



**SOUTHERN AFRICAN DEVELOPMENT COMMUNITY  
NACALA ROAD CORRIDOR STUDIES**

**FEASIBILITY STUDY FOR ONE-STOP BORDER POSTS,  
DETAILED ENGINEERING DESIGN AND LEGAL FRAMEWORK  
FOR OPERATION OF ONE-STOP BORDER POSTS AT  
MCHINJI [MALAWI]/MWAMI [ZAMBIA] AND CHIPONDE  
[MALAWI]/MANDIMBA [MOZAMBIQUE].**

**FEASIBILITY REPORT**

**VOLUME 5:  
INSTITUTIONAL FRAMEWORK**



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**Preliminary Feasibility Studies & Detailed Engineering Design, Legal and Institutional Framework for OSBPs at Chiponde-Mandimba between Malawi and Mozambique and at Mchinji-Mwami between Malawi and Zambia**

**Component on Proposed Institutional Framework for the One Stop Border Posts at Chiponde-Mandimba and Mchinji-Mwami**

**Introduction**

This component of the Study is prepared in seven parts, namely

- 1.** Historical perspective of the Corridor's bilateral agreements,
- 2.** A typical institutional framework at border posts,
- 3.** Linking economic performance with need and type of OSBPs
- 4.** Problems a newly introduced institutional framework is likely to face at the two border posts based on experiences in the region,
- 5.** Proposed model of institutional framework for the two border posts and justifications behind choice of model,
- 6.** Terms of Service of the Nominated Structure
- 7.** Conclusion and Way Forward.

## **1. Historical perspective of the Corridor's bilateral agreements**

The Study gives a brief historical overview of country and inter-country institutional frameworks. It then focusses on details of institutional frameworks. Of importance, it proposes an efficient, customer-friendly, technology-driven, cost-effective and revenue-optimising framework to replace the current inefficient and corruption-prone system of border post management at Chiponde-Mandimba between Malawi and Mozambique and Mchinji-Mwami between Malawi and Zambia. The overview dates from 2000, when two Nacala Corridor countries; Malawi and Mozambique started engaging in development and trade negotiations.

### **1.1 Presidential Accent to the Bilateral Agreements**

The first of such Agreements was formally entered into between the President of Malawi (Hon. Bakili Muluzi) and the President of Mozambique (Hon. Joachim Chissano) on 28th September 2000 on behalf of their respective countries. Later, a Letter of Intent was signed on 31st August 2001 by the two countries incorporating a third country; Zambia, who had expressed her desire to join the two. Zambia's Vice President on behalf of her country formally entered into an Agreement with the two countries on 27th February 2003 with both Presidents.

### **1.2 Earlier Bilateral Agreements; Political Road-Maps to OSBPs**

Of the fifteen articles of the first bilateral agreement, the relevant articles are seven out of the first eight (Articles 2 to 8). These articles deal more with concerns of an institutional framework especially at the country and inter-country level. These are **Article 1** on definitions, **Article 2** on objectives of development of the Nacala corridor, **Article 3** on promotion of infrastructural projects, **Article 4** on the Corridor's coordinating mechanism, **Article 5** on Joint Ministerial Committee, **Article 6** on Joint Technical Committee, **Article 7** on National Ministerial Committee, **Article 8** on National Technical Committee and **Article 9** on Financial Arrangements.

The remaining Articles 10, 11, 12, 13, 14 and 15 on Amendments, Dispute Resolutions, Confidentiality, Entry into Force, Depository and Termination are covered by the Study's legal component, which has proposed two detailed bilateral agreements between two of the three Nacala Corridor countries; Malawi and Mozambique. The earlier agreements entered into between 28th September 2000 and 27th February 2003 are more nationalistic in outlook

and dwell more on political intentions. They do not inform the Study's legal component which is more specific and relevant to OSBP operations and management.

### **1.3 The Study's Legal component; A Legal Road-Map to OSBPs**

The proposed institutional framework is (in legal terms), anchored on the proposed Bilateral Agreements between Malawi, Mozambique and Zambia. The legal component (in Articles 1, 2, 3, 4, 7, 9, 10, 13, 14, 15 and 18) makes more direct reference and is more relevant to operational issues like definitions, establishment of an OSBP, control zones, border controls, conduct of Officers, facilities, facilitation agents, joint commission, disputes resolution, limits of liability, confidentiality and termination. The cited articles of the Bilateral Agreements though relevant, are not discussed here. They have already been dealt with in the relevant legal section of the Study.

### **1.4 Entry of Zambia and expansion of Nacala Corridor's Objectives and Geographical Area of Jurisdiction**

The geographical area that forms Nacala Corridor's area of jurisdiction initially covered **in Malawi**, all districts in the Southern Region, Chipoka Port in Salima, the Districts of Ntcheu, Dedza, Salima, Dowa, Lilongwe and Mchinji in the Central Region, and land masses in Lake Malawi, and **in Mozambique**, the Nacala Port and the geographical areas bordering Nacala to Entre Lagos Railway Line and Cuamba-Lichinga Railway Line and Lake Niassa.

In February 2003 when Zambia's membership took effect, the Corridor's area of jurisdiction considerably expanded to include in the **Eastern Province**, all districts comprising Nyimba, Petauke, Katete, Chadiza, Chipata, Mambwe and Chama, in the **Northern Province**, all districts comprising Mpika, Isoka, Nakonde, Mbala, Mpulungu, Kasama, Mporokoso, Kaputa, Luwanga and Chinsali, in the **Central Province**, five districts comprising Chibombo, Kabwe, Kapiri-Mposhi, Mkushi and Serenje and in the **Lusaka Province**, three districts comprising Luanga, Chongwe and Lusaka.

### **1.5 Objectives of the Nacala Corridor (Articles 2 and 3)**

The Nacala Corridor's development agenda focusses on core reasons for which the Corridor was identified as being important to the three countries. The core objectives of the Nacala Corridor development are to

1. Develop an investment area that is adequately efficient and competitive, cost-effective, reliable for transport, communication and energy,
2. Foster economic growth by promoting and coordinating viable business in agriculture, mining, tourism, commerce, trade, transport and livestock
3. Foster environmentally sustainable growth and
4. Promote infra-structural projects along the Corridor

### **1.6 Corridor coordinating mechanisms (Article 4)**

Once the core objectives had been identified by the two countries; Malawi and Mozambique, a coordinating administrative mechanism was put in place by which countries neighbouring the two would realise the set targets. Details of the administrative mechanism are as follows;

1. Joint Ministerial Committee (Article 5)
2. Joint Technical Committee (Article 6)
3. National Ministerial Committee (Article 7)
4. National Technical Committee (Article 8)

### **1.7 Joint Ministerial Committee (Article 5)**

The Joint Ministerial Committee of the Corridor is the coordinating mechanism under Article 5 of the Nacala Corridor Agreement and comprises a delegation of five headed by a Minister, from each Country. It has its own rules of procedure. The Minister of the country hosting the Joint Ministerial Committee meeting chairs meetings and prepares and distributes the agenda. The Country hosting a Joint Ministerial Committee meeting provides the venue and records and distributes the minutes.

The Joint Ministerial Committee's meeting's decisions are by consensus and are binding. The Joint Ministerial Committee approves, steers, monitors and reviews the Corridor's development and activities. The Joint Ministerial Committee adopts policies required to fulfill the Corridor's objectives. And last but not least the Joint Ministerial Committee facilitates mobilization of resources required for the Corridor's development

### **1.8 Joint Technical Committee (Article 6)**



The Nacala Corridor shall establish a joint technical committee comprising national technical committees whose functions shall be to

- a) Identify, consider and prioritise the Corridors's investment projects
- b) Recommend solutions to hinderances of the Corridors investment projects
- c) Mobilize resources for promoting and implementing the Corridor's projects
- d) Prepare the agenda for the Joint Ministerial Committee meetings

### **1.9 National Ministerial Committees (Article 7)**

Each Corridor's member state shall establish a National Ministerial Committee each with its own structures and the following functions;

- a) To oversee implementation of the Corridor's objectives
- b) To approve appointment of experts to assist with implementation of the Corridors' objectives and activities, as recommended by the National Technical Committees

### **1.10 National Technical Committees (Article 8)**

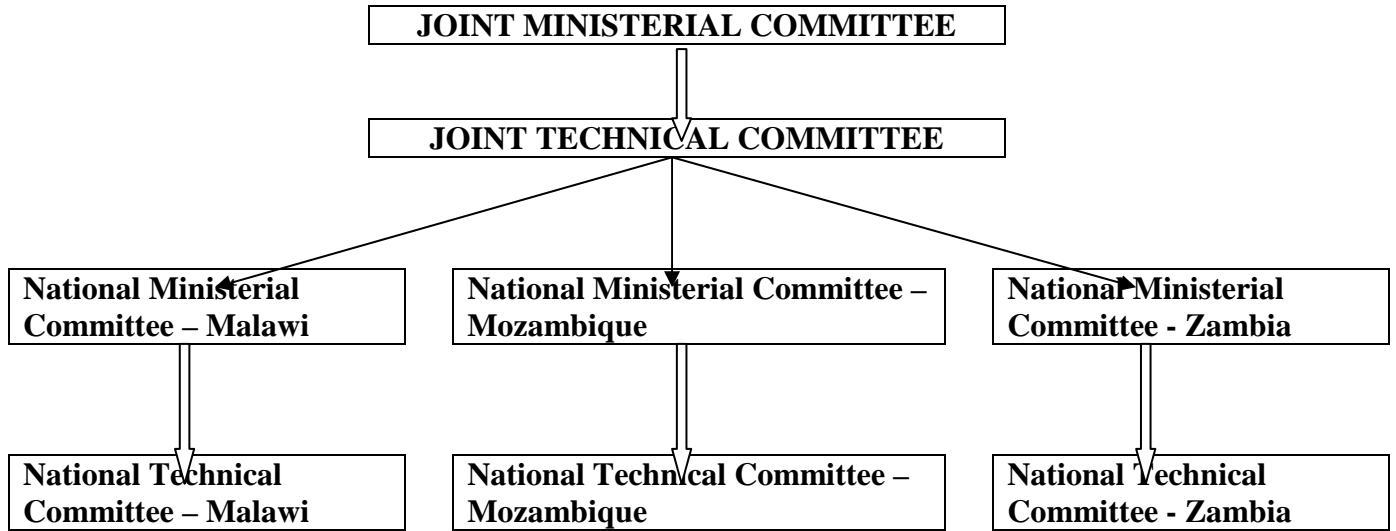
Each Corridor's member state shall establish a National Technical Committee with own structure, and shall report to its National Ministerial Committee. The functions of the National Technical Committee shall be to

- a) Undertake secretarial services at its meetings and for meetings of the National Ministerial Committee in their own countries
- b) Prepare and maintain a list of the Corridor's projects in their own countries and as well ensure their implementation
- c) Disseminate information on the Corridor, prepare working papers and liaise with the National Technical Committees of member states
- d) Identify and recommend to the National Ministerial Committee,
  - i) Solutions to constraints hindering implementation of economically viable investment projects of the Corridor
  - ii) Areas of infra-structural improvement which can be incorporated in the Corridors's overall development strategy
  - iii) Appointment of relevant experts
  - iv) Policies and strategies that may promote development of the Corridor

Articles 9 to 15 are specifically on matters of general administration and management of the Corridor and shall not be discussed here. Suffice it to mention that Article 9 on sources and management of finances for the Corridor's meetings' logistics and costs is important for

OSBPs especially when such meetings are convened at the border posts. The Nacala organogram in Chart A captures these institutions.

**Chart A NACALA ORGANOGRAM (at Country and Inter-country level)**

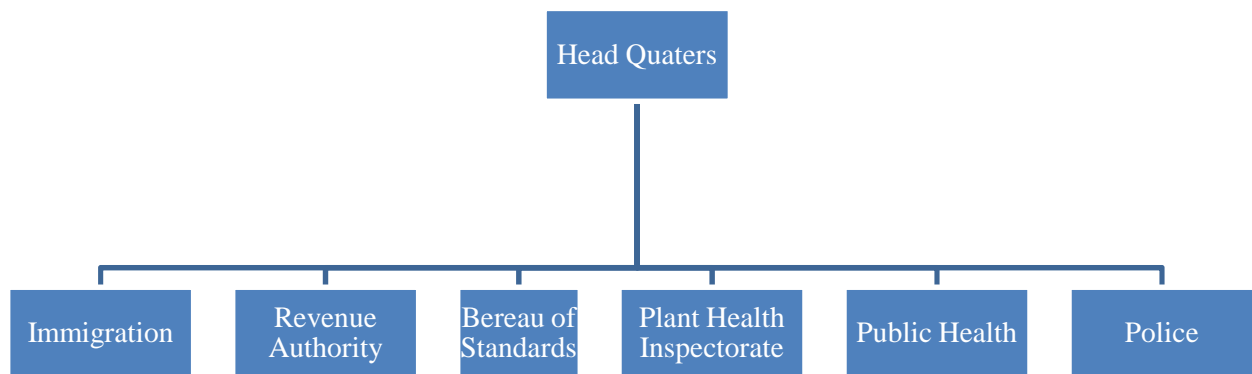


## 2. Typical institutional frameworks at OSBPs

The Inception Report states that Government departments at border posts are presently inefficient, bureaucratic, corrupt, resistant to change, unable to optimise revenue collection, unfriendly to modern information technology and unable to respond to changing economic times. The Study analyses these administrative and technical gaps and provides suggestions to key operational problems. The OSPB concept aims at saving time and cost by packaging these gaps and solutions into one approach.

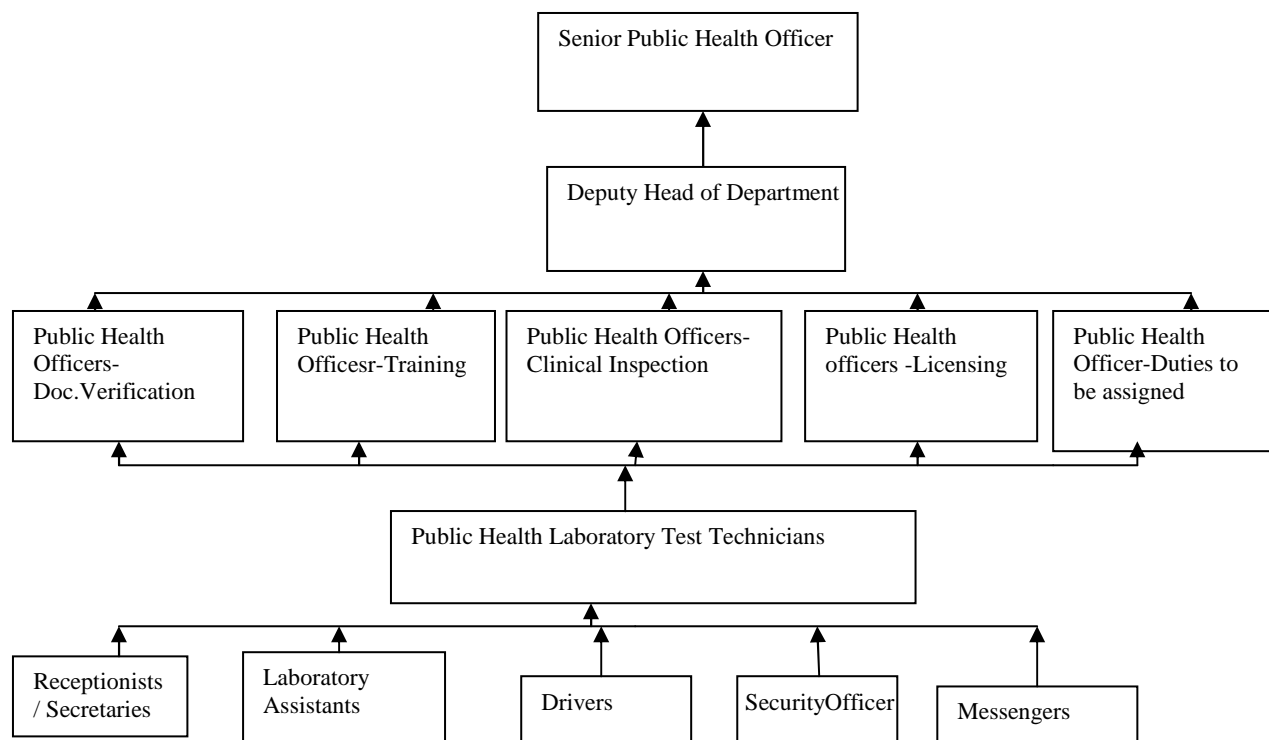
Chart B depicts six Government departments. It captures the characteristics of poor communication flow, inadequate command chain and non-hierarchical reporting system. The Chart is unable to explain how and when departments manage border post issues and who is in charge.

**Chart B – Typical organogram of Government department at border post**



All six departments report to their respective head-quarters. None has a zonal or regional office. There is therefore the likelihood of delay in decision-making or in wrong decisions being made. Communication, delegation and bureaucracy pose challenges likely to increase operational costs and time wastage. The current set-up does not embrace information technology as there is no such department. It is also not clear whether the set-up is all-inclusive and how it would resolve issues that do not concern departments not represented at the border, (agriculture, livestock and forestry etc) and how such issues would be communicated to relevant head-quarter office.

### **Chart C – Public Health Department**



## 2.1 A look at the department of pulic health

Chart B shows as an example, operations of the public health department’s institutional framework at the border post. The department has thirty (30) officers reporting for daily duties and responding well as expected by their head-quarters. Transfers, deployment, training, promotion, recruitment and sackings are prompt and orderly. The department meets its annual targets as set out in performance contracts of every employee. Every year it suffers no serious budget deficits or expenditure shortfalls.

## 2.2 A typical Government department framework at the border

### 2.2.1 Staff Establishment

A typical Government department at the border has a department head, a deputy, at least two secretaries, between seven and ten technical employees and about fifteen support staff comprising of receptionists, data-entry clerks, personnel assistants, clerical officers, accounts clerks, cashiers, assistants messengers, cleaners, drivers, and security personnel.

Such a department normally has thirty (30) staff members. After two to three years of service, proven experience and between six months to one year of on-the-job training, an employee is formally employed on permanent and pensionable contract upto a certain age, normally fifty-

five years. Beyond fifty-five years, some staff members, mostly the senior cadre, tend to opt to retire with pension, while others opt to apply to render consultancy services.

### **2.2.2 Variations in Staff Numbers**

Customs, immigration and police departments tend to employ more staff, while information technology, standards bureau, trade, and animal and plant health inspectorate tend to employ less. Generally Government department staff numbers vary depending on nature of public service.

It is however popular practice, yet still sheer corruption and nepotism, arguably on compassionate grounds that a department shall retain staff beyond the retirement age. This practice has given rise to inefficiency and over-stated recurrent salary budgets. Other causes of inefficiency are lack of motivation, low salaries, lack of (re) training, and ineffective leadership. Permanent staff numbers are affected when there is retirement or transfer.

### **2.2.3 Casual Employment**

The Government may also employ casual or seasonal workers in construction, and during population census or disease outbreak.

### **2.2.4 Current and proposed staff numbers, cadres, peak and off-peak service delivery days and hours at the Nacala border posts**

The Study takes the view that current staff numbers, staff establishments, peak and off-peak days and hours are not optimally set. In other words, the border posts are operating at sub-optimal levels. Some departments could do with more staff, while others could reduce their staff numbers and costs, enter into peak and off-peak arrangements (with requisite over-time payments) and still produce the same if not more output. These arrangements are possible if an appropriate institutional framework is in place that recognizes different labour laws and various employment terms and conditions in the Corridor.

Tables 1 and 2 present current and proposed staff details that indicate staff functions and new roles of the two OSBPs. Table 2 contains details that are expected to usher efficiency, increased revenue, time and cost effectiveness, increased volume and value of transit cargo and flow of human traffic.

### **2.2.5 Current staff numbers and departments at Nacala border posts**

Table 1 shows data collected at the four border posts during the first reconnaissance visit by two Consultants in August 2013. It is a useful indicator of current level of border post operations. No other data was available from Mwami except data from the ICT department. The departments of Forestry and Agriculture, Trade and Bureau of Standards at Chiponde and Mandimba, and Roads department at Chiponde all did not avail any data.

**Table 1: Current staff numbers and departments at Nacala border posts**

Name of Border post	Department										
	1	2	3	4	5	6	7	8	9	10	11 12
	Revenue Authority incl. Customs	Immig	Public Health	Roads - (incl. Wg bridge, funds)	Trade – incl. Comesa	Bureau of Stands	Animal Health, livestock, crops	Police	ICT	Clearing & Forwdng	Agriclt Fores t
Mchinji	8	31		13	1	4	4	12	1	6	- -
Mwami									1		- -
Chiponde	4	11	2				2	7	1	6	- -
Mandimba	10	3	1	3				7	1		- -
<b>TOTAL</b>	<b>22</b>	<b>45</b>	<b>3</b>	<b>16</b>	<b>1</b>	<b>4</b>	<b>6</b>	<b>26</b>	<b>4</b>	<b>12</b>	- -

### **2.2.6 Number of departments and staff structure**

The 12 departments have between them an approximate total of 160 employees made up of department heads, respective deputies, expatriates, local technical and non-technical staff and support staff. Allowance has been made for 20 additional staff at Mwami (from where no data was collected), the departments of Roads, Trade and Bureau of Standards, Animal and Plant Health Inspectorate and the Clearing and Forwarding Agents at Chiponde and Mandimba. Allowance has also been made for more staff from Forestry and Agriculture at all the four border posts.

The approximate 160 employees translate into 40 employees from each of the four border post towns. The immigration department had the largest number at 45 followed by the police

department at 26, customs at 22 and Roads which also handle weighbridge duties, at 16. Surprisingly, the trade department which also handles COMESA had only one employee. It has been assumed that the Ascuda installation at Customs are each manned by 4 computer engineers at the four border posts.

### **2.2.7 Proposed improvements**

Clearly there is room for improvement. The introduction of OSBPs supported by an efficient institutional framework is likely to spur growth in intra-country and international trade and human traffic flow. Such growth should be supported by a commensurate increase in staff, (re) training of staff, improved service terms, office space, equipments, staff housing, parking space, cold rooms, day-care centers, shops, etc.

All 12 departments shall however be retained, normal (peak) days shall remain at 5, normal (peak) hours shall be retained at 8 hours per day during the 5 working days making a total of 40 hours per week. Department performance under the new institutional framework, is nonetheless expected to be closely scrutinised if OSBP performance is to be enhanced.

### **2.2.8 Peak and Off-peak days and hours**

The peak days will be Mondays to Fridays, while the off-peak days will be Saturdays and Sundays. The peak hours will be from 7am to 7pm during peak days, while the off-peak hours will be from 7am to 7pm on Saturdays and Sundays. The off-peak hours will vary between 8 and 16 hours depending on demands for service. The peak and off-peak days and hours are so set, to get maximum employee output, satisfy customer needs and streamline transit cargo and human traffic flow with minimum disruption.

**Table 2: Proposed staff structures at the 12 departments and peak and off-peak days and hours**

<b>Department</b>		<b>Current Staff Numbers</b>	<b>Proposed Staff Numbers</b>	<b>Current Peak Days</b>	<b>Current Peak Hours based on 8 hours per day</b>	<b>Current Off-Peak Days (sat – sun)</b>
<b>1</b>	Revenue Authority incl. Customs	22	31	5	40	1.5
<b>2</b>	Immigration	45	52	5	40	1.5
<b>3</b>	Health	3		5	40	1.5
<b>4</b>	Roads - (incl. Weighbridge, funds)	17	19	5	40	1.5
<b>5</b>	Trade – incl. Comesa	1	??	5	40	1.5
<b>6</b>	Bureau of Standards	4	6	5	40	1.5
<b>7</b>	Animal Health,	4	6	5	40	1.5

	livestock, crop dev.					
<b>8</b>	Police	26	30	5	40	1.5
<b>9</b>	ICT	4		5	40	1.5
<b>10</b>	Clearing & Fowarding	12	17	5	40	1.5
<b>11</b>	Agriculture	-	-	5	40	1.5
<b>12</b>	Forestry	-	-	5	40	1.5
	<b>TOTAL</b>	<b>138</b>	<b>161</b>			



### **3. Linking economic performance with need and type of OSBPs**

Table 2 informs the Study of pertinent issues that answer some TOR concerns and direct investigation towards areas that require improvement to attain optimum OSBP operation levels. Thus in addition to current and proposed staff numbers, current peak and off- peak days, current and proposed peak and off-peak hours, there are other areas.

#### **3.1 Suggested areas of improvement**

These are performance targets, office space, commonly used non-office facilities, office equipment, staff housing, parking space, cold rooms, staff welfare, office budget, operational income, staff remuneration packages, academic standing, training opportunities and performance of other OSBPs.

Performance of an economy (as measured in key economic variables) is closely linked to how efficient an OSBP is. The variables considered important in this regard are the country's GDP, exports, imports, employment and investments.

A busy port like Nacala is likely to get busier and shall certainly need an efficient OSBP and a functional institutional framework as the three economies expand. The envisaged framework should be staffed by trained employees, modern office equipment, ample office space, cold-rooms (for perishable exports and imports), parking space and staff houses.

Likewise, a country's economy is likely to perform better if its border posts are well managed, and it is able to handle imports and exports without much disruption, waste of time or unnecessary costs. Such an economy would take care of its population, generate net exports, high GDP growth rate and per capita income.

Table 3 contains socio-economic data on seven carefully selected variables which indicate performance of the three Nacala economies over a five-year period; 2008 – 2012. The Study shall use these variables to assess the need for and type of the two OSBPs at Mchinji-Mwami and Chiponde-Mandimba. The analysis shall be conducted under respective sub-headings, as follows;

### 3.2 GDP (US\$)

Of the three economies, the Zambian economy appears to be strongest with the highest absolute value in 2012 of US\$ 20,678,000. It is followed by Mozambique with an absolute value of US\$ 14,587,000 in 2012 and then Malawi at US\$ 5,621,000 in 2011. But even over the 5-year period, Zambia's economy is on average still the strongest compared to Malawi and Mozambique. It registered an average value of US\$ 16,703,000 per year followed by Mozambique at US\$ 11,199,000 and Malawi at US\$ 4,918,000.

### 3.3 GDP Growth Rate

The three economies experienced high average annual growth rates (all above the 5% mark) over the 5-year period, with Malawi's growth rate of 9% in 2009 being the highest. The same country however also registered the lowest growth rate of 1.9% in 2012. Of the three economies, Mozambique registered the highest average growth rate over the 5-year period at 7%, followed by Zambia at 6.8% and Malawi at 5.6%.

**Table 3: Key Socio-Economic Profile Indicators**

Country	Socio-Economic Indicator	Period (2008 2012)				
		2008	2009	2010	2011	2012
<b>Malawi</b>	GDP (US\$), '000	4,276	5,030	5,398	5,621	4,263
	GDP Growth Rate %	8.3	9.0	6.5	4.3	1.9%
	Population, '000	13,931	14,268	15,447	15,879	16,323
	Per Capita Income (US\$)	302.5	345.2	359.6	363.6	268
	Imports (US\$) Billions	2.011	1.959	2.426	2.220	1.901
	Exports (US\$) Billions	1.205	1.239	1.585	1.663	1.193
	Labor Force, '000	6,364	6,555	6,760	6,981	7,203
<b>Zambia</b>	GDP (US\$) '000	14,640	12,805	16,190	19,204	20,678
	GDP Growth Rate %	6.048	6.044	7.620	6.836	7.316
	Population '000	11,669	11,862	13,460	13,881	14,080
	Per Capita Income (US\$)	1,175	998.4	1,224	1,408	1,469
	Imports (US\$) Billions	5.45	4.12	5.65	7.11	7.361
	Exports (US\$) Billions	5.18	4.48	7.58	8.84	8.589
	Labor Force, '000	5,266	5,415	5,578	5,754	5,925
<b>Mozambique</b>	GDP (US\$), '000	9,891	9,674	9,274	12,568	14,587
	GDP Growth Rate, %	6.83	6.34	7.08	7.32	7.4
	Population '000	21,284	21,669	22,061	22,948	23,515
	Per Capita Income	434.5	414.1	387.0	551.3	578.8
	Imports (US\$), Billions	4.526	4.490	4.808	7.536	6.167
	Exports (US\$), Billions	3.113	2.758	2.944	3.864	4.324
	Labor Force, '000	10,602	10,851	11,095	11,359	11,925

Source: **Wikipedia**, CIA World Fact Book, **World Bank**: World Development Indicators

### **3.4 Population**

The country with the highest population is Mozambique (23,515,000) as at 2012. It is followed by Malawi (16,323,000) then Zambia at (14,080,000).

The total population of the three countries rose from 46,884,000 persons to 53,918,000 persons, reflecting an average annual growth rate of 3%, or 15% over the 5-year period.

### **3.5 Labor Force**

Since the population of the three countries has been increasing, the labor force increase equally is indicative of potential demand for OSBP services.

Not surprising therefore, that Mozambique had the largest labor force (of 11,925,000 persons) as at 2012, followed by Malawi at 7,203,000 and then Zambia at 5,925,000. The three countries had a total labor force of 25,053,000 as at 2012, which makes for real demand for OSBP services.

### **3.6 Per Capita Income**

Zambia registered the highest per capita income (of US\$ 1,469) in 2012, followed by Mozambique at US\$579 and then Malawi at US\$ 268. Over the 5-year period, Zambia's per capita income registered an average of US\$ 1,255, followed by Mozambique at US\$ 473 and then Malawi at US\$ 329.

Over the same period however, whereas total per capita income of the three countries increased from US\$ 1,912 to US\$ 2,316 at average annual growth rate of 4%, this performance may be misleading since between 2009 and 2010 and between 2011 and 2012 growth was rather sluggish. Capital investment in OSBP would nonetheless be recommended since the indicator has an overall positive growth.

### **3.7 Imports**

The three countries registered total imports of US\$ 68 billion over the 5-year period. Over the same period Zambia's import were US\$ 30 billion, followed by Mozambique (US\$ 28 billion) and then Malawi at US\$ 11 billion. The best year for the three countries was 2011 at US\$ 17 billion, followed by 2012 at US\$ 15 billion. Imports grew from US\$ 12 billion in 2008 to US\$ 15 billion in 2012. The average annual growth was highest for Zambia at US\$ 5.9 billion

followed by Mozambique at US\$ 5.5 billion and then Malawi at US\$ 2.1 billion. The highest annual growth rate (31%) was recorded in 2010.

### **3.8 Exports**

The export sector for all the three countries did not perform as impressively as the import sector. Total exports over the five year-period was US\$ 59 billion resulting in a deficit of US\$ 10 billion. The country with the highest deficit was Mozambique at US\$ 11 billion and then Malawi at US\$ 4 billion.

Zambia recorded a surplus of US\$ 5 billion, especially as its exports grew at annual rate of US\$ 6.9 billion per year, compared to its imports growth of US\$ 5.9 billion. Mozambique exports grew at annual rate of US\$ 3.4 billion compared to its imports which grew at annual rate of US\$ 5.5 billion. Malawi exports grew at annual rate of US\$ 1.4 billion compared to its imports which grew at annual rate of US\$ 2.1 billion.

### **3.9 Traffic movement across the border posts**

The two consultants visit in August also revealed that **a)** the average daily traffic through Mchinji and Mwami was as such; 80 vehicles, 400 persons and 3 bus companies and **b)** through Chiponde and Mandimba; 30 vehicles, 300 persons and with no bus company across the border posts.

### **3.10 Proposed staff numbers, peak and off-peak days and hours**

Performance of the above seven socio-economic indicators (considered important to OSBPs) has been on an upward trend over the last 5 years. Any proposal thus to adjust staff numbers, peak and off-peak days and hours, parking and office space, office equipment, performance targets, promotion, staff training etc, would have to take account of the upward trends of the indicators. The analysis informs the Study that OSBPs facilitated by an efficient institutional framework would greatly enhance this performance.

#### **3.10.1 Immigration**

For instance the immigration departments with 45 employees may need to re-train, not increase staff, due to population increase and the increased cross border services. If however they should choose to increase staff, this should be at a rate (15%) similar to that at which population rose in the three countries over the five years.

#### **3.10.2 Customs (Revenue Authority)**

Customs department total staff at 22 may also need to be increased due to the overall increase in exports and imports for all the three countries from US\$ 9 billion to US\$ 14 billion and from US\$ 12 billion to US\$ 15 billion respectively during the period under analysis. This increase should equally be commensurate with the rate (40%) of increase in international trade which the three countries engaged in.

### **3.10.3 Police department**

Similarly the police departments also need to increase their staff currently at 26, due to the population increase and the threat that this poses to general security at the border posts. The rate of increase should be commensurate with the rate of population increase over the 5-year period, (15%).

### **3.10.4 Roads department**

The Roads department which as pointed out also handles weighbridge and roads fund duties was reported to have 17 employees. The traffic statistics collected by the same Consultants currently is 80 vehicles at Mchinji-Mwami and 30 at Chiponde-Mandimba. These figures are set to increase and so a commensurate increase in staff numbers would be based on labor force increases of the three countries.

In 2008, the three countries had a total of 22,232,000 persons which rose to 25,053,000 in 2012. This represented a growth rate of 13%. The staff of Roads departments may thus be increased to 19.

### **3.10.5 Trade department**

The department of trade figure needs a re-look. The reported number of employees cannot possible be 1, especially as the department handles the additional responsibilities of COMESA.

### **3.10.6 Animal, Plant Health, Crop development**

With the expected rise in the various species of plants and animals being transported across the borders, the current number of employees (4) will certainly need to be also increased. The relevant % increase to guide this administrative move is import and export performance. This was confirmed to be 40% during the period under analysis. Thus the current number of 4 employees would be increased to 6.

### **3.10.7 Clearing and Forwarding**

The current number of employees engaged by the clearing and forwarding firms at the border posts is 12. The relevant percentage to guide these companies, aside from their own profit

motive, is the performance of the import and export sector which was confirmed to be 40%. Thus the firms would be advised to increase staff from 12 to 17.

### **3.10.8 Bureau of Standards**

The Bureau of Standards currently has 4 employees at the border posts. This figure is set to rise. The relevant percentage guide for raising this number is that applied in customs department, that is, 40%. The bureau is advised to increase staff from 4 to 6.

### **3.10.9 ICT**

The data collected on staff working at the ICT departments of the three countries is not representative of the typical operations of an ICT department. The Study has suggested that a fully-fledged ICT department should be introduced at the border posts. The proposed staff number is a minimum of 12 inclusive of a department head down to a driver and messenger. The collected data of 4 officers operating an ascuda computer system at the border post offices is inadequate, and cannot be used project staff increase. This issue will therefore be looked at afresh.

### **3.10.10 Peak and off-Peak Hours**

Peak hours may not change, since peak days have been proposed to remain the same. Off-peak hours shall be varied depending on volume of service at the border posts.

### **3.10.11 Other proposed changes**

The Study proposes that changes especially in office and parking space, introduction of (or purchase of bigger) cold rooms, office equipments, etc should be commensurate with volume of border business i.e. import / export, and increase in staff numbers.

**4. Problems a new institutional framework is likely to face at the OSBPs based on experiences in the region**

The Study now focusses on administrative problems likely to hinder progress in implementation of the project.

How would departments at the border cope with challenges of lack adequate staff, training opportunities, inability to meet annual performance contract targets, uncalled for transfers, deployment, delayed promotion and early retirement, poor communication with head-quarters, inadequate office and housing facilities, out-dated office equipments, and inadequate office annual operational funds to meet annual revenue targets set by headquarters.

The lack of harmony, inordinate department functions and poor coordination between departments pose various challenges and constraints to the introduction and successful operation of OSBPs and needs to be addressed.

## 5. The Proposed model of an Institutional Framework for the OSBPs

### 5.1 Types of OSBPs

There are three types of OSBPs; **a) Common**, **b) Straddled** and **c) Juxtaposed**. A Common OSBP is one that is located as a single facility wholly in the territory of one state where co-operation between states is advanced. A Straddled OSBP is a facility that essentially *straddles* along the border and a Juxtaposed OSBP is where traditionally two-stop facilities are located in both countries exist-entry points and used as one stop points.

### 5.2 Administrative structures and functions under the proposed institutional framework

To understand the OSBP concept, the Study will first look at some definitions before analysing the administrative structures and functions of the proposed institutional framework, as provided by the inter-country Bilateral Agreements. These definitions are as follows;

- 1.** An OSBP is a border post at which all traffic utilizing the border post stops only once in each direction of travel and both exit and entry procedures are undertaken from within the same control zone,
- 2.** A “control zone” is that part of the territory of the host partner state within which officers of the adjoining partner states are empowered to effect border controls and includes the exclusive use area,
- 3.** “Partner states” are Malawi, Mozambique and Zambia and any other country granted membership by article 3 of the Agreement,
- 4.** “A Council of Ministers, is the overall administrative authority of the Corridor and shall recognize roles, duties and responsibilities assigned to
  - a)** “A competent authority” is a ministry or government entity from a partner state, with authority to perform border control duties,
  - b)** “An officer” is a person assigned border control duties,
  - c)** “A facilitation agent” is any private sector person providing services to border controls by passengers or freight,
  - d)** “A law enforcement agent” is any agency or person empowered by the national and border control legislation of each partner state to enforce the provisions thereof.

The Bilateral Agreement also define, conduct of border controls, application of border control laws, application of criminal laws, conduct of officers, facilities in control zones, conduct of facilitation agents and other general provisions. The Bilateral Agreements provide for three



levels of institutional / institutional frameworks in regard to specific administrative structures and functions. These are a) Nominated Structures, b) Joint Committees and c) Joint sub-committees, based on the East African Countries OSBP Bill 2010.

### **5.3 The OSBP Concept**

OSBPs are founded on the principle of improved services. The proposed institutional framework aims to provide software-driven support services that facilitate flow of cargo and passenger traffic. These services include speedy vehicle clearance, electronic document verification, electronic checks on passports and other immigration documents, improved revenue collection, transfers, reconciliation, electronic goods verification, standards and quality control, electronic vehicle tracking services, security of motorized vehicles at the posts, security of goods and passenger passage, driver and turn-boy welfare and general travel advisory services

Long distant truck and bus crew shall have smart cards whose details include national ID number, photograph, truck / registration number, country of destination, insurance, name of employer and coded description of volume, value or number of goods or passengers being transported.

These details shall be loaded on the smart cards at the country from where transiting begins and transmitted directly to the country where goods / passengers are destined. There shall be no other checks in-between, except at country to where goods / passengers are destined or port through which goods pass on their way out of region. Locks and seals will prevent thefts and pilferages. The smart card shall be swiped again for comparison at port or country of origin.

### **5.4 Structures and Committees at the OSBPs**

#### **5.4.1 The Nominated Structure**

The nominated structure shall comprise heads of departments of the Competent Authorities and any other member whose membership has been recommended and approved by the Competent Authorities. The Structure shall convene meetings to discuss policy-related matters and other technical issues of OSBPs. The nominated structure shall thus function like an inter-ministerial task force. This is captured in Chart C below.

#### **5.4.2 The Joint Committee**

The joint committee shall discuss operational issues and implement them under guidance of the Nominated Structure. Staff on the Joint Committee shall comprise deputies of departmental heads, an administrative officer, facilitation agents and any other technical staff co-opted by the Nominated Structure to help oversee performances and functions of Joint Committee. The Joint Committee shall develop own terms and conditions of reference, elect own rotating chairman, convene own meetings and circulate minutes to Nominated Structure.

#### **5.4.3 The Joint Sub-Committee**

The Joint sub-committee shall provide general administrative support to the nominated and joint committees. It shall comprise staff drawn from the respective departments of the competent authority already at the border. It shall revolve around an administrative officer / chairman who shall oversee the functions of the general support staff of drivers, secretaries, messengers and office assistants.

#### **5.4.4 How the three structures are expected to work**

The three structures shall convene regular meetings to enhance OSBP functions, minimize administrative conflicts, enhance information and data exchange, share necessary costs of service delivery, entrench professionalism, reduce or eradicate corruption, minimize delay in human and cargo transit traffic time and costs and ensure achievement of long term goal of enhancing trade partnerships along the Corridor.

### **Chart D: Proposed Institutional Framework**

#### **PROPOSED INSTITUTIONAL FRAMEWORK** **(on nominated structures, joint committees** **and joint sub-committees)**

##### **Key management staff of the “nominated structures”, at the One-Stop Border Post**

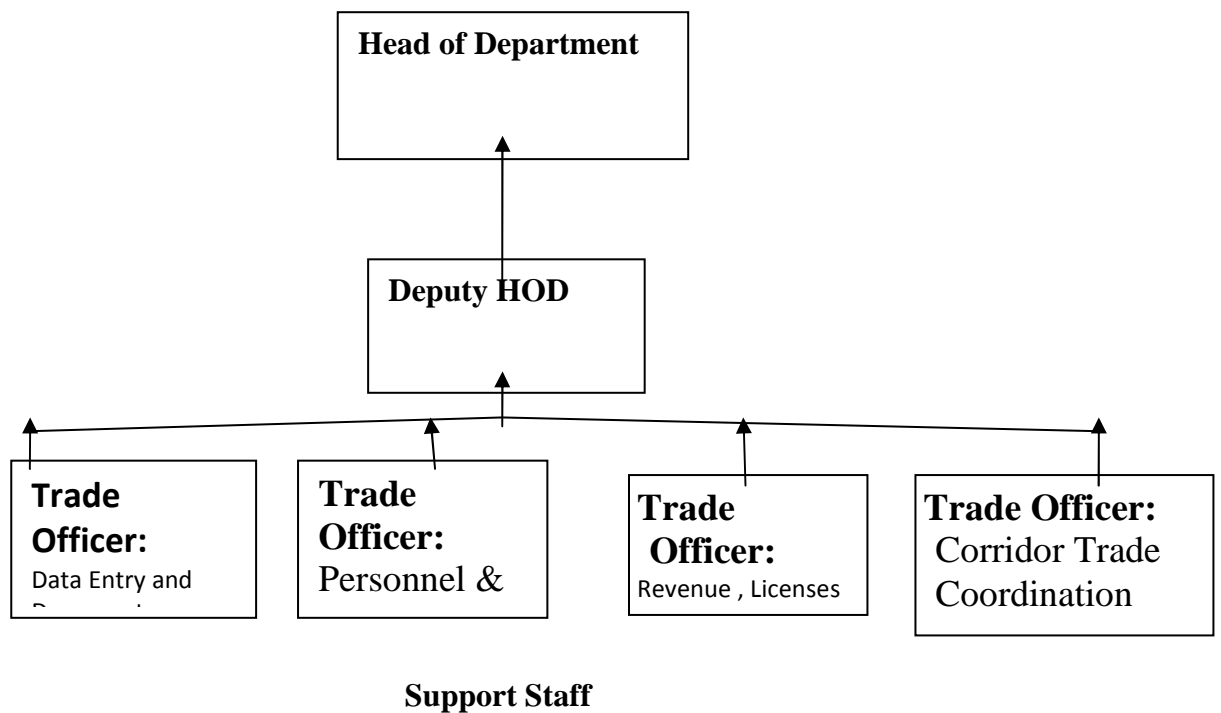
- Senior Assistant Commissioner (of a Revenue Authority)
- Senior Assistant Commissioner (of Police)
- Senior Immigration Officer
- Senior Agricultural Officer
- Senior Public Health Officer
- Senior Plant (Crop), Animal Health and Livestock Inspector
- Senior Bureau of Standards Officer
- Senior Forestry Officer
- Senior Trade Facilitation / Comesa Officer
- Senior Roads and Public Works / Weighbridge Officer
- ICT General Manager
- Association of Clearing and Forwarding Agents



#### **5.4.6 The Proposed ICT Department**

The Study proposes the setting up of Information and Communication Technology department by the Corridor member states. The department is expected to provide and integrate all the seven departments with the necessary soft and hardware ICT back-up. The key responsibility of the ICT department will be to ensure that these departments are kept promptly updated on information and data pertaining to cross-border movements of legally-approved cargo and human traffic. The department is expected to advise the two OSBPs, of any counterfeit transit goods and criminals. Drivers and truck crew for instance, moving transit cargo shall possess smart cards with necessary data to facilitate movement.

**Chart F: Department of Trade Facilitation**



#### **5.4.7 The Proposed Department of Trade Facilitation**

The TOR generally expects the Consultant to advise the Corridor member states on how to facilitate rapid movement of goods and people between their respective countries, promote regional and market integration through enhanced intra-regional trade, reduce regional infrastructure related barriers while at the same time, providing easy access (for Malawi and the eastern parts of Zambia) to the sea port of Nacala in Mozambique and to open up the remote areas west of the port in Mozambique and Malawi.

The Department of Trade Facilitation is an important cog in the wheels of the Corridor's agenda that is expected to fast-turn around the economies of the three countries. Its job is well cut out. It must demonstrate that it is up to the task of "promoting regional and market integration through enhanced intra-regional trade". It is expected to

- a) liaise with Government departments and private sector agents at the border post,
- b) put in place structures that coordinate and improve trade, and commerce and reduce regional infrastructure related barriers
- c) and facilitate rapid movement of goods and people between their respective countries.

The Study advises that the Competent Authorities should introduce departments of trade which also handles COMESA issues. The Study further recommends introduction of three other Government departments, namely roads and public works (which also handles roads funds collection and weighbridges issues), crops, agriculture, forestry and livestock, and inclusion of the private sector, mainly the association of clearing and forwarding agents. The roles of the new offices shall be to inspect supporting documents and approve or disapprove, products being exported or imported, and to collect related fees for related services.

The new departments shall complement the work of the police, immigration, revenue authority, public health, plant and animal health inspectorate and standards bureau.

#### **5.4.8 Independence and Autonomy of Departments**

The proposed institutional framework incorporating the three structures (as shown Chart C) combines eight departments into one, and in so doing allows for inter-dependence and autonomy between respective departments of the Competent Authorities in day-to-day operations. The Nominated Structure brings together Department Heads from Competent Authorities to meetings to discuss matters of mutual concern.

Some of these officers are already stationed at the border posts and enjoy various levels of seniority, salaries and other terms of service. After meetings, officers return to their offices to continue discharging departmental duties, better informed. The second and third sub-committees shall function in a similar manner.

Department operations shall still be guided by the pyramidal management structure showing departments heads as officers-in-charge of their respective departments and their deputies, technical and general support staff at the border. Their respective functions, attendant terms

and conditions of service and salaries and allowances are all specified in their employment contracts.

#### **5.4.9 Non Interference from Competent Authorities**

No one single Competent Authority of a member-country's government shall interfere with or dominate the Nominated Structure. The structure shall be guided by legislations from the Competent Authority of the partner states. The Nominated Structure shall comprise twelve heads of departments from immigration, police, revenue authority, agriculture, forestry, plant, livestock, and animal health inspectorate, public health, the bureau of standards, ICT, trade / Comesa, roads and public works / weighbridge, and association of clearing and forwarding agents.

#### **5.4.10 Terms and Conditions of Reference for the Structures**

The Study proposes that the Nominated Structure shall develop own terms of reference (discussed briefly below). Its' chairman shall come from the "host partner state", and shall perform his / her function on a rotational basis. Regular formal meetings and minutes shall govern operations of the structure. Minutes shall be circulated to the Competent Authority at the headquarters. The Study further proposes that specific officers at head-quarters be assigned the specific duties of acting on administrative and technical issues arising from the border posts.

## **6 Terms of Service of the Nominated Structure**

The Study proposes that the Nominated Structure shall **a)** oversee the overall operations of the two OSBPs, **b)** convene regular inter-departmental meetings on border post operations, **c)** circulate minutes of meetings to respective Competent Authorities' head offices, in particular to senior officers assigned the duty of acting on meetings' recommendations, **d)** ensure adherence to professionalism in clearance of transit cargo and human traffic, **e)** advise Competent Authorities on technical and administrative OSBP matters.

Other duties shall be **f)** devise quick response methods to issues of crisis nature arising at the border, **g)** ensure that cordial relations are maintained among member states in trade matters, **h)** ensure that where possible, departments share operational costs, say in pool transport, office space, office furniture, water and electricity, garbage disposal etc, **i)** establish data and information dissemination centre on OSBP operations, and **j)** last but not least, provide necessary data and information on OSBP operations to ICT department, for purposes of integrating the same with other OSBPs.

### **6.1 Terms of Service of the Joint Committee/Joint Sub Committee**

The Study further proposes that **a)** the Joint Committee and Joint Sub-Committee shall assist Nominated Structure in overseeing overall operations at the OSBPs, **b)** convene regular formal inter-departmental meetings on OSBP operations, **c)** circulate minutes of the said meetings to Nominated Structure for action, **d)** provide technical and administrative support to the Nominated Structure, **e)** implement OSBP recommendations of the Nominated Structure, **f)** co-operate in matters of cost-sharing and **g)** and to ensure that cordial trade relations are maintained between member states.

### **6.2 Hierarchical Reporting System to remain.**

Officers from the Nominated Structure shall still report to their superiors at the provincial office. For example, the police officer commanding a station shall continue reporting to the Provincial Police Officer, the Immigration Officer shall still report to the Provincial Director of Immigration, the Principal Revenue Officer shall report to the Senior Assistant Commissioner, the Standards Inspector and plant and animal inspector likewise.

### **6.3 Cost-Sharing between Nominated Structure, Joint Committee and Joint Sub-Committee**

The proposed framework envisages positive working relationship between departments to enhance functions, operations and management of OSBPs. Officers are likely to share offices,

office furniture, commonly-used amenities and office-ware like toilets, toiletries, parking, staff housing, restaurants, meeting rooms, library, day-care centers and schools for children, garbage collection, electricity and water bills, office vehicles and fuel. The study thus proposes setting up of a common pool of funds from the identified eight Competent Authorities to help offset the anticipated common expenditures.

#### **6.4 Staff Recruitment, Deployment, Promotion and Remuneration**

Staff at the two OSBPs whether seconded or on transfer, shall not worry about job security or service terms and conditions. The proposed framework shall not take over responsibility of hiring and firing, neither shall it finance recurrent expenses of Competent Authorities, except for the suggested common funds pool. This responsibility remains the prerogative of the Competent Authorities, being the employer and payer of its staff. The chief personnel officer at the headquarters shall remain the sole custodian of staff bio-data on seniority, age, wage and salary levels, training and promotions.

#### **6.5 Training**

The Study advises that the framework be staffed with competent personnel, either seconded or newly recruited by the Competent Authorities of the four countries who should conduct refresher courses for the OSBP staff, in line with the long-term vision and mission of enhancing regional trade and co-operation. Staff should be encouraged to attend short-term certified and graded courses and programs. Training should be conducted by established institutions able to identify training needs of the Corridor. The courses should target thirty participants at any one in-house sitting.

The Study proposes that the disciplines should include but not be limited to **a)** basic customer relations, **b)** basic Portuguese, **c)** basic Swahili and English, **d)** basic immigration laws, **e)** computer literacy, **f)** basic inter-country customs rules and regulations, **g)** general over-view of regional tax rules and regulations, **h)** international traffic rules and regulations, **i)** basic plant health, **j)** basic goods standardization rules, **k)** office management skills, **l)** import-export rules, **m)** regulations and procedures, **n)** basic communication skills and **o)** basic administration skills.



## **6.6 Replication of the Proposed Institutional Framework at OSBPs**

The Study envisages that the proposed framework shall facilitate replication of services at the two OSBPs with systems of equal operational, technical and managerial competence. The Study looks into **i)** feasible options and optimum staffing levels, **ii)** staffing procedures, **iii)** proposes preparation of a staffing operation manual, and **iv)** staff processing efficiency on costs, time, convenience, acceptability, site suitability with architect, incorporating ICT guidelines. Some advice and justification are offered for the proposed framework on whether an OSBP is juxtaposed, common, or straddled.

Transit traffic originating from the Chiponde-Mandimba OSBP and heading to the Nacala Port, shall be subjected to only one OSBP electronic verification, whether the OSBP is of the common, straddled or juxtaposed type. This verification may either be on the Malawian or Mozambican side. It shall not be verified more than once. Thereafter, it shall proceed uninterrupted to Nacala. The on-going upgrading of the Nampula-Cuamba-Mandimba-Lichinga road network shall greatly enhance movement of such traffic.

The same procedures and processes shall apply to transit traffic originating from the Mchinja-Mwami OSBP, either from the Malawian or Zambian side. Transit traffic shall proceed uninterrupted to Nacala Port once electronic verification has been done from either Mchinja or Mwami. The Mandimba- Lichinga portion of the road currently being undertaken will similarly speed-up movement of such traffic from the Malawian side.

Replication of the frameworks' functions on both sides of a country means that the principles and practice of transit goods and passenger clearance is the same, only more convenient, shorter and cheaper. Presently cargo trucks, buses and passenger vehicles from Malawi, Mozambique or Zambia headed for Nacala are subjected to several police checks in addition to normal traffic police check unit stops before they eventually get to Nacala.

## **6.7 Performance Indicators**

Performance contracting complete with indicators may be designed that monitor and advice on performance of respective administrative structures and Competent Authorities represented at the Corridors OSBPs. Such contracts set targets and output levels that are measurable. They take account of staff input in attaining set targets. The indicators should not contradict or replace contracts that are already in place in the respective Competent

Authorities. The Study advises that the indicators should be incorporated in the software of proposed ICT as follows;

- a)** Time taken to process import-export and other transit documents at OSBPs,
- b)** Customs revenue paid at the two OSBPs, as recorded by the customs departments of revenue authorities of the Corridor countries,
- c)** Number of cross-border travellers assisted by Immigration departments at the two OSBPs through stamped passports and travel documents,
- d)** Volume and value of cargo cleared at the two OSBPs,
- e)** A questionnaire completed periodically by companies including transporters, cross-border travellers and clearing and forwarding agents at the OSBPs. Such a questionnaire shall be useful in giving feed-back to the Corridor countries, the SADC secretariat and other relevant bodies.

## **7. Conclusion and way forward**

It is now thirteen years since 2000, when the three Heads of States of the Nacala Corridor countries (Malawi, Zambia and Mozambique) agreed that they should combine efforts to foster regional socio-political ties, promote development of the region's infrastructure, harmonize transit transport and customs policies, promote private sector participation and investment, enhance trade and commerce, and above-all, integrate their economies to enhance regional economic development.

Relevant indicators; imports, exports, private sector consumption, private and public sector investment and transfer payments, i.e. grants from development partners are already on the ground and sending positive signals that if the political road-map prepared thirteen years ago were to be followed, the desired objectives of the Nacala Corridor would be speedily achieved. The proposed institutional framework for the two OSBPs remains a useful technical administrative tool for driving the players closer towards this objective. The legal framework has equally paved the way and offered usefull legal tools for further advancing the achievement of these objectives.