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Improvement of Transit Systems in Southern and Eastern Africa[1]

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ABBREVIATIONS

ACIS	Advance Cargo Information System
ASYCUDA	Automated System for Customs Data Management
COMESA	Common Market for East and Southern Africa
EDI	Electronic Data Interchange
REC	Regional Economic Community
ICD	Inland Container Depot
LLC	Land-locked Country
UNCTAD	United Nations Conference on Trade and Development
ESA	East and Southern Africa
USAID	United States Agency for International Development
DRC	Democratic Republic of Congo
GLR	Great Lakes Region
SADC	Southern Africa Development Community
NCTA	Northern Corridor Transit Agreement
MTO	Multimodal Transport Operator
SRO	Sub-Regional Organization
UNECA	United Nations Economic Commission for Africa
TTCA	Transit Transport Coordination Authority of the Northern Corridor
SSATP	Sub-Saharan Africa Transport Policy Program
SDI	Spatial Development Initiative
ICT	Information and Communication Technology
KBO	Kagera Bassin Organisation
CEPGL	Communauté Economique des Pays des Grands Lacs
ISCOS	Inter-governmental Standing Committee on Shipping
B/L	Bill of Lading
BDGL	Banque pour le Développement Economique des Grands Lacs
SSATP	Sub-Saharan Africa Transport Programme

EXECUTIVE SUMMARY

1. In accordance with the terms of reference, this study analyses the theme under review from three fronts. Firstly, an analysis of the current status of transit transport facilities and systems is made in which major constraints and bottlenecks are highlighted. Secondly, the study carries out a review of cooperative initiatives undertaken by countries and regional organisations with the support of the donor community and development partners. An assessment of the progress made is undertaken and the achievements as well as the shortcomings of such cooperative undertakings are highlighted. Thirdly, an agenda for future action is drawn in terms of priority areas of action. The agenda focuses on approaches to address the shortcomings of past and ongoing programs but also considers possible new strategies in tackling transit transport problems and, in particular, the challenges faced by landlocked countries.

2. The following findings are derived from a review of the existing regional cooperative transit arrangements:

- Prevalence of cases whereby domestic laws are not enacted to enable enforcement of regional arrangements locally;
- Some countries adopt laws conflicting with regional arrangements due to national interests conflicting with regional interests;
- The fact that regional arrangements tend to be broad and general combined with lack of detailed guidelines, rules of procedure and operational manuals impede implementation;
- Inability of states, RECs and SROs to monitor corridor performance and to enforce regional arrangements due to inadequate institutional and human resource capacity;
- Lack of or weak corridor management mechanisms and national institutional structure frameworks (corridor forums, corridor planning comities, trade facilitation countries);
- Need for updating of regional arrangements where recent issues such as those related to multi-modal transport and application of IT solutions were not captured;
- Limited private-public partnerships;
- Weak regional inter-agency (RECs, SROs, Donors) coordination frameworks.

3. In view of these findings, the study recommends that an assessment of the existing transit transport cooperative arrangements should be made and outdated provisions should be updated. Operational manuals, guidelines and toolkits should be prepared and consequent training organised as a way of facilitating their implementation. Tactful advocacy and championship involving regional organisations and other key players and aiming at securing firm government commitment to the implementation of transit arrangements are also recommended. The study highlights the need for bringing domestic legal and regulatory provisions in line with the regionally agreed upon protocols.

4. Enhancing the capacity of regional organisations as well as inter-agency coordination mechanisms was also identified as a step to be taken. Support needs to be provided to these organisations (by the donor community and development partners) particularly where they may be undergoing restructuring. Some ailing regional institutions should be salvaged or otherwise countries should consider rationalising the numerous regional agencies most of them with overlapping mandates and duplicated activities. A regional inter-agency coordination mechanism should be established in Eastern and Southern Africa.

5. The study particularly noted that the corridor approach is emerging as the preferred mechanism in addressing transit transport issues throughout the region. An even more radical development was recorded in terms of the increased role the private sector is playing in this process. In this regard there is need for the existing corridor management frameworks to be strengthened and private sector participation to be even more encouraged.
The financial sustainability of corridor management institutions was also identified as an area that needs to be acted upon. Other identified areas of action include the establishment of corridor performance monitoring systems, the enhancement of exchange of experience between corridors and the promotion of the concepts of "development corridor" and "spatial development initiative" based on the experience of Southern Africa.

6. Transport sector policy development particularly regarding infrastructure financing and management deserves particular attention. The study noted the road sector reforms that are under way in some countries. It also paid attention to various strategies, which are being promoted such as implementation of cost recovery systems based on the user-pay principle as well as establishment of road funds and road management agencies. Countries that have not yet undertaken such reforms need to consider taking up the challenge. A study should also be undertaken to evaluate the costs and benefits of creating a regional road fund. Public private partnerships should be considered whenever viable as indeed they are the way forward for mobilisation of important capital investments for the rehabilitation and upgrading of transit transport infrastructure. The development of missing links in the regional transit network and the rehabilitation of those in poor condition is another area that deserves special attention.

7. On issues related to transit transport competitiveness and operational efficiency, the following areas of action are recommended:

- Pursuing current efforts in fostering market orientation in the provision of transit transport services including rail and port concessioning programs;

- Considering cross-border joint-concessioning where this may emerge as the most financially viable and economical option;

- Capacity building for private sector operators particularly trade and industry bodies at the national and regional levels;

- Supporting operational efficiency improvement strategies that are being implemented by industry to ensure their sustainability (bloc-train services, 'railtainer services linking up with ICDs, cargo tracking systems, etc);

- Promoting the development of multimodal transport operations in order to improve the region's trade competitiveness through:

    - Determining and addressing legal, regulatory and operational factors that impede the development of multi-modal transport along specific trade routes or transport corridors,

    - Enhancement of the region's level of preparedness and implementation of measures to overcome deterring factors,

    - Improvement of the region's overall trade and transport competitiveness,

    - Study on the impact of current international trade terms , shipping and freight logistics practices as well as financial systems and determining the region's prospects for developing a competitive multimodal transport industry,

    - Undertaking a vast information campaign and training program;

- Carrying out studies and organising regional consultations in order to find ways and means of removing constraints imposed by the use of current numerous documents, cumbersome transit facilitation procedures including bond guarantee systems to transit transport operations in East and Southern Africa;

- Promoting widespread and business oriented use of information technology solutions in regional trade and transport systems;

- Undertaking other fundamental structural changes that may be required to elevate the region's trade and transport systems to international standards.

8. Current transit transport facilitation programs were reviewed particularly in terms of status of implementation and scope. It transpires that implementation is slow paced and critical areas are not addressed. A study should therefore be undertaken to review in more details the factors underlying the current slow pace of implementation and also suggest modalities for broadening the scope of existing programs. Efforts should also be made for increased advocacy and championship in order to secure government commitment and accelerate implementation.

9. The following other areas of action were identified:

- Improving the efficiency, productivity and integrity of both customs administrations and industry players;

- Promoting inter-customs agreements for mutual assistance in order to facilitate information sharing and cooperation;

- Carrying out a study to review the benefits or otherwise of the preshipment inspection practice;

- Promoting the use of information technology solutions by customs in areas such as:

- Inter-customs networking and information sharing,
- Preparation, control and processing of data related to transit traffic,
- Cargo movement monitoring (instead of physical escort of cargo or related documents by police).

10. In conclusion, what transpires from the study findings is that what needs to be done has been identified in many areas but action has been forthcoming at a rather slow pace. Therefore, what is mostly needed is securing firm commitment from governments, involving and enhancing the capacity of the private sector, a regional consensus on a framework for prioritisation of various programs as well as accelerated and coordinated implementation. Determined and coordinated support from donors is also critical.

I INTRODUCTION

1.1 Background

1.1.1 Transport and communication systems play a critical role in ensuring sound trade efficiency as well as regional and global competitiveness. Inefficient, expensive and unreliable transport and communication systems increase the cost of doing business and prevent the affected country from competing effectively for the best trade opportunities in regional and global markets. Lack of an adequate demand and supply chain delivery system is also a deterrent to foreign investments. At regional level, lack of well performing transit transport systems is an impediment to economic integration.

1.1.2 As a result, increasing pressures from the global market are forcing everyone to adopt new trade and transport practices and standards. Transport is getting faster, flexible and available. Re-engineered business systems are taking advantage of quick response, just-in-time and IT solutions allowing the tracking of cargoes, containers and transport equipment around the globe. Electronic data interchange (EDI) and electronic commerce are replacing the slower, more tedious paper trail. Countries now compete in global markets regardless of time zones, national boundaries and distance as products and processes are redesigned to adjust to the new business environment.

1.1.3 In this context, landlocked countries are economically disadvantaged as hindrances related to their geographical location translate into higher transit transport costs. An earlier UNCTAD study, quoting professor Jeffrey Sacks of Harvard, highlighted that economic growth rates of LLC are reduced by between 0.7% and 1.0%. The distance disadvantage is aggravated by lack of jurisdiction by inland countries over transport systems and facilities in transit territories. This leaves LLCs potentially exposed to unreasonable practices (by providers of transit services) and to policies, regulations, controls and charges imposed by transit countries. The problem is further compounded as most transit countries are themselves developing or least developed States unable to cope with the requirements of transit traffic in terms of heavy transport infrastructure and highly specialized transit services.

1.1.4 East and Southern Africa (the region under this study) accounts for 9 LLCs and 6 transit countries. These countries and the respective shortest distance to the sea are as shown below. A comprehensive presentation of all transit corridors and distances involved in the ESA region is shown in Annex I.

Table 1: Land-locked and transit countries in East and Southern Africa

	East Africa		**Southern Africa**	
	Country	**Distance (km)**	**Country**	**Distance (km)**
LLC	Burundi	1455	Botswana	1100
			Lesotho	740
	Rwanda	1530	Malawi	815
			Swaziland	220
	Uganda	1150	Zambia	950
			Zimbabwe	590
Transit countries	Kenya	-	Angola	-
			Mozambique	-
	Tanzania	-	Namibia	-
			South Africa	-

1.1.5 In addition to the mentioned specific constrains faced by LLC, those of ESA encounter even more daunting challenges. As stated by a recent USAID sponsored study, the region itself is unfavourably located relative to the world's markets and it accounts for a small fraction of the global trade. This translates into low volumes of trade and, as a consequence, economies of scale cannot be reached. Furthermore many countries in the region have been engaged in internal civil strife and/or regional conflicts as well as natural disasters, which in some cases, led to near collapse of their economies. Such situations rendered transit transport systems and the affected countries even more vulnerable.

1.1.6 These considerations underline the need for appropriate interventions to develop and maintain a cost effective and reliable transit transport network and operational systems in ESA.

1.2. Study objectives and scope

1.2.1 In view of the above background, UNCTAD has commissioned this study with a view to review the current status of transit transport networks and systems in ESA.
The study is part of the preparatory process of the ministerial conference of Landlocked and Transit Developing countries and the Donor community to be convened by UNCTAD following the UN General Assembly resolution 56/180. The meeting will be held in Almaty, Kazakhstan from 28th to 29th August 2003.

1.2.2 In accordance with the terms of reference, the main study objective is to formulate policy measures and actions aimed at developing efficient transit transport systems in ESA.
This involves more specifically:

i) Highlighting policies which have been conductive to the development of efficient transit transport systems;

ii) Reviewing the current situation of transit transport cooperation;

iii) Identification of programmes which work well and those which are either not operational or have not worked well;

iv) Identification of ongoing and planned activities;

v) Indication of priority areas of action in terms of impact on efficient transit transport in East and southern Africa.

1.2.3 This study focuses primarily on the LLCs of ESA and their transit neighbours as presented above. DRC whose north-eastern and south-eastern parts are severely landlocked also falls within the study area. The road, rail, inland waterway and pipeline modes of transport including intermodal interface facilities such as sea, ports, ICDs and trans-shipment terminals are covered by the study.

1.3 Layout of Report

1.3.1 The report is structured as follows: The first section is an Executive Summary of main issues and conclusions. This is followed by four major sections as follows:

Section 1: Introduction
Section 2: Current Status of Transit Transport Networks
Section 3: Review of Past and Ongoing Transit Programs
Section 3: Agenda for Future Action

Two Annexes are also included which list the Main Transit Transport Corridors in East and Southern Africa and the Regional Economic Community's Priority Issues to Enhance Transit Transport Efficiency

2. CURRENT STATUS OF TRANSIT TRANSPORT NETWORKS AND SYSTEMS IN EAST AND SOUTHERN AFRICA

2.1 Overview of transit transport infrastructure in ESA: Main alternative transit transport corridors

(a) Eastern Africa

2.1.1 Two transit corridors link landlocked Burundi, Rwanda, and Uganda to the sea through the port of Mombasa in Kenya (Northern Corridor) and the port of Dar es Salaam in Tanzania (Central Corridor).

2.1.2 The 2000 km long Northern Corridor is a network of rail, rail/road, rail/lake (via lake Victoria) and road routes up to Kampala (1333 km) in Uganda. Road links extend thereafter the Corridor southward to Rwanda and Burundi and westward to the eastern hinterland of the Democratic Republic of Congo which depends on the same ports.

2.1.3 A 1000 km pipeline links the port of Mombasa with the Kenyan exit lake port of Kisumu and Eldoret (a few miles before the inland Kenyan exit border of Malaba). It is planned to extend the pipeline to Uganda. An alternative road route reaches Burundi and Rwanda through Northern Tanzania. It plays a strategic role as the only way out when the main artery is closed.

2.1.4 The 1500 km long Central Corridor comprises road, rail/lake routes to Burundi via lake Tanganyika, road and rail/road routes to Rwanda, and a rail/lake route to Uganda via Lake Victoria. Burundi uses mostly this Corridor, which is its natural gateway, while the inter-ports competition is rather high for the Democratic Republic of Congo, Rwanda and Uganda traffics.

2.1.5 The Great Lakes Region (GLR) Corridor connecting Burundi, DRC, Tanzania, Rwanda and Uganda to Southern Africa through the port of Mpulungu (Zambia) is still under development.

2.1.6 TAZARA corridor that links the port of Dar-es-salaam to southern Africa is also a potential route to Burundi, Rwanda and DRC.

(b) Southern Africa

2.1.7 The six landlocked countries transit mostly through Mozambique (Beira, Maputo, Nacala), Tanzania (Dar es Salaam), South Africa (Durban, Cape Town, Richards Bay and Port Elizabeth) and Namibia (Walvis Bay). They also have the potential to use the routes through Angola (Namibe, Lobito and Luanda), when they are rehabilitated, and through a planned transit route through Tanzania (Mtwara port along the Mtwara development corridor or SDI). The routes use an extensive rail, road, and lake Transport network.

2.1.8 The Dar es Salaam Corridor to Zambia and Malawi comprises road, rail and pipeline to Zambia and Malawi. The Malawi northern route connecting to TAZARA includes combined rail/lake/road and road routes. The connection is at Mbeya in Tanzania (close to the Malawi border) where Malawi has got an important cargo terminal, which has recently been converted into a dry port.

2.1.9 The Nakala corridor is the main transit route to Malawi by rail through Entrelagos. It also offers transit routes to Mozambique and Eastern Zambia.

2.10 The Beira Corridor is a gateway to the sea for Malawi, Zambia and Zimbabwe. The route to Malawi has two parallel links, one rail and one road. The Beira route to Zimbabwe and Zambia is a network of road and rail route through Machipanda border.

2.11 The Maputo corridor comprises three transit routes. The transit route to Zimbabwe is the Limpopo rail line. The transit route to Swaziland connects through Goba border post by rail and road links. The transit route to the South African hinterland is through Ressano Garcia border post and has rail and road links(does not serve a landlocked country).

2.12 The Durban corridor comprises access routes to South Africa, Zimbabwe, Zambia, DRC and potentially the Great Lakes Region countries.

2.13 The Port Elizabeth corridor is used mainly by South Africa but can also handle traffic to other Southern Africa countries and the GLR.

2.14 The Richards bay corridor handles traffic to South Africa and Swaziland.

2.15 The Walvis Bay corridor is composed of transit routes to Namibia, Zambia and Zimbabwe through the Trans-Caprivi link and to Namibia, Botswana and South Africa through the Trans-Kalahari link.

2.16 An important corridor that is potentially a competitive international outlet for Angola, Zambia and DRC is the Benguela rail line to Lobito which was hampered by security problems for a long time.

2.17 Two other corridors through Angola are expected to boost regional transit capacity once the required reconstruction work is done:

- Luanda corridor is a gateway for Angola and DRC;
- Namib corridor offers links to the Angolan hinterland and to Namibia.

2.2 Overview of transit transport infrastructure in ESA: Capacity, condition and performance of Transit Transport infrastructure

2.2.1 The current network density would be adequate to cater for regional traffic to and from the sea if infrastructure was adequately developed and maintained. However, numerous missing links and sections in poor condition impair the transit transport network.

(a) Roads

2.2.2 Road transport is the dominant mode of transport in ESA as in the whole of Africa. SADC countries have designated arterial road links totaling 50000 km as the regional trunk road network (RTRN). In East Africa, the countries signatory to the NCTA (Kenya, Uganda, Rwanda, Burundi, DRC) have designated the Mombasa/Northern Corridor road transit network as shown in the table below.

Table 2: Mombasa/Northern Corridor road network

Country	Paved (km)	Unpaved (km)	Total
Burundi	320	36	356
DRC	721	1920	2641
Kenya	1196	0	1196
Rwanda	814	0	814
Uganda	1042	657	1669
Total	4093	2613	6706
Percentage (%)	61	39	100

Source: TTCA Secretariat
N.B: The data for Uganda does not include Kampala-Karuma-Pakwach-Nebbi-Goli-Arua.

2.2.3 The ESA regional road network is in fair condition in the southern tier of the SADC sub-region (South Africa, Botswana, Lesotho, Swaziland, Namibia and Zimbabwe) and in parts of the Mombasa/Northern Corridor. The rest of the network requires major rehabilitation and upgrading.

2.2.4 Recent measures to improve and integrate the regional transit transport network include the following:

- Progress in establishing stable and regular financing systems through adequate user charges in order to enhance the sustainability of the road sector by reversing the increasing inadequate financing of infrastructure network. For example, it is estimated that backlog maintenance in Southern Africa (SADC RTRN) is over $ 6 billion and still increasing;
- Progress in improving road management capacity by establishing autonomous road management bodies with adequate representation of the private sector;
- Rehabilitation of certain sections of the transit network.

2.2.5 As stated above however, the quality and level of service from the road transit network is still inadequate. Among the most critical contributing factor to this situation are as follows:

- Poor maintenance of road infrastructure with consequent negative effects of increased vehicle operating costs and much higher road rehabilitation costs;
- Overloaded trucks break up the roads and an effective action that also satisfies the requirements of landlocked countries to reverse the trend is yet to be reached;
- Inadequate road safety that drains the countries' resources;
- Poor vehicle maintenance and vehicle fleet management;
- Inadequate management and control of road transit traffic;
- The road funds and road management bodies are not yet fully established or fully operational in some cases;
- Road construction designs and maintenance standards are not yet harmonised;
- Frontier and interface facilities along transit road links are still either inexistent or inadequate.

(b) Railways

2.2.6 All major transit transport corridors identified earlier in the report enjoy railway connections stretching from sea ports to remote inland destinations. Only Burundi, Lesotho and Rwanda fall short of connecting to the ESA's rail grid. However, different gauges between the rail networks in East Africa and Southern Africa constrain overland traffic between the two regions.

2.2.7 The Southern African rail network is in fair condition with the exception of Angola and Mozambique. In other parts of ESA, the condition of the permanent way is poor on most of the network. This is mostly due to old age of the rail track and deferred maintenance over many years (leading to frequent derailments) the latter being a consequence of poor management and inadequate funding. For example, it is estimated that the Southern African (SADC) rail network has a combined backlog maintenance of over $ 600 million. This is well illustrated by the Mombasa/Northern Corridor where the remotest section of the rail network, Kampala-Kasese, was allowed to deteriorate to the point where it has ceased being used by transit traffic for a long time though it offers a very competitive transit option to and from the Great Lakes Region.

2.2.8 Therefore, issues of prime concern in the region evolve around the need for rehabilitation of old and/or degraded sections of the network and the construction of missing links. Deserving immediate attention are the planned rail sections that will connect with waterways to form the Great Lakes Region-Southern Africa corridor.

(c) Inland Waterways

2.2.9 Important investments were made in Eastern and Southern Africa to provide for port, navigation and other facilities. Indeed, some of the most important transit transport links use navigable waterways such as Lake Malawi/ Niassa/Nyasa, Lake Tanganyika and the Congo River. Of paramount importance for the smooth functioning of waterways are their interface facilities with other transport modes. Hence the importance of lake/river ports such as Mwanza, Kisumu, Port Bell and Jinja on lake Victoria, Kigoma, Bujumbura and Kalemie on Lake Tanganyika and others.

2.2.10 Some recent developments were recorded but in general a lot is still to be done. Among the areas where some level of activity was recorded are the following:

- Rehabilitation of lake/river ports;
- Improvement of access links and interface facilities;
- Progress towards restructuring and privatization of marine services;
- Commissioning of extensive studies on possible strategies to improve lake/river transport and navigation services.

2.2.11 In East Africa, a major study was recently conducted on lake Victoria. It came up with the following key proposals:

- Creation of a Joint Technical Department (bringing together all the interested States) responsible for ports and navigation on lake Victoria;

- Preparation and implementation of four projects to enhance port management efficiency: management tools for port operations, human resource development, privatization, adapting ports to transport demand;

- Designing and implementation of a sub regional program for the control and eradication of the water hyacinth.

2.2.12 Several other recommendations emerged from various studies and were endorsed by countries among them the following:

- Rehabilitation and improvement of port infrastructure and equipment as well as safety and navigation aids;
- Enacting of appropriate policies and regulations to strengthen navigation safety, environment protection and pollution control on lakes and rivers;
- Restructuring of the marine departments;
- Exploring possibilities of privatizing the operation and maintenance of vessels;
- Application of efficiency improvement measures on waterway transport operations and enhancement of the marketing of lake transport services;
- Establishment of a regional legal and institutional framework governing transport and navigation activities on lake Victoria.

2.2.13 Although transport and navigation on lakes and rivers has been well researched, the level of implementation of various measures adopted at the national and regional level or recommended by studies is low. Hence, numerous bottlenecks still impede the carriage of transit cargo by inland waterways such as the following:

- Inadequate capacity and condition of lake/river ports;
- Substandard navigation aids;
- Poor communication facilities.

(d) Ports

2.2.14 Overall cargo handling capacity is theoretically adequate to cater for demand. However, container handling capacity at the two East African ports, Mombasa and Dar-es-salaam, is already overstretched as they are operating at full or close to full capacity. Southern African ports such as Port Louis, Nacala, Durban, and Port Elizabeth also face the same situation. Conventional cargo handling capacity offers more room for growth but management, operational and traffic facilitation deficiencies hamper capacity utilization. A case in point is the port of Mombasa, which has faced operational problems in the past (recent improvements were recorded) despite that the traffic level was less than half the rated capacity of 20 million tonnes.
There is therefore need for improving container-handling capacity through conversion of conventional berths and/or extension of container terminals.

(e) Dry ports and ICDs

2.2.15 The steady containerization trend of transit traffic in ESA has pushed for the development of intermodal terminals with capacity to handle various types of containerized cargo. In Eastern Africa, dry ports/ICDs were developed in Nairobi, Kisumu and Eldoret (Kenya), Kampala (Uganda), Kigali (Rwanda), Isaka (Tanzania) and Bujumbura (Burundi).

2.2.16 All the ICDs in Kenya are connected by road/rail/pipeline links to Mombasa (with the exception of Eldoret which does not have a rail siding). Southern Africa has also developed major ICDs through mainly private sector initiatives.

(f) Border and other en-route transit facilities

2.2.17 Border facilities and other en-route transit facilities such as vehicle parking areas are generally lacking or in poor condition. Major issues include developing such facilities where they do not exist and upgrading the existing ones.

(g) Pipeline

2.2.18 The Mombasa/Northern Corridor has a pipeline link stretching 1000 km inland (Mombasa-Nairobi-Kisumu/Eldoret). Its recent extension from Nairobi to connect KISUMU on lake Victoria and Eldoret close to the border with Uganda is a development to recon with. Moreover the extension came blended with public loading facilities (in KISUMU and Eldoret), which are not provided at the Nairobi terminal. Before this major development, Nairobi was the main loading point for the GLR States and loading was done trough private oil companies' depots. With such loading facilities in Kisumu and Eldoret, it has become much more cost effective for operators from inland countries to source their oil products from or to route their own imported products (from overseas markets) through Kenya.

2.2.19 The Mombasa-Eldoret/Kisumu pipeline has currently a transport capacity of 5.4million m3/year but its current pumping capacity is at 3 million m3/year. Annual traffic was estimated in 1998 at 2.6 million m3/year, which is 86.7% of pumping capacity. Therefore, expanding the pumping capacity up to the full transport capacity of the pipeline deserves due consideration. The extension of the pipeline up to Kampala (Uganda) is under discussion by the two countries. A BOT arrangement is among the options under consideration.

2.2.20 In Southern Africa, the principle pipelines which have been available for transit traffic are the TAZAMA pipeline, between the port of Dar es Salaam and Zambia, the Beira – Zimbabwe pipeline.

2.2.21 A major weakness of the current pipeline network in ESA is the inadequacy of the interface facilities with other transport modes. As so well illustrated by the case of the Nairobi pipeline terminal, pipeline-road and pipeline-rail interface facilities are lacking in some major regional freight centers.

2.3 Corridor and industry operational efficiency patterns

(a) Road transport services

2.3.1 The provision of road transit transport services in ESA has evolved from a monopolistic market dominated by state companies into a private driven highly competitive industry. Large companies with multinational connections share the market with small and medium scale operators.

2.3.2 Major issues include:

- High cost of transit services (port charges, container, demurrage, storage, communication, banking, insurance, etc);

- Limited financial and management capacity for most of the small scale and some of medium-scale operators involved in transit transport;
- Precarious road safety along transit routes due to the bad condition of roads, inadequate signs and markings, outdated vehicle fleet and unprofessional driving practices;
- The AIDS scourge that tends to spread along major transit corridors;
- Acquisition prices and operating costs of vehicles are still high;
- Domestic transport markets are not in many countries open to transit transport operators;
- Road transport industry bodies (transporters and freight forwarders associations) are still weak particularly in East Africa;
- Outdated technologies are still prevalent;
- The regional specialised skills pool is still inadequate.

(b) Railway transport services

2.3.3 In the context of economic liberalization and as part of ongoing transport sector policy reforms across Eastern and southern Africa, rail transport is being increasingly commercialized and Government protection is declining allowing free competition with road transport. However, over the last two decades, rail transport overall operational performance has been declining due to inability to adjust to the pronounced and fast changes brought about by the above reforms. The latter exposed the railways to stiff competition from the road transport industry offering speedier, door to door and more flexible services. Railways being more state controlled than the road industry, required management and operational changes have been hard to come by. This was compounded by other problems like, in East Africa, the collapse of the first East African Community, which managed the railways at that time.

2.3.4 In reaction to this, restructuring and concessioning programs were initiated and are underway in most of the countries. Their aim is to attract investments and skills and enhance the rail industry's capacity to compete in a liberalised environment. Rrailway administrations are being given greater autonomy and authorized to make operational decisions based on corporate and business considerations.

2.3.5 In a nutshell, the railway reform process underway throughout the region (but at very different paces) would sum up to the following:

- Liberalisation of the rail transport sector and promotion of free competition with road transport;
- Restructuring and provision of greater autonomy for railway companies, improved participation of the private sector and ultimately concessioning of railways.
- Improved inter-railway cooperation and coordination;
- Improved clearance of cargo at border post;

- Improved cargo tracking thanks to the railtracker facility;
- Improved marketing of rail services;
- Implementation of the combined Railway consignment note.

2.3.6 Despite the changes recorded, the sustainability of the current drive towards an efficient rail system will depend on the commitment and capacity of countries to pursue and expand these reforms since the sector is still plagued by serious operational deficiencies. In fact substantial demand still exist but the required locomotive and wagon capacity to meet demand is not available partly due to operational inefficiencies leading to low levels of equipment availability and reliability as well as slow turnaround.

2.3.7 More specifically, the main weaknesses evolve around the following:

- Inadequate wagon capacity and motive power;
- Slow speed of locomotives and frequent derailments due to poor condition of track and equipment;
- Deteriorating operational performance indicators: falling traffic, rising unit cost, declining equipment productivity due to lack of strong control on parameters such as wagon/locomotive availability, reliability and turn around time;
- Lack of sustainability in the operation of block-train transit services to inland remote destinations;
- Non-existent or weak interailway agreements (parties allowing each other too little or failing to stand by their obligations i.e. equipment hire fees, return of hired wagons) on some transit routes;
- Lack of a level playing field for free and fair competition between the rail and road transport modes (currently the rail users pay more for their services than the road users as roads are more subsidized).

(c) Inland waterway transport services

2.3.8 Inland waterway transport plays a key role in the region as some countries (i.e. Uganda, Tanzania, Burundi, Malawi) rely heavily on this mode of transport for their foreign trade. In East Africa however, operation of lake transport services has been handicapped due to the fact that departments created within railway state companies instead of independent bodies run marine operations. As the railways are being concessioned, this issue will need to be addressed.

2.3.9 Among the main constraints are the following :

- Lack of sufficient autonomy for marine departments;
- Lack of a common policy on the various transport activities carried out on lakes and river;

- Poor regional coordination of programmes and operations;
- Scarcity of skilled personnel and lack of a proper policy for recruitment, training and remuneration;
- Lack of adequate systems for environmental control and navigation safety.

(d) Port and other terminal services

2.3.10 Although a wave of changes has been sweeping through the regional port industry, ports in East and Southern Africa (with the exception of South Africa) are still facing daunting challenges in raising their operational performance to international standards.

2.3.11 Among the main constraints faced are the following:

- A trade pattern that is hardly predictable particularly as regards to transit trade;
- Government interference in port management;
- Poor management leading to low capital and labour productivity and resulting into low return on investment;
- Technological drawback (lagging behind in the application of ICT solutions);
- Low operational performance due to inadequate, outdated, poor managed and unprofessionally operated equipments (low levels of equipment availability, reliability and productivity);
- High levels of pilferage, theft, loss and damage of cargo within port area;
- Lengthy and cumbersome bureaucratic approaches and practices resulting into long cargo dwell time;

2.3.12 To face such challenges, ports have made steps in reorganizing and modernizing their operations and management. A number of ports made bolder moves by concessioning part of their operations to the private sector. It should however be stressed that whatever reforms are effected, more investments will be required to rehabilitate or replace outdated cargo handling equipment.

(e) Pipeline transport services

2.3.13 Pipeline transport is the most cost effective and convenient way of moving bulk liquids for long distances over land. It therefore deserves more attention due to its comparative advantage.

2.3.14 Pipeline users have however claimed that the tariffs for the carriage of petroleum products are not as competitive as expected and that they are sometimes even higher than the railway tariffs. The high level of cargo short landings in oil terminals is also a major issue.

2.3.15 Further studies need to be undertaken to get insight information that would enable all stakeholders particularly the users to be properly guided on how to achieve optimal use of pipeline transit facilities.

(f) Multimodal transport operations

2.3.16 Multimodal transport entails the consolidation of the entire international transport operation, from origin to final destination, under the responsibility of one operator (MTO) through one transport document. One of the key benefits is that the shipper (exporter/importer) deals with one party and the liability of the successive modal transporters is automatically consolidated.

2.3.17 Multimodal transport has not yet been fully embraced within ESA. Constraints to the development of such transport are as follows:

i. Low level of awareness regarding the benefits of multimodal transport. Little has been done to promote multimodal transport due to insufficient information on the involved costs and benefits. Research work on this topic is still scarce at the national and regional level.

ii. The few MTOs providing services within the Northern Corridor are mostly multinationals. Freight operators from the region lack the capital and expertise needed to compete effectively in the multimodal transport industry.

iii. Inadequate condition of the transport infrastructure and associated facilities combined with inefficient transport systems. Multimodal transport requires highly efficient systems. Where multimodal transport services are being provided such as the link Mombasa (port) – Embakasi ICD (Nairobi), special transport arrangements were made (railtainer service). MTOs are not normally keen to extend their services to inefficient and costly transport routes especially those serving remote inland destinations.

iv. The current national trade and transport policies are not conducive to a fast paced development of Multimodal transport within the region. Specific policy measures towards the promotion of Multimodal transport are lacking or insufficient. The existing international trade policies and practices are still based on traditional incoterms such as FOB (sea port) for export and CIF (inland destination) for import, which are not favorable to multimodal transport operations.

(g) Application of IT Solutions to Transit Transport

2.3.18 To create an efficient transit transportation network, the major players in the transportation chain (shippers, customs officials, clearing agents, and transporters, etc) need to cooperate and to share desirable information. The latter is currently largely encoded in paper document

2.3.19 The users and governments of the region have recognized the need to have an adequate information network, which will allow importers and exporters to track the movement of their goods. RECs and SROs in ESA have adopted the Advance Cargo Information System (ACIS) which is expected to go a long way in expediting the transit process and improving efficiency if properly implemented. ACIS provides relevant advance,

spot and statistical information on the movement of cargo from port of loading to final inland destination and on the movement of associated transport equipment. It consists of a number of modules, but implementation has focused particularly on two: Porttracker and Railtracker.
2.3.20 Where Railtracker has been implemented, the users have realized some definite benefits:

- Better use of transport equipment (tracking of equipment, quicker turnaround times enabling wagon fleets to generate higher revenue if traffic increases, simplified maintenance monitoring);

- Reduction in transit times of goods (facilitation of traffic flows at border crossings and interchange of rolling stock between networks, simplified wagon hire compensation formalities);

- Improved quality of transport services offered to the customer (shipper, forwarder) such as continuous data on cargo whereabouts thereby facilitating off take and delivery and reducing insurance costs.

2.3.21 Porttracker produces similar accrued benefits in ports (ship turnaround time, berth occupancy, labour and equipment handling productivity, dwell time).

2.3.22 The automated system for customs data and Management (ASYCUDA) was adopted with the purpose of eradicating restrictive customs regulations at the ports, and for the improvement of communication between the port and inland destinations. If well implemented the use of ASYCUDA leads to better transit transport management practices.

2.4 Transit traffic facilitation

2.4.1 A 1996 joint World Bank/UNCTAD study argued that a trade and transport facilitation program entails the systematic rationalization of procedures, information flows and documentation related to a country's trade and transport. The study further stressed that reducing physical barriers and institutional interference, and simplifying legal regimes is necessary for improving international transport operations but not enough without overall structural changes covering new trade and transport practices, particularly in the field of customs procedures and in the use of modern trade and transport related technology.

2.4.2 In this context and considering the particular situation of East and Southern Africa, transit transport facilitation should entail, without being exhaustive, the issues and/or areas listed below.

(a) ***Policy and regulatory measures***:

i. **Measures governing the right of passage for foreign registered means of transport**:

- Ensuring open and free access to transit network for means of transport and crews in transit;

- Harmonisation of load limits such as axle load limits, rail load limits and maximum load for vessels;

- Road permits for commercial vehicles;
- Temporally admission schemes for personal vehicles involved in transit operations;
- Harmonization of technical requirements for foreign registered vehicles, rail wagons/locomotives and other cargo carrying vessels;
- Establishment of third party vehicle insurance schemes;
- Non discriminatory treatment of transit operators regarding transit fees and other user charges;
- Harmonization of technical inspection standards for cargo carrying means of transport and mutual recognition of certificates of road/sea worthiness;
- Agreement on documents required on board cargo carrying means of transport while in transit.

ii. Measures governing transit transport operations

- Right of establishment of branch offices by inland operators in transit countries;
- Multiple entry visa facility for operators involved in transit transport activities;
- Liberalization of Cabotage operations (transport services on domestic routes);
- Mutual recognition of driving licenses;
- Inter-railway agreements;
- Non discriminatory use of navigation aids, radio frequency and other inland waterways facilities;
- Uniform rules for the contract of carriage and liability (loss of goods, damage, delay) of the carrier;
- Uniform rules for the transport and handling of dangerous cargo;
- Non-discriminative treatment of transit transport operators competing with domestic operators for the use of ports, ICDs, rail, road and other transit facilities along transit corridors.

(b). Customs, administrative and commercial procedures and documentation:

i. Customs procedures and documentation:

- Regional customs transit schemes governing the movement of transit cargo (non requirement of customs duties for transit cargo, customs guaranty schemes);

- Harmonization of customs procedures and documentation.

ii. Other controls and inspections by government agencies:

- Police security controls in ports and other cargo handling terminals and along transit routes;

- Quality standards/phytosanitary/health inspections at ports and border posts.

iii. Commercial formalities:

- Port formalities;

- Transport formalities (rail, road and other modes of transport);

- Formalities at cargo handling terminals (ICDs, lake/river ports, dry ports).

2.4.3 A number of initiatives were designed and successfully implemented by some countries or transit corridors. Among such measures is the adoption of a unified/harmonized customs transit document, the road customs transit document (RCTD), which was later on replaced by the current COMESA/SADC customs document (COMESA/SADC-CD). Harmonized road transit charges, a regional vehicle insurance scheme and a cargo tracking system (to mention a few) have also been successfully implemented in some countries.

2.4.4 There is however serious shortcomings that still need to be redressed, among them the following:

- Harmonized load limits not yet fully enforced throughout the region;

- Technical inspection for vehicles and other types of transport equipment is not yet harmonized and the modalities for mutual recognition of the certificates of road/sea worthiness are not yet in place;

- All the countries have not yet implemented harmonized road user charges;

- There is no multiple entry visa facility for crews in transit and other transit operators and visa charges are quite high;

- Cabotage is not yet allowed, as regional trade in transport services has not yet been liberalized at the domestic transport market level;

- Although inter-railways agreements were negotiated, rail networks are not yet fully opened to each other's locomotives;

- The regional customs guarantee scheme adopted through COMESA is yet to be ratified by countries and transit operators are still obliged to cater for costly transit bonds in each transit country;

- Customs procedures and other administrative formalities are often changed without notification to the users;

- Joint controls at adjacent border crossings are inexistent;

- The COMESA/SADC CD or single administrative document is yet to be implemented by all countries;

- Too many security agencies are involved in the control of transit traffic and their activities are not coordinated;

- Commercial formalities are sometimes time consuming and not streamlined.

3. REVIEW OF PAST AND ONGOING TRANSIT TRANSPORT COOPERATIVE PROGRAMS: ACHIEVEMENTS AND SHORTCOMINGS

3.1. Overview of the status of implementation of transit transport arrangements

3.1.1 To foster regional economic integration and to promote social and political harmony, African countries have endeavoured to build up regional economic communities and other intergovernmental institutions. In the same process conventions, agreements, treaties, protocols and other arrangements were successfully negotiated to cover most key sectors including transit trade and transport.

3.1.2 In both East and Southern Africa, the basic policy and institutional framework for transit transport cooperation exist. This is through bilateral and multilateral agreements. In East Africa, the East African Community Treaty and the second East African Community Development Strategy (2001-2005) have provisions intended to improve transit transport. The Northern Corridor Transit Agreement (NCTA) which has been under implementation for a long time, is specifically intended to facilitate smooth flow of transit traffic along the Northern Corridor.

3.1.3 Southern African counties have concluded a comprehensive regional agreement in the form of the Protocol on Transport, Communications and Meteorology (PTCM). The Protocol was signed in August 1996 and ratified by the majority of the SADC member counties in July 1998 making it legally binding on all countries. Among other provisions, the Protocol provides for the operation of an integrated regional transport system including improved transit facilitation.

3.1.4 What transpires out of the region's experience is that where these agreements, protocols, memorandum of understanding and other cooperative frameworks were adopted and implemented or complied with even to a modest extent, they proved that they can serve a good purpose as instruments for cost and time effective transit systems. This means that tremendous progress would be made in alleviating the burden of land-locked countries should these cooperative transit arrangements be fully implemented and complied with.

3.1.5 In general, however, the implementation of these cooperative transit arrangements has been far below expectation, as depicted in Annex II showing a matrix of regional economic communities' activities in the main transport thematic programmes. Therefore, harmonization and coordination of transit transport systems in East and Southern Africa remain a big challenge as transit operations still tend to be fragmented rather than integrated.

3.1.6 The observations below point out more specific areas believed to have had an adverse effect on the full implementation of transit agreements and on full compliance by the signatory countries:

i) There are National laws that interfere with transit agreements and the signatory countries seem to be more loyal to their local regulations. The governments' commitment is crucial for the successful implementation of a transit agreement.

ii) Lack of sufficient knowledge of the relevant transit agreements and a low level of awareness in transit facilitation issues has been recorded among government officials responsible for the implementation of transit agreements.

iii) Transit agreements as well as international conventions allow transit countries to take measures they deem necessary to protect their economies. However, the extent to which transit countries apply various measures to transit traffic has been a source of disruption to the movement of transit cargo and has adversely affected implementation of transit agreements.

iv) In most cases, the frameworks established for the implementation of transit agreements do not have enough capacity in terms of power, funds, expertise or material resources to enforce the implementation of the relevant agreement, to deal with uncooperative signatory parties or to assist those willing but lacking resources to fulfill their commitments.

v) As the transit transport industry adjusts to the new global environment driven by globalisation and information technology, issues not fully covered in the existing agreements have been coming out. Such issues relate to areas like multimodal transport technology, information technology, environment, safety of human life and the security of transit cargo. New policy and management trends like liberalization, commercialization, restructuring and private sector participation are also not well covered by all the current agreements.

vi) Implementation of some clauses or protocols like the motor vehicle third party insurance scheme, require conflicting legislations across borders to be harmonized. Where this harmonization issues has not been fully addressed, the implementation of the relevant clauses and protocols has been negatively affected.

vii) Fluctuating traffic flows from landlocked countries discourage transit countries in undertaking long term investment projects to cater for transit cargo. Inability by landlocked countries to guarantee transit traffic patterns that are economically sustainable has had a negative effect on the implementation of regional agreements by transit countries.

viii) The implementation of certain clauses of transit agreements like those related to uniform transport infrastructure standards or uniform technical specifications for means of transport require substantive investments. The implementation process (which would otherwise require replacement or transformation of the current infrastructure or rolling stock) tends to be progressive and to take time.

ix) Co-ordination and mutual administrative assistance among countries using the same transit corridors are still weak partly due to lack of communication

facilities. The implementation of transit agreements would be greatly facilitated if customs authorities, police authorities and stakeholders from transit and inland countries could be sharing information and exchanging views on a daily basis.

3.2 Regional organizations' capacity and inter-agency coordination

3.2.1 A study carried out by COMESA underlined the proliferation of sub-regional organizations in Eastern and Southern Africa. It identified 14 regional integration groupings to which 24 countries are members. In addition, 15 other organizations dealing with transport and communications were identified in the COMESA region alone.

3.2.2. The study highlighted the ease with which countries subscribe to membership of RECs and SROS with overlapping mandates and activities leading to duplication, wasteful competition and drain of financial and human resources. The situation is often aggravated by the failure by the same countries to back up membership with resources and implementation of the cooperative arrangements agreed upon.

3.2.3 The result is that most of these institutions failed to attain their set objectives while some of them are in disarray or have virtually collapsed. This is one of the key factors underlying the current lack of or slow implementation of transit cooperative arrangements in East and Southern Africa.

3.2.4 Positive developments to restructure, enhance capacity and improve inter-agency coordination were recorded. COMESA was restructured with assistance from UNECA, which is also supporting the ongoing restructuring process at the Mombasa/ Northern corridor TTCA. The latter process involve two studies covering the restructuring of the permanent secretariat and the review and updating of the NCTA. The two are at an advanced stage but more resources are needed to complete the process. The restructuring of the SADC secretariat and affiliated sector coordination units is also underway.

3.2.5 As regards to inter-agency coordination, recent efforts to foster coordination between SADC and COMESA were recorded. Memoranda of understanding were also signed between COMESA and EAC as well as COMESA and TTCA. COMESA, SADC, EAC, TTCA and PMAESA were able to joint their efforts on ad-hoc basis in carrying out some activities with support from agencies such as USAID/REDSO and UNECA/EA-SRDC. There are signs however that the trend may loose its steam unless further support and efforts are put in.

3.2.6 From the above observations, it is clear that there is need for:

- Further support to the ongoing restructuring process at the Mombasa based Permanent Secretariat of the TTCA;
- Institutional support to boost capacity in all RECs and SROs within the region;
- Specific measures for salvaging ailing institutions such as KBO, CEPGL, BDGL and ISCOS;
- Consolidating the existing REC/SRO coordination mechanisms and ad hoc practices into a regional inter- agency coordination arrangement.

3.3 Major programs and approaches addressing transit transport issues

3.3.1 Despite the slow pace in implementation, landlocked and transit countries of East and Southern Africa continued to chart out innovative solutions to the problems frustrating the prospects of a seamless movement of transit trade to or from the sea and across the region.

3.3.2 This was facilitated by regular policy dialogue through bilateral consultations and regional organizations' meetings. The latter comprise intergovernmental expert meetings, council of Ministers meetings and summits of Heads of State, which provide an ideal platform, and a valuable communication link required for dealing with issues related to transit trade logistics.

3.4 Corridor approach to transit transport cooperation

3.4.1 Negotiations along a corridor perspective started in East Africa in the wake of the break up of the first East African community which was dissolved in 1977 together with its powerful transit transport management system (a customs union, a joint harbours and railways corporation, etc…). The negotiations, fuelled by extensive research and technical back up from UNCTAD and a strong financial backing from donors led to the signing of the Northern corridor transit Agreement, NCTA, in Bujumbura in 1985 and to the subsequent formation of the Northern corridor transit transport coordination authority, TTCA, with a permanent secretariat based in Mombasa. Member countries are BURUNDI, DRC, KENYA, RWANDA and UGANDA. TANZANIA was offered an observer status.

3.4.2 Since then, the corridor approach has been adopted in Eastern and Southern Africa with constantly evolving patterns. This has led to the broader concept of development corridor/spatial development initiative (SDI), which translated, into viable projects in Southern Africa. The basis of these concepts is to view economic activity including transport in a holistic manner recognizing the interdependence of sectors. The largest and most advanced development corridor to date is the Maputo Development Corridor, which links South Africa's industrial heartland of Gauteng with the Mozambican port of Maputo. Its development is private sector driven.

3.4.3 These new strategies, well documented by other studies, has proved to be an effective strategy for:

- Identifying economic development opportunities that could be sustainably developed around the corridors boosting in the same process transit trade and transport;
- Mobilizing private sector investment and involvement;
- Promoting viable partnership between foreign, regional and local investors around the corridor agenda.

3.4.4 Another major emerging corridor approach pattern is public private partnership characterized by increased private sector participation in policy dialogue, system design and program implementation. A salient feature of the Mombasa Northern corridor consultative mechanism is the Northern Corridor Stakeholders Forum. This forum brings together port

authorities, customs, freight clearing and forwarding companies, railway corporations, road carriers, shipping companies, shippers, TTCA as well as other government agencies. It has provided the transit transport industry with a valuable opportunity to collectively engage government agencies in the same time taking responsibility of its own obligations. Since its establishment in 1999, the Forum has brought about a wave of changes never seen before.

3.4.5 In Southern Africa, private sector involvement in transit corridor development is even more pronounced. For the Trans Kalahari corridor for example, a public private partnership was entered into to systematically address the constraints pertaining to the corridor.

3.5 New ways for infrastructure financing and management

3.5.1 Some countries in East and Southern Africa have undertaken extensive road sector reforms involving commercialization of roads by applying the user-pay principle. This enabled countries to strengthen the sustainability of the road sector by establishing stable and regular financing systems through adequate user charges. The proceeds from such charges are managed by dedicated road funds with boards that have adequate representation of the private sector.

3.5.2 The road sector reforms also entail the improvement of road management capacity through the creation of autonomous road agencies or authorities operating on sound business principles. The capacity of the domestic road construction industries has been enhanced through such programs, which enabled them to take over road maintenance operations previously carried out by government road departments. Indeed a key feature of the road sector reforms has been the contracting out of road maintenance activities to local small and middle scale construction companies. Road management has also been decentralized to local authorities with the central government retaining responsibility only for major trunk roads. In the same process, responsibilities of the different institutions involved were further clarified.

3.5.3 The latest trend in transit transport infrastructure financing and management is characterized by emerging new partnerships between the public and private sectors. The Nakala and Maputo corridors offer good examples of how this type of partnership can be effective in mobilizing investments and technical capacity to develop and maintain road, railway, port and inland waterway infrastructure.

The role of the donor community and development partners, which was critical to the success of these reforms, should be commanded. The road sector reform programs received technical support from the SSATP through its road management initiative and critical financial support from all major donors. The contribution played by the RECs is equally commendable. The SADC transport investment forum held in Windhoek, Namibia in April 2001 and more recently the donors conference organized by the EAC in April 2003 are a clear testimony of their resolve to support new strategies for mobilizing investment for transit transport infrastructure maintenance, rehabilitation and upgrading.

3.6 Liberalization, Restructuring and Promotion of Private Sector Participation

3.6.1 A major change of government attitude has unfolded during the last two decades. Government intervention in the provision of transport services has considerably diminished particularly in the road transport sector, which is currently highly competitive. In the rail, port and inland waterway transport sectors where governments are still involved, the provision of transport services has been liberalized allowing free competition between transit routes and modes of transport. Railway, port and lake/river service operators have been given in some

countries greater autonomy to make operational and management decisions based on business considerations. More radical reforms involving restructuring and concessioning of ports and railways are underway but appear to be slow paced. More efforts from donor community and development partners are needed to assist countries in completing the reforms undertaken.

3.6.2 An equally far reaching development was the emergence of regional trade and industry associations such as:

- The Federation of Southern Africa National Road Transport Associations, FESARTA;
- Association of Southern Africa National Road Agencies, ASANRA;
- Federation of Clearing and Forwarding Associations of Southern Africa, FCFASA;
- Southern Africa Railways Association (SARA).

3.6.3 In parallel, national umbrella bodies, encouraged and enhanced by the emergence of regional associations and government reform programs, sought to play a bigger role in furthering the transit transport agenda. This new dynamic re-energized the private sector engagement with governments through available mechanisms such as stakeholder forums, ad-hoc workshops/seminars and even intergovernmental meetings.
Results were tremendous as illustrated by the above mentioned case of the Mombasa/ Northern corridor stakeholders Forum. Similarly, the success experienced in overload control in Kenya when the Kenya Transporters Association (KTA) stepped up its own campaign (posting observers at weighbridge sites 24 hours a day) was never seen before throughout the region.

3.6.4 However the emerging private sector trade and industry associations lack capacity and resources. Hence their interventions tend to be crisis driven and some of their innovations do not last (like in the case of the KTA campaign). This is an area that should be accorded the highest priority for technical and financial support as a potential anchor for sustainable transit transport development in the region.

3.7 Transit Transport Facilitation Programs

3.7.1 Major regional organizations such ass COMESA, SADC, TTCA and EAC have embedded in their activities transit transport facilitation programs**.** The scope of issues tackled by these programs generally evolved from numerous recommendations, resolutions and decisions adopted through intergovernmental meetings and broader stakeholder consultations. This consultation process was significantly enriched by inputs from research work undertaken with support from donors and partner institutions or programs.

3.7.2 Among key transit transport instruments targeted by most of the existing programs are the following:

- Harmonized axle load limits and axle load control: adoption of harmonized axle load limits is largely implemented but enforcement in terms of axle load control is poor;

- A unified regional customs document: adopted by TTCA, COMESA and SADC; the current document COMESA/SADC customs document, replaced the Road Customs Transit Declaration (RCTD);

- A regional customs guarantee scheme: adopted by COMESA (1990 summit of Heads of States held in Swaziland), it has not yet been ratified by the minimum required number of member States;

- Harmonized road transit charges and a coupon system for payment of road transit charges adopted by COMESA and TTCA; it is being implemented by about half of the COMESA member States as far as harmonization of charges is concerned;

- Regional vehicle third party insurance scheme (yellow card scheme): it is among the most effectively implemented;

- Advance Cargo Information System (ACIS): it is operational (only the rail tracker and port modules) along some key transit corridors;

- Automated System for Customs Data Management (ASYCUDA) is being implemented in parallel with the COMESA/SADC-CD as the latter requires its installation to be fully operational;

- COMESA carrier license allowing foreign registered vehicles to transit through any country within the region without being subjected to domestic licensing requirements; many countries still require local transit permits;

- COMESA transit plates to be fitted at the front and rear of heavy goods commercial vehicles involved in transit operations within the COMESA region: it is not implemented by most of the countries;

- One-stop border posts (joint border posts): it is not implemented yet;

- Customs mutual administrative assistance: process was made in information sharing and regular meetings among customs authorities; adequate information technology applications to empower the system are however needed;

- Establishment of national trade and transport facilitation or other transit facilitation committees: committees have been or are in the process of being established but their capacity is a serious constraint;

- Promotion of the adherence by member States to international conventions relating to transit transport: high on the agenda but few practical steps taken mostly due to lack of technical capacity;

- Mechanisms for the streamlining of cargo port clearance: important developments were recorded in the port of Mombasa where recommendations of a committee specifically set up for this purpose were implemented reducing overall cargo dwell time from seven to two days.

3.7.3 The table below presents the status of implementation of some of the transit transport instruments from the COMESA program.

Table3: Status of implementation of the COMESA transit facilitation program

Country	HRTC	Axle load limits	Max. length 22.0 m	CCL	COMESA transit plates	Overload control	MWG	HFX	% Perform-ance
Angola		X							0
Burundi	X	X	X					X	50
Comoros	N/A	N/A		N/A	N/A	N/A		N/A	0
D.R. Congo		X	(18)				X	X	38
Egypt	X	X	X			X	X		63
Eritrea		X	X			X			38
Ethiopia		X		X		X	X	X	63
Kenya	X	X		X	N/A		X	X	71
Madagascar	N/A			N/A	X			N/A	20
Malawi	X	X	X	X	X	X	X	X	100
Mauritius	N/A			N/A				N/A	0
Namibia			X						13
Rwanda	X	X	(18)		N/A		N/A	X	50
Seychelles	N/A	N/A	N/A	N/A		N/A		N/A	0
Sudan	X	X	(18)				X		38
Swaziland		X	X	X			X	X	63
Tanzania		X	X	X			X	X	63
Uganda	X	X	(18)	X		X	X	X	75
Zambia	X	X	X	X	X		X	X	88
Zimbabwe	X	X	X	X	X		X	X	88
Total no. of countries to implement	16	18	18	16	17	18	19	15	
Number of countries implementing	9	14	7	8	4	4	10	11	
% imple-mentation	56	78	40	50	19	22	53	73	49

Source: COMESA.

N/A: Not applicable
CCL: COMESA Carrier Licence
CS: Coupon System for payment of road transit charges.
HFX: High Frequency cross-border land Mobile Radio Communications System.
MWG: Multidisciplinary Working Group at the national level
HRTC: Harmonised Road Transit Charges.

3.8 Operational efficiency improvement solutions

3.8.1 As stated earlier, countries seeking to compete effectively in the world markets strive to achieve the highest standard level of trade and transport efficiency. It is a matter of survival for both landlocked and transit countries.

3.8.2 In this regard, the steps taken by the industry to boost operational efficiency should be given due attention. Some railways for instance have launched dedicated bloc-train services for their inland clients. On the Mombasa corridor, this reduced transit time from the port to Kampala from 28 days to 7 days. Inter-railway cooperation has also been enhanced. To improve operational performance, some railways involved their clients in the rehabilitation of grounded wagons against exclusive use of the repaired wagons and price rebates.

3.8.3 The most radical development however is the fast containerisation of transit traffic and related changes over the last two decades. It led to important productivity gains in port operations. The construction or expansion of container terminals at the sea ports and ICDs /dry ports in the hinterland contributed significantly to this development. This opened the opportunity of organising multimodal land-bridge operations from sea ports to remote ICDs/Dry ports involving direct ship-to-rail cargo handling, thus bypassing lengthy port formalities and frequent port congestions. Where such operations are successfully organised, different stakeholders such as shipping lines, railways, customs and ports have to design sometimes complex collaboration mechanisms and even special operational arrangements. The "rail-trainer service" that links the port of Mombasa to the Embakasi ICD (Nairobi) is a case in point. The Dar-es-Salaam port and Tanzania Railways Corporation (TRC), in cooperation with shipping lines, are trying to develop a similar system between the port and Isaka ICD (1000km inland), close to Rwanda and Burundi borders.

3.8.4 Such arrangements bear considerable benefits:

- Easier port and customs clearance as formalities are performed at the ICD away from the sea ports;
- Certain customs and other administrative requirements such as the customs transit bond and the escort of transit cargo by police may become redundant and therefore removed;
- Faster transit as special cargo handling arrangements are generally put in place at the sea port;
- Improved security as the goods are still under the responsibility of the shipping line and are usually transferred from port to ICD by rail (bloc-transit service);
- Lower transport costs due to lower risk of empty container overstay and, as a consequence, lower risk of incurring demurrage charges since the 'turn-in point' is, in this case, the ICD/dry port (instead of the sea port) which is closer to the inland shipper.

3.8.5 The implementation of IT based cargo tracking systems is another important step made in the development of efficient transit systems. The railtracker module ACIS is operational along many railway transit routes throughout the region and the port tracker is operational in the ports of Mombasa and Dar-es-Salaam. A study for the design and implementation of a cargo tracking system suitable for road transit routes is underway in the Mombasa/Northern corridor. In the meantime ACIS implementation is continuing. A study is underway to establish a backbone information system (BIS) in Rwanda.

3.8.6 In view of the above information, the arising general comment is that, despite the progress achieved, more efforts and resources still need to be committed for the regional transit transport industry to achieve international efficiency standards. The fundamental structural transformation (in transport and trade practices) required for the regional industry to be able to compete internationally is yet to happen. The recent developments highlighted

above such as multimodal operations, automated cargo tracking and railway inter-networking arrangements have not yet been embraced as common practices and are still limited in scope. Moreover, current key trade and transport practices do not offer a favourable environment for raising the regional level in terms of transit transport efficiency to international standards. The main reason for this is that they are paper work oriented and are not amenable to automated systems and EDI.

3.8.7 EDI and e-commerce applications, which have radically transformed the transit trade business in other parts of the world, are still limited. As the world enters the information age, superior ICT solutions are a critical factor for regional and global competitiveness. Information technology applications are critical to corridor performance monitoring as well as networking and information sharing. They positively impact on operational and management efficiency as they reduce paperwork and as a consequence cost, time and errors. They offer viable options in addressing even the most complex issues such as combating customs fraud (through instant sharing of information among customs authorities).

3.8.8 The bill of lading (B/L) is the commonly used maritime transport document in Eastern and Southern Africa. However the B/L binds the issuing shipping line to deliver the goods only to the person that would present physically this document at destination. This makes the B/L not amenable to electronic transmission. The issue is that the B/L as currently used is a major hindrance to the speedy processing of a transit transport operation. Modern freight logistics, due to the speed at which consignments move, require that cargo handling, port formalities and related payments be prepared in advance of arrival of goods in the port of destination. However, such operational arrangements are currently constrained in ESA as the B/L takes time to reach the consignee at the port of destination. In some cases, the consignment arrives at the port of destination before the B/L. This causes serious port transit bottlenecks and it is an important cost and time factor.

3.8.9 The documentary letter of credit, the most commonly used mechanism in the region for international trade payments, is also source of delays and cost. The suppliers tend to hold onto the B/L until they are confident that the banks involved in the processing of the letter of credit will honour it. This is one of the main causes of delays incurred in the clearing of such a consignment at the port of destination. The suppliers' attitude may not be condemned, as one is never sure that the processing of a documentary letter of credit will be smooth. It is indeed cumbersome, as it requires physical movement of documents across banks in different countries, which is longwinded and time consuming. Moreover, the whole process, which is quite sophisticated, is little understood and badly managed by the users causing further delays and increasing the risk of errors.

3.8.10 The most used international trade terms in the region such as FOB for exports and CIF for imports do not augur well with the development of multimodal transport. Such terms promote shared responsibility between the buyer and the seller over the transport operation denying any of the two parties control of the entire chain, hence hindering any possibility of organising a multimodal transport operation.

4. AGENDA FOR FUTURE ACTION

4.1. General considerations

4.1.1 The agenda that is proposed comprises priority areas of action that take into consideration the issues discussed above. It particularly aims at proposing ways of addressing the shortcomings of past and ongoing interventions. However, the proposed agenda is also meant to guide new initiatives. The agenda seeks to promote new strategies and approaches where and as it may be required. It draws from the recommendations, resolutions and decisions that arose from numerous studies and regional meetings that discussed most of the themes covered under this report.

4.1.2 A common feature, which underlies the proposed priority areas of action, is that what needs to be done has been identified in many cases but action has not been forthcoming. This means that, in general, what is needed is firm commitment from interested countries, a regional consensus on a framework of prioritisation of various programs and most importantly accelerated and coordinated implementation. Evidently a more determined and coordinated support from donors and development partners is needed. **This means that, in this case, the proposed agenda does not intend to repeat all the specific areas of intervention identified through earlier studies and consultations. Instead it aims at complementing past and ongoing efforts by focussing on possible ways to expedite their implementation. Among the latest round of regional consultations is the SSATP (World Bank) meeting held in Kigali from 26th to 30th May 2003. This meeting adopted a list of priority issues on which the RECs should concentrate their efforts in order to enhance transit transport efficiency in the region. The adopted list is attached as annex 2.**

4.1.3 A number of critical areas reviewed above do not however fit entirely in this picture as they still call for more research, consultations and new strategies. These are the areas reviewed above such as multimodal transport, EDI and e-commerce applications. They are also related to the bill of lading, international trade terms and the letter of credit. They cannot be ignored as they are closely related to the current globalisation trend and the IT revolution that are reshaping the way business is done across the world.

4.1.4 The issue is that the current approach to transit transport facilitation focuses more on establishing regionally negotiated rights and obligations under which LLC are permitted to use the transit facilities of their coastal neighbours. Such a scope is too narrow and does not sufficiently take into account global trends. The overall competitiveness of the regional trade and transport systems is equally if not more important than issues related to transit rights and obligations. It is for example well known that multimodal transport operations cannot develop in an environment where trade and transport systems are outdated and this may be the reason why multimodal operations are still limited in the region.

4.2. Accelerating implementation of transit transport regional arrangements

4.2.1 To expedite implementation of transit transport regional arrangements, due attention should be paid to the following areas:

(i) Undertaking action to update where necessary the existing cooperative arrangements in view of the latest developments in trade and transport such as multimodal transport operations, EDI and e-commerce applications.

(ii) Operationalizing the normally very general agreements by preparing operational manuals, guidelines and tool kits detailing practical aspects of the implementation process. Training of key players would also be needed to familiarise them with these tools. The RECs could play a vital role by assisting countries in this process.

(iii) The RECs and SROs, the international community and the private sector should be more determined in their advocacy and championship role in order to secure stronger government commitment towards implementation of regional arrangements. Regional organisations could play a major role through the meetings of their organs, such as Councils of Ministers and Summits of Heads of State.

(iv) At the national level, policies and legislation need to be enacted where necessary to bring the existing legal and administrative systems in line with regionally agreed protocols. Where regional instruments were not signed or ratified (i.e. the COMESA regional customs guarantee scheme), this should be done as a matter of priority.

4.3. Improving corridor management and performance

4.3.1 Corridor management capacity and performance are key contributing factors to transit transport efficiency and cost effectiveness. The following areas are critical to the improvement of corridor performance and management in ESA.

(i) In some corridors, the existing corridor management frameworks need to be enhanced. Other corridors do not yet have transit transport coordination mechanisms. Regional organisations should endeavour to foster bilateral and multilateral negotiations in order to facilitate the establishment of such mechanisms where they do not exist. The most crucial need however is to support existing corridor authorities, stakeholder forums, corridor planning committees and route management committees.

(ii) Transit corridor economics in East and Southern Africa have been a complex issue as transit trade patterns are constantly shifting in an unpredictable fashion. It is therefore necessary to study the underlying factors and try to design long term strategies that take into account the linkage between transit transport and trade patterns. The concept of development corridors and SDIs that has been turned into viable projects in Southern Africa would help to tackle this issue because it seeks to harness the linkage between transport and economic activity. There is an urgent need to undertake studies in order to explore the possibility of replicating the Southern Africa experience in East Africa.

(iii) A broad based approach bringing onboard various interest groups is the way forward for effective corridor management frameworks. It is therefore important that private sector participation in corridor management activities be enhanced. Capacity building support is however needed to enable the private sector to fully play its role.

(iv) Corridor performance monitoring is another key area that deserves attention. Adequate solutions such as transit transport observatories need to be implemented.

(v) Inadequate funding is one of the most critical constraints faced by corridor authorities, committees and forums. Most of them are not financially self sustainable. It is therefore imperative that adequate solutions be sought to guarantee sustainability of corridor management institutions. The case of the TTCA whereby a minimal charge has been embedded in port charges to fund the authority's permanent secretariat may provide some lessons.

(vi) Exchange of experience should be promoted to facilitate sharing of information on sound practices related to corridor management. Regional organisations have a key role to play through information dissemination and other activities.

4.4. Strengthening regional organisations and enhancing inter-agency coordination

4.4.1 Regional organisations need to fully play their role in order to assist member States in advancing the transit transport agenda. They need however capacity to do so. They also need to harmonise and coordinate their programs. Therefore, the areas below deserve due attention.

(i) The capacity of regional organisations in East and Southern Africa should be further strengthened to enable them to play fully their role as policy advisers to the member States. Indeed some ailing institutions such as KBO, CEPGL, BDGL, ISCOS and others may require specific measures for salvaging them where needed. Organisations undergoing restructuring (or intending to do so) deserve particular attention.

(ii) Overlapping mandates among regional institutions have led to considerable duplication of activities and wastage of scarce resources. Countries may need to consider rationalising regional organisations, as they are too many. This would allow countries to concentrate resources on a reduced number of highly effective institutions.

(iii) There is need for an inter-agency coordination mechanism involving sub-regional organisations and private sector associations. Other players such as donors and development agencies should also be invited to participate.

4.5. Sector policy development and infrastructure financing and development

4.5.1 The following aspects of policy development and infrastructure financing and development need to be developed:

(i) Integrated transport sector policies with clearly articulated linkage with major economic goals such as poverty alleviation, economic growth and regional integration are not yet fully developed in all the countries. Current efforts by the SSATP to support this necessary development are timely. However much more assistance to countries and regional organisations is needed.

(ii) More specifically, road sector reform programs should be undertaken where they do not exist. It is not advisable for countries to embark on establishing road funds and road management agencies which are not supported by broader sectoral reforms touching on road infrastructure financing and management.

(iii) Major regional organisations in ESA should consider undertaking studies to assess the viability of the establishment of regional road funds. This would be a major development, as it would facilitate resource mobilisation for the rehabilitation or upgrading of weak sections of the regional network or for the construction of missing links.

(iv) Regarding the rehabilitation and upgrading of regional transit transport infrastructure, the highest priority should be accorded to actions that particularly advance the regional integration agenda trough the strengthening of the inter-connectivity of the regional transit transport network. Such actions include the following:

- Closing the missing links and strengthening the weak sections:
- Developing the missing links with particular emphasis on:
  - The Great lakes – Southern Africa corridor with need for immediate attention on the Kasama-Mpulungu rail link,
  - The missing rail links for connecting countries not yet connected to the regional rail grid including connections that would link the DRC to the East African network,
  - The extension of the Northern Corridor pipeline network to connect the GLR countries,
  - The road links connecting Eastern DRC to the Northern Corridor network,
  - The Northern Corridor lake link from Kisumu to Kemondo Bay on Lake Victoria (identified as highly competitive for transit traffic to/from the GLR),
- Rehabilitation of sections of the transit network which are in poor condition with particular attention on infrastructure destroyed by war in countries such as Angola, Mozambique and Rwanda,
- Harmonization of construction designs and maintenance standards for road and rail transport infrastructure;
- Development of frontier facilities and transport interface facilities:
  - Intermodal transport terminals (container terminals, ferry – link ports, dry ports/ICDs with road/rail/pipeline access, oil jetties for bulk oil handling);
  - Infrastructure facilities for joint border posts.

The RECs should play a major role in implementing this action and, for this purpose, they will need to coordinate their efforts in order to chart out a common strategy. Private public partnerships should be encouraged where viable projects can be developed. A preliminary study to assess the current situation and shed light on possible options could be the first step.

(v) Transport safety and security is critical to the competitiveness of transit transport systems. This issue should be elevated higher on the regional transit transport agenda. Regional organisations are urged to set up programs targeting the improvement of the safety and security of cargo and crews along international trade routes. Due attention should be paid to port safety and security. The threat posed by the AIDS scourge also requires specific action to be taken. An assessment study should be carried out throughout the region to identify programs designed for combating the propagation of AIDS along international trade routes. Action should be taken to support such programs and to promote them where they do not exist.

4.6. Fostering transit transport competitiveness in East and Southern Africa

4.6.1 As argued above, trade and transport competitiveness, in the context of globalisation, require high quality innovative services that are also cost-effective and reliable. Hence the provision of such services requires a strong market orientation, which is not confined to a narrow transport perspective but embraces a broad trade management vision. This means that the scope of a plan of action geared towards the transformation of the regional transit transport industry goes beyond the implementation of some improvement measures responding to specific transit traffic requirements. More fundamental structural changes involving new trade, financial and transport technologies and practices are needed across the board. The aim would be to enable ESA to attract leading international freight logistics operators. Most importantly such radical developments should aim at supporting the emergence from the region of an innovative and internationally competitive freight industry.

4.6.2 In this context, countries and regional organisations in ESA with the support of the donor community should include in their top priorities the areas identified bellow.

Supporting market orientation and private sector participation

i) Efforts focussing on enhancing the commercialisation of transport services where they exist are commendable. Such efforts should target at initiating viable partnerships with the private sector in all sectors where the latter is a more suitable operator. Governments may retain control of infrastructure ownership where necessary and mostly a regulatory role. Where concessioning of rail, port or other systems have been adopted, an independent regulatory body may be established to oversee fair play among the new entrants. At the regional level, the joint-concession option should be considered where the process involves, for example, an inter-state railway link owned by two or more countries. Such an option has been highly rated by studies in the case of the Mombasa-Kampala rail link considering that both Kenya and Uganda are implementing rail concessioning programmes, which have reached an advanced stage.

ii) Enhancing the institutional capacity of the private sector, particularly industry bodies established nationally or regionally. Countries and regional organisations should endeavour to create an enabling environment whereby the private sector plays a central role and can evolve as the main anchor for the transit transport recovery effort in East and Southern Africa.

One way of boosting private sector capacity would be to support consultative mechanisms among stockholders within countries and at the regional level. Furthermore, public private sector dialogue in this area should be enhanced.

Improving Transport efficiency and competitiveness

iii) The development of intermodal and multimodal transport operations could potentially become a powerful driving engine for the transformation of the regional transit transport industry. Another revolution seems however required to get the engine started. Regional organisations may need to hold specific consultations on this issue to agree on a common approach and preferably a common program. Awareness raising activities and information dissemination at the country level and regionally will be required for governments and the industry to better understand the benefits and need for change.

Further action would however be needed in order to enhance the regional level of preparedness and to overcome current deterring factors. The interventions to be made would require a strong support from regional organisations, development partners and donors.

Such interventions should include the following:

- Improving overall trade and transport competitiveness in the region;

- Undertaking studies to assess the impact of current international shipping and international financial systems (banking, insurance) on the development of multimodal transport operations in East and Southern Africa;

- Based on the findings of the above studies, designing and implementing a plan of action with the purpose of promoting the emergence and development of multimodal operations within the region;

- Implementing a vast training program to equip the region with currently lacking expertise in the promotion, regulation and management of multimodal transport operations;

- Review of the existing laws to integrate aspects related to the regulation of multimodal transport operations;

- Considering ways of adopting and enforcing the international convention on multimodal transport as a regional agreement pending its enforcement at the global level; the experience of the CEMAC region where a similar process has been undertaken would provide useful lessons;

- Designing programs targeting the removal of specific barriers to the development of multimodal transit transport operations in Eastern and Southern Africa.

iv) In Eastern and Southern Africa, there is an urgent necessity for a wide scale and more business oriented use of IT applications in general and in the transit transport sector in particular. There is a need for regional organisations to design specific programmes aiming at assisting countries in promoting the use of information technology in the transit transport and related sectors.

It should be stressed however that shifting from manual to automated systems requires radical reform of underlying legal, administrative and commercial procedures and practices. Reducing paper work should go along with streamlining current procedures and eliminating redundant business and regulatory requirements that do not add value to the transit trade process.

Finally promoting IT in the transit transport sector will require massive training and any plan of action should take into consideration this specific need.

V) The establishment of Trade Points impacts positively on national and regional trade and transport efficiency. Trade points are centres where service providers and key government agencies are physically or virtually present under one roof. They tremendously improve service delivery. They constitute a valuable source of trade information and a kind of gateway to the international network.

The trade point concept is not unknown in East and Southern Africa. Indeed one is in the process of being established in Rwanda. The existing trade points should be strengthened and plans underway to establish others should be supported. Countries that have no project yet should be encouraged and assisted to do so.

Transit transport industry players may go further by establishing their own information hubs in major centres such as ports. Major players in the port of Mombasa explored such an idea in the past. Information on consignments (including those still expected at the port) was to be concentrated at one place from where it would be disseminated to or accessed by the users and other operators.

Even individual industry players and public agencies (transporters, customs, freight forwarders, ports, etc) should be encouraged to establish data bases and websites whenever possible in order to enhance information sharing and dissemination.

vi) To address issues related to the use of the bill of lading as the main maritime transport document, regional organisations could assist countries in making the necessary consultations and most importantly to carry out studies in order to explore ways and means of solving this problem.

Replacing the current B/L by a non-negotiable sea way bill is an option worth to be looked at. In this case the carrier's responsibility is discharged when he hands over the consignment to the person named in the transport document.

vii) Considering the specialised nature of issues related to the use of the letter of credit in international trade payments, a preliminary study should be undertaken in order to assess possible options to deal with this problem. Countries would then meet to chart out a common strategy based on the study findings.

viii) A number of transport efficiency solutions initiated by the industry in the recent past were reviewed above. They include among others the promotion of dedicated bloc-train services for transit cargo, involvement of clients in the rehabilitation of grounded wagons and shunting locomotives, railway inter-networking arrangements as well as improved management of rail wagon and locomotive movement (through improved tracking). Such operational and management strategies should be encouraged, as there is still need for drastic improvement in this area. The broadening of the scope of such initiatives and their sustainability should however be acted upon as they tend to run out of steam over time. There is need for support in this area particularly in terms of training, technical assistance and where it might be necessary capital investment support.

4.7. Enhancing transit transport facilitation programs

4.7.1 In the foregoing, an attempt was made to dress an indicative checklist of key issues that could be considered in a transit facilitation program. The status of implementation of current facilitation programs in terms of progress and scope was reviewed.

4.7.2 What transpires out of this analysis is that, although some progress was made, a lot still needs to be done to accelerate implementation and in the same time bring in critical areas that may not be currently covered.

4.7.3 To expedite implementation and broaden the scope of facilitation programs, the following areas of action should be considered:

i) A study should be undertaken to assess in detail the problems behind non-enforcement and non-compliance of transit facilitation instruments and prepare a plan of action that could be reviewed and agreed upon by countries. In some cases such as the regional customs bond scheme adopted by the COMESA Heads of State in 1990, the reasons behind non-ratification or non-implementation may not be obvious.

ii) We have underlined in this report the potential of the advocacy and championship role of regional organisations, trade industry, professional community, donors and development partners in securing government commitment to implementation of transit transport arrangements. Transit traffic facilitation is where such a critical role is most needed. Inter-agency consultations should be held at the regional level to harmonise views on how they would fully and effectively play their role in this area.

iii) Improving efficiency, productivity and integrity of both customs administrations and industry players. It should be noted that some of the delays in ports and border posts are due to incomplete or erroneously completed

documents as well as poor management and documents processing. Improvement could be trough training of customs officials and industry personnel as well as educating the public. Further support to customs and the industry may however be needed to enhance operational and management capacity.

iv) Promoting or enhancing inter-customs agreements for mutual assistance would be very beneficial for instance in combating customs fraud. This enables customs from different countries to share information, coordinate their activities and collaborate in any area where they might be complementary.

v) Preshipment inspection services are widely used in Eastern and Southern Africa for, among other reasons, preventing customs fraud. Its positive impact has not however been proved in view of the myriad of problems that are faced by the region in its efforts to facilitate the movement of transit cargo along international trade routes.

A study needs to be commissioned to review the benefits accruing from this practice for the region and to advise countries accordingly.

vi) Information and communication technology (ICT) solutions for customs are critical tools that should be developed and promoted. Customs administrations should be encouraged to use them and where necessary external assistance should be provided. As stated above, one area where such technologies are critically needed is inter-customs networking and information sharing. Other areas include the preparation, control and processing of data related to transit traffic as well as the monitoring of the transit cargo movement. The latter requires particular attention, as it should in principle make redundant the current practice of police escorting transit cargo and/or documents related to such cargo.

ANNEX 1

The main transit transport corridors in East and Southern Africa

TRANSIT CORRIDOR	COUNTRIES SERVED	MODE OF TRANSPORT	DISTANCE (Km)
Mombasa/Northern Corridor	Kenya, Uganda, Rwanda, Burundi, DRC	Rail/Road/Lake/ Pipeline	2000 (1)
Dar-Es-Salaam/Central	Tanzania, Burundi, Rwanda, DRC	Rail/Road/Lake	1500 (2)
Dar-Es-Salam/ TAZARA	Malawi, Zambia	Road/Rail/Pipeline	1675 (3)
GLR-Southern Africa	Burundi, DRC, Rwanda, Uganda,Tanzania,Zambia, Malawi,Zimbabwe,South Africa	Rail/Road/Lake	2040 (4)
Nacala	Mozambique, Malawi, Zambia	Rail/Road	1014 (5)
Beira-Malawi	Mozambique, Malawi	Rail/Road	568 (6)
Beira-Zambia	Mozambique,Zambia,Zimbabwe	Rail/Road	2000 (7)
Maputo-Zimbabwe	Mozambique,Zimbabwe	Rail	1230 (8)
Maputo-Swaziland	Mozambique, Swaziland	Rail/Road	240 (9)
Maputo-South Africa	Mozambique, South Africa	Rail/Road	561 (10)
Durban	South Africa, Zimbabwe, Zambia, DRC	Rail/Road	2510 (11)
Walvis Bay/Trans-Kalahari	Namibia, Botswana, South Africa	Rail/Road	1885 (12)
Walvis Bay/Trans-Caprivi	Namibia, Zimbabwe, Zambia	Rail/Road	2409 (13)
Namibe	Angola, Namibia	Road	
Lobito	Angola, DRC, Zambia	Rail	2000 (14)
Luanda	Angola, DRC	Rail/Road	

Source: -InfraAfrica Consultants
-USAID/REDSO/ESA; SATN: Comparative Transport Cost Analysis, 2001

N.B. : (1) Bujumbura; (2) Kigali ; (3) Lusaka; (4) Lusaka-Kigali; (5) Lilongwe; (6) Blantyre; (7) Lusaka; (8) Harare; (9) Lavumisa (Swaziland); (10) Johannesburg; (11) Lusaka; (12) Johannesburg; (13) Harare; (14) Sakania (Zambia)

Annex 2

Regional Economic Community's Priority Issues To Enhance Transit Transport Efficiency

Theme 1: **Efficient Corridor Operations**

This sub-theme concerns facilitation of the removal of impediments to the efficient flow of traffic in order to reduce transport and transactional costs of trade. This will, in turn, facilitate increase in trade, promote investment and, therefore, economic growth, which is critical for achieving the ultimate goal of poverty alleviation.

Key issues that should be addressed by working group:

- Establishment of observatories or performance monitoring systems along corridors
- Enforcement of axle load limits/vehicle overload control
- Harmonisation of road user/transit charges on the basis of cost recovery
- Improving border post facilities and simplifying and streamlining border operations
- Harmonising, streamlining and simplifying Customs documentation and procedures
- Establishing facilitative transit bond guarantee regimes
- Implementing a motor vehicle insurance system valid across all corridor countries
- Improving road safety
- Port facilitation (including safety and security)
- Identification and promotion of the elimination of missing links
- Coordination of improved infrastructure maintenance and management
- Promoting and facilitating increased inter-modal/multi-modal operations
- Promoting implementation of HIV/AIDS programs targeting major trade corridors
- Reduction of unnecessary road checks and barriers (including corruption).

Theme 2: **Corridor Management Arrangements**

This theme entails the establishment of efficient, effective and sustainable public-private sector partnership corridor management arrangements, including institutional frameworks.

Key issues that should be addressed by working group:

- Promoting the establishment and/or strengthening of formal corridor management arrangements
- Supporting the establishment and/or strengthening of corridor secretariats/technical units (to champion implementation of corridor performance improvement programs)
- Promoting the participation of the private sector in corridor management
- Capacity building to ensure effective participation of the public-private sector partners (private sector associations, SROs, government and regulatory agencies, etc.) in corridor management.
- Promoting financial sustainability and economic efficiency of corridor institutions
- Assessment of existing corridor management structures and dissemination of good practices.

Theme 3: Common policies and Strategies

A uniform approach to developing integrated transport policies and strategies pertaining to such issues as infrastructure development, maintenance, overload control and safety are needed amongst RECs in order to facilitate smooth operation of transport through member states. Implementation of such policies and strategies is key to achieving the goal of regional integration which is critical in facilitating trade and economic growth with a view to alleviating poverty.

Key issues that should be addressed by working group:

- Establishment of integrated policies and practices;
- Development of adequate mechanisms and strategies for sharing knowledge, experience and best practice within and between RECs;
- Development of a linkage between transport and economic and social development through programs such as spatial development initiatives (SDIs);
- Development of adequate regional infrastructure financing and maintenance policies;
- Development and sharing of model policies and policy implementation strategies;
- Establishment of assistance for policy and strategy development;
- Strengthening the capacity of private sector associations to contribute more effectively to policy formulation and in championing the implementation thereof.

Theme 4: **Harmonisation, rationalisation and implementation of Legal/Regulatory and Administrative Procedures.**

Harmonisation and rationalisation of legal/regulatory and administrative procedures is critical for ensuring that a consistent approach is followed in creating a conducive environment for facilitating a smooth flow of traffic.

Key issues that should be addressed by working group:

- Development and/or updating of existing protocols and other similar instruments;
- Preparation of implementation guidelines and toolkits;
- Development and sharing of model regulations;
- Development or utilisation of effective advocacy techniques to encourage implementation of existing legal and regulatory instruments;
- Strengthening of enforcement capacity and procedures to ensure compliance with laws and regulations in a more transparent manner.
- Strengthening the capacity of private sector associations to lobby more effectively for adoption and implementation of facilitative laws and regulations.

Theme 5: RECs Institutional Capacity Strengthening

RECs require mechanisms and institutions to oversee the implementation of the Corridor approach in the region so that common standards and practices are applied in order to strengthen their capacity to provide effective leadership in the design and implementation of sound transport policies and programs.

Key issues that should be addressed by working group:

- Development of capacity for producing technical notes and guidelines
- Development of capacity for advocacy and championing
- Coordination and leveraging of available resources
- Requirement for specialised expertise

Theme 6: **RECs Coordination**

RECs have an important coordination role to play in order ensure that common standards, procedures and practices can be adopted and applied both within and between RECs so as to avoid duplication of effort and, in so doing, optimise the use of available resources.

Key issues that should be addressed by working group:

- Establishment of structured, intra-regional consultative and coordination mechanisms;
- Establishment of structured inter-regional consultative and coordination mechanisms;
- Establishment of trade and transport coordination mechanisms within and between RECs;
- Establishment of procedures to avoid duplication and overlapping of forums, meetings and projects.