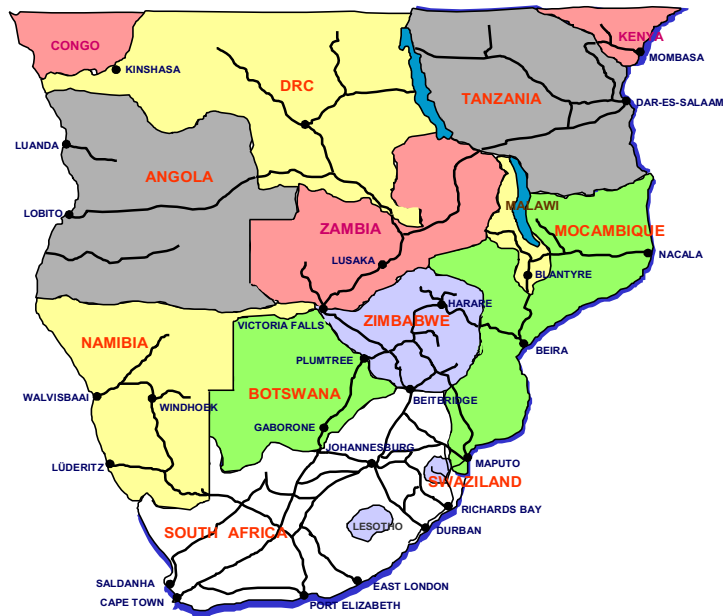


SOUTHERN AFRICAN RAILWAYS ASSOCIATION



**FIVE YEAR STRATEGIC PLAN 2023-2027**



***TOGETHER WE ARE BETTER JUNTOS SOMOS MELHORES  
ENSEMBLE NOUS SOMMES MEILLEURS***

*Issued with the Authority of the SARA Board XXX*

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## ACRONYMS

AAR	Association of American Railways
APP	Active Power Projects
ARA	Australian Railways Association
BBR	Beitbridge Bulawayo Railways
BR	Botswana Railways
CFB	Caminhos de Ferro de Benguela
CFL	Caminhos de Ferro de Luanda
CFM	Caminhos de Ferro de Mocamedes
CFM	Caminhos de Ferro de Mocambique
CMG	Corridor Management Group
ICT	Information and Communication Technology
JOC	Joint Operation Centre
MA	Manica Zimbabwe
MCLI	Maputo Corridor Logistics Initiative
MR94	Malawi Railways (1994) Limited
NRZ	National Railways of Zimbabwe
PRASA	Passenger Rail Agency of South Africa
RAHCO	Reli Asset Holding Company
RSR	Railway Safety Regulator
SADC	Southern African Development Community
SARA	Southern African Railways Association
SNCC	Societe Nationale des Chemins de Fer du Congo
SR	Swaziland Railway
TNHL	TransNamib Holdings Limited
TFR	Transnet Freight Rail
TAZARA	Tanzania Zambia Railway Authority
UAR	Union of African Railways
UIC	Union Internationale des Chemins de Fer
ZRL	Zambia Railways Limited

## FOREWORD

The new 2023-2027 SARA Strategic Plan is a regional policy tool designed to forge SADC railways out of the unforeseen freight market challenges and constraints that shocked the transport and logistics industry during the period 2019 through to 2022. The challenges and constraints were beset by the dreadful Coronavirus 2019 pandemic which dictated restrictions on both freight and human capital movement and also, distorted both regional and global freight trade and movements as it even fatally impacted multiple sectors human capital. SARA was not spared from these market impediments and shocks. In resurgence, our post review of these calamities put the railway industry, owing to its heavy and bulk carrier absolute advantage, to the the ideal freight and passenger transport mode to facilitate quick SADC economic recovery by facilitating benefits from economies of scale to be driven from large, bulk and heavy faster delivery of regional imports and exports going forward.

The optimism in the new 2023-2027 SARA Strategic Plan is based on the practical and industry proven measures and initiatives proposed for implementation in the next five (5) years. Succeeding a period of candid policy, corridor operational planning and market intelligence research, the new Plan period emphasizes rollout and execution of demand responsive initiatives anchored on affirmed multilateral rail corridor agreements, compliance to approved SADC safety and technical standards, enhanced autonomy of safety and economic railway regulation and industry staff motivation by applying international Occupational Safety and Health principles applicable in the SADC region. In addition, the new Plan period shall realize the first ever detailed SADC Railway Infrastructure Master Plan and Bankable Investment Program which shall strengthen and grow local SADC contractor, manufacturing and service support capacity with involvement of the private sector.

It is an exciting and transforming Plan period for the SADC railways as we assimilate application of new railway corridor operating models induced by different economic regulatory regimes from our traditional vertical integrated and parastatal led regimes. These being open access regimes as introduced by TAZARA and, franchising of railway corridor sections as done by CFB of Angola. The new Period also anticipates to how the BBR concession end shall transition whilst commencement of infrastructure development to operationalize the Kazungula railway corridor is also earmarked. All these planned developments, being responsive action to increased mining activities in the region, increased specialized rail service demand from rail customers and the motivating regional corridor route competition which is continuously incentivising innovations towards creating respective corridor competitive niches. The new Plan period thus, demands outcome focussed result based management from corridor team efforts aimed at growing railway market share and operational efficiency.

Upholding the mantra “Together We Are Better” SARA shall implement the new Plan with the support and cooperation of various stakeholders and development partners who commonly identify with the efficacy of rail transport as being a green, cost effective and reliable bulk transport mode. Regional integration and trade facilitation through team work is our overarching approach.

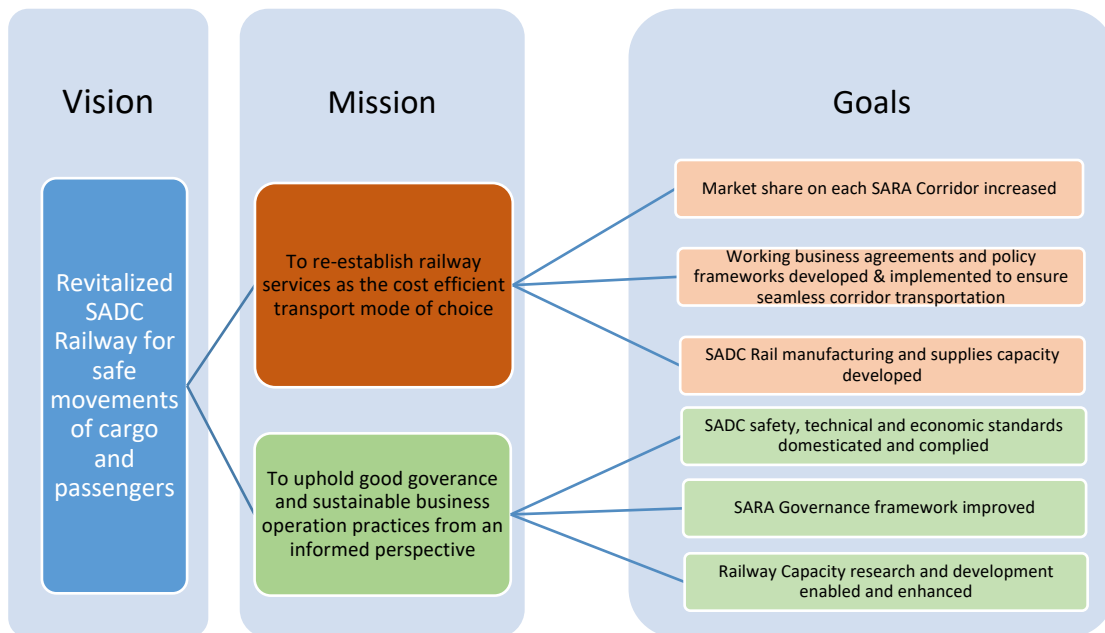
Ms. Sizakele Mzimela

**SARA President and Chairperson of the SARA Board of Directors.**

## EXECUTIVE SUMMARY

The 2023-2027 SARA Strategic Plan is crafted with a view to sustainably facilitate the SADC Regional Railway development agenda using practical implementation of evidenced global best railway practices. The five (5) year Plan succeeds one which was adversely hampered by external factors exacerbated by the market distorting and constraining effects of the Coronavirus 2019 pandemic, which we still continue to bare. The new Plan instills freight and passenger market confidence in railway services owing to its informed market intelligence responsiveness to the the various rail capacity requirements and customer centric service demands.

Pursuing to attain the vision of “*Revitalized SADC Railways for competitive trade and service delivery*” the new five year SARA Strategic Plan anchors on the SADC Regional Indicative Strategic Development Plan 2020-2030 on the Railway Sector as translated for effective implementation using the policies, corridor initiatives and tools developed during the 2018-2022 SARA Strategic Plan period. These have been appreciated to inform the two distinct 2023-2027 SARA Strategic Plan mission statements and further translated into respective goals- the Plan critical success factors:



As can be noted from the above corporate framework intent, the new Strategic Plan has taken into consideration all railway operations facets including policy, regulation, infrastructure and rollingstock management and, customer and environmental support services. Leveraging on the robust SARA institutional and monitoring framework, a balanced sector implementation approach shall be followed to ensure an equitable spread of programmes and activities for well-adjusted regional railway capacity growth, customer service efficiency and sustainable economic development support.

SARA also continues to recognizes the role of its partners- international cooperating partners and the African Union and other Regional Economic Communities we collaborate with directly and indirectly through SADC

Babe C. Botana  
**SARA Executive Director**

## 1. INTRODUCTION

The Southern African Railways Association (SARA) in accordance with its constitutional mandate set out in 1996 as guided by the SADC Protocol On Transport Communications and Meteorology, reaffirms its planning, coordination and facilitation of the SADC Railway development agenda for the next five years as prescribed herein and termed the 2023-2027 SARA Strategic Plan. The five-year Plan period follows precedence set since establishment of SARA in 1996.

The design and scope of the 2023-2027 SARA Strategic Plan has carefully assimilated the on-going programmes and projects from the previous plan period (2018-2022). It has also been responsive and accommodated the demands established from the recent regional rail business environmental analysis undertaken specifically undertaken by SARA in preparation of this Plan. The analysis covered policy review, regulatory analysis, rail corridor management, stakeholder views and the result based monitoring and evaluation aspects acknowledging the SARA governance structure and members interests. The business environmental analysis also undertook a revealing regional corridor capacity and capability analysis which exposed high underutilization of the railways and resource requirements to step-up operational efficiency and service levels. The undertaken situation analysis was drawn in alignment with the 2020-2030 SADC Regional Indicative strategic development Plan on the Railway Sector among other strategic regional and global policy documents.

Implementation of regional railway policy and corridor initiatives, in the period 2018-2022, was adversely happered by the restrictions and dictates arising from the Covid19 which essentially forced closure of international trade global without exception of the SADC region. With the 2018-2022 SARA Strategic Plan period having focussed and prepared the requisite tool for facilitating pit to port corridor railway services, the Covid19 constraints basically arrested most of these efforts. From this hindsight this 2023-2027 Strategic Plan emphasizes implementation and outcomes focussed result based management of regional projects. Owing to this, emphasis shall be placed on effective monitoring and evaluation and SARA members timely and consistent reporting according to the agreed programmes and utilization of the SARA approved tools, standards and initiatives.

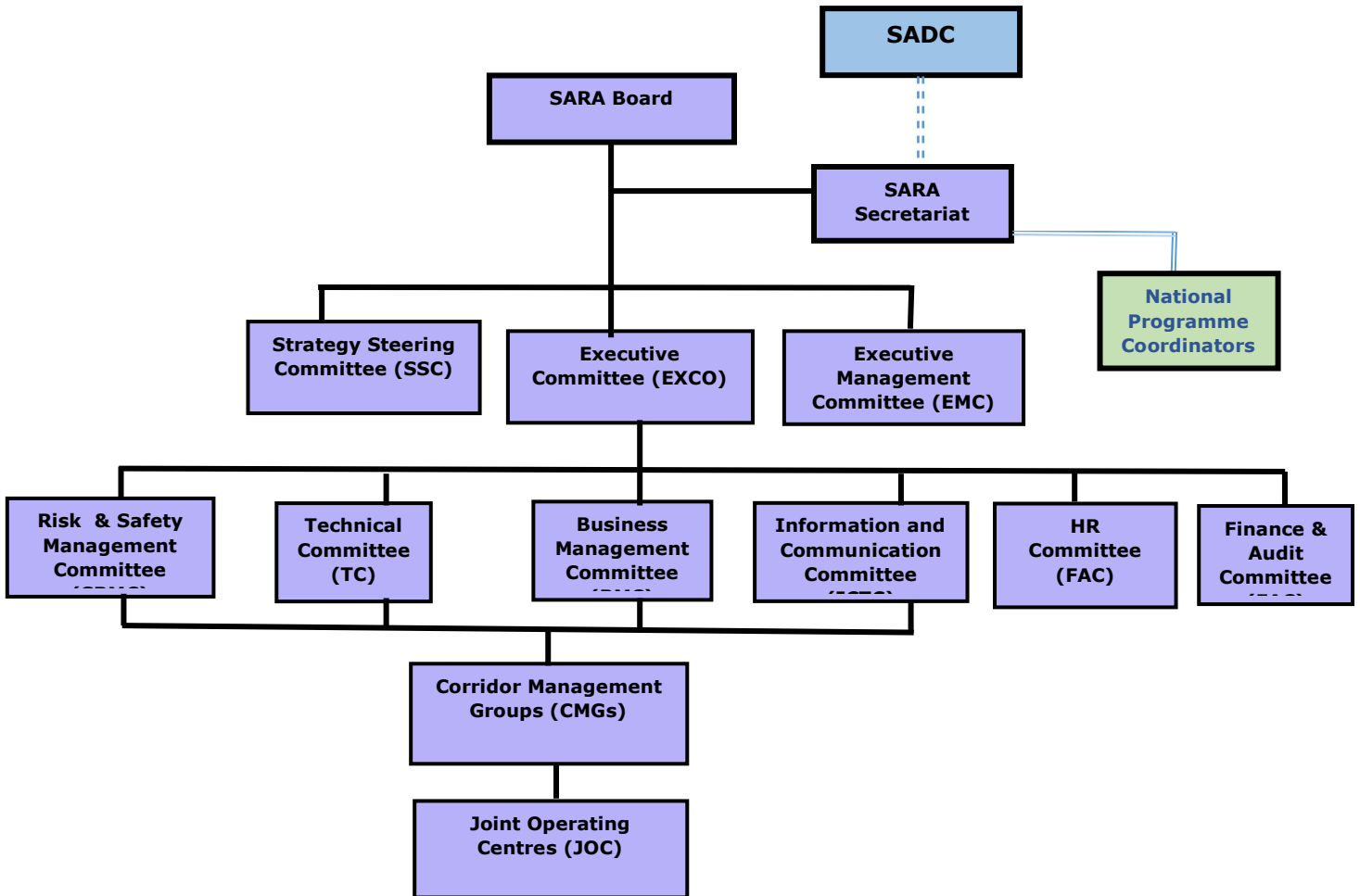
The regional railway development agenda for the 2023-2027 work period has thus been summarized into six goals:

1. Market share on each SARA Corridor increased
2. Working business agreements and policy frameworks developed & implemented to ensure seamless corridor transportation
3. SADC Rail manufacturing and supplies capacity developed
4. SADC safety, technical and economic standards domesticated and complied
5. SARA Governance framework improved
6. Railway Capacity research and development enabled and enhanced

Building on the collaborative strength and support from various stakeholders and collaborating partners, SARA in conjunction with SADC, shall resource mobilize and work to enable the SADC railway working environment to foster its revitalization and growth. The envisioned deliverables of this Plan are to be constantly purposed and measured using a monitoring and results matrix to be developed as guide to facilitating the various regional workstreams to be signed and aligned for purpose. For this cause, SARA continues to recognizes the role of its partners- international cooperating partners and the African Union and other Regional Economic Communities we collaborate with directly and indirectly through SADC.

## 2.0 SARA GOVERNANCE STRUCTURE

The current structure of SARA is as shown below;



*Figure 2: SARA Organizational and Operational Structure*

### 2.1 SARA Board

The SARA Board comprises of Chief Executives of member organisations and is the supreme policy making body of the organisation. The President, who is chosen from among the Board members on a rotational basis, chairs the Board. The tenure of office for the SARA President and Vice President is one year in terms of the SARA Constitution. The SARA Executive Director is an ex-officio member of the Board.

### 2.2 Executive Management Committee (EMC)

The Executive Management Committee (EMC) is chaired by the Vice President and comprises of three selected EXCO members. The EMC is responsible for administration and SARA Secretariat employee welfare.

### 2.3 Strategy Steering Committee (SSC)

The Strategy Steering Committee (SSC) comprises of three selected EXCO members and is chaired by the “next in line Vice President”. The role of the SARA Strategy Committee is to assist the Board to fulfil its oversight responsibilities relating to the medium and long-term strategic direction and development of SARA.

## **2.4 Executive Committee (EXCO)**

The SARA Executive Committee (EXCO) is made up of officers appointed by their respective organisations. The Vice-President of the Board chairs EXCO. It oversees the functioning of the Association and may act on behalf of and exercise the powers of the Board, reporting its action at the next meeting of the Board for approval.

### **2.4.1 SARA Committees**

SARA operates through committees when carrying out its business activities. The five committees are Business Management Committee (BMC), Technical Committee (TC), Risk Management and Safety Committee (RMSC), Information and Communication Technology Committee (ICTC), Human Resources Committee, and Finance and Audit Committee (FAC). The naming of the committees is in line with their responsible areas of focus and specialisation.

### **2.4.2 Corridor Management Groups (CMGs)**

These are multi-disciplinary committees responsible for managing specific corridors. All aspects of railway business pertaining to a particular corridor is handled by these committees. There are twelve Corridor Management Groups (CMGs) according to the number of Corridors in SARA (Beira, Beitbridge, Dar es Salaam, Goba, Limpopo, Lobito, Nacala, Namibian, Plumtree, Ressano Garcia, Richards Bay and Central Corridor).

## **2.5 SARA Secretariat**

The SARA Secretariat comprises of the Executive Director, Operations & Technical Director, Finance Director, Deputy Operations & Technical Director, Office Assistant and Driver/Messenger/Gardener.

For enhanced coordination of SARA programmes at national level, Railway Administrations have seconded officers to SARA as their national focal point persons to be referred to as National Programme Coordinators.

## **2.6 SARA MEMBERSHIP**

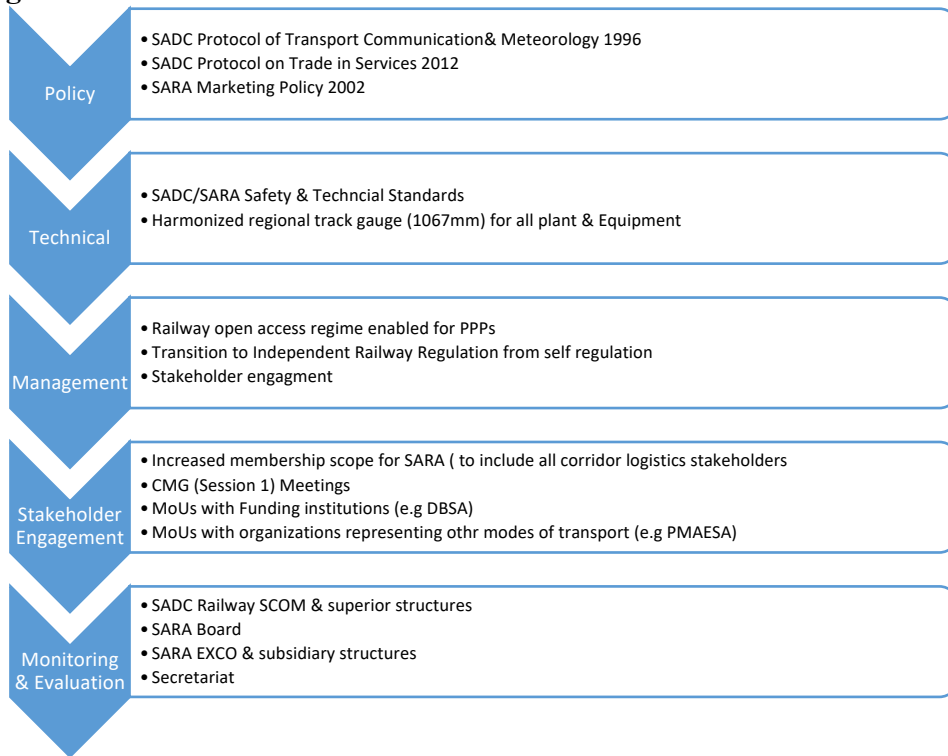
Members of SARA are predominantly railways in the SADC region, some major railway customers and suppliers, and other organisations with special interest in railways. The members are in three categories

- (i) full members who are railways in SADC;
- (ii) the associate members who are allied to railway industry; and
- (iii) Special members who are organizations or groups with vested interest in the railway industry.

The rights and obligations of membership are set out in the SARA Constitution or as may be determined by the SARA Board from time to time

### 3.0 BUSINESS ENVIRONMENTAL ANALYSIS

#### 3.1 Operating Environment

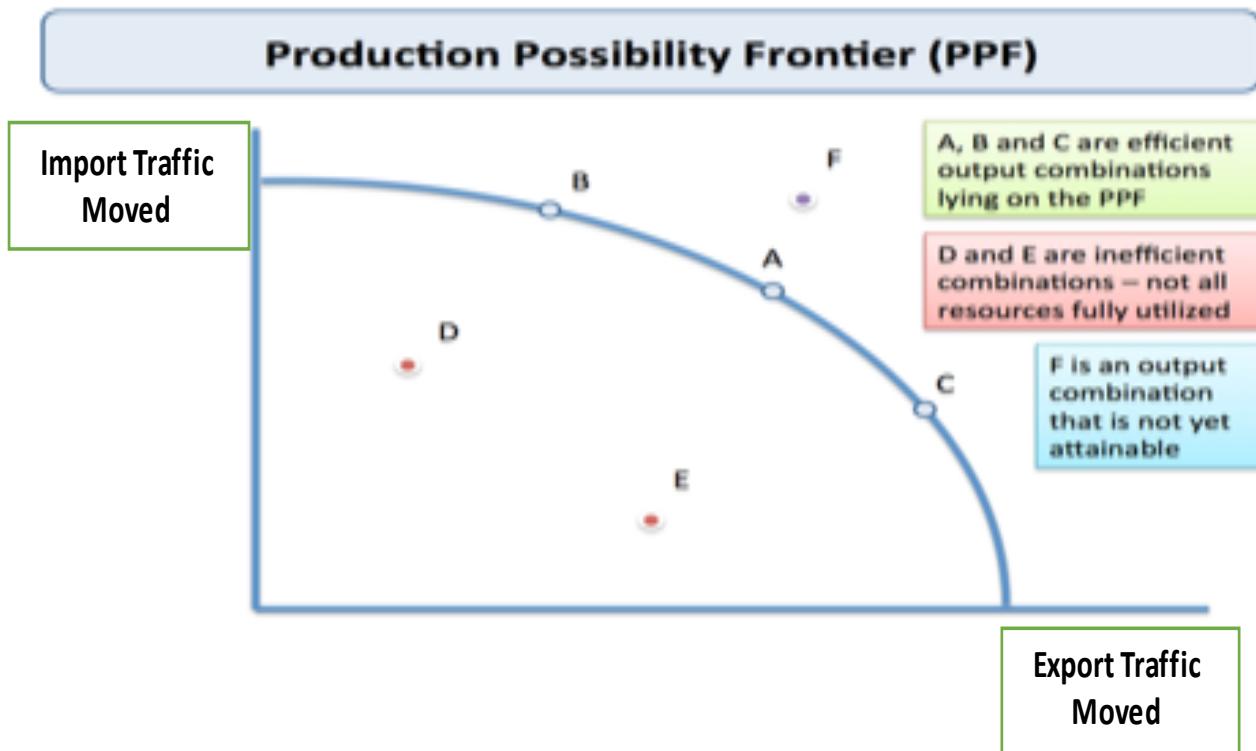


#### 3.1.1 Current Resources and Capabilities utilized in the environment

Currently, most of the SARA railway corridors are operating at less than 25% of their design capacity. From the figure below, this would be point E because for all the corridors, there is more exports railway traffic than import railway traffic averaging to a ratio of 10:1.



Figure: Railway Corridor Freight Transportation Production Possibility Frontier



Source: 2019 SARA International Traffic Performance Report.

SARA’s aspirations are to shift the level of regional corridor performance from point E to any efficient point (either A, B or C) on the production possibility frontier i.e. design capacity level. Further from the efficient points, to venture into other operational and resource mobilization initiatives so that the corridors expand their scope by shifting to operate at points such as F which is beyond their current capability status.

A shift from point E to either A, B or C implies the following:

- optimal utilization of the available railway corridor resources; and
- mobilizing sufficient rollingstock to cater for the corridor’s design capacity traffic movement;
- reducing on turnaround times across the corridor knots.
- bringing back the railway infrastructure and ancillary facilities to the recommended minimum standards.

Whereas a shift from any of the efficient point (A,B or C) to F, i.e. beyond the current possibility frontier implies increase on the design capacity of the railway corridor by applying initiatives such as:

- upgrading the ton/axle carrying capacity of the infrastructure;
- increasing the number of stations for the current single track infrastructure
- increasing the number of railway lines on the corridor so as to accommodate more operators;
- Increasing the train scheduling and management system capacity

### 3.2 Finance

- (i) Membership subscription fees
- (ii) SARA International Rail Conference

- (iii) SARA Regional Surface Transport & Maritime Course
- (iv) Regional project support from cooperating partners and donors

#### **4.0 ACHIEVEMENTS FROM PREVIOUS STRATEGIES**

Since the establishment of the Association in 1996, we have been implementing our programmes and agenda through five (5) year strategic plans, the previous Strategic Plan being the SARA 2014-2018. Some of the notable achievements that SARA has made to date include:

**4.1 SADC Railway Subsectoral Committee (SCOM)** activation in 2018. An annual regional policy governance and monitoring Committee prescribed in the SADC Protocol on Transport Communications and Meteorology. It is constituted by SADC Member states senior government officials, railway operators, suppliers, customers, amongst other stakeholders.

**4.2 Regional Surface Transport & Maritime Logistics Course accredited by CILT of UK** as an international professional course was launched by SARA in 2019 for human capacity building on regional transport corridor management.

**4.3 Railway Regulators Association of Southern Africa (RRASA)** established in 2019 under the facilitation of SARA with support from SADC Secretariat. The main purpose of which is to provide oversight Regional Railway Safety Regulation that facilitates common railway governance, information sharing and harmonisation of policies, regulations and standards.

**4.4 SADC SARA HT Railway Safety & Technical Standards adoption in 2018** and launch of the Standards in March 2022. Regional Railway Sector agreed safety and technical minimum standards for railway infrastructure, rolling stock and human resource management and development.

**4.5 Railway Policy influence** through lobbying and advocacy. This was enhanced by the the Congo Brazzaville Declaration of April 2016.

**4.6 Expanding of membership base** to include other railway stakeholders in addition to the Railway Administrations and regulators. This has had significant impact on the subscription incomes for the Association

**4.7 Creation of Rail Funds** to cater for the development and maintenance of railway infrastructure. The Pemba (Mozambique) decision of 2010 by SADC Ministers of Transport gave effect to the creation of national Rail Funds. SARA subsequently developed a generic rail fund framework in 2011 for customisation in the respective SADC member states.

**4.8 Waiver of Fuel levies** resolved by the SADC Ministers of Transport to exempt railways from paying the levies in 2010 in Pemba, Mozambique. This has increased the available working capital for railways. However, some countries have not yet implemented this decision and SARA is there where required to continue lobbying the respective remaining Governments.

**4.9 Updating of the Handbook on the Transportation of Hazardous Materials by Rail** as adopted by the SADC Ministers of Transport in 2010 at the Pemba, Mozambique meeting.

**4.10 Standards elevated to SADC:** Following the development of nine SARA standards, all of them have been adopted by SADC as regional standards and they have been codified and numbered in accordance with SADC Bureau of Standards.

**4.11 SARA Information Handbook** is an annual publication since 2013 which informs the stakeholders and the general public about the Association, its members and the services they offer.

**4.12 SARA Rail Conference:** The SARA Rail Conference and Exhibition is an information and expertise exchange platform where key railway stakeholders interact on an annual basis. The conference provides SARA with opportunities to market itself, lobby policy makers over and above being a major source of income with potential to grow. The conference through its aggressive marketing has influenced the participation and support from the railway suppliers. It is also through the same marketing that the suppliers have shown interest to join SARA membership impacting on the revenue from membership fees and SARA is making amendments to its Constitution in preparation of this.

## **5.0 SARA REGIONAL RAILWAYS OPERATIONS**

The broad categories of railway activities are transportation, maintenance and leasing, training and conferencing. These categories are explained in detail:

### **5.1 Transportation**

Railways provide both freight and passenger transportation services.

#### *i. Freight Services*

Local traffic constitutes about 85% of traffic moved whereas transit traffic is about 15% in terms of tonnage. However, some member railways rely largely on transit traffic. Distribution of traffic depends on the size of the economy, its level of economic activity and resource endowment. The performance of individual SARA members is assessed on the basis of their ability to move both local and international traffic.

Competition from road is stiff on international traffic hence the need for collaboration among regional corridors. Collaboration of SARA members is most required on the movement of international traffic in terms of commercial, operational and technical matters otherwise bottlenecks will be encountered in some corridors. Collaboration on the movement of local traffic can also be done mainly through the supply of resources by other members with excess capacity. Regional railways are on the aggregate failing to move business on offer which ends up with road. Minerals dominate the traffic volume transported by railways.

Some railway branch lines in some countries have been closed due to viability problems. Specific strategies are required at the national level because of peculiarities that exist among the concerned branch lines.

#### *ii. Passenger Services*

Passenger services generate less than 15% of aggregate annual revenue for railways but accounts for between 30-35% of cost. Resources consumed by passenger services are therefore not proportional to their contribution to the business. Railways image is portrayed through passenger services but these are naturally loss making and therefore a lot of resources are tied in this market segment that has generally very little financial returns. They are usually classified as social service obligations that require support from government. Tourist trains are however a profitable niche

requiring a lot of resources and management effort. Conditions of track infrastructure in some member railways often present challenges.

## 5.2 Maintenance and Leasing

Services rendered to other member railways in terms of leasing of or maintaining resources, refurbishment and overhauls, and training in some cases has potential to provide reasonable incomes to supplying railways while at the same time ensuring optimal utilisation of capacity among members. Services to other non-SARA members in this regard will further boost the members' incomes on condition that the railways are able to offer competitive services. Income from such services is expected to vary from organisation to organisation depending on the member's resource endowment in terms of surplus workshop capacity, technical expertise and size of the market. Railway capacity in terms of resource availability (locomotives and wagons) will be boosted at a relatively lower cost if railways are able to provide competitive services to each other.

## 5.3 Training

Railways provide training services through their railway academies, both for own employees and other railway employees even from private companies with regards to apprenticeship programmes. A training strategy to enable railways contribute effectively to regional mandate through knowledgeable employees is inevitable.

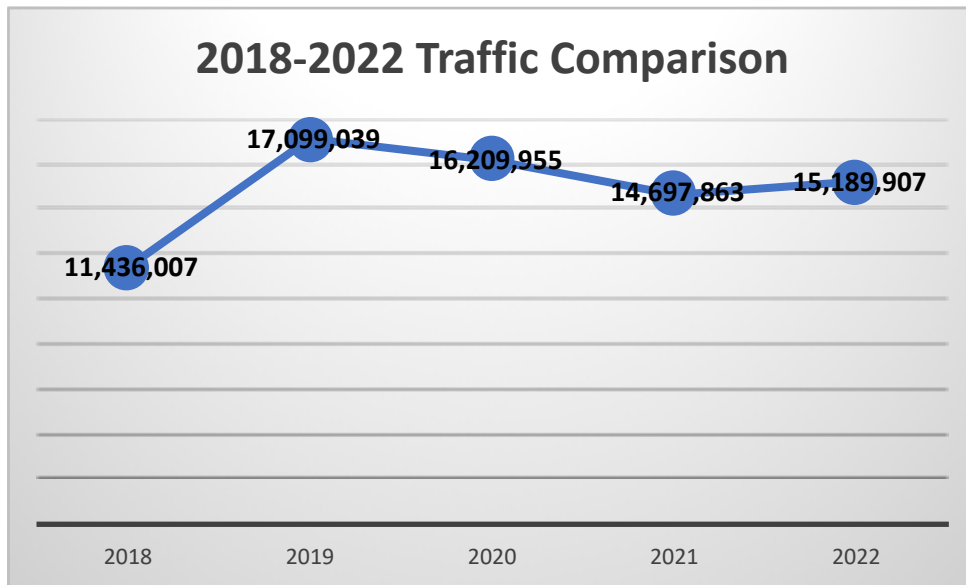
## 6.0 SITUATION ANALYSIS

SADC Railways performance is subject to the dynamic business environment and market factors. The situation analysis thus gives the 2018 to 2022 freight performance highlight to inform the base year and planning spectrum for the 2023-2027 Strategic. This is elucidated in terms of Stakeholder analysis, the Strategic SARA Alliances, stakeholder power matrix, Competitive Analysis, and Financial Analysis.

In the table below, the SADC International Rail Freight Performance over the period 2018-2022 is presented.

SARA Annual Performance Comparison 2018-2022									
Corridors	2018	Difference	2019	Difference	2020	Difference	2021	Difference	2022
BEIRA	506,833	(243,782)	263,051	17,268	280,319	(29,006)	251,313	(55,556)	195,757
BEITBRIDGE	154,963	144,582	299,545	18,369	317,914	(257,681)	60,233	93,357	153,589
DAR-ES-SALAAM	184,909	104,034	288,943	(109,305)	179,638	9,769	189,407	(160,538)	28,869
GOBA	226,798	79,464	306,262	(72,163)	234,099	(78,679)	155,420	707,024	862,444
LOBITO	36,600	(4,706)	31,894	19,382	51,276	(27,208)	24,068	15,097	39,165
LIMPOPO	658,047	(429,247)	228,800	87,191	315,991	(53,954)	262,037	105,423	367,460
NACALA	493,229	(105,542)	387,687	8,613	396,300	(115,700)	280,600	(52,730)	227,870
NAMIBIA	14,469	28,924	43,393	21,630	65,023	63,342	128,365	88,105	216,470
PLUMTREE	961,320	(233,523)	727,797	22,009	749,806	(451,021)	298,785	29,206	327,991
RESSANO GARCIA	7,487,718	105,651	7,593,369	(588,884)	7,004,485	332,710	7,337,195	98,162	7,435,357
RICHARD'S BAY	711,121	6,217,177	6,928,298	(313,194)	6,615,104	(904,664)	5,710,440	(375,505)	5,334,935
<b>TOTAL</b>	<b>11,436,007</b>	<b>5,663,032</b>	<b>17,099,039</b>	<b>(889,084)</b>	<b>16,209,955</b>	<b>(1,512,092)</b>	<b>14,697,863</b>	<b>492,044</b>	<b>15,189,907</b>

In summary, the SADC railway international freight performance shows an increase from 2018 (11,436,007mt) to 2019 (17,099,039mt) then a continuing decline from 2019 to 2020 (16,209,955mt) and to 2021 (14,697,863mt). In 2022 (15,189,907), a resurgence is observed as the annual regional freight performance shows an increase from that of 2021.



Whilst the decline in freight performance from 2019 to 2021 can be attributed to the global economic impacts of the Coronavirus pandemic, other rail business operational and market factors were equally to blame. These are summarized below:

- SADC regional railway capacity is under-utilized especially on import traffic from the SADC ports and points of entry. Overall, the railway corridors are operating at below 25% of their design capacity.
- the railways are moving 87.5% of their wagons empty on the “Return Leg”. The rail corridor tariffs for export traffic logically have to cater for the return leg of empty wagons as this situation has an effect of increasing the rail tariff rates on the return leg with cargo to be moved.
- the railway logistic chain is stronger and more integrated with the exports traffic market than the imports traffic market.
- the high demand for railway freight services on all corridors is not being matched with sufficient supply of locomotives and wagons. Customer demands for increased rolling stock capacity and quality is not being matched by the railway corridors. The shortage of rollingstock is highly and evidently pronounced.

Whilst the above factors are directly attributed for railway stakeholders resolve, the competition from road truckers freight transportation is escalated. The SADC study of 2010 showed that railways only have 10-15% of surface transport market share compared to road freight transport. Road transport currently exhibits strong comparative advantage over Rail Transport in the SADC region as it boasts of:

- sustained maintenance of regional road infrastructure;
- new trucks and truck operations technology;
- ease of market entry and exit of players;
- increased regional truck road networks;

- harmonized and agreed commercial/economic rules of operation;
- efficient and flexible corridor pricing system;
- improved security and cargo tracking systems;
- quick fleet turn-around times;
- efficient loading and offloading processes; and
- Increased private sector investment and initiatives including in infrastructure, research and development, fleet, etc

The SADC region, over the past 2018-2022 Plan period also embarked on resuscitating regional passenger train services. The drive towards this end was affirmed following the establishment and launch of the Gibela Passenger Coaches Manufacturing plant in South Africa. The Gibela Plant was established with plant and equipment capacity to produce and supply SADC and the entire market across the African continent and beyond. Currently, regional passenger train services in operation are mainly for tourism (operated by Rovos tourist trains).

In view of the snapshot report on the 2018-2022 SARA freight performance, the new 2023-2027 Strategic Plan is premised on achieving and attending to the following factors:

- modernisation and application of 4<sup>th</sup> Industrial Revolution
- improving supply chain management
- instituting vigorous and coordinated maintenance plans
- breaching the missing links between key origins and destinations
- enhancing capacity and safety standards compliance
- reducing delays at border posts and interchange points
- enhancement of Regional Trade and Transport cross border facilitation
- improving reliability and predictability by RAs and other Stakeholders in the Value chain.
- improvement of inter-regional connectivity by railway infrastructure
- enhancement of transport multi-modal integration
- enhancement of Human Resource Skills and Capacity
- advocacy for more affirmative railway supportive regional policies;
- efforts towards harmonisation of regional transport policies, standards and guidelines;
- improve compliance to international conventions
- Promote application and management of existing bilateral and regional agreements.
- Incentivise private sector participation in Infrastructure and Rollings Stock Investments.
- enhance resource mobilization drive for sustainable regional project

## **6.2 STAKEHOLDER ANALYSIS**

The key stakeholders of SARA are the various Ministries of Transport and agencies with responsibility for railway policy and infrastructure development, railway operating companies, railway/transport operators, regional railway organizations, major customers, investors/development partners, rail logistics/ maintenance service providers, rail equipment suppliers/manufacturers, clearing and forwarding industry and road freight industry.

### **6.2.1 Stakeholder roles and interests**

The interest of all rail stakeholders is to see improved rail capacity so as to provide efficient, effective, reliable and affordable total logistics solution that promotes trade nationally, regionally, continentally and globally.

SARA has a number of key stakeholders who have different interests and expectations. These include the following:

#### **6.2.1.1 SADC member states governments**

SADC member states expect SARA to play a leading role in promoting development and performance of regional railways so that they offer efficient, cost effective and seamless transportation services in line with the SADC Protocol on Transport, Communications and Meteorology. SARA is expected to play a leading role in harmonisation of policies, standards and safety management to promote intra-modal and intermodal integration. This will enable the railways to play an effective role in the SADC economy.

#### **6.2.1.2 Other Railway Associations**

Other railways associations are interested in exchange of information, technical skills, promoting technologies and services from their regions and provide opportunities for benchmarking. Some expect SARA to be their member to allow for systematic collaboration.

#### **6.2.1.3 Non-Railway Transport Associations**

Non-railway transport associations for surface transport modes seek to promote their respective modes. These are therefore competitors to SARA. They, in essence, compete with railways for national resources through policy while some even campaign against railways.

#### **6.2.1.4 Rail Transport Regulators**

Rail Transport Regulators seek to ensure that railways observe laid down rules and regulations. The regulation can be economic or safety in nature. Railways become good corporate citizens by observing established regulations besides improvement in the quality of their services. Currently South Africa and Tanzania have established rail regulators with that of Tanzania regulating road and marine as well. The establishment of a regional rail regulator with the authority to enforce any agreed regulatory initiatives will improve regional railway operations to be cost effective and efficient especially in this competitive and liberalised environment.

#### **6.2.1.5 SADC Secretariat**

The SADC Secretariat is interested in the implementation of the SADC Protocol on Transport, Communications and Meteorology and other regional policies developed from time to time. SARA programs feed into the SADC Program of Action. SADC therefore expects SARA to coordinate regional railway sub-sector programs on its behalf. SADC Secretariat also facilitates the sourcing of resources for railway projects from collaborating partners, private financiers and financial institutions.

#### **6.2.1.6 Collaborating Partners**

Collaborating partners support SARA activities in areas of policy, capacity and operational improvement initiatives in order to improve the performance of regional railways especially where export competitiveness and international traffic is concerned. Collaborating partners are ordinarily interested in expanding markets for equipment and services from their respective countries as well as to ensure cost effective transportation of raw materials to their countries.

#### **6.2.1.7 PPP Financiers**

Although concessions have not succeeded in the region, there are quite a number of private sector investment opportunities such as recapitalization, infrastructure and operation support projects in the rail sector that SARA could explore and recommend. SARA should also work with the SADC governments in this regard. SARA can organise seminars with financiers so that the railways are kept abreast with financing opportunities available and requirements.

#### **6.2.1.8 Other Transport Corridor Groups**

Corridor groups seek to improve business volume along their corridors in a multimodal transport environment through improved marketing and coordinated infrastructure development. Corridor groups will prefer those modes that are efficient and this requires the railways to effectively compete with other modes.

Corridor authorities will also be strategic to regional railway operations. Such authorities include the Walvis Bay Corridor Group, Maputo Corridor Logistics Initiative, North South Corridor, Lobito Corridor, Trans-Kalahari Corridor and Dar es Salaam Corridor, to mention but a few.

#### **6.2.1.9 Other transport providers**

SARA should also consider comparative and cumulative advantage rather than competitive advantage so as to offer total logistics solution in the region. SARA should foster close collaboration with all surface transport modes bodies in the region such as PEMESA, FESATRA, Road Hauliers Association

#### **6.2.1.10 Railway Suppliers**

SARA should aggressively attract membership from suppliers to facilitate direct sharing of expertise and experiences and facilitate innovations that address rail sector needs.

#### **6.2.1.11 Railway Customers**

Customers, suppliers and railways need to find solutions to reduce cost on railways by developing and improving versatile rolling stock instead of focusing on specific rolling stock for a specific commodity. SARA could facilitate such Research and Development initiatives.

#### **6.2.1.12 Shipping Lines**

The regional railways in their endeavour of offering total logistics solution need to establish relationships with shipping lines. Due to globalized trade, reduction in transport cost is paramount if SADC commodities are to be competitive on the global markets. This could be done in collaboration with ports authority and shipping agents.



### 6.2.1.13 Media

SARA should use the media to market its achievements, workshops/seminars for the benefit of all stakeholders.

### 6.2.1.14 Federation of Regional Labour Unions

Railways are a very unionized sector and SARA needs to be aware of any developments in the region with regards to Labour Unions.

## 6.3 Strategic Alliances

- i. Railway Associations in Regional Economic Communities in Africa
- ii. Union Internationale des Chemins de Fer (UIC)
- iii. Association of American Railroads (AAR)
- iv. Community of European Railways (CER)
- v. Australasian Railway Association (ARA)
- vi. Development Bank of Southern Africa (DBSA)
- vii. Ports Management Association of Eastern and Southern Africa (PMAESA)

## 6.4 Stakeholder power matrix

The power and interest of the SARA's stakeholders and how SARA should manage them is illustrated below.

		<b><u>Keep Satisfied</u></b>		<b><u>Manage Closely</u></b>	
		Employees Customers SADC Governments Regional Rail Regulators Shipping lines		Suppliers Other Transport Corridors Other transport providers	
<b>Power</b>	High	<b><u>Monitor</u></b>		<b><u>Keep Informed</u></b>	
	Low	Other Railway Association Non-railway transport Associations Financiers Federation of Trade unions Strategic Alliances Collaborating Partners		SADC Secretariat Media	
		Low		High	
		<b>Interest</b>			

*Figure 3: Stakeholder power matrix*

## 6.5 COMPETITIVE ANALYSIS

### 6.5.1 Industry overview and nature of competition

SARA is in the business of bringing about fair competition, developing an equitable market driven surface transport (road and rail) industry, providing a means for the railways to improve their efficiency and effectiveness to increase their market share.

SARA's main competitor is road haulage transport in terms of freight business and access to state (and possibly donor) funds, creating uneven playing field biased to roads. In addition, Road has the inherent advantage of providing flexible door to door services, short transit times and quick decision making on commercial matters. Owners of these road trucks are usually people of influence in society, more often than not, with political muscle, and as a result SARA has found it a challenge to have the uneven playing field levelled as the former seek to protect the status quo from which they are benefiting. Road haulage industry is characterised by many large trucks owned by different companies in different countries.

Road haulers are flexible in their decision making. They can provide quotations on the spot whereas railways take more than a week to do the same in some cases. Furthermore, road is able to offer huge discounts on backloads due to provision of individual service, thereby undercutting railway rates in the process. Railways are not able to do the same because of joint provision of services. The imbalance of traffic and in wagon types between the up and down directions is an inherent challenge for railway transport. Railways continue to lag behind in the provision of a one stop shop service to their customers thereby reducing accessibility to railway services.

Technological advancement in respect of trucks is offering a serious challenge to rail as trucks can now carry loads comparable to those for railway wagons.

Coastal shipping is in competition with railways in terms of movement of cargo that would have otherwise moved by rail.

### **6.5.2 Key Competitive Capabilities**

SARA has a wide interconnected rail network on Cape gauge that allows for the provision of joint seamless services between major industrial and mining centres without the need for transshipment. The broad asset base for its members allows it to conveniently handle various types of cargo and passengers. Suitability of rail transport to the bulk nature of products produced in the region creates economies of scale which present SARA members with opportunities for charging competitive prices.

SARA has a diversified pool of skilled personnel and experienced railway managers who can meet the the ever changing business challenges. Existence of railway corridors makes it possible for railways to compete against road.

### **6.5.3 Key competitive weaknesses**

- i. SARA's failure as an association to enforce its own resolutions and agreed policies among its members is self-defeating as it leads non-implementation of otherwise noble business ideas/initiatives.
- ii. Old unreliable equipment militates against the provision of quality railway services.
- iii. Failure to provide door to door services and slow decision making (failure to provide instant quotes) tend to create a competitive weakness especially against road competition.
- iv. Absence of real-time information system among members also creates a competitive disadvantage.
- v. Negative perception in terms of speed, safety and efficiency in railway operations
- vi. Competition and lack of trust between rail operators instead of complementing each other especially at corridor level
- vii. Stiff competition from road

- viii. Failure by regional governments to implement agreed upon regional and continental railways initiatives such as waiver of fuel levy, creation of Rail Funds and the Brazzaville Declaration.
- ix. Lengthy and cumbersome quoting procedures
- x. Lack of standard corridor costing framework
- xi. Rail infrastructure and Rolling stock maintenance backlog

#### **6.5.4 Customer needs**

Customer needs differ according to market segments. Railway customers require quality transportation services from railways, which services demand adequate locomotives, wagons and sound infrastructure. Service quality is measured in terms of transit times, efficiency, reliability, pricing, safety and security of cargo and passengers.

Customers expect railways to provide services that are comparable to road at a relatively cheaper cost. Customers therefore require railways to offer seamless, cost effective, reliable and predictable transportation services upon which they can plan to enable them to meet their own customers' demands.

Passengers for ordinary trains expect railways to be always cheaper than other surface transport modes. Safety, cleanliness, condition of equipment and adherence to scheduled times are the key variables they use to evaluate railway passenger services. For luxury trains, customers expect to have unique life-time experiences characterised by a high degree of comfort, convenience and safety. Passengers in this case expect value for their money from the excursions.

In terms of equipment related services provided to other railways or non-SARA members, quality output and reliability of equipment are the major issues. Cost of such services relative to other service providers is also another consideration that influences customer choice. Customers therefore expect railways to adhere to agreed service levels both in terms of quality and delivery.

SARA has over the years not been able to fully meet customer needs as a result of capacity challenges, unfavourable institutional framework and commercial related reasons arising from failure to fully implement the SARA Marketing Policy. This has led to a significant decline in rail market share and calls for a review of railways' operating philosophy especially on international traffic and transport policy in general.

### **6.6 FINANCIAL ANALYSIS**

<b>Membership Fee Projections</b>			
<b>Year</b>	<b>Membership Fee received in USD</b>	<b>SARA Rail Conference Income in USD</b>	<b>Commerce Edge SA Training Income in USD</b>
2018	490,211.00	97,696.00	-
2019	508,884.00	163,685.00	-
2020	466,551.00	0.00	-
2021	415,888.00	10,642.00	2,354.15
2022	481,087.00	187,159.40	-
2023	548,449.00	232,292.00	1,254.00
2024	529,195.70	255,521.20	2,500.00
2025	555,655.49	281,073.32	3,500.00
2026	583,438.26	309,180.65	4,500.00
2027	612,610.17	340,098.72	5,500.00
2028	643,240.68	374,108.59	6,000.00

## **7. 2023 – 2027 STRATEGIC INTENTS**

SARA’s strategy is intended to regionally grow the railway business in a sustainable manner through provision of cost effective and efficient total logistics solution within resource limitations and taking into account the dynamics of the business environment.

### **7.1 SARA MANDATE**

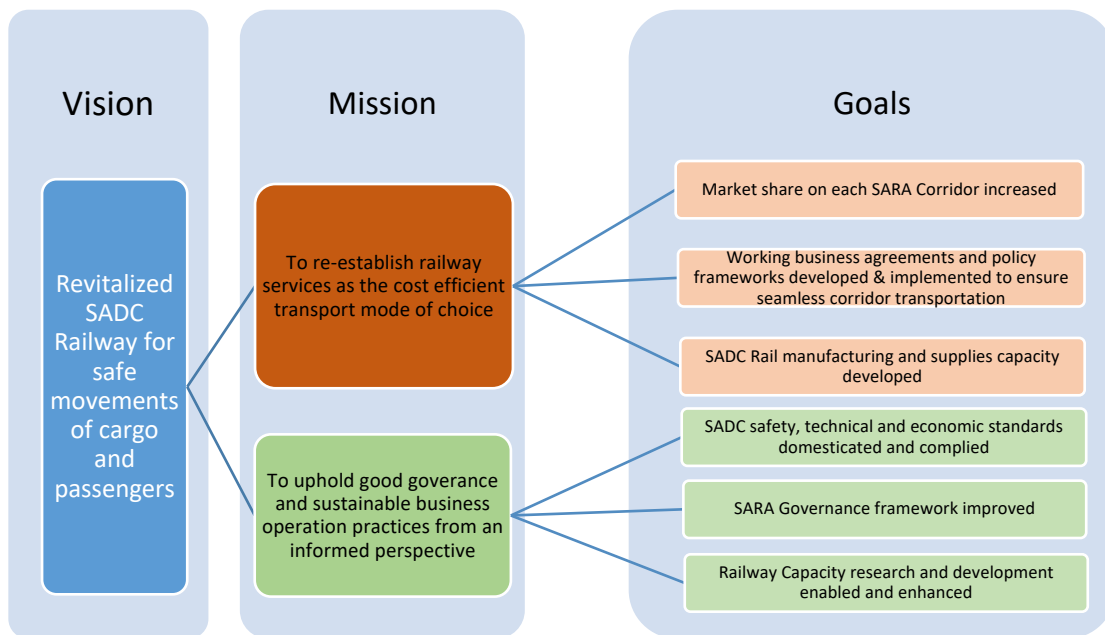
#### **7.1.1 Mission, Vision, Values and Beliefs**

##### **Vision**

Revitalized SADC Railway for safe movements of cargo and passengers

##### **Mission**

- (i) To re-establish railway services as the cost efficient transport mode of choice
- (ii) To uphold good governance and sustainable business operation practices from an informed perspective



### Guiding principles and Values

SARA through its members strives to jointly provide safe, secure, cost effective and efficient seamless total logistics solution in an ethical business conduct based on the below key attributes.

#### Guiding Principles

- Uphold global corporate governance principles
- Comply to SADC Protocols
- Promote interests of all SARA Members

#### Values

- Regional consensus
- Professionalism
- sustainability focus

## 7.2 GOALS

The Strategic Plan identifies six high-level goals to provide management guidance for SARA through to 2022. These goals are:

1. Market share on each SARA Corridor increased
2. Working business agreements and policy frameworks developed & implemented to ensure seamless corridor transportation
3. SADC Rail manufacturing and supplies capacity developed
4. SADC safety, technical and economic standards domesticated and complied
5. SARA Governance framework improved
6. Railway Capacity research and development enabled and enhanced

### 7.3 TACTICS

For each goal, a series of key measures are developed to support its accomplishment over the next five years. Further, Performance indicators are also established to ensure practical implementation and measurement of the Plan's implementation.

#### **Goal 1: Market share on each SARA Corridor increased**

- 1.1 Measure and improve national and regional passenger railway traffic performance
- 1.2 Measure and improve national and regional freight railway traffic performance
- 1.3 Evaluate and improve railway service designs at national and regional levels

#### **Goal 2: Working business agreements and policy frameworks developed & implemented to ensure seamless corridor transportation**

- 2.1 Enhance and harmonize railway freight and passenger corridor operations
- 2.2 Facilitate corridor transport railway service design for customer end to end satisfaction
- 2.3 Report on agreed Key Performance Indicators for passenger and freight performance
- 2.4 Report on service level performance indicators with other modes of transport (intermodalism efficiency) and corridor logistics stakeholders.

#### **Goal 3: SADC Rail manufacturing and supplies capacity developed**

- 3.1 enhance human resource capacity and dynamism to modern demands of the railway sector
- 3.2 affirmatively support for SADC locals participation in competitive supply of input and support services in the railway value chain
- 3.3 advocate for investment and strategic partnerships in applied research and development for the railway sector

#### **Goal 4: SADC safety, technical and economic standards domesticated and complied**

- 4.1 advocate for the appropriate adoption of global best practices and standards of the railway sector
- 4.2 facilitate for improvement of and compliance to SADC Railway standards
- 4.3 collaborate with development partners and donors amongst other stakeholders for enhancement of SADC railways standards
- 4.4 advocate for sustained implementation of OSH, gender and environmental management best practices in the SADC railway sector

#### **Goal 5: SARA Governance framework improved**

- 5.1 collaborate with development partners and donors amongst other stakeholders for appropriate domestication of international and regional treaties
- 5.2 facilitate implementation of regional railway strategies in alignment with relevant international treaties

5.3 facilitate demand responsive implementation of the Railway Chapter of the SADC Protocol of Transport Communications and Meteorology and other Protocols

**Goal 6: Railway Capacity research and development enabled and enhanced**

- 1.1 facilitate cooperation of learning and research institutions for research and development of the SADC railway sector
- 1.2 harmonize capacity building curriculum for key technical skills training for railway sector in SADC
- 1.3 advocate for railway sector mainstreaming in national curriculum of primary and high school education for effective sensitization on importance of the railway sector to SADC

**8. STRATEGY IMPLEMENTATION**

**8.1 GOVERNANCE MANAGEMENT**

The successful implementation of the SARA 2023-2027 is, in the first instance, subject to the commitment of the SADC railway administrations. This commitment is to be expressed in the form of their mutual and collaborative effort towards regional trade facilitation through the SARA corridors by the provision of smooth, safe, secure, timely and integrated railway transport services. In complement to this desired commitment of the Railway Administrations is cogent relations with the Regional Economic Communities (RECs) including SADC, COMESA and more importantly the African Union. This alliance shall ensure policy support and regional congruence in the development and focus for growth of the railway market. In addition, active engagement of international development partners for technical assistance and other forms of resource support will be essential.

This therefore, call for effective communication amongst all stakeholders profiled in section 6.

**8.2 ADMINISTRATION**

As the executive arm of the Association, the SARA Secretariat shall apt its performance and diligently service the mutual interests of its members and also realize its potential as the railway think tank to enhance railway market share. This entail contextual implementation of the SARA 2023-2027 Strategic Plan through harmonized management and operational standards, facilitation of infrastructure maintenance and development, human resource and institutional capacity building and most importantly applied research and resource mobilization. In addition, through the Secretariat, SARA systems such as the financial, administration and ICT and human resources will be fully developed upon and revised from time to time during the strategic plan period.

**8.3 RISKS IN IMPLEMENTING THE NEW STRATEGY**

In implementing this strategy SARA anticipate encountering the following challenges

- i. Limited funding
- ii. Lack of skills
- iii. Buy-ins and commitment by SARA members
- iv. Changing economic climate

- v. Limitations on the SARA structure
- vi. Public perception
- vii. Lack of positive appreciation of rail industry priority by governments
- viii. Volatility of foreign currency
- ix. Globalization

#### **8.4 STRATEGIC PLAN PERFORMANCE MEASUREMENTS**

The strategic plan performance indicators are noted in the strategic plan matrix in Appendix I. The matrix identifies plan goals, tactics, measureable outcomes and timeframes for implementation.

#### **8.5 IMPLEMENTATION/MONITORING/UPDATE PLAN**

An outcomes targeted implementation matrix is to be developed ensuring that it identifies a summary of tactics and sub-tactics for each goal, identified by short-, mid-, and long-term activities. Short-term is defined as the first fiscal year of the Strategic Plan, that is 2023, mid-term is fiscal years 2024 and 2025, and long-term is fiscal years 2026 and 2027. Once a tactic is implemented, it will be monitored and measured. Based on the duration of the tactic and its outcome, the tactic may be refined or closed out. Results for multi-year tactics will be reported and the tactic refined, adjusted, or changed for the next fiscal year. Typically, it takes at least one year to measure tactic results; therefore, the strategic plan will be updated every two years.