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MISSION REPORT

STAFF MEMBERS ON MISSION : Antoine C. Tchibozo, Railway Expert
K. Yeboah-Konadu, Regional Adviser (Transport)
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PLACE AND DURATION : Dire Dawa (ETHIOPIA) and DJIBOUTI
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**REPORT OF THE MISSION TO DIRE DAWA AND DJIBOUTI,
NOVEMBER 29-DECEMBER 4, 1998.**

I. Background

In his letter of October 30, 1998 addressed to the Chief of the Regional Integration and Cooperation Division of ECA, the Director General of the Djibouto-Ethiopian Railways Corporation invited him (or in case he was unavailable, his representative [s]) to join a delegation of European Union Ambassadors accredited to Ethiopia who were due to visit both Dire Dawa and Djibouti to assess the state of the Railways and the Port, respectively. The mission of the European Ambassadors was against the background of their regular technical assistance programme with the Railways and the Port of Djibouti. The extension of further assistance had become particularly urgent since the commencement of the border dispute between Ethiopia and Eritrea in May 1998 when Eritrean troops crossed into Ethiopia.

It may be recalled that as a result of that dispute, the Government of Eritrea instituted a policy of denying Ethiopian exporters and importers access to the two ports of Assab and Massawa which had hitherto served as Ethiopia's main international maritime routes from time immemorial. From May 1998, therefore almost all of Ethiopia's sea-borne trade had to be diverted to the Red Sea Port of Djibouti. This situation radically changed the role of the Djibouti-Ethiopia Railways in both the domestic and foreign trade of Ethiopia which, following the independence of Eritrea in 1993, suddenly became a land-locked country.

After hundred years of existence without any serious and adequate modernisation and regular maintenance, especially during the Ethiopian Revolution(1974-91) the net work was hardly prepared for the new role thrust upon it by political circumstances. To be able to face the new challenges, the network needed a major overhaul both in terms of its physical infrastructure (rolling stock, locomotives, tracks etc.) and its management methods. Furthermore because of the inadequacies of the road network between Ethiopia and Djibouti, the pressures on the railways to improve upon its performances came into sharper relief.

Prior to the new situation, the Railways had submitted a number of requests to the European Commission for assistance to enable it to restructure its operations as well as its physical infrastructure. These requests assumed an urgent character because of the need to cope effectively with the new demands and pressures on the services of the corporation.

The EU mission was thus in response to the requests of the Railways administration. Since the main purpose of the mission was assess the impact of the increased traffic on the network the delegation decided to make part of the trip (Dire Dawa-Djibouti) by train. **(The list of members of the EU delegation (and others) is attached to this report as Annex A).**

II. ECA

ECA was invited to join the mission for a number of reasons, namely:

For several years, there has been a close collaboration between the Commission and the network in the context of the former's overall technical cooperation programme in the transport sector with its member states;

In the framework of the Cairo Declaration and Plan of Action of the Second UN Transport and Communications Decade for Africa (UNTACDA 11) adopted in November 1998, ECA (with the Union of African Railways) is specifically mandated to continue to give continuous and efficient assistance to African railways and land-locked countries, and to reinforce cooperation with other railway organistaions, in line with the needs and specific economic preoccupations of the African continent;

In July 1998, the Ethiopian Government approached the Commission of the European Union for funds, under Lome IV, to enable ECA and UNCTAD to jointly install the Rail and Port tracking modules of the UN-developed Advance Cargo Information System within the railway network and the Port of Djibouti as a measure of enhancing the operational efficiency of both institutions.

ECA was thus expected to advise the management of both the Railways and the Port in their deliberations with the European Union Ambassadors.

III. Dire Dawa

The mission started in Dire Dawa on November 30, 1998 with a Welcome Statement by the Director General of the Railways. In the statement, he reviewed the past assistance that had been extended to the corporation by the member States of the European Union, either collectively or individually; he recalled that within the framework of the Lome Convention, the Commission made a grant of 15 mecus in the early 1980s for various activities which were terminated in 1986; he however recalled a few features of that allocation: one of those features was that under that grant, the network acquired 60 km of rails of the type 36 kg/m which was clearly not enough to cover even a fraction of the entire network. This has meant that a disproportionate part of the line is made of the old tracks of 20 and 25 kg/m. He was of the opinion that after the Ambassadors had seen this physically, they would appreciate the acute difficulties which the management of the railways faced in their daily operations, especially against the background of the expanded traffic that they were now compelled to deal with; he referred to the restructuring exercise which the management of the corporation had embarked upon in recent years in order to make it more responsive to the demands of its clients as well as the market, especially the challenge posed by the road sector.

Referring to ECA, the Director General recalled the long relationship that had existed between his institution and the Commission, especially ECA's technical cooperation activities with the Union of African Railways and its member railways; in this regard, he informed the Ambassadors that both ECA and his corporation were constantly exploring new areas of cooperation. In any regard, he mentioned the proposals, which the Government of Ethiopia had submitted to the Commission for resources to enable ECA and UNCTAD to install both RailTracker

and PortTracker modules of ACIS as a means of assisting both the railway and the port to improve upon their operational efficiency. **(Copy of the Director General's statement is attached to this report as Annex B).**

The formal welcome ceremony was followed by a tour of the premises of the network at Dire Dawa. This offered the delegation an opportunity to see at close range the activities of the various branches of the corporation technical workshops, repairs, locos, etc. It also exposed in very stark terms the backlog of the network's requirements in terms of equipment, management etc.that should be met in order to enable it to play its new role in the foreign trade of Ethiopia.

The next portion of the mission was the trip by rail from Dire Dawa to Djibouti, which took about eight hours.

The rationale behind the train trip was to give an opportunity to the Ambassadors to understand the real problems and needs of the corporation. To achieve this, it was agreed that there should be intermittent stops on the way for the delegation to do physical inspections of the infrastructure, especially the tracks and some of the stations. As a result of this, it was possible for the delegation to establish the difference between the 36 kg/m and the 20-25 kg/m rails to which the Director General referred in his Welcome Address at Dire Dawa. It was also possible to see the state of disrepair of the stations and the inadequate and derelict nature of the limited number of wagons and locomotives, which were expected to cope with the increase in traffic since May 1998. These on-site inspections were of course followed with informal discussions during the trip to Djibouti amongst the members of the delegation on the one hand and between them and the management of the railways on the other.

IV. Djibouti

As far as the European Union Ambassadors were concerned, the Djibouti part of the mission had a dual purpose--political and technical. The political part as far as they were concerned was meant to allow them to hold top level discussions with the political leaderships of both Djibouti and Ethiopia. Consequently the morning of December 2, 1998 was devoted to discussions with relevant Ministers of state (Transport, Trade, Finance and Foreign Affairs) of both countries as well as the Prime Minister of Djibouti, behind closed doors. Since ECA was not invited to participate in their deliberations and hence not privy to the results, any comments on those meeting are, at the very best, only second hand and/or speculative. It was nonetheless clear from the little information that filtered through, that the Europeans sought, in no uncertain terms, to define some conditions without which their assistance would not be easily forthcoming. For instance it was suggested informally that one of the primary purposes of those discussions was to enable the Ambassadors to stress to ministers that it was vital for the countries of the region to resolve their differences and conflicts through diplomacy and dialogue as a means of attracting private capital (both domestic and foreign) to the transport sector in general and the rail/port sector in particular; at the same time, it was also suggested that the Ambassadors confirmed the commitment of the European Union to extend financial assistance to the two countries to deal with the difficulties that have arisen from the political crisis between Ethiopia and Eritrea provided that both Ethiopia and Djibouti would resolve their respective conflicts with Eritrea in a peaceful manner. It must be stressed that these views are however not official and consequently since ECA did not take part in the meetings, cannot be fully

vouchsafed. Given the situation in the region, though, it was reasonable to assume that these topics could have been very much aired out.

The technical part of the programme consisted of a tour of the Port of Djibouti to assess their requirements against their existing infrastructure and their operations and to hold discussions with IGAD. ECA was fully associated with the former programme, but not the latter since that was also a purely bilateral activity between the EU and IGAD.

At the Port, the Director General gave a brief overview of the main departments and how they were coping with the challenges posed by the requirements of the Ethiopian situation. As with the railways, ECA and the Port of Djibouti have enjoyed a long relationship in the framework of ECA's technical cooperation activities with the Port Management Association of Eastern and Southern Africa as well as with IGAD.

V. ECA/Port of Djibouti Discussions

Against the background of the general and regular cooperation between the Commission and the Port of Djibouti and in the context of the specific issue of the proposal parallel installation of the Port Rail module of the Advance Cargo Information System (ACIS), the Operations and Computer Departments of the Port and ECA had a long working session to prepare the grounds for the launching of the project as soon as the project funds are made available by the European Commission in the first quarter of 1999 as has been intimated by the EC.

It was agreed that since the operations of both the port and the railway complement each other because of the new circumstances, every effort should be made to install both RailTracker and PortTracker concurrently. It was also agreed that as soon as the EDF (European Development Fund) Committee gives the green light for the project to start, a joint body, composed of the Port, the Railway and ECA/UNCTAD should be set up to ensure a rapid implementation of the project in view of the urgency of the situation confronting Ethiopian exporters and importers.

It was further agreed that since road transport still plays a preponderant role in Ethio-Djibouti trade, discussions should commence as early as possible with the European Commission regarding the possibility of the development and installation of the other module, i.e. the RoadTracker of the ACIS package for both Ethiopian and Djibouti operators.

VI. Conclusions

Undoubtedly, the mission offered ECA the opportunity to reinforce its technical cooperation profile with both the railway and the port. It also, more importantly, made it possible for the Ambassadors of the EU countries to appreciate the real needs of both institutions; this should, in principle help them to formulate recommendations which will facilitate the appropriate decisions at the level of their capitals and at the level of Brussels, regarding the requests for assistance formulated by both the port and the railway for resources to upgrade their operational efficiency. ECA will, without doubt be called upon to assist both institutions in their efforts in the short, medium and long terms.

ANNEXE A

MEMBERS OF THE DELEGATION

1. H.E. Mr Pieter J. Th. Marres (NL)
2. Mrs. Joséé Marres-Schoenmakers (NL)
3. H.E. Mrs Wiltrud Holik (DE)
4. Dr. Josef Holik (DE)
5. H.E. Helga Graefin Strachwitz (DE)
6. H.E. Mr. Alain Rouquie (F)
7. Mrs. Stephanie Rouquie (F)
8. H.E. Dr. Thomas Michael Baier (A)
9. Mrs. Heli Annikki Sirve (FI)
10. H.E. Mr. Gordon Wetherell (GB)
11. Ms. Pauline Conway (IRL)
12. H.E. Mr. Pablo Zoldivar Miquelarena (SP)
13. Mrs. Miquelarena (SP)
14. H.E. Mr. Lars Jonsson (SWE)
15. H.E. Mr. Karl Harbo (EC)
16. H.E. Mr Delieta Mohammed (Dj)
17. H.E. Mrs. Sahlework Zewdie (Eth)
18. Mrs. Andrea Fuehrer (EC)
19. Mr. Bruno Leclerc (AFD)
20. Mr. Antoine C. Tchibozo (ECA)
21. Mr. K. Yeboah- Konadu (ECA)
22. Mr. Ali Abdellah Gadid (CDE)
23. Mr. Solomon Eshetu (CDE)

ANNEXE B

WELCOME STATEMENT BY MR. ALI ABDELLAH GADID, GENERAL MANAGER OF THE CHEMIN DE FER DJIBOUTO ETIOPIEN, ON THE OCCASION OF THE VISIT OF THE AMBASSADORS OF THE MEMBER STATES OF THE EUROPEAN UNION AND THE HEAD OF THE DELEGATION OF THE EUROPEAN COMMISSION TO ETHIOPIA TO THE PREMISES OF THE CHEMIN DE FER DJIBOUTO-ETHIOPIEN AT DIRE DAWHA ON NOVEMBER 30, 1998.

Excellencies, Ambassadors of the European Union Countries, H.E Mr. Harbo, Head of the Commission, distinguished representatives of the Executive Secretary of the UN-Economic Commission for Africa, colleagues, Ladies and Gentlemen.

It gives me great pleasure, indeed it is a rare honour for me to welcome all of you to the premises of the Ethio-Djibouti Railway organisation in Dire-Dawa to day as our privileged guests. Never as far as I have been made to understand, have all the Ambassadors of the European Union converged at one place in Ethiopia to express their solidarity with one particular sector of the Ethiopian economy. On behalf of the Ministers of Transport and Communications of both Djibouti and Ethiopia, the Management and of course staff of C.D.E, I wish to place on record our heartfelt thanks to all of you Excellencies, for the time you have made to see us here today.

The relationship between the railway on the one hand and the European Union and its Member States on the other has been long and fruitful since the network was opened some hundred years ago.

Time does not allow me to go into all the details. Suffice, on this occasion to refer to only the most recent areas of collaboraton. As you may recall, Excellencies, the European Union's assistance to our organisation has been circumscribed in the framework of the LOME Convention. Under LOME II, the Commission granted us 15 million ECUs for various projects. As you know the activities foreseen under that grant were terminated 1986. However, it is in my view appropriate to recall a few salient features of the allocation of 15 million ECUs. One of them is particularly striking, and I would like to draw attention to it. Under the project, C.D.E acquired 60 km of rails of the type 36 kg/m. However, as you will observe during our train trip to Djibouti tomorrow, this was not enough to cover the entire distance from Dire-Dawa to Djibouti, to the extent that during the trip, you will not fail to observe that a considerable stretch of that line is made up of 20 and 25 kg/m rails. I need not underline the difficulties that this situation creates for us in our daily activities and the adverse effects on our ability to render efficient services to our clients. It is our earnest hope that Your Excellencies will examine the need to correct this imbalance with the attention which in our view, it deserves. We have no doubt that a uniform system will go a long way towards enhancing our efficiency as an institution.

Excellencies, ladies and gentlemen, as you also know, the Governments of both Ethiopia and Djibouti have in recent years embarked upon very serious reforms of the sectors of our their respective national economies. The transport sector,

including the rail sub sector of course have not been spared. In the particular case of the railways, I would like to recall that I have recently appeared before the relevant parliamentary committees which are looking at how best to proceed further with the reform process which has been initiated by the Ethiopian government. Parallel initiatives are taking place at the Djibouti end of the Corporation. Clearly, for us to succeed, we need to revamp our operations in order to cope with our new responsibilities. It is for this reason that, I hope you will appreciate my recalling the request that we submitted to the European Union for an allocation of 35 MECUs some time ago for various activities which we think will help us to enhance our performance and meet the additional exigencies that have been thrust upon us by circumstances beyond our control. I am of course referring to the diversion of all the traffic of Ethiopia from Eritrea to Djibouti since May 1998. In order to assist the Union to arrive at the appropriate decisions, you asked for three studies to be conducted into the matter in order to ascertain the viability or otherwise of the request we had submitted to you. To our natural delight, all three studies confirmed the suitability and technical viability of our request. Consequently, we sincerely hope that the Commission will now see its way clear to be able to recommend our request to the competent authorities for the resources to be allocated to us. Your mission here, we hope, will strengthen the case for our request.

Before I conclude these brief remarks, please allow me to pay homage to the United Nations Economic Commission for Africa, whose Executive Secretary is represented here today. CHEMIN DE FER DJIBOUTO-ETHIOPIEN and ECA have maintained a very long relationship. ECA has extended technical assistance to us on several occasions and in diverse ways. It has been very active in the Councils of the Union of African Railways of which, as you know, our Corporation is a leading member. New avenues are constantly being explored by both parties to make our relationship more relevant. One of the areas we are currently looking at is the installation of the Rail and Port modules of the Advance Cargo Information System which has been developed by the United Nations Conference on Trade and Development, specifically for ports and railways in Africa. The System has been installed in several African Ports and Railways and the information that we have received from the beneficiaries convinces us of the relevance of our operations especially in our present circumstances. We have requested the European Commission to seriously look into the possibility of funding the project to be implemented jointly by ECA and UNCTAD for us. I would like to publicly thank Ambassador Harbo for his interest in this project and through him, the Commission for its decision to look favourably into our submission. We need ACIS in our day to day operations as a management tool.

Your Excellencies, since we shall have plenty of time to exchange views on a number of issues during your mission, I think that I need not bore you with a long welcome statement. However, I think I will be failing in my responsibilities if I do not, once more place on record our appreciation to one person here. Ambassador Karl Harbo has distinguished himself since arriving here as someone

who understands in very clear terms his mission as the representative of the world's biggest development assistance donor, the European Union. His understanding of development crisis, especially in our part of the world is second to none. He has amply confirmed what everyone said of his stewardship Tanzania, before he came to Ethiopia. Mr. Harbo, we thank you for your interest in our well being. We thank you for your ability to listen to us, we thank you for being our spokesman in the European Commission. We sincerely thank you for arranging this mission.

Excellencies, Ladies and Gentleman, thank you for coming and thank you for your very kind attention.