



USAID
FROM THE AMERICAN PEOPLE



USAID/MOZAMBIQUE SPEED PROJECT

Update of the USAID 2018 Nacala Corridor Assessment

SPEED Technical Portfolio: Private Sector Development and Access to Finance

Draft Report, December 2024

Update of the USAID 2018 Nacala Corridor Assessment

Supporting the Policy Enabling Environment for Development (SPEED)

Report Author(s): Graham Smith

Submitted: December, 2024

Contract No. 72065621F00004

Contract/Agreement Period: March 22, 2021 to August 7, 2025

COR: Nelson Guilaze

Chief of Party: Kate Heuisler

TABLE OF CONTENTS

LIST OF TABLES AND FIGURES.....	5
ACRONYMS	7
EXECUTIVE SUMMARY	11
1. INTRODUCTION	21
1.1 SCOPE OF WORK	21
1.2 NACALA CORRIDOR.....	22
1.3 STRUCTURE OF REPORT	22
2 CONTEXT	24
2.1 HISTORICAL OVERVIEW.....	24
2.2 RAILROAD AND COAL TERMINAL CONCESSION.....	28
2.3 RECENT STRATEGIC INVESTMENTS.....	29
2.3.1 MINING AND INFRASTRUCTURE INVESTMENTS.....	29
2.3.2 AGRICULTURE AND FORESTRY INVESTMENTS.....	31
3 POLICY FRAMEWORK	33
3.1 TRADE AND INVESTMENT FRAMEWORK.....	33
3.2 TRADE FACILITATION FRAMEWORK	35
3.3 TRANSPORT FACILITATION FRAMEWORK.....	38
3.4 INTEGRATION OF ARRANGEMENTS.....	42
4.1 TRAFFIC BASELINE.....	44
4.2 TRAFFIC PROJECTIONS	48
4.3 SUMMARY: TRAFFIC ANALYSIS	51
5 TIME AND COST ANALYSIS	53
5.1 TRANSIT TIME ANALYSIS	53
5.1.1 AT THE PORT	53
5.1.2 AT THE BORDER.....	53
5.1.3 ALONG THE WAY.....	54
5.1.4 SUMMARY: TRANSIT TIME ANALYSIS.....	55
5.2 TRANSPORT COST ANALYSIS	56
5.2.1 AT THE PORT	56
5.2.2 ALONG THE WAY (INLCUDING AT THE BORDER)	57
5.2.3 OTHER LOGISTICS COSTS.....	58
5.2.4 SUMMARY: TRANSPORT COST ANALYSIS.....	59
5.3 IMPLICATIONS FOR COMPETITIVENESS	63

6	TRADE FACILITATION ANALYSIS	66
6.1	STAKEHOLDER ISSUES	66
6.2	CAPTURE FRAMEWORK	71
6.3	TRADE FACILITATION PERFORMANCE REVIEW.....	72
6.4	SUMMARY: TRADE FACILITATION ANALYSIS.....	76
7	WAY FORWARD	77
7.1	SHORT TERM ACTIONS.....	77
7.2	NATIONAL TRADE FACILITATION COMMITTEE	79
7.2.1	SUPPORT TO TTTFP DOMESTICATION	79
7.2.2	SUPPORT TO WTO-TFA IMPLEMENTATION	81
7.2.3	SUPPORT TO IMO-FAL CONVENTION IMPLEMENTATION	86
7.2.4	SUPPORT TO ENHANCING QUALITY INFRASTRUCTURE.....	87
7.3	SUPPORT TO INITIATE NACALA CMI ESTABLISHMENT.....	88
7.4	FOLLOW UP CONSULTATIONS	91
8.1	FRAMEWORK TO SYNTHESISE INTERVENTIONS	101
8.2	ACTION PLANS.....	103
8.3	SUMMARY OF ACTION PLANS.....	110
	REFERENCES	112
	APPENDIX 1: REPORT ON TRAFFIC BASELINE ANALYSIS	113
	A1. TRAFFIC BASELINE	114
A1.1	MOZAMBIQUE PORTS THROUGHPUT.....	114
A1.2	NACALA PORT THROUGHPUT	115
A1.3	NACALA CORRIDOR FLOWS.....	117
	APPENDIX 2: REPORT ON TRAFFIC PROJECTIONS	119
	A2 TRAFFIC PROJECTIONS	120
A2.1	MOZAMBIQUE PORT PROJECTIONS.....	120
A2.2	MOZAMBIQUE CORRIDOR PROJECTIONS	121
A2.3	NACALA CORRIDOR PROJECTIONS.....	122
A2.3.1	TREND GROWTH	122
A2.3.2	SHORT TERM OPPORTUNITIES.....	123
	APPENDIX 3: KEY TAKE AWAYS FROM FIELD VISIT	130
	APPENDIX 4: NOTES FROM STAKEHOLDER MEETINGS	134
	APPENDIX 5: REVIEW OF ISSUES TO BE TARGETED FOR SUPPORT	155
	APPENDIX 6: NACALA CORRIDOR’S PROFILE OF INTERNATIONAL TRANSIT TRADE IN THE SADC REGION	161

LIST OF TABLES AND FIGURES

TABLES

Table 1. Nacala Corridor Integrated Mine-Rail-Port Project.....	30
Table 2. Nacala Corridor Large-Scale Agriculture and Forestry Investments.....	31
Table 3. Total Customs Declarations Processed Per Channel, 2017-2023.....	36
Table 4. JUE User Fees, 2023(US\$).....	36
Table 5. Total Customs Declarations Processed Per Channel, 2017-2023.....	37
Table 6. Electronic Sealing Fee, 2023.....	38
Table 7: Nacala Logistics Priority Short-Term General Freight Flows 2030.....	51
Table 8: Nacala Logistics Target Short-Term Freight Flows, 2030.....	52
Table 9: Port Time Costs (Days).....	53
Table 10: Milanje/Muloza Border Time Costs (Days).....	54
Table 11: Road Transit Time Costs (Average Days), 2019 (a).....	54
Table 12: Road and Rail Transit Time Costs (Average Days).....	55
Table 13: Port, Way and Border Post Transit Time Costs (Average Days), 2024.....	56
Table 14: Port Costs (US\$).....	56
Table 15: Road Transport Costs (US\$).....	57
Table 16: Rail Transport Costs (US\$).....	57
Table 17: Other Road Logistics Costs (US\$).....	58
Table 18: Summary Port, Way and Border Post Costs By Road (US\$).....	59
Table 19: Summary Port, Way and Border Post Costs By Rail (US\$).....	60
Table 20: Comparison of Port, Way and Border Post Costs (US\$).....	61
Table 21: Comparison of Costs To/From Malawi and To/From Mozambique (US\$).....	62
Table 22. Issues Prioritized By Stakeholders and Literature Review.....	66
Table 23. Summary of Issues Prioritized By Stakeholders and Literature Review.....	72
Table 24: Nacala Corridor Trade and Transport Facilitation Performance.....	75
Table 25: Stakeholder Issues Targeted for Redress by USAID Program.....	78
Table 26: Rationale for TA to WTO-TFA ‘Advance Rulings’.....	82
Table 27: Rationale for TA to WTO-TFA ‘Border Agency Cooperation’.....	82
Table 28: Rationale for TA to WTO-TFA ‘Single Window’.....	83
Table 29: Integration of CBP Recommendations with Existing TTF Measures.....	85
Table 30: Summary of Follow-Up Interviews with Key Stakeholders.....	93
Table 31: Summary of Interventions by Oversight Agency and Priority.....	110
Table 32: Mozambique Port Throughput: Total Volumes, 2017-2022 (000s Tonnes).....	114
Table 33: Mozambique Port Throughput: Total Transit Volumes, 2017-2022 (000’s Tonnes).....	115
Table 34: Nacala Port Throughput: National and Transit Cargo, 2017-2022 (Tonnes).....	116
Table 35: Malawi Transit Cargo Through Regional Ports, 2017-2022 (000s Tonnes).....	116
Table 36: Nacala Port Throughput: Composition Of Cargo, 2017 (Tonnes).....	116
Table 37: Nacala Port Throughput: Composition of Cargo, 2022 (Tonnes).....	117
Table 38: Nacala Corridor Flows: Modal Split, 2017 and 2022 (Tonnes).....	117
Table 39: TREND GROWTH - Maputo, Beira, Nacala and Pemba Ports (Tonnes).....	120
Table 40: TREND GROWTH - Maputo, Beira, Nacala and Pemba Corridors (Tonnes).....	121
Table 41: TREND GROWTH – Maputo, Beira, Nacala and Pemba Corridors (000’s Tonnes).....	122
Table 42: Nacala Corridor Ports and Terminals.....	123
Table 43: Nacala Logistics Priority Short-Term General Freight Flows 2030.....	127
Table 44: Nacala Logistics Target Short-Term Freight Flows, 2030.....	128

FIGURES

Figure 1: Nacala Corridor Rail and Road Catchments	23
Figure 2: Nacala Port Concession	26
Figure 3: Evolution of the Nacala Port and Rail Concession	27
Figure 4: Interlocking Rail and Port Concessions on the Nacala Corridor	28
Figure 5: CTMS Functionality and Development Road Map	40
Figure 6: Institutional Arrangements to Development of Nacala Corridor	43
Figure 7: General Freight Ports: Total Volumes, 2017-2022 (Tonnes Million)	46
Figure 8: General Freight Ports: Transit Volumes, 2017-2022 (Tonnes Million)	46
Figure 9: Malawi Transit Cargo Through Regional Ports 2017-2022 (Tonnes Million).....	47
Figure 10: Nacala Corridor National and Transit Cargo, 2022 (Tonnes Million).....	47
Figure 11: Nacala Corridor Freight Flows by Mode, 2022 (Tonnes Million)	48
Figure 12: Mozambique Corridors Trend Freight Projections, 2017-2040 (Tonnes Million)	50
Figure 13: Use of Institutional Arrangements to Capture Stakeholder Issues	71
Figure 14: Implementation of Relevant WTO-TFA Articles	74
Figure 15: Relationship between Different Stakeholder Interest Groupings	88
Figure 16: Evolution from a Reference Group to a Stakeholder Dialogue Forum.....	89
Figure 17: Alignment of Stages to Corridor Strategy Outputs	90
Figure 18: The Electronic Single Window— Janela Única Electrónica	95
Figure 19: Data Needs and Associated Systems to Support Seamless Trade on Corridors	102
Figure 20: Summary Action Plans	103
Figure 21: Nacala Rail Corridor Logistics-Chain	126

ACRONYMS

AEO	Authorized Economic Operator
ADM	Aeroportos de Moçambique
AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
ANE	Roads Agency
APIEX	Mozambique Import-Export Agency
ATM	Mozambique Tax Authority
BIT	Bilateral Investment Treaty
CBP	Customs and Border Patrol
CBP	Customs and Border Patrol
CBRTA	Multilateral Cross-Border Road Transport Agreement
CDN	Corredor Desenvolvimento de Nacala
CEAR	Central East African Railways
CFM	Portos e Caminhos de Ferro de Moçambique
CIP	Centre for Public Integrity
CLN	Corredor Logística de Nacala
CMI	Corridor Management Institution
COMESA	Common Market for Eastern and Southern Africa
CSO	Civil Society Organisation
CTMS	Corridor Trip Monitoring System
DNV	National Veterinary Directorate
EAC	East African Community
EITI	Extractive Industries Transparency Initiative
EPA	Economic Partnership Agreement
ESA	Eastern and Southern Africa
EU	European Union
EXIM	Export Import
FAL	Facilitation of Internal Maritime Traffic
FCT	Land Consultative Forum/ Fórum Consultivo de Terra
FDI	Foreign Direct Investment
FENAGRI	National Federation of Agricultural Associations of Mozambique/Federação Nacional das Associações Agrárias de Moçambique

FIT	Feasibility and Impact Tool
FDI	Foreign Direct Investment
FE	Roads Funds
GDP	Gross Domestic Product
IFZ	Industrial Free Zone
IFEPOM	Mozambique Rail and Port Institute
IACM	Civil Aviation Institute of Mozambique
IMO	International Maritime Organisation
IMO	Institute of Road Transport
INATRO	Institute of Road Transport
INIP	National Fish Inspection Institute
INTRANSMAR	Institute of Maritime Transport
IT	Information Technology
JICA	Japanese International Cooperation Agency
JTC	Joint Technical Committee
JUE	Single Electronic Window
LDC	Least Developed Country
LDE	Local Economic Development
MADER	Ministry of Agriculture and Rural Development
MBS	Malawi Bureau of Standards
MCNet	Mozambique Community Network
MEF	Ministry of Economy and Finance
MFN	Most Favored Nation
MIC	Ministry of Industry and Commerce
MISAU	Ministry of Health
MITC	Malawi Investment and Trade Corporation
MoJ	Ministry of Justice
MOPHRH	Ministry of Public Works, Housing and Water Resources
MRA	Mutual Recognition Agreements
MRA	Malawi Revenue Authority
MTC	Ministry of Transport and Communications
MZN	Mozambique Metical
NC-SDF	Nacala Corridor – Stakeholder Development Forum
NII	Non-Intrusive Inspection
NDCA	Nacala Development Corridor Agreement

NDCMC	Nacala Development Corridor Management Committee
NOCMA	National Oil Company of Mozambique
NSC	National Sub-Committee
NTB	Non-Trade Barrier
NTFC	National Trade Facilitation Committee
NTIS	National Transport Information Systems
NTM	Non-Tariff Measure
OD	Origin-Destination
OSBP	One-Stop Border Post
PAD	Project Appraisal Document
PAE	Economic Acceleration Package
PDE	Spatial Development Program
PN	Ports of the North
PPD	National Plant Protection Department
PPF	Project Preparation Facility
PPP	Public Private Partnership
PTCM	SADC Protocol on Transport, Communications and Meteorology
PSI	Pre-Shipment Inspection
RCTG:	Regional Customs Transit Guarantee Scheme
RG	Reference Group
SACU	Southern African Customs Union
SADC	Southern African Development Community
SATCP	Southern African Trade and Connectivity Project
SDCN	Nacala Corridor Development Company
SENAMI	Immigration Authority
SEZ	Special Economic Zone
SOP	Standard Operating Procedures
SPS	Sanitary and Phyto-Sanitary
SPEED	Supporting the Policy Enabling Environment for Development
SWF	Sovereign Wealth Fund
TBT	Technical Barriers to Trade
TC	Technical Committee
TEEN	Nacala Special Export Terminal
TMEA	Trade Mark
TN	Northern Terminals

TRIPS	Transport Registers and Information Platform System
TSA	Customs Clearance Fees
TTF	Transport and Trade Facilitation
TTTFP	Tripartite Transport and Transit Facilitation Programme
US	United States
USAID	United States Agency for International Development
USD	United States Dollar
VAT	Value Added Tax
VLMIS	Vehicle Load Management Information Systems
VLL	Vale Logistics Limited
WCO	World Customs Organisation
WTO	World Trade Organization

EXECUTIVE SUMMARY

Background

This study is a collaboration between two federal agencies, USAID and U.S. Customs and Border Protection. Its purpose is to update a USAID funded study on the Nacala Corridor conducted in 2018. The focus is to identify areas of possible future intervention that will accelerate the development of the Nacala Corridor, primarily through enhanced trade and transit-transport facilitation, with a specific focus on customs processes and procedures.

Corridor Description

The Nacala Corridor links the general freight port of Nacala by road to Cuamba and Lichinga in Niassa province and Mocuba and Milanje in Zambezia province in northern Mozambique to Malawi, via the Mandimba/Chiponde and Milange/Mulosa borders and onto Chipata in eastern Zambia via the Mchinji/Mwami border. The general freight railway extends from Nacala through to Blantyre and Lilongwe in Malawi via the Entre Lagos/Nayuchi border and onto Chipata in Zambia via the Mchinji/Mwami border. A new rail section, from the Nyaka junction in central Malawi to Moatize in Tete province in Mozambique, has been constructed and the existing sections from Nkaya to the new coal terminal at Nacala-a-Velha port have been upgraded to the standards of a heavy-haul coal line.

Strategic Investments

The most significant development is the mega-project investment of a coal mine at Moatize, a new section of railway and rehabilitation of the existing railroad, and a new coal terminal at Nacala-A-Velha, a distance of 912 km, at a cost of US\$ 7bn. In addition, a further US\$ 600mn has been spent on upgrading branch-lines in both Malawi (Nyaka-Mchinji and Nkaya-Sandama) and Mozambique (Lichinga-Cuamba) to the main-line. The governments of Malawi and Mozambique have also invested with support from various development partners, including an upcoming MCC investment, to rehabilitate over 1,000km of main roads and 350km of feeder roads at a cost of approximately US\$1bn. This includes three One-Stop-Border-Posts (OSBP) at Mwami/Mchinji (Malawi-Zambia), Mandimba/Chiponde (Mozambique-Malawi) and Milanje/Mulosa, (Mozambique-Malawi). JICA provided a US\$ 273.6mn loan for the Nacala Port Development Project, which started in July 2018 and was inaugurated on the 7th October 2023. **As a result the major infrastructure investments on the corridor spine have been or will be completed by end 2028, so infrastructure bottlenecks along the corridor are no longer considered a binding constraint.**

Historical Development

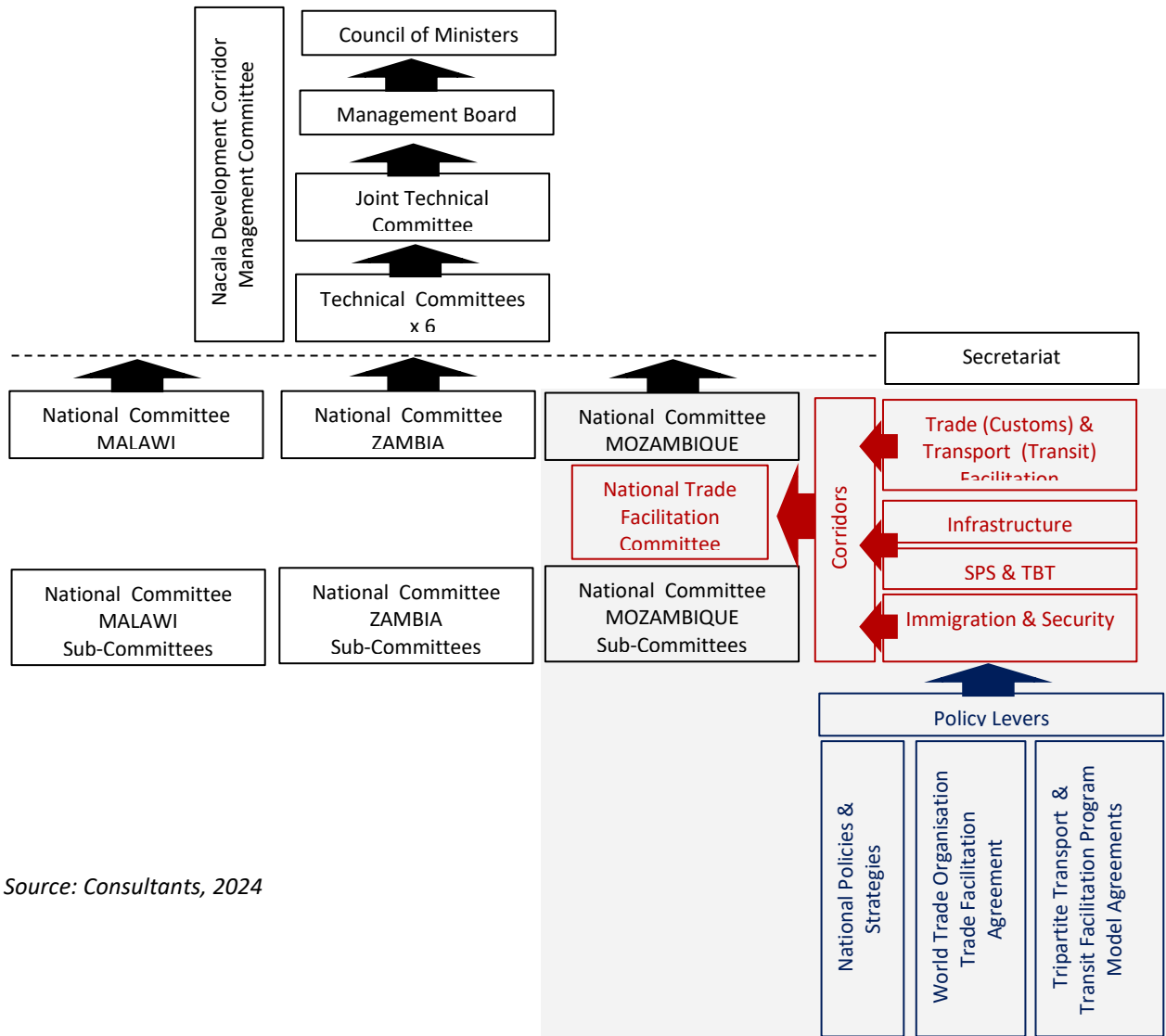
In 1951, the Nacala port was opened to vessel traffic. Like much infrastructure built during the colonial period, the Nacala port has suffered degradation since independence in 1975. However, owing to its strategic location, the port continued to play an important role in the import and export of goods for hinterland countries, with its main clients being Malawi and the northern province of Niassa in Mozambique. Nacala port was rehabilitated during 1984–1996 with financing from Finland. However, it was not until the 2010, when the Brazilian conglomerate Vale bought a controlling interest in an existing Nacala Port and Railway Concession that the development of the corridor was turbo-charged and enabled significant investment to be unlocked. In 2015, Vale sold half of its shares to the Japanese conglomerate Mitsui, but in 2021 following a decision by both companies to divest from coal assets, the Vale-Mitsui Consortium sold the concession to Vulcan Resources, as subsidiary of the Indian conglomerate Jindal, for US\$ 270mn. In 2017, the management of the Nacala Port was handed back to CFM, the state-owned Port and Railway Company, following the end of the Vale-Mitsui Consortium concession. **Following the completion of the Nacala Port Development Project in 2023 the Government has indicated that it would like to concession the port to a private operator by the end of 2024.**

Trade and Investment Framework

Mozambique continues to support a rules-based multilateral trading system that is predictable and transparent and contributes to inclusive and sustainable development. It is a signatory to the World Trade Organisation (WTO)-Trade Facilitation Agreement (TFA) and the African Continental Free Trade Area (AfCFTA). Over the past five years it has signed key Trade Agreements with the EU and the UK, amongst others and has striven to lower tariffs on a range of goods with limited interference in markets, bar a few exceptional cases, such as for chicken, cement and iron and steel imports and sugar exports. It promulgated a new Private Investment Law in 2023 and adopted an Economic Acceleration Package (PAE) comprising a range of market friendly reforms. In addition to this, it has continued to develop the Single Electronic Window (JUE), established the National System for Quality (SINAQ) and operationalized the Competition Regulatory Authority. In transport it has reformed INATRO (the Land Transport Regulator), operationalized INTRANSMAR (the Maritime Transport Regulator) and is currently establishing IFEPOM (the Port and Rail Regulator). **It is a signatory to the Tripartite Transit-Transport Facilitation Programme (TTTFP), but now needs to focus on aligning its national policies, laws and regulations with those of the TTTFP model laws and regulations.**

Integrated Framework for Corridor Development

Mozambique, Malawi and Zambia have signed a regional agreement on the Nacala Development Corridor (NDC) that includes a new provision to establish the Nacala Development Corridor Management Committee (NDCMC) as a Corridor Management Institution (CMI). The Minister of Transport and Communications, Mateus Magala, indicated that options for the gradual development of a CMI should be explored. For the CMI to be effective it would be important for it to be linked to the existing institutional architecture of the National Trade Facilitation Committee (NTFC), which is illustrated in the figure below.



Source: Consultants, 2024

The NTFC anchors the implementation of the WTO-TFA in Mozambique, which is the primary instrument to enhance Trade and Transit-Transport Facilitation in Mozambique and Malawi and Zambia, as signatories to the NDC Agreement. The integration of the institutional arrangements outlined in the updated NDC Agreement (in black) with the current structure of the NTFC and Sub-Committees (in red) are outlined in the figure. **The NTFC Corridors Sub-Committee currently acts in the role of the National Committee for Mozambique as envisaged in the NDC Agreement.** If the WTO-TFA and TTFP are fully implemented as envisaged, they would significantly enhance trade and transport facilitation along the Nacala Development Corridor.

Findings and Recommendations on Way-Forward

Detailed stakeholder consultations took place over a two-week period from the 2nd to 15th June in Maputo, Nacala, Nampula and Lichinga. From these discussions a total of fifty (50) specific issues were distilled, which were then filtered down to twelve (12) issues in terms of their suitability for possible future USAID support based on whether there is a prospect that a policy reform outcome is likely and if a funding gap is likely (see table below). The full analysis is provided in **Appendix 5** of the report.

#	KEY ISSUE	RESPONSE	✓ or X
ISSUED IDENTIFIED BY STAKEHOLDERS DURING FIELD VISIT			
4	The NTFC and its sub-committees need to be strengthened and linked to a new Nacala Corridor CMI	Being implemented by MIC but could be target for support	✓
10	Customs brokers entry into profession should be monitored, as many cannot prepare key basic documents correctly	Being monitored by industry association(s) but could be targeted for support	✓
12	Integration of customs processes, notably in the areas of Advance Rulings, CBM and SEW, need to be improved	AT rolling out improvement but could be a target for support	✓
13	Integration of customs processes with port TOS would enhance visibility on documents, payments and operations	CFM implemented but could be a target for support	✓
14	Mandatory implementation of IMO-MSW to record vessel arrival and departure at Mozambique ports not implemented	INTRANSMAR is responsible but no mention of this so could be a target for support	✓
21	Transit traffic from Malawi to Nacala has lost market share to Beira despite being more competitive, indicating that Beira offers Malawian customers additional benefits that Nacala need to start providing to re-capture market share	Nacala Logistics is promoting the corridor but support to establish a CMI could address this issue	✓
26	Concern that Malawi's market size and performance will be insufficient to support investment in Nacala port, so port and corridor will have to be marketed beyond Malawi	Nacala Logistics is promoting the corridor but support to establish a CMI could address this issue	✓
28	At the unveiling ceremony of the Nacala port in 2023 the Presidents of Malawi, Mozambique and Zambia signed an updated Nacala Corridor Agreement, which could be leveraged to accelerate the establishment of a CMI	Updated agreement introduced idea of a CMI which is a clear entry point for support so should be considered	✓
32	New potential market for the supply of sustainable wood from GR (Lichinga) to MLT (Tete) but rail interoperability at Cuamba a problem and the use of	This is a prospective new idea that promotes green investment on the Nacala Corridor, so support should be considered	✓

	general freight trains on the Nkaya-Tete section has not been done before		
#	KEY ISSUE	RESPONSE	✓ or X
ADDITIONAL ISSUES IDENTIFIED BY A LITERATURE REVIEW			
45	Customs Documentation and Administrative Procedures: These include non-standardised systems for declaring imports and paying applicable duty rates; incorrect tariff classification; limited and uncoordinated customs working hours; different interpretations of the Rules of Origin; non-acceptance of certificates of origin; application of discriminatory taxes and other charges on imports originating from member states; and cumbersome procedures for verifying originating imports whose origin status is disputed	These issues can be supported through support to the NTFC (see 4) and strengthening Customs processes (see 12) and ancillary support to improving the quality of Customs Brokers (see 10 above)	✓
#	KEY ISSUE	RESPONSE	✓ or X
46	Quality Inspection Procedures: These include delays in the inspection of commercial vehicles; cumbersome and costly quality inspection procedures; unnecessary quality inspections (also of products certified by internationally accredited laboratories); non-standardised procedures for quality inspection and testing; and, varying procedures for issuing certification marks	Given the importance of quality infrastructure these issues can be supported, but assistance under the World Bank funded SATCP should be confirmed before USAID approaches INNOQ on what is required	✓
48	Transiting Procedures: These involve non-harmonised transport policies, laws, regulations and standards, including road user charges, third-party (cross-border) motor insurance schemes, vehicle overland control systems, vehicle regulations and standards, and cross-border road permits as well as prohibitive transit charges	These issues can be addressed or through specific support to MTC (and INATRO) to domesticate outstanding components of the TTTFP	✓

Source: Stakeholder Interviews and Literature Review, 2024

The summary findings for targets to support are as follows:

- Support to initiating the staged roll-out of a fully-fledged Nacala Corridor Management institution (CMI);
- Support to domesticate the Tripartite Transit-Transport Facilitation Program (TTTFP) in Mozambique;
- Support to accelerate the implementation of outstanding articles of the WTO-TFA in Mozambique;
- Support to rolling-out the mandatory Maritime Single Window (MSW) in Mozambique;
- Support to improve quality infrastructure and procedures for trade in Mozambique;
- Support to de-risk governance of and growth in leading agricultural value-chains;
- Support to de-risk 'green investment' projects in the forestry sub-sector; and,
- Support to identify and frame potential 'anchor' projects along the corridor.

These eight (8) targets can be split into two (2) categories, the first are those linked to short-term actions that can be addressed by the NTFC and the second are those that can be linked to the establishment of a CMI for the Nacala Corridor. The targets falling under each category can be summarised as follows:

Support to Strengthening the NTFC Structures:

- Support to domesticate the Tripartite Transit-Transport Facilitation Program (TTTFP) in Mozambique;
- Support to accelerate the implementation of articles requiring capacity-building of the WTO-TFA;
- Support to rolling-out the mandatory Maritime Single Window (MSW) in Mozambique; and,
- Support to improve quality infrastructure and procedures for trade in Mozambique.

Support to Initiating CMI Establishment:

- Support to initiating the roll-out of a Nacala Corridor Management institution (CMI);
- Support to de-risk governance of and growth in leading agricultural value-chains;
- Support to de-risk 'green investment' projects in the forestry sub-sector; and,
- Support to identify and frame potential 'anchor' projects along the corridor.

During the stakeholder consultation, particularly with the Minister of Transport and Communications and his senior staff that the World Bank funded Southern African Trade and Connectivity Project (SATCP) is covering many of the areas identified above on the Nacala (and Beira) Corridor. Therefore, it would be prudent prior to review the status of this World Bank support to assess what gaps may still need to be bridged with respect to building capacity of institutions in Mozambique who are already actively participating in the NTFC structures.

With respect to targeted interventions in Customs processes and procedures the CBP team made some specific proposals, primarily in terms of providing advisory services and delivering training and capacity building activities, that may be useful for Customs in Mozambique. To align these proposals with the areas of targeted support, particularly with respect to Strengthening the NTFC Structures, the table below summarizes how the CBP proposals could be linked to high-priority issues identified during the Stakeholder Consultation process.

#	Line of Effort	Proposals from USCBP team	Alignment with existing processes
1, 6, 7 and 8	Enhance the 'Customs House' Model (1), Increase CBP Engagement (6), Standardization of Customs Protocols (7) and Use SEW as a Market-Place to match Private Firms to Government Contracts (8)	<ul style="list-style-type: none"> ● Advisory to review customs processes and procedures ● Advisory on SOPs for customs clearance processes ● Training on seaport operations and cargo processing ● Training on NII techniques to identify 'high-risk' cargo ● Training on use of FECDEP to target illicit goods and activities ● Training on use of ATS-G software for better container security 	<ul style="list-style-type: none"> ● Expanding SEW participation and digitalization ● SOPs developed as part of OSBP implementation ● Linking port TOS with SEW into a single system ● Risk management linked to the SEW enhancement, improved Border Agency Cooperation and more effective Customs Cooperation
2	Adopt the CBP Trade and TED Model	<ul style="list-style-type: none"> ● Once successfully piloted in Mozambique roll-out the FECDEP and ATS-G software to Malawi and Zambia as member states on the Nacala Corridor (extend to SADC region) 	<ul style="list-style-type: none"> ● Risk management linked to the SEW enhancement, improved Border Agency Cooperation and more effective Customs Cooperation

3 and 9	Implement the CBP AQI Manual and Pre-Clearance of Transit Goods via Borders	<ul style="list-style-type: none"> ● Advisory on SOPs for the clearance of goods, including agricultural goods through borders 	<ul style="list-style-type: none"> ● Seamless Freedom on Transit of Transit Goods via borders along corridor through improved Coordinated Border Management
10	Deploy CBP Attaché in Mozambique	<p>Enhance practice in the following areas within the Customs environment in Mozambique:</p> <ul style="list-style-type: none"> ● Security and Intelligence ● Capacity Building and Training; and, ● Trade Facilitation and Compliance 	<ul style="list-style-type: none"> ● Risk management linked to the SEW enhancement, improved Border Agency Cooperation, and more effective Customs Cooperation

Notes: ATU=Advance Training Unit; CHS=Confidential Human Source; PAU=Passenger Analytical Unit; TAU-Tactical Analytical Unit; TFO-Task Force Officers; TTRT=Tactical Terrorism Response Team; and UTT=Unified Targeting Team

Source: Adapted from US-CBP, 2024

‘Quo-Vadis’ Nacala Corridor

The Nacala Corridor is an immature corridor with considerable potential that has not yet been realized. **The massive investment, estimated at approximately US\$ 9 billion over the last 10 years has transformed the infrastructure backbone of the corridor.** In addition, the governments of Mozambique, Malawi and Zambia are actively promoting an integrated multi-modal regional transport corridor linking the three countries. In parallel to this significant infrastructure investment there has been meaningful investment in agriculture, forestry and mining projects that have increased demand along the Nacala Corridor. **However, the impact of poor management of key agricultural value-chains, notably pigeon pea and cashew nuts, has resulted in the withdrawal of large companies from participating in the markets, which has starved them of the investment needed to make them grow.**

This size of this potential is reflected in the size of the transit markets within the catchment region of this multi-modal corridor, which in 2016 was estimated at 15 million tons of transit cargo. **However, the Nacala Corridor’s share of the combined DRC (Katanga), Zambia and Malawi market is a mere 4%, with most traffic being captured by other regional corridors notably Dar es Salaam (37%), North-South (30%), Beira (23%) and Walvis Bay (6%).** Going into the future, it will be important to increase its market share of the regional transit market.

The transit time and cost analysis clearly show that the new operators of the Nacala General Freight railway are consistently reported by stakeholders to have improved the operational efficiency and reliability of the railway. Transit times to/from Blantyre in Malawi are at an all-time low (36-48 hours) and transport costs by rail for imports are the most competitive they have ever been (US\$62.50/t by rail from Nacala versus US\$ 100/t by road from Beira). Volumes in 2023 were reported to have reach a record in recent times of 560,000 tonnes and are expected to climb higher in 2024 thanks to a contract between PETROMOC, the state-owned Oil Marketing Company (OMC) in Mozambique and NOCMA, the state-owned National Oil Company of Malawi to supply fuel to Malawi, following PETROMOC’s investment in NOCMA’s Tank Farm in the capital city Lilongwe. **Despite these positive developments the size of the Malawian market is likely to be too small to drive future growth on the Nacala Corridor, so it is**

essential that any new CMI for the Nacala Corridor actively positions the corridor to attract traffic from Zambia and possibly the DRC in the short to medium-term.

To do this it will have to penetrate beyond Malawi, the traditional hinterland market for the Nacala Corridor. In 2016, Malawi had about a 20% share of international traffic in the total regional transit market compared with Zambia at 35%, DRC at 25% and Zimbabwe at 20%. Given recent economic developments in the region, Zambia, DRC, and Zimbabwe are likely to have increased their market share at the expense of Malawi because of the economic headwinds Malawi has faced in recent years. **To be able to penetrate new markets in a highly competitive market, which has seen significant improvements on existing corridors, notably the Dar es Salaam and Lobito Corridors, stakeholders who have a vested interest in the Nacala Corridor will have to redouble their efforts to attract cargo from new markets and to maintain its market share in existing markets.**









Traditionally the ballast in terms of trade flows for the Nacala Corridor has been imports and exports to/from northern Mozambique, primarily destined for Nampula, now the second largest city in Mozambique, as an end destination, or as a major consolidation point for onward distribution, particularly for imports and to a lesser extent exports, which are typically consolidated in Nacala. **Consequently, promoting trade within Mozambique, notably exports from northern Mozambique, particularly high-volume commodities like mining, forestry and agriculture will continue to play a key role in boosting trade on the Nacala Corridor.**

Action Plan

The figure overleaf provides a framework to synthesize the interventions discussed in the report and refined in the follow-up interviews. It illustrates the Data Needs and Systems that different Corridor stakeholders use in the day-to-day management of corridor operations. In summary, there are ten (10) key systems that need to put in place to ensure the seamless movement of goods along regional trade and transport corridors. These are as follows:

1. **Maritime Single Window** is a system for the digital information exchange between stakeholders on arrival, stay and departure of vessels;
2. **Port Community System** handles electronic communication in ports between private transport operators, private hinterland operators, importers and exporters, port authorities, customs and other agencies;
3. **Electronic Customs System** is a system for all customs-related transactions, including customs declarations, manifest management, customs valuation, customs release, collection of duties and fees and risk management;
4. **Cargo Tracking System** is a system that monitors the movement and location of goods during transportation and involves the use of GPS technology and RFID tags to provide real-time information on the status of cargo along a route;
5. **Customs Bond Guarantee System** is a system that allows shipping agents to sell bonds, which act as a guarantee should cargo be diverted illegally to domestic use or if any other customs transgression is committed while goods are in transit;
6. **Digital Weighbridge System** is a system in which automated weighbridges perform all the weighing operations of a truck in transit without the presence of a human operator that are electronically linked to track the weight of trucks along a route;
7. **Corridor Monitoring System** is a system that enables through digitalization of border protocols the exchange of trade related documentation in an electronic format between the cross-border transport operator, traveler and border agencies;
8. **Electronic Trade Single Window System** is a system that allows parties involved in international trade and transport to lodge standardised information once to Government at a single-entry point to fulfil all import, export and transit-related regulatory requirements;
9. **Smart Container System** uses technologies equipped with advanced features such as real-time tracking, temperature monitoring and security measures that improve cargo visibility, reduce the risk of theft or damage, and enhance the overall efficiency of logistics operations; and,
10. **Cross-Border Electronic Payment System** is a system that links payments between online bank accounts registered in different countries in real time leading to enormous savings of time and money by removing unnecessary fees, time-consuming tasks and slow clearance of payments into accounts.

Data Needs and Associated Systems to Support Seamless Trade on Corridors

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							
	CLEARING AGENT							
CUSTOMS								
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)								
REGULATOR IN MOZAMBQUE & REPRESENTATION ON THE NTFC								

OVER-SIGHT AGENCY	INTRANSMAR	IFEPOM (PORT)	DGA (MCNET)	MTC (PERMITS, CTMS & CTO) INATRO (ROAD) & IFEPOM (RAIL) POLICE ANE / INOQ (WEIGHBRIDGES) MIC (NTB M'SM)	DGA (MCNET)	-	-
	OPERATONAL DIGITISED SYSTEMS				PLANNED DIGITISED SYSTEMS		

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

Each of these systems provides an entry point through which support from development partners can be directed to the relevant oversight Government MDA to improve the performance of a single, multiple or all the building blocks for seamless trade along Mozambique’s regional trade and transport corridors. The figure below provides a summary of each proposed intervention by oversight agency and priority, which is directly linked to the numbering in previous figure on data needs and systems for ease of reference.

Summary of Interventions by Oversight Agency and Priority

Intervention	Oversight Agency	Objective	Priority
Maritime Single Window (1)	INTRANSMAR	Establish a Maritime Single Window (MSW) for the ports of Maputo, Beira and Nacala in Mozambique	High
Port Community System (2) ¹	INSTRANSMAR	Establish Port Community Systems for the ports of Maputo, Beira and Nacala in Mozambique	Medium
Electronic Customs Management (3), Trade Single Window (7) & Cross-Border Electronic Payment (10) Systems	Directorate General Customs	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	High
Cargo-Tracking (4) & Customs Bond Guarantee (5) Systems	Directorate General Customs	Integration of existing cargo tracking systems in Mozambique with those of neighbouring states	Low
Digital Linked Weighbridge System (6)	ANE / INNOQ	Replacement of analogue with digital weighbridges that are electronically linked along regional trade and transport corridors.	Low
Corridor Monitoring System (8.1)	INATRO	Compliance with TTTFP Model Laws and Agreements. Accelerate the implementation of the CTMS in Mozambique.	High
Corridor Monitoring System (8.2)	MTC	Establish a CTO for Mozambique's main regional trade and transport corridors – pilot program for the Nacala Corridor	High
Corridor Monitoring System (8.3)	MIC	Establish a national NTB platform to complement AU-UNCTAD NTB Reporting Mechanism	High
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

¹ A Port Community System (PCS) is similar to a Port Collaborative Decision-Making System (PCDMS).

1. INTRODUCTION

This section provides an overview of the Scope of Work for the assignment and a description of the Nacala Corridor.

1.1 SCOPE OF WORK

1. Support and provide inputs to the United States (US) Customs and Border Protection (CBP) to compare progress in the performance of the Nacala corridor with respect to the following trade and transit transport metrics, for road and rail modes, on the corridor:
 - Volumes by type and origin-destination (OD) on the Nacala corridor;
 - Traffic forecasts by type, mode and OD for the Nacala Corridor;
 - Time to process imports and exports through the Nacala port;
 - Cost to process imports and exports through the Nacala port;
 - Time to move imports and exports by mode on the corridor;
 - Cost to move imports and exports by mode on the corridor;
 - Time to clear imports and exports at designated borders; and,
 - Cost to clear imports and exports at designated borders.
2. Provide insights to the US-CBP team in assessing whether there has been an improvement or a deterioration in the above metrics and to provide an informed explanation for the change in corridor performance.
3. Review related materials and provide additional recommendations, as needed, to improve the following:
 - Customs clearance processes and times at ports and borders;
 - Loading and unloading operations of high-priority cargoes;
 - Internet connectivity and electricity at remote borders;
 - Risk management methodologies at ports and borders;
 - Non-intrusive inspection at main ports and borders;
 - Structure of fees on import/export processes; and,
 - Authorized Economic Operator (AEO) scheme.
4. Provide inputs on the detailed field-mission plan.
5. As part of the field mission support the US-CBP team by:
 - Compile a folder of relevant key documents and comment on the draft Inception Report (Mission Plan);
 - Conduct Key Informant Interviews in Maputo, Nacala, Nampula, Lichinga and Mandimba; and,
 - Collate meeting notes and summarize preliminary findings based on stakeholder interviews.
 - Provide inputs on the Zero Draft Report and support the team on addressing comments and questions on the Zero Draft Report to prepare an integrated Final Draft Report.
 - Prepare for and attend a presentation on the findings and recommendations of the study to USAID, government counterparts, and other key stakeholders, potentially as part of a workshop or a business breakfast.

1.2 NACALA CORRIDOR

Figure 1 shows that the Nacala Corridor links the general freight port of Nacala by road to Cuamba and Lichinga in Niassa province and Mocuba and Milanje in Zambezia province in northern Mozambique to Malawi, via the Mandimba/Chiponde and Milange/Muloza borders and onto Chipata in eastern Zambia via the Mchinji/Mwami border. The general freight railway extends from Nacala through to Blantyre and Lilongwe in Malawi via the Entre Lagos/Nayuchi border and onto Chipata in Zambia via the Mchinji/Mwami border. A new rail section, from the Nyaka junction in Malawi to Moatize in Tete province in Mozambique, has been constructed and the existing sections from Nkaya to the new coal terminal at Nacala-a-Velha port have been upgraded to the standards of a heavy-haul coal line. The most significant development is the mega-project investment of a coalmine at Moatize, a new section of railway and rehabilitation of the existing railroad, and a new coal terminal at Nacala-A-Velha, 912km, at a cost of US\$7bn. In addition, a further US\$600mn has been spent on upgrading branch-lines in both Malawi and Mozambique to the main-line. The governments of Malawi and Mozambique have also invested with support from the EU, AfDB, JICA, Korea EXIM and World Bank to rehabilitate over 1,000km of main roads and 350km of feeder roads at a cost of approximately US\$1bn. This includes three One-Stop-Border-Posts (OSBP) at Mwami/Mchinji (Malawi-Zambia), Chiponde/Mandimba (Mozambique-Malawi) and Milanje/Mulosa (Mozambique-Malawi). JICA has provided a US\$273.6mn loan for the Nacala Port Development Project, which started in July 2018 and was inaugurated on the 7th of October 2023. As a result, the **major infrastructure investments on the corridor spine have been or are in the process of being completed** by mid-2025. The main barriers to trade are not considered to be infrastructure related but rather pertain to a range of other Non-Tariff Measures (NTMs).

1.3 STRUCTURE OF REPORT

Section 2 provides a description of the historical development of the Nacala Corridor. This section documents the steps that have led to the structuring of the current concession arrangements and recent strategic infrastructure investments that have significantly strengthened the infrastructure ‘backbone’ of the corridor.

Section 3 provides an overview of the institutional arrangements governing cross-border trade and transport corridors in Mozambique, with specific reference to the Nacala Corridor. This section draws together how these arrangements come together in the National Trade Facilitation Committee (NTFC) for Mozambique.

Section 4 provides a synopsis of the traffic analysis for the Nacala Corridor. This section presents a baseline of and projections for traffic through each maritime ports anchoring Mozambique’s regional corridors, with a specific focus on the Nacala Corridor, including an identification of short-term market opportunities.

Section 5 provides a synthesis of how transit times and transport costs on the Nacala Corridor have improved in relation to competing corridors but have not attracted traffic away from these competing corridors due to structure of production and requirements of market actors within the corridor catchment.

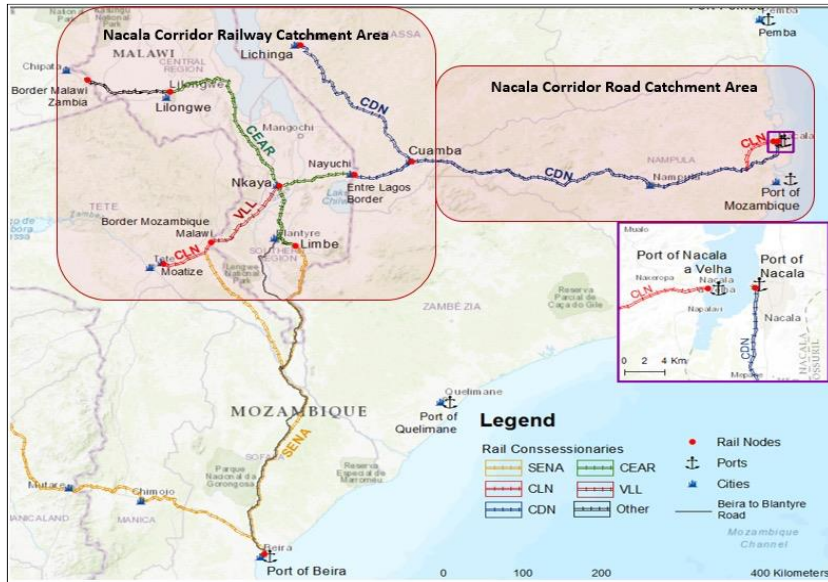
Section 6 provides a summary of key stakeholder concerns linked with a framework to capture trade and transit-transport facilitation issues, which are briefly assessed against the performance of trade and transit-transport facilitation processes being implemented by each Nacala Corridor member state.

Section 7 provides a roadmap for the way-forward in terms of next steps. The section tables specific actions on how the Ministry of Transport and Communications (MTC), through its participation on the NTFC, can lead by example to accelerate the continued development of the Nacala Corridor.

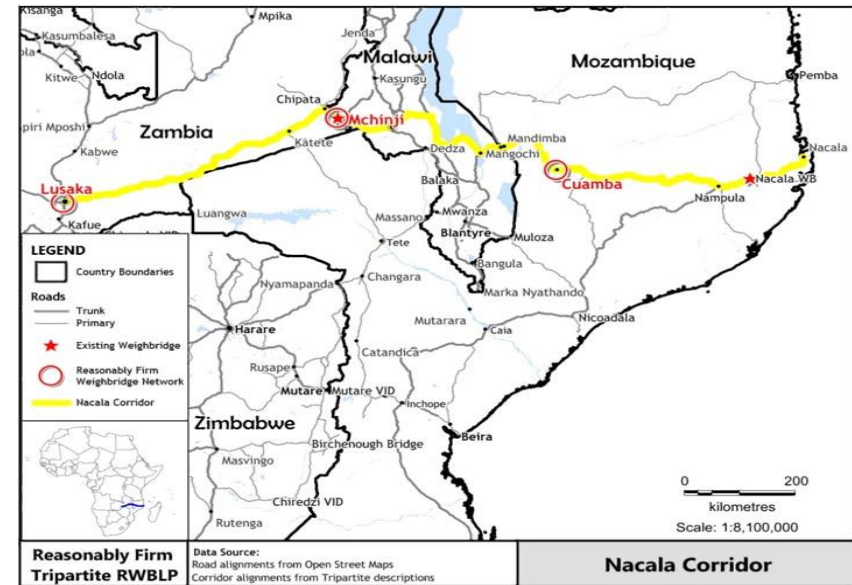
Section 8 provides a framework to synthesize interventions. It sets out the systems along a corridor pathway, the data needs and the primary user group of each system. Action plans linked to a specific entity are ranked in terms of priority and a summary schedule of actions is presented.

Figure 1: Nacala Corridor Rail and Road Catchments

Railway Routes (via Entre-Lagos/Nayuchi and Mchinji borders)



Road Routes (via Mandimba/Chiponde and Milanje/Muloza borders)



Source: Nacala Logistics, 2017 and TTTFP, 2018

Nacala Corridor

2 CONTEXT

Section 2 provides a description of the historical development of the Nacala Corridor. This section documents the steps that have led to the structuring of the current concession arrangements and recent strategic infrastructure investments that have significantly strengthened the infrastructure ‘backbone’ of the corridor.

2.1 HISTORICAL OVERVIEW

Nacala Port is the third-largest port in Mozambique when measured by volume of cargo handled. The largest natural deep-water port on the eastern coast of Africa, Nacala enables unrestricted entry and exit of vessels, regardless of draught, 24 hours a day, and requires no dredging.

In 1951, the port was opened to vessel traffic. Like much infrastructure built during the colonial period, the Nacala port has suffered degradation since independence in 1975. However, owing to its strategic location, the port continued to play an important role in the import and export of goods for hinterland countries, with its main clients being Malawi and the northern province of Niassa in Mozambique.

Nacala port was rehabilitated during 1984–1996 with financing from Finland. The approval of the National Transport Policy in 1996 paved the way for public-private partnerships (PPPs) in transport infrastructure.

A concession to operate the Nacala Port and Railway for a period of 20 years was awarded in 2000 to CDN-CEAR,² with shareholding split between SDCN³ (51%) and CFM North⁴ (49%). However, due to the poor performance of the initial investors, the concession did not perform well and began to get traction only in 2007, when Vale decided to anchor coal exports from the Moatize mine in Tete Province to a new proposed coal export terminal at Nacala-a-Velha, located on the opposite side of the Nacala bay to the existing port.

This resulted in the first significant shareholder change. In 2009, Insitec bought out the original two foreign SDCN shareholders, Edlows Resources and the Railroad Development Corporation. Insitec and the other Mozambican investor, NCI/Manica, subsequently sold their shares to Vale in 2010 to give Vale a two-thirds stake in SDCN. This was essential for Vale at the time, as it was about to trigger the largest ever anchor project investment in the country.

The decision by Vale to anchor coal exports out of Nacala rather than Beira was the game changer for the Nacala Corridor. Between 2013 and 2017, in excess of US\$3 billion was invested in rehabilitating existing and constructing new rail and port infrastructure. These investments ensured that the corridor had the capacity to export up to 18 million tonnes of coal and 4 million tonnes (coal equivalent) of general cargo on an annual basis.

To enable the operation of both a coal heavy-haul and general-freight rail and port operation that was cross-border in nature, the original concession agreement had to be renegotiated. In 2015, the existing agreement was extended for a further 20 years, following the restructuring of the concession to include additional concessionaires CLN⁵ and

² Corredor Desenvolvimento de Nacala (CDN) and Central East African Railways (CEAR) were the names that the original concessionaire, Edlows Resources and Railroad Development Corporation (United States), and CFM (Mozambique) gave to the Mozambique and Malawi freight railway network respectively.

³ Sociedade de Desenvolvimento do Corredor de Nacala (SDCN) consisting of 42.5% Vale (Brazil), 42.5% Mitsui (Japan), and 15% Local Investors (Mozambique), including the following companies Consórcio Cabo Delgado, Gestra Gestão e Transportes, Gedena Gestão e Desenvolvimento de Nampula Moçambique Gestores (MG), Niassa Desenvolvimento, and Sociedade de Tecnologias Portuárias (STP).

⁴ Portos e Caminhos de Ferro de Moçambique (CFM) is a state-owned enterprise comprising four branches: CFM North, CFM Central, CFM South, and CFM Zambezia, which operate railway lines in these geographic zones and is also responsible for port infrastructure and services.

⁵ Corredor Logístico de Nacala (CLN) was established as a specialist concessionaire to operate the shipment of tons of coal from the mine in Moatize in Tete Province, Mozambique through Malawi, and down to a new coal terminal at Nacala-a-Velha opposite the existing port of Nacala in Nampula Province, Mozambique, a distance of 912 kilometers

VLL⁶. This negotiation process resulted in further consolidation of Vale's shareholding in SDCN, rising to 85%, after it bought out shares from local investors in 2013, before selling down half of its shareholding to Mitsui Corporation in 2014. The Vale-Mitsui consortium sold their concession to Vulcan Resources, a subsidiary of the Indian conglomerate Jindal Group for US\$ 270 million in December 2021. This restructuring also resulted in the Nacala Port being sub-concessed to Portos dos Norte (PN)⁷ in 2012 for five years to end in 2017. The shareholding structure of PN includes local investors (70%) and CFM North (30%). PN sub-contracted Terminais do Norte (TN) to provide stevedoring services. Manica sold its share of TN to PN in 2017. At the end of the concession period in 2017, CFM took over the management of the in port and subcontracted port operations to PN and stevedoring services to TN, which is owned by PN. The GoM has indicated that it intends to re-tender the Nacala port concession by the end of 2024. The concession structure and sub-contracting arrangements for the Nacala Port, including update alerts, are summarized in Figure 2 and the evolution of the concession to its current structure is outlined in Figure 3.

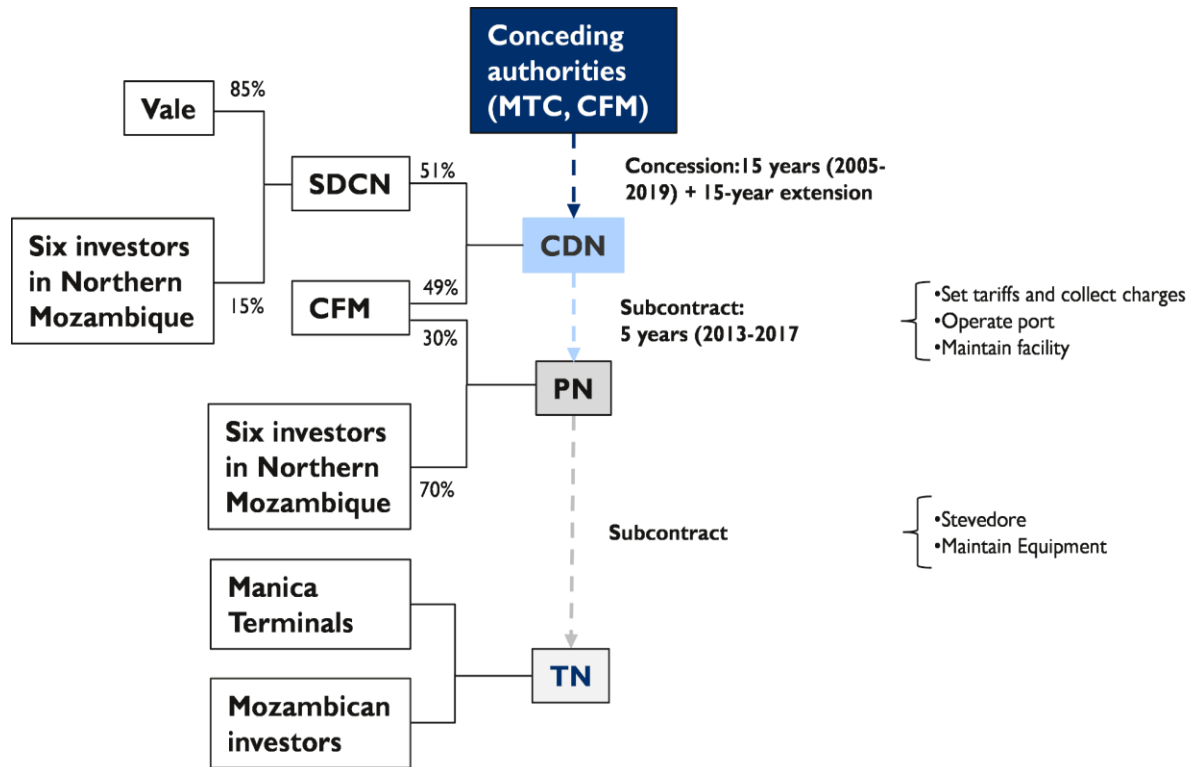
In recognition of the substantial investment commitments made by Vale for the Integrated Nacala Port and Railway Project, in 2012 the GoM and Japan signed the Nacala Corridor Port Improvement Project, which included a grant-aid/soft loan package of US\$350 million, for the phased redevelopment of the general-freight port infrastructure and operations over the period 2015 to 2020. Final completion was delayed by Covid-19 pandemic, but the rehabilitation port was fully operational by end the March 2023. The port now has the capacity to handle 2,4 million tons at the General Cargo terminal and 250,000 TEUs at the Container Terminal per annum.

Finally, the governments of Malawi, Mozambique, and Zambia have gradually increased their investment, with support from the EU, AfDB, JICA, and Korea EXIM, to approximately US\$758 million for the Nacala Corridor Road Project, was implemented in four phases over a 12-year period from 2010 to 2022.

⁶ Vale Logistics Limited (VLL) was incorporated in Malawi to oversee the construction of the new greenfield railway of 138.5 kilometers from the Mozambique-Malawi border at Cambulatsissi to the junction at Nkaya. Now that the railway has been completed VLL has ceded operational responsibility to CLN for operating coal trains along this section of railway.

⁷ In return for agreeing to divest their shares in CDN-CEAR to Vale, local investors were offered a 70% shareholding in Portos dos Norte (PN), a port management company established in 2013, which was sub-contacted by CDN to operate the Nacala Port for 5 years from 2013 to 2017

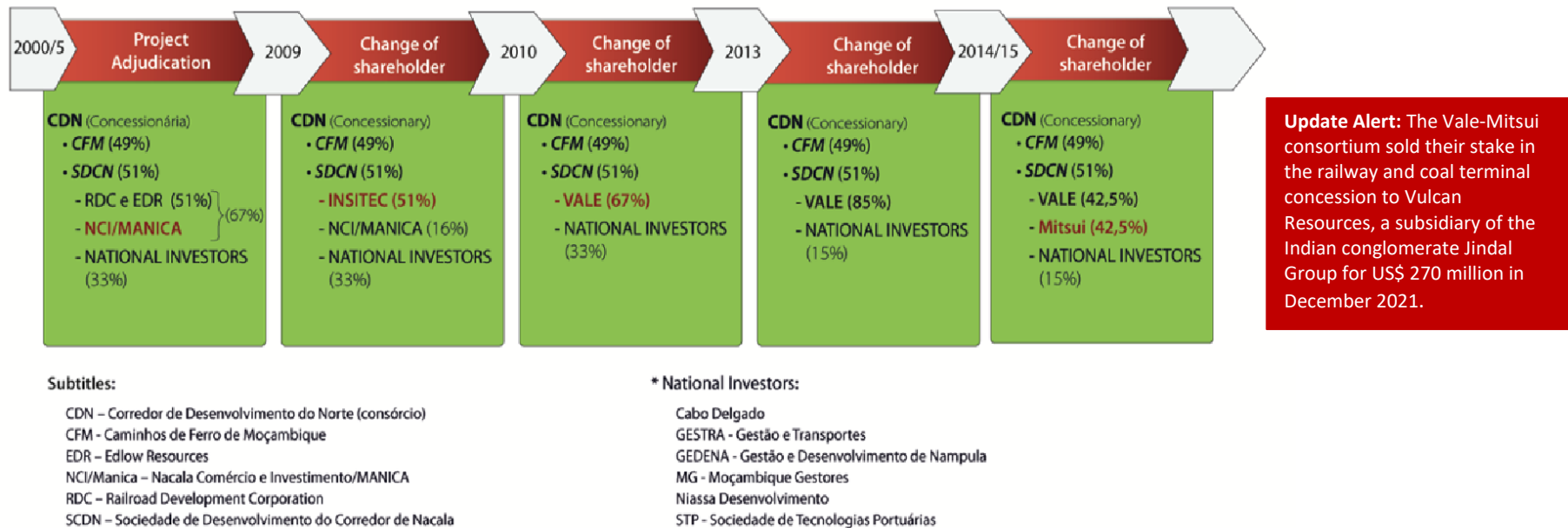
Figure 2: Nacala Port Concession



Update Alert: CFM took over the management of the in 2017 and subcontracted some port operations to PN and stevedoring services to TN, which is now a subsidiary of PN, with Manica selling its share in 2017.

- Set tariffs and collect charges
 - Operate port
 - Maintain facility
-
- Stevedore
 - Maintain Equipment

Figure 3: Evolution of the Nacala Port and Rail Concession



Source: Centre for Public Integrity (2015)

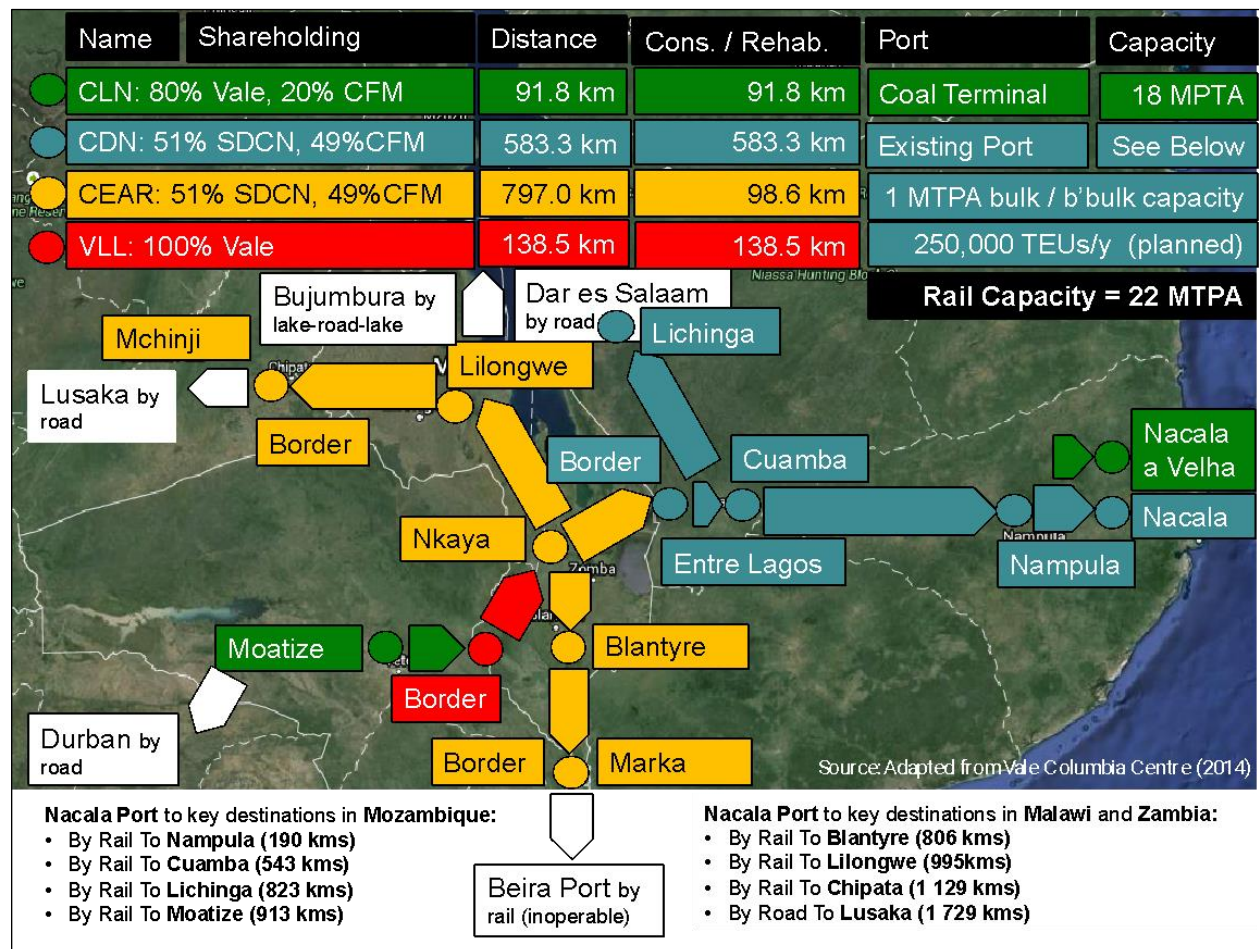
Note from the Centre for Public Integrity: This information was obtained from alternative sources. There may be some margin of error, particularly in the years where there was a change of shareholders, but there is certainty regarding the names of the shareholders.

2.2 RAILROAD AND COAL TERMINAL CONCESSION

One of the significant achievements of the integrated pit-to-port solution has been to structure four interlocking rail concessions, which prioritizes the movement of 18 million tonnes per year of coal, but also ensures third-party access to other rail operators on the corridor to transport 4 million tonnes (coal equivalent) of general cargo annually. **Figure 4** shows the interlocking concessions on the Nacala Corridor.

- Corredor Logístico Norte (CLN) is responsible for handling the 18 million tonnes annually, of coking coal cargoes from the pit at Moatize to the new Nacala-a-Velha coal terminal.
- Corredor Desenvolvimento Norte (CDN) is responsible for handling the balance of 4 million tonnes annually of general cargo in Mozambique, from Entre Lagos to the port of Nacala.
- Central East African Railway (CEAR) is responsible for handling the balance of four million tonnes annually, of general cargo in Malawi, from the junction at Nkaya to Entre Lagos.
- Vale Logistics Limited (VLL) owns the newly built section of railway from the Mozambique border, near Cambulatsissi, to the Nkaya junction in Malawi.

Figure 4: Interlocking Rail and Port Concessions on the Nacala Corridor



Source: Nathan Associates (2016)

The CDN and CEAR concessions, which are now owned and operated by Vulcan Resources are the main focuses of this assignment. CDN-CEAR, now renamed as Nacala Logistics, runs as an integrated general freight rail company. Well-developed transport sector institutional and policy frameworks in both Mozambique and Malawi support this agreement. However, despite the sizeable investment in the Nacala rail and port system, supported by a careful structuring of the concession agreements and well-developed institutional and policy frameworks in the transport sector, some bottlenecks continue to undermine the system's full potential.

2.3 RECENT STRATEGIC INVESTMENTS

There has been considerable investment activity along the Nacala Corridor over the last few years. Below, the report summarizes the major strategic investments in mining and infrastructure and in agriculture and forestry.

2.3.1 MINING AND INFRASTRUCTURE INVESTMENTS

The most significant development has been the recently completed mega-project investment by the Vale-Mitsui Consortium comprising the construction of a coalmine at Moatize, a new section of railway and rehabilitation of the existing railroad between Moatize and Nacala (plus a spur line to Lichinga), and a new coal terminal at Nacala-A-Velha, at a cost of US\$7 billion (see Table 1).

In addition to this considerable investment in the heavy-haul coal export railway, CDN will invest approximately US\$170 million to improve general cargo capacity on those parts of the railway system under its concession that link into the heavy-haul operation but are not directly part of it. These components consist of the following.

- The recovery and upgrade of the Lichinga-Cuamba section (262km) to reconnect remote parts of Niassa province to the main line, at a cost of approximately US\$100 million (completed).
- The recovery and upgrade of the Nkaya-Limbe section (98km) to improve Railway Capacity and Reliability in and out of Malawi, at a cost of approximately US\$50 million (ongoing).
- The recovery and upgrade of the Namarral-Nacala section (25km) to improve Railway Capacity and Reliability in and out of the Nacala port, at a cost of approximately US\$10 million (completed).
- The recovery and upgrade, focusing on emergency repairs, of the Nkaya-Mchinji section (406km) to improve Railway Capacity and Reliability in and out of the railhead at Chipata in Zambia and the capital city of Lilongwe in Malawi, at a cost of approximately US\$10 million (ongoing).

The governments of Malawi, Mozambique, and Zambia have committed investment, with support from the EU, AfDB, JICA, and Korea EXIM, for the Nacala Corridor Road Project, which is being implemented in four phases, at a cost of approximately US\$758 million.

- Phase 1 involved the rehabilitation of 348 km of road from Nampula to Cuamba in Mozambique (US\$270 million) and construction of 13 km bypass road west of Lilongwe city in Malawi (US\$24 million).
- Phase 2 involved the rehabilitation of 360 km of road from Luangwa Bridge to Mwami in Zambia US\$237.5 million).
- Phase 3 involves the rehabilitation of 175 km from Cuamba to Lichinga, including a spur to Mandimba, in Mozambique (US\$150 million).
- Phase 4 involves rehabilitation of 75 km between Liwonde and Mangochi in Malawi and construction and establishment of One-Stop-Border-Posts (OSBP) between Malawi and Mozambique at Chiponde/Mandimba border post and between Malawi and Zambia at Mchinji/Mwami border post (US\$76.5 million).

The Government has also committed investment, with support from the EU, for the rehabilitation of the remaining sections of an alternative route to Malawi, namely the Nacala-Nampula-Mocuba-Milange road. The key investment is the 110 km road between Milanje and Mocuba (US\$117 million).

Table 1. *Nacala Corridor Integrated Mine-Rail-Port Project*

Type of Investment	Sections (Kms)	Investment (US\$ Million)	Unit Cost (US\$/KM)	% Investment (Component)
New Build (Greenfield)	230.3	1,455	6,317,846	48
Moatize to Cambulatsissi	62.5	222	3,552,000	7
Cambulatsissi to Nkaya junction	138.5	1,078	7,783,394	35
Mossuril to Nacala-A-Velha Coal Terminal	29.3	155	5,290,102	5
Rehabilitation/Upgrading (Brownfield)	1,043.40	1,608	1,541,116	52
Nkaya Junction to Entre Lagos	101	196	1,940,594	6
Limbe to Nkaya Junction	96	14	145,833	0
Entre Lagos to Mossuril	584.4	1,286	2,200,548	42
Cuamba to Lichinga Branch Line	262	112	427,481	4
Railway Investment (Total)	1,274.00	3,063	2,404,805	100
Within National Territory of Malawi	335.5	1,288	3,839,046	42
Within National Territory of Mozambique	938.2	1,775	1,891,921	58
Nacala-A-Velha Coal Terminal		1,000		100
Coal Mine and Washing Plant		3,000		100
Coal Mine		1,000		33
Washing Plant		2,000		66
Total Investment		7,063		

Source: Nathan (2016)

The Government had to take out a grant and soft loan, estimated at approximately US\$350 million, from the JICA to rehabilitate the Nacala Port. Given the state of degradation of the Nacala Port, the first tranche of financing was for emergency rehabilitation, followed by a credit line for what is called the Nacala Port Development Project, which will be implemented over three phases.

- Phase I, financed by a US\$30 million grant, consisted of north quay pavement repair, a new container area, purchase of two Reach stackers, two Rubber Tyred Gantry (RTG) cranes, and the repair of the liquid bulk quay and the installation of firefighting equipment (March 2014 to September 2015).
- Phase II, financed by a US\$70 million, included the construction of a new access road to the port, pavement of the container yard, construction of a new rail transport container terminal, dredging, purchase of three RTG, and the construction of a new entrance.

- Phase III, at a cost of US\$250 million, will involve the reconstruction of the quay, pavement of the container terminal, dredging, pavement of the access road, purchase of three RTG and tug-masters.

Completion of Phases II and III were delayed by the advent of Covid-19 pandemic but the port rehabilitation project was inaugurated in October 2023.

2.3.2 AGRICULTURE AND FORESTRY INVESTMENTS

Though the number is limited compared to the central zone (including Sofala, Manica, and Tete provinces, where several large-scale biofuel projects have been approved), foreign investors have submitted proposals for large-scale agriculture investments to be carried out within the catchment region of the Nacala Development Corridor. Most investments consist of forest plantations and the development of commercial farms for the production of cereals and legumes, especially maize, soybeans and oilseeds. Their projects are mostly planned in Niassa Province, where an investor could relatively easily find a large vacant area suitable for plantation or commercial farming, since most districts in Niassa Province have a low population density due to their remoteness.

Table 2 summarizes the proposed large-scale agriculture and forestry investment projects in the Nacala Corridor since 2008.⁸ These significant investments in infrastructure and agricultural/forestry development have been supported by ongoing efforts to improve trade facilitation measures. The more notable of these include the ratification by the World Trade Organization (WTO) Trade Facilitation Agreement (TFA)⁹ by Malawi (in July 2017), Mozambique (in January 2017) and Zambia (in December 2015).

Of more significance, at the time, for the Nacala Corridor was the repeal of the mandatory use of the Terminal de Exportação Especial de Nacala (TEEN) for exports from Mozambique, effective from July 31, 2017. This regulation was widely viewed by private sector stakeholders as an impediment to trade, notably exports from Mozambique as it did not apply to transit cargoes, because of the high costs imposed to make use of the terminal to process exports. However, since the Nacala port and TEEN remain the only bonded facilities for containerised cargo, and the Nacala port is only used for the packing of rail cargo, most exporters have no option but to continue to use TEEN facility. Alternative arrangements can be made on a case-by-case basis for large exporters to request Customs to do the necessary inspections on a company's premises, but the exporter still must pay the high fees linked to the use of the TEEN facility.

Ongoing efforts to remove barriers to trade coupled with the massive investment in road, rail, and port infrastructure have presented an extraordinary opportunity to pursue a cluster of hitherto unrealizable large-scale industrial projects, which hold the potential to transform the country and region's economic trajectory. These opportunities are concentrated in the downstream gas, coal, forestry, tourism, and agro-processing sectors along the Nacala Corridor.

Table 2. Nacala Corridor Large-Scale Agriculture and Forestry Investments

Investor	Activity	Project Site	Area (Ha)	Status
Matanuska (Zimbabwe)	Banana Plantation	Monapo district, Nampula	3,800	Have only developed 1,450 ha due to impact of Fusarium Wilt (or Panama) Disease, which was originally detected in 2013.
Luambala Jatropa (Finland)	Jatropa plantation (Biofuel)	Majune District, Niassa	8,700	November 2012 changed production to soya, maize, and beans for the domestic market

⁸ The most up to date report on the status of these investment projects in the Nacala Corridor Agricultural Development Master Plan, prepared by the Ministry of Agriculture, Mozambique, with support from the ProSavana programme.

⁹ The objectives of the Trade Facilitation Agreement (TFA) are (i) the simplification and standardization of processes and procedures; (ii) removal of obstacles to trade; (iii) reduce trade costs; (iv) expedite movement, release, and clearance of goods; (v) improve cooperation between customs, immigration, police, agriculture (phytosanitary) and health on trade facilitation and customs compliance; and (vi) enhance technical assistance to build capacity to implement the TFA.

Investor	Activity	Project Site	Area (Ha)	Status
Niassa Green Resources (Norway)	Forestry plantations (Eucalyptus/Pine)	Sanga and Lichinga district, Niassa	60,000	Have only developed 13,500 ha of forest, 6,000 ha under pine and 7,500 ha under eucalyptus. Have stopped planting due to market concerns
Lurio Green Resources (Norway)	Forestry plantations (Eucalyptus)	Ribauè, Namina, Morrapula, Mecuburi, Erati and Rapale districts, Nampula	126,000	Have only developed 4,000 ha of eucalyptus forest. Have stopped planting due to market concerns
Florestal de Massangulo (Zimbabwe)	Forestry plantations (Eucalyptus/Pine)	Lichinga district, Niassa	80,000	Have only developed 4,380 ha of forest. No additional information could be sourced
Quifel (Portugal)	Commercial farming (Soybeans, Sunflower)	Gurué district, Zambezia	10,000	No update available
Brasperson (Brazil)	Commercial farming (Soybeans, Maize)	Mandimba district, Niassa	16,000	No update available

Source: *ProSavana–Nacala Corridor Agriculture Development Master Plan (2013)*

However, most of these projects are realizable only in the medium- to long-term.¹⁰ The focus in the short-term is to identify interventions that can accelerate economic development by lowering transport and logistics costs, which can be achieved by leveraging improvements in transport infrastructure and supporting ongoing efforts to enhance trade and transport facilitation as well as reforms to improve the business environment. Despite the sizeable investment in regional transportation networks, supported by a careful structuring of the concession agreements to ensure third-party access for general freight cargo and the repeal of the requirement for the mandatory use of the TEEN, some bottlenecks remain that undermine the realization of the system's capacity.

A concise problem statement would state that while there has been appreciable volume growth in cargo handled through the port of Nacala over the last decade, corridor flows have been dominated by growth in imports transported by road to the provincial capital of Nampula, the largest city along the corridor. By contrast, over the same period volume growth in transit cargoes, best suited for transport by rail and destined for landlocked Malawi, has been sluggish, despite the cost competitiveness of rail when compared to road transport. Unlocking this capacity will be critical to lowering transport costs in the hinterland regions of Mozambique (Zambezia and Niassa) and deep hinterland landlocked countries (Malawi and Zambia).

A summary of the traffic analysis is presented in Chapter 4 and transit and transport cost analysis is presented in Chapter 5 bear out these conclusions.

¹⁰ Mott MacDonald (2015): *Strategic Perspective on the Nacala Development Corridor*, a report prepared by the Programa de Desenvolvimento Espacial (PDE) housed in Ministry of Transport and Communications, Mozambique.

3 POLICY FRAMEWORK

Section 3 provides an overview of the institutional arrangements governing cross-border trade and transport corridors in Mozambique, with specific reference to the Nacala Corridor. This section draws together how these arrangements come together in the National Trade Facilitation Committee (NTFC) for Mozambique.

3.1 TRADE AND INVESTMENT FRAMEWORK

This section is a summary of the WTO Trade Policy Review (2024). Mozambique, a least developed country (LDC) with a growing population, has significant potential for steady economic expansion, underpinned by its good transport links to international markets and its vast and diverse natural resources. However, Mozambique is both highly exposed and vulnerable to weather-related hazards that tend to cause significant economic damage. Mozambique's competitiveness is also undermined by infrastructure bottlenecks, a sizeable informal sector, an underdeveloped financial system, prohibitive interest rates and excessive red tape, despite the recent steps taken to address these constraints.

During 2017-2023, the Mozambican economy weathered a series of shocks and generally kept expanding, although the outbreak of the COVID-19 pandemic caused a contraction in 2020. Mozambique's economic performance was also curtailed by a fragile security situation in the north of the country, a series of natural disasters, fluctuations in international commodity prices, and uncertainties regarding budget support by donors. Consequently, Mozambique made modest progress in improving living standards and achieved mixed outcomes in human development indicators.

Despite the series of adverse shocks experienced during the review period, Mozambique maintained macroeconomic stability and reform momentum. Mozambique launched a process of administrative decentralization and adopted an Economic Acceleration Package (PAE) comprising wide-ranging reforms. In addition to implementing various measures aimed at improving revenue collection and management, the Government switched to interest rates as the main monetary policy signaling tool, updated the legal frameworks for foreign exchange and investment, and reduced the footprint of the Bank of Mozambique (BM) on the interbank forex market. Nevertheless, Mozambican residents' earnings from exports of goods and services, and overseas investments remain subject to foreign exchange repatriation and partial (30%) surrender requirements.

During 2017-2023, Mozambique continued to depend heavily on imported food, agricultural inputs, and refined petroleum products, whereas its export basket was dominated by coal, aluminum, and natural gas. Mozambique remained a net importer of services throughout that period. Aggregate two-way trade flows ranged between 92.8% and 137.7% of Gross Domestic Product (GDP), partly on account of Mozambique's position as a regional gateway to international markets. Mozambique also continued to attract significant foreign direct investment (FDI) inflows, which were mostly driven by large extractive industry projects (natural gas, coal, and minerals).

Mozambique continues to support a rules-based multilateral trading system that is predictable and transparent and contributes to inclusive and sustainable development. It upholds the principles of decision-making by consensus and policy space for developing and least developed countries. Restoring a functioning Appellate Body and achieving concrete results on food security are matters of particular importance for Mozambique. Compliance with WTO notification obligations remains a challenge for the authorities.

During 2017-2023, Mozambique began implementing the EU-SADC Economic Partnership Agreement (EPA) and a separate EPA negotiated jointly with the Southern African Customs Union (SACU) and the United Kingdom. In addition, a bilateral preferential trade agreement entered into force for Indonesia in June 2022, whereas implementation by Mozambique was expected to begin in April 2024. Mozambique also ratified the Agreement establishing the African Continental Free Trade Area (AfCFTA) and plans to deposit its tariff offer with the AfCFTA Secretariat in 2024 for technical verification, consideration, and adoption.

Mozambique adopted a new Private Investment Law in 2023, rationalizing the approval of investment projects and strengthening various provisions, including on property rights, expropriation, investor obligations, and dispute resolution. An Industrial Free Zone (IFZ) regime has been in place since 1993, while a Special Economic Zone (SEZ)

regime dates from 2007. As of February 2024, there were 7 SEZs, 4 IFZs, and 20 companies operating as isolated IFZs in Mozambique. Mozambique did not conclude any bilateral investment treaties (BITs) during 2017-2023.

During 2017-2023 Mozambique revised its tariff and customs clearance legislation and continued to develop its Electronic Single Window (JUE) for foreign trade. It also eliminated the compulsory use of customs brokers and discontinued preshipment inspection, albeit without formally revoking the legal basis for the latter. Notwithstanding the significant improvements made to import, export, and transit formalities, further trade facilitation efforts could focus on increasing transparency and making all trade-related registration, licensing, and authorization procedures executable electronically. Given the importance of these issues to this assignment and elaboration of Customs Procedures and Requirements that lay at the heart of successful Trade Facilitation processes are elaborated in section 3.2.

Mozambique's 2023 applied Most Favored Nation (MFN) tariff was entirely ad valorem. The simple average applied rate was roughly the same as the average bound tariff rate, barring some noise due to nomenclature differences. The applied rates on three tariff lines exceeded the corresponding bound rates. The agriculture sector continued to receive the strongest protection from import competition. At 13.9%, the average import tariff on agricultural products (WTO definition) was 4.2 percentage points higher than the average tariff on non-agricultural goods. In addition, Mozambique applies product-specific surcharges (often linked to reference prices), controls, and restrictions on imports and/or exports of certain agricultural products, including raw and refined sugar cotton, oilseeds, and timber. The surcharge rates on raw and refined sugar fluctuated considerably during 2017-2023 and exceeded Mozambique's bound level (100%) for other duties and charges on several occasions. Surcharges are also levied on imports of cement, plates of iron or steel and certain types of wires.

As part of the PAE, Mozambique reduced its VAT rate by one percentage point (to 16%) and revised certain VAT exemptions in 2022. In addition to VAT, various imports are subject to excise taxes, levied mostly at ad valorem rates ranging from 5% to 75%. Several excise tax exemptions also remain in place.

Mozambique has maintained a quota mechanism for chicken imports since 2009. The authorities indicate that quota fill rates ranged between 50% and 85% during the review period. The National Sugar Distributor (DNA) continues to have exclusive export rights for sugar.

During 2017-2023 Mozambique established the National System for Quality (SINAQ), comprising standardization, metrology, conformity assessment, accreditation, technical regulation, sanitary and phytosanitary measures, and environmental quality assessment. The authorities also adopted a new Standardization and Conformity Assessment Regulation; the compulsory conformity assessment of imported goods (1,370 8-digit tariff lines), prescribed therein, was outsourced to a private company in November 2023.

Mozambique's Competition Regulatory Authority (Autoridade Reguladora da Concorrência) became operational in August 2021. Its responsibilities include investigating and sanctioning violations of the Competition Law, as well as the ex-ante control of economic concentrations. The provision of public aid or any preferential tax treatment by central and subcentral authorities remains outside its scope.

Mozambique maintains a decentralized public procurement system that does not include state-owned enterprises. Reportedly, the use of open tendering procedures for awarding procurement contracts remains rather limited. Contracting authorities must grant national suppliers a preference (15% of the contract value for services and public works and 20% of the contract value for goods). In addition, in contracts for the procurement of goods, 20% of the ex-factory price of inputs must be sourced domestically.

Agriculture (crop production, animal husbandry, forestry, and fisheries) remains the backbone of the Mozambican economy, providing livelihood to approximately 80% of Mozambicans. Crop production is estimated to account for the bulk of the sector's output. Smallholders engaged in subsistence farming and artisanal fishing remain predominant, but there are also large commercial producers, notably of sugar, tobacco, cotton, cashew nuts, and timber.

Mozambique has not submitted to the WTO any notifications on domestic support in agriculture. Reportedly, the sector has been receiving relatively limited public funding. During 2017-2023, publicly funded support measures included the provision of extension services, the provision of seeds and fertilizers, and the establishment of service

centers offering mechanization services. Mozambique also continued to promote the development of key agricultural value chains through a mix of tax concessions, regulated prices, and marketing interventions.

Mozambique is endowed with vast and diverse subsoil resources, including commercially important deposits of coal, East Africa's largest reserves of natural gas, and various minerals deemed crucial for the global transition to clean energy. Besides accounting for the bulk of FDI inflows over the period 2017-2023, the extractive industry was also a significant earner of export revenue. Mozambique participates in the Extractive Industries Transparency Initiative (EITI) and has been harmonizing its legal framework with EITI standards. Mozambique is establishing a Sovereign Wealth Fund (SWF) to manage the significant revenues expected from hydrocarbon production. In general, large-scale extractive operations in Mozambique are privately owned, with state entities holding varying equity and/or production-sharing interests in many of them.

Biofuels continue to dominate Mozambique's energy matrix, accounting for more than two thirds of total primary energy supply. Mozambique has considerable untapped potential for energy generation and is a net exporter of coal, natural gas, and electricity. In contrast, it remains totally reliant on imports of refined petroleum products. During most of the 2017-2023 period, the BM provided USD liquidity for Mozambique's fuel imports, a practice that translated into a de facto fixed MZN-USD exchange rate. Notable recent developments in the sector include the establishment of a regulator for the electricity and downstream gas and petroleum markets, as well as the introduction of a tendering system for the allocation of renewable energy generation capacity.

The Mozambican financial system is dominated by banks, whereas non-bank segments remain underdeveloped. The capital market remains embryonic, with treasury bonds being the main securities traded. Market access conditions for banking and insurance were not altered during the review period. There are no statutory restrictions on foreign ownership and the respective licensing and prudential requirements are applied uniformly to all regulated entities.

Mozambique's telecommunications services sector is dominated by mobile communications. During the review period, the authorities made various changes to the legal and institutional framework, simplified the licensing regime, and carried out Mozambique's first frequency spectrum auction. To date, Mozambique has not implemented regulatory mechanisms for number portability and secondary spectrum trading.

Mozambique has three transport corridors that are essential for domestic cargo traffic and for the international trade of neighbouring countries. During the review period, Mozambique established a regulator for maritime and inland water transport and a regulator for railway systems and ports. A special registration regime designed to attract investments in maritime cabotage was also tested. In addition, the authorities have adopted a more liberal negotiating stance regarding bilateral air transport agreements. Given the importance of these issues to this assignment the institutional arrangements for promoting Transport Facilitation is elaborated in section 3.3.

3.2 TRADE FACILITATION FRAMEWORK

This section is a draw on extracts from the WTO Trade Policy Review (2024). Mozambique's Ministry of Economy and Finance (MEF) remains responsible for, inter alia, customs-related policy formulation, while regulation and implementation remain the remit of the Revenue Authority (Autoridade Tributária de Moçambique, AT). The Ministry of Industry and Commerce (MIC) oversees activity licensing, maintaining registers of importers and exporters, and setting the technical requirements applicable to products commercialized in Mozambique. The MIC also represents Mozambique in international trade negotiations and international trade forums, including the WTO.

Importers (and exporters) must obtain an economic activity license and an identification card from the MIC before engaging in international trade transactions. Both formalities can be carried out at any of the single service desks (balcão de atendimento único) available across Mozambique. Foreign persons with the appropriate visa or residency permit and foreign businesses established in Mozambique (branches, subsidiaries, or agencies) are also eligible to engage in international trade operations. Additional registration requirements, with either the Ministry of Agriculture and Rural Development (MADER) or the Ministry of Health (MISAU), apply to importers of pesticides, seeds, and medicinal products.

In December 2023, Mozambique eliminated the compulsory use of customs brokers in imports, exports, and transit of goods. Since then, traders may submit customs declarations on their own behalf. Declarations and accompanying

documents must be submitted via the JUE. The JUE has been operating since 2011 and its use is mandatory for both import and export operations. While the system has made possible the electronic fulfilment of most international trade and transport formalities it is yet to fully integrate all government agencies. Consequently, certain formalities still require the submission and analysis of paper-based documents, which may cause delays in customs clearance (these have not been specified).

The JUE is managed by the Mozambique Community Network (MCNet), a public-private partnership in which the Government has a 20% share. Risk profiling is built into the JUE, which largely determines the customs clearance channel that goods need to go through. There are four channels: green (immediate release), blue (Authorized Economic Operators (AEOs), yellow (documentary inspection) and red (documentary and physical inspection). The JUE also comprises an e-evaluator system that automatically identifies the average value of prior imports under the same tariff line and from the same origin. In case of significant discrepancies with the consignment's declared value, the system would flag the declaration for a thorough valuation review, which may trigger a request for additional evidence of the value of the imported product.

Since April 2019, a bank intermediation commitment declaration attesting the existence of a foreign exchange operation must be submitted via the JUE by the importer's bank in all import (and export) transactions. In 2023, a total of 421,553 customs declarations were processed. Around 24% were cleared through the green channel, 5% through the blue channel, 0.3% through the yellow channel, and 70% through the red channel (see **Table 3**).

Table 3. Total Customs Declarations Processed Per Channel, 2017-2023

Year	Blue		Green		Red		Yellow		Total
	Total	%	Total	%	Total	%	Total	%	
2017	7,059	2.57	71,846	26.16	195,535	71.2	204	0.07	274,644
2018	10,200	3.2	74,633	23.43	231,004	72.53	2,637	0.83	318,474
2019	12,114	3.55	74,166	21.75	251,024	73.61	3,724	1.09	341,028
2020	13,440	4.09	73,390	22.35	241,176	73.44	411	0.13	328,417
2021	18,396	4.91	96,526	25.79	259,278	69.26	133	0.04	374,333
2022	18,352	4.84	102,217	26.93	258,854	68.2	115	0.03	379,538
2023	21,691	5.15	102,051	24.21	297,701	70.62	110	0.03	421,553

Source: WTO, 2024

The JUE operates every day, including weekends. The system is available at Mozambique's maritime ports, but it is not yet deployed to all the terrestrial entry points. According to the authorities, the average clearance time in Mozambique is 20 days for imports and 62 days for exports. Traders must pay JUE user fees (see Table 4) and a Customs Services Fee (Taxa de Serviços Aduaneiros, TSA) levied per declaration (see Table 5).

Table 4. JUE User Fees, 2023(US\$)

Regime	FOB value	FOB value	FOB value	FOB value
	Under US\$ 5,000	US\$ 5,000 - 10,000	US\$ 5,000 - 10,000	Under US\$ 5,000
Imports				
Imports	5	24	64	0.85%
Exports	n.a.	n.a.	24	64
Goods in Transit & Other Regimes (US\$)	n.a.	n.a.	n.a.	24

Source: WTO, 2024

Table 5. Total Customs Declarations Processed Per Channel, 2017-2023

Customs Regime		Value (MZN)	
General Regime	DU Import	Exempt	2,000
		Normal	1,000
	DUA Import		750
	DUS Import		300
	DU Export		1,000
	DUA Export		500
	DUS Export		150
	Special Regime	Temporary Import	
Temporary Export		1,000	
Re-import		750	
Re-export		500	
Customs Transit		750	
Transfer		500	
Storage in Custom Regime		1,500	
Duty-Free Shop		1,500	
Free Zones		1,500	
Cabotage		250	
Special Economic Zone		1,500	

Source: WTO, 2024

Note: DU = Documento Único (Single Document) for commercial transactions, DUA = Documento Único Abreviado (Short Single Document) for non-commercial transactions and DUS = Documento Único Simplificado (Simplified Single Document) for non-commercial transactions of passengers

Mozambique's Authorized Economic Operator (AEO) scheme for importers and exporters has remained largely unchanged since 2017. The benefits conferred on AEOs are (i) physical and document-based controls only when strictly necessary (otherwise imports are cleared through the JUE's blue channel); (ii) physical controls at locations chosen by the company; (iii) priority treatment of consignments if selected for customs control (again this is a feature built into the JUE); and (iv) advance notification of physical verification if imported goods are considered risky or if they will be subject to post-clearance control or audit (in which case 15 days' advance notification is provided). As of December 2023, there were 30 approved AEOs. Mozambique has not yet signed any AEO-related mutual

recognition agreements (MRAs). Discussions for an AEO-related MRA with South Africa are reportedly ongoing. Goods in transit through Mozambique remain subject to customs control, surveillance, and the provision of a financial guarantee. The requirement to provide a guarantee is waived for certain goods, as well as for consignments of an AEO when the destination country has a MRA with Mozambique, or when the forwarding agent, the warehouse operator, or the carrier involved is not a tax debtor nor has been convicted of a tax offence that has become final and unappealable. According to the authorities, a transit guarantee at the regional level is under discussion to facilitate trade flows in the region. In 2023, Mozambique implemented electronic sealing and cargo tracking for goods in transit. Electronic sealing and tracking fees are levied according to the type of consignment (see Table 6), except for exempted goods (see Ministerial Diploma No. 19/2023, 24 January 2023).

Table 6. **Electronic Sealing Fee, 2023**

Type of merchandise	Fee (in MZN)
Goods in containers	2,835
Goods in bulk	3,780
Liquid goods (fuels)	4,095

Source: WTO, 2024

Transit licenses must be obtained from the MTC, while the registration of transit agents, transport companies, and customs warehouse operators under the customs transit regime is done through a request to the DG-Customs via the JUE. Mozambique continues to give priority to certain goods in transit, namely live animals, newspapers and magazines, medicine, certain hazardous materials, and perishable goods. In 2023, the AT set transit time limits for each route through Mozambique.

Customs cooperation provisions are found in the EU-SADC EPA and the SADC Trade Protocol and the African AfCFTA. Mozambique has signed Memoranda of Understanding (MOUs) with neighbouring countries to facilitate the exchange of information and to provide for mutual assistance on customs control issues, particularly in relation to the use of uniform documents, advance information for customs release, and system interconnectivity.

Mozambique has also implemented a 'One-Stop Border Post (OSBP)' with South Africa, which involves the sharing of border point infrastructure so that the South African and Mozambican administrations can carry out joint controls, verifications, and inspections. Similar joint border posts are being negotiated with Eswatini, Malawi, Zambia, and Zimbabwe.

No Pre-Shipment Inspection (PSI) of imports has been carried out since 2020, when the exclusive contract with Intertek Testing Services, a private company, came to an end and was not renewed. Nonetheless, no legal instrument formally eliminating PSI has been promulgated to date.

Non-Intrusive Inspection (NII) services continue to be provided by Kudumba on a long-term PPP contract.

The NTFC was created by Decree No. 81/2017. The NTFC is responsible for advising the executive branch on matters related to the implementation of the WTO-TFA and it is chaired by the Minister of Industry and Commerce (MIC). The NTFC's role is to coordinate the actions required to implement the TFA to ensure that imports, exports, and the transit of goods through Mozambique are efficient, transparent, and with lower costs.

3.3 TRANSPORT FACILITATION FRAMEWORK

Mozambique's geographical location makes it a key transit route for the international trade of the DRC, Eswatini, Malawi, Zambia, Zimbabwe, and South Africa's northwest region. **Approximately 70% of SADC's transit traffic passes through transport corridors linking the region to Mozambique's deep-water coastal ports.** Due to embryonic maritime cabotage services and a fragmented rail network with limited national coverage, most passenger traffic in Mozambique is transported by air and road, whereas the main modes of freight transport are maritime and road.

The backbone of Mozambique's transport and logistics system is designed mainly for freight shipments and links major domestic mining and industry sites, as well as neighbouring countries, to Mozambique's ports. Mozambique has three major corridors that play a central role in the SADC freight transportation market. The Maputo Corridor links the port of Maputo by rail and road to the South African border. The Beira Corridor links the port of Beira with Mozambique's central provinces and Zimbabwe, Zambia, and Malawi. **The Nacala Corridor stretches from the port of Nacala through the central and northern provinces of Mozambique and on to Malawi, Zambia, and the DRC.**

The MTC remains responsible for overarching policy formulation for the transport sector, whereas the Ministry of Public Works, Housing and Water Resources remains in charge of the road network. The National Institute of Road Transport (INATRO) regulates, monitors, and supervises road transport activities, including security, quality and consumer rights. The National Road Administration (ANE) is responsible for road construction and maintenance works, which are financed by the Road Fund (FE). The state-owned Ports and Railways Company of Mozambique (CFM) is involved in the construction and management of railway and port infrastructure. Since October 2021, the newly established Maritime Transport Institute (ITRANSMAR) oversees and regulates maritime and inland water transport and maritime signage in ports, whereas the Mozambican Railway and Port Institute (IFEPOM) is in charge of overseeing and regulating railway systems and ports. The Civil Aviation Institute of Mozambique (IACM) oversees all civil aviation activities. The state owned Aeroportos de Moçambique (ADM) manages all of the country's airports.

Mozambique is a signatory to the **SADC Protocol on Transport, Communications and Meteorology (PTCM)**, which aims to harmonize the legal frameworks for transport across the region. However, many of the protocol's provisions are yet to be implemented. To advance the provisions that have not yet been implemented Mozambique has been participating in the implementation of the Tripartite Transport and Transit Facilitation Programme (TTTFP) that has been implemented through the COMESA-EAC-SADC Tripartite using funding provided by the European Union.

The overall strategic objective of the TTTFP was "to facilitate the development of a more competitive, integrated and liberalised regional road transport market in the East and Southern African (ESA) region". The project purpose was to develop and implement harmonised road transport policies, laws, regulations and standards for efficient cross border road transport and transit networks, transport and logistics services, systems, and procedures in the ESA region.

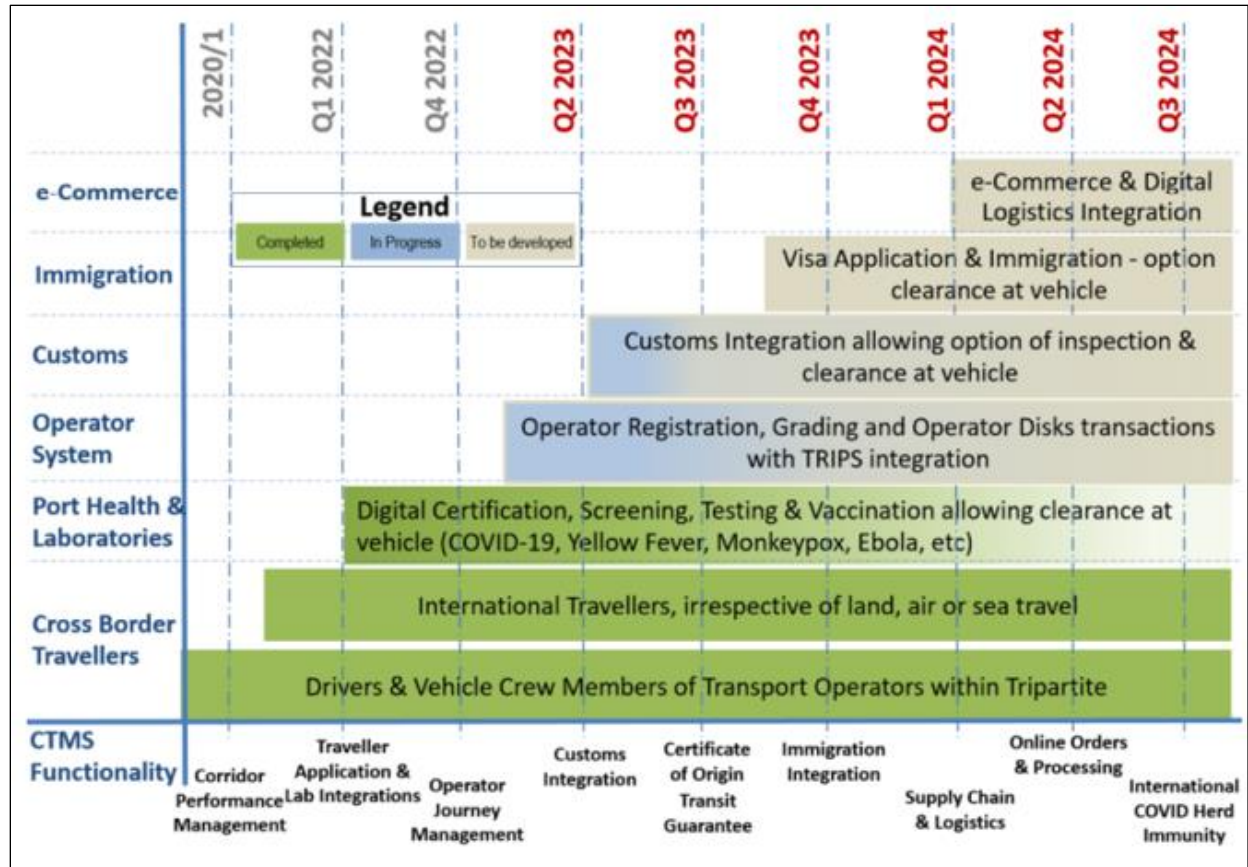
The TTTFP closed in early 2023 and, amongst other achievements, recorded the following:

- **Supported the customization of Model Laws and Model Regulations** in Angola, Botswana, Djibouti, Eswatini, Ethiopia, Lesotho, Mozambique, Namibia, Uganda, Zambia and Zimbabwe.
- Through the **Multilateral Cross-Border Road Transport Agreement (CBRTA)**, supported the substitution of quantity regulation by quality regulation and initiated the development of several standards to ensure that all Tripartite Member/Partner States maintain the same level of quality.
- The establishment of the **Transport Registers and Information Platform System (TRIPS) which will have interfaces with the National Transport Information Systems (NTIS), the Vehicle Load Management Information Systems (VLMIS) and the Corridor Trip Monitoring System (CTMS)**. In addition, the integration of TRIPS with the COMESA Digital Yellow Card System has been demonstrated.

The implementation of the Corridor Trip Monitoring System (CTMS) including preparation of User Requirements Specifications (URS) for validation and development of web applications. **Work has also started on integrating the CTMS with ASYCUDA World.** This will allow uploading and exchange of information on cargo and customs declarations along the corridor not just at borders; sharing of manifests between and among Customs Management Systems to facilitate pre-clearance and to expedite Customs declarations and reduce duplication of data for transport operators; risk assessments; Transit Guarantees; filing of e-certificates of origin; and advance clearance by immigration officials at border posts. The planned development of the CTMS is shown in **Figure 5**.

- For Corridor Countries who are COMESA members (Malawi and Zambia for Nacala Corridor) COMESA transport and transit facilitation instruments, notably the Yellow Card, Harmonised Road Transit Charges, COMESA Carriers' License, Harmonised Axle Loading, Maximum Vehicle Dimension Regulations, the Regional Customs Transit Guarantee Scheme (RCTG-CARNET) and the COMESA Virtual Trade Facilitation System (CVTFS) also apply and can be used to the advantage of the economic operator.

Figure 5: CTMS Functionality and Development Road Map



Source: TTTFP, 2023

Mozambique has signed bilateral road transport agreements with South Africa, Malawi, Eswatini, Zimbabwe, and Zambia. These agreements govern the transportation of passengers and goods based on the principle of reciprocity. However, different regulations on vehicle dimensions and weight continue to hamper cross-border competition among commercial transport operators. This reflects the need to domesticate the CBRTA at the national level in Mozambique. To engage in international road transport, carriers based in Mozambique must obtain a license (5-year validity), which the MTC issues after making sure that the applicants have insurance with the appropriate regional coverage. Cabotage is reserved for domestic road transport carriers. Mozambique does not restrict foreign investment in road transport carriers.

The Nacala Development Corridor Agreement (NDCA), initially signed in 2000 between Mozambique and Malawi and updated in 2003 to include Zambia was further updated in 2023 to include the ‘**Establishment of the Nacala Development Corridor Management Committee**’ (NDCMC). The NDCMC “shall be the Corridor Management Institution (CMI) for the Nacala Development Corridor” and “shall have the full legal capacity and power to negotiate, conclude and sign any agreement with a third party in accordance with the objectives of this Agreement”. The institutional architecture of the NDCMC will comprise of:

- The Council of Ministers;
- The Nacala Development Corridor Management Board; and,
- The Secretariat.

The Council of Ministers will comprise of the Ministers responsible for transport and will be responsible for:

- Direct policy formation and approve annual work plans and budgets of the NDCMC;
- Appoint the Executive Director of the Secretariat on the Board’s recommendation; and,

- Approve the organogram and terms and conditions of service for the Secretariat's personnel.

The Nacala Development Corridor Management Board will report to the Council of Ministers and comprise of the Permanent (or Principal) Secretary of the Ministry responsible for Transport in Mozambique, It shall constitute the following sub-committees to assist with the performance of its functions:

- Joint Technical Committee (JTC);
- Technical Committee (TC); and,
- National Sub-Committees (NSC).

The JTC will comprise of the National Director or Senior Government Officials responsible for Transport and Communications in Mozambique and Transport or Trade in Malawi and Zambia. The responsibilities of the JTC include the formulation of a Strategic Plan to inform inter alia, the proposed establishment of the Secretariat, crafting annual work plans and budgets, monitoring of corridor performance, marketing the corridor and lobbying for policy reforms. To assist in the activities the Board, on the advice of JTC will set up TCs in the following areas:

- Trade and Transport Facilitation;
- Infrastructure Development and Management;
- Customs and Transit Facilitation;
- Immigration and Security;
- Legal Matters; and,
- Other.

Private sector stakeholders are envisaged to play an active role in the TCs above and a the JTC will mandate the Secretariat to develop a comprehensive strategy for the engagement of the private sector.

The base of the structure is supported by National Sub-Committees, arguably the most important element of the proposed institutional architecture, as these sub-committees will provide the national building blocks on which regional interventions are implemented. They will comprise of senior government officials from the six (6) sectors that mirror the TCs and will meet quarterly with their main responsibilities defined as follows:

- Develop and implement relevant national policies and strategies designed to provide seamless trade and transportation along the Nacala Corridor;
- Coordinate actors involved in the implementation of national policies and strategies into a coherent strategic plan for the development the Nacala Corridor;
- Elaborate a monitoring and evaluation strategy within the corridor strategic plan to benchmark and assess the performance of the Nacala Corridor against competing corridors; and,
- Implement work-plans agreed with the TCs designed to support the NDCMC decisions at the national level and to assist the Secretariat in tracking their implementation at the national level.

The headquarters of the Secretariat will be in Mozambique. The Secretariat will be headed by an Executive Director who will be recruited on a rotational basis from the parties to the agreement for a term of four years, which may be renewed only once. The Executive Director shall with the approval of the Board, appoint the key personnel of the Secretariat. The Secretariat shall initially be set up on an interim basis for five (5) years, or until such time when the parties agree to establish the Secretariat which will have the following functions:

- Provide technical support in terms of database management, strategy formulation, project identification and performance monitoring;
- Develop a communications strategy and co-ordinate public-private dialogue between a wide range of corridor stakeholders;
- Provide technical, administrative and secretarial support to each of the NDCMC organs, including sub-committees;
- Undertake marketing and business development activities to increase traffic volumes on the Nacala Corridor;
- Conduct bespoke research to advocate for policy reform designed to enhance corridor competitiveness; and,
- Prepare quarterly and annual reports against the approved work-plan and budget for review by the Board.

The financing for the organs of the NCDMC are envisaged to come from one or more of the following sources:

- User-pay contributions from users of the corridor, in accordance with the User Pay Agreement that is yet to be concluded by the parties to the main agreement;
- Subject to the approval of the NCDMC grants and donations from corridor stakeholders, international cooperating partners and other interest groups; or,
- Any other sources as may be approved by the Board.

3.4 INTEGRATION OF ARRANGEMENTS

Accessing markets through the Nacala port in Mozambique remains challenging for traders along the Nacala Corridor as transport and logistics time and physical costs remain elevated. While many of the factors contributing to relatively high transport and logistics costs are dictated by the existing level of economic development and geographical location, government regulations also play a role. These include a high incidence of Non-Trade Measures (NTMs) that restrict trade between the Nacala Corridor member states, especially in standards, fees and charges, registration and licensing, checkpoints and inspections and prohibitions.

A structure to capture NTMs based on five pillars is proposed; namely:

- **Enhanced Trade and Transport Facilitation Processes** focusing on the implementation of the key articles in the WTO-TFA and the model agreements developed under the TTTFP ;
- **Expanded Infrastructure Development** aims at improving infrastructure, including regulation to increase the efficiency of corridor trade and transport infrastructure networks;
- **Reduced Use of Sanitary and Phyto-Sanitary (SPS) and/or Technical Barriers to Trade (TBT) Measures** that can frustrate the growth in trade between corridor states;
- **Improved Immigration and Security Procedures** to ensure safe and secure cross-border movement of goods and people between corridor states along the corridor; and,
- **Strengthened Corridor Management Systems to Enhance Competitiveness** to design and implement interventions that boost corridor performance.

These pillars are **aligned with the current focus areas of the National Trade Facilitation Committee (NTFC) in Mozambique**, which is chaired by the MIC, namely:

- Trade and Transport Facilitation Measures Sub-Committee;
- Infrastructure Development Sub-Committee;
- SPS and TBT Measures Sub-Committee;
- Immigration and National Security Sub-Committee; and,
- Corridors Sub-Committee.

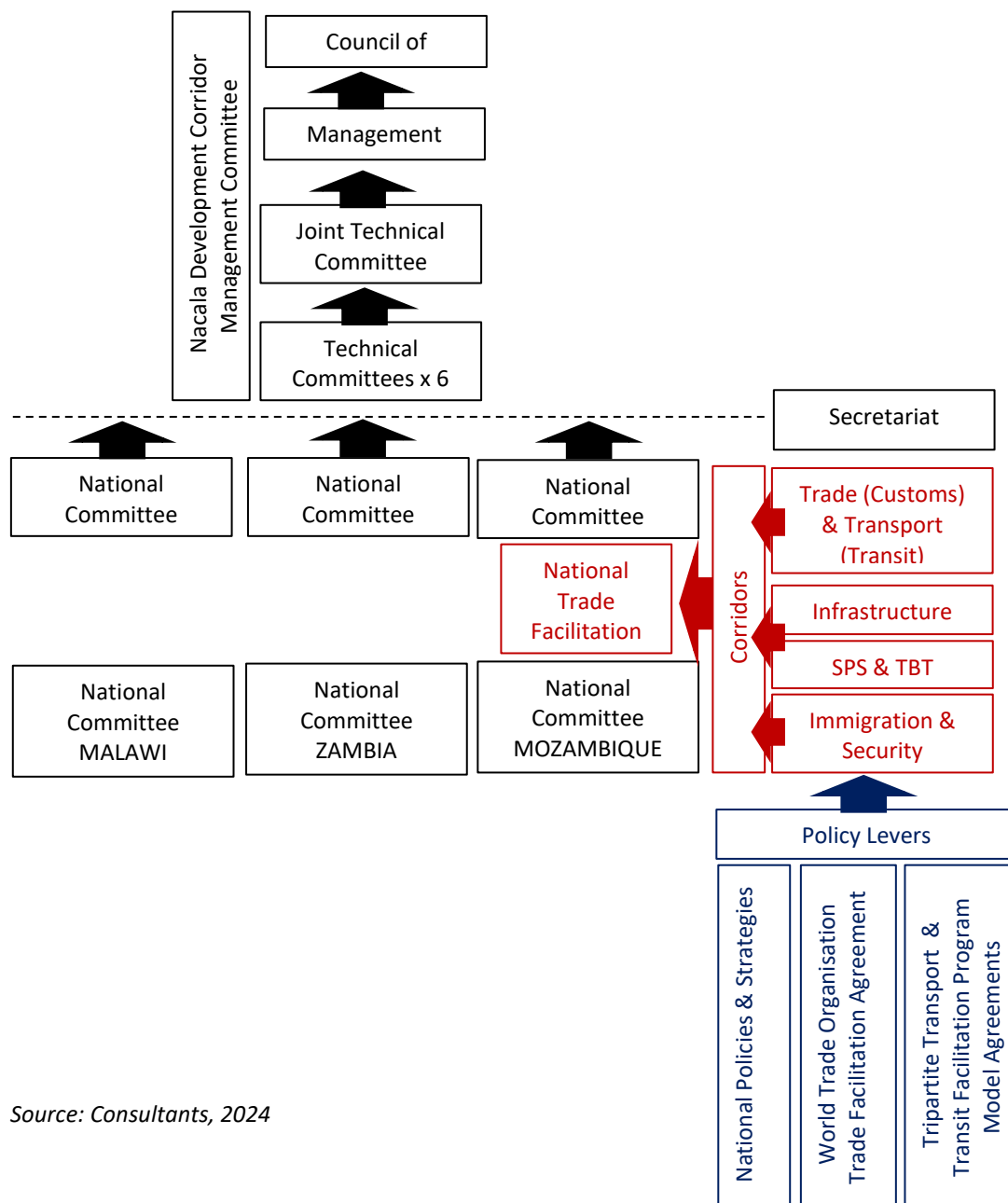
The **Corridors Sub-Committee of the NTFC could anchor national dialogue on corridor development in Mozambique** by integrating the specific issues that affect a particular corridor and mainstream their resolution through the relevant Sub-Committee best-suited to address each issue. **Figure 6** depicts how the institutional arrangements for Trade and Transport Facilitation in Mozambique could be integrated by aligning the provisions of the NDC Agreement and the structure and function of the NTFC and its constituent Sub-Committees. The Corridors Sub-Committee of the NTFC current acts in the role envisaged for the National Committee Mozambique, as it links the main policy levers, notably the WTO-TFA and TTTFP Model Agreements, that if implemented would significantly enhance trade and transport facilitation along regional corridors anchored by Mozambique Maritime ports of Maputo, Beira and Nacala.

The benefit of NTFCs is that they bring together stakeholders who understand trade facilitation from the perspective of both the public and private sectors. They use their technical knowledge of border procedures and their experience in complying with regulations. Operational NTFCs are important to ensure implementation of trade facilitation measures that will secure regional and continental supply chains **but the way that NTFCs are structured and operate**

needs to be re-examined if they are to be useful in assisting with implementation of trade facilitation instruments and measures.

The role of an NTFC is to facilitate and coordinate but what is needed is a body to champion trade facilitation. Implementation of trade facilitation measures requires combined actions by, usually, multiple agencies and private sector organisations and an implementation budget, which should come from the national budget rather than from grants provided by Development Partners. For example, a common risk assessment instrument needs not only cooperation between border agencies but also agency agreements, possibly changes in legislation and regulations, and a budget to support implementation. This may require a directive from a higher authority. An NTFC is chaired by a senior official from the Ministry responsible for international trade and **the members of the NTFC typically include counterparts from other ministries, private sector and International Cooperating Partners, none of whom the NTFC chair has any jurisdiction or authority over.**

Figure 6: Institutional Arrangements to Development of Nacala Corridor



Source: Consultants, 2024

4. TRAFFIC ANALYSIS

Section 4 provides a synopsis of the traffic analysis for the Nacala Corridor. This section presents a baseline of and projections for traffic through each maritime ports anchoring Mozambique's regional corridors, with a specific focus on the Nacala Corridor, including an identification of short-term market opportunities.

4.1 TRAFFIC BASELINE

Appendix 1 provides a detailed analysis of the traffic baseline for all Mozambique ports, whereas this section just focuses on the General Freight Ports of Maputo, Beira and Nacala.

Figure 7 provides a summary of the throughput for the ports of Maputo, Beira, Nacala and Pemba over the period 2017-2022. The key take-aways can be summarized as follows:

- In 2022, the port of Maputo accounted for the highest volumes (26,9 mtpa) followed by Beira (13,8 mtpa), Nacala (2,7mtpa) and Pemba (0,3mtpa);
- Over the period 2017-2022, the port of Pemba grew the fastest (15,7% per annum), followed by Maputo (8,1%), Beira (4,3%) and Nacala (4,1%); and,
- Over the period 2017-2022 the port of Maputo has increased its share of the total port throughput from 57% (2017) to 61% (2022) as has Pemba from >0,5% (2017) to 1% (2022) whilst Beira declined slightly from 35% (2017) to 32% (2022), as did Nacala from 7% (2017) to 6% (2022).

The implication for the port of Nacala is that it is just about holding its own showing modest growth of 4,1% per annum, primarily because of the poor performance of the economy of Malawi which is below the national average of 6,6% per annum.

Figure 8 provides a summary of the throughput of transit volumes for the ports of Maputo, Beira, Nacala and Pemba over the period 2017-2022. The key take-aways can be summarized as follows:

- In 2022, the port of Maputo accounted for the highest transit volumes (12,9 mtpa) followed by Beira (5,4 mtpa), Nacala (0,3mtpa) and Pemba (0,0mtpa);
- Over the period 2017-2022, transit traffic at port of Maputo grew the fastest (10,5% per annum), followed by Beira (7,1%), Nacala (1,4%) and Pemba (0,0%);
- Over the period 2017-2022 the port of Maputo has increased its share of the total transit port throughput from 69% (2017) to 73% (2022) whilst Beira declined slightly from 29% (2017) to 26% (2022), as did Nacala from 2% (2017) to 1% (2022); and,
- Over the period 2017-2022 transit traffic as a percentage of total traffic grew from 43% (2017) to 52% (2022) highlighting the importance of transit traffic from hinterland member states participating on regional trade and transport corridors to Mozambique.

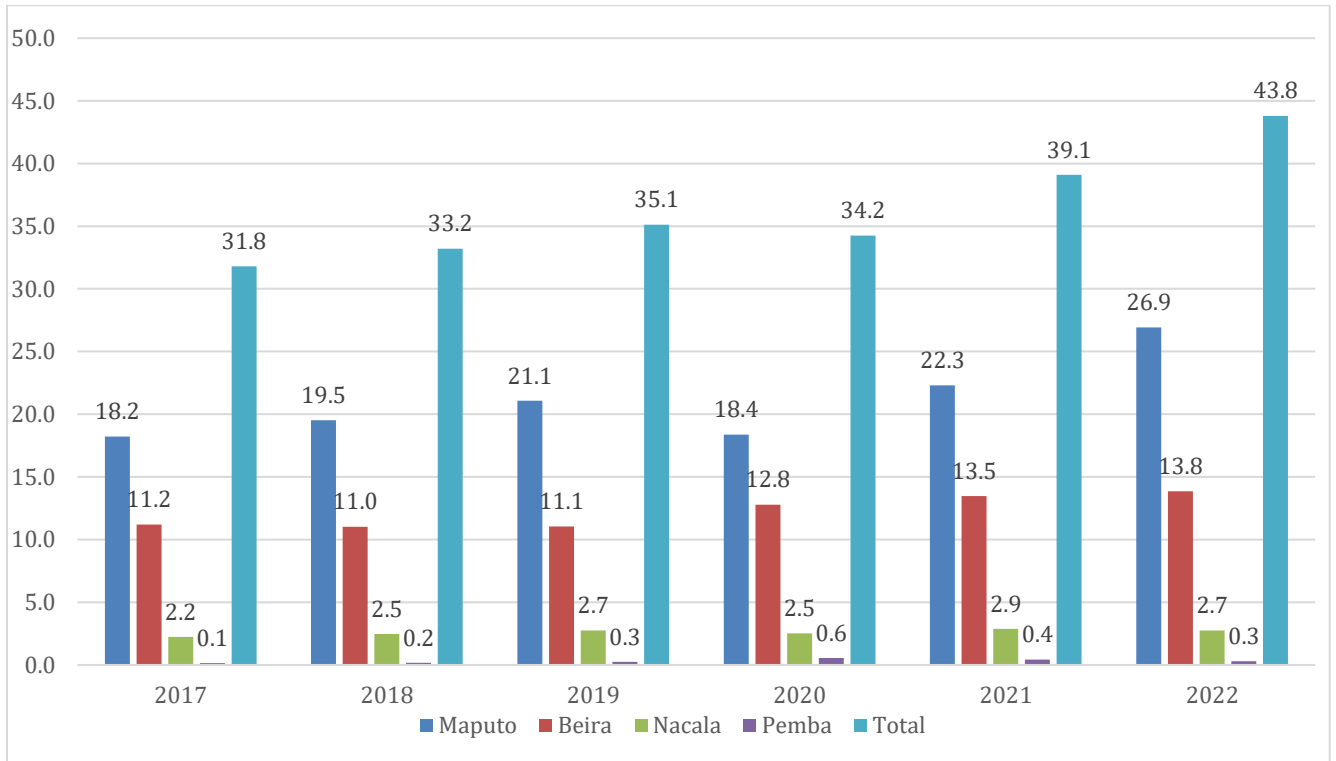
The implication for the port of Nacala is that it is holding its own showing low growth in transit volumes, due to the economic headwinds facing Malawi, suggesting that future growth will either come from hinterland Mozambique or from further penetration into the highly competitive markets of Zambia and DRC.

Figure 9 confirms the decline in the Malawi market, which has impacted on all the corridors that serve Malawi.

Figure 10 confirms that the Nacala Corridors in 2022 was dominated by imports from the domestic market, particularly bulk imports, with transit traffic low and cabotage flows negligible.

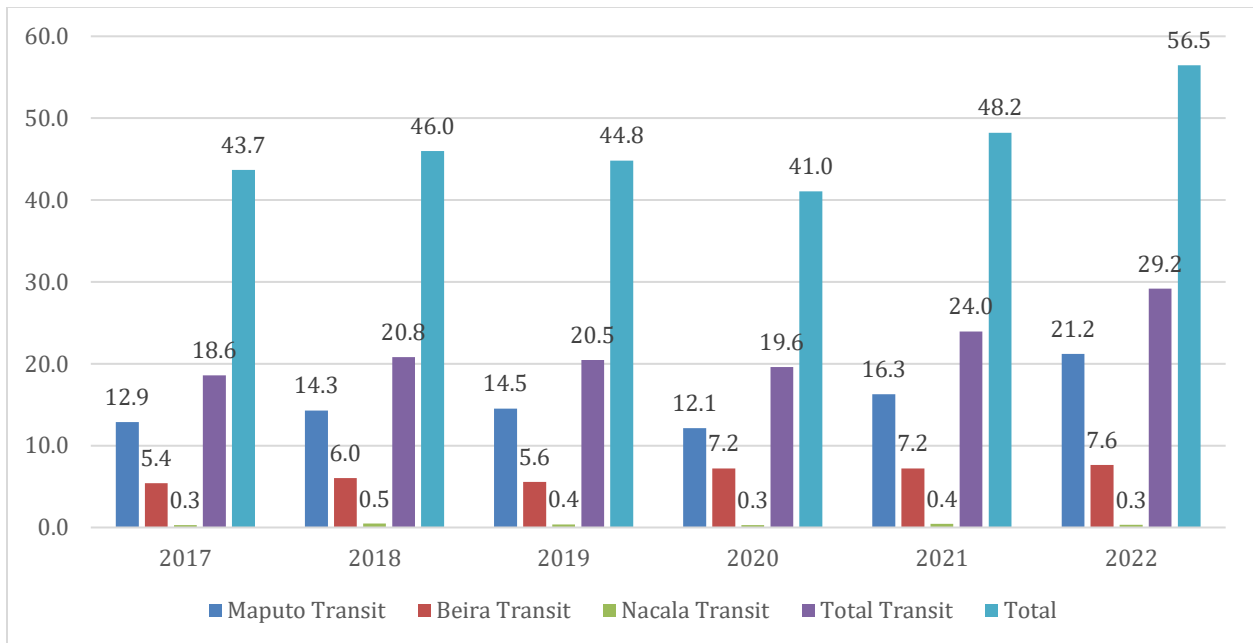
Figure 11 highlights that road is by far the dominant mode, particularly in terms of moving cargo from Nacala to Nampula. Rail is by far the most important mode for transit traffic, but as noted above these flows are relatively small along the corridor.

Figure 7: General Freight Ports: Total Volumes, 2017-2022 (Tonnes Million)



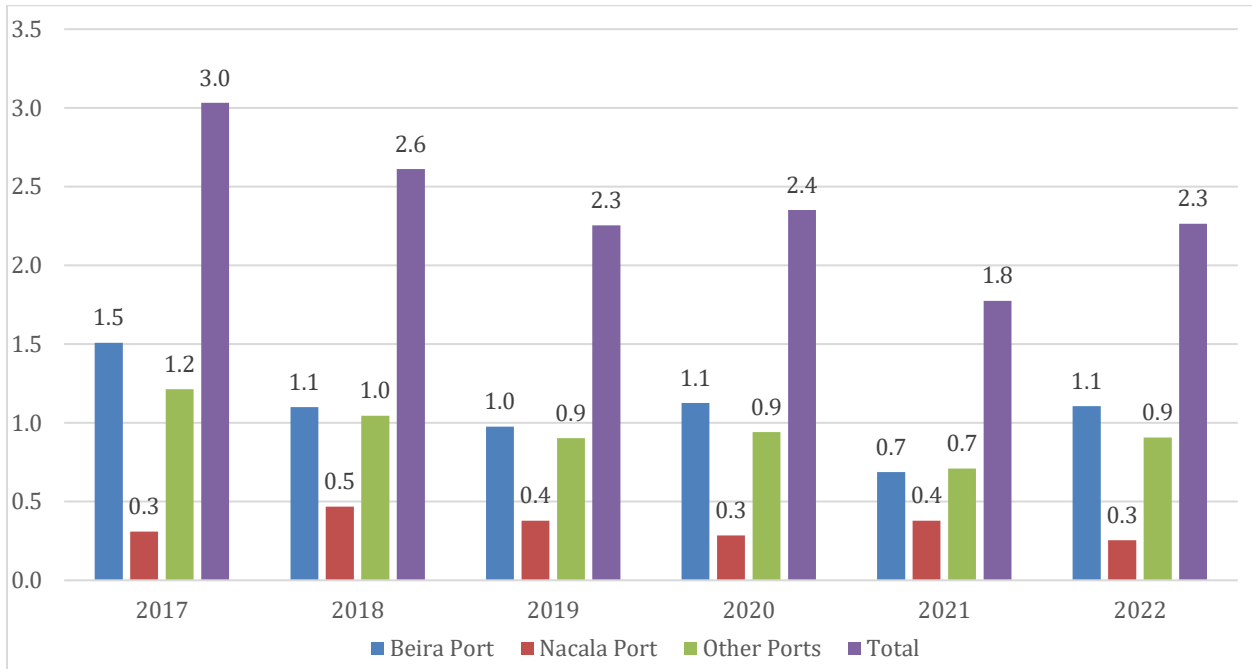
Source: CFM, 2022

Figure 8: General Freight Ports: Transit Volumes, 2017-2022 (Tonnes Million)



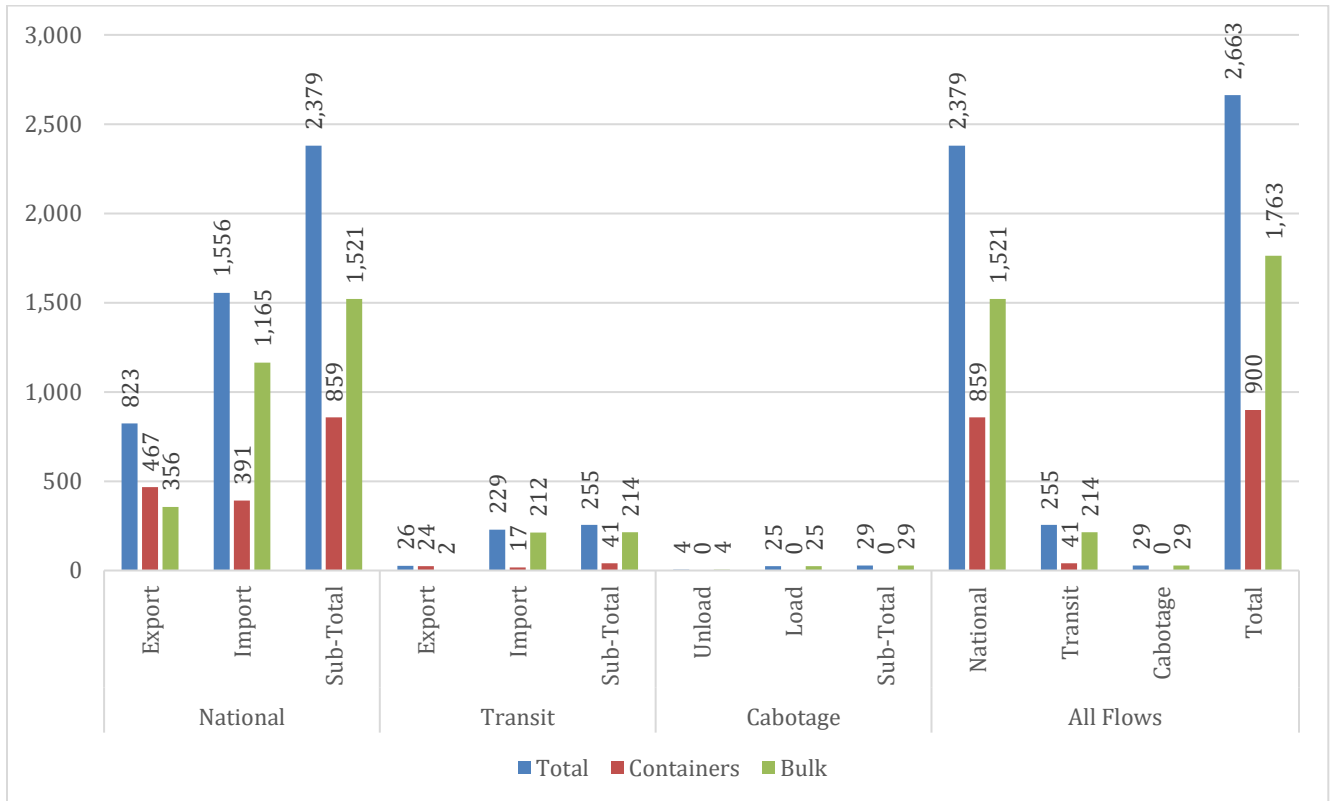
Source: CFM, 2022

Figure 9: Malawi Transit Cargo Through Regional Ports 2017-2022 (Tonnes Million)



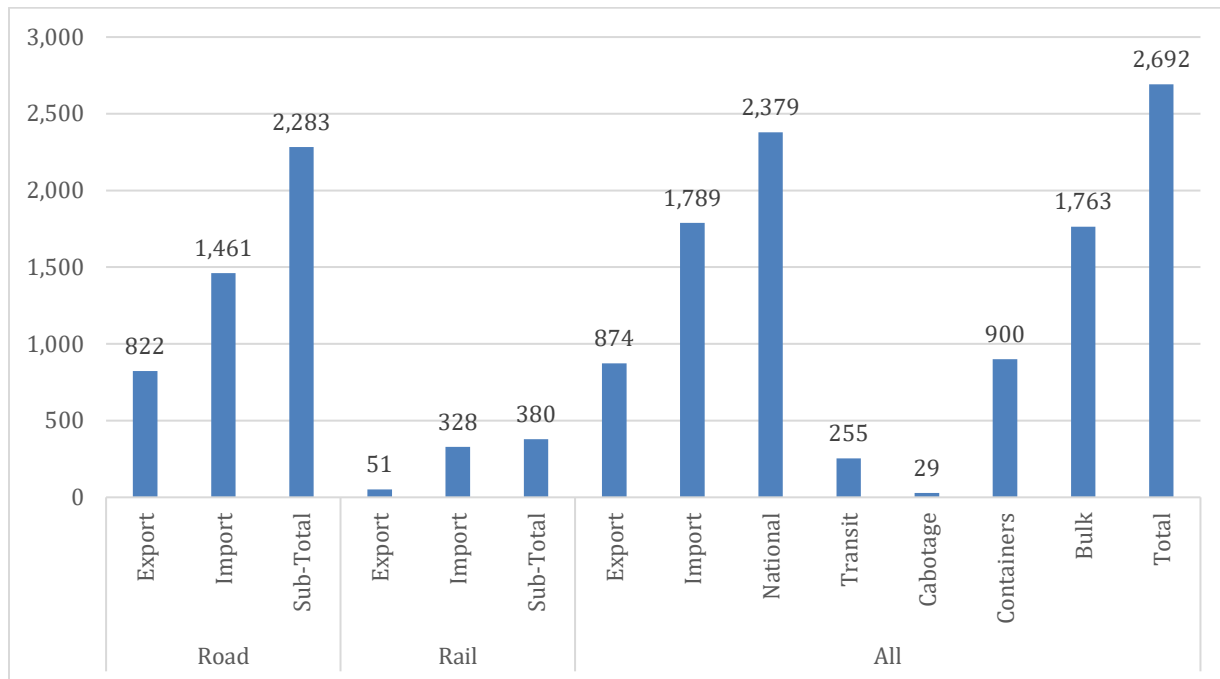
Source: CFM, 2022

Figure 10: Nacala Corridor National and Transit Cargo, 2022 (Tonnes Million)



Source: CFM, 2022

Figure 11: Nacala Corridor Freight Flows by Mode, 2022 (Tonnes Million)



Source: CFM, 2022

4.2 TRAFFIC PROJECTIONS

Appendix 2 provides a detailed analysis of the traffic projections for the General Freight Ports of Maputo, Beira, Nacala and Pemba.

Figure 12 shows the trajectory of growth in the main ports in Mozambique, From Appendix 2 Beira is expected to increase its share of total port throughput. from 32% in 2022 to 39% in 2040 compared to Maputo which is expected to decline from 61% in 2022 to 55% in 2040, as is Nacala from 6% to 5% with Pemba staying the same at 1%. Overall, Maputo will remain the dominant port with 55% of total flows in 2040, followed by Beira with 39%, Nacala with 5% and Pemba with 1%.

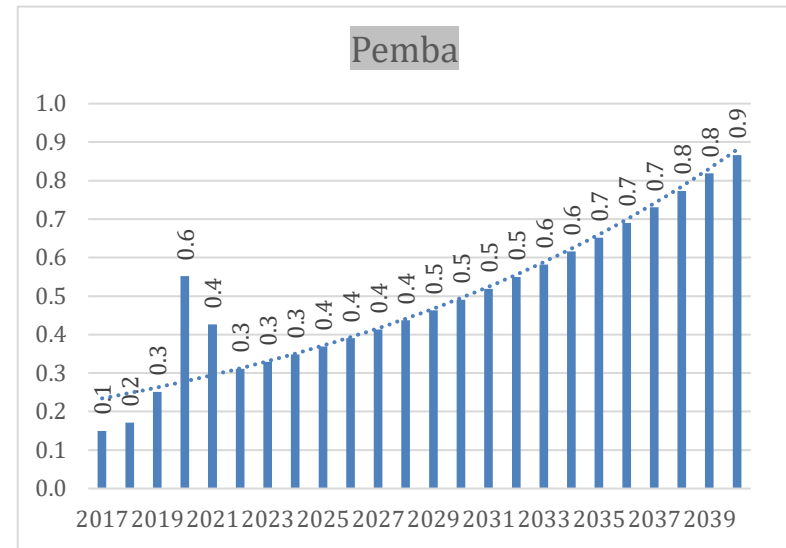
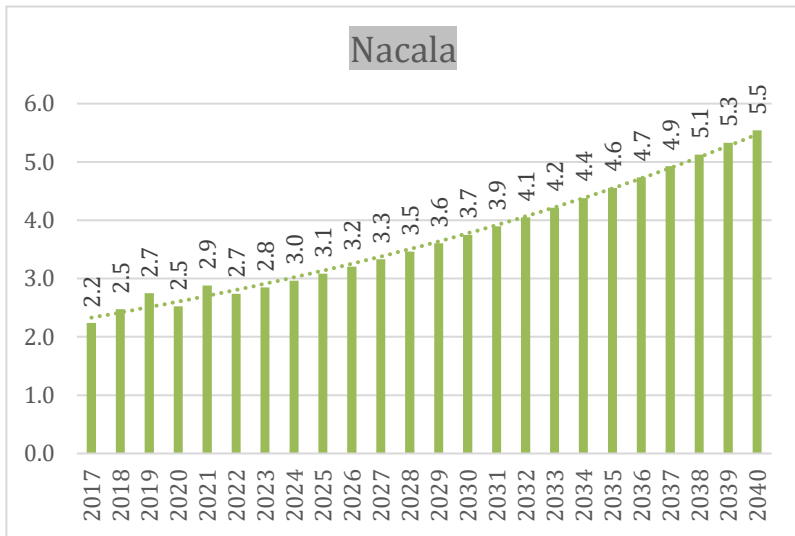
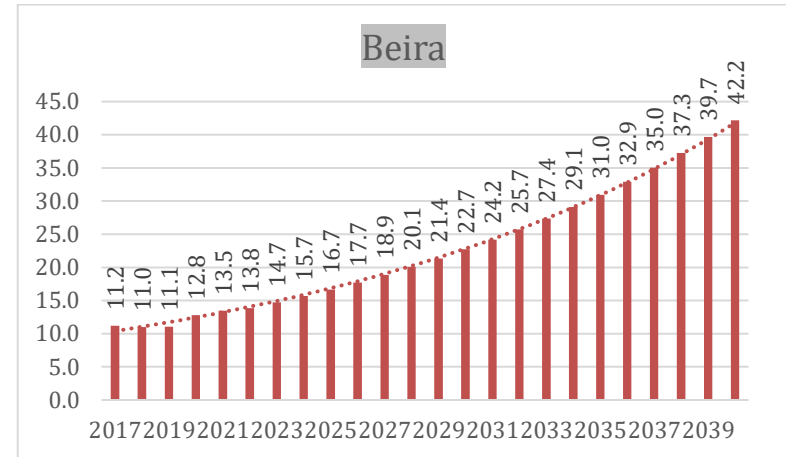
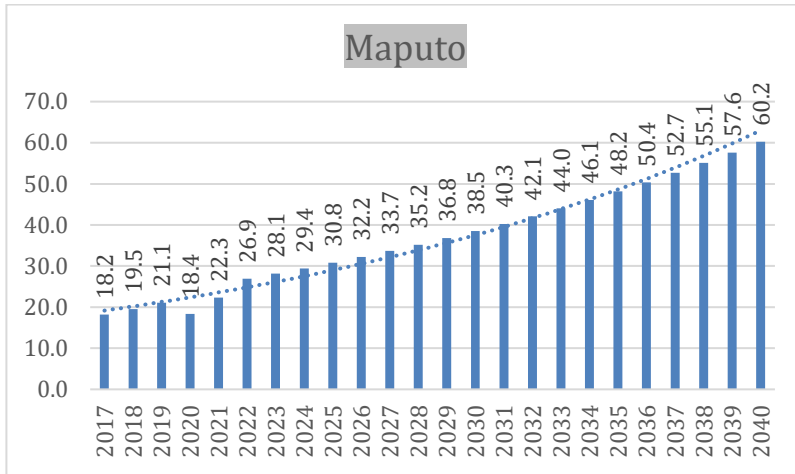
Growth through these ports define the anticipated growth along the trade and transport corridors they anchor. The Maputo corridor is expected to see the highest growth in traffic over the period 2022-2040, from 11,000 to 44,000 trains per annum and 772,000 to 4,6 million truck movements per annum, which is a significant increase in traffic flows. By contrast Beira will see an increase of 3,800 to 8,300 trains per annum and 463,000 to 1,49 million truck movements per annum. Nacala will see an increase from 330 to 660 trains per annum and 107,000 to 595,000 truck movements per year.

These trends are a projection of current trends into the future, so represent a somewhat static analysis of the possible future growth on each of regional trade and transport corridor. The consultant compiled a dynamic trade model for another assignment based on a competitiveness analysis, linking time, cost, reliability and security considerations, particularly those that could affect a shift from road to rail-based transport. Updating this model was beyond the scope of this assignment but this report has benefitted from the use of the model to compile trendline projections.

This model was based on extensive consultations with corridor stakeholders in 2019/2020 so does not reflect the most up-to-date perspective on the Nacala Corridor. It does, nonetheless, point to some trades that could be

targeted, particularly by Nacala Logistics to penetrate the Zambian and, possibly, the DRC markets in the future, which are growing on the back of a mining boom in the Zambian and DRC copper, cobalt and other critical metals that are now in huge demand to meet the growing needs for battery storage in international markets.

Figure 12: Mozambique Corridors Trend Freight Projections, 2017-2040 (Tonnes Million)



Source: Consultant, 2024

4.3 SUMMARY: TRAFFIC ANALYSIS

Table 7 provides a ranking of the priority short-term flows that could potentially unlock the Nacala Corridor. It provides a view of the target trades that are not highlighted in the trend projections. It also provides an assessment of flows that are the most prospective (green) to flows that are the least prospective (red) in terms of how steady state the flow is; and (ii) how likely is the trade to use rail as the preferred mode.

Table 7: Nacala Logistics Priority Short-Term General Freight Flows 2030

Origin-Destination	Commodity	Growth 2025-30	Projected Traffic 2030	Why Important and Why Rail?
Exports (Metric Tons)				
Lichinga-Nacala	Plantation Forestry	218,000	218,000	Development plans are ambitious but if realised prefer use of rail direct to port.
Namina-Nacala	Plantation Forestry	80,000	80,000	
Cuamba-Nacala	Hardwoods	73,500	73,500	Road to TEEN in Nacala and onto port.
Chipata-Nacala	Other Exports	58,000	58,000	Follow clinker, fuel & fertilizer imports
Chipata-Nacala	Copper	50,000	50,000	Integrated with fertilizer & fuel trade.
Blantyre-Nacala	Sugar	42,500	77,500	Steady-state trade that prefers rail.
Cuamba-Nacala	Hardwoods	39,500	39,500	Road to TEEN in Nacala and onto port.
Lilongwe-Nacala	Tobacco	34,500	36,000	Steady-state but improvements in the capacity, reliability and security of logistics supply chain is key to swing cargo to Nacala rail-port system. Mitsui investment in ETG is critical to driving integration between agricultural supply chains and Nacala rail-port system.
Blantyre-Nacala	Other Exports	28,500	29,500	
Blantyre-Nacala	Pigeon Pea	23,500	28,000	
Blantyre-Nacala	Cotton	22,000	22,000	
Cuamba-Nacala	Pigeon Pea	19,000	19,000	
Blantyre-Nacala	Tea	18,000	18,000	
Cuamba-Nacala	Cotton	12,500	15,500	
Cuamba-Nacala	Soya	12,000	12,000	
Lichinga-Nacala	Soya	6,500	6,500	
Total		737,500	782,500	
Total (Priority)			295,500	
Imports (Metric Tons)				
Nacala-Blantyre	Other Imports	392,000	393,000	Follow clinker, fuel & fertilizer imports.
Nacala-Blantyre	Clinker	217,500	238,000	Trial successful – investment needed.
Nacala-Chipata	Fertilizer	210,000	210,000	Follow fertilizer flows to Malawi.
Nacala-Chipata	Other Imports	183,500	183,500	Follow fertilizer & fuel imports.
Nacala-Lilongwe	Fuels	111,500	111,500	Steady state – investment needed.
Nacala-Liwonde	Fertilizer	97,500	192,500	Principal target with a high up-side.
Nacala-Blantyre	Wheat	66,500	173,000	Principal target with a high up-side.
Nacala-Chipata	Fuel	54,500	54,500	Follow fuel flows to Malawi.
Nacala-Cuamba	Other Imports	53,000	53,000	LCL distribution by road from Nampula.
Nacala-Cuamba	Cement	46,500	46,500	Steady-state - bulk goods suited to rail.
Nacala-Lichinga	Other Imports	39,500	39,500	LCL distribution by road from Nampula.
Nacala-Lichinga	Cement	25,000	25,000	Steady-state - bulk goods suited to rail. Volumes still low, so better suited to block-trains to meet Cuamba and Lichinga market demand on a regular service.
Nacala-Cuamba	Fuel	25,000	25,000	
Nacala-Cuamba	Wheat	17,000	17,000	
Nacala-Lichinga	Fuel	15,500	15,500	
Nacala-Lichinga	Wheat	9,000	9,000	
Nacala-Cuamba	Rice	1,000	1,000	LCL distribution by road from Nampula.
Nacala-Lichinga	Rice	500	500	
Total		1,565,500	1,812,000	

Total (Priority)	1,357,500	Use bulk imports as a bridgehead & target specific exports as back-haul.
------------------	-----------	--

Source: Consultant, 2024

Note that these are prospective trades, and no further analysis has been done on how this would impact on the Nacala Corridor's share of regional SADC trade. However, the potential diverted trade flows indicated below are considered modest in relation to volumes being transported on other SADC regional trade corridors. An indication of Nacala Corridor's share of regional SADC trade and key performance indicators for 2016, from a recent Afreximbank report, is provided in **Appendix 6** for the interested reader.

Table 8 summarizes the major flows indicated in green in Table 12, which provides an aggregate picture of the total flows of the most prospective traffic for Nacala Logistics to target as priority trades to secure over the period to 2030.

Table 8: Nacala Logistics Target Short-Term Freight Flows, 2030

Origin-Destination	Traffic 2030	Target Commodity	Logistics Interventions Required
Exports (Metric Tons)			
Chipata-Nacala	50,000	Copper	Follow fertilizer and fuel imports Ensure inter-modal facility at Chipata ICD meets needs of copper industry
Lilongwe-Nacala	36,000	Tobacco	Improve efficiency, reliability and security of rail service. Need to build logistics capacity in Nacala, notably warehousing, fumigation etc
Blantyre-Nacala	175,000	Sugar, Other, Pigeon Pea, Cotton & Tea	Improve efficiency, reliability and security of rail service.
Liwonde-Nacala	0		No update on status of the proposed Moto-Engil Liwonde ICD.
Cuamba-Nacala	34,500	Pigeon Pea & Cotton	Improve efficiency, reliability and security of rail service.
Lichinga-Nacala	33,000	Treated Poles, Veneer Sheets Plywood Board	Green Resources has developed the capacity to produce ~11,000tpa of Treated Poles, ~11,000tpa of Veneer Sheets and 11,000tpa of plywood board for export.
Sub-Total: Exports	278,500		Targeted improvements customers have prioritized to enhance exports include: Management of rolling stock fleet to ensure availability for seasonal exports. Communication to inform customers of planned maintenance of disruptions. Visibility of wagons en-route so location of cargo is known. Security of cargo en-route and at key consolidation points (Nkaya junction).
Imports (Metric Tons)			
Nacala-Chipata	210,000	Fertilizer	Follow fertilizer imports from Malawi Ensure inter-modal facility at Chipata meets needs of fertilizer industry.
Nacala-Lilongwe	111,500	Fuels	Rehabilitate depots in Lilongwe to meet MERA requirements
Nacala-Blantyre	411,000	Clinker & Wheat	Improve port storage facility, rolling stock selection, availability & loading practices for safe, secure, predictable & affordable transit – applies to clinker.
Nacala-Liwonde	192,500	Fertilizer	Improve efficiency of offloading at port. Expand storage capacity at port. Improve wagon selection & availability. Enhance loading, formation & dispatch. Increase visibility & security of cargo en-route, including consolidation

			points.
Nacala-Cuamba	71,000	Cement & Fuel	Review prospect for regular service block trains for Cuamba & Lichinga markets.
Nacala-Lichinga	40,500	Cement & Fuel	
Sub-Total: Imports	1,053,000		As for exports above but with emphasis on wagon selection & availability and visibility & security of cargo en-route.

Source: Consultants, 2024

5 TIME AND COST ANALYSIS

Section 5 provides a synthesis of how transit times and transport costs on the Nacala Corridor have improved in relation to competing corridors but have not attracted traffic away from these competing corridors due to structure of production and requirements of actors within the corridor catchment. Explanations are provided in the text and where possible international and/or regional benchmarks are provided as comparators with the Nacala Corridor.

5.1 TRANSIT TIME ANALYSIS

This section provides a summary of the transit time analysis update for the Nacala Corridor.

5.1.1 AT THE PORT

Table 9 shows that transit times at the port of Nacala have improved from 10 to 7 days for imports and from 4 to 3 days for exports. Transit times measure Arrive Customs, Customs In-Out, Unload/Load and Depart. The latest World Bank Container Port Performance Index report 2023 which provides a comparable assessment of performance based on vessel time in port places the Nacala port in position 363 out of 405 ports surveyed worldwide. Maputo was placed in position 325, Beira in 340, Durban in 398 and Cape Town in 405.

Table 9: Port Time Costs (Days)

Average	2017(a)	2019(b)	2024(c)
Imports	10	8	7
Exports	4	4	3

Source: See below

- SPEED+ Nacala Corridor, 2018
- TMA Malawi Corridors Study, 2021
- SPEED Nacala Corridor Update, 2024

5.1.2 AT THE BORDER

The only border that could be reviewed is the Milanje/Muloza border as the Mandimba/Chiponde border is not yet fully operational. The train passes through the Entre Lagos/Nayuchi border, but no information on how long the train must stop at the border was obtained, but it is not expected to be longer than the Milanje/Muloza border because this border only handles freight traffic on the railway, which only involves the removal of seals and tracking

devices, with documents processed at the destination terminal in Malawi. Table 10 shows that average transit times are about 14 hours for imports and 9 hours for exports at the Milanje/Muloza border because it is a relatively quiet border. This places the Milanje/Muloza border in the middle category of border crossing time within the SADC region based on the Truck Monitoring System (TMS) operated by Crickmay and Associates for a detailed World Bank Survey conducted in 2018.

Table 10: Milanje/Muloza Border Time Costs (Days)

Average	2019(a)
Nacala-Blantyre	0,59
Blantyre-Nacala	0,36

Source: See below

- a. TMA Malawi Corridor Study, 2021

5.1.3 ALONG THE WAY

Table 11 shows that the average time it takes to travel from Blantyre to Nacala is 4.81 days and from Nacala to Blantyre is 4.26 days.

Table 11: Road Transit Time Costs (Average Days), 2019 (a)

Sub-Route Description: Via Milanje / Muloza Border	Num Trips	Distance	Days	Speed (km/h)
Blantyre, Milange/Muloza Border	709	96.7	1.84	2.19
Milange/Muloza Border	26		0.36	
Milange/Muloza Border, Nampula	28	590	0.81	30.32
Milange/Muloza Border, Nampula, Nacala	27		0.13	
Nampula, Nacala	94	194	1.67	4.85
Total	884	880.7	4.81	7.63

Sub-Route Description: Via Milanje / Muloza Border	Num Trips	Distance	Days	Speed (km/h)
Nacala, Nampula	709	194	0.95	8.47
Nacala, Nampula, Milange/Muloza Border	26		0.18	
Nampula, Milange / Muloza Border	28	590	1.1	22.43
Milange/Muloza Border	27		0.59	
Milange/Muloza Borde, Blantyre	94	96.7	1.44	2.8
Total	884	880.7	4.26	8.62

Source: See below

TMA Malawi Corridors Study, 2021

Table 12 provides an alternative source which shows average transit time, as follows:

- Nacala to Blantyre by road has declined from 4,3 days in 2017 to 2,5 days in 2019 (no data yet for 2024).
- Nacala to Blantyre by rail has declined from 6,8 days in 2017 to 2,1 days in 2019 and 1,5 days in 2024.
- Nacala to Lichinga by road has declined from 4,3 days in 2017 to 0,8 days in 2019 (no data yet for 2024);
- Nacala to Lichinga by rail has declined from 9,3 days in 2017 to 1,7 days in 2019 (no data yet from 2024);
- Blantyre to Nacala by road has declined from 4,7 days in 2017 to 2,5 days in 2019 (no data yet for 2024).
- Blantyre to Nacala by rail has declined from 7,6 days in 2017 to 2,1 days in 2019 and 1,5 days in 2024.
- Lichinga to Nacala by road has declined from 5,1 days in 2017 to 0,8 days in 2019 (no data yet for 2024); and,
- Lichinga to Nacala by rail has declined from 9,6 days in 2017 to 1,7 days in 2019 (no data yet from 2024).

Table 12: Road and Rail Transit Time Costs (Average Days)

Sub-Route Description: Via Entre-Lagos/Nayuchi (Rail) Border & Mandimba/Chiponde (Road) Border	2017(a)	2019(a)	2024(b)
Nacala-Blantyre Road (876 km)	4,3	2,5	-
Nacala-Blantyre Rail (799 km)	6,8	2,1	1,5
Nacala-Lichinga Road (888 km)	4,3	0,8	-
Nacala-Lichinga Rail (795 km)	9,3	1,7	-

Sub-Route Description: Via Entre-Lagos / Nayuchi (Rail) Border & Mandimba / Chiponde (Road) Border	2017(a)	2019(a)	2024(b)
Blantyre-Nacala Road (876 km)	4,7	2,5	-
Blantyre-Nacala Rail (799 km)	7,6	2,1	1,5
Lichinga-Nacala Road (888 km)	5,1	0,8	-
Lichinga-Nacala Rail (795 km)	9,6	1,7	-

Source: See below

SPEED+ Nacala Corridor, 2018 and SPEED Nacala Corridor Update, 2024

5.1.4 SUMMARY: TRANSIT TIME ANALYSIS

Table 13 shows that imports by road to Blantyre take the longest (10,1 days), rail to Lichinga (8,7 days), rail to Blantyre (8,5 days), road to Lichinga (7,8 days) with exports taking much less time due to lower port time costs. The most important trade is the cross-border transit to Malawi, as this route carries considerably more volumes than Lichinga. Moreover, recent road improvements have reduced travel times from Nacala to Lichinga by road making road quicker than rail transport. Rail transport is nonetheless still favored for the transportation of cotton from Cuamba and chipboard from Lichinga because of transport cost per tonne is lower. The only recent data to compare transit time was compiled for a Trade Mark Africa report published in 2022, with 2021 data so is not comparable with the data in the table for 2024.

Table 13: Port, Way and Border Post Transit Time Costs (Average Days), 2024

Sub-Route Description:	Port	Way	Border	Total
Nacala-Blantyre Road (876 km)	7	2,5	0,6	10,1
Nacala-Blantyre Rail (799 km)	7	1,5	-	8,5
Blantyre-Nacala Road (876 km)	3	2,1	0,4	5,5
Blantyre-Nacala Rail (799 km)	3	1,5	-	4,5
Nacala-Lichinga Road (888 km)	7	0,8	-	7,8
Nacala-Lichinga Rail (795 km)	7	1,7	-	8,7
Lichinga-Nacala Road (888 km)	3	0,8	-	3,8
Lichinga-Nacala Rail (795 km)	3	1,7	-	4,7

5.2 TRANSPORT COST ANALYSIS

This section provides a summary of the transport cost analysis update for the Nacala Corridor.

5.2.1 AT THE PORT

Table 14 shows that the port cost declined slightly from 2018 to 2021 (no data yet for 2024). Interviews with stakeholders suggest that this was due to CFM, the new port operator opting for more competitive pricing than the previous concessionaire.

Table 14: Port Costs (US\$)

GATEWAY: Port	Year		
Imports	Type	2018	2021
Nacala-Blantyre	TEU	595	557
	Ton	23	21
Nacala-Lilongwe	TEU	595	557
	Ton	23	21
Exports	Type	2017	2021
Blantyre-Nacala	TEU	586	514
	Ton	23	20
Lilongwe-Nacala	TEU	586	514
	Ton	23	20

Source: TMA, 2021

5.2.2 ALONG THE WAY (INCLUDING AT THE BORDER)

Table 15 shows that the road transport costs declined slightly from 2018 to 2021 for imports, except for imports from Nacala port to Blantyre. By contrast costs for exports declined significantly over the same period (no data yet for 2024). Interviews with stakeholders suggest that this was due to road transporters matching competitive pricing from Nacala Logistics, the operator on the Nacala railway.

Table 15: Road Transport Costs (US\$)

WAY: Road Transport	Year	2018	2021
Imports	Type		
Nacala-Blantyre	TEU	2 301	2 670
	Ton	89	103
Nacala-Lilongwe	TEU	2 976	2 795
	Ton	114	108
Exports	Type	2018	2021
Blantyre-Nacala	TEU	2 025	1 270
	Ton	78	49
Blantyre-Nacala	TEU	2 587	1 39
	Ton	100	54

Source: TMA, 2021

Table 16 shows that the rail transport costs declined significantly from 2018 to 2021 for imports and exports and have held steady to 2024 (see Table 27). Nacala Logistics indicated that they have adopted an aggressive pricing strategy to attract cargoes onto the railway.

Table 16: Rail Transport Costs (US\$)

WAY: Rail Transport	Year	2018	2021
Imports	Type		
Nacala-Blantyre	TEU	2382	1 480
	Ton	92	57
Nacala-Lilongwe	TEU	2897	1 760
	Ton	111	68
Exports	Type	2018	2021
Blantyre-Nacala	TEU	1937	1 140
	Ton	75	44
Lilongwe-Nacala	TEU	2349	1 340
	Ton	90	52

5.2.3 OTHER LOGISTICS COSTS

Tables 17 does not provide a basis for comparison because costs in 2017 subsumed logistics costs, which could account for the lower way costs in section 5.4.

Table 17: *Other Road Logistics Costs (US\$)*

OTHER: Logistics	Year	2018*	2021		OTHER: Logistics	Year	2018*	2021
Imports (Road)	Type				Imports (Rail)	Type		
Nacala-Blantyre	TEU	0	685		Nacala-Blantyre	TEU	0	550
	Ton	0	26			Ton	0	22
Nacala-Lilongwe	TEU	0	560		Nacala-Lilongwe	TEU	0	550
	Ton	0	21			Ton	0	21
Exports (Road)	Type	2018*	2021		Exports (Rail)	Type	2018*	2021
Blantyre-Nacala	TEU	0	815		Blantyre-Nacala	TEU	0	515
	Ton	0	31			Ton	0	19
Lilongwe-Nacala	TEU	0	790		Lilongwe-Nacala	TEU	0	515
	Ton	0	30			Ton	0	19

*Shipping Line Release, Container Cleaning, Security, Storage, Documentation, In Transit Bond, Freight Forwarding Fees and so forth.

Source: TMA, 2021

5.2.4 SUMMARY: TRANSPORT COST ANALYSIS

Table 18 highlights that overall costs for road transport increased for imports but stayed the same or decreased for exports between 2018 and 2021.

Table 18: Summary Port, Way and Border Post Costs By Road (US\$)

NACALA ROAD: Port, Transport & Logistics Costs		Year	2018	2021	WAY: Road Transport Costs		Year	2018	2021	GATEWAY: Port Costs		Year	2018	2021		
Imports	Distance	Type			Imports	Type				Imports	Type					
Nacala-Blantyre	876 km	TEU	2 896	3 912	Nacala-Blantyre	TEU	2 301	2 670	Nacala-Blantyre	TEU	595	557	Nacala-Blantyre	Ton	23	21
		Ton	111	150		Ton	89	103		Ton	23	21				
Nacala-Lilongwe	1 049 km	TEU	3 571	3 912	Nacala-Lilongwe	TEU	2 976	2 795	Nacala-Lilongwe	TEU	595	557	Nacala-Lilongwe	Ton	23	21
		Ton	137	150		Ton	114	108		Ton	23	21				
Exports	Distance	Type	2018	2021	Exports	Type	2018	2021	Exports	Type	2018	2021	Exports	Type	2018	2021
Blantyre-Nacala	876 km	TEU	2 611	2 599	Blantyre-Nacala	TEU	2 025	1 270	Blantyre-Nacala	TEU	586	514	Blantyre-Nacala	Ton	23	20
		Ton	100	100		Ton	78	49		Ton	23	20				
Lilongwe-Nacala	1 049 km	TEU	3 173	2 699	Lilongwe-Nacala	TEU	2 587	1 395	Lilongwe-Nacala	TEU	586	514	Lilongwe-Nacala	Ton	23	20
		Ton	122	104		Ton	100	54		Ton	23	20				

Source: TMA, 2021

By contrast **Table 19** highlights that overall costs for rail transport decreased for imports and exports between 2018 and 2021.

Table 19: Summary Port, Way and Border Post Costs By Rail (US\$)

NACALA RAIL: Port, Transport & Logistics Costs		Year	2018	2021
Imports	Distance	Type		
Nacala-Blantyre	799 km	TEU	2 977	2 587
		Ton	114	100
Nacala-Lilongwe	994 km	TEU	3 492	2 867
		Ton	134	110
Exports	Distance	Type	2018	2021
Blantyre-Nacala	799 km	TEU	2 523	2 169
		Ton	97	83
Lilongwe-Nacala	994 km	TEU	2 935	2 369
		Ton	113	91

WAY: Rail Transport Costs		Year	2018	2021
Imports	Type			
Nacala-Blantyre	TEU	2382	1 480	
	Ton	92	57	
Nacala-Lilongwe	TEU	2897	1 760	
	Ton	111	68	
Exports	Type	2018	2021	
Blantyre-Nacala	TEU	1937	1 140	
	Ton	75	44	
Lilongwe-Nacala	TEU	2349	1 340	
	Ton	90	52	

GATEWAY: Port Costs		Year	2018	2021
Imports	Type			
Nacala-Blantyre	TEU	595	557	
	Ton	23	21	
Nacala-Lilongwe	TEU	595	557	
	Ton	23	21	
Exports	Type	2018	2021	
Blantyre-Nacala	TEU	586	514	
	Ton	23	20	
Lilongwe-Nacala	TEU	586	514	
	Ton	23	20	

Source: TMA, 2021

Table 20: Comparison of Port, Way and Border Post Costs (US\$)

BEIRA: Total Transport Cost			Year	2018	2021
Imports	Distance	Type			
Beira-Blantyre	818 km	TEU	3 014	3 197	
		Ton	116	123	
Beira-Lilongwe	957 km	TEU	3 214	3 497	
		Ton	124	134	
Exports	Distance	Type	2018	2021	
Blantyre-Beira	818 km	TEU	1 914	1 753	
		Ton	74	67	
Lilongwe-Beira	957 km	TEU	1 914	2 003	
		Ton	74	77	

DAR ES SALAAM: Total Transport Cost			Year	2018	2021
Imports	Distance	Type			
Dar es - Blantyre	1 884 km	TEU	5 395	4 100	
		Ton	208	158	
Dar - Lilongwe	1 576 km	TEU	5 295	3 900	
		Ton	204	150	
Exports	Distance	Type	2018	2021	
Blantyre - Dar	1 884 km	TEU	4 650	3 190	
		Ton	179	123	
Lilongwe - Dar	1 576 km	TEU	4 450	2 970	
		Ton	171	114	

DURBAN: Total Transport Cost			Year	2018	2021
Imports	Distance	Type			
Beira-Blantyre	818 km	TEU	3 014	3 197	
		Ton	116	123	
Beira-Lilongwe	957 km	TEU	3 214	3 497	
		Ton	124	134	
Exports	Distance	Type	2018	2021	
Blantyre-Beira	818 km	TEU	1 914	1 753	
		Ton	74	67	
Lilongwe-Beira	957 km	TEU	1 914	2 003	
		Ton	74	77	

NACALA RAIL: Total Transport Cost			Year	2018	2021
Imports	Distance	Type			
Nacala-Blantyre	799 km	TEU	2 977	2 587	
		Ton	114	100	
Nacala-Lilongwe	994 km	TEU	3 492	2 867	
		Ton	134	110	
Exports	Distance	Type	2018	2021	
Blantyre-Nacala	799 km	TEU	2 523	2 169	
		Ton	97	83	
Lilongwe-Nacala	994 km	TEU	2 935	2 369	
		Ton	113	91	

Source: TMA, 2021

Transport Costs to/from Blantyre (2021):

- The Nacala (Rail) Corridor is the lowest cost option for imports to Blantyre, followed by Beira, Nacala (Road), Dar es Salaam and Durban routes.
- The Beira Corridor is the lowest cost option for exports from Blantyre, followed by Nacala (Rail), Nacala (Road), Dar es Salaam and Durban routes.

Transport Costs to/from Lilongwe (2021):

- The Nacala (Rail) Corridor is the lowest cost option for imports to Lilongwe, followed by Beira, Dar es Salaam, Nacala (Road) and Durban routes.
- The Beira Corridor is the lowest cost option for exports from Lilongwe, followed by Nacala (Rail), Nacala (Road), Dar es Salaam and Durban routes.

Table 21 provides an alternative view of transport costs but reflects the trends above that transport costs came down from 2018 and 2021. The 2024 costs for imports by rail from Nacala to Blantyre have come down further to US\$ 62.50 per ton, which is why transit traffic on the Nacala Corridor is dominated by rail. **It was reported in a meeting with Manica that current road rates from Beira to Blantyre are ~US\$ 100 per tonne, so it is somewhat perplexing as to why Nacala has lost market share to Malawi traffic despite very low prices.** This suggested that there are other reasons why Malawi shippers are opting to use the Beira rather than the Nacala Corridor. Stakeholder consultation for this assignment was limited to actors based in Mozambique, so it was not possible to probe why this is the case with stakeholders in Malawi.

Table 21: Comparison of Costs To/From Malawi and To/From Mozambique (US\$)

2017: Corridor Section by Mode	Imports		Exports	
	Price US\$	Price US\$/t	Price US\$	Price US\$/t
Nacala-Blantyre Road (876 km)	2,730	118.69	2,679	116.47
Nacala-Blantyre Rail (799 km)	2,812	74	2,592	44.69
Nacala-Lichinga Road (888 km)	2,976	129.39	3,381	147
Nacala-Lichinga Rail (795 km)	2,832	74.54	2,707	71.25

2019: Corridor Section by Mode	Imports		Exports	
	Price US\$	Price US\$/t	Price US\$	Price US\$/t
Nacala-Blantyre Road (876 km)	2,877	125.08	2,600	113.04
Nacala-Blantyre Rail (799 km)	2,596	68.31	1,925.91	50.68
Nacala-Lichinga Road (888 km)	2,857	124.21	Negotiable: not less US\$ 1,000	
Nacala-Lichinga Rail (795 km)	1,440	37.89	1,409.40	37.08

2024: Corridor Section by Mode	Imports		Exports	
	Price US\$	Price US\$/t	Price US\$	Price US\$/t
Nacala-Blantyre Road (876 km)	<i>requested</i>	<i>requested</i>	<i>requested</i>	<i>requested</i>
Nacala-Blantyre Rail (799 km)	2,375	62,50	1,710	45,00
Nacala-Lichinga Road (888 km)	<i>requested</i>	<i>requested</i>	<i>requested</i>	<i>requested</i>
Nacala-Lichinga Rail (795 km)	<i>requested</i>	<i>requested</i>	<i>requested</i>	<i>requested</i>

**Assuming 23 t/cargo per truckload and 38t/rail wagon load
Source: SPEED+, 2019 and SPEED, 2024*

5.3 IMPLICATIONS FOR COMPETITIVENESS

The Nacala Corridor is an immature corridor with considerable potential. The massive investment, estimated at approximately US\$ 9 billion over the last 10 years has transformed the infrastructure backbone of the corridor. In addition, the governments of Mozambique, Malawi and Zambia are actively promoting an integrated multi-modal regional transport corridor linking the three countries.

This size of this potential is reflected in the size of the transit markets within the catchment region of this multi-modal corridor, which in 2016 was estimated at 15 million tons of transit cargo. However, at the moment the Nacala Corridor's share of the combined DRC (Katanga), Zambia and Malawi market is a mere 4%, with most traffic being captured by other regional corridors notably Dar es Salaam (37%), North-South (30%), Beira (23%) and Walvis Bay (6%). The key reasons for this are the higher volumes and better balance of trade between and the greater connectivity of the maritime ports linked to the major regional trade corridors of Durban (North-South) and Dar es Salaam, and to a lesser extent Beira.

The surge of investment in transport infrastructure, dominated by the huge US\$ 7 billion integrated mine-rail-port project that has been developed by Vale to mine and export up to 18 million tons per annum of high-quality coal from a purpose built mine, railway, and coal terminal from Moatize in Tete province through central Malawi to the port of Nacala in Nampula province, Mozambique. Vale sold their concession to Vulcan Resources, a subsidiary of the Indian conglomerate Jindal Group for US\$ 270 million in December 2021.

To embed 3rd party access onto this railway provisions were made in the concession agreement to ensure that there would be capacity for 4 million tons (coal equivalent) of general freight to traverse the railway per annum. Significant ancillary investments in the upgrading of branch lines in Malawi and Mozambique, the rehabilitation of the port of Nacala, the finalization of the trunk road network and border-posts linking Mozambique, Malawi and Zambia and large-scale improvements to the feeder road network linking into the trunk road network have been made.

Finally, although there is still some way to go, robust improvements have been made in the operational efficiencies of the railway. During the railway rehabilitation programme there were understandably significant disruptions in the operation of the general freight railway, which had to play second fiddle to the heavy-haul coal train service. However, volumes more than doubled from 250,000 tons in 2016 to 520,000 tons in 2018 and over the same period the time taken to import goods from the port of Nacala to Blantyre in Malawi was reduced from 162 to 51 hours and the price declined from an average of US\$74 to US\$ 68.31 per ton. However, due to an economic and financial crisis in Malawi transit cargoes plummeted to 275,000 tonnes in 2022, although these are reported to have recovered to ~560,000 tonnes in 2023, with an increase in fertilizer and fuel imports.

Looking ahead, even taking the impact of Covid-19 into account, cargo carried by the Nacala Logistics service is expected to increase from the 560,000 tonnes in 2023 to an estimate of 1,407,500 tons in 2030, an increase of 838,130 tons over this 12-year period, which represents a growth rate of 13,5%. The key initial sub-market to secure are bulk imports, particularly clinker, fuel, fertilizer, and wheat to Malawi, as this will allow Nacala Logistics to build on these trades to target additional Malawian imports and exports and to penetrate the Zambian market. Indeed, bulk imports account for 715,000 tons, which <50% of all high-priority import cargoes in all markets.

Securing these trades for the Nacala railway is not by any means a certainty. This is reflected in the fact that in spite of rock-bottom transport rates of US\$62,50 per tonne from Nacala to Blantyre by rail compared to the equivalent cost of US\$ 100/tonne from Beira to Blantyre by road the Beira port continues to capture a larger share of the Malawian transit cargo market.

Interviews with customers in 2020 who import bulk cargo into Malawi and freight forwarders and shipping lines who act as agents for customers moving containerised cargo to/from Malawi on the Nacala Corridor have pointed to the following improvements that needed to be made to railway operations:

- Improvements to secure export flows include the following:
- Management of rolling stock fleet to ensure its availability for seasonal exports;
- Communication to inform customers of planned maintenance that will cause disruptions;
- Visibility of wagons so departure, en-route location and arrival times are known; and,

- Security of cargo en-route and at key consolidation points (e.g. Nkaya junction).
- Improvements to secure import flows include the following:
 - Improve efficiencies of offloading equipment for bulk imports at the port;
 - Expand storage capacity for bulk imports within or near the port precinct in Nacala;
 - Management of rolling stock fleet to ensure suitability/availability for specific commodities;
 - Improve covering of bulk cargoes to ensure that cargo does not get spoiled in transit;
 - Visibility of wagons so departure, en-route location and arrival times are known; and,
 - Security of cargo en-route and at key consolidation points (e.g. Nkaya junction).

The investment gap that currently exists on the Nacala Logistics railway network are the inter-modal terminals that need to be upgraded for the system to function optimally. An immediate concern is the major terminals in Blantyre and Lilongwe.

In Blantyre, Nacala Logistics acknowledges that rail costs are competitive, but that last-mile costs of dropping off and/or picking up cargo is a significant cost item. This is because rail terminals in Blantyre are not optimised and consolidated into one or two large ones, but remain a scattering of small terminals, often for a single customer for a specific cargo (e.g. containers, clinker, fertilizer and grains), which requires a lot of dis-assembly, shunting and re-assembly of wagons that involves the time-consuming process of dropping-off and picking-up of wagons to form trains.

Similarly, in Lilongwe Nacala Logistics owns and operates an underutilized inter-modal railway siding and depot in the Kanengo Industrial Area. However, most of the large tobacco companies have their own shipping departments that deal with transport and logistics operations on-site. There are large freight forwarders, shipping lines and consolidators with sizeable depots that include warehousing, handling equipment and truck parking, loading and offloading facilities. Hence, the incentive to use the railway has to be compelling for these logistics operators to shift cargo to rail because they have maximized the efficiencies in their terminal operations.

As a result, Nacala Logistics are looking to run block trains for specific commodities to/from defined points of origin and destination to enhance the efficiency of the railway service. However, to do this in a cost-effective manner, sufficient volumes at regular intervals, moving on the same origin-destination route, is required.

It is for this reason that Nacala Logistics embarked on a competitive bidding process for a 3rd party specialist private sector terminal operator to manage the Nacala Logistics depot in Limbe. A private-sector logistics company with international operations was selected and is currently managing this facility. Nacala Logistics was also considering concessioning their inter-modal depot in Kanengo and the storage inter-change facility at Nkaya Junction to a private sector operator too, but this has not progressed.

However, it was reported that the National Oil Company of Malawi (NOCMA) has upgraded its storage facilities in Lilongwe, Malawi and PETROMOC, the state-owned national fuel distribution company in Mozambique has invested in this project. Consequently, NOCMA has entered a contract with PETROMOC, who already have the fuel supply and distribution contract with Vulcan Resources, the current concessionaire on the Nacala Corridor, to supply the mine, rail and coal-port operations, to increase fuel imports to Malawi via Nacala port from the current 10% to 40% over the next five years.

The owner and operator of the fertilizer blending plant in Liwonde in Malawi has upgraded the conveyor system used to offload fertilizer at the existing site and has installed a second line at a new facility, which will significantly increase the handling capacity at the Liwonde terminal that will improve the turnaround times to offload waiting wagons and, in the future, block trains envisaged to service the Nacala-Liwonde-Nacala route.

Neither the Chipata terminal in Zambia nor the Cuamba and Lichinga terminal have been mentioned as priorities. This, in spite of high anticipated flows, estimated at 210,000 tons of fertilizer imports into Zambia and 50,000 tons for copper exports, over the next 5-7 years. The main reason is that the facility at the railhead just inside the Malawi-Zambia border on the Zambian side near the town of Chipata is largely in place and only requires some investment in handling equipment to make it fully operational.

However, the Mozambican market is another story. Despite the obvious potentials of the regions that fall within the catchment of the Nacala Corridor within Mozambican territory (see ProSavanna Programme for details) flows

to/from Mozambique on the railway are low and will remain low for the foreseeable future, unless international export markets for large swathes of stranded plantation forests, particularly in Niassa and to a lesser extent Nampula province, can be found.

During the field-visit it was gratifying to see that Green Resources in Lichinga have invested in a state-of-the-art Veneer plant to complement an existing Treated Pole plant, so are now producing 900 cubic meters each of Treated Poles for the domestic market and Veneer Sheets for international export. The Veneer Sheets amount to ~20-22 FEUs, each weighing ~34 tonnes that are packed in Lichinga and railed down to Cuamba and onto Nacala. However, the logistics are complicated. Long lead times for ordering wagons make it difficult to align with shipping services calling into the port of Nacala. Loading wagons in Lichinga present problems and the interoperability of the Cuamba-Lichinga line with the main heavy-haul line between the Moatize mine and Nacala, which passes through Cuamba is problematic.

The company plans to expand trees under acreage from the current 15,000 cubic meters to 20,000 cubic meters and to increase mill production by 50% to include a plywood manufacturing line. Moreover, there is a significant opportunity for the company to be a source of “green fuel” to Mozambique Leaf Tobacco (MLT) company. MLT has a demand for ~17,000 cubic meters of cut wood per annum, which translates into 20-25 trains per annum (2 per month) to meet this demand. However, the interoperability problem between the branch and main line at Cuamba is apparently an issue, and there is a question mark as to whether general freight railway trains can operate on the section between Nkaya in Malawi and Tete in Mozambique, as this has not happened before and there is no precedent for this. MLT produces a tobacco crop of approx. 70,000 per annum and are planning to expand this production so resolving the rail transport issue to ensure the delivery of sustainable wood central to their curing process is a key concern for both Green Resources and MLT. Follow up consultations with MLT revealed that the transport costs for railing fuelwood from Lichinga is just too expensive given that multiple handling of the cargo is required both from the forest to the origin railway station and from the destination railway station to where the fuelwood is needed. So, for now, MLT is sourcing its fuelwood requirements from another supplier in Manica province.

Notwithstanding the envisaged scale-up in production of a range of agricultural crops and forestry in northern Mozambique by the ProSavana programme, especially under the high-growth scenario, there has been considerable criticism of the programme in recent years, so the outcomes envisaged by the programme should be viewed with some caution. Instead, more emphasis is being placed on the mineral prospects. In particular, DH Mining, a Chinese company is reportedly developing a graphite mine in Nipepe district (Niassa province) and is building a 100km road over the River Lurio to Malema, where the company intends to develop a dry port linked to the railway for export via Nacala port.

It should be remembered that for all the references on the potential of the Nacala Corridor, the port of Nacala is a port that primarily services the port city of Nacala and the provincial capital of Nampula. Indeed, transit volumes to Malawi as a percentage of total port throughput over the 5-year period 2013 to 2018 fluctuated between 12-15%, but averaged 14% over this period. In 2022, this dropped to 12%. Given the relatively underdeveloped nature of the hinterland regions of northern Mozambique, most cargo is dispatched as and when required by road to Cuamba and Lichinga. This trend is likely to continue given the significant improvements in the road from Nacala to Lichinga, with the only outstanding sections being two 15km sections in Cuamba and Malema districts that have been prioritized by the National Road Agency and construction to build these two sections will commence soon.

By contrast the port of Beira, which is much more of a regional gateway port the comparable figures over the similar period showed that transit cargo flows fluctuated between 33-65% for container traffic but averaged 44% over this period and transit bulk cargoes fluctuated between 51-67% but averaged 59% over this period. Given the much larger transit market share the port of Beira serves, the transport and logistics industry in Beira is much more developed and vertically integrated into transit markets and has the flexibility to respond quickly and efficiently to new opportunities that emerge, including the Malawian and Zambian markets.

6 TRADE FACILITATION ANALYSIS

Section 6 provides a summary of key stakeholder concerns linked with a framework to capture trade and transit-transport facilitation issues, which are briefly assessed against the performance of trade and transit-transport facilitation processes being implemented by each Nacala Corridor member state.

6.1 STAKEHOLDER ISSUES

Table 22 provides a summary of the main issues raised by stakeholders along the Nacala Corridor during the period 2nd to 15th June 2024. Each issue is linked to a responsible Ministry and NTFC Sub-Committee referenced Figure 6. All issues are considered important as they impact on the efficiency of the corridor system, so it was not considered useful to rank them, but rather to identify issues that had a better chance of being addressed by the responsible authority. The key findings of the field visit are summarized in **Appendix 3** and the detailed anonymized stakeholder meeting notes are provided in **Appendix 4**.

Table 22. Issues Prioritized By Stakeholders and Literature Review

#	KEY ISSUE	RESPONSIBLE MINISTRY	NTFC SUB-COMMITTEE
ISSUED IDENTIFIED BY STAKEHOLDERS DURING FIELD VISIT			
1	Port and Rail Regulator (IFEOM) needs to be fully established to ensure a level-playing field	MTC	Infrastructure Development
2	New Law for Ports and Railways needs to be promulgated to enable IFEPOM to function properly	MTC	Infrastructure Development
3	Nacala port concession needs to be expedited to ensure competitive maritime port operations	MTC	Infrastructure Development
4	The NTFC and its sub-committees need to be strengthened and linked to a new Nacala Corridor CMI	MIC	Corridors
5	Two sections of ~15km each in Cuamba and Malema districts on the N13 need urgent rehabilitation	MOPHRH-ANE	Infrastructure Development
6	Proposed OSBPs at Mandimba-Chiponde and Milanje-Mulosa borders need to be constructed and operationalized	MOPHRH-ANE	Infrastructure Development
7	There are frequently reported instances of overloading in Mozambique, including on the Nacala Corridor (N12/N13)	MOPHRH-ANE	Transport (Transit) Facilitation
8	The inter-operability of the branch railway from Lichinga to the heavy-haul line at Cuamba needs to be improved	MTC	Infrastructure Development
9	Delivery times of “fit-for-purpose” wagons to Lichinga from 21 to 14 days would defray demurrage costs for GR	MTC	Infrastructure Development
10	Customs brokers entry into profession should be monitored, as many cannot prepare key basic documents correctly	MEF-AT (Customs)	Trade (Customs) Facilitation
11	MCNet SEW operator costs should not be % based and should be in local currency, as the costs to users are high	MEF-AT (Customs)	Trade (Customs) Facilitation
12	Integration of customs processes, notably in the areas of Advance	MEF-AT (Customs)	Trade (Customs)

#	KEY ISSUE	RESPONSIBLE MINISTRY	NTFC SUB-COMMITTEE
	Rulings, CBM and SEW, need to be improved		Facilitation
13	Integration of customs processes with port TOS would enhance visibility on documents, payments and operations	MEF-AT (Customs) /CFM	Trade (Customs) Facilitation
14	Mandatory implementation of IMO-MSW to record vessel arrival and departure at Mozambique ports not implemented	INTRANMAR/CFM	Transport (Transit) Facilitation
15	Formal checkpoints for truckers should be reduced and focus on issues not checked by customs or immigration	MEF-AT (Customs)	Trade (Customs) & Transport (Transit) Facilitation
16	The need to scan all cargo should be reviewed and a more streamlined risk management system should be adopted	MEF-AT (Customs)	Trade (Customs) Facilitation
17	AEO program should be accelerated to enhance risk management practices at borders	MEF-AT (Customs)	Trade (Customs) Facilitation
18	Mandatory use of the Nacala Special Export Terminal for exporters at (TEEN) is regarded as unnecessary and costly	MEF-AT (Customs)	Trade (Customs) Facilitation
19	Mandatory use of seals and tracking devices by Customs on transit cargo by rail is unnecessary and costly	MEF-AT (Customs)	Trade (Customs) Facilitation
20	Mandatory use of tracking devices by Customs on transit cargo by road is also unnecessary and costly	MEF-AT (Customs)	Trade (Customs) Facilitation
21	Transit traffic from Malawi to Nacala has lost market share to Beira despite being more competitive, indicating that Beira offers Malawian customers additional benefits that Nacala need to start providing to re-capture market share	MIC	Trade (Customs) & Transport (Transit) Facilitation
22	Key export crops, notably cashew, cotton and pigeon pea have seen significant disinvestment by large agri-business firms such as OLAM, METL and ETG, which is a cause for concern for the livelihoods of smallholder farmers	MADER	Corridors
23	Governance of specific value-chains, notably pigeon pea exports to India has resulted in significant financial losses that have seriously impacted a key export sub-sector to the detriment of livelihoods of many smallholder farmers	MADER	Corridors
24	Internal transport costs in Mozambique are very high, so the re-introduction of a cabotage service should be considered	MTC	Trade (Customs) & Transport (Transit) Facilitation
25	US\$45 million left from the JICA loan is being considered for a project to reduce the flooding of the access road to the Nacala Port during the rainy season.	MTC	Infrastructure Development
26	Concern that Malawi's market size and performance will be insufficient to support investment in Nacala port, so port and corridor will have to be marketed beyond Malawi	MTC	Trade (Customs) & Transport (Transit) Facilitation
27	Government to leverage investment in Nacala Airport to include: <ul style="list-style-type: none"> · Incentives to use airport as hub in northern Mozambique · 140km passenger train from Nacala to Nampula 	MTC	Corridors

#	KEY ISSUE	RESPONSIBLE MINISTRY	NTFC SUB-COMMITTEE
28	At the unveiling ceremony of the Nacala port in 2023 the Presidents of Malawi, Mozambique and Zambia signed an updated Nacala Corridor Agreement, which could be leveraged to accelerate the establishment of a CMI	MTC	Corridors
29	A National Transport Master Plan should be prepared to leverage Mozambique's position on the eastern seaboard of Southern Africa to further develop the transport and logistics industry	MTC	Corridors
30	Need additional ICDs with Bonded Warehouses like in Beira, as only TEEN, the Port and Transcargo (for Fertilizer) are designated as Bonded Warehouses in Nacala	MEF-AT	Trade (Customs) Facilitation
31	Feeder roads and warehousing remain areas in need in many areas, but the main challenge is adequate aggregation because of fragmentation amongst many market actors	MADER	Infrastructure Development
32	New potential market for the supply of sustainable wood from GR (Lichinga) to MLT (Tete) but rail interoperability at Cuamba a problem and the use of general freight trains on the Nkaya-Tete section has not been done before	MTC / Nacala Logistics	Infrastructure Development
33	GR don't need to go to TEEN as container is already sealed by Customs in Lichinga but once in port precinct it has to go to the scanner, which requires an extra move and extra cost of ~US\$175 per container	MEF-AT (Customs)	Trade (Customs) Facilitation
34	JFS-SAN: When cargo arrives by train and is packaged in the port, the container has to go through a scanner outside the Port at additional cost. A scanner for wagons exists at Namialo, which should be used when the train passes	MEF-AT (Customs)	Trade (Customs) Facilitation
35	JFS-SAN: Mandatory use of TEEN for cargo increases costs a (MZM 14,040.00 per FEU), which you pay again in the port, this doubles transport costs, first by taking the empty container from a dry terminal to TEEN and second taking the full container from TEEN to the port. The free period of stay at TEEN is just 3 days, then storage charges start at MZM 486.00/day per FEU. If the cargo arrives on a Saturday, an additional 10% will be charged on top of the normal rate.	MEF-AT (Customs)	Trade (Customs) Facilitation
36	Imports through Mandimba must be cleared in Lichinga or Cuamba, which is not optimal, so transshipment at border is common, but this will change once the OSBP is operational	MEF-AT (Customs)	Trade (Customs) Facilitation
37	There is currently a ~2 km very poor gravel road between the two border posts, which will be tarred and as part of the OSBP development that will be located in "no-mans" land	MOPHRH-ANE	Infrastructure Development

38	DH Mining is developing a graphite mine in Nipepe district and will build a 100km road over the River Lurio to Malema, where the company intends to develop a dry port linked to the railway for export via Nacala port	MOPHRE-ANE & Nacala Logistics	Infrastructure Development
----	---	-------------------------------	----------------------------

#	KEY ISSUE	RESPONSIBLE MINISTRY	NTFC SUB-COMMITTEE
39	When operators use their own stevedoring CFM no longer allows for a discount as was the case before and charges the full cost at though they were using the PN stevedoring. Due to the cost operators have no choice but to use PN, which is inefficient and therefore costly	CFM	Transport (Transit) Facilitation
40	Free time for an export container within the port is 7 days, which for cargo arriving by train is not enough time to pack and clear cargo especially when the port receives a lot of transit cargo to be shipped by the railway. Transit cargo is given priority and additional costs accrue to exporters	CFM / Nacala Logistics	Transport (Transit) Facilitation
41	When ships arrive late at the port the exporter has to bear the costs of additional storage time, so either CFM agrees to extend the time, or the shipping line should pay CFM	CFM / Shipping Lines	Transport (Transit) Facilitation
42	Nacala Logistics sometimes does not comply with the plan made the day before for positioning wagons within the port for unloading leading to delays and potential unforeseen costs for the exporter	Nacala Logistics	Transport (Transit) Facilitation
43	A lack of alignment between Nacala Logistics and CFM in the scheduling the placement of empty wagons and containers to designated cargo. The exporter runs the risk of (a) paying storage costs at the port; and (b) missing the shipment, which can tarnish the exporter's reputation	CFM/Nacala Logistics	Transport (Transit) Facilitation
44	A lack of subject matter experts within Customs combined with the regular rotation of officers can lead to an over-reliance on individual officers to make decisions on customs processes, which undermines a rules-based approach to customs administration	MEF-AT (Customs)	Trade (Customs) Facilitation
ADDITIONAL ISSUES IDENTIFIED BY A LITERATURE REVIEW			
45	Customs Documentation and Administrative Procedures: These include non-standardised systems for declaring imports and paying applicable duty rates; incorrect tariff classification; limited and uncoordinated customs working hours; different interpretations of the Rules of Origin; non-acceptance of certificates of origin; application of discriminatory taxes and other charges on imports originating from member states; and cumbersome procedures for verifying originating imports whose origin status is disputed	MEF-AT (Customs)	Trade (Customs) Facilitation

46	Quality Inspection Procedures: These include delays in the inspection of commercial vehicles; cumbersome and costly quality inspection procedures; unnecessary quality inspections (also of products certified by internationally accredited laboratories); non-standardised procedures for quality inspection and testing; and, varying procedures for issuing certification marks	MIC-INNOQ	SPS & TBT
#	KEY ISSUE	RESPONSIBLE MINISTRY	NTFC SUB-COMMITTEE
47	Immigration Procedures: Includes non-standardised visa fees and cumbersome and duplicated immigration procedures	SENAMI	Transport (Transit) Facilitation
48	Transiting Procedures: These involve non-harmonised transport policies, laws, regulations and standards, including road user charges, third-party (cross-border) motor insurance schemes, vehicle overland control systems, vehicle regulations and standards, and cross-border road permits as well as prohibitive transit charges	MTC	Transport (Transit) Facilitation
49	Other Procedures, including Bribery and Corruption: These involve a range of Non-Trade Barriers (NTBs), some of which have been formally reported through the Tripartite NTB Reporting Mechanism. The most cited example includes spot fines levied at mandatory and mobile road blocks for non-compliance with vehicle registration, licensing, safety equipment, insurance and road-worthiness; transit permits for regulated goods; overloading and load configuration (goods and passengers); driver licenses; and, so forth	MTC-INATRO; MADER and MIC	Trade (Customs) & Transport (Transit) Facilitation
50	Challenges Prior 'Getting To The Border': These include issues like lack of access to foreign exchange, lack of access to trade finance, burdensome trade-related banking requirements, high trade-related maritime transport costs, excessively high prices for logistics services, discrimination against women and/or small-scale traders, the cost of time of obtaining permits and high inventory costs because of costly and unpredictable trade procedures	MIC, APIEX	Trade (Customs) & Transport (Transit) Facilitation
KEY:			
APIEX: Investment and Export Promotion Agency			
AT: Tax Authority			
ANE: National Roads Administration			
CFM: State-Owned Ports and Railway Company			
INATRO: National Institute of Land Transport			
INNOQ: National Bureau of Standards			
INTRANSMAR: National Institute of Maritime Transport			
MADER: Ministry of Agriculture and Rural Development			

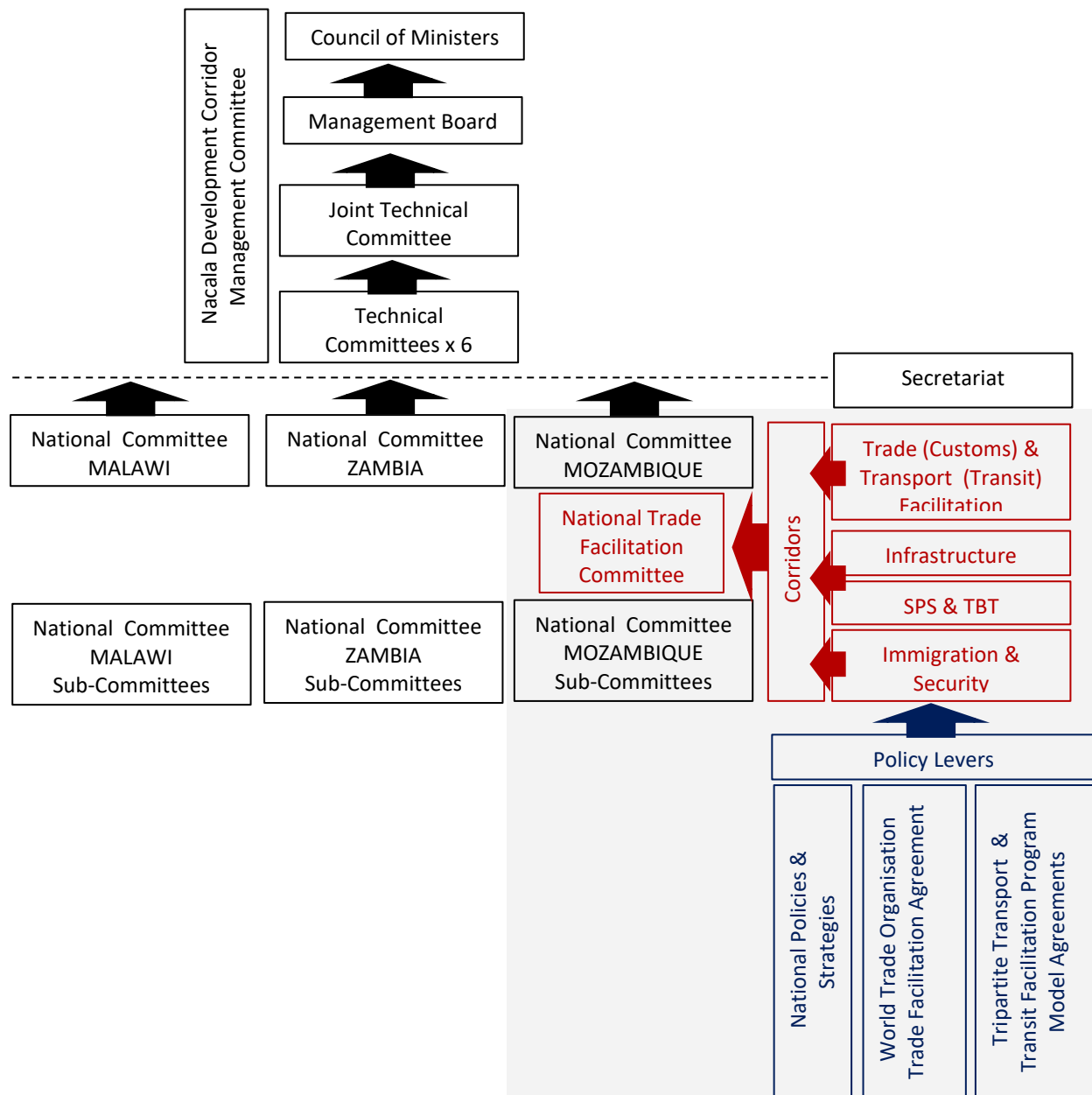
MEF: Ministry of Economy and Finance
MIC: Ministry of Industry and Commerce
MOPHRH: Ministry of Public Works, Housing and Water Resources
MTC: Ministry of Transport and Communications
SENAMI: National Immigration Service

6.2 CAPTURE FRAMEWORK

Figure 13 is a reproduction of Figure 2 but highlights the section of the diagram that pertains specifically to Mozambique.

Of the 50 issues highlighted in Table 22, not surprisingly almost two-thirds (62% of total) are classified as Trade (Customs) and Transport (Transit) Facilitation issues. Of this over half (32% of total) related to Customs and about a quarter (18%) are classified as Transit issues. One-tenth (12% of total) had elements of both Trade (Customs) and Transport (Transit) issues. A quarter (24%) of issues aligned with Infrastructure concerns and one-tenth (12%) of issues that could fit in any other category were classified as Corridor issues. Immigration and Security and SPS and TBT issues did not feature as issues captured in stakeholder interviews.

Figure 13: Use of Institutional Arrangements to Capture Stakeholder Issues



Source: Consultant, 2024

The fifty (50) issues identified in Table 5 are summarized in **Table 23**, which highlights that the majority of issues are customs related, followed by transit-transport and infrastructure issues. TBT/SPS issues and concerns about Immigration and National Security did not feature in stakeholder responses.

Table 23. Summary of Issues Prioritized By Stakeholders and Literature Review

NFTC Sub-Committee	# Of Issues	% Distribution
Trade (Customs) and Transport (Transit) Facilitation	31	62%
Of which Customs	16	32%
Of which Transit	9	18%
Of which Both	6	12%
Infrastructure Development and Management	12	24%
Sanitary and Phyto-Sanitary (SPS) and Technical Barriers to Trade (TBT)	1	2%
Immigration and National Security	0	0%
Corridors (Other Issues)	6	12%
Total	50	100%

Source: Nacala Corridor Stakeholder Interviews, June 2024

6.3 TRADE FACILITATION PERFORMANCE REVIEW

The main delays to transit-transport in the region are at port terminals and border posts and these delays can account for more than half of the journey time (even greater if more than one border has to be crossed) of a ‘normal’ trip. The main causes for the delays at borders is the inability to start processing a final clearance or removal in bond or removal in transit until the goods physically arrive at the border. Then when the goods do arrive at the border occur because of weaknesses in the processing of clearance or transit documents, multiple inspections, multiple forms to be completed (often requiring the same information for different border agencies) and a lack of trust between Customs, Other Government Agencies (OGAs), transporters and importers and exporters and their agents, resulting in no or limited risk assessments. The solution to these delays is the implementation of Coordinated Border Management (CBM) whereby Customs and Other Government Agencies (OGAs) coordinate their operations with each other. As well as containing provisions to expedite the movement of goods across borders, the WTO-TFA sets out measures for effective cooperation between customs and other border authorities on trade facilitation and customs compliance issues. The implementation of the following Articles (and Sub-Articles) of the WTO-TFA (2014) is considered important for the effective roll-out of CBM practice:

- **Article 3: Advance Rulings** - Issue an advance ruling in a reasonable, time-bound manner to the applicant that has submitted a written request containing all necessary information. An advance ruling is binding for the period the advance ruling is valid.
- **Sub-Articles under Article 7: Release and Clearance of Goods**, include the following:
 - **Sub-Article 7.1: Pre-arrival Processing** - Adopt procedures allowing for the submission of import documentation and other required information, including manifests, to allow processing pre-arrival. Need to do this electronically.
 - **Sub-Article 7.2: Electronic Payment** - Allow electronic payment for duties, taxes, fees, and charges.
 - **Sub-Article 7.3: Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges** - Allow the release of goods prior to the final determination of customs duties, taxes, fees, and charges.
 - **Sub-Article 7.4: Risk Management** - Adopt a risk management system for customs control.
 - **Sub-Article 7.5: Post-Clearance Audit** - Adopt or maintain post-clearance audit to ensure compliance with customs and other related laws and regulations.

- **Sub-Article 7.7: Trade Facilitation Measures for Authorized Operators** - Trade facilitation measures related to import, export, or transit formalities and procedures to operators who meet specified criteria for Authorized Economic Operators (AEOs).
- **Article 8: Border Agency Coordination** - Ensure coordination between national border agencies.
- **Article 9: Movement of Goods Intended for Import Under Customs Control** - Allow goods intended for import to be moved within its territory under customs control from a customs office of entry to another customs office in its territory from where the goods would be released or cleared.
- Sub-Articles under **Article 10: Formalities connected with Importation, Exportation and Transit**, includes the following:
 - **Sub-Article Article 10.4: Single Window** - Establish or maintain a single window enabling traders to submit documentation and/or data requirements for importation, exportation, or transit of goods through a single-entry point and notified through the single window.
- **Article 11: Freedom of Transit** - The rules that apply to transit traffic are designed to ensure that a country does not impose addition charges on transit traffic, so that transit charges should just cover administrative charges and costs of services provided; rules should be based on Most Favored Nation (MFN) and National Treatment rules and should be no more burdensome than necessary; and, Members are encouraged to provide physically separate infrastructure for transit traffic.
- **Article 12: Customs Cooperation** - As part of the TFA notification process countries have to categorize the TFA Article and Sub-Articles into Category A, B and C where:
 - **Category A** - are measures which can be implemented immediately by the country concerned;
 - **Category B** - are measures where a country needs more time than the time agreed to by all members to implement that instrument; and,
 - **Category C** - are measures where a country will need technical assistance and capacity building and more time to implement the measures.

Figure 14 below shows, in tabular form, the results of the WTO-TFA self-assessment exercise undertaken by the Corridor Countries (DRC and Zimbabwe included as future potential users of the Nacala Corridor) and the categories each country has placed for the TFA provisions considered important for the efficient operation of transport corridors. The AfCFTA also has similar obligations and commitments on the establishment of National Trade Facilitation Committees, but the AfCFTA is not legally binding. A major takeaway from Figure 4 is that **the Mozambique self-assessment of categories considered relevant to corridors is much better than either Malawi or Zambia**. A detailed report was prepared for Mozambique's submission to the WTO on the TFA, so it would be **useful for Mozambique, Malawi and Zambia to review their methodologies on their self-assessment** to determine why there is such a divergence between Mozambique on the one-hand and Malawi and Zambia on the other.

The relevance of the TFA implementation matrix that is shown in Figure 14 is that unless a country has the necessary trade facilitation measures in place to allow it to implement the key articles in Figure 14 then it will not be able to fully implement OSBP and building OSBP infrastructure will not change that reality. The priority should therefore also be on the improving performance of all the Articles (and Sub-Articles) key to the efficient functioning of the Nacala Corridor in Mozambique, Malawi and Zambia. Notwithstanding the progress made in the implementation of the TTTFP as outlined in section 3.3 the domestication of the Model Laws, Regulations, Standards and Systems for the Vehicle Load Management and for Multilateral Cross-Border Road Transport remain ongoing. Moreover, the roll-out of the Transport Registers and Information Platform System (TRIPS) and its interface with the National Transport Information System (NTIS), the Vehicle Load Management (VLMIS) and the Corridor Trip Monitoring System (CTMS) is also ongoing. For the purposes of this section of the report the comparative analysis between countries vis-à-vis transit-transport facilitation measures has been limited to Vehicle Overloading, Vehicle Dimensions, 3rd Party Vehicle Insurance and the existence of a Multilateral Cross-Border Transport Agreement (MCBTA) and a Corridor Management Authority (or Institution).

Figure 14: Implementation of Relevant WTO-TFA Articles

Sub Article	Title	DRC	Mal	Moz	Zam	Zim
3.1	Advance Rulings	B	C	C	B	B
7.1	Pre-arrival Processing	B	A	A	C	B
7.2	Electronic Payment	B	A	A	C	B
7.3	Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges	B	B	A	B	A
7.4	Risk Management	B	C	A	C	C
7.5	Post-Clearance Audit	B	C	A	C	C
7.7	Trade Facilitation Measures for Authorised Operators	B	C	A	C	B
8.1	Border Agency Cooperation	C	C	C	C	A
9.1	Movement of Goods Intended for Import under Customs Control	B	A	A	A	A
10.4	Single Window	C	C	C	C	C
11	Freedom of Transit	A	A	A	C	B
12	Customs cooperation	A	A	A	C	A

Source: WTO-TFA website

Table 24 provides a summary of the Trade Facilitation performance of the Nacala Corridor against the following headings.

Transit and Transport Facilitation Instruments	Trade Facilitation Instruments
<ul style="list-style-type: none"> ● Vehicle Overloading ● Vehicle Dimensions ● 3rd Party Vehicle Insurance ● Multilateral Cross-Border Transport Agreements ● Corridor Management Authority 	<ul style="list-style-type: none"> ● Advance Rulings ● Pre-Arrival Processing ● Electronic Payment ● Separation of Release from Final Determination of Customs Duties ● Risk Management ● Post-Clearance Audit ● Authorised Economic Operators ● Border Agency Coordination ● Movement of Import Goods ● Single Window ● Freedom of Transit ● Customs Cooperation

Table 24: Nacala Corridor Trade and Transport Facilitation Performance

Transit and Transport Facilitation Instruments	Vehicle Overloading	There are frequently reported instances of overloading on the Nacala Corridor, especially in Mozambique.
	Vehicle dimensions	Vehicle dimensions between Mozambique Malawi and Zambia are harmonized and both countries operate on a maximum gross vehicle mass of 56t on 7 axles and a maximum length of 22m[1].
	3rd Party Vehicle Insurance	Zambia and Malawi use the COMESA Yellow Card or a transporter can opt to by 3rd Party Vehicle Insurance at the border. In Mozambique insurance can be bought at the border.
	Multilateral Cross-Border Transport Agreement	The TTTFP is working with COMESA-EAC-SADC Tripartite countries to design and implement a CBRTA but this is not yet operational.
	Corridor Management Authority	The Nacala Corridor has no CMI in place, but the Minister in Mozambique is keen to promote its establishment and link it to the activities of the NTFC.
Trade Facilitation Instruments	Advance Rulings	Zambian and Malawian Customs can issue advance rulings but his is currently not the practice by the Mozambique Customs Service.
	Pre-Arrival Processing	Zambia, Malawi and Mozambique Customs can provide pre-arrival processing.
	Electronic Payment	Zambia, Malawi and Mozambique Customs use a version of electronic payments.
	Separation of Release from Final Determination of Customs Duties	Zambia, Malawi and Mozambique Customs allow the release of goods prior to the final determination of customs duties, taxes, fees, and charges.
	Risk Management	The implementation of risk management systems poses serious challenges for Zambia, Malawi and Mozambique Customs. The main reason for this is a lack of faith from Customs that risk management will not result in a loss of revenue as well as a failure to link the risk management module to the main customs management system and to calibrate the system with relevant data on known traders and economic operators.
	Post-Clearance Audit	Zambia, Malawi and Mozambique Customs use post clearance audits.
	Trade Facilitation Measures for Authorized Operators	Zambia and Malawi do not have an Authorized Economic Operator (AEO) system in place and whilst Mozambique does only a handful of operators have obtained AEO status.
	Border Agency Coordination	Zambia, Malawi and Mozambique Customs are working towards improved coordination between border agencies nationally but there is still plenty of room for improvement.

	Movement of Goods Intended for Import Under Customs Control	Zambia, Malawi and Mozambique Customs allow goods intended for import to be moved within its territory under customs control from a customs office of entry to another customs office in its territory from where the goods would be released or cleared.
	Single Window	Zambia, Malawi and Mozambique do not, as yet operate a Single Window along the corridor.
	Freedom of Transit	Although there is freedom of transit on the Nacala Corridor, the road user charges in Mozambique are disproportionately high and would appear to be revenue raising rather than reflecting the costs of service delivery.
	Customs Cooperation	Zambia, Malawi and Mozambique Customs continue to make improvements in customs cooperation.

Source: Consultants, 2024

6.4 SUMMARY: TRADE FACILITATION ANALYSIS

The Nacala Corridor is an immature corridor with considerable potential. **The massive investment, estimated at approximately US\$ 9 billion over the last 10 years has transformed the infrastructure backbone of the corridor.** In addition, the governments of Mozambique, Malawi and Zambia are actively promoting an integrated multi-modal regional transport corridor linking the three countries. This size of this potential is reflected in the size of the transit markets within the catchment region of this multi-modal corridor, which in 2016 was estimated at 15 million tons of transit cargo. However, at the moment the Nacala Corridor's share of the combined DRC (Katanga), Zambia and Malawi market is a mere 4%, with most traffic being captured by other regional corridors notably Dar es Salaam (37%), North-South (30%), Beira (23%) and Walvis Bay (6%).

Mozambique, Malawi and Zambia have signed a regional agreement on the Nacala Corridor, but no corridor institutions has yet been established. **The Minister of Transport and Communications indicated that the options for the gradual development of a Corridor Management Institution (CMI) for the Nacala Corridor should be explored.** A CMI could play a leading role in the integration of the transport and logistics supply-chain port, rail, road and terminals. However, for the CMI to be effective there is a need to have a good understanding of the competitive position of Nacala Corridor in the SADC region, for which an update is beyond the scope of the assignment (see Appendix 6 for the competitive position of the Nacala Corridor vis-à-vis other SADC regional corridors in 2016). Moreover, it would be important for any CMI structure to be linked the NTFC, which now anchors the implementation of the WTO-TFA in Mozambique.

With the development of the backbone infrastructure on the Nacala Corridor in place, the major challenge for regional integration now is to enhance trade and transit transport facilitation. **The proposed CMI contained in the updated Nacala Development Corridor Agreement, which is also championed by the Minister of Transport and Communications could be linked with the institutional arrangements around the NTFC to accelerate the implementation of the WTO-TFA, to domesticate the various components of the TTFP and accelerate development along the Nacala Corridor.** The process to chart a way-forward on this is elaborated on in the next section.

7 WAY FORWARD

Section 7 provides a roadmap for the way-forward in terms of next steps. The section tables specific actions on how the MTC, through its participation on the NTFC, can lead by example to accelerate the continued development of the Nacala Corridor.

7.1 SHORT TERM ACTIONS

Table 25 provides a short-list of the issues presented in Table 5 that were filtered in terms of their suitability for possible future USAID support based on whether there is a prospect that a policy reform outcome is likely and if a funding gap exists. The detailed analysis of the long list is provided in **Appendix 5**.

The summary findings for targets to support are as follows:

- Support to initiating the staged roll-out of a fully-fledged Nacala Corridor Management institution (CMI);
- Support to domesticate the Tripartite Transit-Transport Facilitation Program (TTTFP) in Mozambique;
- Support to accelerate the implementation of outstanding articles of the WTO-TFA in Mozambique;
- Support to rolling-out the mandatory Maritime Single Window (MSW) in Mozambique;
- Support to improve quality infrastructure and procedures for trade in Mozambique;
- Support to de-risk governance of and growth in leading agricultural value-chains;
- Support to de-risk 'green investment' projects, notably in the forestry sector; and,
- Support to identify and frame potential 'anchor' projects along the corridor.

These eight (8) targets can be split into two (2) categories, the first are those linked to short-term actions that can be addressed by the NTFC and the second are those that can be linked to the establishment of a CMI for the Nacala Corridor.

The targets falling under each category can be summarised as follows:

Under the NTFC:

- Support to domesticate the Tripartite Transit-Transport Facilitation Program (TTTFP) in Mozambique;
- Support to accelerate the implementation of outstanding articles of the WTO-TFA in Mozambique;
- Support to rolling-out the mandatory Maritime Single Window (MSW) in Mozambique;
- Support to improve quality infrastructure and procedures for trade in Mozambique.

Under the CMI:

- Support to initiating the staged roll-out of a fully-fledged Nacala Corridor Management institution (CMI);
- Support to de-risk governance of and growth in leading agricultural value-chains;
- Support to de-risk 'green investment' projects, notably in the forestry sector; and,
- Support to identify and frame potential 'anchor' projects along the corridor.

The linkage between the NTFC and the Nacala Corridor CMI, with an initial focus on integration within Mozambique, is summarized in Figure 13. An elaboration of the short-term actions under the NTFC is provided in section 7.2 and action under the establishment of an CMI is provided in section 7.3. The recommendations are limited to the actions to be implemented in Mozambique. The scope of this assignment was limited to a rapid scan of the key issues to be addressed, and to identify the likely institutional anchor. However, these issues need to be confirmed with the proposed entity designated responsible for the resolution of each high-priority issue.

Table 25: Stakeholder Issues Targeted for Redress by USAID Program

#	KEY ISSUE	RESPONSE	✓ or X
ISSUED IDENTIFIED BY STAKEHOLDERS DURING FIELD VISIT			
4	The NTFC and its sub-committees need to be strengthened and linked to a new Nacala Corridor CMI	Being implemented by MIC but could be target for support	✓
10	Customs brokers entry into profession should be monitored, as many cannot prepare key basic documents correctly	Being monitored by industry association(s) but could be targeted for support	✓
12	Integration of customs processes, notably in the areas of Advance Rulings, CBM and SEW, need to be improved	AT rolling out improvement but could be a target for support	✓
13	Integration of customs processes with port TOS would enhance visibility on documents, payments and operations	CFM implemented but could be a target for support	✓
14	Mandatory implementation of IMO-MSW to record vessel arrival and departure at Mozambique ports not implemented	INTRANSMAR is responsible but no mention of this so could be a target for support	✓
21	Transit traffic from Malawi to Nacala has lost market share to Beira despite being more competitive, indicating that Beira offers Malawian customers additional benefits that Nacala need to start providing to re-capture market share	Nacala Logistics is promoting the corridor but support to establish a CMI could address this issue	✓
26	Concern that Malawi's market size and performance will be insufficient to support investment in Nacala port, so port and corridor will have to be marketed beyond Malawi	Nacala Logistics is promoting the corridor but support to establish a CMI could address this issue	✓
28	At the unveiling ceremony of the Nacala port in 2023 the Presidents of Malawi, Mozambique and Zambia signed an updated Nacala Corridor Agreement, which could be leveraged to accelerate the establishment of a CMI	Updated agreement introduced idea of a CMI which is a clear entry point for support so should be considered	✓
32	New potential market for the supply of sustainable wood from GR (Lichinga) to MLT (Tete) but rail interoperability at Cuamba a problem and the use of general freight trains on the Nkaya-Tete section has not been done before	This is a prospective new idea that promotes green investment on the Nacala Corridor, so support should be considered	✓

ADDITIONAL ISSUES IDENTIFIED BY A LITERATURE REVIEW			
45	Customs Documentation and Administrative Procedures: These include non-standardised systems for declaring imports and paying applicable duty rates; incorrect tariff classification; limited and uncoordinated customs working hours; different interpretations of the Rules of Origin; non-acceptance of certificates of origin; application of discriminatory taxes and other charges on imports originating from member states; and cumbersome procedures for verifying originating imports whose origin status is disputed	These issues can be supported through support to the NTFC (see 4) and strengthening Customs processes (see 12) and ancillary support to improving the quality of Customs Brokers (see 10 above)	✓

#	KEY ISSUE	RESPONSE	✓ or X
46	Quality Inspection Procedures: These include delays in the inspection of commercial vehicles; cumbersome and costly quality inspection procedures; unnecessary quality inspections (also of products certified by internationally accredited laboratories); non- standardised procedures for quality inspection and testing; and, varying procedures for issuing certification marks	Given the importance of quality infrastructure these issues can be supported, but assistance under the World Bank funded SATCP should be confirmed before USAID approaches INNOQ on what is required	✓
48	Transiting Procedures: These involve non-harmonised transport policies, laws, regulations and standards, including road user charges, third-party (cross- border) motor insurance schemes, vehicle overland control systems, vehicle regulations and standards, and cross-border road permits as well as prohibitive transit charges	These issues can be addressed or through specific support to MTC (and INATRO) to domesticate outstanding components of the TTTFP	✓

7.2 NATIONAL TRADE FACILITATION COMMITTEE

This section reviews the status of those articles that were flagged as requiring technical assistance support in the 2016 SPEED Report as well as those laws and regulations that Mozambique has to harmonize with TTTFP standards, as set out in the 2017 TTTFP Country Report.

7.2.1 SUPPORT TO TTTFP DOMESTICATION

A review of the TTTFP report on Mozambique's alignment with the TTTFP recommendations in 2017 suggests that there are many areas of support that will assist transit-transport facilitation between Mozambique and member states of the Maputo, Beira and Nacala Corridors. A cursory review had flagged up almost thirty (30) issues that need to be resolved in terms of Mozambique's alignment with the TTTFP recommendations.

This is based on a review of the 2017 report, so may not be up to date. The issues are listed as they appear in the TTTFP report to ensure that they can be easily cross-referenced once clarity is obtained from MTC and INATRO. These issues are as follows:

Vehicle Load Management (VLM)

- **Legal Load Limits:** Mozambique allows nine (9) tonnes on a single axle and not ten (10) tonne as agreed by the TTTFP.
- **Vehicle Dimensions in Relation to Overload:** Mozambique's regulations are in line with the TTTFP length of twenty-two (22) meters.
- **Legal Definitions in Relation to Vehicles and Vehicle Load Management:** Mozambique's legal definitions are not in line with that of the TTTFP.
- **Penalties and Demerit Points:** In Mozambique overloading is not calculated in accordance with the formula agreed on by the TTTFP.
- **Electronic payment:** The VLM-MOU has been provided to MTC for future reference and development of legislation in compliance with the TTTFP model agreements.
- **Weighbridge Certification, Verification and Maintenance:** Mozambique does not appear to have standards for weighbridge certification, verification, and maintenance.
- **Performance Based System:** In Mozambique, there are no self-regulatory systems in place.
- **Liability for Overload Offences:** In Mozambique, the liability for overload offences lies with the operator.
- **Reciprocal Recognition:** Mozambique still needs to incorporate a reciprocal recognition of officers' authority and weighbridges certificates into its domestic legislation to align with the SADC model bylaws.
- **Tolerance:** In Mozambique, Decree no. 14/2008 prescribes a tolerance of two percent (2%) across the board for axles and GVM, which is considered acceptable.
- **Training:** Mozambique does not have a continuing training programme, but personnel are trained when the need arises.
- **Transitional Provisions:** The VLM MOU has not yet been signed, but Mozambique can embark on the process of harmonizing its domestic legislation in accordance with the VLM MOU.
- **Implementation Framework:** Mozambique will need to review its legislation in accordance with the VLM MOU and develop an implementation plan for it.

Vehicle Standards:

- **Equipment on Vehicles:** Mozambique does not appear to have legislation on equipment of vehicles.
- **Vehicle Dimensions and Regulations:** In Mozambique, Decree No. 14/2008 prescribes the dimensions for vehicles, but this decree needs to be reviewed as these dimensions are no in line with the TTTFP standard.
- **Conveyance of Abnormal Loads:** Mozambique has a permit system for the conveyance of abnormal loads, but it will have to be reviewed in accordance with the Tripartite standard, as the calculation of the fees in Mozambique does not take all the components such as administration fees, escort fees, congestion fees and environmental externality fees (noise and greenhouse emissions) into account.
- **Transportation of Dangerous Goods:** In Mozambique it appears that there is no legislation on the transportation of dangerous goods, except for Decree No.14/2008 that prescribes limits to the carriage of explosives.
- **Testing of Vehicles for Roadworthiness:** In Mozambique, vehicles are tested annually for roadworthiness and heavy vehicles are tested every six months Testing are performed at Vehicle Testing Stations (VTS's) in each of the eleven (11) provinces, which are operated by a private contractor under a government concession.
- **Evaluation of Vehicle Test Stations:** In Mozambique, there is no separate inspectorate that evaluates the performance of testing stations in Mozambique.

Driver Standards:

- **Driving License Categories:** In Mozambique the driving license card is issued by INATRO and complies with the SADC vehicle categories and format. The databases is maintained and updated by the private company contracted to produce the cards. No further information could be obtained to assess the capacity to integrate this driver licensing system with the TRIPS.
- **Training and Testing of Drivers and Professional Drivers:** Mozambique has implemented a rigorous driver testing and licensing process and the system has been rolled-out throughout Mozambique.

Compliance and Law Enforcement:

- **Contravention and Accident System:** INATRO has indicated that a contravention (SICCE) and accident (SIAV) systems are being operated and piloted, but these systems are still only standalone solutions.
- **Road Transport Management System (RTMS):** In Mozambique, there is no RTMS in place.
- **Enforcement Procedures for Foreign Operators and Drivers:** In Mozambique, foreign operators and drivers must pay their fines before they can leave the country.

Exchange of Information:

- **Operator Registration:** In Mozambique, the MTC's Directorate of Transport and Logistics manually issues domestic and cross-border permits for the transportation of goods and passengers. Municipal authorities register bus and taxi operators as part of their urban transport regulatory function. There are no plans to establish a computerized register of operators and vehicles.
- **Vehicle Registration:** In Mozambique, INATRO reportedly has a computerized system for vehicle registration and licensing in place, but this could be demonstrated during TTTFP consultations, which witnessed manual processes being implemented by INATRO, the Ministry of Justice (MOJ) and Municipalities. The proposed changes to fully computerize the system was published in an Official Gazette in December 2008, but does not appear to have been fully implemented. It is not clear whether the functionality to issue the vehicle certificate and vehicle disc is already available on the existing computer system or whether it still has to be developed. No estimation regarding the possible date of implementation was available from the responsible officials. No further information could be obtained to assess the capacity to integrate the existing computerized vehicle certificate system with the TRIPS.
- **Annual Vehicle Tax:** Municipal authorities collect annual vehicle taxes. It is required by law that all vehicles must display a municipal vehicle disk in their window screens. Ownership or the use of a vehicle is to be declared to the municipality on a manual application form. A computer system is used for the collection of vehicle taxes, issuing of a receipt and the printing of the municipal vehicle disc. The system is not linked to the vehicle or ownership registers.

Cross-Border Third Party Motor Vehicle Insurance Scheme:

- **Third Party Insurance:** In Mozambique, third party vehicle insurance in relation to foreign vehicles and local vehicles must be bought from an insurance company accredited to do so. Mozambique is not party to the COMESA Yellow Card Scheme.

7.2.2 SUPPORT TO WTO-TFA IMPLEMENTATION

In 2016, the SPEED program conducted a detailed review of Mozambique's compliance with the requirements of the WTO-TFA, the results of which are presented in Figure 14. Three articles were identified as needing support, namely, Advance Rulings (3.1), Border Agency Cooperation (8.1) and Single Window (10.4).

The status in terms of support required to ensure compliance with the WTO-TFA article on Advanced Rulings is summarized in **Table 26**, for Border Agency Cooperation in **Table 27** and Single Window in **Table 28**.

Three articles were considered as being compliant but were acknowledged that there were improvements to be made, namely, Authorized Operators (7.7), Freedom of Transit (11), Customs Cooperation (12). An article more relevant to Mozambique than Malawi and Zambia because of the specific role played by Customs Brokers is the one that deals with Use of Customs Brokers (10.6). The issue here is not so much one of compliance with the WTO-TFA but rather how it is implemented in practice. Many stakeholders complained that now with the repeal of the mandatory use of certified Customs Brokers (Despachantes) new entrants are of a poor standard.

The number of AEOs has increased from nine (9) in 2016 to thirty (30) in 2023, which is steady but hardly stellar progress. One of the main challenges has been limited progress in signing MRAs with corridor member states, which could accelerate the AEO program in Mozambique and the region. On the 'Freedom of Transit' article all stakeholders cited concerns with the % and US\$ based charge for the Single Window, the high and unnecessary costs associated

with NII and, in the context on the Nacala Corridor, the de-factor requirement to use the TEEN facility. However, these issues have been on the policy reform agenda for many years without any significant breakthroughs, so it is unlikely that these concerns will be addressed until the underlying agreements with private sector operators are terminated or re-negotiated. These issues are linked to the article on ‘Specific Disciplines on Fees and Charges Imposed on or in Connection with Import or Export’. With respect to the article on ‘Customs Cooperation’ there is a recognition that more detailed Standard Operating Procedures (SOPs) between countries are needed, but it is widely felt that these will be addressed as part of developing OSBPs in the region.

Table 26: Rationale for TA to WTO-TFA ‘Advance Rulings’

Current Situation	There is no mechanism to issue a binding advance ruling. The customs broker has an obligation to be able to interpret the rules, but the trader does not have the security of a formal and legal decision prior to the transaction.
Issues of Interpretation	The article ‘obliges’ advance rulings for tariff and origin classification of the goods. And ‘encourages’ advance rulings for other aspects, including: <ul style="list-style-type: none"> i. the appropriate method or criteria, and the application thereof, to be used for determining the customs value under a particular set of facts; ii. the applicability of the Member’s requirements for relief or exemption from customs duties; iii. the application of the Member’s requirements for quotas, including tariff quotas; and iv. any additional matters for which the Member considers it appropriate to issue an advance ruling.
Barriers/Gaps	The inexistence of this type of mechanism in the law or in practice.
Proposal of Category and Deadline (years) and Justification	“C 5”, because it requires a change in the legislation and before this a detailed study of the implications, tools for its implementation and systems of other countries.
Necessary Steps for Compliance	Technical assistance to broaden the knowledge about this provision and understand the practices in other countries, and propose an adequate mechanism. It will probably require changes in the competences of the Customs and/or the Customs Court.

Source: SPEED+, 2016

Table 27: Rationale for TA to WTO-TFA ‘Border Agency Cooperation’

Current Situation	In the scope of SADC there is a commitment to proceed with the designation of ‘border authorities’ and coordinated border management, but this process is slow and does not have adequate financing. At this moment, there are weekly meetings of all national border authorities, in Ressano Garcia and at Mavalane Airport, but not at the other borders. There is cooperation between the national authorities, but there is no authority coordinating all the others - i.e., each one can convoke meetings/coordinate with the others in its day-to-day work. There is no specific forum or regulation on coordination, it is simply done when necessary. Regarding coordination with authorities of neighbouring countries, in some cases it exists, for example, for the creation of a single border at Ressano Garcia. There is alignment at all borders in terms of i) working days and hours, but no alignment of ii) procedures and formalities, iii) common facilities, iv) joint control, and v) one- stop.
Issues of Interpretation	For national coordination, there is an obligation to ensure that ‘the authorities and agencies responsible for border controls and procedures dealing with the import, export, and transit of goods cooperate with one another and coordinate their activities’. An ad

	noc coordination is apparently insufficient – the supporting guide clearly indicates that ‘coordination of activities of the domestic border authorities requires a legal basis’. For the coordination with authorities of neighbouring countries, this should be done ‘to the extent possible and where practicable’.
Barriers/Gaps	An institutional basis (MoU, regulations, etc.) for domestic coordination. Carry on with the cross- border collaboration processes in the scope of SADC.
Proposal of Category, Deadline (years) and Justification	“C 5”, because it will be necessary to review the legislation for domestic coordination and because technical assistance may be necessary for greater cooperation with neighbouring countries.
Necessary Steps for Compliance	Review legislation/regulations and align with the existing SADC process. Decide on the level of engagement in cross-border cooperation and on this basis define an implementation plan.

Source: SPEED+, 2016

Table 28: **Rationale for TA to WTO-TFA ‘Single Window’**

Current Situation	All documents related to customs clearance are already in the SEW as are those from APIEX. However, other authorities still have to be integrated.
Issues of Interpretation	Though the TFA only refers to ‘participating authorities or agencies’, the Guide makes it clear that for compliance it is necessary to include all authorities involved, not only Customs.
Barriers/Gaps	All other authorities (for licenses, non-intrusive inspection, etc.).
Proposal of Category, Deadline (years) and Justification	“C 5”, due to the need for technical assistance and financing for the integration of all other authorities.
Necessary Steps for Compliance	Coordinate with all authorities involved in order to be integrated and, when necessary, seek financing for the equipment that is necessary to this end.

Source: SPEED+, 2016

The ongoing World Bank Southern African Trade and Connectivity Project (SATCP)¹¹ is providing support to **implementing paperless trade between Malawi and Mozambique on the Beira and Nacala Corridors by focusing on automating trade related agencies and enabling data sharing and ICT integration.** These interventions will reduce the time and cost to trade. The project’s vision for paperless trade is one where agencies in Malawi and Mozambique are connected through automated systems and where information flows, thereby simplifying trade procedures across the corridor. Implementation of the vision will require paperless trade systems both in Malawi and Mozambique and interconnections between them. Moving toward this vision entails a wide range of support across agencies in both countries.

In Malawi, the project will roll out the single window system across all remaining trade related agencies, improve the customs system, and provide financing for a new IT system for Immigration. The subcomponent will (i) update the customs system (ASYCUDA World) with new modules to enhance its capabilities and performance in line with good practices; (ii) support the implementation of Phase II of the single window system and (iii) fund an IT system for the Immigration department (the Ministry of Homeland Security), which is currently operating manually.

The subcomponent will support various agencies to streamline processes for cargo transactions at the borders. Specifically, the subcomponent will finance an electronic cargo tracking system to replace the COMESA CVFTS system for the Malawi Revenue Authority (MRA) with one that is compatible with the one being implemented by

¹¹ See World Bank SACTP Project Appraisal Document (PAD), Accompanying Document, 2019, pages 2-5.

Mozambique Customs. Having compatible systems will allow the two countries to share e-seals across the borders and develop single transit corridors. Equally, and working with the SADC, the project will look towards integrating these systems with the regional cargo tracking management system (CTMS) which expands on cargo tracking to also include health monitoring of drivers and crews to facilitate a smooth border crossing of vehicles¹². The project will also support both Customs administrations to connect to the railway operator to improve transit processing.

The subcomponent will finance IT hardware and software to reinforce the capacity of the relevant trade institutions in using electronic systems for paperless trade. System sustainability is a critical issue given experiences from development installation and servicing of automation in the trade sphere in the past decade in east and southern Africa. The project will finance backup power supply at border offices in Malawi and Mozambique that suffer frequent outages. The project will also support MRA in Information Technology (IT) infrastructure for a disaster recovery site to build resilience for operations and data storage.

Finally, the project will also support sectorial ministries that currently process trade transactions manually and need automation to support paperless trade.

- **Automation of import and export of agricultural trade products:** The subcomponent will work with the Ministries of Agriculture’s departments of veterinary services and phytosanitary services in both countries, the Malawi Bureau of Standards (MBS), the Ministry of Fisheries in Mozambique, and national standards institution in Mozambique (INNOQ) in automating the management of import and export of products.
- **Trade certificates and permits:** The project will also support the establishment of systems for issuing trade permits and SPS certificates electronically.
- **Hard and soft infrastructure to streamline processes and risk management:** The project will fund investments in hard and soft infrastructure (computers, tablets, software, internet connectivity, data storage and so forth) that enable the animal and plant health departments and standards bureaus in Malawi and Mozambique to track registrations, outbreaks, traceability and recall of non-compliant products, physical inspections, test results, certifications, and other business processes. These systems will enable the plant and animal health departments and standards bureaus in each country to move from border-based interventions to modernized risk-based approaches (moving towards market surveillance activities, systems approaches or HACCP plans and regional mutual recognition) based upon data analysis and real time adjustment of risk priorities which can provide greater assurances to trading partners and thereby open market access and to improve domestic assurances of food quality/security.
- **Information management systems:** The subcomponent will also support information management systems to strengthen domestic pest and disease surveillance and enable all agencies to better coordinate on risk management with Customs.
- **Overall process improvements:** All automation initiatives will be supported with business process assessment and realignment, sustainability planning, change management, capacity building and performance monitoring inbuilt into the activities.

Therefore, it would be prudent prior to review the status of this support to assess what gaps may still need to be bridged with respect to building capacity of institutions in Mozambique who are already actively participating in the NTFC structures. In this regard, it is useful to reflect on the proposals of the USCBP team on their recommendations for a regional strategic approach, which are presented as a series of “Line of Effort’. Table 29 aligns each proposal with what is already in being supported by the GoM and provides a comment on how the proposal could be taken forward within the overall architecture of trade and transit-transport facilitation measures already in place.

¹² Mozambique (MCNet) have provided Malawi (ASYCUDA World) with a simple web browser tool since 2013 that allows MRA access to Malawi in-bound transit goods details. This has been used by MRA and continues to be available. However, the manual nature of its operation requiring login, download of a flat file of data and the need to then review line-by-line is not ideal. Rather, MRA would like to receive advance notification of transit goods arriving at the borders, and to provide the same information to traders through ASYCUDA World to generate Malawi transit declarations without the need for retyping the information. This would require direct data exchange between ASYCUDA World and MCNet.

Table 29: *Integration of CBP Recommendations with Existing TTF Measures*

#	Line of Effort	Proposals from USCBP team	Alignment with existing processes
1, 6, 7 and 8	Enhance the 'Customs House' Model (1), Increase CBP Engagement (6), Standardization of Customs Protocols (7) and Use SEW as a Market-Place to match Private Firms to Government Contracts (8)	<ul style="list-style-type: none"> • Advisory to review customs processes and procedures • Advisory on SOPs for customs clearance processes • Training on seaport operations and cargo processing • Training on NII techniques to identify 'high-risk' cargo • Training on use of FECDEP to target illicit goods and activities • Training on use of ATS-G software for better container security 	<ul style="list-style-type: none"> • Expanding SEW participation and digitalization • SOPs developed as part of OSBP implementation • Linking port TOS with SEW into a single system • Risk management linked to the SEW enhancement, improved Border Agency Cooperation and more effective Customs Cooperation
2	Adopt the CBP Trade and TED Model	<ul style="list-style-type: none"> • Once successfully piloted in Mozambique roll-out the FECDEP and ATS-G software to Malawi and Zambia as member states on the Nacala Corridor (option to extend to SADC region) 	<ul style="list-style-type: none"> • Risk management linked to the SEW enhancement, improved Border Agency Cooperation and more effective Customs Cooperation
3 and 9	Implement the CBP AQI Manual and Pre-Clearance of Transit Goods through Borders	<ul style="list-style-type: none"> • Advisory on SOPs for the clearance of goods, including agricultural goods through borders 	<ul style="list-style-type: none"> • Seamless Freedom on Transit of Transit Goods through borders along corridor through improved Coordinated Border Management (CBM)
4 and 5	Promote Law Enforcement Coalitions through Deployment of Targeting Software	<ul style="list-style-type: none"> • Advisory on a wide range of applications used by ATU, CHS, PAU, TQU, TFOs, TTRTs, UTTs (see notes blow for full description) and Intelligence Operatives through, inter alia developing Customs Centres to enhance Border Agency Cooperation within and country and Customs Cooperation between countries, starting with the Nacala Corridor Member states (option to extend to SADC region) 	<ul style="list-style-type: none"> • Risk management linked to the SEW enhancement, improved Border Agency Cooperation and more effective Customs Cooperation
10	Deploy CBP Attaché in Mozambique	<ul style="list-style-type: none"> • Enhance practice in the following areas within the Customs environment in Mozambique: <ul style="list-style-type: none"> • Security and Intelligence • Capacity Building and Training; and, • Trade Facilitation and Compliance 	<ul style="list-style-type: none"> • Risk management linked to the SEW enhancement, improved Border Agency Cooperation and more effective Customs Cooperation

11 and 12	Conduct targeted training for Subject Matter Experts (SMEs)	<ul style="list-style-type: none"> • Demand-driven targeted training to bridge gap in critical skills of Subject Matter Experts within the Customs Department (especially in Category B or C Articles in WTO-TFA) • Accelerate integration and digitalization of Customs processes linking Quality Infrastructure and Procedures, Port Operating Systems, Corridor Trip Management Systems, Risk Management Systems and Procedures to an expanded Single Window platform. 	<ul style="list-style-type: none"> • Advance Rulings • Risk Management • Authorised Operators • Border Agency Cooperation • Single Window • Freedom of Transit • Customs Cooperation • Customs Brokers
-----------	---	---	--

Notes: ATU=Advance Training Unit; CHS=Confidential Human Source; PAU=Passenger Analytical Unit; TAU-Tactical Analytical Unit; TFO-Task Force Officers; TTRT=Tactical Terrorism Response Team; and, UTT=Unified Targeting Team

Source: Adapted from US-CBP, 2024

7.2.3 SUPPORT TO IMO-FAL CONVENTION IMPLEMENTATION

In April 2019, the International Maritime Organization's (IMO) Facilitation of International Maritime Traffic (FAL) Convention introduced an amendment requiring national member governments to implement the electronic exchange of information related to maritime transport. The requirement, mandatory under the FAL Convention, is part of a package of amendments under the revised Annex to the FAL Convention, adopted in 2016.

The IMO has also encouraged national government members to introduce the Maritime Single Window (MSW) concept, in which all information required by public authorities in connection with the arrival, stay and departure of ships, people and cargo will be submitted electronically, via a single platform without duplication.

The FAL /IMO initiatives are designed to simplify cross-border trade, reduce the administrative burden and create a more efficient logistics chain.

According to the IMO a mandatory requirement for national governments to introduce electronic information exchange between ships and ports came into effect from 8 April 2019. The aim is to make cross-border trade simpler and the logistics chain more efficient, for the more than 10 billion tons of goods which are traded by sea annually across the globe.

Two countries that have not signed the FAL Convention are South Africa and Mozambique, which may explain why this has not been mentioned during stakeholders' consultations. However, it is assumed that the reason for Mozambique not yet signing the FAL Convention is one of process rather than because of any objection to the contents of the Convention, but this still needs to be confirmed. The purpose of the FAL Convention is to provide a unified, global approach to shipping facilitation. In its Annex, the FAL Convention contains standards and recommended practices and rules for simplifying formalities, documentary requirements and procedures on ships' arrival, stay and departure. Implementation is done through standardised FAL documentation for authorities and Governments to use, and the FAL Convention urges all stakeholders to use these.

The FAL Convention's main objectives are to prevent unnecessary delays in maritime traffic, to ensure the highest practicable degree of uniformity in formalities and other procedures. In particular, the Convention reduces the number of declarations which can be required by public authorities. The purpose of the Convention is to facilitate maritime transport by reducing the paperwork, simplifying formalities, documentary requirements and procedures associated with the arrival, stay and departure of ships engaged on international voyages.

In summary, since April 2019, the FAL Convention made it mandatory for ships and ports to exchange FAL data electronically and encourages the use of the so-called “single window” concept, in which all the many agencies and authorities involved exchange data via a single point of contact.

7.2.4 SUPPORT TO ENHANCING QUALITY INFRASTRUCTURE

In northern Mozambique, there is tremendous potential for the development of regional value chains in many agricultural commodities including cotton, banana, maize, cashew, pigeon peas and other pulses, groundnuts, and sesame, however, standards and SPS agencies face several challenges that include:

- **Direção Nacional de Veterinária (DNV):** Lack of laboratory capacity, vehicles, and data collection systems prevent the DNV from effectively identifying areas of infestation and tracking pest and disease spread. For example, although DNV field staff can undertake basic tests, they lack capacity to perform more complex microbiological, toxicology, and foot and mouth disease testing. Many of these tests can be performed in Maputo or in private laboratories in neighboring countries but obtaining results in timely manner is difficult. Delays result in both difficulties to control spread and to meet trade requirements.
- **National Plant Protection Department (PPD):** Staff of the PPD at the regional level are generalist with limited capacity to identify and manage phytosanitary risks that are of major concern to northern Mozambique. Banana production has been expanding but staff do not have the capacity to monitor for and identify fruit flies. Given the large impact of Panama disease affecting banana in Mozambique, skills in pest identification and management could support limiting disease spread, identification of pest free areas which could support improved market access. Exports of maize and soybeans for stock feed normally also require certification that the ingredients come from areas free from anthrax, foot and mouth, and other livestock diseases.
- **Instituto Nacional de Normalização e Qualidade (INNOQ):** The national standards agency, INNOQ has no presence outside Maputo to support assurances of the quality of producer’s products particularly to more lucrative markets.
- **Instituto Nacional de Inspeção do Pescado (INIP):** The fish inspection agency, INIP has an EU accredited lab in Beira where the export prawn business has long been located but does not have equipment or accreditation in the north where there is a growing harvest. Export seafood (wild caught and farmed crustaceans, tuna, and other fish) are increasingly important in northern Mozambique. As central fishing grounds become depleted, commercial exporters say that it would save two to three days travel time if they were able to have their catch inspected for export in Nacala rather than Beira where there is already an EU accredited lab.
- **Private sector:** Many producers and traders are unaware of requirements and general good health practices including basic measures to prevent the spread of animal and plant pests and disease. These weaknesses make it difficult for producers (and traders) to meet market requirements and thereby limit expansion of exports.

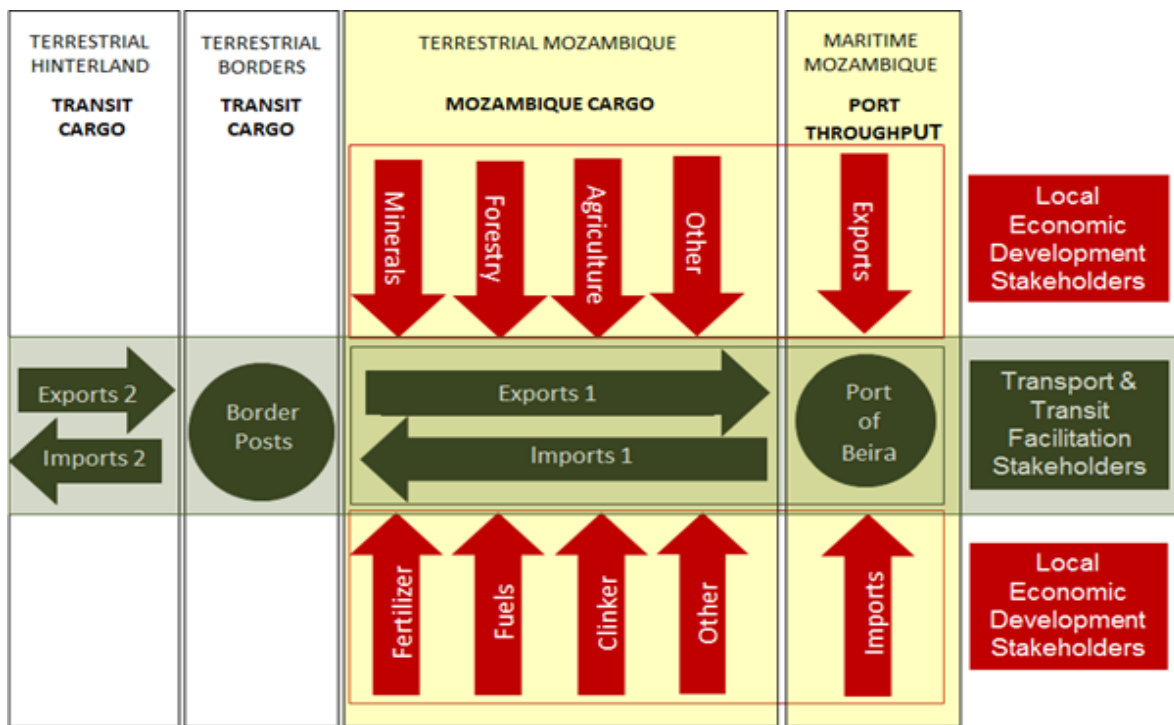
The ongoing World Bank SATCP is providing support to improving quality infrastructure in Mozambique (and Malawi). The focus is on upgrading strategic capabilities (equipment, buildings, international accreditation and skills development) to facilitate the movement of agricultural commodities along regional corridors and to meet specific demands of private operators. Investments will bring product testing and certification abilities closer to exporters and improve the capacity of SPS and standards agencies to monitor animal and plant health and product safety risks along the Beira and Nacala corridors. The project is supporting the implementation of mutual recognition of standards to reduce the need for border interventions to verify that commodities meet import requirements. There are training and outreach programs designed to increase the use of standards and SPS services by small traders and to improve the performance of officials in managing SPS risks linked to small trader consignments. The project will also provide technical assistance to develop SOPs for border inspection, sampling of agriculture products, use of data in establishing prioritized risk-based management of commodities and sharing of data and information between border agencies and streamlined information sharing and access for the private sector. It would be prudent prior to review the status of this support to assess what gaps may still need to be bridged with respect to developing quality infrastructure and procedures what would enhance economic development on the Nacala Corridor.

7.3 SUPPORT TO INITIATE NACALA CMI ESTABLISHMENT

The core theme for sub-national support for the Nacala Corridor to strengthen its competitiveness through improved trade facilitation, whilst an **emerging theme** is accelerating Local Economic Development (LED). In conceptual terms emphasis is placed on the need to establish a **Stakeholders Dialogue Forum** (SDF) based on the argument that high-quality dialogue between different stakeholder groupings can marshal resources to enhance the interests of those who have a stake in the future successful development of the region. Stakeholders typically fall into two categories (see Figure 15) as follows:

- **Transport and Transit-Facilitation (TTF) stakeholders** interested in enhancing the efficiency of transport/logistics systems of the Beira Corridor, and,
- **Local Economic Development (LED) stakeholders** interested in improving the competitiveness of out-growers/enterprises to access end-markets.

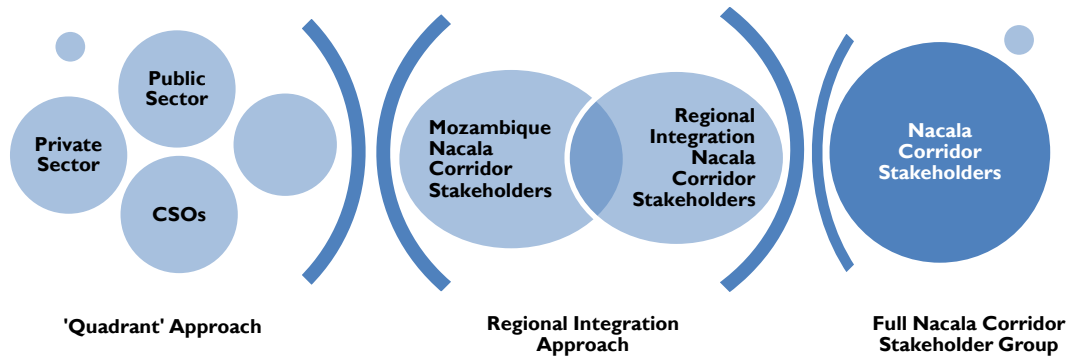
Figure 15: Relationship between Different Stakeholder Interest Groupings



Source: Consultants, 2024

Figure 16 illustrates the evolution from an initial Reference Group to a fully-fledged Nacala Corridor Stakeholder Dialogue Forum, which is envisaged to proceed through five (5) different stages.

Figure 16: Evolution from a Reference Group to a Stakeholder Dialogue Forum



Source: Cardno Emerging Markets (2015)

Stage 1: Reference Group Establishment - Initially comprised of the key influential stakeholders with wider strategic insights and the networks and resources to help set the 'agenda' and drive the process forward. These stakeholders are readily identifiable and recognizable as 'opinion-formers' and 'powerbrokers' in terms of their role and influence in and around the Nacala Corridor. In this regard, it is proposed to establish the Nacala Corridor Reference Group (RG), made up of a high-level representatives identified during the initial stakeholder mapping process. It is proposed to establish the RG on an ad-hoc basis as soon as practically possible, providing the members with a copy of a recently compiled material on the relevance of various CMI options for the Nacala Corridor, so that each member can be in a position to provide feedback and input into refinement of the main issues into a Position Paper, which will commence the Nacala Corridor Strategic Thinking and Planning Process.

Stage 2: Governance Sector Perspective - It will be necessary to initially mobilize and engage the wider stakeholders from their vantage points and interests, notably, whether they are Public Sector, Private Sector, Civil Society Organisations (CSO) or Development Partners. This initial segregation (or 'quadrant') is deemed necessary to achieve a systematic approach to identifying the key issues and objectives from the standpoint of each sector, be it public, private, CSO or development partner. This approach will ensure that each quadrant can speak with 'one voice' and has identified and prioritized the key strategic issues, challenges and bottlenecks that impede the realisation of the Nacala Corridor's potential, from its perspective. With guidance from the RG, it will also help in identifying the opportunities and possible solutions that can be leveraged to enhance competitiveness, promote economic inclusiveness, facilitate trade development, and secure greater investment in infrastructure and industry, with an emphasis on value-chain development and regional/local economic development strategies.

This 'quadrant' approach will also help to avoid the potential for conflict and recrimination that can arise when the various sectors are brought-together too early in the process. It will facilitate a more professional and considered approach to issues and solutions identification in advance of any full plenary session(s). It is anticipated that these 'quadrant' groups will be established as soon as is practically possible, chaired by a relevant representative of the RG, and including the other relevant sector members of the RG as active members. Supported by the interim Secretariat, the objective of this 'quadrant' grouping would be to: (1) Explore the issues raised by the background material and the matters agreed by the RG; (2) Formulate an agreed and unified approach to representing the interests of the 'quadrant' from its perspective; (3) Establish 'one voice' in terms of highlighting the prioritized issues, challenges and bottlenecks impeding the development of the Nacala Corridor; and (4) Identifying opportunities and prioritizing 'Quick Wins', while proposing workable solutions to addressing the challenges impeding corridor development, including what 'quadrant' groups can contribute to the mix. As these 'quadrant' groups are formed

and become functional, the Stakeholder Mapping Exercise will also be progressed to reflect the membership and to help in mapping and analysing the stakeholder dynamics underway.

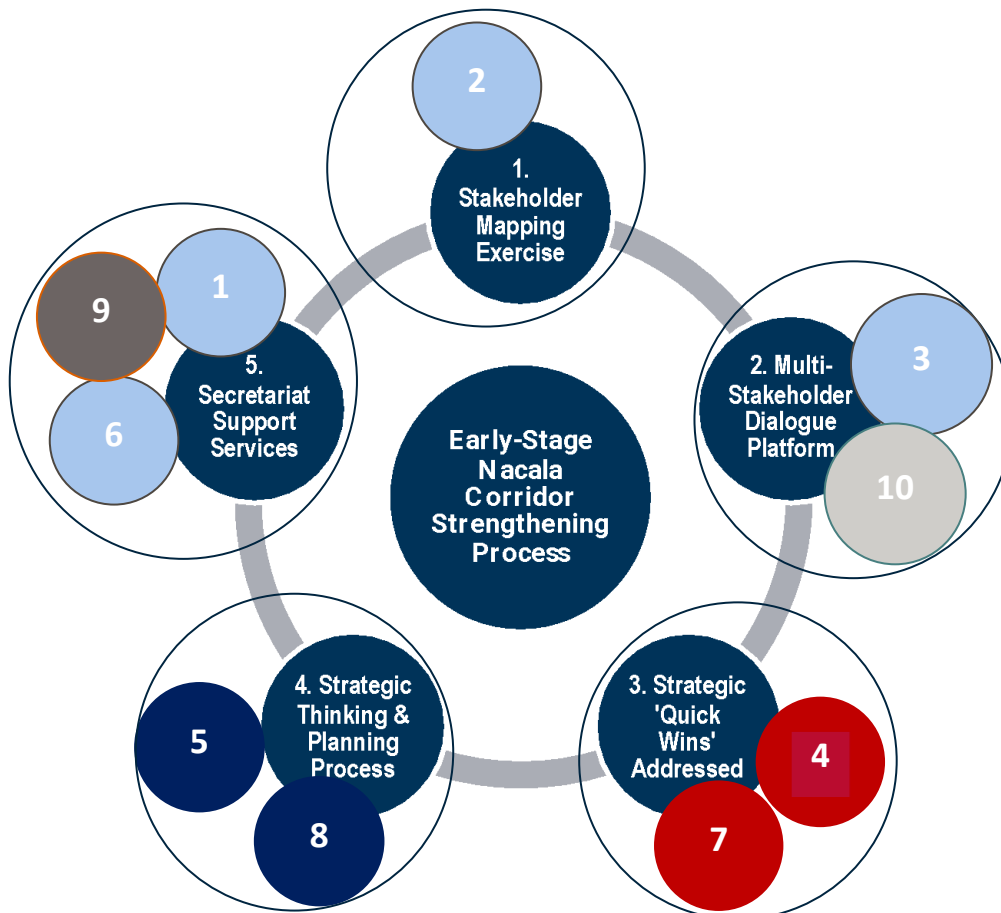
Stage 3: National or Regional Perspective - Recognizing that the Nacala Corridor is a key regional integration and trade facilitation hub, and under the guidance of the RG, it will be essential that the views, interests and intentions of the wider regional stakeholders are incorporated and facilitated through the established dialogue processes. It will also be important to ensure that, from a USAID programming perspective, both the national and regional dimensions of any future programming are integrated and coordinated for optimal benefit and impact. It is anticipated that at a suitable stage in the future, the relevant stakeholders from both the national and the regional programs will be brought-together in a plenary session to exchange ideas and to agree on common cross-cutting issues and strategies in going forward, recognizing the work already undertaken and underway in any ongoing or recently completed USAID programs.

Stage 4: Convening the Full Nacala Corridor Stakeholder Development Forum (NC-SDF) - Under the guidance of the RG, bringing all four quadrants together in a structured and professional dialogue process that sets-out to promote mutual understanding of each other’s perspectives and seeks to find strategic and mutually beneficial/workable solutions to the bottlenecks and challenges identified by the various ‘quadrant’ groups.

Stage 5: Establishing a NC-SDF Secretariat - Supporting the NC-SDF with process support systems such as: (i) Planning and convening meetings; (2) Event management and venue organisation; (3) Recording and write-up of Minutes and Meeting Reports and so forth; (4) Support to the RG; and (5) Follow-up Actions and Procurement. At the initial stages of the establishment and roll-out of the NC-SDF process, an interim Secretariat will have to be put in place to provide the necessary secretariat support services to establish the basic rules, procedures and templates to be adopted in going forward.

Figure 17 illustrates how the flow of activities is expected to roll-out once the RG process has been initiated. The process has been designed to be mutually reinforcing because it is intended to be iterative in nature.

Figure 17: Alignment of Stages to Corridor Strategy Outputs



Source: Consultant, 2024

Key To Diagram:		Corridor Planning	LED Interventions
	Corridor Set-Up	Project Activities	Corridor Institutions

Stage	Activity
1	Set Up Interim Secretariat to support Reference Group establishment and roll-out
2	Ongoing Stakeholder Mapping Exercise of Nacala Corridor Role Players
3	Evolution of Reference Group to Full Stakeholder Dialogue Forum
4	Identification, Implementation & Review Of 'Quick Win' Projects
5	Framing of Key Interventions to inform 5 Year Strategic Plan
6	Set Up Full Secretariat to support Dialogue Forum process
7	Support to access Project Preparation Facility (PPF) funding
8	Roll-Out 'Demand-Driven' inputs into planning processes
9	'Debottlenecking' of problems / issues via Secretariat
10	Support SDF process to evolve to fully-fledged CMI

The remaining proposed targets listed below can be subsumed within the process of establishing a Reference Group for the Nacala Corridor. The remaining targets to emerge from the consultation process are as follows:

- Support to de-risking governance of and growth in leading agricultural value-chains;
- Support to de-risking "green investments" projects in the forestry sector; and,
- Support to identify and frame potential 'anchor projects along the corridor.

7.4 FOLLOW UP CONSULTATIONS

During the two-week period from 7th to 18th October six (6) follow-up virtual interviews were kindly set up by SPEED program personnel who attended meetings in person on the proposed short-term actions were conducted as follows:

- *Tuesday 8th October (11h00-12h00): Instituto Nacional de Transportes Rodoviários (INATRO)* to discuss the status of the Tripartite Transit-Transport Facilitation Program programme;
- *Tuesday 8th October at 15h00-16h00: McNet* to discuss the status of and future expansion possibilities for the Mozambique Single Electronic Window;
- *Thursday 9th October (10h00-11h00): Mozambique Leaf Tobacco (MLT)* to discuss the prospects for the supply of ~15,000tpa of biomass from Green Resources Lichinga to Tete via Nacala Logistics;
- *Friday 11th October at 11h00-11h00: CL Steinweg Bridge* to discuss transport costs, supply-chain bottlenecks and future growth prospects for the Nacala Corridor in domestic and regional markets;
- *Monday 14th October (11h30-12h30): Ministry of Industry and Commerce (MIC)* to discuss the status of the World Trade Organisation (WTO) Trade Facilitation Agreement (TFA) in Mozambique;
- *Tuesday 15th October (13h00-14h00): Ministry of Transport and Communications (MTC)* to discuss the prospects for the establishment of the Nacala Corridor Management Institution (CMI); and,

- *Wednesday 16th October (10h00-11h00): Instituto de Transporte Marítimo (INTRANSMAR)* to discuss the status of the Mozambique's participation in the International Maritime Organisation (IMO) Facilitation of Internal Maritime Traffic (FAL) Convention and the implementation of a Maritime Single Window (MSW).

Further meetings with the **Instituto Ferroportuário de Moçambique (IFEPOM)**, the newly established national regulator for the port and rail sector, **Nacala Logistics**, the private operator of the Nacala Railway and Coal Terminal, and **Portos e Caminhos de Ferro de Moçambique (CFM)**, the state-owned operator of the Nacala Port, was not considered necessary, as relevant information was collected during the first round of consultations in June 2024.

Table 30 provides a summary record of these meetings, paying particular attention to existing gaps in support and entry points for future programming support from USAID. The format for the meeting was that a Briefing Note was prepared that framed key questions to be asked. These key questions were synthesized from the initial detailed stakeholder consultations that took place during the field visit in June 2024 with the United States Customs and Border Protection (USCBP) team.

Table 30: Summary of Follow-Up Interviews with Key Stakeholders

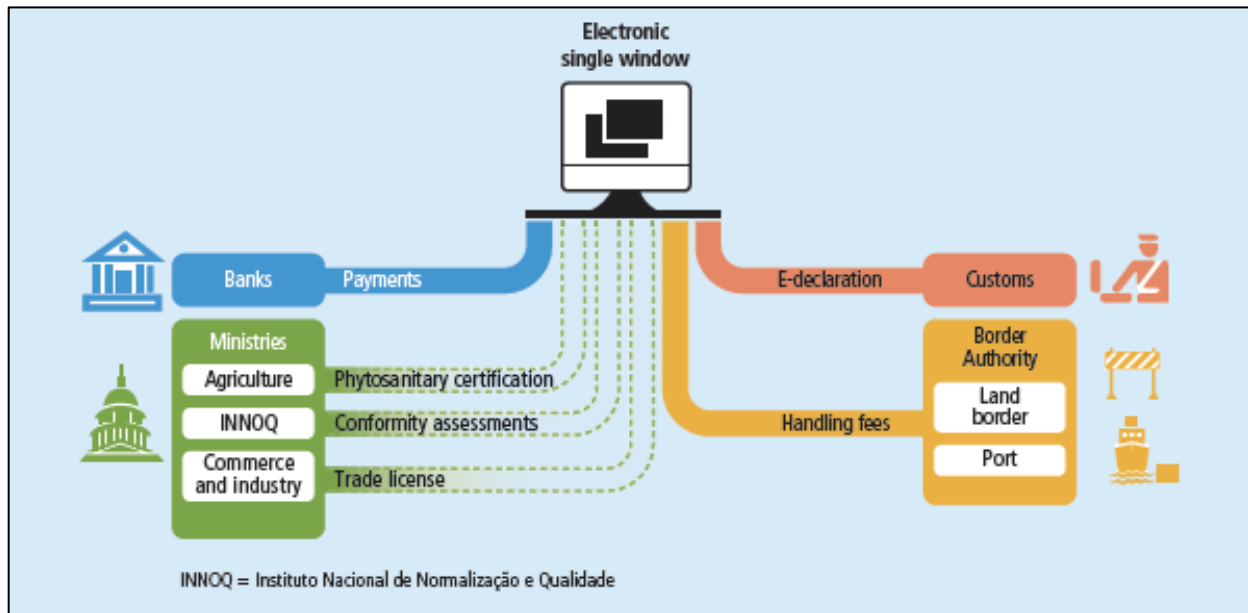
Institution: Instituto Nacional de Transportes Rodoviários (INATRO)	
Question: What is the status on the implementation of the TTTFP Programme in Mozambique?	<p>Response: Mozambique has a huge gap to close to ensure compliance with the TTTFP model laws and regulations, scoring a total of 38% in the 2017 baseline survey. Key outstanding actions include the following:</p> <ul style="list-style-type: none"> • Sign the Vehicle Load Management Agreement (VLMA) and Multilateral Cross-Border Road Transport Agreement (MCBRTA) and domesticate the Model Laws and Regulations. • Implement TTTFP complaint Systems i.e. National Transport Information System (NTIS), Vehicle Load Management Information Systems (VLMIS) and Corridor Trip Monitoring System (CTMS). • Domesticate the African Regional Standards Organization (ARSO) adopted standards in Mozambique. • Establish TTTFP compliant facilities such as driving schools, driver testing stations, vehicle testing stations, weigh stations and train personnel for VLMA and MCBRTA implementation. • Adopt and implement the Yellow Card as the Third Party Motor Vehicle Insurance Scheme to improve transport corridor efficiency. • Consult all key stakeholders in the implementation of the above and ensure improved road safety through these measures.
Question: What are their gaps in terms of support to domesticate the TTTFP in Mozambique?	<p>Response: The highest priority actions vis-à-vis enhancing trade and transit-transit facilitation along regional trade and transport corridors anchored by Mozambique ports include the following:</p> <ul style="list-style-type: none"> • Support to address the outstanding actions identified above would be welcome but when it comes to supporting enhancing the of seamless movement of goods along Mozambique’s regional trade corridors accelerating the implementation of the CTMS is considered the most impactful. • Work has started on integrating the CTMS with ASYCUDA World, which will allow for the uploading of and exchange of information on cargo and customs declarations along the corridor not just at borders, sharing of manifests between and among Customs Management Systems (CMS) to facilitate Pre-Clearance and to expedite Customs Declarations and reduce data duplication for Transport Operators, Risk Assessments, Transit Guarantees, filing of E-Certificates of Origin and Advance Clearance by Immigration Officials at border posts.

Institution: Mozambique Community Network (McNet)	
Question: What is the implementation status of the Janela Unica Electronica (JUE) - Single Electronic Window (SEW) - in Mozambique?	Response: Figure 18 provides a summary from the World Bank Doing Business Report, 2019 of the background to, structure of and main issues confronting the implementation of the JUE. Key issues confirmed by McNet include the following: <ul style="list-style-type: none"> • Mozambique has revised its tariff and customs clearance legislation and has continued to develop the JUE. It also recently eliminated the compulsory use of customs brokers and discontinued preshipment inspection, Notwithstanding improvements made to import, export, and transit formalities, further trade facilitation efforts could focus on increasing transparency and making all trade-related registration, licensing, and authorization procedures executable electronically. • Mozambique has also established the National System for Quality (SINAQ), comprising standardization, metrology, conformity assessment, accreditation, technical regulation, sanitary and phytosanitary measures, and environmental quality assessment. A new Standardization and Conformity Assessment Regulation, the compulsory conformity assessment of imported goods was adopted its implementation has been outsourced to a private company (Intertek) in November 2023. • Mozambique's Authorized Economic Operator (AEO) scheme for importers and exporters has remained largely unchanged since 2017 and the country has not yet signed any AEO-related mutual recognition agreements (MRAs). although discussions for an AEO-related MRA with South Africa are ongoing. • Goods in transit through Mozambique remain subject to customs control, surveillance, and the provision of a financial guarantee, but the guarantee can be waived for certain goods, as well as for consignments of an AEO when the destination country has a MRA with Mozambique, or when the forwarding agent, warehouse operator or carrier involved is not a tax debtor nor has been convicted of a tax offence. • In 2023, Mozambique implemented electronic sealing and cargo tracking for goods in transit. Electronic sealing and tracking fees are levied according to the type of consignment, except for exempted goods and a transit guarantee at the regional level is under discussion to facilitate trade flows in the region. • Transit licenses are obtained from the Ministry of Transport and Communications (MTC), while the registration of transit agents, transport companies, and customs warehouse operators under the customs transit regime is done through a request to the DG-Customs via the JUE. In 2023, the Autoridade Tributária (AT) set transit time limits for each route through Mozambique. • Customs cooperation provisions are found in the EU-SADC EPA and the SADC Trade Protocol and the African AfCFTA. Mozambique has signed Memoranda of Understanding (MOUs) with neighbouring countries to facilitate the exchange of information and to provide for mutual assistance on customs control issues, particularly in relation to the use of uniform documents, advance information for customs release and system interconnectivity, but in practice electronic integration of systems are poorly developed. • Non-Intrusive Inspection (NII) services continue to be provided by Kudumba on a long-term PPP contract.

Figure 18: The Electronic Single Window— Janela Única Electrónica

An electronic single window is a system that electronically connects stakeholders involved in trade. It enables them to submit and process standard information and documents through a single-entry point to fulfil all import, export and transit-related regulatory requirements. Research has shown that electronic single windows reduce delays and costs, improve revenue yields and enhance predictability besides delivering positive impacts on international trade performance.

Mozambique’s electronic single window for trade, Janela Única Electrónica (JUE), was launched in 2011¹³ and rolled out gradually, replacing the previous manual customs system, the Trade Information Management System. The electronic single window combines two main systems: the Customs Management System (CMS) and TradeNet. All customs-related transactions — including customs declarations, manifest management, customs valuation, customs release, collection of duties and fees, and risk management, among others — fall under the CMS. TradeNet sets the electronic data interchange that links different stakeholders. These include the tax authority, customs brokers (as clearing agents), freight forwarders, shipping agents, container terminal operators, border control agencies, port authorities and commercial banks.



In 2012 the electronic single window became operational in the ports of Maputo, Beira and Nacala. This helped Maputo reduce the time to comply with requirements for exports by 48 hours and for imports by 72 hours, under the specific case study measured by Doing Business (exports of aluminium to the Netherlands).

However, Mozambique has yet to reap the full benefits of the electronic single window. Despite having a built-in risk-management module that determines the clearance channel — the assessed risk category for goods to be cleared through customs — the large majority of consignments still require complete physical and documentary inspections.

Additionally, the electronic single window in theory allows for a fully paperless environment, but that does not happen in practice, as different stakeholders — especially customs, shipping agents and port authorities — continue to require hard copies of all documents. Finally, a shared concern among small and medium-size companies is the electronic single window’s fees, which can be high, particularly for imports: \$64 for consignments valued at \$10,000 to \$50,000, and 0.85% of the value of the consignment valued above \$50,000¹⁴.

Source: World Bank, 2019 p.80

¹³ The electronic single window is managed by a public-private partnership, the Mozambique Community Network, SA (MCNET), composed of the Tax Authority (20%), the Mozambican Trade Association (CTA) (20%) and the Consortium Escopil Lda/SGS SA (60%), which won a concession contract for 15 years.

¹⁴ These fees (established by Ministerial Order No.25/2012 of March 12) are paid immediately after the customs broker submits the necessary documentation and receives the payment slip. Unlike in Mozambique, in many economies the fees for using the electronic single window are negligible.

<p>Question: What are their gaps in terms of support to expand the JUC in Mozambique?</p>	<p>Response: The McNet Consortium concession will expire in a next six (6) months and the GoM has indicated its intention launch a competitive tender for the next 15 year concession. Key areas that the JUE could be strengthened in the next concession were flagged as follows:</p> <ol style="list-style-type: none"> 1. Extension of the JUE to all land borders in Mozambique; 2. Proper integration of all government MDAs into the JUE; 3. Digitalisation of all key documents in the JUE e.g. ship manifests; 4. Broadening of the JUE remit to include additional key stakeholders; 5. Digitalisation of the CTMS to interface with the JUE at main borders; 6. Improve risk management to increase “green channel” consignments; 7. Enhance multi-agency cooperation at borders e.g. a Border Authority; 8. Extend JUE electronic payment, including cross-border payment systems; 9. Implement the IMO-FAL mandatory MSW and integrate portal with the JUE; and, 10. JUE to expand data-capture scope to also include foreign and domestic trade flows. <p>Southern African Trade and Connectivity Project (SATCP) funded by the World Bank is providing support to Mozambique and Malawi in seamless cross-border trade. Key focus areas include the following:</p> <ul style="list-style-type: none"> • Malawi: Roll out the single window system across all remaining trade related agencies, improve the customs system, and provide financing for a new IT system for Immigration, will support various agencies to streamline processes for cargo transactions at the borders and will finance IT hardware and software to reinforce the capacity of the relevant trade institutions in using electronic systems for paperless trade. • Malawi and Mozambique: Support sectorial ministries that currently process trade transactions manually and need automation to support paperless trade in the following areas: <ul style="list-style-type: none"> → Automation of import and export of agricultural trade products; → Trade certificates and permits; → Hard and soft infrastructure to streamline processes and risk management; → Information management systems; and, → Overall system improvements. • Malawi and Mozambique: Support to improving quality infrastructure in Mozambique and Malawi. The focus is on upgrading strategic capabilities (equipment, buildings, international accreditation and skills development) to facilitate the movement of agricultural commodities along regional corridors and to meet specific demands of private operators.
--	--

Mozambique Leaf Tobacco (MLT)	
<p>Question: What is MLT's biomass project at the Tete factory and is there a role for Green Resources?</p>	<p>Response: The background to the opportunity and whether it translates into additional traffic for the Nacala Railway is summarised as follows:</p> <ul style="list-style-type: none"> • There is a significant opportunity for the company to be a source of “green fuel” to MLT, which has a demand for ~17,000 cubic meters of cut wood per annum. This translates into 20-25 trains per annum or 2 per month to meet this demand – (17000/12=1420 per month/34t = 42 wagons per month / 2 trains of 21 wagons per train with a single locomotive per month). • MLT confirmed that this would be the maximum demand for the biomass project at the Tete factory, which is being commissioned to produce steam. However, the fuelwood must be triple handled: from the origin point (forestry depot) by road (20 km) onto rail depot (start), by railway to rail depot (end), by road (20 km) to final destination (MLT site in Tete province). Consequently, the transport costs were double those by road, so MLT has sourced an alternative supplier from Manica province.

CL Steinweg Bridge	
<p>Question: Are transport and logistics costs on the Nacala Corridor competitive with the Beira Corridor?</p>	<p>Response: Key points made include the following:</p> <p>Nacala-Blantyre Route:</p> <ul style="list-style-type: none"> • TEUs cheaper than Beira but not always as reliable, although reliability has improved; and, • FEUs more expensive than Beira by ~US\$100 per trip, but clients are not too concerned. <p>Nacala-Lilongwe Route:</p> <ul style="list-style-type: none"> • TEUs were more expensive than Beira but Nacala Logistics have revised their rates to make Nacala are more attractive option; and, • FEUs remain more expensive than Beira, also by ~US\$100 per trip, but like Blantyre clients are not too concerned to carry the costs for more optionality. <p>Lichinga-Nacala Route:</p> <ul style="list-style-type: none"> • TEUs (and FEUs) much cheaper by rail than by road, by up to ~US\$ 800 per trip, so rail remains the favoured mode for Green Resources forestry products. <p>Advantages the port of Beira has over the port of Nacala include the following:</p> <ul style="list-style-type: none"> • Beira is a larger port than Nacala (200,000 vs 80,000 TEUs); • Beira has direct shipping calls whereas Nacala does not; • Beira has faster ship turn-around times than Nacala; • Beira has cheaper maritime rates than Nacala; and, • Beira has more weekly shipping calls than Nacala.

	Nacala cannot feed Lusaka market because the cost of double handling using a multi-modal option of train from Nacala to Chipata and truck from Chipata to Lusaka is not competitive. Nacala needs to focus its short-term efforts on getting more tobacco, pigeon-pea and sugar, including specialised sugar out of Malawi and to keep an eye on minerals coming out of Northern and Central Malawi (Heavy Sands, Graphite, Rare Earth Minerals etc)
Question: Can transport and logistics costs that Green Resources currently pays to export by rail from Lichinga to Nacala be lowered?	<p>Response: Key points made on Green Resources supply-chain include the following:</p> <ul style="list-style-type: none"> • Exports operate on a two-week cycle, which is not always easy to manage; • Rainy season there can be washaways and associated derailments; • Access to proper rail wagons for forestry products a challenge; • Availability of containers in pigeon-pea season can be limited; • Need at least three (3) days to prepare before ship arrives; • Train arrives on Saturday, with packing starting on Sunday; • Departs on Tuesday to arrive in port on Wednesday; • Should be scanned at Namialo to avoid scan in port; • Scan in port means extra time and unnecessary cost; • TOS implementation has improved port efficiency; • Manual tracking to go when TOS is operational; • Welcome a private sector port operator; and, • Successful bidder should ideally be neutral.

Ministry of Industry and Commerce (MIC)	
Question: What is the structure and membership of the NTFC, including of any Sub-Committees?	<p>Response: The main takeaways on this question include the following:</p> <ul style="list-style-type: none"> • NTFC Sub-Committees – 1) Trade in Services and 2) Access to Market, with the latter being the interface with Regional Trade and Transport Corridors, and whilst a Corridors Sub-Committee has been discussed it is not yet in place. • NTFC comprises 20 members from public institutions, including Ministries of Public Works, Housing and Water Resources; Culture and Tourism; Ministry of Economy and Finance, Revenue Authority, Directorate General Customs, Industry and Commerce; Transport and Communications; Interior (Migration and Police); Health; Sea, Inland Waters and Fisheries and the Investment and Export Promotion Agency (APIEX); and, the National Institute for Fisheries Inspection. • NTFC has one member from the private sector, the Confederation of Business Associations of Mozambique (CTA), which acts as an interlocutor with government Ministries, Departments and Agencies (MDAs).
Question: What are the high-priority WTO-TFA Category C	<p>Response: The main takeaways on this question include the following:</p> <ul style="list-style-type: none"> • NTFC meets twice a month (24 times a year) and the NTFC Board meets twice a year.

<p>interventions required Technical Assistance?</p>	<ul style="list-style-type: none"> • Most relevant Category C interventions are 1) Single Electronic Window (Article 10.4). 2) Border Agency Cooperation (Article 8.1) and 3) Advance Rulings (Article 3.1). • The highest priority of these Category C interventions is the Single Electronic Window (SEW), which is reflected in the NTFC Annual Plan (2024) where the focus has been enhancing the capacity of Government MDAs to interface with the existing SEW, but there are significant shortcomings in the ability of the MDAs to do this because of poor integration of connectivity with the current SEW. • The latest notification to the WTO on TFA Implementation (dated 25th March 2024) notes the following: <i>“The Institutions that issue licenses are already integrated into the Single Electronic Window, this provision is already in compliance, however, we are facing some challenges in mobilizing funds for the acquisition of IT equipment, installation of the appropriate internet network and the expansion of geographic coverage to the Ministry of Sea, Inland Waters and Fisheries, the National Institute of Fish Inspection and the Ministry of Agriculture and Rural Development”.</i> • Mozambique has recent experience in integrating an MDA system into the current SEW in the form of the Ministry of Health pilot program, which was reported in the 25th March 2024 as follows <i>“The Ministry of Health has already launched medicine import services in the Single Electronic Window on September 5, 2022, and has been in the mandatory phase throughout the country since April 2023.”</i> • On the second priority Category C intervention on Border Management Cooperation the NIC acknowledged that this is a complex process and may require systemic institutional reform, e.g. MCNET in their interview suggested that a Border Agency similar to what has been established in South Africa was recommended. • On the third priority Category C intervention on Advance Rulings the NIC reported that the EU funded Promove Comercio being implemented by DAI is supporting the DGA Rules of Origin (ROO) Accumulation Rules process, which feeds into this intervention. • Finally, NIC reported that Mozambique would like to support the establishment of a nation Non-Tariff Barrier (NTB) Reporting System, similar to the one that has been established under support from Trade Mark Southern Africa (TMSA) for the Tripartite.
<p>Ministry of Transport and Communications (MTC)</p>	
<p>Question: Does the MTC want to develop a Corridor Management Institution for the Nacala Corridor?</p>	<p>Response: The main takeaways on this question can be summarised as follows.</p> <ul style="list-style-type: none"> • MTC is interested in developing a CMI for the Nacala Corridor and reported that the three participating countries (Mozambique, Malawi and Zambia) have agreed to launch a competitive tender to fill the positions of the Secretariat. • MTC reported that there are 5 positions in all, 2 reserved for Mozambique nationals, including the position of the Managing Director, 2 reserved for Malawi nationals and 1 reserved for Zambia national, and the tender had yet to be launched. • MTC reported that the report from a transversal mission of the Nacala Corridor by officials from Mozambique, Malawi and Zambia still had to be submitted, so it would be premature to make any directed comments on the immediate way forward.

	<ul style="list-style-type: none"> • MTC reported that they were aware of the Corridor Transport Observatory tender that has been launched by Trade Mark Africa (TMA) in Malawi and indicated that they would in principle not be averse to doing something similar for Mozambique's corridors. • MTC reported that, in the short-term, a focus on the implementation of the CTMS and its integration with the JUE as this is a process that is supported at the regional and national levels through support from the EU, but the details from the SADC Secretariat are still a bit sketchy.
<p>Question: How would the MTC like to initiate a process to establish a CMI for the Nacala Corridor?</p>	<p>Response: The main takeaways on this question can be summarised as follows.</p> <ul style="list-style-type: none"> • As stated above it would be premature to comment on the way forward without the recent mission report of the transversal trip of the Nacala Corridor being reviewed and the Secretariat to the Nacala Corridor CMI being established.
<p>Instituto de Transporte Marítimo (INTRANSMAR)</p>	
<p>Question: Has Mozambique signed up to the IMO-FAL Convention?</p>	<p>Response: The main takeaways on this question can be summarised as follows.</p> <ul style="list-style-type: none"> • The FAL Convention, a mandatory requirement for national governments to introduce electronic information exchange between ships and ports came into effect from 8 April 2019. • The aim is to make cross-border trade simpler and the logistics chain more efficient, for the more than 10 billion tons of goods which are traded by sea annually across the globe. • Mozambique is a member of the IMO but has not signed the FAL Convention (South Africa has not signed either) but the reason Mozambique has not yet signed the convention is one of process rather than because of any objection to the contents of the convention. • Maritime Single Windows (MSWs) could be considered to be the "new normal" for ports after the recent amendments to the FAL Convention, which requires every port to have a single window system for digital information exchange between stakeholders on arrival, stay and departure of vessels and were expected to comply with this mandate on or before 1st January 2024. • Mozambique is committed to signing up to the IMO-FAL Convention 2023 Amendment that mandates the country to establish a MSW for each of the country's main ports of Maputo, Beira and Nacala but it is not clear when Mozambique would have met all the conditions to be able to do so.
<p>Question: Is Mozambique interested in developing a Maritime Single Window (MSW) capability?</p>	<p>Response: The main takeaways on this question can be summarised as follows.</p> <ul style="list-style-type: none"> • To comply with the IMO-FAL Convention 2023 Amendment to establish a MSWs for the main ports in Mozambique INTRANSMAR would like to comply through the following five (5) steps: <ul style="list-style-type: none"> → Meet the requirements to be able to sign IMO-FAL Convention 4; → Sign IMO-FAL Convention 4 and initiate preparations for a pilot MSW project; → Conduct a review of how the MSW has been implemented in Lobito Angola with IMO support; → Prepare a Project Proposal to implement a pilot project at, at least, one of Mozambique's ports; and, → Roll-out the implementation of the pilot programme to establish a MSW at one of Mozambique's ports.

8. ACTION PLAN









8.1 FRAMEWORK TO SYNTHESISE INTERVENTIONS

Figure 19 provides a framework to synthesize the interventions discussed in the report and refined in the follow-up interviews. It illustrates the Data Needs and Systems that different Corridor stakeholders use in the day-to-day management of corridor operations. In summary, there are ten (10) key systems that need to be put in place to ensure the seamless movement of goods along regional trade and transport corridors. These are as follows:

1. **Maritime Single Window** is a system for the digital information exchange between stakeholders on arrival, stay and departure of vessels.
2. **Port Community System** handles electronic communication in ports between private transport operators, private hinterland operators, importers and exporters, port authorities, customs and other agencies;
3. **Electronic Customs System** is a system for all customs-related transactions, including customs declarations, manifest management, customs valuation, customs release, collection of duties and fees and risk management;
4. **Cargo Tracking System** is a system that monitors the movement and location of goods during transportation and involves the use of GPS technology and RFID tags to provide real-time information on the status of cargo along a route;
5. **Customs Bond Guarantee System** is a system that allows shipping agents to sell bonds, which act as a guarantee should cargo be diverted illegally to domestic use or if any other customs transgression is committed while goods are in transit;
6. **Digital Weighbridge System** is a system in which automated weighbridges perform all the weighing operations of a truck in transit without the presence of a human operator that are electronically linked to track the weight of trucks along a route;
7. **Corridor Monitoring System** is a system that enables through digitalization of border protocols the exchange of trade related documentation in an electronic format between the cross-border transport operator, traveler and border agencies;
8. **Electronic Trade Single Window System** is a system that allows parties involved in international trade and transport to lodge standardised information once to Government at a single-entry point to fulfil all import, export and transit-related regulatory requirements;
9. **Smart Container System** uses technologies equipped with advanced features such as real-time tracking, temperature monitoring and security measures that improve cargo visibility, reduce the risk of theft or damage, and enhance the overall efficiency of logistics operations; and,
10. **Cross-Border Electronic Payment System** is a system that links payments between online bank accounts registered in different countries in real time leading to enormous savings of time and money by removing unnecessary fees, time-consuming tasks and slow clearance of payments into accounts.

Each of these systems provides an entry point through which support from development partners can be directed to the relevant oversight Government MDA to improve the performance of a single, multiple or all the building blocks for seamless trade along Mozambique's regional trade and transport corridors.

Figure 19: Data Needs and Associated Systems to Support Seamless Trade on Corridors

DATA NEEDS & SYSTEMS	MARINE TRANSFER	PORT ENTRY & EXIT	PORT PROCESSES	PORT CUSTOMS CLEARANCE	LAND TRANSIT	BORDER CLEARANCE	LAND TRANSIT	ICD ENTRY & EXIT PROCESSES	
									
DATA NEEDS	HARBOUR MASTER								
	SHIPPER								
	PORT MANAGER								
	VERTICALLY INTEGRATED SHIPPER								
	FREIGHT FORWARDER								
	CLEARING AGENT CUSTOMS								
SYSTEMS	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)									
REGULATOR IN MOZAMBIQUE & REPRESENTATION ON THE NTFC									
OVER-SIGHT AGENCY	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

8.2 ACTION PLANS

Figure 20 provides a summary of the objective, rationale, existing donor support and a priority ranking for each intervention in terms of its applicability to enhancing seamless international trade to/from Mozambique ports and borders and intra-regional trade to/from Mozambique and the region.

Figure 20: **Summary Action Plans**

Figure 19 System Link:	MSW SYSTEM DIGITALISED - FAL FORMS (1)
Project (& Oversight):	Maritime Single Window (INTRANSMAR) – pilot project for Port of Nacala in Mozambique
Project Objective(s):	Establish a Maritime Single Window (MSW) for the ports of Maputo, Beira and Nacala in Mozambique
Project Rationale:	<p>In 2019, the International Maritime Organization’s (IMO) Facilitation of Internal Maritime Traffic (FAL) Convention introduced an amendment requiring national member governments to implement the electronic exchange of information related to maritime transport. In 2023 the IMO introduced the MSW concept, in which all information required by public authorities in connection with the arrival, stay and departure of vessels, people and cargo needs to be submitted electronically, via a single platform without duplication. Ports worldwide were expected to establish MSWs by the 1st of January 2024.</p> <p>With a MSW a shipping line should be able to inform the terminal/port prior to their departure from the source port and all necessary documents can be submitted in advance to avoid unnecessary waiting time. They will also have a provision to create vessel and voyage registration details and allocate a vessel call number (VCN) against the voyage registration details online, submit vessel certificates online and get approvals from port authorities through the MSW. In addition, berth allotment can be requested through a digital interface, which should be addressed by the terminal instantly and a berth should be allotted instantly. The installation of a MSW allows terminals to plan vessel berthing with necessary berth allotment so allowing improved planning of the use of equipment and resources.</p>
Key Next Steps:	<ul style="list-style-type: none"> • Meet the requirements to be able to sign IMO-FAL Convention 4; • Sign IMO-FAL Convention 4 and initiate preparations for a pilot MSW project; • Conduct a review of how the MSW has been implemented in Lobito Angola with IMO support; • Prepare a Project Proposal to implement a pilot project at, at least, one of Mozambique’s ports; and, • Roll-out the implementation of the pilot programme to establish a MSW at one of Mozambique’s ports.
Active Donors:	None that could be identified.
Priority:	High

Figure 19 System Link:	PORT COMMUNITY SYSTEM¹⁵ (2)
Project (& Oversight):	Port Community System (INTRANSMAR) – pilot project for Port of Nacala in Mozambique
Project Objective(s):	Establish Port Community Systems for the ports of Maputo, Beira and Nacala in Mozambique
Project Rationale:	<p>A Port Community System (PCS) links individual seaports and all supply chain actors. The PCS handles electronic communication in ports between the private transport operators (shipping lines, agents, freight forwarders, stevedores, terminals, depots), the private hinterland (pre- and on-carriage by road, rail and inland waterways), the importers and exporters, the port authorities, Customs and other authorities. Typical services of a Port Community System are:</p> <ul style="list-style-type: none"> • Information exchange between transport operators in the port and for hinterland connections, the port users, Customs, port and other authorities; • Electronic exchange of Customs declarations and Customs responses, and cargo releases between private parties and Customs; • Electronic handling of all information regarding import and export of containerized, general and bulk cargo for the port community; • Status information and control, tracking and tracing goods through the whole logistics chain; and • Processing declarations of dangerous goods with the responsible authorities. <p>One of the most useful functions of a Port Community System is to automatically derive from information exchanges between the private port operators, information needed by Customs, such as the Customs manifest. This information can then be sent to Customs without further manual intervention. Most Port Community Systems have their own internal standards but communicate with other Port Community Systems or Trade Communities use international standards, in particular those developed by UNECE-UN/CEFACT.</p>
Key Next Steps:	<ul style="list-style-type: none"> • Assess the requirements to link existing Port Terminal Operating Systems (TOS) to the JUE; • Conduct a review of how PCS have been implemented in ports in Eastern and Southern Africa; • Prepare a Project Proposal to implement a pilot project at, at least, one of Mozambique’s ports; and, • Roll-out the implementation of the pilot programme to establish a MSW at one of Mozambique’s ports.
Active Donors:	None that could be identified.
Priority:	Medium

¹⁵ A Port Community System (PCS) is similar to a Port Collaborative Decision Making System (PCDMS), with the latter incorporating what is covered under the Marine Transfer component that is addressed by the IMO-FAL Convention 4 amendment in 2023 to require all ports to implement a Maritime Single Window (MSW).

Figure 19 System Link:	ELECTRONIC CUSTOMS MANAGEMENT (3), TRADE SINGLE ELECTRONIC WINDOW (7) & CROSS-BORDER ELECTRONIC PAYMENT (10) SYSTEMS
Project (& Oversight):	Electronic Single Window (Directorate General Customs) – 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
Project Objective(s):	Digital integration of Additional Actors into the Single Electronic Window (SEW) in Mozambique
Project Rationale:	<p>Mozambique’s electronic single window for trade, Janela Única Electrónica (JUE), was launched in 2011 and rolled out gradually, replacing the previous manual customs system, the Trade Information Management System. The electronic single window combines two main systems: the Customs Management System (CMS) and TradeNet. All customs-related transactions — including customs declarations, manifest management, customs valuation, customs release, collection of duties and fees, and risk management, among others — fall under the CMS. TradeNet sets the electronic data interchange that links different stakeholders. These include the tax authority, customs brokers (as clearing agents), freight forwarders, shipping agents, container terminal operators, border control agencies, port authorities and commercial banks.</p> <p>Mozambique has yet to reap the full benefits of the electronic single window. Despite having a built-in risk-management module that determines the clearance channel - the assessed risk category for goods to be cleared through customs - the large majority of consignments still require complete physical and documentary inspections.</p> <p>The electronic single window allows for a fully paperless environment, but that does not happen in practice, as different stakeholders - especially customs, shipping agents and port authorities - continue to require hard copies of all documents. This is because many Government MDAs internal systems are not linked to the electronic single window because on inadequate resources to fund the digital connection of these internal systems to the electronic single window system. A shared concern among small and medium-size companies is the electronic single window’s fees, which can be high, particularly for imports at \$64 for consignments valued at US\$10,000 to US\$50,000 and 0.85% of the value of the consignment valued above US\$50,000.</p>
Key Next Steps:	<ul style="list-style-type: none"> • Consolidate the funding requirements to connect key Government MDAs to the electronic single window; • Conduct a review of how MISAU implemented a pilot project to connect to the electronic single window; • Prepare a Project Proposal to implement a roll-out of this pilot to other Government MDAs; and, • Roll-out the implementation programme to expand participation in the electronic single window.
Active Donors:	World Bank through the Southern African Trade and Connectivity Project (SATCP)
Priority:	High

Figure 19 System Link:	CARGO TRACKING (4) & CUSTOMS BOND GUARANTEE (5) SYSTEMS
Project (& Oversight):	Cargo Tracking System (Directorate General Customs) – pilot program for Beira and Nacala Corridors
Project Objective(s):	Integration of existing cargo tracking systems in Mozambique with those of neighbouring states
Project Rationale:	This intervention is designed to support various agencies to streamline processes for cargo transactions at the borders. Specifically, the project will finance an electronic cargo tracking system to replace the COMESA-CVFTS system for the Malawi Revenue Authority (MRA) with one that is compatible with the one being implemented by Mozambique Customs. Having compatible systems will allow the two countries to share e-seals across the borders and develop single transit corridors. Equally, and working with the SADC, the project will look towards integrating these systems with the regional cargo tracking management system (CTMS) which expands on cargo tracking to also include health monitoring of drivers and crews to facilitate a smooth border crossing of vehicles ¹⁶ . The project will also support both Customs administrations to connect to the railway operator to improve transit processing.
Key Next Steps:	<ul style="list-style-type: none"> This project is being implemented by the World Bank funded SATCP anchored in the MTC, so no next steps are envisaged, except a sanity check that there are no gaps in the SATCP activities.
Active Donors:	World Bank through the Southern African Trade and Connectivity Project (SATCP)
Priority:	Low

¹⁶ Mozambique (MCNet) have provided Malawi (ASYCUDA World) with a simple web browser tool since 2013 that allows MRA access to Malawi in-bound transit goods details. This has been used by MRA and continues to be available. However, the manual nature of its operation requiring login, download of a flat file of data and the need to then review line-by-line is not ideal. Rather, MRA would like to receive advance notification of transit goods arriving at the borders, and to provide the same information to traders through ASYCUDA World to generate Malawi transit declarations without the need for retyping the information. This would require direct data exchange between ASYCUDA World and MCNet.

Figure 19 System Link:	DIGITAL LINKED WEIGHBRIDGE SYSTEM (6)
Project (& Oversight):	Digital Linked Weighbridge System (ANE / INNOQ) – pilot program for Beira and Nacala Corridors
Project Objective(s):	Replacement of analogue with digital weighbridges that are electronically linked along regional trade and transport corridors.
Project Rationale:	This intervention is designed to develop a system of interlinked automated weighbridges that will perform all the weighing operations of a truck in transit without the presence of a human operator that are electronically linked to track the weight of trucks along designated regional and transport corridors anchored by a port in Mozambique. However, this concept has not been flagged as a priority with the current focus of the Administração Nacional de Estradas (ANE), which is responsible for weighbridges in Mozambique is to maintain existing and when necessary replace or upgrade old and/or construct new weighbridges. At the moment, weighbridges are checked and certified by Instituto Nacional de Normalização e Qualidade (INNOQ) and a private company has been appointed to maintain weighbridges to meet INNOQ standards.
Key Next Steps:	<ul style="list-style-type: none"> This intervention has not been flagged as a priority, but a sanity check that there are no such plans to implement a digitalised linked weighbridge programme is being planned in Mozambique, is recommended.
Active Donors:	None that could be identified.
Priority:	Low
Figure 19 System Link:	CORRIDOR MONITORING SYSTEMS (8.1)
Project (& Oversight):	Corridor Trip Management System (CTMS) in Mozambique (INATRO)
Project Objective(s):	<ul style="list-style-type: none"> Compliance with Tripartite Transit Transport Facilitation Program (TTTFP) Model Laws and Agreements. Accelerate the implementation of the CTMS in Mozambique.
Project Rationale:	<p>Mozambique has a huge gap to close to ensure compliance with the TTTFP model laws and regulations, scoring a total of 38% in the 2017 baseline survey. Key outstanding actions include the following:</p> <ul style="list-style-type: none"> Sign the Multilateral Cross-Border Road Transport Agreement (MCBRTA), Vehicle Load Management Agreement (VLMA) and domesticate the Model Laws and Regulations. Implement TTTFP complaint Systems i.e. National Transport Information System (NTIS), Vehicle Load Management Information Systems (VLMIS) and Corridor Trip Monitoring System (CTMS). Domesticate the African Regional Standards Organization (ARSO) adopted standards in Mozambique. Establish TTTFP compliant facilities such as driving schools, driver testing stations, vehicle testing stations, weigh stations and train personnel for VLMA and MCBRTA implementation. Adopt and implement the Yellow Card as the Third Party Motor Vehicle Insurance Scheme to improve transport corridor efficiency. <p>The implementation of the Corridor Trip Monitoring System (CTMS) including preparation of User Requirements Specifications (URS) for validation and development of web applications. Work has also started on integrating the CTMS with ASYCUDA World. This will allow uploading and exchange of information on cargo and customs declarations along the corridor not just at borders; sharing of manifests between and among Customs Management Systems to facilitate pre-clearance and to expedite Customs declarations and reduce duplication of data for transport operators; risk assessments; Transit Guarantees; filing of e-certificates of origin; and advance clearance by immigration officials at border posts.</p>

Key Next Steps:	<ul style="list-style-type: none"> • Update gaps to be addressed to sign the MCBTRA and VLMA and to implement the NTIS and VLMA; • Conduct a review of how to accelerate the CTMS on Mozambique’s regional trade and transport corridors; • Prepare a Project Proposal to implement a pilot project at, at least, one of Mozambique’s main corridors; and, • Roll-out the implementation of the pilot programme to accelerate CTMS implementation on a main corridor.
Active Donors:	None that could be identified, although support exists at the regional level with a programme anchored in the SADC Secretariat
Priority:	High
Figure 19 System Link:	CORRIDOR MONITORING SYSTEMS (8.2)
Project (& Oversight):	Corridor Transport Observatory (CTO) (MTC) – pilot program for Nacala Corridor
Project Objective(s):	Establish a CTO for Mozambique’s main regional trade and transport corridors.
Project Rationale:	<p>The Nacala Development Corridor Agreement (NDCA), initially signed in 2000 between Mozambique and Malawi and updated in 2003 to include Zambia was further updated in 2023 to include the ‘Establishment of the Nacala Development Corridor Management Committee’ (NDCMC). At the national level the NDCA mandates National Sub-Committees to do the following:</p> <ul style="list-style-type: none"> • Develop and implement relevant national policies and strategies designed to provide seamless trade and transportation along the Nacala Corridor; • Coordinate actors involved in the implementation of national policies and strategies into a coherent strategic plan for the development the Nacala Corridor; • Elaborate a monitoring and evaluation strategy within the corridor strategic plan to benchmark and assess the performance of the Nacala Corridor against competing corridors; and, • Implement work-plans agreed with the TCs designed to support the NDCMC decisions at the national level and to assist the Secretariat in tracking their implementation at the national level. <p>As the nominated ‘lead’ country in these institutional arrangements Mozambique through the MTC could initiate the design of a CTO to “benchmark and assess the performance of the Nacala Corridor in a similar manner as the counterpart Ministry in Malawi, the Ministry of Transport and Public Works (MoTPW) is initiating the establishment of a CTO in Malawi to cover all regional trade corridors serving Malawi.</p>
Key Next Steps:	<ul style="list-style-type: none"> • Review the recent transversal mission report being compiled by the Nacala Corridor member states; • Conduct a review of the most appropriate manner to initiate the establishment of a CTO for Mozambique; • Prepare a Project Proposal to establish a CTO for at least one of Mozambique’s main transport corridors; and, • Roll-out the implementation of the pilot programme to accelerate CTO implementation on one main corridor.
Active Donors:	None that could be identified, but it is noted that the World Bank funded SACTP is funding a series of Time Release Studies (TRS) on the borders linking Mozambique and Malawi, which will be of relevance for the establishment of a CTO for Mozambique corridors. In addition, TMA is providing support to the MoTPW in Malawi to initiate the establishment of a CTO for Malawi corridors, which will be relevant to this proposed intervention.
Priority:	High

Figure 19 System Link:	CORRIDOR MONITORING SYSTEMS (8.3)
Project (& Oversight):	Establish – pilot program for Nacala Corridor
Project Objective(s):	Establish a Non-Trade Barrier (NTB) Reporting Mechanism within Mozambique to complement the African Union (AU) NTB Reporting Mechanism.
Project Rationale:	The AU has collaborated with UNCTAD to develop and implement this mechanism. Since 13 th January 2020, anyone can report an NTB to intra-African trade through the AfCFTA NTB Reporting, Monitoring and Eliminating Mechanism found online at tradebarriers.africa . The simple and user-friendly website allows traders to report NTBs they encounter when trading within Africa. Governments are then obliged to respond and eliminate the barriers. The MIC would like to develop a reporting system at the national level to ensure that traders, whether they be foreign or local, can access to a system that will resolve NTBs faced in Mozambique.
Key Next Steps:	<ul style="list-style-type: none"> • Confirm the demand for a national platform and integration with the AU-UNCTAD mechanism. • Outline the scope and coverage of the national platform and how it would be implemented in practice; and, • Prepare a proposal to design and phased roll-out of a national NTB Reporting Mechanism housed in the MIC.
Active Donors:	None, that the consultants are aware of, except at the continental level.
Priority:	High

Figure 19 System Link:	SMART CONTAINER SYSTEMS (9)
Project (& Oversight):	Smart Container Systems and related initiatives (INTRANSMAR)
Project Objective(s):	Integration of smart container systems being implemented by private sector into the MSW and PCS platforms established by public authorities, if possible.
Project Rationale:	There has been considerable progress worldwide in digitalisation of the container supply chain. Collaboration between shipping lines, which was always strong, is now evolving from operational collaboration focused on rationalising resources and offering more global coverage, to strategic collaboration focused on IoT (Internet of Things) communications and “smart-everything” data exchange. For example, CMA-CGM, MSC, and Maersk, have together invested in a French start-up called TRAXENS to deploy SMART containers across their fleets and are pushing the use of SMART containers on all routes, which will allow track and trace from source to destination, which will be a major trade facilitation boost. This is just one example of many similar initiatives that are being pursued by global shipping lines to enhance efficiencies on global trade supply-chains.
Key Next Steps:	Smart container systems are typically implemented by the major vertically international shipping lines so the main focus is to be aware of what the major shipping lines are doing and to assess whether it is possible to link these initiatives to the MSW and PCS platforms established by public authorities.
Active Donors:	None that could be identified.
Priority:	Low

8.3 SUMMARY OF ACTION PLANS

Table 31 provides a summary of each proposed intervention by oversight agency and priority, which is directly linked to the numbering in Figure 19 for ease of reference.

Table 31: Summary of Interventions by Oversight Agency and Priority

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) ¹⁷	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	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	High	MIC-NTFC (and MCNET) have identified the need to digitally expand the JUE to these key MDAs as a top priority.
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.

¹⁷ A Port Community System (PCS) is similar to a Port Collaborative Decision Making System (PCDMS).

Intervention	Oversight Agency	Objective	Priority Rank	Reason for Ranking?
Corridor Monitoring System (8.1)	INATRO	Compliance with TTTFP Model Laws and Agreements. Accelerate the implementation of the CTMS in Mozambique.	High	INATRO recognises that the domestication of the TTTFP Model Laws and Agreements in Mozambique needs to be accelerated. INATRO and the parent Ministry, the MTC, recognises the importance of accelerating the implementation of the CTMS at high-priority Mozambique borders.
Corridor Monitoring System (8.2)	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 had been established. The key positions for the CMI Secretariat will soon be advertised.
Corridor Monitoring System (8.3)	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.

REFERENCES

1. CIP, 2015: The Case of Mozambique Nacala Port and North Line Concession
2. IMO-FAL 2024: FAL Forms
3. MITC, 2023: Business Operating Costs
4. Mott MacDonald, 2015: Strategic Perspective on The Nacala Development Corridor
5. MTC, 2023: The Updated Nacala Corridor Agreement (Signed between Malawi, Mozambique and Zambia)
6. SPEED Program, 2016: Trade Facilitation in Mozambique – Categorization and Next Steps
7. SPEED+, 2018: Nacala Port and Corridor Assessment
8. TMA, 2013: Malawi Corridors Time and Cost Study
9. TTTFP, 2017: Mozambique Country Report
10. US-CBP, 2024: Input Report on Field Mission to Mozambique
11. World Bank, 2019a: SACTP-PAD Annex 3 Project Components
12. World Bank, 2019b: Doing Business Report
13. World Bank, 2023: Container Port Performance Index (CPPI) Report
14. WTO, 2024: Trade Policy Review

APPENDIX 1: REPORT ON TRAFFIC BASELINE ANALYSIS

A1. TRAFFIC BASELINE

This section provides a summary of the traffic baseline update for the Nacala Corridor.

A1.1 MOZAMBIQUE PORTS THROUGHPUT

Table 30 provides a summary of the throughput for Mozambique ports over the period 2017-2022. Key takeaways include the following:

In 2022, the port of Maputo accounts for the greatest throughput (48% of total port volumes), followed by Beira (25%), Nacala-a-Velha (20%), Nacala (5%) Topuito (2%), Pemba (1%) and Others (>0,5%);

Over the period 2017-2022, the port of Pemba grew the fastest (15,7% per annum), followed by Maputo (8,1%), Beira (4,3%), Nacala (4,1%), Nacala-a-Velha (1,5%), Topuito (0%) and Other (-30,4%); and,

- Over the period 2017-2022 the port of Maputo has increased its share of the total port throughput from 42% (2017) to 48% (2022) as has Pemba from >0,5% (2017) to 1% (2022) whilst Beira (25%), Nacala (5%), Topuito (2%) and Other (>0,5%) have stayed more or less the same and Nacala-a Velha declined from 25% (2017) to 20% (2022).

The implication for the port of Nacala is that it is just about holding its own showing modest growth of 4,1% per annum, which is below the national average of 5,3% per annum.

Table 32: Mozambique Port Throughput: Total Volumes, 2017-2022 (000s Tonnes)

Year	Maputo	Beira	Nacala	Nacala-a-Velha	Topuito	Pemba	Other	Total
2017	18 214	11 196	2 237	10 717	1 070	150	73	43 658
%	42%	26%	5%	25%	2%	0%	0%	100%
2018	19 527	11 02	2 474	11 616	1 082	172	72	45 964
%	42%	24%	5%	25%	2%	0%	0%	100%
2019	21 066	11 056	2 748	8 611	1 026	251	54	44 812
%	47%	25%	6%	19%	2%	1%	0%	100%
2020	18 378	12 789	2 525	5 856	853	552	61	41 014
%	45%	31%	6%	14%	2%	1%	0%	100%
2021	22 306	13 474	2 882	7 851	1 282	427	6	48 227
%	46%	28%	6%	16%	3%	1%	0%	100%
2022	26 913	13 842	2 740	11 562	1 073	311	12	56 454
%	48%	25%	5%	20%	2%	1%	0%	100%
Growth	8,1%	4,3%	4,1%	1,5%	0,0%	15,7%	-30,4%	5,3%

Source: CFM (2017-2022)

Table 31 provides a summary of the transit throughput for Mozambique ports over the period 2017-2022. Key takeaways include the following:

In 2022, the port of Maputo accounts for the greatest throughput (73% of total port transit volumes), followed by Beira (26%) and Nacala (1%);

Over the period 2017-2022, the port of Maputo grew the fastest (10,5% per annum), followed by Beira (7,1%), and Nacala (1,4%); and,

- Over the period 2017-2022 the port of Maputo has increased its share of the transit port throughput from 69% (2017) to 73% (2022), but the share to Beira has declined from 29% (2017) to 26% (2022) as has Nacala from 2% (2017) to 1% (2022).

The implication for the port of Nacala is that transit traffic as a source of revenue for the port is limited and declining.

Table 33: Mozambique Port Throughput: Total Transit Volumes, 2017-2022 (000's Tonnes)

Year	Maputo Transit	%	Beira Transit	%	Nacala Transit	%	Total Transit	%	Total All Cargo	% Transit
2017	12 866	69%	5 403	29%	310	2%	18 579	100%	43 658	43%
2018	14 302	69%	6 038	29%	468	2%	20 808	100%	45 968	45%
2019	14 512	71%	5 564	27%	378	2%	20 454	100%	44 812	46%
2020	12 124	62%	7 210	37%	285	1%	19 619	100%	41 049	48%
2021	16 290	68%	7 220	30%	440	2%	23 950	100%	48 227	50%
2022	21 198	73%	7 629	26%	333	1%	29 160	100%	56 454	52%
Growth		10,5%		7,1%		1,4%		9,4%		5,3%

Source: CFM (2017-2022)

A1.2 NACALA PORT THROUGHPUT

Table 31 shows that over the period 2017-2022, total throughput at the port of Nacala grew at 2,9% per annum, but this growth was driven by growth in National cargo at 4,3% per annum compared to a decline in transit cargoes, primarily to Malawi of -4,35 per annum. The implication for the port of Nacala is that national traffic is the main source of revenue for the port and is growing at a steady rate.

Table 32 shows that over the period 2017-2022, transit cargoes from Malawi have declined by an estimated -6,3% per annum, but that this decline has been the greatest to/from the Nacala port at -7,4% per annum compared to -6,3% at Other (Durban and Dar es Salaam ports) and Beira -6,0%.

Tables 33, 34 and 35 shows that over the period 2017-2022 the following trends can be deduced in relation to the composition of cargoes:

- Containers account for most national exports, 98% in 2017 but declining significantly to 57% in 2022;
- Bulk cargoes account for the most national imports, 68% in 2017 and increasing to 75% in 2022;
- Containers account for most transit exports, 98% in 2017 but declining slightly to 94% in 2022;
- Bulk cargoes account for most transit imports; 83% in 2017 rising somewhat to 93% in 2022;
- Import and export container flows are relatively balanced in 2017 and 2022; and,
- Bulk flows are heavily biased towards imports in both 2017 and 2022.

Table 34: Nacala Port Throughput: National and Transit Cargo, 2017-2022 (Tonnes)

Year	Total (1)	%	National	%	Transit	%	Coal	Total (2)
2017	2 066 500	100%	1 749 800	85%	316 700	15%	10 717 300	12 783 800
2018	1 921 600	100%	1 453 500	76%	468 100	24%	11 724 400	13 646 000
2019	2 263 800	100%	1 877 900	83%	385 900	17%	8 744 500	11 008 300
2020	2 071 100	100%	1 786 100	86%	285 000	14%	5 865 300	7 936 400
2021	2 389 700	100%	2 011 800	84%	377 900	16%	7 943 400	10 333 100
2022	2 379 100	100%	2 124 500	89%	254 600	11%	12 013 400	14 392 500
Growth		2,9%	Growth	4,0%	Growth	-4,3%	Growth	1,9%

Source: CFM (2017-2022)

Table 35: Malawi Transit Cargo Through Regional Ports, 2017-2022 (000s Tonnes)

Year	Beira Port	%	Nacala Port	%	Other Ports	%	All Ports	%
2017	1 509	47%	405	13%	1 276	40%	3 190	100%
2018	1 099	41%	519	19%	1 079	40%	2 696	100%
2019	975	39%	532	21%	1 005	40%	2 512	100%
2020	1 126	44%	421	16%	1 031	40%	2 578	100%
2021	687	38%	388	22%	717	40%	1 792	100%
2022	1105	48%	276	12%	920	40%	2 301	100%
Growth		-6,0%		-7,4%		-6,3%		-6,3%

Source: CFM (2017-2022)

Table 36: Nacala Port Throughput: Composition Of Cargo, 2017 (Tonnes)

2017	Commodity	Total	%	Containers	%	Bulk	%
National	Export	429 000	100%	420 700	98%	8 300	2%
	Import	1 288 800	100%	416 400	32%	872 400	68%
	Sub-Total	1 717 800	100%	837 100	49%	880 700	51%
Transit	Export	46 600	100%	45 800	98%	800	2%
	Import	270 100	100%	47 000	17%	223 100	83%
	Sub-Total	316 700	100%	92 800	29%	223 900	71%
Cabotage	Unload	4 200	100%	0	0%	4 200	100%
	Load	27 800	100%	0	0%	27 800	100%
	Sub-Total	32 000	100%	0	0%	32 000	100%
All Flows	National	1 717 800	100%	837 100	49%	880 700	51%
	Transit	316 700	100%	92 800	29%	223 900	71%

	Cabotage	32 000	100%	0	0%	32 000	100%
	Total	2 066 500	100%	929 900	45%	1 136 600	55%

Source: CFM (2017)

Table 37: Nacala Port Throughput: Composition of Cargo, 2022 (Tonnes)

2022	Commodity	Total	%	Containers	%	Other Bulk	%
National	Export	823 400	100%	467 400	57%	356 000	43%
	Import	1 555 800	100%	391 100	25%	1 164 700	75%
	Sub-Total	2 379 200	100%	858 500	36%	1 520 700	64%
Transit	Export	25 600	100%	24 100	94%	1 500	6%
	Import	229 100	100%	17 000	7%	212 100	93%
	Sub-Total	254 700	100%	41 100	16%	213 600	84%
Cabotage	Unload	4 200	100%	0	0%	4 200	100%
	Load	24 600	100%	0	0%	24 600	100%
	Sub-Total	28 800	100%	0	0%	28 800	100%
All Flows	National	2 379 200	100%	858 500	36%	1 520 700	64%
	Transit	254 700	100%	41 100	16%	213 600	84%
	Cabotage	28 800	100%	0	0%	28 800	100%
	Total	2 662 700	100%	899 600	34%	1 763 100	66%

Source: CFM (2022)

A1.3 NACALA CORRIDOR FLOWS

Table 36 shows that over the period 2017-2022 road transport has become more important, national cargoes are much higher than transit cargoes and bulk cargoes are becoming more dominant.

Table 38: Nacala Corridor Flows: Modal Split, 2017 and 2022 (Tonnes)

2017				2022			
Mode	Type	Tonnes	%	Type	Tonnes	%	
Road	Export	444 000	27%	Export	822 200	31%	85%
	Import	1 217 500	73%	Import	1 461 000	69%	
	Sub-Total	1 661 500	100%	Sub-Total	2 283 200	100%	

Rail	Export	59 400	15%	20%	Export	51 400	14%	15%
	Import	345 600	85%		Import	328 100	86%	
	Sub-Total	405 000	100 %		Sub-Total	379 500	100%	
All	Export	503 400	24%	100%	Export	873 600	32%	100%
	Import	1 563 100	76%		Import	1 789 100	66%	
	National	1 717 800	83%	100%	National	2 379 200	88%	100%
	Transit	316 700	15%		Transit	254 700	9%	
	Cabotage	32 000	2%		Cabotage	28 800	2%	
	Containers	929 900	45%	100%	Containers	899 600	34%	100%
	Bulk	1 136 600	55%		Bulk	1 763 100	66%	
	Total	2 066 500	100 %		Total	2 691 500	100%	

Source: CFM (2017 & 2022)

APPENDIX 2: REPORT ON TRAFFIC PROJECTIONS

A2 TRAFFIC PROJECTIONS

This section provides a summary of the traffic projections analysis update for the Nacala Corridor.

A2.1 MOZAMBIQUE PORT PROJECTIONS

Table 37 shows that of the main ports in Mozambique Beira is expected to increase its share of total port throughput, from 32% in 2022 to 39% in 2040 compared to Maputo which is expected to decline from 61% in 2022 to 55% in 2040, as is Nacala from 6% to 5% with Pemba staying the same at 1%. Overall, Maputo will remain the dominant port with 55% of total flows in 2040, followed by Beira with 39%, Nacala with 5% and Pemba with 1%.

Table 39: TREND GROWTH - Maputo, Beira, Nacala and Pemba Ports (Tonnes)

Year	Maputo	%	Beira	%	Nacala	%	Pemba	%	Total	%
2017	18 213,8	57,3%	11 196,3	35,2%	2 236,8	7,0%	149,8	0,5%	31 796,7	100,0%
2018	19 526,7	58,8%	11 021,0	33,2%	2 474,4	7,5%	171,5	0,5%	33 193,6	100,0%
2019	21 065,9	60,0%	11 055,9	31,5%	2 747,6	7,8%	251,4	0,7%	35 120,8	100,0%
2020	18 378,0	53,7%	12 789,4	37,3%	2 524,8	7,4%	551,8	1,6%	34 244,0	100,0%
2021	22 305,6	57,1%	13 474,2	34,5%	2 882,4	7,4%	426,5	1,1%	39 088,7	100,0%
2022	26 913,3	61,4%	13 841,8	31,6%	2 740,4	6,3%	311,0	0,7%	43 806,5	100,0%
2023	28 145,5	61,1%	14 726,0	32,0%	2 849,7	6,2%	329,2	0,7%	46 050,4	100,0%
2024	29 434,1	60,8%	15 666,6	32,4%	2 963,4	6,1%	348,5	0,7%	48 412,6	100,0%
2025	30 781,7	60,5%	16 667,3	32,7%	3 081,6	6,1%	368,9	0,7%	50 899,6	100,0%
2026	32 191,1	60,1%	17 732,0	33,1%	3 204,5	6,0%	390,5	0,7%	53 518,1	100,0%
2027	33 664,9	59,8%	18 864,7	33,5%	3 332,3	5,9%	413,4	0,7%	56 275,2	100,0%
2028	35 206,2	59,5%	20 069,7	33,9%	3 465,2	5,9%	437,6	0,7%	59 178,7	100,0%
2029	36 818,1	59,2%	21 351,6	34,3%	3 603,4	5,8%	463,3	0,7%	62 236,4	100,0%
2030	38 503,8	58,8%	22 715,5	34,7%	3 747,1	5,7%	490,4	0,7%	65 456,8	100,0%
2031	40 266,6	58,5%	24 166,5	35,1%	3 896,6	5,7%	519,1	0,8%	68 848,9	100,0%
2032	42 110,2	58,1%	25 710,2	35,5%	4 052,0	5,6%	549,5	0,8%	72 422,0	100,0%
2033	44 038,2	57,8%	27 352,5	35,9%	4 213,6	5,5%	581,7	0,8%	76 186,0	100,0%
2034	46 054,4	57,5%	29 099,6	36,3%	4 381,7	5,5%	615,8	0,8%	80 151,6	100,0%
2035	48 163,0	57,1%	30 958,4	36,7%	4 556,5	5,4%	651,9	0,8%	84 329,8	100,0%
2036	50 368,1	56,8%	32 935,9	37,1%	4 738,2	5,3%	690,1	0,8%	88 732,4	100,0%
2037	52 674,2	56,4%	35 039,8	37,5%	4 927,2	5,3%	730,5	0,8%	93 371,7	100,0%
2038	55 085,8	56,1%	37 278,0	37,9%	5 123,7	5,2%	773,3	0,8%	98 260,8	100,0%
2039	57 607,9	55,7%	39 659,2	38,4%	5 328,1	5,2%	818,6	0,8%	103 413,8	100,0%
2040	60 245,4	55,3%	42 192,5	38,8%	5 540,6	5,1%	866,6	0,8%	108 845,1	100,0%

Source: Consultant 2024

A2.2 MOZAMBIQUE CORRIDOR PROJECTIONS

Table 38 highlights that the Maputo corridor is expected to see the highest growth in traffic over the period 2022-2040, from 11,000 to 44,000 trains per annum and 772,000 to 4,6 million truck movements per annum, which is a significant increase in traffic flows. By contrast Beira will see an increase of 3,800 to 8,300 trains per annum and 463,000 to 1,49 million truck movements per annum. Nacala will see an increase from 330 to 660 trains per annum and 107,000 to 595,000 truck movements per year.

Table 40: TREND GROWTH - Maputo, Beira, Nacala and Pemba Corridors (Tonnes)

Per Annum	Maputo		Beira		Nacala		Pemba
	# Trains	# Trucks	# Trains	# Trucks	# Trains	# Trucks	# Trucks
2017	9 927	431 083	3 382	363 878	484	79 643	6 513
2018	10 625	462 783	2 971	371 183	621	85 026	7 457
2019	10 631	529 491	2 885	375 817	636	96 335	10 930
2020	9 349	459 243	3 218	439 100	503	91 487	23 991
2021	9 391	628 478	3 257	467 452	464	108 439	18 543
2022	10 943	772 404	3 806	463 470	330	107 170	13 522
2023	11 824	853 062	3 975	494 481	342	117 866	14 653
2024	12 777	942 142	4 151	527 568	356	129 630	15 880
2025	13 806	1 040 525	4 335	562 868	370	142 568	17 209
2026	14 919	1 149 181	4 528	600 530	384	156 798	18 649
2027	16 120	1 269 183	4 728	640 713	399	172 447	20 210
2028	17 419	1 401 716	4 938	683 584	415	189 659	21 901
2029	18 823	1 548 089	5 157	729 324	431	208 589	23 734
2030	20 339	1 709 747	5 386	778 124	448	229 408	25 720
2031	21 978	1 888 286	5 624	830 189	465	252 304	27 873
2032	23 749	2 085 469	5 874	885 739	484	277 486	30 205
2033	25 662	2 303 243	6 134	945 005	502	305 182	32 733
2034	27 729	2 543 757	6 406	1 008 237	522	335 642	35 473
2035	29 963	2 809 387	6 690	1 075 699	543	369 142	38 441
2036	32 378	3 102 754	6 987	1 147 676	564	405 985	41 659
2037	34 986	3 426 757	7 297	1 224 469	586	446 506	45 145
2038	37 805	3 784 593	7 620	1 306 400	609	491 071	48 923
2039	40 851	4 179 796	7 958	1 393 814	632	540 084	53 018
2040	44 142	4 616 268	8 311	1 487 076	657	593 989	57 455

Note: Rail based on 38 tonnes/wagon and a train length of 22 wagons/train and 23 tonnes/truck. Coal trains on the Nacala line not considered in these figures as these flows are exported via the Nacala-a-Velha port.

Source: Consultant 2024

A2.3 NACALA CORRIDOR PROJECTIONS

This section of the report provides a presentation of the trend traffic projections and a focus on short-term opportunities to be targeted that would increase trade on the Nacala Corridor.

A2.3.1 TREND GROWTH

Table 39 confirms the trend growth trends depicted in Table 9 but expresses them in tonnes.

Table 41: **TREND GROWTH – Maputo, Beira, Nacala and Pemba Corridors (000's Tonnes)**

Year	National			Transit			Total				
	Road	Rail	Total	Road	Rail	Total	Road	%	Rail	%	Total
2017	1 832	39	1 871	18	366	384	1 850	82%	405	18%	2 255
2018	1 956	41	1 997	24	478	501	1 979	79%	519	21%	2 498
2019	2 216	61	2 276	24	471	495	2 239	81%	532	19%	2 771
2020	2 104	22	2 127	20	398	418	2 124	83%	421	17%	2 545
2021	2 494	30	2 524	18	359	377	2 512	87%	388	13%	2 900
2022	2 465	14	2 479	13	261	274	2 478	90%	276	10%	2 753
2023	2 564	15	2 578	20	268	288	2 584	90%	283	10%	2 866
2024	2 666	15	2 682	21	275	296	2 687	90%	290	10%	2 977
2025	2 773	15	2 789	21	282	303	2 794	90%	298	10%	3 092
2026	2 884	16	2 900	22	289	311	2 906	90%	305	10%	3 211
2027	3 000	16	3 016	22	297	319	3 022	91%	313	9%	3 336
2028	3 120	17	3 137	23	305	328	3 143	91%	321	9%	3 465
2029	3 245	17	3 262	23	313	336	3 269	91%	330	9%	3 599
2030	3 375	18	3 393	24	321	345	3 399	91%	338	9%	3 738
2031	3 511	18	3 529	25	329	354	3 535	91%	347	9%	3 882
2032	3 651	18	3 670	25	338	363	3 677	91%	356	9%	4 033
2033	3 798	19	3 817	26	346	372	3 824	91%	365	9%	4 189
2034	3 950	19	3 969	27	355	382	3 976	91%	375	9%	4 351
2035	4 108	20	4 128	27	365	392	4 135	91%	385	9%	4 520
2036	4 273	20	4 293	28	374	402	4 301	92%	395	8%	4 695
2037	4 444	21	4 465	29	384	413	4 473	92%	405	8%	4 878
2038	4 622	22	4 643	30	394	423	4 651	92%	415	8%	5 067
2039	4 807	22	4 829	30	404	434	4 837	92%	426	8%	5 264
2040	5 000	23	5 022	31	415	446	5 031	92%	437	8%	5 468

Source: Consultant 2024

A2.3.2 SHORT TERM OPPORTUNITIES

Figure 18 overleaf provides a simplified schematic representation of the logistics-chain that will need to be developed to harness the considerable infrastructure investment in the Nacala rail and port system. The sections of the simplified rail network highlighted in green are those sections that general freight is allowed to operate in terms of the concession agreement. It also shows the link to the Sena sub-corridor to the Beira port, which is being gradually rehabilitated.

Table 40 describes the current status of the logistics operations at the port and terminals that service trade on the Nacala Corridor.

Table 42: Nacala Corridor Ports and Terminals

Terminals	Description
Nacala Port-Rail Interface	The Nacala Port Upgrading Project has provided two ship-to-shore cranes, doubling handling capacity and bringing its capabilities in line with regional competitors. Fuel imports are handled via a 3,5km pipeline from a Single Point Mooring (SPM) facility to a dedicated Fuel Tank Farm with a capacity of 1 million m3 that is also serviced by both road and rail connections. At present, the port is not congested, though bulk vessels can be slow to unload, leading to waiting at anchor. The main constraint for future expansion is the limited space available for terminal activities and storage. On-site storage was limited but considerable space has been opened at the back of the port, just behind where the new grain terminal is currently being constructed. Road access is direct from the N8, via a narrow, but good condition, single lane road in both directions. The port access traverses the town, and congestion from the port, and particularly scanner, can lead to local congestion. A second access point has been constructed through the JICA project, which has significantly eased congestion and improved circulation within the port precinct. The Nacala port has direct access from the railway mainline into the port marshalling yard, which is capable of handling up to 30 wagons (450m), so is not able to handle full 42 wagon train set in the port, and this requires splitting and shunting, which is not ideal. The rail sidings to serve the container terminal are currently limited to 20 wagons, and the future layout has not been finalized, which could impact on operational efficiencies at the port-rail interface.
Nacala Terminals	The main logistics companies have warehousing located along the EN8, some 5-6 km to the south of the port, where containerised cargo is sorted, graded, packed and prioritized for onward shipping. For companies that don't have their own storage facilities, the Nacala Special Export Terminal (TEEN) and the Inland Container Depot (ICD) owned by Portos do Norte (PdN) are used, which are also both located in the same area. There is ample space for expansion, but the major disadvantage is that this area is not serviced by rail so cargo has to be taken down to the port when the ship is due to dock so that it can be queued for loading. The lack of rail served facilities in or near the port is viewed as a constraint by users and undermines the competitiveness of the corridor.
Cuamba Terminal	The rail sidings at Cuamba are about 450 meters long, allowing train lengths of 30 wagons. There is no specialized freight or container handling equipment at Cuamba. JFS package cotton into bales at a facility in Cuamba near the railway station, which are then placed in box wagons and transferred into containers at the port at Nacala for onward shipping to final destination.
Lichinga Terminal	The rail sidings at Lichinga are about 450 meters long, allowing train lengths of 30 wagons. There is no specialized freight or container handling equipment at Lichinga.

Liwonde Terminal	<p>Malawi Fertilizer Company (MFC) manufactures and supplies NPK fertilizers both for the regional export and domestic market. The MFC plant is strategically located in Liwonde, on the rail line linking it to the port of Nacala in Mozambique. This direct linkage to the port means that it is able to land raw materials from around the globe in Nacala and efficiently move these materials in bulk directly to the fertilizer plant. The plant uses new blending technologies developed in the USA, enabling cost effective production of high-quality finished products. With an installed capacity of 150,000 metric tons per annum, the plant is well placed to meet over 50% of Malawi's current compound fertilizer demands, as well as various export markets. The logistics supply chain is as follows - Nacala port direct discharge using stevedores shunt to storage warehouse or waiting train → through Kudumba scanner bulk to Liwonde back on train to Blantyre or Lilongwe (or if no room in Liwonde, or the consignment is already bagged go straight to Blantyre or Lilongwe). Fertilizer is imported via Nacala in 36 wagon trains, each carrying 40 tons. The rail siding at the factory is limited in length to maximum of 10 wagons, normally 7 to 8 wagons are shunted using the MFC shunter. Wagons are off loaded manually on one side only, onto a conveyor system. At a maximum rate of 10 wagons per day it currently takes a minimum of 4 days to offload and turn the train around. To address this MFC is has invested in a second facility with a longer siding supported by mechanized offloading, which has significantly enhanced efficiencies at the Liwonde terminal.</p>
Nkaya Terminal	<p>Nacala Logistics operates a storage yard at Nkaya with basic handling equipment to consolidate loads north-bound to Lilongwe and south-bound to Blantyre. However, additional information on the condition, capacity and performance of this facility is required.</p>
Blantyre Terminals	<p>There are two container terminals in Blantyre that service railway traffic:</p> <ul style="list-style-type: none"> ● CCTL: The Chirimba Container Terminal has 10,000m² of paved concrete bonded customs area that can accommodate 2,019 TEUs. CCTL has the largest rail siding in Malawi (2 lines each with a capacity of 11 wagons) and operates a fleet of 7 trucks dedicated to dropping off and picking up containers from shippers (Bollere, CMA, Manica and MSC) who have their own yards. CCTL also has a truck parking area for 10 trucks for customers who want to pick-up or drop-off containers directly. CCTL also operates a warehouse, which is not rail served, to handle tea, macadamia, pigeon pea and tobacco exports, either to Nacala or Beira in Mozambique. ● GMS: GMS Inland Container Terminal (ICD) is located next to the CCTL facility in Chirimba Industrial Estate. This is a fully integrated facility that provides for the completion of import and export on-site customs clearance, for Full Container Load (FCL) and Less than Container Load (LCL) shipments, moving in transit to and from Malawi. The GMS-ICD is a state-of-the-art facility with 1,860m² of covered warehousing, an overhead gantry crane and a fleet of 20, 40-foot trailers for rapid delivery of cleared cargo to clients. The GMS-ICD also houses a fully functional ultra-modern Tea Blending Plant to provide a unique one stop solution allowing for receipt, storage, blending, packing and transport by road or rail from a single site. ● Illovo: Illovo Sugar has a shipping division to manage its in-house transport and logistics operations. ● Bakhresa: Bakhresa core business in Malawi is to import wheat and make enriched flour for local market. Volumes from port of Nacala are approx. 10-12,000 tons per month (120,000 to 144,000 per annum), but there can be significant variations due to fluctuations in market demand. Bakhresa have a fully integrated logistics supply-chain as

	<p>follows – vessel truck storage direct discharge to rail transit direct discharge into silo – from the port of Nacala to the mill in Blantyre. They have invested in 100 specialised hopper wagons for this dedicated import operation.</p>
	<p>PIL: Petroleum Importers Limited is comprised of PUMA, PETRODA, ENGEN and TOTAL, all with an equal share in what is a buying company. PIL controls about 90% of the Malawi market but it is the Malawi Energy Regulatory Authority (MERA) that designates the quotas and prices of the import routes. At present, the Nacala Corridor is only allocated +/-10% quota, which amounts to +/- 2,000m³ per month (24, 000m³ per annum). However, only 3% of this quota, +/- 600m³ per month (7, 200m³ per annum) is being taken up by PUMA and Total who have depots in Blantyre, because of non-operational fuel depots in Lilongwe that need refurbishment. A further problem on the Beira and Nacala routes has been in-transit theft of cargo, so trials of electronic security and quality monitoring have been ongoing to address this issue.</p> <p>Lafarge operates a grinding plant in Blantyre, using imported clinker for the manufacture of cement. The clinker has in the past been imported by from Mbeya (Tanzania), Lusaka (Zambia) and Beira (Mozambique) but the improvements in the Nacala railway and the potential cost savings have made this a more attractive option. The plant has a rail siding with a capacity for 10 wagons so trail importations using the Nacala railway have been completed with variable success. Wagons are loaded from the vessel in the port by skip and moved to temporary storage outside the port using tarpaulins. The 25-wagon cement train are sent to the Limbe station, from where 5 wagons a day are dispatched to the plant for unloading using a backhoe. Current challenges that still need to be addressed include (i) storage at the Nacala port, (ii) customized clinker wagons, (iii) structures for tarpaulins, (iv) better security of slow-moving cargo and (v) lower costs, which +/- 10% higher than Beira.</p>
Limbe Terminal	<p>Nacala Logistics acknowledges that rail costs are competitive, but the train service is not perceived as reliable and the last-mile costs of dropping off and/or picking up cargo is a significant cost item. This is because rail terminals in Malawi are not optimised and consolidated into one or two large ones but remain a scattering of small terminals for each customer, often for different cargo (e.g. containers, clinker, fertilizer and grains), which requires a lot of dis-assembly, shunting and re-assembly of wagons, which involves the time-consuming dropping-off and picking-up of wagons. As a result, Nacala Logistics are looking to run block trains for specific commodities to/from defined points of origin and destination to enhance the efficiency of the railway service. However, to do this in a cost-effective manner, sufficient volumes at regular intervals, moving on the same origin-destination route, is required. It is for this reason that Nacala Logistics recently embarked on a competitive bidding process for a 3rd party specialist private sector terminal operator to manage the CDN-CEAR depot in Limbe. Bridge Shipping was selected as the preferred operator of this facility.</p>
Lilongwe Terminals	<p>Nacala Logistics owns and operates an underutilized inter-modal railway siding and depot in the Kanengo Industrial Area. However, most of the large tobacco companies have their own shipping departments that deal with transport and logistics operations. However, large freight forwarders like Bridge Shipping and Transcom-Shariff sizeable depots with significant warehousing space, handling equipment and truck parking, loading and offloading facilities as they service the tobacco industry. Export Trading Group (ETG) which is not involved in the tobacco industry but imports significant quantities of fertilizer and exports pigeon peas, soya and maize also have their own facilities.</p>

Source: Consultant 2024

Figure 21: Nacala Rail Corridor Logistics-Chain

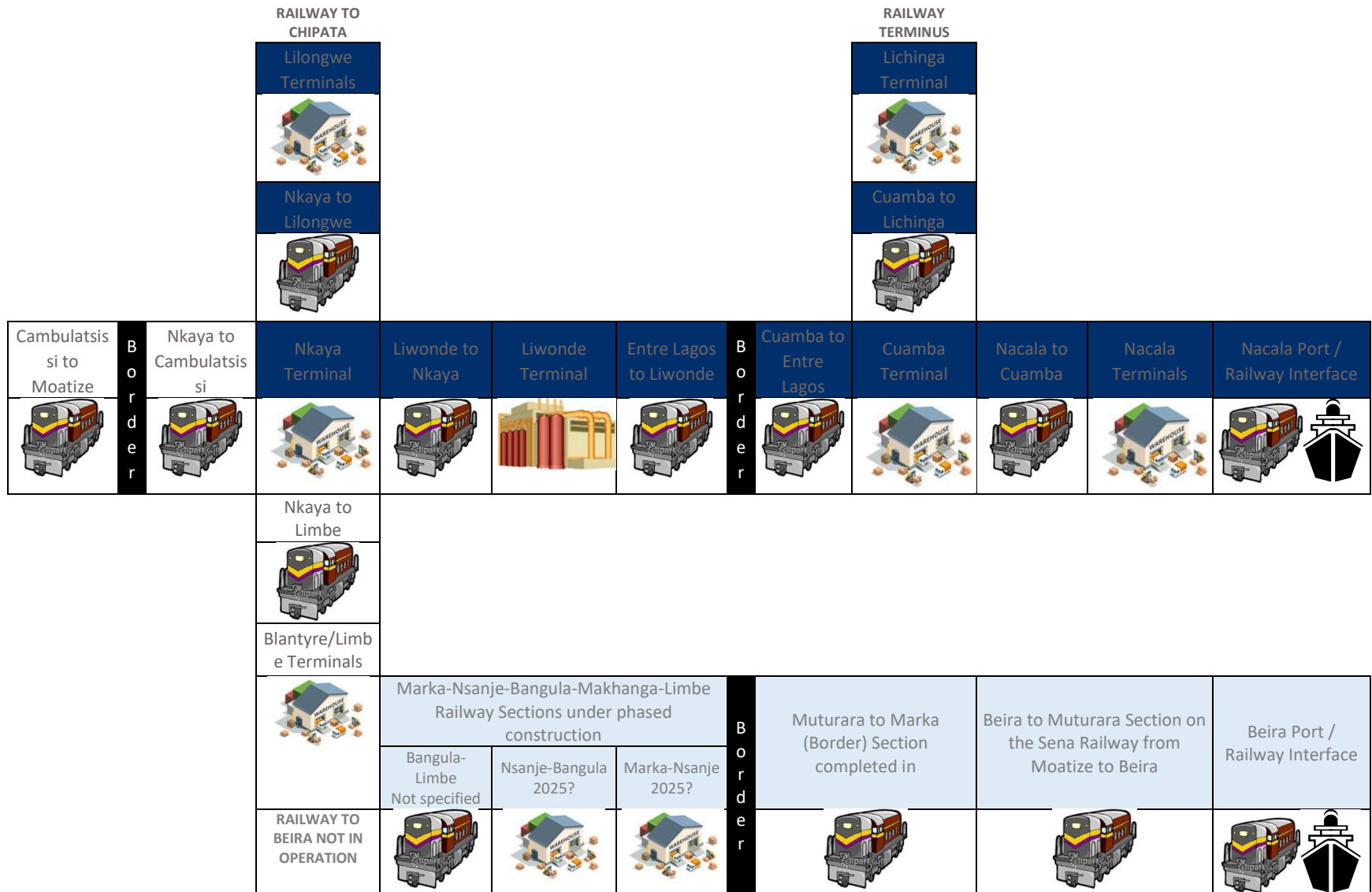


Table 41 provides a ranking of the priority short-term flows that could potentially unlock the Nacala Corridor, based on a traffic demand model originally developed for the SPEED+ report and updated to provide a new perspective. These priorities provide a more granular view of the target trades for the Nacala Corridor, which are not highlighted in the generic trend projections. It also provides an assessment, using a simple traffic light system, those flows that are the most prospective (green) to those flows that are the least prospective (red) in terms of how well understood the trade is - steady-state nature of the flow; and (ii) how likely is the trade to use rail as the preferred mode.

Table 43: Nacala Logistics Priority Short-Term General Freight Flows 2030

Origin-Destination	Commodity	Growth 2025-30	Projected Traffic 2030	Why Important and Why Rail?
Exports (Metric Tons)				
Lichinga-Nacala	Plantation Forestry	218,000	218,000	Development plans are ambitious but if realised prefer use of rail direct to port.
Namina-Nacala	Plantation Forestry	80,000	80,000	
Cuamba-Nacala	Hardwoods	73,500	73,500	Road to TEEN in Nacala and onto port.
Chipata-Nacala	Other Exports	58,000	58,000	Follow clinker, fuel & fertilizer imports
Chipata-Nacala	Copper	50,000	50,000	Integrated with fertilizer & fuel trade.
Blantyre-Nacala	Sugar	42,500	77,500	Steady-state trade that prefers rail.
Cuamba-Nacala	Hardwoods	39,500	39,500	Road to TEEN in Nacala and onto port.
Lilongwe-Nacala	Tobacco	34,500	36,000	Steady-state but improvements in the capacity, reliability and security of logistics supply chain is key to swing cargo to Nacala rail-port system. Mitsui investment in ETG is critical to driving integration between agricultural supply chains and Nacala rail-port system.
Blantyre-Nacala	Other Exports	28,500	29,500	
Blantyre-Nacala	Pigeon Pea	23,500	28,000	
Blantyre-Nacala	Cotton	22,000	22,000	
Cuamba-Nacala	Pigeon Pea	19,000	19,000	
Blantyre-Nacala	Tea	18,000	18,000	
Cuamba-Nacala	Cotton	12,500	15,500	
Cuamba-Nacala	Soya	12,000	12,000	
Lichinga-Nacala	Soya	6,500	6,500	
Total		737,500	782,500	
Total (Priority)			295,500	
Imports (Metric Tons)				
Nacala-Blantyre	Other Imports	392,000	393,000	Follow clinker, fuel & fertilizer imports.
Nacala-Blantyre	Clinker	217,500	238,000	Trial successful – investment needed.
Nacala-Chipata	Fertilizer	210,000	210,000	Follow fertilizer flows to Malawi.
Nacala-Chipata	Other Imports	183,500	183,500	Follow fertilizer & fuel imports.
Nacala-Lilongwe	Fuels	111,500	111,500	Steady state – investment needed.
Nacala-Liwonde	Fertilizer	97,500	192,500	Principal target with a high up-side.
Nacala-Blantyre	Wheat	66,500	173,000	Principal target with a high up-side.
Nacala-Chipata	Fuel	54,500	54,500	Follow fuel flows to Malawi.
Nacala-Cuamba	Other Imports	53,000	53,000	LCL distribution by road from Nampula.
Nacala-Cuamba	Cement	46,500	46,500	Steady-state - bulk goods suited to rail.
Nacala-Lichinga	Other Imports	39,500	39,500	LCL distribution by road from Nampula.
Nacala-Lichinga	Cement	25,000	25,000	Steady-state - bulk goods suited to rail. Volumes still low, so better suited to block-trains to meet Cuamba and
Nacala-Cuamba	Fuel	25,000	25,000	
Nacala-Cuamba	Wheat	17,000	17,000	
Nacala-Lichinga	Fuel	15,500	15,500	

Nacala-Lichinga	Wheat	9,000	9,000	Lichinga market demand on a regular service.
Nacala-Cuamba	Rice	1,000	1,000	LCL distribution by road from Nampula.
Nacala-Lichinga	Rice	500	500	
Total		1,565,500	1,812,000	Use bulk imports as a bridgehead & target specific exports as back-haul.
Total (Priority)			1,357,500	

Source: Consultant, 2024

Note that these are prospective trades, and no further analysis has been done on how this would impact on the Nacala Corridor's share of regional SADC trade. However, the potential diverted trade flows indicated below are considered modest in relation to volumes being transported on other SADC regional trade corridors. An indication of Nacala Corridor's share of regional SADC trade and key performance indicators for 2016, from a recent Afreximbank report, is provided in **Appendix 6** for the interested reader.

Table 42 summarizes the major flows indicated in green in Table 41, which provides an aggregate picture of the total flows of the most prospective traffic for Nacala Logistics to target as priority trades to secure over the period to 2030.

Table 44: Nacala Logistics Target Short-Term Freight Flows, 2030

Origin-Destination	Traffic 2030	Target Commodity	Logistics Interventions Required
Exports (Metric Tons)			
Chipata-Nacala	50,000	Copper	Follow fertilizer and fuel imports. Ensure inter-modal facility at Chipata ICD meets needs of copper industry
Lilongwe-Nacala	36,000	Tobacco	Improve efficiency, reliability and security of rail service. Need to build logistics capacity in Nacala, notably warehousing, fumigation etc
Blantyre-Nacala	175,000	Sugar, Other, Pigeon Pea, Cotton & Tea	Improve efficiency, reliability and security of rail service.
Liwonde-Nacala	0		No update on status of the proposed Moto-Engil Liwonde ICD.
Cuamba-Nacala	34,500	Pigeon Pea & Cotton	Improve efficiency, reliability, and security of rail service.
Lichinga-Nacala	33,000	Treated Poles, Veneer Sheets Plywood Board	Green Resources has developed the capacity to produce ~11,000tpa of Treated Poles, ~11,000tpa of Veneer Sheets and 11,000tpa of plywood board for export.
Sub-Total: Exports	278,500		Targeted improvements customers have prioritized to enhance exports include: Management of rolling stock fleet to ensure availability for seasonal exports. Communication to inform customers of planned maintenance of disruptions. Visibility of wagons en-route so location of cargo is known. Security of cargo en-route and at key consolidation points (Nkaya junction).
Imports (Metric Tons)			

Nacala-Chipata	210,000	Fertilizer	Follow fertilizer imports from Malawi. Ensure inter-modal facility at Chipata meets needs of fertilizer industry.
Nacala-Lilongwe	111,500	Fuels	Rehabilitate depots in Lilongwe to meet MERA requirements
Nacala-Blantyre	411,000	Clinker & Wheat	Improve port storage facility, rolling stock selection, availability & loading practices for safe, secure, predictable & affordable transit – applies to clinker.
Nacala-Liwonde	192,500	Fertilizer	Improve efficiency of offloading at port. Expand storage capacity at port. Improve wagon selection & availability. Enhance loading, formation & dispatch. Increase visibility & security of cargo en-route, including consolidation points.
Nacala-Cuamba	71,000	Cement & Fuel	Review prospect for regular service block trains for Cuamba & Lichinga markets.
Nacala-Lichinga	40,500	Cement & Fuel	
Sub-Total: Imports	1,053,000		As for exports above but with emphasis on wagon selection & availability and visibility & security of cargo en-route.

Source: Consultants, 2024

APPENDIX 3: KEY TAKE AWAYS FROM FIELD VISIT

Major Progress and/or Changes since Field Work in 2017

Legal and Institutional Processes:

- Port and Rail Regulator in the process of being established (IFEPOM).
- Port and Rail Law, whilst not yet promulgated have made significant progress.
- Integrated Mine-Rail-Port Heavy Haul Railway Concession sold by Vale (of Brazil) to Vulcan (of India)
- Vale's concession of general freight port lapsed in 2021 and port was taken over by state owned port and rail company (CFM).
- Minister of Transport and Communications has indicated that the Nacala port will be concessioned, either through competitive bid or direct award in 2024.
- Nacala Corridor Tripartite Agreement between Malawi, Mozambique and Zambia updated at inauguration of Nacala Port Rehabilitation Project in October 2023.
- National Trade Facilitation Committee (NTFC) incorporating all the key government Ministries, Departments and Agencies (MDA) has been established and is making steady progress in anchoring trade facilitation, including Customs processes, mainly linked to the planning and implementation of One-Stop-Border-Posts (OSBPs).

Infrastructure:

- Nacala Port Rehabilitation Programme has been completed in March 2023.
- Road network (N12-N13) backbone from Nacala to Lilongwe via Mandimba/Chiponde border and to Lichinga has been completed, excepts for two 15 km sections in Malema and Cuamba districts.
- Road network (N12-N1-N11) from Nacala to Blantyre via Milanje/Mulosa border have either been improved and/or is programmed for implementation, especially on sections of the N1.
- OSBPs programmed for implementation at both the Mandimba / Chiponde and Milanje / Mulosa borders, with the OSBP between Malawi and Zambia at the Mchinji / Chipata border completed.
-

Port Operations:

- **New port Terminal Operating System (TOS) has been implemented by CFM based on the TOS (Navis-Octopi) in the port of Beira by Cornelder (concessionaire).**
- **Berth dwell time for ships, container dwell time at stack and truck turnaround time have improved thanks to the enhance infrastructure and TOS.**

Railway Operations:

- Rail turnaround times have reduced, rail transport costs have decreased and reliability, including security of cargo, of the service has improved, to/from Malawi and inland destinations in Mozambique.
- Despite the significant investment in the branch railway from Cuamba to Lichinga (~US\$ 100 million) by the previous concessionaire (Vale) an inter-operability issue is reported to exist in terms of linking the branch line to the main heavy-haul rail backbone at Cuamba.
- Additional costs, notably mandatory tracking devices to monitor the progress of containers through Mozambique territory, have been layered into the railway transport system.

Road Operations:

- Road turnaround times have stayed the same, but road transport costs have increased to the increased fuel prices and reliability, including security of cargo, of the service has also stayed the same to/from Malawi and inland destinations in Mozambique.
- Additional costs, notably mandatory tracking devices to monitor the progress of containers through Mozambique territory, have been layered into the road transport system.
- A new weighbridge has been developed and commissioned at Mandimba town, which has increased the ability to monitor load configuration and overloading on 30 tonne trucks.

Customs Processes:

- Despite the obligatory use of the Special Export Terminal (TEEN) being removed in a Ministerial Service Order in 2017, the de-facto use of TEEN continues because Customs can only undertake physical inspections and container sealing at bonded facilities, and TEEN is the certified bonded facility outside the port.
- However, there is some flexibility with Customs team coming to the premises of large exporters to conduct physical inspections and container sealing on their premises, but they still have to pay Customs fees for doing the physical inspection and container sealing.

Productive Base:

- Since 2017 the port throughput for general freight (excluding coal) has steadily increased from 2,491 million tonnes per annum (MTPA) to 3,083 MTPA in 2023, with the bulk of this throughput destined for northern Mozambique, estimated at 2,147MTPA in 2017 rising to 2,520MTPA in 2023 when compared to the estimated 0,344MTPA in transit cargo to Malawi in 2017 rising to 0,563MTPA in 2023.

Bottlenecks:

- Based on completed and programmed projects there are no binding constraints on the transport and logistics backbone corridor infrastructure.
- Port and Rail Laws needs to be completed to enable the new Port and Rail Regulatory to establish itself and operate effectively.
- NTFC and Sub-Committees (Infrastructure Development, Trade Facilitation Measures, Sanitary and Phyto-Sanitary (SPS) and Technical Barriers to Trade (TBTs) Measures, and Immigration and Security need to be strengthened to fully implement the World Trade Organisation (WTO)- Trade Facilitation Agreement (TFA) and African Continental Free-Trade Act (AfCFTA) provisions on Trade Facilitation.
- The barriers to entry of Customs Brokers into the profession needs to be carefully monitored, as they as there are many new entrants that are not suitably qualified to perform basic document preparation correctly.
- Customs processes need to be fully integrated notably around Advance Rulings (Rules of Origin), Co-ordinated Border Management (CBM) and the Single Electronic Window (SEW).
- Emphasis should be placed on expanding the participation of the PCS stakeholders in the SEW to increase visibility and ease of submitting documents and making payments.
- Customs processes need to be integrated with mandatory International Maritime Organisation (IMO) Maritime Single Window (MSW) requirements for vessel arrival and departure at ports.
- Customs processes need to be integrated with port TOS to provide visibility on the status of documentation flow and associated payments and on port operations at berth, stack and gate to Port Community System (PCS) stakeholders.
- Mandatory use of TEEN should be removed by allowed more logistics facilities to include bonded warehouses and yards to offer more options for PCS stakeholders.
- Number of formal checkpoints for road transporters should be reduced and focus only on monitoring transit-transport issues, such as vehicle fitness and validity of driver licenses, that are not checked by customs at the port or immigration at the border.
- The need to scan every container and all bulk shipments should be reviewed and a more realistic risk management system should be put in place to lower the time and physical cost associated with mandatory Non-Intrusive-Inspection for road transport.
- For rail transport, once Customs has sealed the Container in the port precinct the container should not be required to go for another NII, as this appears entirely unnecessary and adds a significant extra cost to rail-based cargoes (road transporters pass by the NII scanner when they are called by the terminal operator to position their container on the stack).
- The issue of the interoperability of the railway where the branch line from Lichinga meets the main heavy-haul coal line at Cuamba should be addressed.
- The delivery times of more “fit-for-forestry product-purpose” rail wagons to Lichinga should be improved from the current 21 days to 14 days to defray demurrage costs users, notably Green Resources (GR), incur as these delivery times are not linked to the timing of specific shipping lines vessels coming into port or the number of free days provided for the return of empty containers to the port.

- Mandatory tracking devices on trains should be reviewed as the train travels on a fixed line and is continuously moving and stationary trains increase the security risk with respect to theft, tampering and/or contamination of cargo.
- Transit imports and exports to/from Malawi have declined considerably since 2017, from 365,700 tonnes in 2017 to 261,200 tonnes in 2022, with significant reductions in wheat imports because of financing challenges in Malawi and sugar exports. However,
- Key export value-chains in agriculture are seeing significant disinvestment of global and regional business enterprises, such as OLAM, METL and ETG, which is a cause for concern for the livelihoods of smallholder farmers.
- The Port of Nacala in Mozambique has been embroiled in a legal dispute involving two companies, RGL and ETG. This conflict, centered around pigeon peas, has resulted in substantial financial losses and operational disruptions. Major exports companies diverted their agricultural exports to other fields and completely stopped such exports.

APPENDIX 4: NOTES FROM STAKEHOLDER MEETINGS

03.06.2024

Three (3) Meetings

- Trade Mark Africa (TMA), Japanese International Development Cooperation (JICA), African Development Bank (AfDB) and World Bank
- OLAM Mozambique
- USAID Project Resilient Coastal Communities (RCC).

TMA

- TMA started in Moz in 2022 with a small budget of US\$2 million
- Program focusses on digitalization of documents in agriculture & fisheries.
- Phase 1 has been mothballed as funding dried up waiting for new activities to start.
- Also acts as an independent consultant and worked with SPEED on TEEN assessment.
- TEEN (Terminal de Exportação Especial de Nacala) note is available (Graham will distribute to team).

JICA

- Nacala Corridor road program (Lichinga-Mandimba-Cuamba) in Mozambique
- Nacala Corridor a priority to Japan because of Mitsui involvement in original concession
- Regional development (PEDEC) and agricultural (PROSAVANA) strategy (Graham will distribute to team)
- Nacala Port Improvement Project is funded by JICA loan to the GOM (Graham to distribute PPT to team)
- JICA will be commencing with an update of PEDEC with Data Collection Survey due to start in 3Q/2024.

AfDB

- Key initiatives in Mozambique include:
 - Nacala Corridor Road program (Mozambique – 1 section, Malawi -2 sections and Zambia – 1 section)
 - One-Stop-Border-Post (OSBP) at Mandimba (Mozambique) and Chiponde (Malawi) in Niassa province
 - Pemba-Lichinga Development Corridor, including Cuamba Agro-Industrial Park (focus on Soyabean)
 - Focus of agricultural cluster activities is on developing Intermediate Aggregators (ATCs and ACs).

World Bank

- Was not able to join the meeting virtually but since he is based in Pretoria, the Consultant (Graham Smith) will try to follow up with him.
- However, can report that the Southern Africa Trade and Connectivity Project (SATCP) funded by the World Bank includes the following components:

	Component 1 – Reduce Trade Costs	Component 2 – Regional Coordination and Project Implementation	Component 3 – Strengthen Value Chains for Regional Integration	Component 4 – Strengthen Transport Infrastructure to Improve Market Access	Total
All corridors	US\$ 73 mn	US\$ 18 mn	US\$ 10 mn	US\$ 23 mn	US\$ 121 mn
Beira only	US\$ 22 mn	US\$ 9 mn	US\$ 8 mn		US\$ 39 mn
Maputo only	US\$ 10 mn		US\$ 2 mn		US\$ 12 mn
Nacala only	US\$ 15 mn	US\$ 9 mn	US\$ 14 mn	US\$ 167 mn [1]	US\$ 208 mn
Total	US\$ 120 mn	US\$ 36 mn	US\$ 34 mn	US\$ 190 mn	US\$ 380 mn

OLAM

- Global multi-national agricultural commodity trader based out of Singapore with Mozambique presence for 26 years.
- Recently shifted focus from exports (cashew, cotton and sesame) to imports (rice and edible oils) as exports was not profitable.
- Imports now account for 99% of OLAMs business in Mozambique, with focus on adding value, notably in edible oils subsector, where possible
- Re-engaged export of pigeon-pea, previously based on a quota system under agreement between the governments of Mozambique and India
- Recently quota system has been opened up by government, so OLAM has applied for a license to export pigeon pea to Indian for the 2023/2024 season.
- Domestic market for rice is ~600,000 tonnes per annum, of which ~100,000-130,000 tonnes (~20% market share) produced by small-holder farmers.
- OLAM imports ~130,000 tonnes of rice pr annum (~20% market-share), with 40% of total going through Maputo, 30% through Beira and 30% through Nacala ports.
- OLAM imports ~65,000 tonnes of Edible Oils with 50% going through Maputo and 50% through Beira ports as OLAM has refining plants in both Maputo and Beira
- The main countries from which Rice is imported includes India, China, Myanmar, Thailand and Vietnam and from which Edible Oils are imported include Malaysia (Palm Oil) and Argentina (Sunflower Oil)
- OLAM uses the Beira port to service the Zimbabwean market for Rice and Edible Oils and reports that imports (into Mozambique) and transit imports (to Zimbabwe) do not pose major problems for the company.
- OLAM makes use of different freight forwarders and shippers depending on the origin of the Rice and/or Edible Oils, but typically use all the major shipping companies (MSC, CMA-CGM and Maersk), many of whom now have integrated operations from the origin port, shipping, freight forwarding and transport services, with port clearance typically taking 3 days.
- OLAM is the 2nd highest payer of import duties in Mozambique, after Vulcan Resources who own and operate the Coal Mine-Rail-Port Concession on the Nacala Corridor, and at the moment given the fiscal pressures on the Government, OLAM has been accused of under-invoicing but then many other companies have too
- Since attacks started on ships plying the Suez Canal route freight rates and transit times have jumped significantly, with transit times doubling from 20 to 40 days and freight rates rising from US\$ 1,200/TEU to US\$ 4,000/TEU from Vietnam is just over a month.
- Internal transport within Mozambique is high, for example the cost of transporting a TEU from Maputo to Beira is ~US\$2,500/TEU and from Maputo to Nampula is ~US\$ 5,000/TEU (for a 30-tonne truck) compared to the cost of shipping a container from Vietnam at ~US\$1,200 (before the recent price spike), so Cabotage should be considered an option for internal movements.
- Cabotage service is operated by MANICA (need to check this in interview in Nacala) but there does not seem to be much uptake in the service despite the best effort of the government to promote this mode of transport.

USAID RCC Project

Large and complex program covering 750km of coastline from Pebane in Zambezia to Mecufi in Cabo Delgado.

- Includes Institutional, Economic, Social and Environmental components with an emphasis on Women and Youth
- The most relevant component for this assignment is probably the economic, notably the livelihoods sub-program builds around Community Fishing Councils (make up of ~1,000 fishers each)
- In-shore fishery is extensively overfished so the Livelihoods Sub-Program is designed to find alternatives to fishing, as many fishers are also small-holder farmers, with a focus on coconut, cashew nut, shrimp, tilapia and seaweed.
- Fishing and Seaweed the most prospective, with discussions underway to develop linkages between established companies and small-holder producers as well as to strengthen market access for these firms to expand existing and find new markets using an Innovation Fund

- Noted that cashew was initially considered prospective but the Government is promoting value-addition, and has proposed maximum prices for mandatory sale of local product by local producers to local processors, which acts as a disincentive to local cashew farmers, who are facing higher cost pressures because they have to absorb higher costs of sulphur, following the removal of government subsidies, that is used to dust the cashew trees to address powdery mildew disease
- There is a perception in areas where RCC works that the port of Nacala and indeed, the Nacala Corridor, is somewhat disconnected from their lives, as communities along the coastline don't see the benefits of mega-projects.
- Key infrastructure improvements that would significantly support the program would be upgrading the 200 km road from Mocuba to Pebane, which has been impacted by climate events that is compromising accessibility and transability to coastal communities.

04.06.2024

Five (5) Meetings

- Ministry of Transport and Communications (MTC)
- PETROMOC
- Instituto Ferroportuário de Moçambique (IFEPOM)
- Standard Bank Mozambique
- Irish Aid

Ministry of Transport and Communications

- **Minister's key comments following presentation were as follows:**
 - Why more studies? Need to focus on implementation if we are to make progress on enhancing the competitiveness of Nacala Corridor
 - Institutional arrangements for implementation of integrated corridor development remains a challenge in Mozambique.
 - Options for the gradual development of a Corridor Management Institution (CMI) for the Nacala Corridor to be explored
 - A CMI could play a leading role in the integration of the transport and logistics supply-chain port, rail, road and terminals
 - Need to have a good understanding of the competitive position of Nacala (and Beira) Corridors in the SADC region
 - US\$ 45 million left from JICA loan – target to refurbish General Cargo and Terminal and enhance Climate Resilience
 - Major push on Lobito Corridor with MOU signed between US, EU, AfDB, AFC, Angola, DRC and Zambia
 - Dar es Salaam and Durban will not provide the capacity for the needs of landlocked countries in the region
 - Concern that Malawi's market size and performance will be insufficient to support investment in Nacala port
 - Focus on agro-processing, which reflects AfDB investment in the Cuamba Agro-Processing Zone
 - Build Nacala as logistics hub (see Rwanda experience) linked to Blue Economy and Transshipment
 - US\$ 380 million WB-SATCP is a good program but needs to speed up implementation activities
 - GOM to concession Nacala Port in next 2-3 months as PPP has been a good model for country
 - GoM recent economic reforms (PAE) have made it easier "to do business" in Mozambique
 - GoM in final negotiations with concessionaire for Ressano Garcia border (on Maputo Corridor)
 - GoM considering options to leverage current investment in Nacala Airport to include:
 - Incentivise the use of the Nacala Airport as preferred hub in northern Mozambique
 - 140km passenger train from Nacala to Nampula to strengthen inter-city movement
 - GOM remains committed to the idea of a North-South Railway to integrate national rail system
- Permanent Secretary highlighted the following on the implementation of the Tripartite Agreement on the Nacala Corridor:
 - At the unveiling ceremony of the Nacala port in 2023 the Presidents of Malawi, Mozambique and Zambia signed an updated Agreement

- A field-trip of high-level officials from the three countries will be travelling along the length of the corridor in the next two-weeks to conduct an assessment of the bottlenecks.

PETROMOC

Maputo Headquarters

- Petromoc is a government owned fuel importer and distribution company
- 45,000 cubic meters capacity for different fuel products in the port of Nacala
- Company has invested in the NOCMA terminal in Lilongwe Malawi to increase capacity.
- Expectations are to increase fuel imports from 10% to 40% of Malawi's requirements in the short-term
- Coordinated allocated of rail wagons and loading capacity at Nacala port for railway to handle increased traffic.
- Main problem at the port is the potential risk of landslides in the port precinct during heavy downpours which disrupts port operations.
- Another problem is that accessing fuel storage facilities in Lichinga is no longer possible because of encroachment in the railway reserve, so the railway stops at a the new CDN terminus.

Nacala Depot Visit

- **Confirmed structure of supply-chain to depot was as follows:**
 - Ship offloads at Nacala port fuel terminal into PETROMOC port storage facility.
 - Petromoc and large customers come to port storage facility to pick up consignments.
 - Petromoc Nampula offload consignment in Nampula depot and distribute fuel from there.
 - Petromoc has similar facilities in Cuamba and Lichinga which function in the same manner.
 - Confirmed that tankers are not scanned but pay Kudumba and have seals for transit cargo.

IFEPOM

- IFEPOM established to create an independent regulator for ports and railway in Mozambique.
- Created at the same time as INTRANSMAR as an independent regulator for Maritime Shipping
- Work on the Port Law and Railway Law is underway but current focus is on establishing IFEPOM.
- Organogram for IFEPOM is in three silos Port, Rail and Planning & Studies for Port and Rail Sectors
- Focuses on technical (standards for infrastructure, equipment, operations, safety etc) and economic (guidelines for port tariffs, licensing of operators etc) and levies fees for issuance of licenses, certificates, permits etc
- Has a good relationship with CFM, the state-owned port and railway operator who have had to apply for licenses to operate each port and railway in Mozambique.

Standard Bank

- CBM now requires Commercial Banks to have deposits that amount to 40% of total loans (coverage ratio of 40%) and GOM stopped funding fuel imports, a gap that had to be bridged by Commercial Banks, which led to a forex liquidity problem that has since eased from a shortfall of US\$ 450 million to US\$ 250 million
- In a run-up to the election the GOM increased public sector salaries leading to a situation where 70% of the budget was being allocated to personnel that has seen an increase in credit growth that has been channeled into construction and vehicles, which has fueled inflation, but interest rates have not yet adjusted making it unattractive to investors in government bonds because the yields are too low.
- Growth is now dependent on the extractive industries because of a contraction on the non-extractive sectors, but LNG income stream has been delayed because of the ISIS insurgency.
- GOM has initiated some key economic reforms (PAE) with some positive impacts like the new visa scheme but removing VAT from key staples (e.g. cooking oil, flour and sugar) provided short-term relief but has reduced much needed government revenue.
- Standard Bank is keen for Mozambique to leverage the potential of the AfCFTA and trade with large markets such as the US, but acknowledges building up the productive base in sectors, such as agriculture, where the majority still derive their principal livelihoods is paramount.
- Standard Bank has worked on the integrated Mine-Rail-Port concession project that has resulted in significant advances in the development of the Nacala Corridor as a viable trade and transport option for

the wider region and has also been very active in the Sasol Secunda Gas Pipeline project, so has plenty of experience in the natural gas sub-sector.

- Standard Bank would like to see the development of a National Transport Master Plan for Mozambique and, in particular, leveraging its position on the Eastern Seaboard of Southern Africa to become a leading logistics player in the region.

Irish Aid

- Focus was on Niassa province because of Ireland long term commitment to the province, where its involvement started back in 1996.
- Main focus over the years has been in Health, Education, Social Protection and Agricultural Livelihoods in Niassa (and Inhambane) and the Revenue Authority, Public Financial Management (PFM), Electoral Systems and Monitoring at the national level.
- Niassa main problem is its isolation with focus on improving infrastructure, particularly the road network, but this has improved considerably in recent years with key roads from Lichinga to the border with Cabo Delgado province and from Lichinga to Cuamba and onto Nampula and Nacala, with improvements linking Niassa to Alto Zambesia through an upgraded road from Cuamba to Gurué
- Forestry and agriculture, notably tobacco, cotton, macadamia, pigeon-pea and soya being targeted commercial cash-crops and fisheries, poultry, legumes, sweet potatoes and potatoes being targeted to enhance livelihoods, with the main agriculture centre being Cuamba, which has seen proposals like the AfDB funded Agro-Processing Industrial Cluster now coming to the fore.
- Was particular bullish about pigeon pea exports, which were until recently managed through a quota system linked to a fixed license system that has since opened up to include an additional ~40 new licenses, but this triggered court action as key players who had invested in the value-chain were being pushed out of the market, which has created significant uncertainty that is destroying the market.
- Irish Aid has partnered with international agencies to provide a better enabling environment for these targeted value-chains to support smallholder farmers, such as CGIAR headquartered in Peru (potatoes) and SEMET headquartered in Mexico (wheat)
- ISIS insurgency in Niassa appears to being held back because of good collaboration with enforcement agencies, including wardens in the Niassa GR who use drone and tracking technology to monitor the movement of large mammals, so can pick up out-of-the ordinary behaviour that can flag up disturbances caused by infiltration of insurgents from Tanzania.
- New FREMLIMO Presidential candidate is well known to the Embassy of Ireland as he was previously the Governor of Inhambane province and Irish Aid view him as a pragmatist who is focused on achieving developmental outcomes.
- At the provincial level there is talk about deepening decentralisation by removing the Secretary of State at the provincial level who is appointed by the President, which would leave elected Governors to run provinces without undue interference from the centre.

05.06.2024

One (1) Meeting

1. Mar Azul Import Export Lda.

Mar Azul Import Export Lda

Summary Export Process:

- Tax Certificate (NUIT)
- Export License (ALVARA)
- Engage a Custom Broker
- Customs Broker clears exports
- Request a container from shipping line
- Locate and collect empty container from shipper
- Obtain permission to pack container outside TEEN

- Pack the container and take it to TEEN for inspection
- Customs inspects contents of container and closes seal
- Return container and wait for stack-opening date to be called
- Submit Bill of Lading and Authorisation to Export and Pay Port Dues
- Book slot with Port Operator and wait for call to proceed to scanner
- Load container and proceed to Kudumba for non-intrusive inspection scan
- NII complete, including payment of fees, and wait in truck 'pre-waiting' zone
- Receive call from operator to proceed to gate to drop off container at the stack

Average container dwell time for exports once it enters the port is 3-4 days with new TOS in place

Summary Import Process:

- Customs Broker appointed by cargo owner (or nominated appointee)
- Shipping line presents manifest through single window and receives a 'Contramarker' number
- Must be accompanied by a copy of the BOL, relevant invoices etc stamped by the shipping line
- Freight forwarding agent need to pay all fees due to shipping line before the BOL can be stamped
- Stamped BOL accompanied by a Delivery Order from the Customs Broker into the single window
- Customs verifies what duties need to be paid, using reference prices for Cost, Insurance and Freight
- Central Bank validates the source of funds used to pay for the consignment and import duties are paid
- Customs Broker gets the green light to import and informs the freight forwarder the container is en route and has been assigned to a stack in the port
- Container is offloaded to the allocated stack and a release order is obtained once all demurrage charges, if applicable, are paid (up to the date by which empty container needs to be returned)
- Truck called to pick up container and proceeds to 'pre-waiting' area until called into the port by the operator to the designated stack to pick up the container and proceed to Kudumba for scanning
- NII complete, including payment of fees, and proceed into the port (all containers are checked by the scanning process) and taken to the designated stack to await loading onto the incoming vessel.

Costs include the following:

- Kudumba Scanning = Imports US\$ 107,50, Exports US\$ 50, Transit US\$ 25 and US\$7,50 import surcharge if it has to go back into the port
- Electronic Seal (applied at start terminal and removed at border) = US\$ 48,00 for 20 ft and US\$60 40ft and Break-Bulk consignment (on rail seal is often not attached to container as 2X20 ft on the wagon are back-to-back so cannot access the container door)
- Single Window = McNet varies on a sliding scale from US\$21-64/TEU for exports and 0,85% of the value for imports. Preference would be for a shift to removing percentage charging and pay in local MZM currency
- TEEN (Special Export Terminal) = MZM 7,200 for 20ft; MZM 14,200 for 40ft and Break-Bulk MZM 10,000 per load for Customs inspection
- Pigeon Pea exports = US\$ 5 per tonne charged by ICM (Grains Institute of Mozambique) to check consignment started two year ago (Customs issues the export license and ICM the export certificate)

Free Days before charging demurrage:

- **TEEN = 3 days**
- **Port Imports = 7 days**
- **Port Exports = 18 days**

Other issues:

- Various Boards (Forestry, Grains, Cashew etc) determine how much value-addition is needed in exports before they can leave the country.
- Rail used to have a problem with theft but the new concessionaire has made significant improvement in the railway operations.

- Shipping Lines, Freight Forwarders and Customs Brokers not organized as they have been in the past (e.g. ASSANTROP in Nacala) but there is no unity anymore, with new ‘fly-by-night’ briefcase entities coming into the business.
- Need additional ICDs, included with Bonded Warehouses like in Beira. Only TEEN, Transcargo (for Fertilizer) and Port are designated as Bonded Warehouses
- Many companies (TEEN, ECOPARK, Grindrod, AGL, Royal Group, Bakhresa, ETG, OLAM etc) have container yards but only TEEN is certificated as a bonded warehouse.
- With the deterioration in the National Road 1 cabotage services have improved with COSCO providing two vessels to ply the coast in Mozambique, but this service has also received the attention of Customs who insist on checking vessels, which undermines the efficacy of the service.

06.06.2024

Three (3) Meetings

- **Portos e Caminhos de Ferro de Moçambique (CFM)**
- **Bakhresa**
- **Manica**

CFM – Port of Nacala

- CFM recently took over the running of the port when the concession of the previous concessionaire ended and has a management contract for stevedoring services with a private company Terminais do Norte (TdN) and port equipment operations with another private company Portos do Norte (PdN)
- Port recently rehabilitated with a ~US\$ 300 million port improvement program (see brochure – capacity of 250,000 TEU – currently operating at 40% so has significant capacity to receive new cargoes)
- Nacala Port Improvement Project was inaugurated on the 7th of October 2023, following which CFM has made further investments in 4 grabs and 4 hoppers to handle grains, fertilizer and clinker.
- CFM has installed NAVIS OCOTOPI Terminal Operating System (TOS), which is also used by the Container Terminal Concessionaire, Cornelder in the Beira port, which has significantly improved efficiencies in port processes amongst Port Community stakeholders.
- Would like to integrate the Nacala Port TOS with the Single Electronic Window (SEW) operated by McNet on behalf of Customs, and have plans to achieve this by September 2024
- The new TOS has enabled Electronic Data Interchange (EDI) to be mainstreamed amongst Port Community stakeholders, which has improved overall port performance.
- Acknowledged that IFEPOM is essential to regulate the sector in a more holistic manner but indicated that it is still in the process of being established.
- Also confirmed understanding that the port is to be concessioned, but that process lies with Government and is being led by the Minister.

Bakhresa

- Bakhresa’s main business is the importation of wheat to manufacture wheat bran (for animal feed) and wheat flour (for human consumption). Bakhresa imports approx. 13,000-17,000 tons per month (150-000,200,000 tpa), of which 60-70% if for the domestic (northern Mozambique) and 30-40% is for transit (Malawi)
- Today shipments to Malawi are done by rail because it is cheaper, faster, and more reliable, unless there is a problem with the railway. The new concessionaire Vulcan has streamlined operations and trimmed costs is ~US\$ 55-60/ton for 40t wagon, with T/O time 36-48 hours and ~US\$ 75-80/tonne for a 30t truck (no T/O time presented)
- Bakhresa’s trucking fleet is ~75 strong, which is used for the domestic market but can be deployed to transport grain to Malawi, if there is a problem with the railway. No serious Non-Trade Barriers (NTBs) on the road mentioned, except that there was a flooding event near the Milanje-Muloza border that affected operations there and caused delays for a while.

- Bakhresa's port manager has been in Nacala for a long-time, so the import processes present no problems. Typical size of consignment discharged at the port are 6,000-7,000 tonnes at a time as the 10,000-15,000 MT load is shared between Nacala and Beira
- Bakhresa has qualified for the Authorised Economic Operator (AEO) scheme which has improved importation of grain into the country.

Manica

- Nacala Port Improvement Project has made a big difference.
- Used to have a backlog of containers to containers destined for Malawi.
- Need to attract the customers lost back to the Nacala Corridor system.
- Problem with the south quay in the port and it is need of urgent rehabilitation.
- Need to harmonise road and rail, particularly the vested interest in the road sector.
- Pigeon pea export market has been detrimentally impacted by the ETG/Royal Group conflict.
- TEEN is unique and needs to be addressed because of the additional costs layered into the system.
- Big investment in railway and port (1mtpa per month) and the T/O times are good but no volumes.
- Costs are double on Beira Corridor (NAC-BLZ US\$62.50 per tonne by rail but BEI-BLZ US\$100 per tonne)
- Costs US\$1,900 (>25t TEU) NAC-BLZ by rail, which is the cheapest import option to Malawi (see TMA 2021 study)
- Cabotage service has picked up because of the condition of the EN1 is very poor and when it improves it will revert.
- Pigeon Pea impasse has knock on effects to other crops e.g. mung bean, which has affected Manica - 150,000 tonnes on (7 vessels) year in 2022 but only 30,000 tonnes (1 vessel) in 2023.
- August to December is the Pigeon Pea season so unless the impasse is resolved soon the 2024/25 season may also be significantly impacted to the detriment of smallholder farmers.
- After the GOM repealed the mandatory use of TEEN in 2017 the GOM indicated that only do Customs at a bonded area i.e. at the Port and TEEN
- Double payment of weighbridge and scanning costs at TEEN and Port, which has raised the costs of exports in northern Mozambique.
- Handling costs has meant that Mozambique has lost the importation of 2nd hand cars to Dar es Salaam, which does not have these range of handling costs.
- US\$ 60 per truck/wagon and US\$ 40 per container for the electronic seal and must post a bond, often not released quickly due to poor internet connectivity.
- Manica is the agent for bulk cargo, including coal (Vulcan) so can maintain competitiveness on the back of their bulk customers, as they don't have a liner service in Nacala port.
- Scanning is there to reduce smuggling, which is of interest to the GOM, but business community must pay these costs, which is considered unfair, unnecessary and raises trade costs.
- Manica proposed that all the authorities involved in the import and export process should be housed in a single building as that would make it easier to process imports and exports.
- CBP team shared how the process works in US seaports – all cargo scanned, problematic cargo flagged, reviewed through preferred trader programs and finally a detailed physical inspection.
- These issues have been raised for many issues so how do you get them addressed – vested interests continue to play a major role is why these issues are not addressed e.g. TEEN is a good example.

07.06.2024

Four (4) Meetings

- Autoridade Tributária (AT) - Terminal Especial de Exportação de Nacala (TEEN)
- Kudumba
- Nacala Logistics
- Africa Global Logistics

AT-TEEN

Meeting note augmented by information captured in previous 2017 interview.

TEEN was originally established in 2010 and began operations in 2011 to deal with two key issues. The first related was the need to ensure that ‘sensitive cargoes’, notably hardwood forestry, cashew nut, fishery, and gemstone exports, which are subject to specific export regulations, were not smuggled out of the country. The second related to the need to address concerns about congestion at the port.

As a result, it became an important institution to ensure regulatory and operational efficiency of the export process. In 2012 it became mandatory for all road-based exports from Mozambique to be processed at this facility, but this was changed in 2017 when a Service Order from the Ministry of Economy and Finance (MEF) when it was no longer mandatory to use TEEN. Rail-based cargoes were exempt from this requirement because cargo moving on rail was either transit cargo to/from Malawi/Zambia or was not considered to carry ‘sensitive’ cargo. However, this Service Order is irrelevant because of a requirement for all exports to be processed through a bonded facility. There are only three bonded facilities in Nacala, the first is the port of Nacala, the second in TEEN and the third is the Transcargo facility, which focuses on bulk cargoes, notably fertilizer imports. Container stuffing and de-stuffing is not an operation conducted in the port, so the only facility available is TEEN. Hence, the practice continues whereby exporters without storage and equipment continue to use TEEN and those who do request the TEEN Customs team to their yards to conduct physical inspections.

- The terminal is managed by a private company (NCL), which has a concession to operate the terminal. The basic services provided by the terminal include storage, inspection, and document processing. However, what makes the terminal special is that it has a dedicated Autoridade Tributária (AT) Team to handle the export process, which is summarised below:
- Expression of interest to export is sent by the Clearing and Forwarding Agent (CFA) to the Director of the Autoridade Tributária (AT)
- The Director sends request to Intelligence who provides recommendations to the Director.
- The Director reviews recommendations, decide and submits to the AT Team stationed at the terminal.
- The AT Terminal Head receives the responsible CFA who then conduct a physical inspection of the container stuffing process with a Multi-Stakeholder Team (MST), comprising representatives from Intelligence, Police, Customs, Natural Resources; Health (Phyto-Sanitary), Agriculture, Forestry, Fisheries etc.
- If compliant, payment is made by the Agent to TEEN (7,800MT for a TEU and 14,400MT for a FEU) and container is sealed, ready for dispatch to the port.
- The MST compiles a report on inspection process and releases the container for pick-up.
- CFA then inserts cargo manifest into the Janela Unica (Single Window System) and pays the Janela Unica fees, whereupon the cargo manifest is verified by Customs who issue a contra marker (a unique code to identify and track the cargo) to the CFA.
- Transporter then picks up the container and proceeds to the KUDUMBA station outside the port for mandatory scanning.
- Once KUDUMBA fees are paid by the CFA the transporter is issued a permit to enter the port, where and the container is offloaded at the assigned stack ready to be loaded onto the vessel.
- When the vessel arrives, the container is loaded by PN within a 24–36-hour period.
 - The time it takes to conclude this process depends on the type of cargo (i.e. is it classified as sensitive) and/or the quality of the documentation submitted by the CFA. Data on exports by client cannot be supplied because that is confidential, but AT can provide macro-level data that summarizes the categories of exports that have passed through the terminal.
 - Process is clear – Single Electronic Window (SEW) is the pivot for all customs processing with links from port to customs.
 - Despachantes submit declaration into the SEW (Janela Unica) for verification (physical and non-intrusive inspection, which is the Kudumba process). If NO-GO, then process stops and is subject to physical inspection.
 - There is a modality to deal with problem containers, e.g. if 5th container is a problem the previous 4 are released.
 - Customs process should be cleared in a period of 24h but there is often a requirement for other sectors to get involved, notably Agriculture, that may hold up the process.
 - Clearance times for transit traffic to various borders is as follows, but need to confirm this with AT:

- Mandimba = 72 hours
- Milanje = 72 hours
- If a truck has a breakdown it needs to be reported to the nearest police station to avoid fine of MT 5,000 (need to check with AT) for late arrival at the border
- There is no limit to transit Mozambique for rail transport.

Kudumba

- Kudumba Lda started in Mozambique in 2006 and has a 20-year Build Operate Transfer (BOT) concession to operate the port scanners in Mozambique - Maputo, Beira, Nacala and covers all other ports and borders.
- Kudumba provides the image and to do this need to identify the sites, procures, installs, and maintains a scanning services. Customs decides what is scanned and inspected and the regulation can change Cited the example of Grindrod who began exporting Graphite from Nacala in 2018 were initially exempt from having to go through TEEN and Kudumba but that has since changed and all graphite is now subject to physical inspection and NII scanning.
- All trucks, rail wagons, containers are scanned but not inspected – the image is sent to customs who then decides which to inspect, typically ~20% and empty trucks and containers are not scanned or charged.
- Scanning charges have not changed since inception in 2006/7 with revenue growth being driven by volume growth (fees shown in table overleaf)
- The time taken for scanning is only a few minutes but there is often a queue for both the scanner and the weighbridge, which in turn can cause port access congestion for trucks.
- The scanner operates 24/7, the same as the port operations – note that Kudumba has nothing to do with TEEN but acknowledged that the process was unique in Nacala and was pleased with Service Order in 2017 that removed the obligatory use of the facility.
- The main constraint for the railway is that the wagons must be uncoupled to be scanned, causing delays. There was a proposal to install a ‘weigh-in-motion’ rail weighbridge at Niamalo about 100km from Nacala (near the site of the CDN sleeper factory), but this has not yet been implemented.

Customs Regime	Cargo Type/ Activity	Goods /Commodity	Charge in US\$
Import	Container	Full containers	100
		Empty containers	7.50
	Bulk	General cargo in break-bulk and bulk, including liquid bulk: rice, maize, wheat, vegetable etc.	1.70
		Minerals: fertilizer, cement, clinker, alumina etc.	0.90
		Magnetite mineral	0.25
		Other cargo: fish, beans	0.90
	LCL	Uplift using vehicle of up to 5 tons	15
		Uplift using vehicle between 5-15 tons	50
		Uplift using vehicle of over 15 tons	100
	Vehicle	New vehicles	50
		Used vehicles	30
Parking	Delay fee	24	
Export	Container	Full containers	50
		Empty containers	10
	Bulk	General cargo in break-bulk and bulk, including liquid bulk	0.75
		Minerals in general	0.40
		Used metals (scrap)	1.90
		Others	1.90
Bulk or break-bulk sugar	0.62		

		Citrus	0.75
		Cereals	0.75
	Parking	Delay fee	24
Transit	Container	Full containers	25
		Empty containers	10
	Bulk	General cargo in break-bulk and bulk, including liquid bulk	0.75
		Minerals in general iron or zinc rolls, ferrochrome, iron ore	0.75
		Coal and magnetite	0.20
		Others: fruit, wood chemical composite	0.90
		Sugar	0.75
		Steel	0.60
	Vehicles	vehicles	5
	Parking	Delay fee	24

Nacala Logistics

Market trends: Shared TMA study results and requested freight profile for Mozambique and Malawi cargo.

- Bounce back in 2023 to 560,00 tpa general freight in 2023 (except fuel to the Moatize mine) from 255,000 in 2022
- Increase primarily from fuel movements of 14,000,000 litres (~140,0000 tpa) to Malawi (and Moatize Mine)
- Company looking to increase fuel volumes to Cuamba and Lichinga by deploying tank containers (tank-tainers), which can then be loaded onto trucks for onward shipment to customer depots
- Almost all container traffic to Malawi (95%) is moving by rail but container traffic to Mozambique is moved by road
- Transit times on rail have been reduced to between 36-48 hours, with two trains departing daily from Nacala to various destinations on the corridor
- Investing a lot in our marketing to capitalize with more clients in Mozambique and Malawi, with a present focus on linking cargo to passenger trains
- Average general freight train size is 30-35 wagons (40t per train = 1,200-1,400tpt equal to between 40-25 truck movements)
- Longest general freight train to Malawi has been 70 wagons, comprising of fuel, container, break-bulk cargoes – min loaded weight 40t and max loaded weight 63t
- Recent new cargoes from Lichinga market-shed is from Green Resources sawn timber - 20 FEUS/month (40ft - wagon 3t, container 2t, load 20t) by using low tariffs to attract cargo
- Cost to import by rail to Malawi is US\$62,50/tonne (need to get rates for exports and inbound and outbound rates for Lichinga)
- Main bulk cargo movements include fertilizer (to Liwonde) and clinker and gypsum (to Blantyre) in Malawi
- Mandatory passenger services – 4 trains per week with a train of 22 coaches to Nacala-Nampula (5-6h) - Nampula-Cuamba (8h) - Cuamba-Lichinga (7h)
- Passenger services from Blantyre-Nayuchi (border with Mozambique) have stopped because of conflicts with the coal train schedule at Nayuchi
- For passenger services company is trying to break even by attach to some 6-7 wagons (40t per wagon = 240-280 tons per train)
- Coal exports are expected to surpass 17mtpa, which will be a new record for the heavy-haul coal railway
- Confirmed that sealing of only in Mozambique territory and not in Malawi and questions whether seals are necessary for the railway, as the train is constantly moving on a single track
- Beira port management is more professional than Nacala, with intermodal operations between port and rail with some room for improvement (didn't specify what those were)
- Do have regular meetings with Customs on clearance processes and there is a good relationship with AT, Customs and the Port Authority
- Confirmed that upgrade of Kanengo – Blantyre section (US\$5,4 million) has been completed and Kanengo – Chipata section (US\$ unknown) is underway

Africa Global Logistics (AGL)

Meeting was only 30 minutes because it has been postponed from the morning due to a clash of meetings. Key points made included:

- Following the Bollore (now rebranded as AGL) buyout by MSC the relationship is good with MSC focusing on shipping side of the business
- Port improvements and TOS operationalisation have made a big difference with no real problems with customs processes reported
- Integration of the TOS (Port Operations) and Janela Unica(Customs) systems is a process AGL strongly supports
- Agri-cereals – wheat imports, pigeon pea, cashew, macadamia nuts exports are the main agricultural products
- Customs processes are not fully integrated with Ministry of Health and Agriculture not yet in the system
- Through Bill-Of-Lading (TBOL) contracts are now commonplace and more attractive for Malawi customers

- Train derailments, when they happen, can affected many transit containers in the port, which has to shift to road

10.06.2024

Four (4) Meetings

- Provincial Representative Office for MTC, MOPHRH and MIREM
- CEP Nampula (Business Association)
- Mohamed Enterprises Limited Tanzania (METL), Mozambique Fertilizer/Transcargos and Export Trading Group (ETG) combined meeting
- Petromoc Nampula Depot
- USAID Funded RCC, RESTSINA and
-

**Secretary of State for Ministries (MTC-MOPHRH-MIREM) in Nampula
Transport and Communications (MTC), Public Works, Housing and Water Resources (MOPHRH) and Energy and Mineral Resources (MIREM)**

- Two parts of provincial government
 - Secretary of State
 - Governor’s Office
- Lost trucking companies to Beira during port improvement
- Finalised improvements in Nacala port we are looking to bring them back
- Only outstanding issue at the port is the access road and to strengthen climate resilience
- Trucking companies attracted back by prospect for mineral resources in Zambezia province
- Trying to stabilize the situation further by extending the scope of the JU operated by McNet
- Smuggling from Zimbabwe (Minerals) and Malawi (Food Crops and Poultry) is being addressed
- Maize, beans, sesame and pigeon peas are the main exports from Zambezia, Niassa and Nampula
- Pigeon pea quota conflict has impacted on this year’s harvest, with the buying season being very short
- Pigeon pea legal case has been resolved (need to get details from the ETG Nampula meeting in the afternoon)
- On N12 two 15km sections in Malema and Cuamba districts are not complete (Contractor Gabriel Couto went bankrupt), but are out to tender now
- Nampula to Ligonha section is also reportedly currently in poor condition but this is being improved at the moment
- 80% dedicated to coal and 20% dedicated for general freight, but production is too low to use all this capacity on the railway
- There are six (or eight) fixed points – Nacala, Nampula X2, Ligonha, Namaka and Mocuba as well as some mobile units
- Traffic Police, Customs, Agriculture, Health, Mineral Resources at check points – vehicle license, validate cargo, review agriculture certificates and so forth
- One a month there is a meeting between the key institutions, including the private sector, to coordinate development efforts at national and provincial level
- Rely on the information provided by TEEN and it is not their mandate to get involved in Customs matters but the office thinks that TEEN is getting good results
- Allocation of transport contracts to Maputo based companies rather than Nampula based companies happens, but this is the outcome of a competitive bidding process
- Overloading remains a problem along the Nacala Corridor, often because there is no scales when the truck is loaded – weigh bridges are located at Namialo, Ligonha and Nacala on N12 and Mandimba on N13.

CEP Nampula (Business Association)

Key problems highlighted include:

- Feeder roads in rural areas serving agricultural areas of province are in a poor state
- North-south national road network linking country have deteriorated significantly
- A cabotage service would provide another option to access north of country

- Many studies, e.g. PEDEC/PROSAVANNA but not much change on ground
- Too dependent on minerals to drive growth but agriculture should be more
- Many check points along the way reflects the bureaucracy in the system
- Many agencies located at fixed check-points creating delays in process
- Mobile units are especially problematic, as they pop-up anywhere
- Check-points set-up in a way to encourage rent-seeking activity
- Different agencies set up in different locations to extract rents
- Documentation is onerous and raises costs to local businesses
- National agencies are speaking out but no real change locally
- Example of Nacala-Blantyre route much easier in Malawi
- Development potentials of the Nacala Corridor are high
- Potential of corridor is being eroded by bureaucracy
- Port of Nacala staff additional training in:
 - Improving trade and transit facilitation processes vis-à-vis documentation
 - Reducing red-tape in the port environment to reduce corruption levels
 - Communicating with corridor users on what is needed at check-points
 - Deepening the Customs JU and integration of JU and TOS processes
 - Accelerating the implementation of getting these processes online
- Even when you have documentation in place Customs shifts the goal posts which results in unforeseen costs being paid
- Problem with TEEN are the delays in the time it takes Customs to clear cargo, which takes longer than the three day free-window period, so customer ends up paying more
- Infrastructure at port is very good but the port processes are not competitive in terms of time it takes to clear goods and the costs associated with the clearing of goods through TEEN and the port.
- Loading and off-loading processes are very slow when compared to other ports in the region (e.g. Durban, Dar es Salaam and even Beira) – need to check this with the World Bank Port Competitiveness Report 2024, which has just been published.

METL / ETG and Mozambique Fertilizer (Transcargo)

Only METL arrived

- Mohamed Enterprises Tanzania Limited (METL) started in 1980's
- Arrive in Mozambique in 2006 = Nova TexMocque – school uniforms and capulanas
- Expanded in 2010 = Maize Milling, with 7000-8000tpa but capacity higher at 13,600tpa
- Competition has increased in the market, increased from 4 to 16 companies since 2006
- METL has a contract with CDM to supply raw material to the Impala Maize Beer brand
- Expanded in 2015 to cashew nut processing but has stopped because it is not profitable
- Imports of agro-machines, rice (Indian, Pakistan and Thailand) and raw materials for plant
- Use to export pigeon pea, mung bean, cashew sisal and sesame but only small quantities now
- ETG has an extensive outreach network but METAL use maize farmers to access pigeon peas
- Volumes exports in the past included pigeon pea (2000), mung bean (500-600) and sisal (100-1500) tpa
- Moved out of exports as margins collapsed due to increase in competition, often quasi-illegal operators
- Will be re-engaging the pigeon peas market because the quota system has been reformed (bid for quotas)
- Pigeon pea production in corridor catchment is 120,000 tpa (Zambezi, Niassa, Nampula & Cabo Delgado)
- TEEN also added high costs plus a number of other logistics challenges (did not specify) the company faces
- Focus is now to bring in imports from India and China to Nacala port and distribute by road to the main market in Nampula
- Often frequent changes in policy vis-à-vis the documentation process for the customs clearance process, so the process is unstable
- Costs to import are higher through the Nacala port than the Beira port because port is more efficient but also Customs are more consistent
- Increase in import duty on rice to 20% from 7,5% is on the cards, and whilst this only speculation it will impact on the profitability of rice imports and may lead to shortages

- Agricultural exports have been in decline over the past two years, in part, because of a poor policy environment, but also in part due to a deterioration of market conditions.

Petromoc Nampula Depot

See insert on 04.06.2024

USAID Funded Projects

- **Resilient Coastal Communities (RCC) 2022-2027**

Resilient Coastal Communities (RCC) is a 4.5-year, \$25M activity that focuses on a subset of the coastal region south of Pemba and north of Maganja da Costa. The RCC activity will blend USAID Agriculture, Biodiversity, and Climate Change resources to improve the resilience of coastal communities where rich, yet fragile land and marine ecosystems are at risk of climatic shocks and human-inflicted degradation. The activity will create high-quality, effective partnerships to pilot new and innovative ways to improve the resilience of coastal communities. Working with the public and private sector, civil society, and religious stakeholders, this activity will develop and pilot projects that will create a significant number of jobs and sustainable economic opportunities for youth and women, while positively impacting the long-term health and productivity of critical ecosystems, particularly the extraordinarily diverse marine ecosystems that are vital to food security.

- **Resilience Integrated Nutrition and Agriculture (RESINA) 2022-2027**

The Feed the Future Mozambique Resiliência Integrada na Nutrição e Agricultura Activity (FTF RESINA) is a five year \$29.5M integrated agriculture, WASH (Water, Sanitation and Hygiene) and nutrition activity aimed to strengthen the ability of communities and systems to absorb, adapt to, and transform to the frequent shocks and stressors they face. Located in the Resilience Focus Zone (RFZ) of Zambezia and Nampula, RESINA will focus on diversified and climate-smart agriculture production, increased access to clean water through multi-use water systems, and improved nutrition outcomes for women and children under 2 years of age. The word RESINA in Portuguese means resin, the substance produced by plants to protect them from insects and pathogens. As resin increases resilience of plants, RESINA is designed to increase resilience of smallholder farmers and rural households in selected districts of Zambezia and Nampula provinces.

- **Promoting Innovative and Resilient Agriculture Market Systems (PREMIER)**

The Feed The Future Mozambique Promoting Innovative and Resilient Agriculture Market Systems (PREMIER) activity is a five-year \$25.5M activity that will promote inclusive and resilient agriculture-led growth along the Nacala corridor of northern Mozambique. It supports the goals and objectives of Feed the Future to reduce poverty, fight hunger, increase smallholder incomes, and improve nutrition. This activity focuses on applying a market systems approach that will incentivize responsible private sector investment, improve access to finance, enhance risk mitigation management, and expand employment and entrepreneurship opportunities, particularly for youth and women. The goal is to achieve transformational results by targeting small and medium sized agribusinesses, and smallholder commercial farmers. The activity will use multiple pathways to stimulate agricultural growth, working with private sector market system/food system actors of all sizes, including commercial farmers, processors, service providers, traders, transporters, and others to enhance the competitiveness of market systems. It will also facilitate participation in commodity and service markets for youth and women, and for smallholders with potential for commercialization.

Deputy Chief of Party RCC

Manager: Stakeholder Engagement RESINA

PREMIER representative could not make meeting

- Nampula in 5 districts and in Zambezi in 6 districts and intervene at 3 levels – 1) commercial production; 2) semi-commercial/subsistence production; 3) subsistence production.
- Ribáué (1), Mogovales and Marrula (2) Mecaburi and Lalaua (3) and in Zambezia districts of Mocuba and Gurué (1), Alto Molócuè, Ile and Namarroi (2) and Lugela (3)

- Markets are very fragmented, actors in the value-chain are poorly coordinated, access to 3) areas are challenging, so USAID focused on strengthening market systems.
- Don't have big business with the port because the focus is on small-holder producers who produce for local and not export markets
- Warehousing remains an area of need in many areas but aggregation remains a challenge because of fragmentation amongst market actors
- RESINA is working with the BdC and ICM to map aggregators to strengthen linkages between farmers and buyers
- RESINA is also developing a digital market platform (CIMA) to promote efficiencies along priority value-chains
- Role of extension officers is to develop market systems – SHF sell to aggregators who then sell to big players, which act is something like an oligopoly.

11.06.2024

Two (2) Meetings

- Provincial Representative Office for MTC, MOPHRH and MIREM
- Green Resources

Secretary of State – Department of Infrastructure, Niassa Province

Ignacio Ntambo – Representative

Another Officer (Women)

- Road to Malawi good but road to Tanzania poor
- Railway system working well with regular passenger services
- Road from Lichinga-Ngauma-Mandimba-Cuamba was rehabilitated
- Rehabilitation of the Cuamba-Malema section still not yet completed near Rio Lurio
- Takes 10 hours rail from Cuamba to Lichinga, which is only a distance of ~300 kilometers
- Tuesday, Wednesday, Thursday and Saturday the days of the week the train service operates
- Cuamba-Mutanda road is in a poor condition and transitivity is limited to ~20kms per hour
- Lichinga railway terminal functions (houses are close to the railway – need to check Petromoc notes)
- Main challenge is the railway and main roads were affected by heavy rains but have been rehabilitated
- Follow up meeting with Transport, Agriculture, Customs and Road Agency when back from border
- Proposal to split meeting between Government (US-CBP Team) and Private Sector (USAID & SPEED)
- Difference between Secretary of State and Governor functions in Transport & Communications portfolio
- (not translated but understood to be one represents the central government and the other the province)
- Main products – beans (to Maputo and Nacala), cotton (Nacala), macadamia (S/Africa), maize (Nampula), tobacco (Tete) and wood (Nacala)
- Trucks go to Maputo via Malawi to Tete and onto the national road network to the south (new MCC investment in the Cuamba-Magige road)
- Don't transport via rail as it takes much more time than road so prefer to use road to depots and distribute goods to outlying customers in districts
- Control points are located in Lichinga (no weighbridge), Ngauma (no weighbridge), Mandimba (weighbridge) and Cuamba (no weighbridge), focused on monitoring flows in/out province
- Shared an experience when a Nacala based transporter was weighed in Nacala it was different when weighed at Mandimba, so scales are not calibrated (problem in 2017 too).

Green Resources

- Trees under acreage is now 15,000m³ and going up to 20,000m³
- Products include Treated Poles at 900m³ per month and Veneer at 900m³
- Treated Poles to Domestic Market (EDM) and Veneer to Philippines and India
- Creosote from Jo'burg-Lichinga via Zimbabwe and Malawi is 75% of input costs
- Consignment is ~45m³ of veneer sheets in FEU - equals to ~34 tonnes of product
- Competitors to supply Treated Poles from South Africa and Zimbabwean suppliers
- Veneer exports are currently done at a loss to secure markets whilst driving costs down
- US\$3,500 CIF (FOB 1,930 – Shipping Calcutta 1,741) into India but Brazil costs US\$1,800 CIF

- 20-22 FEUs per month by rail and to increase to 40 FEUs raw veneer (product in 4 x 8m sheets)
- Next year the plan is to increase mill production by 50% to include a plywood manufacturing line
- On the railway Nacala Logistics does not have enough forestry wagons to transport treated poles
- New potential market is sustainable wood to MLT in Tete but railway interoperability at Cuamba a problem and the use of general freight trains on the Nkaya-Tete section of railway has not been done before
- Sent a letter to Nacala Logistics on 20th May, but the Logistics Manager at MLT (Ian Gomo) can advise on this problem
- MLT market demand is ~17,000m³ on cut wood or 20-25 trains pr annum (17,000m³ / 34t = 500 wagons = 20-25 trains)
- MLT also working with AFLOMA, a forestry producer along the Beira corridor, so unrealistic to expect all demand from GR
- Ban on export of charcoal and firewood beyond local area – feelings expressed at a recent ILO meeting is that local needs must be met first
- MLT produce a tobacco crop of approx. 70,000 per annum and planning to expand so resolving the rail transport issue is a key concern for GR and MLT
- In terms of customs processes – product is packed in Lichinga, customs inspect and seal container, railed to Nacala, offloaded and sent to scanner and then to stack
- GR facility is not a bonded warehouse, but Customs agree to come to factory to conduct the physical inspection of export FEU and they pay Customs for physical inspections
- Brazil is providing veneer to India cheaper than Mozambique using the on the same shipping lines, often on the same shipping routes
- Clearing agent is Steinweg-Bridge head up by Loni Shott (ex PdN Port Manager - would be useful to follow-up on breakdown of FOB costs
- Don't need to go to TEEN as container is sealed but once in port precinct it goes to scanner, even though sealed, at extra cost of ~US\$175 per move
- NL down to two engines a week – takes 21d for wagons to arrive with empty containers after ordered (when count starts) but port only allows 20d demurrage, so raises costs
- NL wagons typically arrive on a Saturday so have to load on a Sunday, which is not optimal
- GR owned by New Forests - major shareholders from Australia, UK and various countries in Europe, with Portucel and Mozambique Tree Farming (MTF) are competitors
- MTF (South African conglomerate of private foresters from Kwazulu-Natal) has 30,000m³ under forest and plans a chipping plant in Beira of 40,000m³ capacity to target SE Asian market
- For the Treated Poles Market AFLOMA, Portucel, GR and MTF can supply Mozambique's needs – USAID tender requirements (PROENEGIA) need 10Y experience, which favour SA and Zimbabwean producers
- These producers also have other benefits – e.g. Border Timbers (Zimbabwe) and Vuka Timbers (part of York Group from South Africa) are VAT exempt, which places them at a cost advantage when bidding
- GR has land right for 45,000m³ of product but that it too much for so have used the NGO Terra-Firma to hand land back to communities, but only needs land for 15,000m³ to 20,000m³ of certified plantation
- In the Mwembe section to the north there is a plan to develop a carbon credit scheme but awaiting enabling legislation, but even so, this will requires a significant capital injection so in unlikely to happen.

12.06.2024

Three (3) Meetings

- Mandimba Border Visit
- Provincial of Directors of Infrastructure, Transport, Public Works, Housing and Water Resources, Energy and Mineral Resources and Road Agency
- JFS-SAN

Mandimba Border Visit

- Mandimba is located halfway between Lichinga and Cuamba, now on an excellent road
- Border not geared to provide a full range of services but can process 2nd cars at border – border open from 6am-6pm, with 2 teams on/off 15 days of month

- There are no more electricity problems now that power comes from Cahora Bassa (previously from Malawi, which was unreliable) but internet is quite slow
- Cars come all the way from Dar es Salaam, through Tanzania, Malawi and into Mozambique at Mandimba, but are cleared in 15-20 minutes of documents are in order
- Imports through Mandimba have to be cleared either in Lichinga or Cuamba, which is not optimal, so transshipment at border between Malawi/Mozambique trucks common
- Nonetheless there is a full complement of officials, in addition to Customs and Immigration, including officers from the Ministries of Agriculture and Health stationed at the border
- Customs and immigration processes at border still a paper-based system and goods are subject to a visual inspection prior to their onward journey to Lichinga or Cuamba for customs clearance
- Some traffic moving to/from Tete to Niassa provinces via Malawi - formal goes on 30t trucks but informal on smaller trucks sees transshipment at borders to avoid international transit fees (US\$28/100km)
- One-Stop-Border-Post (OSBP) being developed between Malawi and Mozambique at Chiponde (Malawi) / Mandimba (Mozambique), now in Feasibility Study and Detailed Design phase, funded by the AfDB
- There is currently a 2 km poor gravel road between the two border posts, which needs to be tarred and is part of the OSBP that is to be located in what is currently “no-mans” land between the two countries
- For informal trade moving between the two countries Customs uses a Simplified Trade Regime (STR) documentation (assuming this is system developed by COMESA, even though Mozambique not a member)
- Border passes that allowed people from Lichinga to Cuamba to go to/from Malawi for 72 hours have been revoked with passage now only allowed by passport, with local movement of people now limited to daily movements from people who live in Chiponde in Malawi and Mandimba in Mozambique
- Checkpoints along the road are coordinated from Customs in Lichinga with teams from either Lichinga or Cuamba, but Mandimba team will assist if requested – there are supposed to be checkpoints in each district but due to a lack of personnel this is not possible and Mandimba team can be deployed.
-

Provincial of Directors of Infrastructure, Transport, Public Works, Housing and Water Resources, Energy and Mineral Resources and Road Agency

- Confirmed the timeline for the OSBP development was as follows:
 - Approval 2024
 - Procurement 2024
 - Construction in 2025
 - Start Operations 2026
 - Full Implementation 2027
- Confirmed will be a juxtaposed border – in one way with full suite of officials from both countries for exports and another way for imports
- Confirmed that there are 2 ~15km sections of road, one in Cuamba district (Niassa province) and one in Malema district (Nampula province), resulting from the contractor (Gabriel Couto) going bankrupt
- Confirmed that DH Mining (Chinese company) is developing a graphite mine in Nipepe district (Niassa province) and is building a 100km road over the River Lurio to Malema, where the company intends to develop a dry port linked to the railway for export via Nacala port.

JFS-SAN

- JFS was established in 1939 and are a big player in the region with its main business being in agriculture - buy, transport and process cotton with crops obtained from smallholder farmers
- JFS commissioned a new factory with a capacity of 14,000 tons per day in 2012 - Cotton harvest season is from May to September and most of what they trade is exported:
 - 3,600 tons of fibre per annum is exported by rail and sea to South-East Asia (primary market) and Portugal (secondary market)
 - 3,000 tons of seeds per annum are exported by road to Malawi and South Africa for animal feed.
 - Approx. 300 tons of fibre and 1,000 tons of seeds stay in Mozambique
- JFS commissioned an oil mill in 2021 to manufacture cotton-seed and soya oil for the expanding domestic market

- JFS has a concession agreement, which gives them the right of first purchase. If they don't have the funds that year, they release the farmers and they can go sell somewhere else. But they don't run into this issue often
- Mozambique enjoys a window in June as it the first crop to access the global market when stocks are usually depleted so a premium price can be obtained
- Government sets the minimum price for farmers based on a formula, which is structured as follows:
 - Exchange rate for the last 6 months
 - Market outlooks for the next 6 months
 - The market price of high-quality cottonseed
 - The price differential in the quality of cotton produced
 - The price of Cost, Insurance and Freight (CIF) to targeted end-markets
- The minimum price calculated out of a yearly negotiation is then split 50/50 between the farmer and the processor. Profitability of JFS fluctuates. One year they earn more than average, other year less. It balances out. They have to take on the price fluctuations, they do not pass it on to farmers, because there is the government-set minimum price to pay farmers
- JFS is working with 50,000 farmers in Nipepe, Cuamba. Mechanhelas, Metarica, Maua, Marrupa, Majune and Mandimba in Niassa (40,000 farmers), Ribáué in Nampula (5,000 farmers – previously OLAM concession) and districts in Cabo Delgado (5,000 farmers – previously Plexus concession)
- JFS gives seeds for free, pesticides and sprayers (4,000) (from Mozambique and China) as credit, to be paid back at harvest time, provide tractors to help in the planting season, extend finance to larger farmers, deliver empty bags (from India) and maize seed to enhance food security
- JFS have recently developed a network of 21 agro-dealers through which they provide subsidized inputs to farmers
- JFS provides ~15,000 mobile phones to farmers, with SMS service. They also provide telecom facility for reception. They have data on farmer profiles. For new farmers, the screening consists of inspecting their land. Then the farmer is added to their register. Through the telecom system, they communicate information, including prices, to farmers. They have a GPS tracking system on their farms. They receive ~300sms/week and they send ~50,000sms/week. They have an app that indicates where each farmer is, and their information
- JFS are active in two branding initiatives 'Cotton Made In Africa' and 'Better Cotton Initiative'. They have 25-30 extension workers to support these efforts
- JFS collect crops from farmers via a field team, who inspects the fields and informs the gin that the crop is ready for harvesting. They have 475 collection points, very close to farms. JFS provide ~300,000 standard sized empty bags. Farmers arrive and put their crops in the bags
- JFS has their own transport (10 trucks) but they also rent (another 10 trucks). JFS sends these trucks to retrieve bags from collection points. The farmers do not face any transport costs, which are assumed by the company
- JFS ginning process involves two processes:
 - Clean, sort, grade (there are 2 types, 1 and 2 with 1 bring superior)
 - Gin separates lint from seed
- JFS send their own trucks to collect and stuff the cargo (lint) in containers (FEUs) – 100 bales*225 kilograms = 22.5 tons in one box. Cottonseed in bagged into 50-kg bags and transported as break-bulk to regional markets.
- JFS have a good relationship with Nacala Logistics so they have been able to address issues (e.g. old, rusted wagons, security of cargo etc.). The balance of trade is an issue with empty wagons coming up to Cuamba, which then have to be stuffed at the railway station.
- JFS indicated that they have the following issues with their transport and logistics operations on the Nacala Corridor system:
 - Wagon availability is fine but have to order 10-20 wagons 7 days in advance
 - Logistics process takes 7 days to pack the wagons, transport to Nacala port, stuff containers, do Customs physical inspection and seal containers, lift to scanner (unnecessary step that costs US\$170 according to JFS) and position on stack waiting for ship arrival to load
 - Transport and Logistics costs through the Nacala when compared to the Beira port is three times higher, but this could be driven by much higher shipping rates to/from Nacala (try to get data shown to us to be sent through by email)

- JFS use both road and rail but would prefer to move to rail exclusively. Due to inefficiencies at Nacala they have diverted to Beira but found that it was too expensive
- JFS have two warehouses (not presently used), stevedores and a forklift at the port. JFS has improved the efficiency of its logistics
- JFS did look at buying some assets in Malawi in 2024 and discovered that labour rates are 50% lower than in Mozambique, due to GOM minimum wage laws, but did not pursue purchase
- JFS has Corporate Social Responsibility (CSR) programmes include:
 - Developed and fund operations for a local school
 - Provide low cost loans for installation of solar panels which is paid off over a 3 year period.
 - Support 700 women entrepreneurs to collect empty bottles for recycling (eco-warrior programme).

APPENDIX 5: REVIEW OF ISSUES TO BE TARGETED FOR SUPPORT

#	KEY ISSUE	RESPONSE	✓ or X
ISSUED IDENTIFIED BY STAKEHOLDERS DURING FIELD VISIT			
1	Port and Rail Regulator (IFEOM) needs to be fully established to ensure a level-playing field	Being implemented by MTC	X
2	New Law for Ports and Railways needs to be promulgated to enable IFEOM to function properly	Being implemented by MTC	X
3	Nacala port concession needs to be expedited to ensure competitive maritime port operations	Being implemented by MTC	X
4	The NTFC and its sub-committees need to be strengthened and linked to a new Nacala Corridor CMI	Being implemented by MIC but could be target for support	✓
5	Two sections of ~15km each in Cuamba and Malema districts on the N13 need urgent rehabilitation	Being implemented by ANE	X
6	Proposed OSBPs at Mandimba-Chiponde and Milanje-Mulosa borders need to be constructed and operationalized	Being implemented by ANE	X
7	There are frequently reported instances of overloading in Mozambique, including on the Nacala Corridor (N12/N13)	Being implemented by ANE & INATRO	X
8	The inter-operability of the branch railway from Lichinga to the heavy-haul line at Cuamba needs to be improved	Being addressed by Nacala Logistics	X
9	Delivery times of “fit-for-purpose” wagons to Lichinga from 21 to 14 days would defray demurrage costs for GR	Being addressed by Nacala Logistics	X
10	Customs brokers entry into profession should be monitored, as many cannot prepare key basic documents correctly	Being monitored by industry association(s) but could be targeted for support	✓
11	MCNet SEW operator costs should not be % based and should be in local currency, as the costs to users are high	Been reviewed in the past with no policy reform outcomes	X
12	Integration of customs processes, notably in the areas of Advance Rulings, CBM and SEW, need to be improved	AT rolling out progressive improvement but could be a target for support	✓
13	Integration of customs processes with port TOS would enhance visibility on documents, payments and operations	CFM implemented but could be a target for support	✓
14	Mandatory implementation of IMO-MSW to record vessel arrival and departure at Mozambique ports not implemented	INTRANSMAR is responsible but no mention of this so could be a target for	✓

		support	
15	Formal checkpoints for truckers should be reduced and focus on issues not checked by customs or immigration	Been reviewed in the past with no policy reform outcomes	X
16	The need to scan all cargo should be reviewed and a more streamlined risk management system should be adopted	Been reviewed in the past with no policy reform outcomes	X
17	AEO program should be accelerated to enhance risk management practices at borders	Been reviewed in the past with limited reform outcomes	X
18	Mandatory use of the Nacala Special Export Terminal for exporters at (TEEN) is regarded as unnecessary and costly	Been reviewed in the past with no policy reform outcomes	X
19	Mandatory use of seals and tracking devices by Customs on transit cargo by rail is unnecessary and costly	Been reviewed in the past with no policy reform outcomes	X
20	Mandatory use of tracking devices by Customs on transit cargo by road is also unnecessary and costly	Been reviewed in the past with no policy reform outcomes	X
21	Transit traffic from Malawi to Nacala has lost market share to Beira despite being more competitive, indicating that Beira offers Malawian customers additional benefits that Nacala need to start providing to re-capture market share	Nacala Logistics is actively promoting the corridor but support to establish a CMI should address this issue	✓
22	Key export crops, notably cashew, cotton and pigeon pea have seen significant disinvestment by large agri-business firms such as OLAM, METL and ETG, which is a cause for concern for the livelihoods of smallholder farmers	This kind of issue is being addressed by other USAID agricultural programs	X
23	Governance of specific value-chains, notably pigeon pea exports to India has resulted in significant financial losses that have seriously impacted a key export sub-sector to the detriment of livelihoods of many smallholder farmers	This kind of issue is being addressed by other USAID agricultural programs	X
24	Internal transport costs in Mozambique are very high, so the re-introduction of a cabotage service should be considered	Been reviewed in the past with no policy reform outcomes	X
25	US\$45 million left from the JICA loan is being considered for a project to reduce the flooding of the access road to the Nacala Port during the rainy season.	This is being implemented by MTC with support from JICA	X

26	Concern that Malawi's market size and performance will be insufficient to support investment in Nacala port, so port and corridor will have to be marketed beyond Malawi	Nacala Logistics is actively promoting the corridor but support to establish a CMI should address this issue	✓
27	Government to leverage investment in Nacala Airport to include: · Incentives to use airport as hub in northern Mozambique · 140km passenger train from Nacala to Nampula	More information is needed on this proposal, but at face value, it looks overly ambitious	X
28	At the unveiling ceremony of the Nacala port in 2023 the Presidents of Malawi, Mozambique and Zambia signed an updated Nacala Corridor Agreement, which could be leveraged to accelerate the establishment of a CMI	Updated agreement introduced idea of a CMI which is a clear entry point for support so should be considered	✓
29	A National Transport Master Plan should be prepared to leverage Mozambique's position on the eastern seaboard of Southern Africa to further develop the transport and logistics industry	This is being implemented under support from the World Bank funded SATCP	X
30	Need additional ICDs with Bonded Warehouses like in Beira, as only TEEN, the Port and Transcargo (for Fertilizer) are designated as Bonded Warehouses in Nacala	Been reviewed in the past with no policy reform outcomes	X
31	Feeder roads and warehousing remain areas in need in many areas but the main challenge is adequate aggregation because of fragmentation amongst many market actors	This kind of issue is being addressed by other USAID agricultural programs	X
32	New potential market for the supply of sustainable wood from GR (Lichinga) to MLT (Tete) but rail interoperability at Cuamba a problem and the use of general freight trains on the Nkaya-Tete section has not been done before	This is a prospective new idea that promotes green investment on the Nacala Corridor, so support should be considered	✓
33	GR don't need to go to TEEN as container is already sealed by Customs in Lichinga but once in port precinct it has to go to the scanner, which requires an extra move and extra cost of ~US\$175 per container	Been reviewed in the past with no policy reform outcomes	X
34	JFS-SAN: When cargo arrives by train and is packaged in the port, the container has to go through a scanner outside the Port at additional cost. A scanner for wagons exists at Namialo, which should be used when the train passes	Been reviewed in the past with no policy reform outcomes. It is not clear whether the scanner at Namialo is operational	X
35	JFS-SAN: Mandatory use of TEEN for cargo increases costs a (MZM 14,040.00 per FEU), which you pay again in the port, This doubles transport costs, first by taking the empty container from a dry terminal to TEEN and second taking the full container from TEEN to the port. The free period of stay at TEEN is just 3 days, then storage charges start at MZM 486.00/day per FEU. If the cargo arrives on a Saturday, an additional 10% will be charged on top of the normal rate.	Been reviewed in the past with no policy reform outcomes	X

36	Imports through Mandimba have to be cleared in Lichinga or Cuamba, which is not optimal, so transshipment at border is common, but this will change once the OSBP is operational	Issue will be addressed once the OSBP is constructed and operationalized	X
37	There is currently a ~2 km very poor gravel road between the two border posts, which will be tarred and as part of the OSBP development that will be located in "no-mans" land	Issue will be addressed once the OSBP is constructed and operationalized	X
38	DH Mining is developing a graphite mine in Nipepe district and will build a 100km road over the River Lurio to Malema, where the company intends to develop a dry port linked to the railway for export via Nacala port	Being implemented by DH Mining	X
39	When operators use their own stevedoring CFM no longer allows for a discount as was the case before and charges the full cost at though they were using the PN stevedoring. Due to the cost operators have no choice but to use PN, which is inefficient and therefore costly	CFM as the current port operator are responsible for this issue	X
40	Free time for an export container within the port is 7 days, which for cargo arriving by train is not enough time to pack and clear cargo especially when the port receives a lot of transit cargo to be shipped by the railway. Transit cargo is given priority and additional costs accrue to exporters	CFM as the current port operator are responsible for this issue	X
41	When ships arrive late at the port the exporter has to bear the costs of additional storage time, so either CFM agrees to extend the time or the shipping line should pay CFM	CFM as the current port operator are responsible for this issue	X
42	Nacala Logistics sometimes does not comply with the plan made the day before for positioning wagons within the port for unloading leading to delays and potential unforeseen costs for the exporter	Nacala Logistics as the current rail operator are responsible for this issue	X
43	A lack of alignment between Nacala Logistics and CFM in the scheduling the placement of empty wagons and containers to designated cargo. The exporter runs the risk of (a) paying storage costs at the port; and, (b) missing the shipment, which can tarnish the exporter's reputation	CFM / Nacala Logistics as the current port / rail operator are responsible for this issue	X
44	A lack of subject matter experts within Customs combined with the regular rotation of officers can lead to an over-reliance on individual officers to make decisions on customs processes, which undermines a rules-based approach to customs administration	This is an internal issue within AT-Customs that would be difficult for a US program to address directly	X

ADDITIONAL ISSUES IDENTIFIED BY A LITERATURE REVIEW			
45	Customs Documentation and Administrative Procedures: These include non-standardised systems for declaring imports and paying applicable duty rates; incorrect tariff classification; limited and uncoordinated customs working hours; different interpretations of the Rules of Origin; non-acceptance of certificates of origin; application of discriminatory taxes and other charges on imports originating from member states; and cumbersome procedures for verifying originating imports whose origin status is disputed	These issues can be supported through support to the NTFC (see 4) and strengthening Customs processes (see 12) and ancillary support to improving the quality of Customs Brokers (see 10 above)	✓
46	Quality Inspection Procedures: These include delays in the inspection of commercial vehicles; cumbersome and costly quality inspection procedures; unnecessary quality inspections (also of products certified by internationally accredited laboratories); non-standardised procedures for quality inspection and testing; and varying procedures for issuing certification marks	Given the importance of quality infrastructure these issues can be supported, but assistance under the World Bank funded SATCP should be confirmed before USAID approaches INNOQ on what is required	✓
47	Immigration Procedures: Includes non-standardised visa fees and cumbersome and duplicated immigration procedures	These issues did not feature in stakeholder responses, so they don't appear to be a major issue on the Nacala Corridor	X
48	Transiting Procedures: These involve non-harmonised transport policies, laws, regulations and standards, including road user charges, third-party (cross-border) motor insurance schemes, vehicle overland control systems, vehicle regulations and standards, and cross-border road permits as well as prohibitive transit charges	These issues can be addressed or through specific support to MTC (and INATRO) to domesticate outstanding components of the TTTFP	✓
49	Other Procedures, including Bribery and Corruption: These involve a range of Non-Trade Barriers (NTBs), some of which have been formally reported through the Tripartite NTB Reporting Mechanism. The most cited example includes spot fines levied at mandatory and mobile road blocks for non-compliance with vehicle registration, licensing, safety equipment, insurance and road-worthiness; transit permits for regulated goods; overloading and load configuration (goods and passengers); driver licenses; and, so forth	Been reviewed in the past with no policy reform outcomes	X
50	Challenges Prior 'Getting To The Border': These include issues like lack of access to foreign exchange, lack of access to trade finance, burdensome trade-related banking requirements, high trade-related maritime transport costs, excessively high prices for logistics services, discrimination against women and/or small-scale traders, the cost of time of obtaining permits and high inventory costs because of costly and unpredictable trade procedures	This kind of issue is being addressed by other USAID programs, including other components of the SPEED program	X

APPENDIX 6: NACALA CORRIDOR'S PROFILE OF INTERNATIONAL TRANSIT TRADE IN THE SADC REGION

Major Market (Market Share)	Main Port (Corridor)	International Transit Exports (Tons)		International Transit Imports (Tons)		International Transit Total (Tons)		Distance (Kms)		Transit Times (Days)		Average Transport Cost (Port, Border and Way) For A 20 Foot Import Dry			
		TEU (US\$)	US\$/km	Rank	Rank	Rank	Rank	To / From Lubumbashi							
								Rank	Rank	Rank	Rank				
DRC (Katanga) (Exports: 43%) (Imports: 31%) (Total: 35%)	Dar es Salaam (Rail)	364,000	44%	789,000	57%	1,153,000	52%	2,322	2	12	2	8,300	6	3.57	2
	Dar es Salaam (Road)							2,396	3	16	6	6,970	3	2.91	4
	North-South (Durban-Rail)	383,000	46%	475,000	35%	858,000	39%	3,163	5	12	2	6,370	1	2.01	6
	North-South (Durban-Road)							3,197	6	12	2	7,475	4	2.34	5
	Beira	20,000	2%	61,000	5%	81,000	4%	1,597	1	14	5	6,850	2	4.29	1
	Walvis Bay	63,000	8%	38,000	3%	101,000	5%	2,462	4	10	1	7,840	5	3.04	3
	Nacala (Rail)	-	-	-	-	-	-	2,380	-	-	-	-	-	-	-
	Sub-Total	830,000	100%	1,362,000	100%	2,192,000	100%	To / From Lusaka							
Zambia (Exports: 42%) (Imports: 36%) (Total: 37%)	Dar es Salaam (Rail)	155,000	19%	884,000	57%	1,040,000	44%	2,039	4	14	5	3,555	3	1.74	5
	Dar es Salaam (Road)							1,985	3	14	5	4,842	4	2.44	3
	North-South (Durban-Rail)	398,000	49%	99,000	6%	496,000	21%	2,638	7	9	3	3,174	2	1.20	6
	North-South (Durban-Road)							2,381	6	8	2	4,843	4	2.03	3
	Beira	157,000	19%	426,000	28%	582,000	25%	1,054	1	10	4	3,043	1	2.89	2
	Walvis Bay	103,000	13%	144,000	9%	245,000	10%	2,067	5	6	1	6,614	6	3.20	1
	Nacala (Rail)	-	0%	-	0%	-	0%	1,810	2	-	-	-	-	-	-
	Sub-Total	812,000	100%	1,553,000	100%	2,365,000	100%	To / From Blantyre							
Malawi (Exports: 15%) (Imports: 33%) (Total: 28%)	Dar es Salaam	-	-	129,000	9%	129,000	7%	1,978	3	14	3	4,801	3	2.43	2
	North-South (Durban)	50,000	16%	530,000	36%	580,000	33%	2,340	4	12	2	4,945	4	2.11	4
	Beira	201,000	65%	611,000	42%	812,000	46%	812	2	9	1	2,476	2	3.05	1
	Walvis Bay	-	-	-	-	-	-	2,908	-	-	-	-	-	-	-
	Nacala (Rail)	55,000	18%	186,000	13%	241,000	14%	799	1	15	4	1,940	1	2.42	2
	Sub-Total	307,000	100%	1,456,000	100%	1,763,000	100%	Export: Import Ratio (Ideal = 1.00:1.00)							
Transit Cargoes Nacala Corridor Catchment (Exports: 100%) (Imports: 100%) (Total: 100%)	Dar es Salaam	519,000	27%	1,802,000	42%	2,321,000	37%	Corridor		DRC-Katanga		Zambia		Malawi	
							0.29:1.00	5	0.46:1.00	3	0.18:1.00	4	0.00:1.00	4	
	North-South (Durban)	832,000	43%	1,103,000	25%	1,935,000	30%	0.75:1.00	1	0.81:1.00	2	4.00:1.00	1	0.10:1.00	3
	Beira	377,000	19%	1,098,000	25%	1,476,000	23%	0.34:1.00	3	0.33:1.00	4	0.37:1.00	3	0.33:1.00	1
	Walvis Bay	166,000	9%	182,000	4%	348,000	6%	0.91:1.00	2	1.66:1.00	1	0.72:1.00	2	-	-
	Nacala (Rail)	55,000	2%	186,000	4%	241,000	4%	0.30:1.00	4	-	-	-	-	0.30:1.00	2
Total	1,949,000	100%	4,372,000	100%	6,361,000	100%	0.45:1.00	-	0.61:1.00	-	0.48:1.00	-	0.21:1.00	-	

Source: Afreximbank (2021)