

Corridor Logistics Initiatives

Jean Kizito Kabanguka



In this presentation....

- ✧ Introduction
- ✧ Logistics Costs vs Trade Competitiveness...
- ✧ Landlocked Countries Vs Transit Corridors
- ✧ Logistics Cost and Delays
- ✧ Transport Observatories
- ✧ Conclusions - Recommendations



Introduction

Few Definitions

- Logistics Costs
- Transport Costs
- Transport Prices (Tariffs)
- Transport Corridor
- Types of Corridors
- Transport Multimodal
- Transport Intermodal
- Trade Transport Facilitation
- Trade liberalization



Transport Corridors in Africa



Logistics Costs Vs Trade Competitiveness

- Globalization changes the environment within which manufacturing companies compete.
- Ability to bring products continuously and effectively to the market: Management of logistics processes.
- Logistics processes : Management of movement and storage of goods among the different members of the supply chain and across international borders.
- Corridor Logistics costs: **Sequence of transit operations with the following components**



Landlocked Countries Vs Transport Corridors

- Landlocked is based on the *idea of dependence* over the transit state,
- *Tyranny of distance* : which implies high transaction costs
- Mitigating measures for landlocked countries result of two set of actions:
 - Developing a legal framework in treaties and regional agreements
 - Developing regional transport infrastructure.

- Transport prices in Africa remain the highest in the world
- Transaction costs in general remain very heavy
- Most regional transit agreements not Implemented



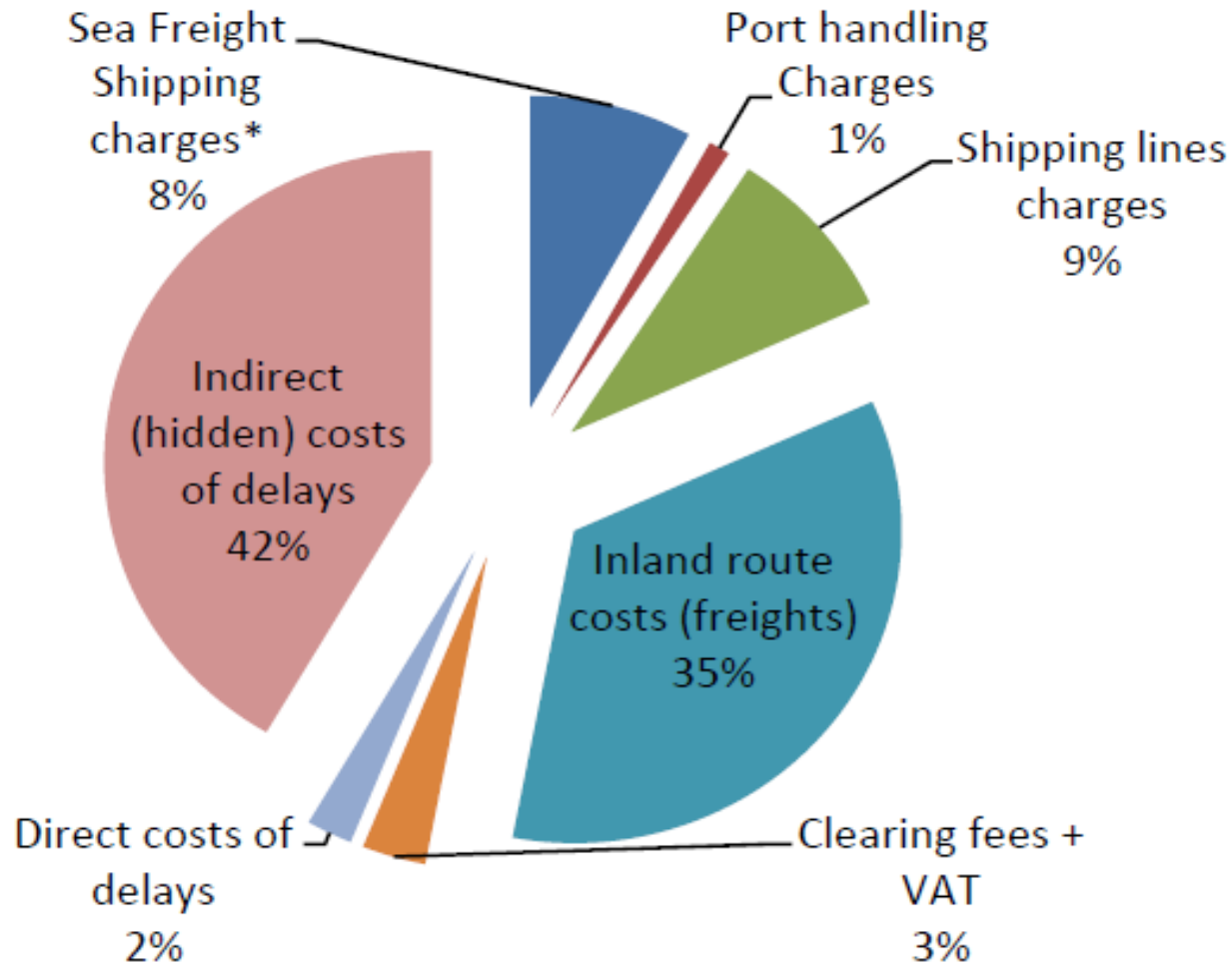
Landlocked Countries Vs Transport Corridors

Trade and Transport Facilitation Constraints

- Transit time in ports
- Border delays at main crossings
- Lack of computerization or deficiencies in IT connections;
- Infrastructure (intermodal interfaces, roads and rail condition, missing links, etc.);
- Modal Split and Trade Imbalance
- Lack of enforcement of harmonized regulation
- Delays incurred due to lengthy documentation and cargo clearance procedures



Logistics Cost and Delays



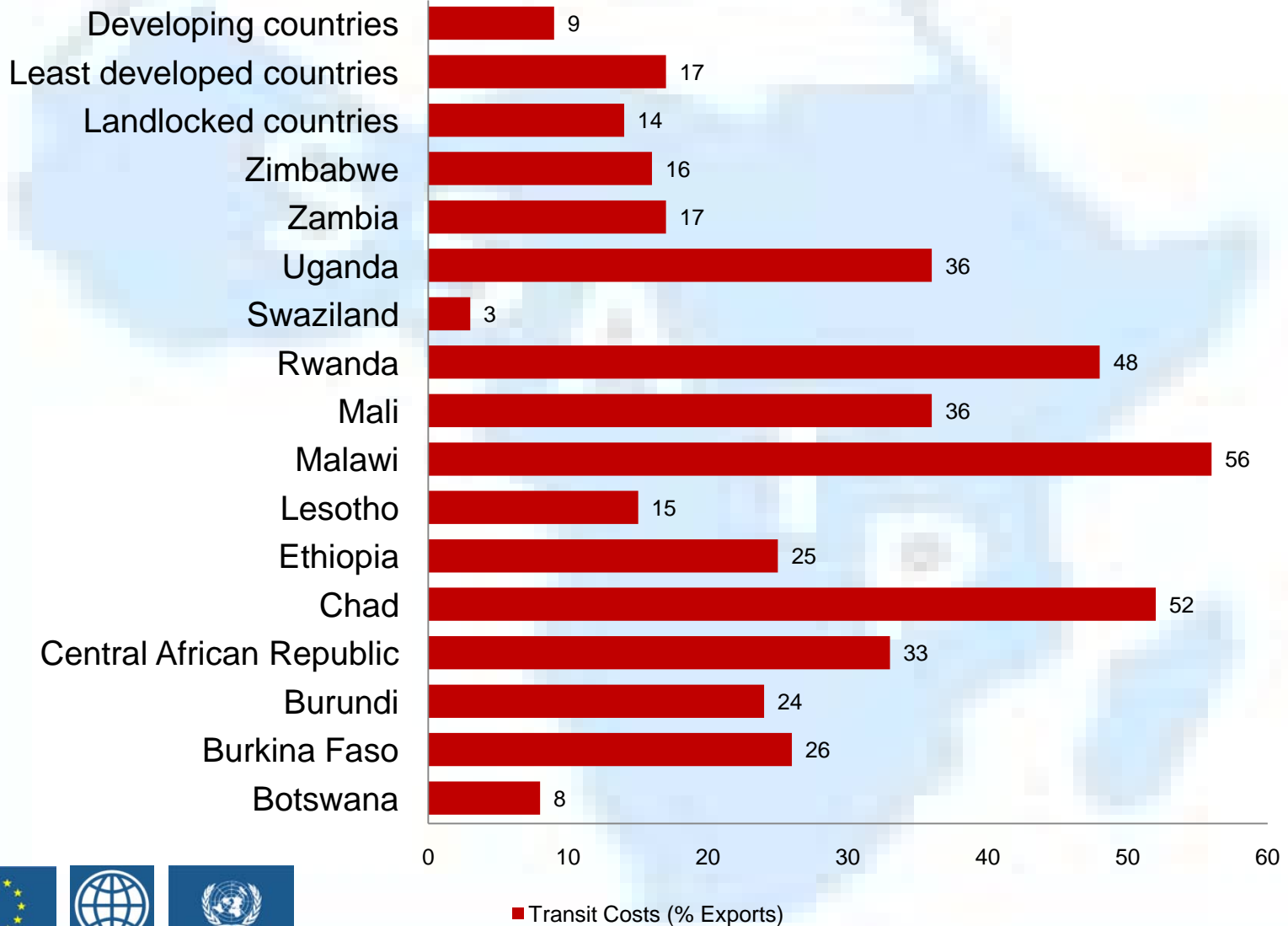
Logistics Cost and Delays

- High Transport Cost

- Freight tariff USD per Ton/km
 - USA 0.02 USD par T/Km,
 - Kenya 0.04 per T/Km,
 - Uganda 0.085 per T/Km,
 - Rwanda 0.090 per T/Km
 - Niger 0.13 per T/Km
 - Congo DRC 0.12 per T/Km
 - Burundi 0.11 per T/Km
 - Burkina Faso 0.09 per T/Km
- Transaction Costs (Freight as % of value of imports)
 - 8% en Europe,
 - 11% en Afrique,
 - 30% Afrique de l'Est,
 - 35 % - 40% Rwanda, Burundi, Est de la RDC



Logistics Cost and Delays



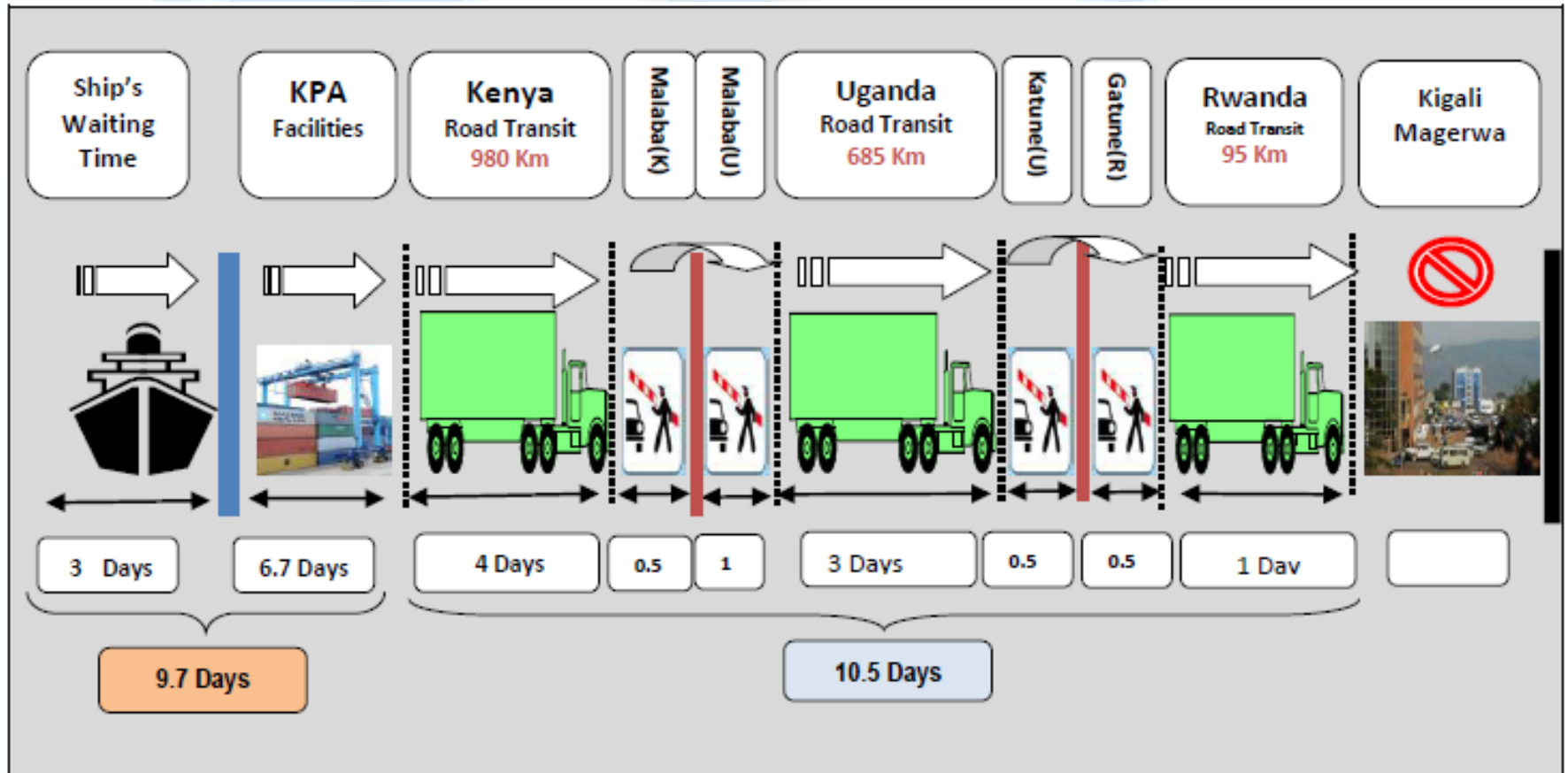
Logistics Cost and Delays

Delays along Selected Corridors (days)

	<u>Port</u>	<u>Trans</u>	<u>Port sec</u>	<u>Frontiere</u>	<u>Transport</u>	<u>Destin. Fin.</u>	TOTAL
Douala Ndjamena	24	8		8		3	39
Mombasa Kampala	13	4		1	1	2	21
Dar ES Kampala	17	5		2	1	2	27

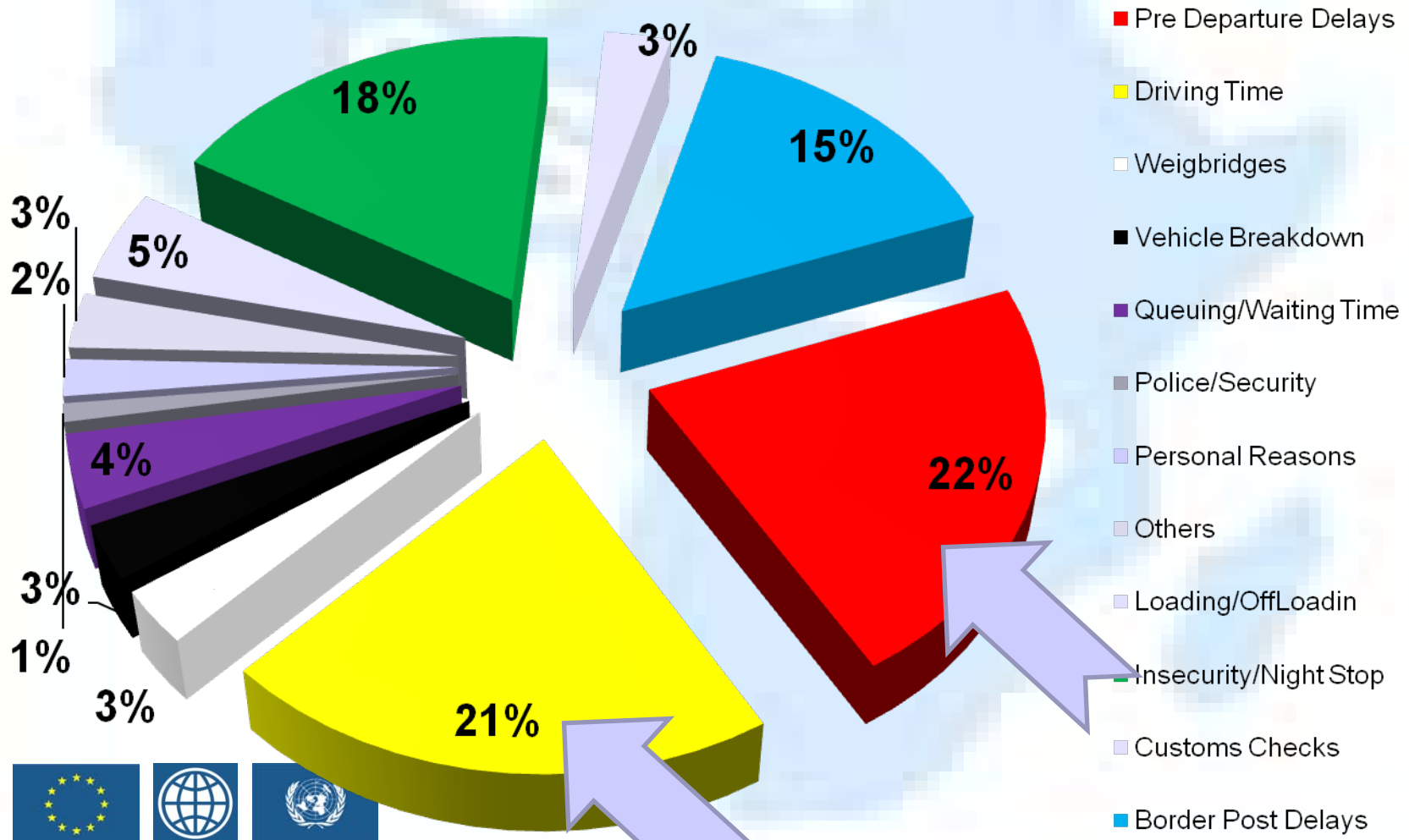


Logistics Cost and Delays



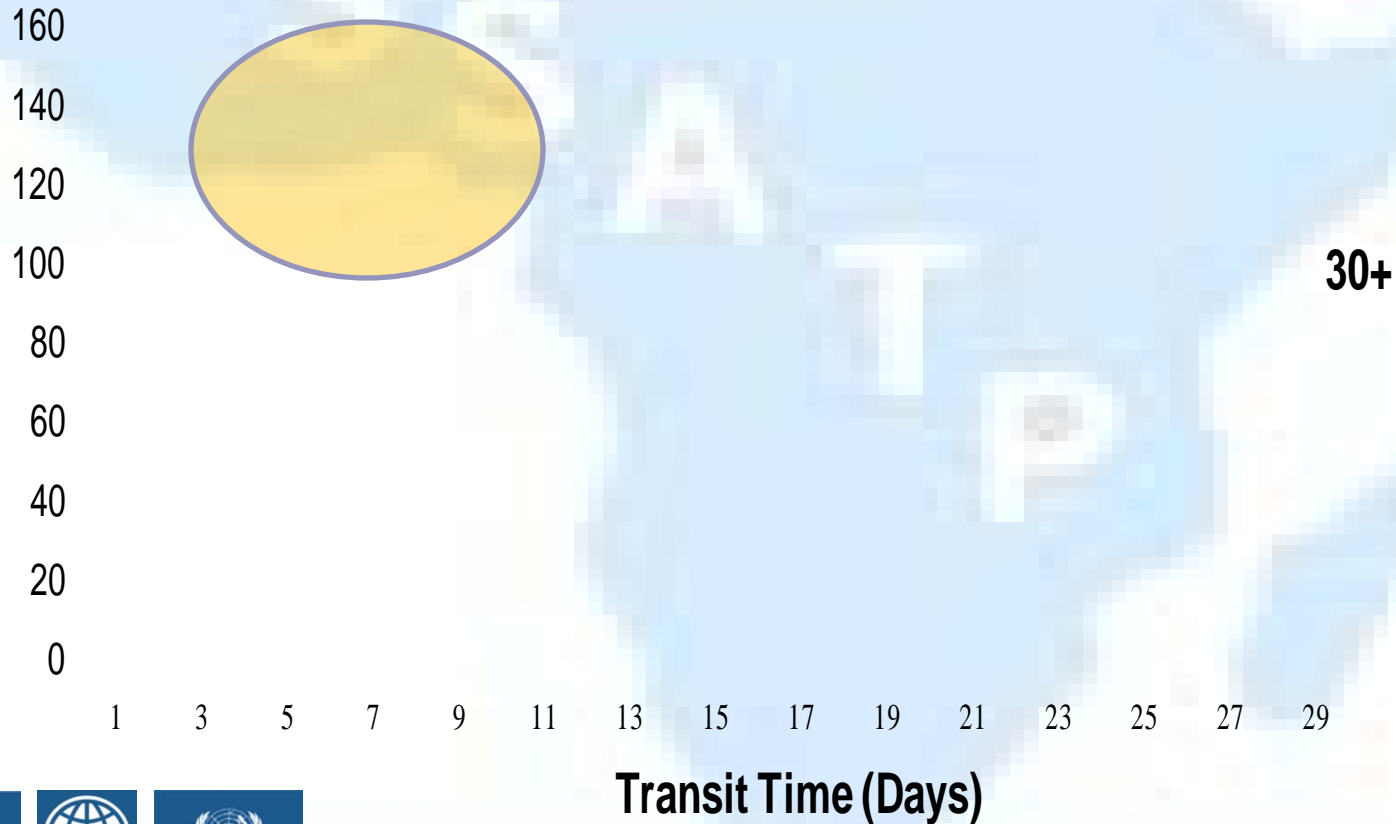
Logistics Cost and Delays

DECOMPOSITION OF ROUND TRIP MOMBASA – KIGALI (15.7 Days)



Logistics Cost and Delays

Uncertainties (Ports – Mombasa)



Transport Observatories

- SSATP DP 2 and Observatories
- Past Experiences
 - Northern Corridor
 - UEMOA Corridors
- Current Status
 - CICOS Corridor
 - Central and Dar Corridor
 - Northern Corridor
 - West Africa Corridors
- Partnership
- Framework
 - Which indicators?
- Data sources
 - Existing computerized information
 - Dedicated surveys where information is inadequate or missing



Transport Observatories

	Volume	Time	Price	Quality
Corridor	Total transit	Total transit time	Total price	
Country	Border counts	Border crossing delays, etc.		Road network, Customs fraud, etc.
Modes Nodes	Port traffic, rail activity, etc.	Port dwell time	Tariffs	Fleet (rail, road), annual mileage, etc..



Transport Observatories

- Observatories can supply many of the data requested,
- Extend/compare facilitation measures across the continent to benchmark and look at best/good practices
- The Corridor Performance Monitoring cannot be useful tools without
 - Effective and Integrity Data Collection
 - Critical analysis
 - Wide distribution of the report generated
- On regular basis, need to update the benchmark in order to cope with the Corridor Performance situation



Conclusion

- Transit Transport Constraints it is not just the poor quality of physical infrastructure,
- Non implementation of regional trade facilitation instrument is an issue
- *More regulatory reform and harmonization is required to drive down the cost of trade*
- As regions become more integrated, regulation should pass on to regional regulatory bodies
- Appropriate mechanisms for stakeholder involvement Effective transit agreements
- *Increasing regional integration and trade is vital to the competitiveness of Africa in the global market*



Thank You **World Bank**

www.worldbank.org/afr/ssatp

www.ssatp.org

