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Govt to recapitalise railway system

By Joan Chirwa

GOVERNMENT is planning on recapitalising TAZARA and Railway Systems of Zambia (RSZ) for improved efficiency of the two railways, the Ministry of Finance has said.

This is in recognition of increased economic activities in the country – especially in the mining sector – requiring a well established rail system for bulk transportation of goods. Almost all the heavy equipment that mining companies and other major industries are bringing into the country are mainly transported by road, with the government and stakeholders indentifying this as the main cause of frequent road damages.

"The government is aware of the importance of rail transport in the country. Therefore, we are discussing possibilities of recapitalising the Tanzania Zambia Railway (TAZARA) and RSZ," said Dr James Mulungushi, permanent secretary for the Planning and Economic Management Division in the Ministry of Finance and National Planning. "We need to make the rail transport attractive so that bulk transportation can be diverted from roads to railway lines. If government doesn't do anything, we will continue to see enormous damage on roads."

Dr Mulungushi could however not disclose how much money the government would inject in the railway sector, only saying "it is in millions of dollars."

And RSZ last week promised to inject US $30 million (approximately K95.4 billion) in its operations beyond what is contained in the Concession Agreement with the government.

RSZ chief executive officer Benjamin Even stated that the company has recognised the need for additional investments in the railway sector to ease the pressure on roads. He also said RSZ has engaged in negotiations with TAZARA for enhanced operations of the two railway companies to save the government from huge road maintenance costs.

The government recently warned that it would consider withdrawing the Concession Agreement with RSZ if the company fails to revamp its operations. Rough estimates indicate that the government requires around K1.2 billion to re-construct just a kilometer of a road while about K150 million is needed to re-do a kilometer of a railway track. In comparison with road transportation of bulk cargo, railway lines can carry up to 3,000 metric tones of goods in one haul while one truck is only limited to 28 tones. In order to transport up to 3,000 metric tones of goods using roads, a total of 107 trucks are needed, meaning more load for the already damaged road network in Zambia.

And African Development Bank (AfDB) vice-president for Corporate Services Arunma Oteh said Zambia should prioritise infrastructure development as a critical component for growth of the economic sectors.

Oteh, in an interview, advised the Zambian government to work on its rail infrastructure in order to boost economic activities.

"Zambia is a landlocked country and sometimes it has to get goods to the port. I don't think this country has adequate road network to provide for extensive trucking. Heavy goods are transported using trucks," Oteh said. "Can you imagine if Zambia had adequate rail system, all the heavy goods could be transported by rail. Zambia needs to get the right sponsors for the development of its railway system."

Oteh said infrastructure private sector participation in infrastructure development through public-private partnerships (PPPs) needs to be enhanced.

"Agriculture is also an important sector. But priority is infrastructure, across all sectors. Infrastructure impacts all the other sectors," Oteh said. "Infrastructure is an enabler for the other sectors."

Oteh said Africa requires a total of US $38 billion dollar per year for infrastructure development. Infrastructure development in the electricity sector accounts for the largest share of the US $38 billion total requirement, standing at US $23 billion per year.

"The African Development Bank is actively looking into infrastructure projects in Africa, specifically the power sector," Oteh said. "There are models from other projects, for example the Bujagali power project in Uganda, which benefitted from the public and private sector funding, both market based and non-market based."