countries. A weak infrastructure and the absence of intermodal transport systems is a major impediment to trade, competitiveness and sustainable development in most African countries, particularly land-locked countries.

Similarly, Zimbabwe being landlocked, its location in Southern Africa makes it a key transit point in the regional transport system, thereby making it even more important for the country to invest in maintaining and upgrading a reliable transport network and to integrate its transport network with neighbouring countries. Zimbabwean transport operators and drivers are also very active within the Southern African region.

Although the largest share of Africa's infrastructure is financed domestically, the Zimbabwean government is taking advantage of the renewed interest from private investors (within and outside the continent) to improve and maintain the country's transport and logistics infrastructure. With respect to this, the upgrading of Beitbridge to Harare and Harare to Chirundu highway, the country's busiest main road that links Zimbabwe, South Africa and several other countries, will commence soon. This project has been identified as a key infrastructure project. The upgrading of this road will reduce the cost of road transport along the North-South Corridor and Dar es Salaam corridor, reduce vehicle operating costs for freight transport and improve the competitiveness for industries in the eight countries served by this corridor which are Democratic Republic of Congo, Malawi, Mozambique, Namibia, South Africa, Tanzania, Zambia and Zimbabwe.

2.1 Economic Competitiveness

Transport plays a crucial role in determining the competitiveness of exports. In Zimbabwe, mining and agriculture exports are a major source of foreign currency and a driving force for economic growth. The foreign currency generated by these activities is of great significance to any developing country's economic growth prospects. High transport costs are a barrier to regional and international trade, and have an important effect on exports. Problems of access to quality transport and logistical services manifest themselves in the form of delays, reduced profit margins and reduced competitiveness. Consequently, high transport costs for moving goods from points of production to final destinations can price a country out of regional and international export markets.

Inadequate infrastructure and poor transport network makes it difficult for local manufacturers to participation in global supply chains because they cannot guarantee timely delivery of goods or ensure reliability or flexibility in the supply of the goods. Some of the delays are due to poor infrastructure in both transit countries and in national economies. The fact that delays can occur outside the territorial boundaries of one country underlines the point that these countries acting alone would not be in a position to overcome the real obstacles. The high transport costs of imports of African countries inflate the prices of capital goods and intermediate inputs, thereby increasing the cost of domestic agricultural and industrial production.

Thus a significant reduction in the transport cost of imports would boost domestic production, support diversification efforts and increase the competitiveness of African exports. There is evidence that improvements in transportation contributes to lower trade costs.

2.2 Trade Facilitation

Freight transport also plays a critical role in facilitating cross border trade. This involves reforms in border and behind-the-border operations, including the reliability and efficiency of transportation infrastructure, logistics operations, and customs and border management regulations and procedures. Reducing these barriers is crucial for all landlocked countries. Improvements in the country's logistics performance means increasing supply-chain efficiency, which in turn improves competitiveness in international trade and commerce.

Transport facilitation which is the simplification and harmonisation of international transport procedures and the information flows associated with them, means faster, more efficient, and predictable exports and imports. However, as with hard infrastructure development, there is still a lot of ground to be covered in Africa to address issues of trade facilitation in line with the Bilateral Trade Agreements, Regional Trade Agreements and World Trade Organisation Trade Facilitation Agreement.

2.3 Regional Integration

The extent to which countries may achieve regional integration is a function of how well they are connected to one another. The connectivity of countries itself is a function of many factors that include connectedness of their transport systems. It is from this perspective that cross border road transport plays a key role in the achievement of regional integration especially in Africa. By developing an interconnected transport system, Zimbabwe can integrate to the rest of the countries in the region and globally. An efficient and cost-effective transport sector that is fully integrated with the national and regional economies and other key transport infrastructure such as sea ports in the region is essential to support the country's aspirations as spelt out in its national development agenda and to achieve sustainable economic development.

There is a wide range of soft infrastructure constraints obstructing the regional integration process, including the lack of harmonisation of transport policies, regulations, and procedures governing both trade and infrastructure development. In addition, poor hard infrastructure continues to cast a long shadow on Africa's competitiveness and diversification. In particular, it is essential to scale-up investment in efficient, seamless, and cost-effective transport as well as in soft infrastructure reforms such as one-stop border posts. The Programme for Infrastructure Development in Africa (PIDA), whose 51 programmes and projects are meant to fully interconnect, integrate, and transform the African continent, is an important step in that direction. Constructing, rehabilitating, and maintaining reliable and efficient regional infrastructure would act as a catalyst for development, by bringing down the time and thereby the costs of cross-border trade and transport, which in turn would foster trade, the creation of decent jobs, inclusive green growth, and lead to an integrated continent as a pathway to sustainable development. In this process, the biggest gains would also accrue to the most isolated and resource-deprived regions.

Critical to the regional integration endeavour is the recognition of the role played by transport in facilitating freight movements within the region. Six countries in the SADC (Botswana, Zimbabwe, Zambia, Malawi, Lesotho and Swaziland) are landlocked and rely on coastal countries for the greater share of their trade. Regional road transport corridors play a key role in linking landlocked countries to fellow African countries as well as to foreign markets via the main ports in South Africa, Mozambique, Angola and Namibia.

Given the strategic importance of corridors, the Southern African countries adopted a Corridor Development Strategy in 2008 that acknowledges the need for an integrated transport system that can effectively facilitate intra-regional trade, economic growth and stimulate investment opportunities in the region. Eighteen major transport and development corridors traverse the Southern African region, forming a network that binds the region together economically.

Unfortunately all strategic transport corridors that transit the region are inundated with a plethora of Non-Tariff Barriers (NTB) which risks the attainment of the strategic goals and objectives set out in various road transport agreements and instruments and the risks include: fragmented and inefficient regulatory regime characterised by misalignment of road transport policies, legislations, rules, standards and practices; lack of harmonised transport policies, procedures, rules and standards; poor and inadequate road infrastructure; inadequate funds for infrastructure maintenance and expansion; and ineffective border management systems coupled with out-dated and inappropriate Information and Communications Technology (ICT) systems for the exchange of information.

These challenges culminate in congestion, delays, long journey and trip turnaround times, reduced safety and high cost of doing business. Ultimately they impede intra-regional trade (estimated at only 12%) and the economic potential of the region whilst also reducing regional competitiveness. These challenges require urgent intervention especially given the fact that cross-border road transport carries over 80% of the total goods that are traded in the SADC region. The status-quo cannot be left to perpetuate if SADC is to achieve its set socio-economic and developmental objectives.

3.0 Opportunities

The search for solutions to the above-mentioned challenges presents a number of opportunities and interventions in line with international best practice and benchmarks:

i. Establishment of an autonomous legal regional body with authority to enforce the implementation of regional policies, transport and trade agreements and programmes. Although this will take time to achieve, this might be the lasting solution to address the effects of fragmentation of policies, legislations and standards.
ii. Fast-tracking the process of implementing the Multilateral Cross-border Road Transport Agreement. This major intervention will have a huge impact with respect to addressing the challenges created by fragmentation of the regulatory framework, different road transport policies, legislations, rules, standards and practices.
iii. Creation of public-private partnerships (PPPs); innovative financing approaches to investment in transport infrastructure; the conception of a sustainable funding framework for infrastructure maintenance and expansion and the implementation of common frameworks for the construction of regional infrastructure networks.
iv. Transforming prioritised Border Posts into One Stop Border Posts to address the hard and soft infrastructure challenges experienced at commercial border posts along strategic regional corridors.
v. Establishment of Road Transport Corridor Management Institutions along strategic regional road transport corridors to address any cross border delays and related trade facilitation issues.
vi. The recognition that trade facilitation is a global problem which calls for a multilateral solution which requires concerted efforts in ratification and implementation of the provisions of the WTO Trade Facilitation Agreement.

4.0 Conclusion

The implementation of any one of the above interventions will require support from respective governments, regulatory authorities, international development agencies and other stakeholders in the cross-border value chain. The country will have to make decisive decisions to ensure adequate funding is available for the implementation and operationalization of the interventions. Most importantly the successful execution of the interventions will have a far reaching impact particularly with respect to addressing Non-Tariff Barriers, improving corridor efficiency, productivity, reducing the cost of doing business, improving cross-border road transport movements, enhancing regional trade, economic development, regional integration and regional competitiveness.

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