



an attack in 1984. Over the past few years, however, with a much improved security situation and much needed donor funding, the government of Mozambique has embarked upon a major rehabilitation programme for its ports and railways.

It is hoped that trade can be boosted with the rest of SADC through the railways, that agricultural production in the west of the country can be increased and that economic development along the lines of the railways can receive an impetus that would otherwise be virtually impossible to achieve.

In common with trends elsewhere in Africa, Maputo has largely opted to transfer the task of redevelopment to private sector investors. The country's entire port and rail infrastructure was previously managed by the state owned CFM but fixed term contracts have now been awarded to a range of investors. For instance, Mersey Docks Group of the UK, Skanska of Sweden and Portuguese port operators Liscont have all taken a stake in Maputo Port Development Company (MPDC).

Dutch firm Cornelder has won contracts to manage the ports of Beira and Quelimane in a joint venture with CFM. Its 25-year concession at Quelimane has been supported by 23m funding provided by the German development agency, Kreditanstalt für Wiederaufbau (KfW). In each case, the actual port infrastructure will remain the property of the state in line with the standard port landlord model. CFM is currently being restructured and all of its non-core assets are being sold. The privatisation of the rump company also remains a possibility.

### The Nacala Corridor

Attention has now turned to the railway line connecting Zambia and Malawi with the Mozambican port of Nacala. The Nacala Corridor Development Compa-

## TABLE

# Nacala Development Corridor in context

### The main objectives of the Nacala Development Corridor are:

- to develop adequate, reliable, cost effective, efficient and seamless transport, telecommunications and energy systems so that the corridor is a competitive investment area. In particular to upgrade of this historic transport route linking Nacala to Blantyre, Lilongwe and the eastern and northern provinces of Zambia so that it renders an efficient, reliable, and seamless flow of goods and services
- to foster economic growth through the promotion and coordination of economically viable business in transport, agriculture, fisheries, cattle breeding, commerce, industry, mining and tourism and any other activities deemed vital for the development of the corridor. These activities are intended to facilitate the conversion and upgrading of the transport corridor into a economically more diversified development corridor
- to foster increased economic activity through the promotion of trade, which in turn would facilitate greater regional integration between Malawi, Mozambique and Zambia
- to ensure that the development of the corridor takes place in an environmentally sustainable manner.

### The NDC initiative is one strand of the South African Ministry of Trade and Industry's Spatial Development Initiatives Programme, which aims to:

- increase the rate of regional and national economic growth and development
- generate long-term and sustainable regional and national employment
- enhance the levels of economic integration of the southern African economies
- promote greater complementarities in economic strategies between southern African countries as opposed to unnecessarily competitive structures of production
- enhance intra-regional trade and to begin to correct the large trade imbalances between South Africa and the wider region
- increase the international competitiveness of southern African export goods
- mobilise increased flows of Foreign Direct Investment (FDI).

Source: Memorandum between the government of Mozambique and Malawi.

ny (SDCN) secured a contract in July 2004 to manage both the port and the railway. Henry Posner III, chairman of the US company the Railroad Development Corporation, which is a shareholder of the SDCN, says that because the Nacala Corridor consists of three components (the Nacala Port, the Nacala Railway and Malawi Railways), its development and ultimate concessioning have proven, unsurprisingly, complex.

"While the original goal of the SDCN consortium was concessioning of the railway and port in Mozambique, the concessioning process and the raising of financing found the railway in Malawi concessioned first, in 1999. This was followed by years of searching for financing for the Mozambique Port and Railway, with the ultimate result that the latter was not accomplished until January 2005.

"Thus, SDCN found itself in the position of running 'half a railway' between 1999 and 2005. July 2006 finds the Nacala Corridor addressing a number of

challenges, the first and foremost being the stabilisation of the locomotive fleet in both Mozambique and Malawi. In the case of the former, all but four locomotives had been rendered inoperable or destroyed in collisions by the time of concessioning.

"In Malawi, incomplete financing and other challenges such as sending locos to Mozambique have resulted in a locomotive fleet showing the strain. Help is on the way, however, as four G12 road locomotives are en route from Taiwan and four GE shunting and branch line locomotives were recently purchased in Panama."

Antonio Mungwambe, Mozambique's minister of transport, has described rail services during the first 12 months of operation by SDCN as disappointing. But Posner says that SDCN has been careful to avoid over-promising given the responsibilities and obligations that it has undertaken, although the commitment of its shareholders and the importance of the corridor to the region have

helped all parties involved to focus on the main goal, which is not only to address the backlog of challenges but also to position the corridor for sustainable growth based on continuous improvement in safety and efficiency. "We have been at this since the mid-1990s," says Posner, "and we take satisfaction from the many small victories achieved along the way."

Despite the delays, the Zambian government has now signed a memorandum of understanding with Edlow Resources for an extension to be built to the line from Mchinji on the Malawi-Zambian border to the Zambian town of Chipata. A great deal of Zambian and Malawian freight is currently transported by road, increasing pressure on the region's road network and slowing down the transport of goods.

As the table, above, indicates, it is hoped that the Nacala Corridor will yield major benefits across the region, but it will require sustained investment from all three governments involved. ■