

A luta continua!

Mozambique's most remote railway has had a bumpy ride but thanks to an enthusiast's determination, investment capital is forthcoming, writes **Paul Ash**

AT ONE minute past five on January 10, an icy day in Pittsburgh, Pennsylvania, Railroad Development Corporation (RDC) chairman Henry Posner III stood outside his house and raised the Mozambican flag. He played the Mozambican national anthem on his hi-fi while his neighbours raised their fists in salute. Shouts of "A luta continua!" punctuated the cold afternoon air.

Posner, who adopted Samora Machel's revolutionary slogan — the struggle continues — after his first visit to Mozambique, had good reason to rejoice.

As the clock struck one minute past midnight in Mozambique, RDC's seven-year struggle to take over operations on the country's northernmost railway line was over.

The new company, Corredor de Desenvolvimento do Norte (North Development Corridor), immediately took control of the 872km-long Norte transport corridor which links Malawi to the deep-water port of Nacala.

The 15-year concession to operate the Norte railway and Nacala port was the final, crucial phase in a lengthy project that has also seen Malawi's moribund state-owned rail system revitalised as a privately managed operation called Central East African Railways (CEAR), giving the country viable rail access to the sea.

Nailing the Malawi concession was the easy part.

RDC gathered a group of private investors and formed a consortium which included shippers, private Mozambican investors and Edlow Resources, a US investment company. By the end of 1999 trains were running again on Malawi's rail system which had been at the point of collapse after decades of state mismanagement.

A second consortium, CDN, was formed with the same shareholders to operate the Nacala corridor.

"This kind of thing — privatisation of railroads — had never been done before in Africa, and it's quite a complex process," he says. "Normally the first people to do it end up being the lightning rod, carrying the costs and making the mistakes."

Despite the trials of doing business in sectors where the mentality of state rule is notoriously difficult to shake down, Posner says the hardest part of tying up the concession has been finding the money for essential repairs to the track and for the rehabilitation of locomotives and rolling stock.

"We've been down many blind alleys," he says. "We had the equity from the start but trying



PRIVATISATION LIFELINE: A \$29.6-million loan from Overseas Private Investment Corporation will ensure growing rail traffic on the Nacala corridor

to finance an African railroad where we don't own the equipment has been very difficult."

While Caminhos de Ferro de Mocambique (CFM), Mozambique's state-owned rail operator, is a 49% shareholder in CDN, the Norte line has enjoyed little maintenance of track and locomotives since the railway was partially rehabilitated with French donor money in the early 1990s. Just four of the 11 locomotives are operational and have to haul all traffic on the Mozambican section of the corridor.

The railway is something of a lifeline for Malawi. The roads eastward are atrocious and often impassable in the wet season, and the country's southern rail connection to Beira was severed during Mozambique's 17-year civil war and has to date not been restored.

Still, there is competition from trucks making the trek up from Beira and from truck traffic flowing down from the Tazara Railway from Dar es Salaam.

In good years the Norte carries imports of fuel, fertiliser,

consumer goods, vegetable oil and grain. Trains return to the coast with sugar, tobacco, pigeon peas and tea, and traffic last year was 269 700 tonnes. In bad years, it carries food relief.

In the early 1990s, a French consortium repaired the line for 534km west from Nacala.

After a dispute over funds, the French downed tools at the little town of Cuamba, just 77km from the Malawi border. That section of track, known worldwide as "the 77 kilometres", remains un-restored. It is in a terrible state

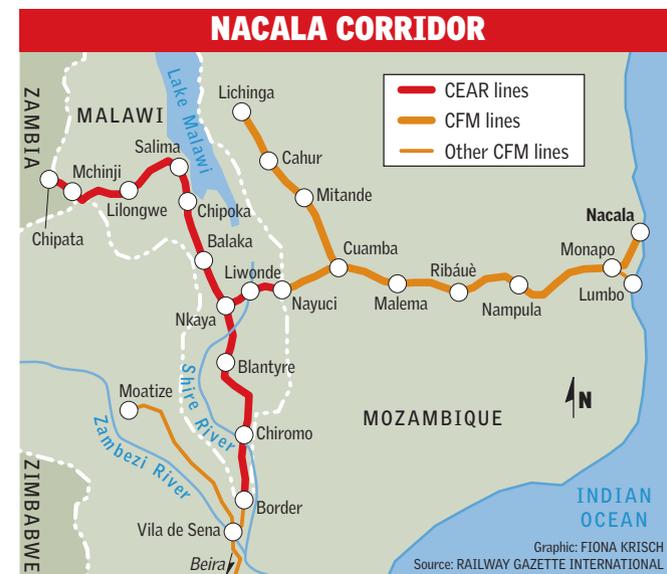
and trains — those that don't derail — are forced to crawl along at 10km/h.

The breakthrough for the CDN came in June 2003 when the US Overseas Private Investment Corporation granted it a \$29.6-million loan. Opic, says Posner, is comfortable with RDC, knowing the principles the company stands behind.

Posner made those principles clear last week in Nampula when he met CDN employees newly transferred from CFM. Some were worried that the

takeover threatened their jobs. The day before riding the length of the railway from Nacala to Blantyre — most of it on the locomotive because he likes to be at the sharp, looking at the track and seeing how things work — he spoke with characteristic candour. "The railway has not worked properly in the past, that's why we're here. Nothing in life is guaranteed but we have chosen you, the best people, to fight this one together."

He paused briefly, then said, "A luta continua."



A nation-state on wheels

PAUL ASH

THE US press has dubbed him the Indiana Jones of the railroad business. It's a moniker that has stuck to Henry Posner III as he continues to seek out ailing railroads that others won't touch and turn them around.

So far, Posner's rewriting of transport economics has paid off. Aside from the Mozambique-Malawi adventure, Railroad Development Corporation — which employs just four people at its Pittsburgh offices — has embarked on joint ventures in Argentina, Estonia, Peru and Guatemala, along with the Iowa Interstate Railroad, a profitable "shortline" in the US Midwest.

Posner may not find a better example of sound private-sector business principles than on the passenger train that runs between Nampula and Cuamba in Mozambique. The train has become a vital institution for the people who live in this vast swathe of countryside, where decent roads are scarce and there is little transport.

The tri-weekly train takes 10 hours to cover the 323km between the two towns, stopping at every village en route. Its passengers are a mix of inter-city travellers, traders and hawkers. Some traders use the train to move their produce — most of it vegetables and

livestock — between the major markets. Others trade on and off the train, making use of every station stop to conduct feverish business in fruit, vegetables, chickens, oil, firewood, cement, building poles and what elsewhere would be called consumer goods. At every station hawkers flog sacks of mangoes, fried chicken, Portuguese rolls and banana fritters to hungry passengers.

'The train has become a vital institution'

In much of the world, there is a mantra that passenger trains don't make money. That idea needs a rethink, says Posner.

"We will have done something that most people say is impossible."

It has become such a vital part of the local economy that managers expect the state may ask the railway to extend its service to the Malawi border at one end and to the port of Nacala at the other. That'll probably mean more passenger- and parcel revenue. It'll also mean a train that is heavier than the 900-tons it is now. "That's a big, heavy train," says Posner with a grin.