Corridor Logistics Initiatives

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- Landlocked Countries Vs Transit Corridors
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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

- 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

- **Indirect (hidden) costs of delays**: 42%
- **Inland route costs (freights)**: 35%
- **Direct costs of delays**: 2%
- **Clearing fees + VAT**: 3%
- **Sea Freight Shipping charges**: 8%
- **Port handling Charges**: 1%
- **Shipping lines charges**: 9%
Logistics Cost and Delays

- **High Transport Cost**
  - Freight tariff USD per Ton/km
    - USA 0.02 USD per 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

- Developing countries: 9%
- Least developed countries: 17%
- Landlocked countries: 14%
- Zambia: 17%
- Uganda: 36%
- Swaziland: 3%
- Rwanda: 48%
- Mali: 36%
- Malawi: 56%
- Lesotho: 15%
- Ethiopia: 25%
- Chad: 52%
- Central African Republic: 33%
- Burundi: 24%
- Burkina Faso: 26%
- Botswana: 8%

Transit Costs (% Exports)
## Logistics Cost and Delays

### Delays along Selected Corridors (days)

<table>
<thead>
<tr>
<th></th>
<th>Port</th>
<th>Trans</th>
<th>Port sec</th>
<th>Frontiere</th>
<th>Transport</th>
<th>Destin. Fin.</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Douala Ndjamena</td>
<td>24</td>
<td>8</td>
<td></td>
<td>8</td>
<td></td>
<td>3</td>
<td>39</td>
</tr>
<tr>
<td>Mombasa Kampala</td>
<td>13</td>
<td>4</td>
<td></td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>21</td>
</tr>
<tr>
<td>Dar ES Kampala</td>
<td>17</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>27</td>
</tr>
</tbody>
</table>
Logistics Cost and Delays

- **Ship’s Waiting Time**: 3 Days
- **KPA Facilities**: 6.7 Days
- **Kenya Road Transit**: 980 Km, 4 Days
- **Malaba (K)**: 0.5
- **Uganda Road Transit**: 685 Km, 1
- **Katwe (U)**: 3 Days
- **Gatune (R)**: 0.5
- **Rwanda Road Transit**: 95 Km, 0.5
- **Kigali Magerwa**: 1 Day
Logistics Cost and Delays

Uncertainties (Ports – Mombasa)

Transit Time (Days)
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

<table>
<thead>
<tr>
<th>Volume</th>
<th>Time</th>
<th>Price</th>
<th>Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corridor</strong></td>
<td>Total transit</td>
<td>Total transit time</td>
<td>Total price</td>
</tr>
<tr>
<td><strong>Country</strong></td>
<td>Border counts</td>
<td>Border crossing delays, etc.</td>
<td>Road network, Customs fraud, etc.</td>
</tr>
<tr>
<td><strong>Modes Nodes</strong></td>
<td>Port traffic, rail activity, etc.</td>
<td>Port dwell time</td>
<td>Tariffs</td>
</tr>
</tbody>
</table>
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

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