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# Update of USAID 2018 Nacala Corridor Assessment

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**SPEED | Supporting the Policy Enabling Environment for Development**

1. Report back on consultations with corridor stakeholders
2. Present main findings and recommendations of study
3. Elaborate on high-priority policy interventions
4. Question and Answer session on key issues
5. Discuss next steps

# AGENDA



**Background**

# Background



- 2024 Assessment is an update of SPEED+ 2018 Study on Nacala Corridor
- Collaboration between USAID and US Customs and Border Protection (USCBP)
- **Goal:** Identify areas of possible future interventions to accelerate development of the Nacala Corridor to improve business enabling environment and increase incomes
  - Enhanced Trade and Transit-Transport Facilitation
  - Specific focus on Customs Processes and Procedures



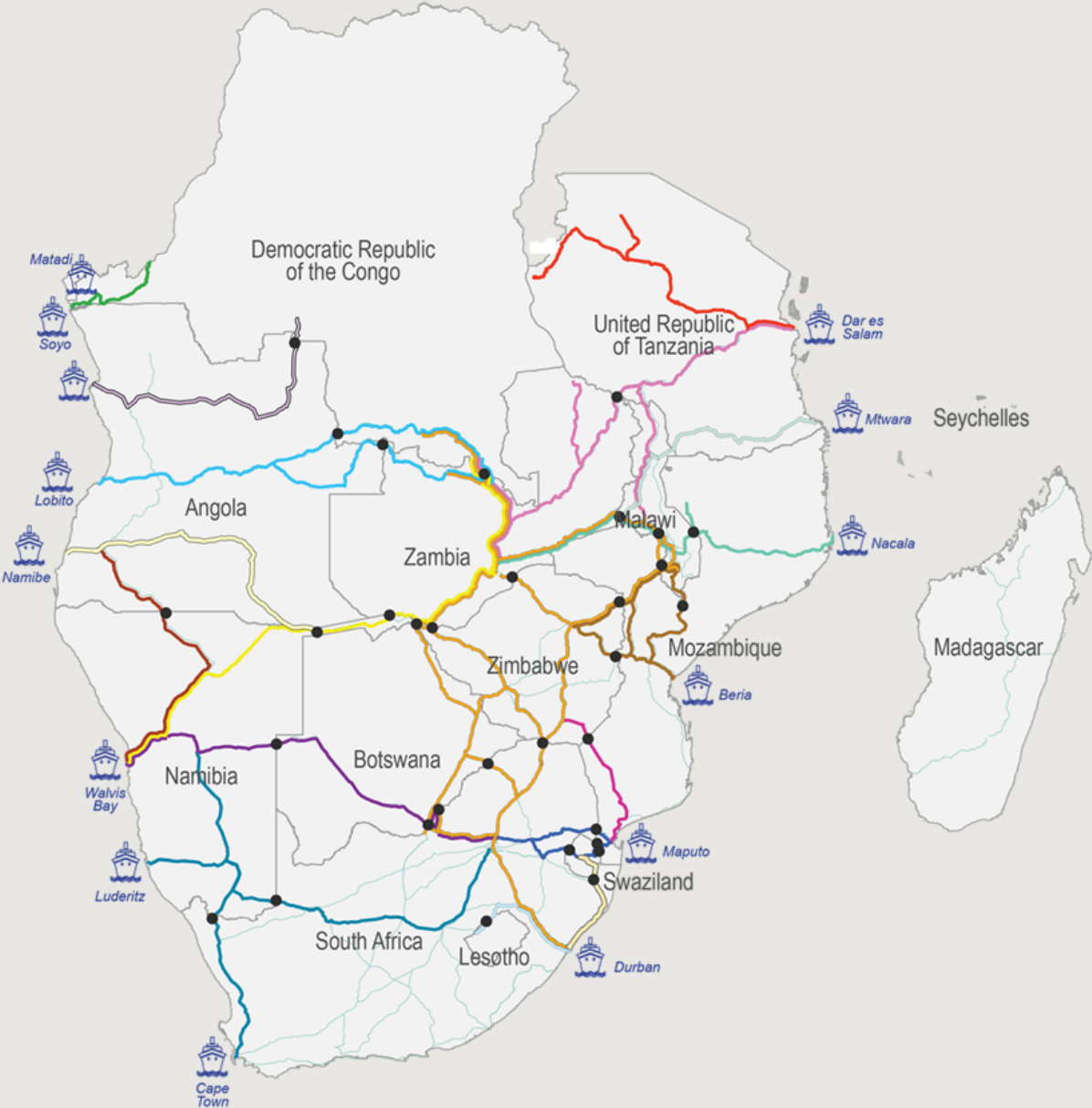
## Corridor Description

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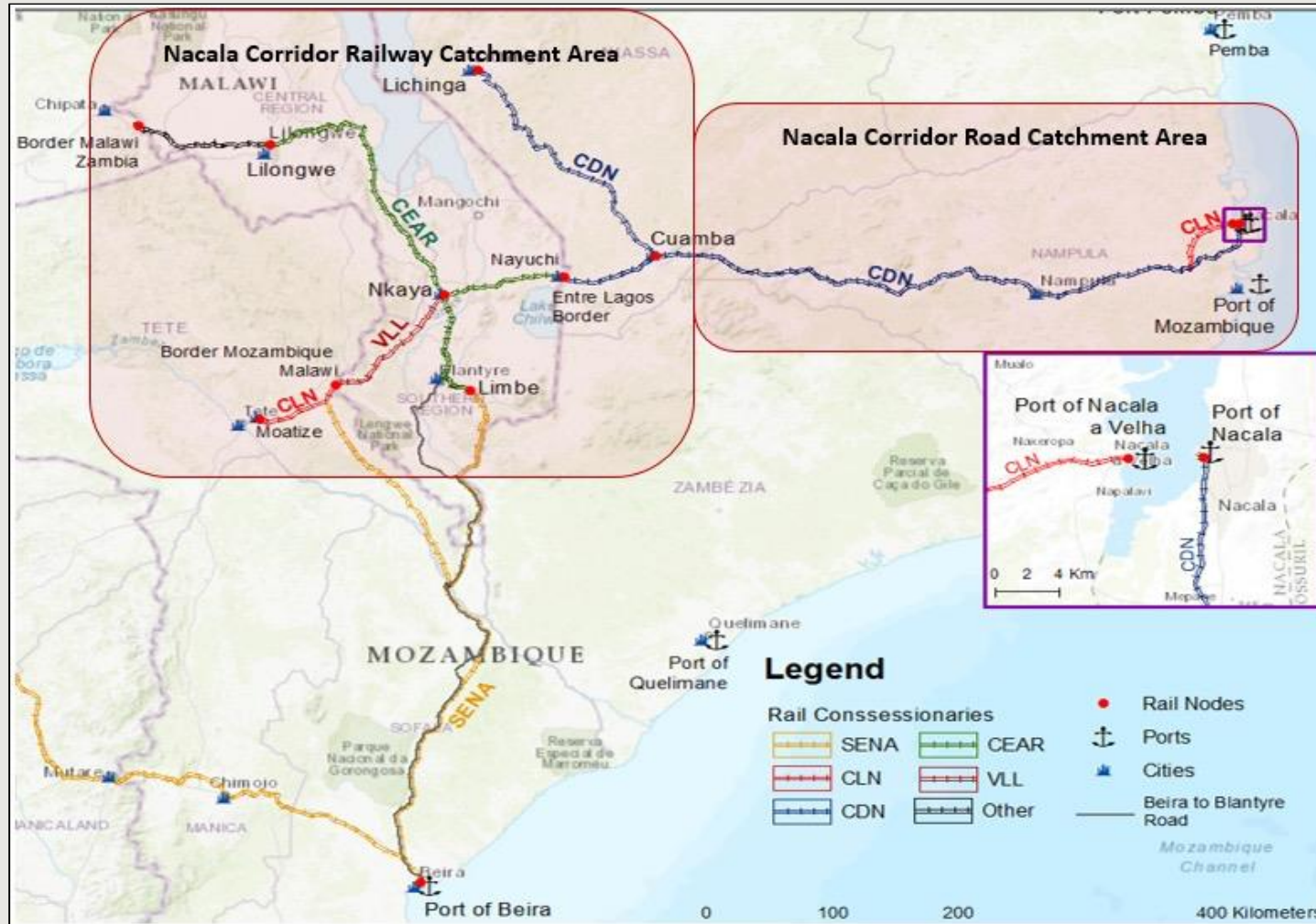
## Primary Trade Corridors in the SADC Region

### Legend

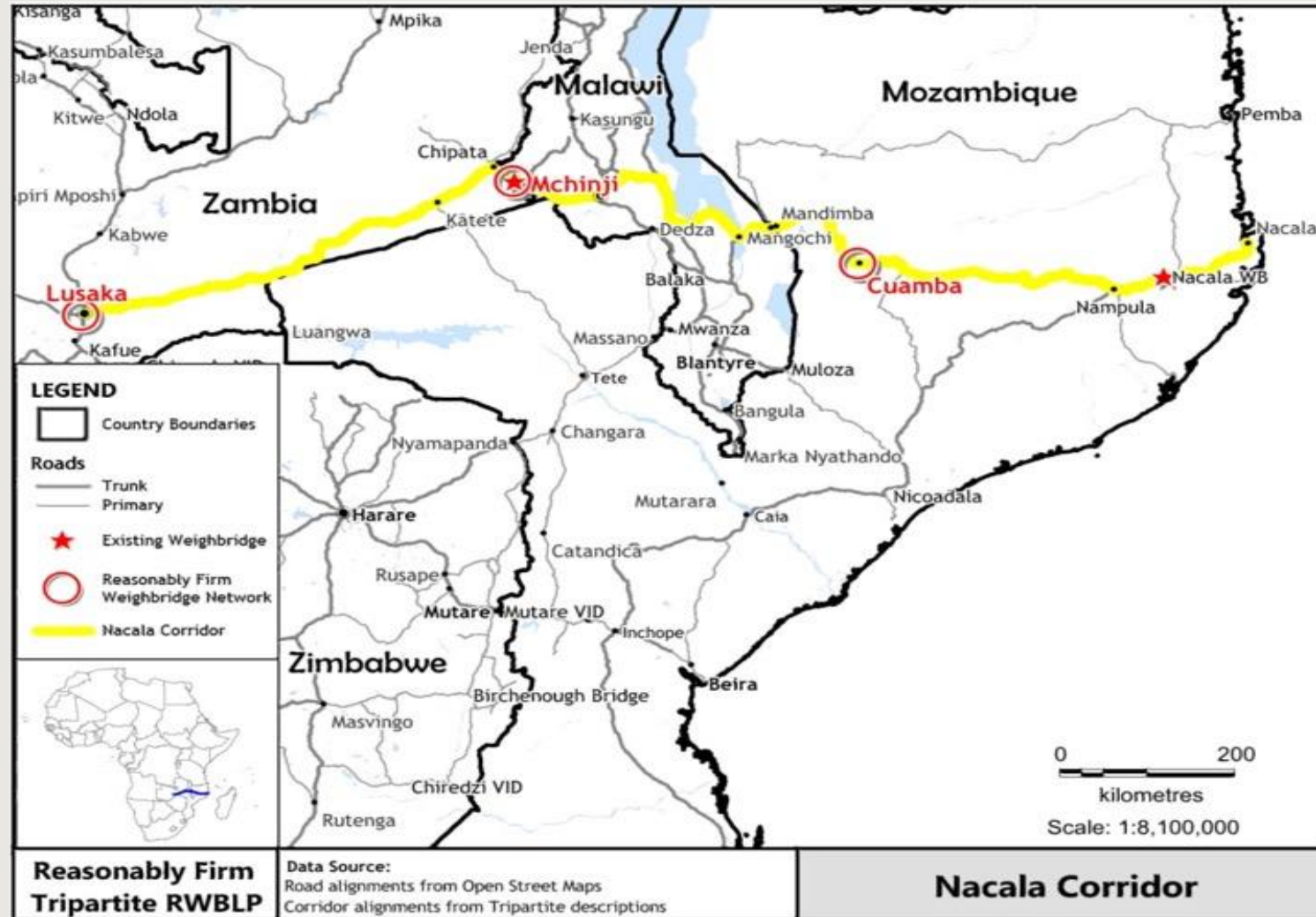
- Main Roads
- Bas Congo
- Central
- Dar es Salam
- Limpopo
- Mtwara
- Nacala
- Namibe
- North-South
- Trans-Caprivi
- Lobito-Benguela
- Malange
- Maputo
- Maseru-Durban
- Manzini-Durban
- Trans-Cunene
- Trans-Kalahari
- Trans-Orange
- Border Gates



# Corridor Description | Rail



# Corridor Description | Road





## Corridor's History

# History of Development of Nacala Corridor



**1951:** Nacala port opened to vessel traffic

**1984 to 1996:** Nacala port rehabilitated with funding from the Government of Finland

**2010:** Vale purchased a controlling interest in an existing Nacala Port and Railway concession

**2015:** Vale sold half its shares to the Japanese conglomerate Mitsui

**2017:** Vale-Mitsui consortium concession to operate the Nacala General Freight Port ends with port operations reverting to CFM

**2021:** Vale-Mitsui consortium sold the concession to Vulcan Resources, a subsidiary of the Indian conglomerate Jindal for US\$ 270 million

**2023:** GRM completes significant upgrade of the Nacala port through a blended finance transaction with the Government of Japan

**2024:** GRM signals its intention to concession the Nacala port to a suitably qualified international port operator

# Recent Strategic Investments

Vale investment of US\$ 7 billion in the following:

- Moatize cooking coal mine;
- New construction and upgrading of 912 km of heavy haul railway line from Moatize to Nacala-à-Velha;
- Construction of a new 22 million tonne per annum coal export terminal at Nacala-à-Velha; and,
- Upgrading of branch lines from Cuamba-Lichinga in Mozambique and Nkaya-Mchinji and Nkaya-Sandama in Malawi.

Governments of Mozambique, Malawi and Zambia have invested US\$ 1 billion in 1,000 km of main roads, 350 km of feeder roads and 3 One-Stop-Border Posts (OSBPs) at Mwami/Mchinji, Mandimba/Chiponde and Milanje/Mulosa

GRM has invested US\$ 273.6 million in the upgrading of the Nacala General Freight Port



# Recent Performance of Nacala Corridor



Massive investment in infrastructure, estimated at **~US\$ 8.25 billion** over the last **10 years** has transformed the infrastructure backbone of the corridor, to the point where infrastructure is not really a binding constraint on the corridor anymore.

Infrastructure investment has not been supported by complementary choices in agriculture policy, with poor custodianship of key agricultural value-chains, notably pigeon pea and cashew nut resulting in the withdrawal of large international companies from these markets.

Infrastructure investment has also not been supported by complementary choices in trade policy, with the layering in of unnecessary costs, through the continued de-facto use of the Nacala Special Export Terminal (TEEN) and allegations of Non-Trade Barriers (NTBs) being common-place on the corridor.

Despite clear competitiveness of the Nacala Corridor route in terms of transport and logistics time and transport costs the corridor struggles to attract cargoes beyond the Malawi market-shed because it has not yet reached the economies of scale and agglomeration thresholds of Dar es Salaam, Durban and Beira Corridors.

# Original Opportunities for Development

The sector-based potentials, valued at USD 78,5 billion, that could provide a significant boost to cargo flows are envisaged to rest on five key pillars, as follows:

1-2

**Downstream Coal:** Proposals to develop a USD 1.325 billion Power Generation, Liquid-Fuels and Fertilizer Plant at Moatize in Tete that would generate approx. 1.050 mt of product for distribution to local and regional markets.

3-13

**Downstream Gas:** Proposals to develop a Liquefied Natural Gas (LNG) Platform estimated at USD 54.60 billion and downstream Power, Fertilizer, Methanol and Liquid-Fuels 'Industrial Cluster', estimated at USD 52.70 billion, of which the major investment, an estimated USD 42.85 billion, will be concentrated in the Nacala Special Economic Zone (SEZ).

14-17

**Downstream Forestry:** Proposals to develop various downstream forestry projects, located at Lichinga, Nampula and Nacala, at an estimated USD 198 million, which is expected to generate approx. 1.110 mt of product for distribution to local, regional and international markets.

18-21

**Large Scale Tourism:** Proposals to develop various large-scale tourism projects valued at USD 765 million (USD 510m private and USD 255m public), at Pemba/Ibo Island (Cabo Delgado); Quinta Passageiro/Chiugana (Niassa), Lumbo/Sancul/Ilhe de Moçambique and Crusse/Jamali Islands (Nampula).

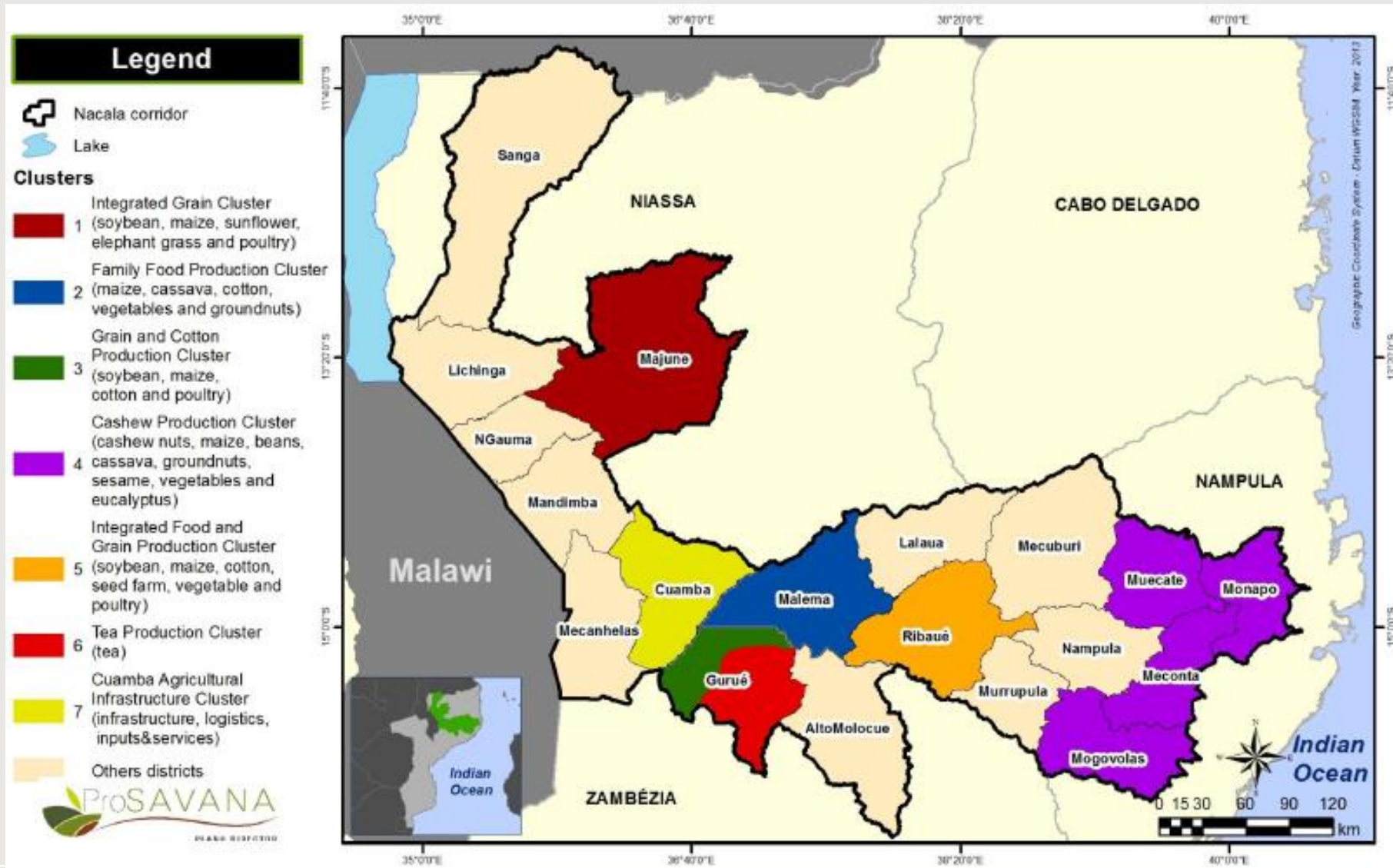
22-23

**Support to Small and Medium Enterprises** through two interventions, namely a 'Sesame Seed Production Enhancement Programme', designed to support 12,000 farmers and a 'SME Support Programme', which prioritizes 20 sub-sectors that could supply to mega-projects.

# Status in 2024 - Uneven Development



# Agricultural Potential

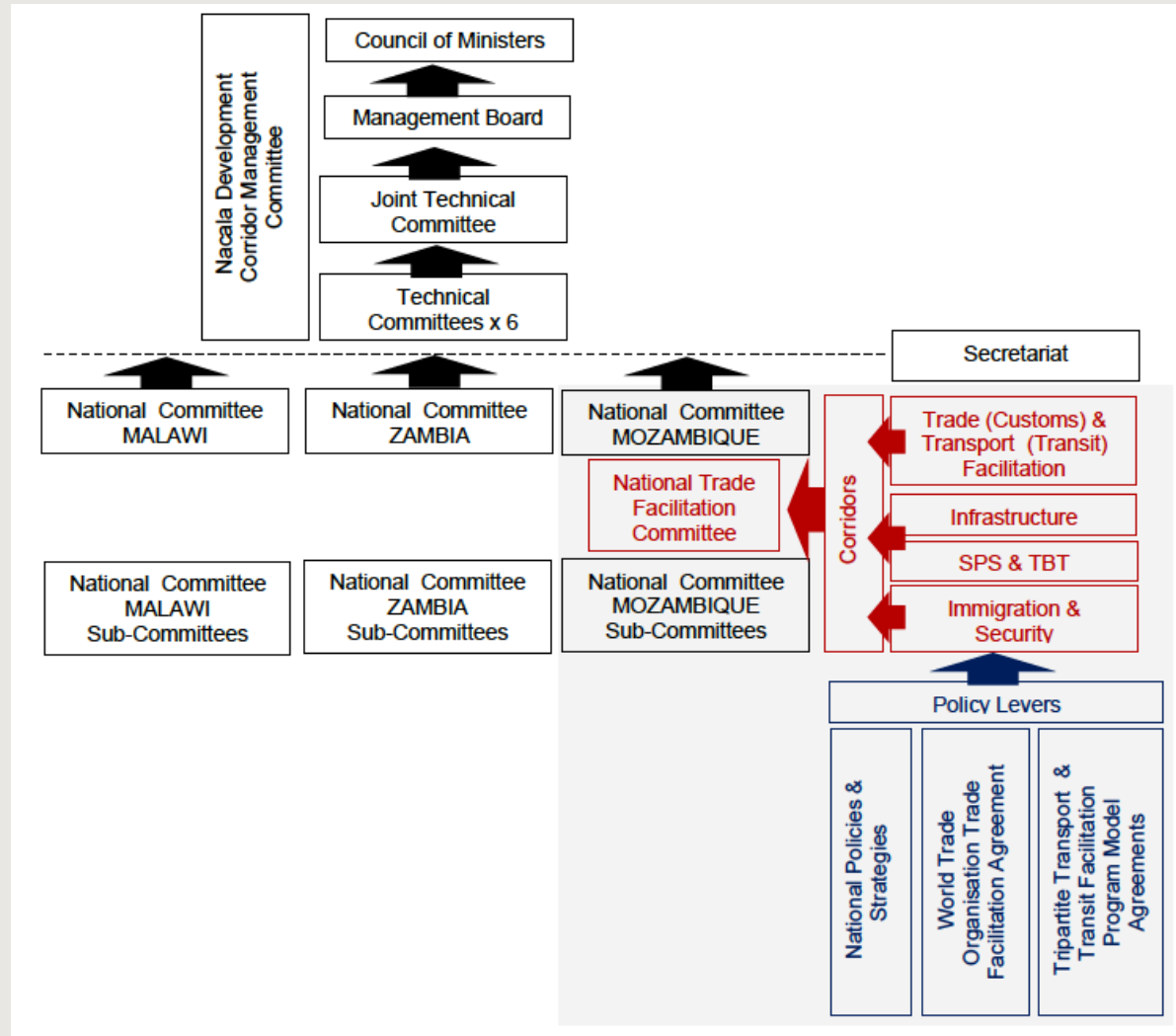


# Trade and Investment Framework Progress

- GRM supports a rules based multilateral trading system and is a signatory to the WTO-TFA, AfCFTA and TTTFP, but efforts to comply with requirements are a work in progress;
- GRM adopted a new Private Investment Law in 2023 and an Economic Acceleration Package (PAE) in 2022, both of which are considered market friendly;
- GRM continues to develop the Single Electronic Window (JUE), has established a National System for Quality (SINAQ) and operationalized the Competition Regulatory Authority (ARC); and,
- GRM has reformed the Land Transport Regulator (INATRO), operationalized the Maritime Transport Regulator (INTRANSMAR) and is establishing the Port and Rail Regulator (IFEPOM).



# Framework for Corridor Development - NDCMC



- Signatory states have established the National Development Corridor Management Committee (NDCMC)
- Unique provision of the new NDC Agreement
- Structures in the NDC Agreement linked to structures set-up for WTO-TFA and TTTFP
- Proposal to establish a Corridor Sub-Committee under NTFC (WB-SATCP program support)
- Policy levers to inform new structure include National Strategies, WTO-TFA, AfCFTA and TTTFP

# Priorities of Corridor Stakeholders



Based on stakeholder consultations, 8 interventions are recommended:









National Trade Facilitation Committee (NFTC) - **IMMEDIATE OPPORTUNITY**

- TTTFP implementation in Mozambique
- WTO-TFA implementation in Mozambique
- IMO-FAL Convention MSW implementation in Mozambique
- Quality Infrastructure Systems implementation in Mozambique

Nacala Corridor Corridor Management Institution (CMI) - **SHORT-TERM OPPORTUNITY**

- Establishment of CMI for the Nacala Corridor
- De-risk poor governance of and growth in key agricultural value-chains
- Removal of bottlenecks to enable 'green investment' in the forestry sub-sector
- Identify, frame and promote potential 'economic' anchor projects/clusters on the corridor

# Framework for the 'Action Plan'

DATA NEEDS & SYSTEMS	MARINE TRANSFER	PORT ENTRY & EXIT	PORT PROCESSES	PORT CUSTOMS CLEARANCE	LAND TRANSIT	BORDER CLEARANCE	LAND TRANSIT	ICD ENTRY & EXIST PROCESSES
								
DATA NEEDS & PRIMARY USERS	HARBOUR MASTER							
	SHIPPER							
	PORT MANAGER							
	VERTICALLY INTEGRATED SHIPPER							
	FREIGHT FORWARDER							
SYSTEMS USED BY USERS	MSW SYSTEM (1) - DIGITALISED FAL FORMS							
	PORT COMMUNITY SYSTEM (2)							
	ELECTRONIC CUSTOMS MANAGEMENT SYSTEM (3)							
	CARGO TRACKING SYSTEM (4)							
	CUSTOMS BOND GUARANTEE SYSTEM (5) - INCLUDING CARGO SEALS							
	DIGITAL LINKED WEIGHBRIDGE SYSTEM (6)							
	CORRIDOR MONITORING SYSTEMS (7) - INCLUDING CTMS* & CTO** & NTB REPORTING MECHANISM							
	TRADE SINGLE ELECTRONIC WINDOW SYSTEM (8)							
	SMART CONTAINER SYSTEM (9)							
	PORT COLLABORATIVE DECISION MAKING SYSTEM (2)							
UNITED NATIONS CENTRE FOR TRADE FACILITATION AND ELECTRONIC BUSINESS (UN/CEFACT) STANDARDS								
CROSS-BORDER ELECTRONIC PAYMENT SYSTEM (10)								
OVER-SIGHT AGENCY	REGULATOR IN MOZAMBIQUE & REPRESENTATION ON THE NTFC							
	INTRANSMAR	IFEPOM (PORT)	DGA (MCNET)	MTC (PERMITS, CTMS & CTO) INATRO (ROAD) & IFEPOM (RAIL) POLICE ANE / INOQ (WEIGHBRIDGES) MIC (NTB M'SM)	DGA (MCNET)	-	-	
	OPERATIONAL DIGITISED SYSTEMS				PLANNED DIGITISED SYSTEMS			

\*Corridor Trip Monitoring System (also sometimes referred to as Corridor Tracking and Management System) and \*\*Corridor Transport Observatory

# Summary of Recommended Interventions

Intervention	Oversight Agency	Objective	Priority Rank	Reason for Ranking?
Maritime Single Window (1)	INTRANSMAR	Establish a Maritime Single Window (MSW) for the ports of Maputo, Beira and Nacala in Mozambique	High	INTRANSMAR has flagged this as a top priority.
Port Community System (2)	INSTRANSMAR	Establish Port Community Systems for the ports of Maputo, Beira and Nacala in Mozambique	Medium	A PCS is developing around CFMs TOS which is currently being implemented.
Electronic Customs Management (3), Trade Single Window (7) & Cross-Border Electronic Payment (10) Systems	DGA / MCNET	<b>Electronic Single Window – Pilot Program to extend participation to Ministry of Sea, Inland Waters and Fisheries, the National Institute of Fish Inspection and the Ministry of Agriculture and Rural Development</b>	High	<b>MIC-NTFC (and MCNET) have identified the need to digitally expand the JUE to these key MDAs as a top priority.</b>
Cargo-Tracking (4) & Customs Bond Guarantee (5) Systems	DGA / MCNET	Integration of existing cargo tracking systems in Mozambique with those of neighbouring states	Low	This intervention is being implemented by the World Bank funded Southern Africa Trade and Connectivity Program (SATCP).
Digital Linked Weighbridge System (6)	ANE / INNOQ	Replacement of analogue with digital weighbridges that are electronically linked along regional trade and transport corridors.	Low	The current focus of ANE / INNOQ is to implement planned improvements in the installation and maintenance of existing analogue weigh-bridges.

# Summary of Recommended Interventions

Intervention	Oversight Agency	Objective	Priority Rank	Reason for Ranking?
Corridor Monitoring System (8.1) CTMS	INATRO	<p>Compliance with TTTFP Model Laws and Agreements.</p> <p>Accelerate the implementation of the CTMS in Mozambique.</p>	High	<p>INATRO recognises that the domestication of the TTTFP Model Laws and Agreements in Mozambique needs to be accelerated.</p> <p>INATRO and the MTC, recognises the importance of accelerating the implementation of the CTMS at high-priority Mozambique borders.</p>
Corridor Monitoring System (8.2) CTO	MTC	Establish a CTO for Mozambique's main regional trade and transport corridors – pilot program for the Nacala Corridor	High	The MTC has noted that a CTO is the standard instrument used to measure corridor performance and would view such an intervention as a high-priority once the CMI Secretariat for the Nacala Corridor is established.
Corridor Monitoring System (8.3) NTB Mechanism	MIC	Establish a national NTB platform to complement the AU-UNCTAD NTB Reporting Mechanism	High	The MIC has expressed an interest in assessing the need for and scope of a national NTB reporting mechanism.
Smart Container Systems (9)	INTRANSMAR	Integration of smart container systems being implemented by private sector into the MSW and PCS platforms established by public authorities, if possible.	Low	These kinds of interventions are typically implemented by the global shipping firms so are not a target for public sector institutions.

# Thank you

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# Annex: Systems that Underpin the ‘Action Plan’

Ten (10) key systems underpin efficiency of trade corridors, namely:

1. **Maritime Single Window (MSW):** Digital information exchange between vessels and port operators;
2. **Port Community System (PCS):** Electronic communication between port users, operators, customs and other agencies;
3. **Electronic Customs System (ECS):** Collates customs declarations, manifest management, customs valuation, customs release, collection of duties and fees and risk management;
4. **Cargo Tracking System (CTS):** Monitors movement and location of goods during transportation using GPS technologies and RFID tags;
5. **Customs Bond Guarantee System (CBGT):** Bonds that act as a guarantee if cargo be diverted illegally or any other customs transgressions;
6. **Digital Weighbridge System (DWS):** Automated weighbridges that operate independently and electronically track weight of trucks on a route;
7. **Corridor Monitoring System (CMS):** Enables digitalization of border protocols through electronic exchange of trade documentation between transport operator, traveler and border agencies;
8. **Trade Single Electric Window (TSEW):** Allows parties involved in international trade to lodge standardised information at a single-entry point to fulfil trade related regulatory processes;
9. **Smart Container System (SCS):** Use advanced technologies to improve cargo visibility, reduce the risk of theft or damage and enhance the overall efficiency of transport and logistics operations on a corridor; and,
10. **Cross Border Electronic Payment System (CBEPS):** Enables real –time linkage of payments between online bank accounts in different countries realizing huge savings by removing unnecessary fees, time-consuming tasks and slow clearance of payments.