UNITED NATIONS
ECONOMIC COMMISSION FOR AFRICA

THE THIRD AND FINAL EVALUATION REPORT ON THE SECOND UNITED NATIONS TRANSPORT AND COMMUNICATIONS DECADE IN AFRICA (UNTACDAII), 1991-2000

THE EVALUATION REPORT
ON
MULTIMODAL TRANSPORT SUB-SECTOR
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<td>Advanced Cargo Information System</td>
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<td>ADIFAC</td>
<td>Electronic Data Interchange for Administration Commerce and Trade</td>
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<td>ARSO</td>
<td>African Regional Organization for Standardization</td>
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<td>ASYCUNDA</td>
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<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
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<td>CPT</td>
<td>Carriage Paid To</td>
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<td>DES</td>
<td>Delivered Ex-Ship</td>
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<tr>
<td>ECE</td>
<td>Economic Community for Europe</td>
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<td>ECOWAS</td>
<td>Economic Community of West African States</td>
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<td>EDI</td>
<td>Electronic Data Interchange</td>
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<td>FAS</td>
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<td>HRID</td>
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<td>Intergovernmental Authority for Development</td>
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<td>Multimodal Transport</td>
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<td>MTO</td>
<td>Multimodal Transport Operator</td>
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<td>PMAESA</td>
<td>Port Management Association of Eastern and Southern Africa</td>
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<td>TEU</td>
<td>Twenty-foot Equivalent Unit</td>
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<td>Transit Transport Coordination Authority</td>
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MULTIMODAL TRANSPORT

Summary

1. The UNTACDA II sub-sectoral evaluation report in the field of Multimodal Transport (MT) has been prepared according to the revised terms of reference for preparation of modal reports. The content of various chapters are based on information received from countries RECs, United Nations agencies and other activities carried out by ECA under the regular work programme. Reports received from countries have treated multimodal transport as a concept, therefore issues which they have reported on depend very much on their activities which they carried out in implementing substantive UNTACDA II programme under the various modes.

2. The status of MT in the region has shown that only six African countries (Burundi, Malawi, Morocco, Rwanda and Senegal) have ratified the Multimodal Transport Convention in 1980s, and no ratification has taken place in the 1990s. Containerization and container transport has steadily grown positively in 1990s and the trend is likely to be maintained in the future for the benefit of African trades. The region has maintained International Standardization Organization (ISO) I series of containers despite the proliferation of non-standard containers in world trades. Other issues, which have been promoted in MT during UNTACDA II period, include developments in freight forwarding, the use of International Chamber of Commerce International Commercial Terms (ICC INCOTERM) 1990 and application of information technology.

3. Regarding implementation of projects in MT, the subsector had only 27 projects, the lowest number, compared to other subsectors. Only 15% of projects under MT were completed. The status of the remaining projects is as shown in table II. Only 64.37% of the required financing was mobilized.

4. The subsector suffered from lack of mobilization of the required financial resources for the implementation approved projects. Other difficulties experienced by the sub-sector during the Decade programme are slowness in adjusting to new technologies, effects of privatization and commercialization, and legal barriers resulting from limits of liability which many freight forwarders in Africa do not accept. Despite all these difficulties most of the objectives set for implementation of the sub-sector during the Decade programme have been met. Most of the targets for the sub-sector were high and have been reported unaccomplished. This may be partly due to lack of accurate data from the field.

5. The impact of UNTACDA II in the sub-sector has been positive as judged from issues which countries have addressed successfully in the 1990s. The framework adopted by Transport and Communications ministers in 1997 has been partly implemented but again lack of accurate data made it impossible to determine the extent to which the implementation of the framework proceeded in the last three years of the Decade programme. Also some activities of the framework are reported unaccomplished but may have been carried out by other UN agencies that did not respond to ECA requests for field reports.
6. The future actions proposed for the sub-sector include the speeding up of the formation of national committees, and the establishment of Intermodal Facilitation Programmes aimed at promoting the harmonization of MT documentation procedure, as a first step towards the introduction of the necessary administrative changes and the introduction of computerization of customs data and other related e-commerce activities.

7. In the conclusion, it is emphasized that while developing the MT countries should bare in mind the need for simplification of relationships between transport providers and users coupled with seeking all opportunities for acquiring the latest transport technologies applicable to the sub-sector and broadening the expertise necessary for the management of the sub-sector.
Introduction

8. Multimodal Transport (MT) is a concept which emerged from the “container revolution”, and has grown very rapidly over the last decade. In Africa, the development of multimodal transport has been slow, and the situation is not likely to change in the foreseeable future unless a concerted effort is made by governments and interested commercial organizations (transport users and providers, bankers, insurers) to change the current practices. This is illustrated by the fact that for UNTACDA II the sub-sector had the fewest number of projects (27), submitted by four African countries and two UN organizations.

9. A review of activities undertaken by countries in MT has been based on what counties have reported under various issues that normally belong to MT operations. Only sixteen of the UNTACDA II reports from countries have touched on MT issues. This is not surprising because MT is a concept and not a mode. The information in this report regarding the status of MT (Chapter I) in the region has been prepared mainly the basis of issues and activities that the countries have indicated in their reports. The bulk of the chapter is based on what is known at ECA regarding issues that have been going on in the various countries in the last decade. These issues are spread out in many documents, which are listed in the Annex showing the list of additional documentation used for preparation of the report.

10. Chapter II on status of implementation of MT projects is wholly based on reports from countries and agencies. However the remaining sections of the report has been prepared on the basis of:

- Review of activities which ECA, RECs, UN agencies and the countries themselves are known to have carried out during the UNTACDA II period.

- Mission reports prepared following ECA participation in various meetings in MT and other related activities such as advisory services provided to countries and RECs during UNTACDA II period

- Discussions with ECA modal consultants for UNTACDA II and ARIA programme. Efforts have been made to avoid overlaps between MT report and other related modal reports such as maritime shipping, ports and railways. This has been done through consultations with other modal consultants but the overlaps were unavoidable on issues such as containerization and its related activities that are reported upon by rail maritime but in different concepts.

11. The revised content of the terms of reference for the preparation of modal reports has been closely followed and is the basis for the overall structure of the report on MT. There are occasions where no information to be provided is available, as in the case for chapter on implementation of framework approved by ministers in 1997. The section on recommendations is rather broad and goes beyond what is presented in the preceding chapters. This is mainly because of known issues under MT which go far beyond the scope and coverage of UNTACDA II programme. The chapter contains issues that have appeared in recommendations of various ECA seminars and other meetings conducted sub-regionally, regionally and globally on MT with participation of ECA.
12. Some sections of the presentation are bolded for ease of reference in the consolidation, by the Team Leader, of the MT component of the report into the final UNTACDA II version of the evaluation report.
CHAPTER I

CURRENT STATUS OF MULTIMODAL TRANSPORT IN AFRICA

13. The status of MT in Africa revolves around issues and activities that have been addressed in the last decade within the framework of the Multimodal Transport Convention. These are:

- The status of Multimodal Transport Convention
- Containerization and container transport
- Container dimensions
- Inland Container Depots (ICDs)
- Freight forwarding developments
- The introduction of ICC INCOTERMS 1990; and
- The use of new information technology

1.1 The Multimodal Transport Convention

14. The UN Conference on Conventions on International Multimodal Transport, held in Geneva, Switzerland from 12 to 30 November 1979 and from 8 to 24 May 1980 adopted the Convention. The Conference was convened in pursuance to Resolution 33-160 adopted by the General Assembly of the UNO on 20 December 1978. The convention opened for signature by all States from 1 September 1980 to 31 August, 1981 inclusive at the UN Headquarters in New York.

15. At the end of UNTACDA I, in late 1980s it became obvious that the MT Convention would not enter into force in the immediate future. The main reason cited for this was that as long as the Hamburg Rules were not in force, there was no point in bringing the MT Convention into force since this would create too big a gap between liability of the MTO and that of the subcontracting ocean carrier who would still be liable only under the Hague rules or the Hague-Visby Rules.

16. The Convention requires 30 Countries to enter into force, but as 31 May 2001, only ten (10) countries have signed or ratified the Convention, including five from Africa namely; Burundi, (September 1989), Chile (July 1981), Georgia (March 1996), Malawi (February 1984), Mexico (October 1980), Morocco (November 1980), Norway (August 1981), Rwanda (September 1987) and Senegal (September 1987). It is noticeable that no country has signed or ratified the Convention in 1990s.

17. The landlocked countries in Africa which are parties to the Convention namely; Malawi and Rwanda are known not to have incorporated parts of the Convention into their national legislation. This is mainly because the countries surrounding them have not become contracting parties to the Convention. The reasons for this limited number of contracting parties to the Convention up to now will be explained under Chapter III on problems and difficulties experienced in the implementation of UNTACTDA II programme and projects.
1.2 Containerization and Container Transport

18. Figures available in the UNCTAD report on for the year 2000 on port traffic (expressed in TEUs) for selected eight ports in Africa for the years 1997 and 1998 indicate that Mauritius is the only African port that has had double digit growth rate for container traffic for the years 1997 and 1998. The report indicates that world growth rate for container port throughput (number of movements measured in TEUs) increased to 6.7% in 1998 from 2.6% in 1997 which is closer to the annual containerized throughput growth rate of 9% experienced during the first half of the decade. It also indicates that the throughput for 1998 (1997) was over 165.6 (as against 154.6 million TEUs) which is an annual increase of slightly more than 10.4 (3.9 million TEUs).

The throughput for the selected African ports is as given in table II below.

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<tbody>
<tr>
<td>South Africa</td>
<td>1,560,272</td>
<td>1,467,153</td>
<td>6.3</td>
<td>2.5</td>
</tr>
<tr>
<td>Egypt</td>
<td>802,071</td>
<td>993,554</td>
<td>-19.3</td>
<td>9.1</td>
</tr>
<tr>
<td>Morocco</td>
<td>245,382</td>
<td>210,688</td>
<td>16.5</td>
<td>-1.1</td>
</tr>
<tr>
<td>Mauritius</td>
<td>136,417</td>
<td>116,956</td>
<td>16.6</td>
<td>10.7</td>
</tr>
<tr>
<td>Cameroon</td>
<td>118,238</td>
<td>116,578</td>
<td>1.4</td>
<td>9.8</td>
</tr>
<tr>
<td>Senegal</td>
<td>115,039</td>
<td>110,536</td>
<td>3.8</td>
<td>12.0</td>
</tr>
<tr>
<td>Tanzania</td>
<td>108,363</td>
<td>103,433</td>
<td>4.8</td>
<td>4.6</td>
</tr>
</tbody>
</table>


19. The table indicates that the container growth in African countries is uneven from year to year and this may be due to strong fluctuations in trade and sometimes to improved data or lack of it. However, the growth trend is positive and will remain so for sometime.

1.3 Container Dimensions

20. The efficient movement of containers depends greatly on maintaining their standard dimensions consistent and uniform. Changing container dimensions affects the efficiency of transporting them and thus their operations. Although more than 85% of the world’s container fleet is constructed to the ISO series I standards, proposal for the second series involving increased dimensions have been made during the past several years. The dimensions of ISO series I containers remain uncontested until the 1982 meeting of ISO Technical Committee 150/TC 104 held in Bombay when pressure to increase the standard container dimension began. In the African region, the second meeting of the African Regional Organization for Standardization (ARSO), held in Nairobi, Kenya, in November 1983, adopted the ISO series I dimension for containers as the African regional standard.
21. Experience in the last decade indicate that ISO series I (20 and 40 foot) containers which are more suitable for the African road, rail, maritime system and inland waterways transport will in the foreseeable future remain dominant in the African market. The ISO series II containers with lengths 40 foot (14.9 meters and width 8ft. 6ins (2.6 meters) will virtually be excluded in the African countries.

22. If however, under pressure from overseas operators or partners seeking to introduce non-ISO series I containers, it would be logical if the additional costs for handling such containers were borne by foreign operators or the trading partners.

23. African countries have not reported in the last decade any large numbers of ISO series II containers in their ports, except South Africa, which has reported negligible numbers of cube containers. Since there is no proliferation of oversize non-standard containers in the African region, the premature obsolescence of container transport investments made by African governments has been avoided in the last decade and the situation may remain the same in many years to come.

1.4 Inland Container Depots (ICDs)

24. Dry ports have developed rapidly in Africa, especially in Eastern and Southern Africa. They are defined as "an inland terminal" up to which shipping companies issue their own bills of lading for import cargoes assuming full responsibility of costs and conditions and which shipping companies issue their own bills of lading for export cargoes".

25. Dry ports in Africa have been developed as inland terminals within the coastal country or in landlocked countries in the hinterland of one or more seaports. They have come into widespread use within the concept of containerization in the region. The existence and development of dry ports in Africa is closely related to the promotion of the through transport concept. They are, therefore, heavily used in the region for the transfer of goods from their original to the final destinations without intermediate customs examination, and with intermediate handling only occurring at periods of modal transfer while for landlocked countries in Africa, the concept envisages no internal examination of goods and containers by customs at the sea port. A customs transit procedure will have to be implemented in the maritime country.

26. This practice is now common in all SADC countries and in the Eastern African countries of Kenya, Uganda, Tanzania, Rwanda and Burundi. The ICDs in these countries have their facilities provided in variable ways. However a minimum requirement of an ICD in Africa normally comprise:

- Customs control and clearance;
- Warehousing for (a) inspection by customs; and (b) short term storage;
- Offices of an operator, either the site owner, lessor or contractor;
- Offices of clearing and forwarding agents;
- A security service and floodlighting
- Communication facilities
- Stuffing and unstuffing services
27. An alternative to having the offices of clearing and forwarding agents on site is to have them on radio call. The clearing and forwarding agents or the operator will often provide the stuffing and unstuffing services.

ICDs with more comprehensive set of facilities would include:

- Container handling equipment for 20 foot and 40 foot containers;
- Banks, both branches of the Central/Reserve Bank and Commercial Banks;
- Offices of Shipping Line Agents, etc.

The Maghreb group of countries have reported an increase in the last decade in studies conducted in various countries of the sub-region regarding establishment of ICDs.

1.5 Freight Forwarding

28. There are various types of international transport services providers in Africa. They can be grouped into two main categories: those operating a mode of transport, and those who do not operate any mode of transport. Particular attention is devoted below to the second category, sometimes called Freight Forwarders.

29. The freight forwarding profession in Africa is characterized by considerable disparity in the size and organization of companies. Size and organization affect the range and reliability of services offered to clients, the capacity to market services and to establish international contracts, the degree vulnerability to economic circumstances, as well as professional training, human resources development and opportunities for advancement of staff.

30. Four main types of freight forwarder enterprises can be found in most countries in Africa:

**Group I**

31. This group includes the most important enterprises in terms of capital, organization, and number of employees, physical facilities and equipment. These are general local service subsidiaries of important foreign freight forwarding groups, although legislation may require 51% of their capital to be nationally owned. They are characterized by a sound structural organization, with clearly defined function, the application of modern management techniques, frequently under the control of expatriate senior managers and are closely connected to international transport networks. Their local investments depend on the viability of commercial, physical and financial prospects.

**Group II**

32. This Group includes enterprises that are controlled by members of ethnic groups of foreign origin, many of whom are born in or have become nationals of the countries. In some cases, this group has become implanted relatively recently (Lebanese in West Africa established most in the last century). In other cases, the groups have been there longer (Asians in East Africa established in the 19th Century). Such enterprises form an intermediate cluster in size and scope of services and are not well structured as Group I company. However, they tend to
benefit from the strong support provided by other members of their ethnic groups who have become successful and powerful entrepreneurs.

Group III

33. This group includes enterprises with exclusively national/local capital. Such enterprises have generally entered the freight forwarding sector recently (mainly since the mid-80s). They lack strong financial bases and face some problems in management and organization; their limited capabilities for handling large accounts are simply inconsistent with the requirements of modern trade. Although some of these can perform efficiently and profitably, they have difficulty in getting and keeping even a modest share of the market. They rarely have international contacts and are not in the international transport chain. However, they offer support for national import and export trade. In most cases, they are vulnerable in periods of weak economic growth. Recently, taking advantage of the liberalization process, the most successful of these enterprises have entered in some forms of joint venture with international transport operators.

Group IV

34. This group is made up of informal operators who have neither appropriate structure nor legal existence. They have become numerous, do not pay license fees or taxes and they encroach on individual consignments market in which they manage to provide cheaper service than established freight forwarders. Their activities are mostly limited to customs clearance, where their personal contacts are valuable. They can barely be called "freight forwarders", but they do intervene in the business and consequently in the organization.

35. To these four groups, one might add some trading companies that do their own clearance and forwarding through departments within their organizations. All over Africa, Freight Forwarders are facing similar problems related to lack of recognition, accreditation, distribution capabilities and training.

1.6 ICC International Commercial Terms (INCOTERMS) 1990

36. The use of INCOTERMS which define the sellers and buyers mutual obligations regarding the transport of the traded goods as a result of international contract of sale has in the last decade become a common practice in multimodal transport in Africa. It is surprising that no country report has mentioned the common use of INCOTERMS and difficulties associated with their application to intra-country and international trades. However it is known that the four groups of INCOTERMS are in use all over the world and also in Africa. In order to avoid confusion in the proper use of INCOTERMS, the ICC decided to group the four into the following classes which should in use in the region:

**Group E**: Has only one Incoterm: EXW (Ex- works, Ex-factory). The seller has a minimum obligation: to make goods available to the buyer in his warehouse before they have been loaded onto the vehicle provided by the buyer.

**Group F (For "Free")**: includes three INCOTERMS to be used in shipment contracts. The seller bears neither risk nor main transport costs. This INCOTERMS are the F-terms: FCA, FAS and FOB.
Group C (for "Cost"/"Carriage"): includes four INCOTERMS (C-terms): CFR, CIF, CPT and CIP. Main transport costs are borne by the seller but not the risks.

Group D (for "Delivered"): includes DAF and the four INCOTERMS to be used in arrival contracts: DES, DEQ, DDU and DDP. These are the D-terms. For the last four, the seller bears costs and risks on the main transport. The last INCOTERM (DDP) assigns to the seller the maximum obligation of placing the goods in the buyer’s warehouse after discharge from the carrying vehicles. It is the opposite of the EXW INCOTERM.

37. Since it is not clear as to whether African countries are gaining from the use of these groups, it may be necessary to carry out a survey on the status of the use of INCOTERMS in African trade. Such a survey would form a basis of including the issue as a subject in various future courses to be conducted in the field of MT.

1.7 Information Technology

38. This is one of the issues in Multimodal Transport that received special attention of many countries as reflected in country reports. The countries that have reported the attention given nationally to IT during their implementation of their UNTACDA II programmes include Sudan, Sierra Leone, Malawi, Tanzania, Algeria, Tunisia, Kenya, Morocco and Benin. Most of the countries have reported IT within the concept of establishment of national transport data bases. Of course, in the course of an international trade transactions like the ones carried out in multimodal transport a large number of parties have to produce, check, transfer, receive process and file information elements relating to the goods, their transport and their payments. Many transport operators in Africa have faced these problems in the last decade and are slowly considering the possibility of rationalizing the processing and transmission of information. This is normally called "electronic data interchange" or simply EDI that is generally defined as "the computer to computer transfer of commercial and administrative transactions using agreed standard to structure the data pertaining to the transaction". As a result, EDI use has becoming widespread in the African transport sector. Widespread applications such as ASYCUNDA and ICIS are reported in maritime and railways sub-sector respectively.

39. The Internet is another dimension of communications, which is already popular in transport communications in Africa. To this effect African railways systems like those in South Africa, Tanzania, Kenya, and Uganda already have their world wide web (www) protocol information systems which may be posted, browsed, transferred, searched etc. from anywhere in the world by anybody having a computer connected to the internet.

40. Work in this field within United Nations system has been undertaken under the auspices of the economic commission for Europe (ECE). The ECE Working Party No. 4 on Facilitation of International Trade procedures (WP.40) has developed a set of rules for Electronic Data Interchange for Administration, Commerce and Transport (EDIFACT) published as International standard ISO 9735 and which is now referred for as "UN/EDIFACT" to signify their international nature.

41. The UN/EDIFACT is a set of rules which facilitates the electronic interchange of trade data between manufacturers, exporters, wholesalers, distributors, retailers, forwarders, shippers, consignees, carriers, banks insurers, port authorities, Customs, etc. It replaces the traditional
transmission of paper documents with electronic files sent through uniformly built messages that follow international standards. By using EDIFACT, local EDI projects, such as the ones used by some African railways and ports, can grow without fear of obsolescence.

42. African countries are encouraged to exploit the information technology to the maximum in order to avoid isolation because their trading partners will soon not accept non-EDI communications.
CHAPTER II

STATUS OF PROJECT IMPLEMENTATION

43. The Multimodal Transport subsector had the fewest number of proposed projects for implementation under UNTACDA II programme. Table II below shows that out of the thirteen projects from countries only two projects were successfully funded, implemented and completed. The remaining eleven have not so far been implemented. The various RECs UN agencies and other subregional organizations that participated in the Decade programme had a total of fourteen projects. Out of these, only two were completed, one project was partially implemented, six not implemented and five were abandoned mainly because of lack of financing.

Table II: Status of Implementation of UNTACDA II Projects in Multimodal Transport

<table>
<thead>
<tr>
<th>CLASSIFICATION / IMPLEMENTATION LEVELS</th>
<th>BY COUNTRY</th>
<th>BY ORGANIZATION</th>
<th>TOTAL</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td>19</td>
</tr>
<tr>
<td>Partially implemented</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Not implemented</td>
<td>9</td>
<td>6</td>
<td>15</td>
<td>56</td>
</tr>
<tr>
<td>Abandoned</td>
<td>-</td>
<td>5</td>
<td>5</td>
<td>18</td>
</tr>
<tr>
<td>TOTAL</td>
<td>13</td>
<td>14</td>
<td>27</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Reports received by ECA from countries and organizations

44. The overall situation on implementation of projects in MT shows that only 19% of projects were implemented with the rest either partially implemented (7%), not implemented (56%) abandoned (100%). This outcome reflects a relatively poor status of implementation of projects under UNTACDA II in the field of MT with more than 50% not implemented.

45. With regards to MT projects financing the total costs of the 27 projects was estimated at $95.84 mil., and only $61.69. Representing 64.37% was mobilized. This also shows a poor reflection of reflections of funds mobilized. The percentage of funds mobilization is the high mainly because the pipeline project from Kenya (on pipeline), which was fully financed, represented 32% of the total cost of UNTACDA II projects under MT.
CHAPTER III

DESCRIPTION OF PROBLEMS AND DIFFICULTIES EXPERIENCED DURING THE IMPLEMENTATION OF UNTACDA II MULTIMODAL PROGRAMME IN MULTIMODAL TRANSPORT.

46. Difficulties experienced by ECA and its UNTACDA II partners in the implementation of multimodal transport programme on UNTACDA II differ, but some of the problems described below have been common in the MT subsector.

3.1 Lack of Resources

47. The financial resources problem became acute under the programme partly because the Resource mobilization Committee of UNTACDA II failed to assist countries raise the resources they needed for the implementation of their UNTACDA II programme. This failure affected project implementation by countries, RECS, UN agencies and all those others that submitted their projects for consideration by the resource mobilization committee.

3.2 Effects of Privatization and Commercialization of Transport Sector Services

48. Many activities and projects in the transport sector have benefited from participation of the private sector in the delivery of multimodal transport services. The process of negotiation for privatization and implementation of privatized MT activities have been lengthy thus resulting into delays in implementation of projects which were originally earmarked for implementation under UNTACDA II.

3.3 Legal Barriers

49. Many countries did not incorporate provisions of various MT-related conventions in their national laws, therefore, implementation of projects dealing with accession or ratification of conventions could not be achieved. Worse still is that failure by countries to pay annual fees for accessions to international conventions. This has made many countries loose their voting rights at meetings called and hosted by various UN organizations that are the custodians of the international conventions.

3.4 Resistance to Change

50. Introducing changes in policy, management and administrations in the transport sector in Africa has always been a problem as many managers get overused to routine management styles. Most freight forwarders in Africa, for example, are not prepared to become MT operators partly because they are unprepared to accommodate the limits of their liability for cargo under their custody. This has made has made it almost impossible for many of them to become MTOs despite efforts which ECA and UNCTAD made jointly to conduct seminars that would enable Freight Forwarders to become MTOs. Also experiments conducted by RECs such as those by COMESA and ECOWAS for the introduction of a single MTO document has met some barriers in their interpretation. Also, their legality suffer from Ad-hoc decrees by some member countries...
which were to spearhead their implementation. MT being a new transportation concept has suffered from resistance to change more than any conventional mode of transport.
CHAPTER IV

IMPLEMENTATION OF SUBSECTORAL OBJECTIVES AND TARGETS

4.1 Meeting subsectoral objectives

51. The long-term subsectoral objectives of UNTACDA II programme in MT was the improvement of all modes of transport to allow for a smooth carriage of cargo in one transport chain; adjustment of services of all modes of transport to meet the requirements of MT system; and acceleration of cargo movement by facilitating transport documentation and other relevant procedures. The goals set for MT subsector were to facilitate measurements of the results achieved in the overall development of the overall transport and communications in the region. Lack of detailed data from countries and other ECA partners in the implementation of UNTACDA II programme has hampered a detailed and exhaustive assessment of the goals and targets set for MT in 1991. However noticeable achievements in meeting the areas of immediate concentration in the field of Multimodal transport were as follows:

a. Adjustment of trade, where appropriate or feasible so as to fully benefit from the multimodal transport plan

52. A good number of African countries have made commendable efforts to containerize most of the products for their intra-country and foreign trades. This has resulted in the reduction of the number of empty containers returning overseas and has eased the imbalance of container throughput in many African ports. The old practice of stripping of containers within port areas is also considerably reduced because African countries have increased the handling and utilization of containers. Facilities in the hinterland of major transport corridors in Africa have also improved thus facilitating a quick turn-round of containers. Major ports in Africa i.e. Alexandria, Casablanca, Dakar, Abidjan, Durban, Maputo, Mombassa, Dar-es-Salaam have benefited from the introduction of container maintenance facilities that help in the reduction of numbers of containers returning overseas empty for maintenance.

b. Adaptation of policies and plans for introducing multimodal transport operators (MTOs) to increase their participation in MT

53. Many countries have initiated national plans for the streamlining activities of freight forwarding. Regulatory frameworks have been introduced in many African countries for registration of indigenous freight forwarders and many of them are encouraged to compete with the traditional transnational organizations that have dominated the freight forwarding industry in the region for many years. Also at national levels the formation of National freight forwarders Associations in the increase. This is important for the observation of national norms set up for the industry. At sub-regional levels more cooperation is still needed but the establishment of sub-regional/corridor associations of freight forwarders is in the increase. The eastern African countries of Kenya, Uganda, and Tanzania is a typical example of where an East African Freight Forwarders association exists, and the same applies to SADC countries.
c. **Encouragement of national multimodal transport operators (MTOs) to increase their participation in MT**

54. Efforts to promote MT are there but the bottleneck is the insurance obligation applicable to MT. Local MTOs do not adhere to the total liability that is mandatory in multimodal operations. Also the insurance systems in many African countries allow indigenous MTOs to be liable only for the segment of transport which is within their control. The difficulties in liability regimes coupled with poor communications in the region has limited the increase in MT participation in Africa, and the situation may not change quickly in the near future, because even countries that are a party to the MT convention have limitations because many of them have not included the MT jurisdictions in their national legislations. However, many countries are benefiting from their membership of FIATA as a step towards the promotion of MT. Full members of FIATA from Africa are about fifteen.

d. **Development of human resources**

55. The implementation of UNTACDA II has resulted in a faster establishment of ICDs. This is mainly because there has been an increase in the development of door-to-door services in Africa the majority of transport corridors in Africa especially those in COMESA sub-region have realized a steady growth in the establishment of ICDs as highlighted in Chapter II.

e. **Adjustment of laws and regulations to foster MT and ratification of MT Convention by African countries**

56. African countries are realizing the necessity for adjusting their laws to be in conformity with MT Convention. However, the slow speed at which the ratification of the Convention has moved made it difficult for most countries to quickly adjust their laws to MT requirement. To overcome the handicap, RECs i.e. COMESA and ECOWAS have introduced documentation which mirror the provisions of MT document and its relevant documentation regulations and procedures although the MT document is still not in force. Provisions of these sub-regional versions of documentation quite compatible with the ones originally meant for the MT under the Convention, therefore countries are encouraged to include them in their national legislations.

f. **Expansion of training facilities on MT**

57. The freight forwarding industry has benefited from activities, which ECA undertook in consultation with FIATA regarding the development of training programmes in that field. Training institutions that are using the proposed ECA diploma curricula in freight forwarding will soon achieve maximum efforts in regulating the industry. Bandari College in Mombasa, Kenya is a case in point. Other institutions that have developed MT courses are the Nigerian Institute of Transport and Technology that is based in Zaria, Nigeria; and the Eastern and Southern Management African Institute based in Arusha, Tanzania. It is advisable for countries to encourage training at national levels for transport users and providers in the field of transport logistics/MT.
g. Improvement of managerial abilities with a view to the introduction of MT

58. UNCTAD in consultation with all regional commissions, including ECA, has developed an elaborate document titled MT Handbook for Officials and practitioners, that sets out the basic concepts of MT problems and pitfalls, possible solutions and major issues to be tackled by the private and the public sectors in the process of developing MT in a country. It is intended as a reference document for all those involved in modern MT, whether from Governments or from the private sector. It offers them an open-ended and non-exhaustive list of ways and means to improve the competitiveness of international trade of their countries by:

♦ Improving the quality and reducing the associated costs of international transport; and

♦ Reducing any possible transaction costs, adapting commercial practices to international standards and removing any unnecessary trade barriers, within the economical, and social and political context of that country.

59. The Handbook is, therefore, a managerial tool, which will be revised regularly. It provides an overview of the relationship between trade and transport, and highlights the importance of transport logistics. With the likelihood of the MT Convention not being in force in the foreseeable future the proposals for future actions in MT (Chapter VII) is drafted in accordance with the proposals made in the Handbook.

60. It can therefore be concluded that the UNTACDA II sub-sectoral objectives in MT sub-sector are being achieved gradually and that the prospects for their future full realization are bright if countries can follow the advice given in MT Handbook through national workshops and seminars to be organized for transport users and providers within the framework of trade and transport facilitation programme to cover the systematic realization of procedures, information flows and documentation related to trade and transport in a country.

4.2 Meeting parameters/targets set for MT

a. Increasing number of countries to be contracting parties to MT Convention

The number of African countries that have become contracting parties to MT Convention has increased from three to 1991 to six by December 2000.

b. Counties that are contracting party to Hamburg Rules

Only 18 African countries are contracting parties to the Hamburg Rules against the target of 45 by the year 2000.

c. Amendment of national legislations by contracting parties

Most African countries that have become parties to the MT and Hamburg rules conventions have not incorporated them in their national legislations. This is mainly because their land-locked countries which are a party to these conventions have coastal or neighboring land-locked countries which are not a party to the conventions. However, the awareness for actions to be taken in amendment of national legislations is widespread
d. Amendment of national legislations by non-contracting parties

No information is available for this category of countries.

e. Establishment of national facilitation committees.

No information is available on national facilitation committees.

f. Establishment of national associations of freight forwarders

Only eleven countries have national FFAs that are members of FIATA, against the expected 25 by the end of the year 2000.

g. Keeping in line with UNCTAD minimum standards by MTOs.

No information available.

h. Use of MT documents based on UNCTAD ICC rules

Multimodal documents as designed under MT convention is not widely used because there are no MTO operators in the region except transnational organizations with main bases outside Africa.

i. Obtention of adequate liability insurance by MTOs

No information available for items (i) and (j)

j. Introduction by at least 25 countries simplified container clearance

No information available.

k. Use of electronic data interchange

Electronic data interchange has been introduced in transport by a limited number of African countries but the target of 25 expected by the year 2000 has not been achieved.

l. Introduction by at least 25 countries' joint ventures in shipping and MT

No information available for item (l)

m. Upgrading of existing subregional institutions

The only College known to have been recently upgraded to offer courses in international transport at an international level in Africa is the Bandari College in Mombasa, Kenya which offers a two year diploma in international freight forwarding.
n. **Establishment of regional center for collection of statistics**

No regional center has been established for the collection of transport statistics during the implementation of the UNTACDA II programme.

o. **Carrying out feasibility studies for establishment of ICDs.**

A number of countries in Eastern and Southern Africa have established ICDs, during the implementation period of UNTACDA II programme, but the regional target of 25 by the year 2000 has not been achieved. ICDs have been established in Ethiopia, Uganda, Kenya, Tanzania, Malawi, Mozambique, Namibia and Swaziland.

P. **Increasing containerization by 5%**

Almost all African countries have increased containerization of their trades and the target of 5% by the year 2000 are likely to have been achieved by more than 25 countries (see table 1). Available information on port throughput figures for 7 African countries for the years 1996 to 1998 indicate that the increase is container traffic range between 4.8% for Tanzania ports to 16.6% for Mauritius.
CHAPTER V

IMPACT OF UNTACDA II ON THE DEVELOPMENT OF MT SUBSECTOR IN AFRICA

5.1 Improvement in container traffic handling

61. Countries that included containerization projects in their UNTACDA II programme have benefited from the implementation of the programme because most of them had their projects financed and fully implemented. Consequently they also had an upward trend in the handling and movement and handling of their container traffic during the period of implementation of the programme. Cases in point are Kenya that had two container berths for container traffic rehabilitated in the port of Mombasa and new ICDs built in Kisumu and Eldoret in the hinterland. Another case is Tanzania port that built a new ICD in Isaka for handling container traffic to Rwanda and Burundi.

62. The establishment of ICDs, in African countries has eased or eliminated congestion in ports. They have also resulted to the revision of many outdated regulations concerning the movements between ports and the ICDs.

5.2 Successful introduction of container block trains services

63. Block trains services that operate between a port and ICD have increased considerably in tandem with the penetration of multimodal services. This has enabled railways to compete normally with road transport over long distances. The cut-off point where rail becomes more economical than road has consequently changed in many transport corridors in Africa.

5.3 Stabilization of container dimensions

64. Through collaboration with other regional commissions and UNCTAD during UNTACDA II programme, the region has benefited from stabilization of container standards. During the Decade programme dimensions of loading units have been kept compatible for unforeseeable future with other inland transport infrastructures in major transport corridors in Africa.

65. Many countries will, therefore, benefit for a much longer period from investments made on transport infrastructure during the Decade programme.

5.4 Introduction of single through MT-related transport documents

Many countries in the region have accepted the concept of a single through document in the last decade. A single through document evidences a MT transport contract, and the practice of taking charge of goods by a MT operator is slowly becoming acceptable in Africa although the MT convention is not in force. A good example is the implementation of COMESA Single Goods Declaration (COMESA-SGD), which has been developed during the Decade programme period and is now widely applied in the surface transport system in eastern and southern Africa subregion. The SGD facilitates trade and reduces documentation burdens by simplifying and rationalizing customs declaration.
66. The SGD concept has received wide acceptance and is likely to be introduced in various other transport corridors in the region.

5.5 Improved communications resulting from application of new IT and MIS

67. The introduction and the growth of EDI in Africa during the decade programme period by many transport organizations has saved the transport sector on clerical costs by avoiding re-entry of data as it allows error-free and transaction information to be passed from one computer to another. It has had a positive impact also in information management and data exchange. It allows quicker processing of various invoices resulting in speedy payment and thus improves cash flow in the transport industry. With a rapid development of computers and computerization in Africa in the last decade, the region should explore all ways of benefiting from all forms of EDI such as e-mail and Internet facilities. The progress in EDI in Africa is growing slowly, therefore countries should be aware that they will not maintain competitive position in their international trade scene unless they increase their involvement in EDI.

5.6 Widespread establishment of ICDs

68. The impact of ICDs established during UNTACDA period in the transport systems in Africa can be summarized as follows:

➢ Avoidance of congestion in ports has been achieved by enabling the rapid clearance of goods. ICDs have lessened the extent of congestion occurring in African ports.

➢ Lowering customs tariff costs has been achieved by reducing the number of sites, making it possible to effect the same volume of clearance with fewer customs officials. Avoidance of unnecessary storage, demurrage charges and late documentation because of delays in receiving documentation is highly reduced.

➢ Transport modes are effectively used because where ICDs are developed along major transport corridors in the region, the use of railways rather than roads to service ICDs reduce transport costs because the use of expensive road system is easily avoided.

5.7 Improvements in mutual obligations between transport sellers and buyers

69. The introduction of the use of ICC INCOTERM in Africa has facilitated the seller's and the buyer's mutual obligations regarding the traded goods as a result of the improvement of in the obligations in international contract sales. Another impact of the new INCOTERMS is that they allow the seller and the buyer to follow a step-by-step process to determine their respective obligations.
CHAPTER VI

IMPLEMENTATION OF THE FRAMEWORK APPROVED BY MINISTERS IN 1997

70. The eleventh meeting of the Conference of African Ministers of Transport and Communications, held in Cairo, Egypt, adopted a framework for accelerating implementation of UNTACDA II. It gave guidance on areas of concentration for all the subsectors divided into two phases. Phase I concentrated on activities to be carried out before the end of the year 2000, whereas phase II of the framework was mainly on those areas of concentration beyond 2000. Those already implemented under general and multimodal transport are summarized below.

6.1 Organization and conducting of subregional workshops

a. Subregional workshops on transit transport problems

A subregional workshop was organized by ECA and held in Yaounde, Cameroon from 16 to 18 December 1998 for the countries in Central Africa that use the port of Douala in Cameroon (Cameroon, Central African Republic, and Chad) It was attended by 46 participants from the three countries. The workshop aimed at:

♦ Mapping out areas in which countries of the subregion would work together and in order to speed up and facilitate the flow of transit transport; and

♦ Working out performance indicators for transport operators in the field of railways and ports for monitoring performance of transit traffic along the Douala-Bangui-Nجامena corridor.

The workshop concluded that the corridor should possibly consider adopting the model presented by ECA based on the agreement between countries using the port of Mombasa in Eastern Africa.

b. Subregional Transit Transport Seminar for Eastern and Southern Africa

The seminar was jointly organized by ECA, PMAESA, COMESA, SATCC, and TTCA under the sponsorship of French Ministry of Foreign Affairs and was held in Mombasa, Kenya from 13 to 17 November 2000. Various countries and institutions in the subregion attended it. Its main objective was to identify problems affecting transit transport in various corridors in Eastern and southern Africa. The seminar concluded that transit transport is affected by lack of enforcement and implementation of agreements and recommendations reached at in various forums such as meetings conducted by TTCA, COMESA, IGAD SATCC etc.

6.2 Assistance to transit transport authorities

ECA has participated in various meetings organized by transit transport authorities in Eastern Africa, (Ethiopia Djibouti corridor, and Northern Corridor, Southern Africa (Beira Corridor, and Walvis Bay corridor) and Maghreb countries of northern Africa. ECA participation
included preparation of technical documents as requested by these transit transport organizations, and presentation of documents at the meetings.

No information available for item (c)

6.3 Consolidation of achievements of Phase I Data Base Programme

Sierra Leone benefited in 1999 from a mission by ECA aimed at reviewing national transport data on the basis of achievements of Phase I transport Data base programme. Consultations were also carried out with SATCC to determine the extent to which subregional transport data could be harmonized for the purposes of establishing subregional data bases. This was mainly because SATCC had prepared a Protocol on transport and meteorology that covered transport data development at a subregional level.

6.4 Preparation of modal performance indicators

Performance indictors have been prepared in the field of railways and maritime ports for dissemination in various sub-regional and ad-hoc experts meetings in Africa.

6.5 Updating of ECA reports on new developments in electronic messaging

This activity was not carried out.

6.6 Liaison with organizations on establishment of data banks

ECA has consulted with SATCC and COMESA on efforts to harmonize the establishment of pilot sub-regional data bases.
CHAPTER VII

PROPOSALS FOR FUTURE ACTION

71. In order to facilitate the introduction of policy reforms in a country or in various countries in a subregion, and to secure an appropriate environment for development of national or subregional trade and multimodal transport systems, the following multidiscipline measures will have to be considered in the approach:

- Legal and Regulatory measures to harmonize transport liability regimes and insurance practices, and to provide an appropriate legal framework for the establishment and development of multimodal transport operators (MTOs) in the country and in the subregion;
- Trade and transport facilitation measures (Customs regulations, trade and transport documentation, EDI technology) and their acceptance by the trading community, transport operators, government agencies, banks and insurance companies;
- Development policy measures to secure the smooth development of transport services and to avoid misallocation of resources, particularly regarding the improvement of physical infrastructure (inland clearance depots or ICDs, intermodal transfer facilities, etc...) and transport equipment; and
- Subregional coordination measures to secure the appropriate harmonization and integration of the different actions taken at the national level.

7.1 Development Criteria

72. The immediate objectives would have to allow a step-by-step implementation of multimodal transport and of facilitation procedures in the country and in the subregion. In particular they should consider the following:

- Creating awareness of trade and transport issues among national transport regulating entities, carriers, and users;
- Strengthening the freight forwarding sector's management and services;
- Strengthening Customs systems and procedures;
- Strengthening institutions involved in the transport of import-export cargo;
- Simplifying documents, procedures and logistics related to international transport operations within the country. In particular, definition and implementation of documents and procedures leading to the establishment of standard UN lay-out key documents for international transport;
f. Relieving congestion at the main national ports by making a gradual change towards the door-to-door movement of containerized imports and exports;

g. Studying the feasibility of establishing cost-effective private ICDs in the countries to relieve port congestion and further streamline line-haul and distribution operations between ports and inland destinations;

h. Providing assistance in the improvement of communications (EDI)
i. Providing appropriate coordination between the different actions implemented at the national levels to secure harmonization and compatibility in the development of cost-effective transport in the subregion.

7.2 Proposed actions and studies

73. The expected outputs of such a project would include the following

a. Creation of a National Trade and Transport Facilitation Committee (NTTFC) in each country, with subregional coordination. These committees, composed of key decision-makers from the public and private sectors, should work closely with regional trade facilitation committees where they exist;

b. Review of existing national laws, regulations, and procedures on transport related matters in each country so as to allow comparison between the laws of a region;

c. Formulation of appropriate recommendations to unify and harmonize transport related laws, regulations and procedures within a region;

d. Formulation of appropriate recommendations to unify and harmonize transport insurance practices;

e. Formulations of appropriate recommendations on trade and transport facilitation measures.
CHAPTER VIII

CONCLUSION AND RECOMMENDATIONS

74. The development of MT transport infrastructure in Africa requires substantial investment although it is not a panacea for solving the region's transport problems. The first task must be to increase the utilization and performance of the existing infrastructure and related facilities. There are a number of actions that governments, transport providers must and users can take to make a significant improvement in the quality of transport services offered to users. Efforts for the development of MT sub-sector should aim at creating new relationships between transport and distribution providers and users, leading to the development of integrated transport systems—exactly the sorts of processes that have been so successful in the majority of market economy countries.

75. Unless African countries take concrete action themselves, those improvements and achievements made over the last two decades in the development of MT may be irrevocably lost. Opportunities should be sought to acquire the latest transport concepts and technologies, coupled with broadening of expertise, particularly in the management of transport institutions and improving legislative requirements for intra-country and international transport services.

76. Broad recommendations for the future development of the MT subsector can be summarized as follows:

♦ Although the International multimodal transport convention is not yet in force and may not receive the required number of countries for its ratification in the near future, the single MT Goods Declaration (Customs Transit) document, like the one under implementation in COMESA sub-region, should be mirrored in national legislations governing the transportation of goods between two or more countries in the region. African countries should make all efforts to establish legal regimes for the promotion of MT transport.

♦ Governments should adopt planning strategies that encourage door-to-door services. They should therefore, become regulators, rather than providers of transport, and promote efficient services, instead of protecting inefficient public transport providers.

♦ African countries should encourage participation of the private sector in MT as a step towards the promotion of effective door-to-door transport services.

♦ Containers and containerization have now become the method of transporting commodities throughout the world. African countries should further exploit the opportunities offered by containers for reasons of economies of scale on large TEU vessels, quick turn-round times, cargo security and protection. The container system has grown from strength to strength and has worked well in the region. It should, therefore, be given high priority in transport investment plans since there is no other competitive system to container transport in the movement of dry cargo into and out of Africa.
The “new generation containers” dimensions are based on more generous road-traffic regulations introduced in the United States or on the advantages provided by the efficient accommodation of pallets with the sizes adopted in Europe. The transport industry in Africa is aware that changes in container size will definitely require the region to re-equip their ports and change surface facilities to adapt them for the handling and transportation of containers with bigger dimensions. **Only Series I containers should be maintained as the African standard as already adopted by ARSO**

- It is therefore recommended that:
  - African countries should ensure that external dimensions of loading units in the region should, as far as possible, be compatible with foreseeable inland transport infrastructure for all major transport corridors; and
  - Existing standards for loading units should be maintained over a long period of time so as not to jeopardize investments which African counties have already made in transport infrastructure, rolling stock, vessels and various handling equipment.
  - Actions should be taken at the operational level with regard to implementation of modern practices such as ensuring that adequate MT terminals such as ICDs, CFSs and other groupage facilities are established and efficiently operated. Special attention should also be given to the introduction of EDP/EDI and acquisition of appropriate software including systems for the tracking of vehicles and cargo, transmission of manifest etc., and participation in port/maritime community information networks and the development of relevant data bases.

- The process of importing or exporting commodities using MT concept is a complex operation involving many players. **The use of unsuitable f.o.b/c.i.f INCOTERMS to new, multimodal transport-friendly fca/cip terms (free carrier/carryage and insurance paid to) as a buyer/seller agreements and arrangements for contracts should be encouraged.**

- Delays in the release of goods are caused by a number of factors including inefficiency and lack of professionalism on the part of some shipping agents, freight forwarders and customs clearing agents/brokers. **To overcome this problem, Governments should set minimum standards for those in these professions and, where possible, closely regulate their performance. Effective penalties are also required to discourage low standards of integrity in the profession.**

- It is necessary to improve the standing recognition of freight forwarders and other agencies in the transport and trade. This could be carried out by establishment of accreditation schemes, and setting up professional and financial barriers to entry to the profession in order to encourage competence and reliability. **Efforts should also be made by governments to develop, through training schemes, the ability to provide freight forwarders with a full range of transport and distribution services.**
ANNEX

List of References Used

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