MOZAMBIQUE

One of the legacies of Portuguese colonial rule in Mozambique was a very poor transport infrastructure which left many productive parts of the country isolated. The limited rail system then became a target during the civil war, adding to the logistical problems. But, as Neil Ford reports, new plans could change the picture.

Transport system upgrade begins

Mozambique’s economic record over the past 15 years has rightly been praised. Annual GDP growth of 10% has become the norm, large-scale foreign direct investment (FDI) has helped to boost government revenues and Maputo is certainly making the most of its strategic location close to South Africa.

Yet most of the country away from the more economically developed south and main coastal cities has yet to see any real benefits. The war may be over but unemployment and underemployment are massive problems, while trade with Maputo, never mind the rest of the Southern African Development Community (SADC), remains limited.

Although the war caused a great deal of devastation to local trade patterns and infrastructure, it is often overlooked how little effort the Portuguese colonial authorities put into developing some parts of the country. Apart from Maputo, investment was largely restricted to select agricultural regions where a plantation economy evolved. Many regions were relatively untouched by 400 years of Portuguese rule and surveys of the country in the 1970s uncovered Mozambicans who did not know that they lived in a country named Mozambique. The lack of north-south transport links were a major cause of this isolation.

The few major transport links that were constructed were expected to form the basis of the independence era economy. However, the main west to east railway lines that connected the western provinces to the eastern ports became regular targets during the civil war and were put out of use for many years. This not only divided the interior from the coast but also prevented the use of Mozambique’s ports by the landlocked countries to the west.

From north to south: a railway line led from the Zambian-Malawian border through Malawi, connecting with Lilongwe and Blantyre before passing through the Mozambican town of Nampula on its way to the port of Nacala. A connecting line passed from Blantyre southwards through Sofala to another Mozambican port, Beira. A second line connected Zimbabwe, and ultimately much of the rest of Southern Africa, with Beira. Further south, railways from Swaziland, Johannesburg and Zimbabwe led to Maputo. The Johannesburg link obviously enabled goods to be imported from or exported to most of South Africa via rail.

The colonial era railways enabled Mozambique to trade with its neighbours and the activities of Southern African traders helped to fund railway maintenance and port investment. Apart from the obvious physical damage caused by the rebel attacks on the railway lines, the war denied vital funding to the ports and railways.

One important consequence of Mozambique’s rail heritage was also undermined by the war. The presence of the railways and the connections that they created to the rest of the world led to the emergence of economic corridors alongside the tracks. For instance, small-scale farmers, who would otherwise have been several weeks travel from markets in a major town, were able to transport their goods within hours using the railways. All this was taken away when the tracks were blown up. As far as Malawi is concerned, the Nacala line has been out of action since
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 Company (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 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.