LESSONS FROM THE ZAMBIAN CONCESSION

On January 29, 2013 In Zambia

Railway Systems of Zambia (RSZ) chief executive officer Benjamin Even, when informed late in 2012 that his company's concession was being cancelled for non-performance, pointed out indignantly that it had invested more than $US50 million since its appointment in 2003 – considerably more than the contractual obligation. "Our obligation as concessionaries was to operate and improve the infrastructure and hand it back to the government at the end of the concession period in a better condition," he was quoted saying.

RSZ is blamed now for the poor state of the railway, its infrastructure and rolling stock, and for failure to attract heavy goods traffic off the roads which are breaking up under the strain.

The story is a familiar one in Africa, where state-owned railways suffering from decades of neglect, characterised by chronic under-investment and minimal maintenance, are handed over to concessionaires who are expected to pump in millions and work miracles.

Miracles unfortunately take far too long for the liking of politicians. Results are needed quickly, at least before the next election, otherwise the politician rather than the concession -holder risks biting the dust. A change in government during the currency of a concession almost automatically spells trouble – as it seems happened in Zambia.

On several occasions in recent years, RSZ CEO Even warned of problems that his company could not solve on its own, In October 2011 he was quoted saying: "The government of Zambia must honour the concession agreement for the sake of the Zambian economy and RSZ employees, and should support our sector with implementation of transport policies which will make the railways more competitive in order to shift traffic from road to rail. These are mainly reflected in the road levy refunds, support towards security and road regulations to be enforced such as weight limitations and toll gates." RSZ he said faced challenges such as "huge outstanding debts from neighbouring countries' railways which are estimated at US$6 million and about $5 million of paid road levy which has never been refunded." Vandalism too "continued to haunt the company."

Even pointed out that “Addressing such matters will benefit us all as opposed to creating a wrong impression in the public which could lead to major risk for this concession; this was observed in other railway concessions and companies which have recently failed in the region,” Even added: “money is not easy to come by but is a direct result of hard work and responsibility of each and every employee of the company towards its targets, assets and image. We all want more, but without this, it will never come. Our role is to work hard and plan while the government should support us with the right policies.”