



REPUBLIC OF ZAMBIA

REPORT

OF THE

COMMITTEE ON TRANSPORT, WORKS AND SUPPLY

ON THE

RATIFICATION OF THE BEIRA DEVELOPMENT CORRIDOR AGREEMENT

FOR THE

THIRD SESSION OF THE THIRTEENTH NATIONAL ASSEMBLY

Printed by the National Assembly of Zambia

FOREWORD

Honourable Madam Speaker, the Committee on Transport, Works and Supply, has the honour to present its Report on the Beira Development Corridor Agreement (BDCA) for the Third Session of the Thirteenth National Assembly. The functions of the Committee are as set out under Standing Orders 206 (n) and 207 of the National Assembly of Zambia Standing Orders, 2024. Specifically, Standing Order 207 (f) provides that Portfolio Committees shall consider international agreements, conventions and treaties in accordance with Article 63(2)(e) of the Constitution.

The Committee held ten meetings to consider submissions from stakeholders. In order to acquaint itself with the ramifications of the BDCA, the Committee sought both written and oral submissions from various stakeholders. The list of stakeholders is at Appendix II of the Report.

The Report is organised in three parts. Part I provides a background and summary of the provisions of the Agreement. Part II presents the summary of submissions from stakeholders. Part III highlights the Committee's observations and recommendations.

The Committee wishes to pay tribute to all stakeholders who appeared before it and tendered both oral and written submissions. It further wishes to thank you, Madam Speaker, for according it an opportunity to interrogate the Agreement. The Committee also appreciates the services rendered by the Office of the Clerk of the National Assembly during its deliberations.



Mr Mubika Mubika, MP
CHAIRPERSON

July, 2024
LUSAKA

LIST OF ACRONYMS

BDCA	Beira Development Corridor Agreement
BDCMI	Beira Development Corridor Management Institutional
JMC	Joint Ministerial Committee

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1.0 MEMBERSHIP OF THE COMMITTEE

The Committee consisted of Mr Mubika Mubika, MP (Chairperson); Mr Joel Chibuye, MP; (Vice Chairperson), Ms Tasila E Lungu, MP; Mr Emmanuel M Musonda, MP; Mr Sunday C Chanda, MP; Mr Charles A Mulenga, MP; Mr Mutotwe L Kafwaya, MP; Mr Francis R Kapyanga, MP; Mr Bernard Kanengo, MP; and Mr Lloyd Lubozha, MP.

PART I

2.0 BACKGROUND

The Beira Corridor was an integrated multi-modal transport and logistics infrastructure network traversing within and through the Republics of Mozambique, Zimbabwe, Democratic Republic of Congo (DR. Congo), Malawi and Zambia. The network consisted of road and rail transport including logistics infrastructure such as One-Stop Border Posts which presented a strategic outlet to export markets for the land-linked countries of Zambia, Zimbabwe, Malawi and DR. Congo. It offered an alternative and shortest route linking key mining and agricultural regions in these countries to the Indian Ocean through the Port of Beira in Mozambique. In the Republic of Zambia, the Corridor traversed through North-Western Province, Copperbelt Province, Southern Province, Lusaka Province, Central Province and Eastern Province.

To strengthen the Corridor's operations and enhance collaboration among the Member States in the development of infrastructure, transit transport cooperation and cross border trade, the Republics of Mozambique and Zimbabwe signed and ratified the BDCA. The Agreement aimed at facilitating the creation of a Corridor Coordination Mechanism that would help address the challenges that were being experienced along the Corridor, that affected trade and the safe and efficient movement of goods and passengers in the territories of the Member States.

For the Agreement to come into force, it required signing and ratifying by two-thirds of the Corridor Member States. The Republics of Zambia, Malawi, and DR. Congo had not yet signed and ratified the Agreement.

2.1 OBJECTIVES OF THE AGREEMENT

The key objectives of the BDCA were as highlighted below.

- a) Develop an adequate, reliable, efficient and cost-effective transport, logistics, energy, water and sanitation, telecommunications networks and systems aimed at making the Corridor a competitive zone for investment.
- b) Develop adequate, reliable, cost effective, efficient and seamless road, rail, border post, and port infrastructure, with enabling information communication technology, water and sanitation, energy and maritime systems to facilitate efficient movement of goods, services and people.
- c) Encourage economic growth through the promotion and coordination of business that is economically viable in the areas of transport, logistics, telecommunication, agriculture, fishing, industry, mining, trade, energy, tourism and any other activities that might contribute to the economic development of the Corridor.

2.2 SUMMARY OF THE PROVISIONS OF THE AGREEMENT

The summarised provisions of the Agreement were as set out below.

Article 1: Definitions

Article 1 provided for the definitions of Parties, the Beira Development Corridor Management Institution (BDCMI) the Joint Ministerial Committee, the Joint Technical Committee, Executive Committee, National Ministerial Committee, and the National Technical Committee as the coordinating bodies.

Article 2- Objectives of the Agreement

This Article provided for the objectives of the Corridor, which were to among others, develop efficient and cost-effective transport, logistics, energy, water, sanitation, and telecommunications networks to make it a competitive investment zone. It further aimed to develop seamless road, rail, border post, and port infrastructure, enabling efficient movement of goods, services, and people.

Article 3- Promotion of Development Projects

This Article provided for Parties to agree to promote infrastructure and value chain projects related to corridors, in line with the objectives stated in Article 2. The Parties would determine the terms and conditions for funding these projects on a case-by-case basis.

Article 4- The Beira Development Corridor Management Institutional Framework

This Article established the Beira Development Corridor Management Institutional (BDCMI) Framework and would consist of a Joint Ministerial Committee, Joint Technical Committee, Executive Committee, National Ministerial Committee, National Technical Committee, and Secretariat.

Article 5- Joint Ministerial Committee

The Article established the Joint Ministerial Committee (JMC), consisting of delegations from each Party, led by transport ministers. The Committee would elect chairperson to serve for a period of two years on a rotational basis and hold annual meetings. The Article further provided for the quorum of the JMC, which was two-thirds of Corridor States. The Article further provided for the mandate and responsibilities of the JMC.

Article 6 –Executive Committee

The Article provided for the establishment of an Executive Committee which was to consist of the Permanent Secretary/Director Generals or equivalent designation of the lead ministry responsible for the Corridor development in each Corridor State. The Executive Committee would meet twice a year in each country and its responsibilities included, among others, recruiting and selecting the Executive Director and developing action programmes for the activities of the Corridor.

Article 7- Joint Technical Committee

Article 7 provided for the establishment of the Joint Technical Committee (JTC) which was a group of representatives from the National Technical Committees of each Party, as well as key national Corridor stakeholders, including those from the private sector. This Committee was to meet twice a year on a rotational basis and could convene an extraordinary session at the request of any Corridor State. The JTC's responsibilities included, among others,

supporting and coordinating studies on corridor infrastructure development, making recommendations on policy harmonisation, and identifying common investment projects.

Article 8- The Secretariat

This Article stated that the Secretariat was to be led by an Executive Director, and was responsible for various functions related to the development of the Beira Corridor. Among its functions were, infrastructure development, trade and transport facilitation. The Secretariat was further tasked with multiple responsibilities which included, aiding, supporting and giving advice to Corridor States, monitoring compliance and assisting the Executive Committee with its functions, inter alia, preparing periodic work plans, budgets and progress reports.

Article9- National Ministerial Committee

This Article provided for the National Ministerial Committee, consisting of ministers from various sectors, and was responsible for establishing rules of operation, reviewing annual performance reports on the BDCMI, and approving strategies for aligning national and regional policies, laws, regulations, and standards affecting infrastructure development, investment, and trade facilitating along the Corridor. The Committee was also expected to lead in championing the implementation of development projects, mobilise resources, establishing efficient bilateral and multilateral coordination methods, and monitor project progress.

Article10-The National Technical Committees

Article 10 provided for the establishment of the National Technical Committees, which were responsible for proposing policies, identifying infrastructure improvement areas, solving investment obstacles, and preparing progress reports, among other things.

Article11-Financing Arrangements

This Article provided for Parties to establish a joint financing mechanism for specific activities, based on their respective countries' domestic laws. It required financing options to align with national legislation for projects. The Joint Ministerial Committee would determine the Secretariat's financing mechanism and each Corridor Member State would cover costs related to attending meetings or workshops, unless otherwise funded.

Article 12 -Amendments

Article 12 of the agreement allowed the Corridor States to propose amendments by submitting a written proposal to the Secretariat.

Article 13 –Dispute Settlement

This Article provided for any dispute between the Parties concerning the interpretation or implementation of the Agreement to be settled amicably through consultation or negotiation between the Parties.

Article 15 –Withdrawal of Membership

Article 15 outlined the procedure for a Corridor State to withdraw from the Agreement. The state was to notify all the other Corridor States at least six months in advance. Withdrawal would not affect ongoing projects unless otherwise agreed in writing. It was the responsibility of the Committee of Ministers to decide on necessary conditions after notification. Post withdrawal would result in the State losing Agreement rights and benefits but would still be expected to comply with its obligations for six months.

Article 16 –Termination of this Agreement

This Article provided for the termination of the Agreement by a decision taken by at least two thirds of the Corridor States.

Article 17-Unforeseen Circumstances

This Article provided that neither Party would be in breach of this Agreement if it was prevented from performing any of its obligations hereunder by reason of unforeseen circumstances, provided prompt written notice was given by such Party in the most expeditious manner setting forth the circumstances giving rise to the failure to fulfil such obligations.

Article 18-Accession

This Article provided for the Agreement to be extended to other countries in the Southern Africa Development Community region and for the Parties to negotiate the terms and conditions of accession.

Article 19-Signature and Entry into Force

The Article provided for the Agreement to take effect upon being signed by two-thirds of the Corridor States representatives after compliance with their domestic constitutional legal requirements. It further stated that it was to remain open for any listed Corridor State to notify the Depository of compliance with its internal legal procedures after its entry into force.

PART II

3.0 SUMMARY OF SUBMISSIONS FROM STAKEHOLDERS

Stakeholders made submissions as outlined hereunder.

i) Rationale of Zambia Signing and Ratifying the Agreement

The Committee was informed that the Beira Corridor and its development was critical in enhancing regional and international trade competitiveness, particularly for the land-linked countries of Zambia, Zimbabwe, Malawi and DRC. The Development of the Corridor was important to Zambia as it would serve as an alternative transport Corridor to export and import its commodities, thereby avoiding over dependence on one Corridor, which had the possibility of resulting in supply chain shocks in case of disruptions. Therefore, the development of the Corridor would not only help promote infrastructure development, transit-transport cooperation and cross border trade among the five Contracting States of the Beira Development Corridor Agreement but would also facilitate safe and secure, cost effective, efficient and competitive movement of persons and goods within the length of the Corridor and beyond. This would in turn stimulate economic and social development, particularly for the people along the Corridor.

Stakeholders stated that the signing and ratifying of the Agreement would also help Zambia benefit from the various initiatives and development projects to be undertaken by the various stakeholders and Cooperating Partners within the Corridor. One of the identified projects to be implemented along the Corridor was the Kafue-Lion's Den Greenfield Railway Project whose feasibility study, preliminary and detailed engineering designs were concluded in August, 2022 with financial support from the African Development Bank.

ii) Reservations and Declarations

Stakeholders submitted that Zambia intended to ratify the Agreement without any reservations and declarations as the provisions in the Agreement were prescriptive and were in no way at variance with the Constitution of Zambia, any other law or the interest of the Nation. The Agreement was in line with various national development documents including the National Transport Policy of 2019 and the Eighth National Development Plan that recognised the need for regional integration and collaboration in promoting and facilitating transport infrastructure development, transit-transport cooperation and cross border trade.

iii) Withdrawal

The Committee was informed that the Agreement had no provisions for withdrawal. However, Article 15 of the Agreement provided for the proposal of amendments to the Agreement by any Member State.

iv) Legal Framework

With regard to the legal framework, stakeholders stated that ratifying the Agreement would require amendments to some pieces of legislation which included the *Road Traffic Act, No. 11 of 2002*, the *Railways Act, Chapter 453 of the Laws of Zambia*, the *Inland Waters Shipping Act, Chapter 466 of the Laws of Zambia*, the *Immigration and Deportation Act, No. 18 of 2010* and the *Customs and Excise Act, Chapter 322 of the Laws of Zambia*.

v) Ministries to be involved

The Committee was informed that the Ministry of Transport and Logistics, Ministry of Justice, Ministry of Foreign Affairs and International Cooperation, Ministry of Finance and National Planning and all Contracting States would be responsible for implementing the Agreement. Stakeholders informed the Committee that in order to arrive at this decision to ratify the Agreement, consultations were undertaken with the Ministry of Justice, Ministry of Commerce, Trade and Industry, Ministry of Infrastructure, Housing and Urban Development as well as other relevant Government institutions.

3.1 CONCERNS RAISED BY STAKEHOLDERS

i) Financial Strain on Zambia

Stakeholders noted that while ratifying the Agreement might have potential benefits, there could also be negative ramifications for Zambia such as placing a financial strain on the country. This was because by being party to the Agreement, Zambia would be required to contribute capital costs towards the projects which could strain the country's already limited financial resources. Stakeholders were of the view that there was need to ensure that the required capital costs were adequately budgeted for.

ii) Infrastructure Development and Maintenance

Stakeholders noted that in order to operationalise the Corridor, significant investment was required to upgrade and maintain the infrastructure along the Corridor. This included roads, railways, and other facilities. Stakeholders were of the view that financing these projects was going to be challenging, particularly because of Zambia's existing debt burden and other economic challenges. In addition, ensuring the long-term maintenance and sustainability of the infrastructure required effective management and allocation of resources, which could be a challenge in the face of fiscal constraints.

iii) **Increased Criminal Activities**

Stakeholders contended that the increased trade, and movement of goods and people along the Corridor was likely to provide opportunities for criminal activities like human trafficking, smuggling of goods and drug trafficking into Zambia. They proposed increasing border security measures at all entry points.

iv) **Regional Coordination**

Stakeholders submitted that effective coordination between the participating countries was essential for the success of the Corridor, however, differences in regulatory frameworks, customs procedures, and bureaucratic hurdles could pose challenges to seamless integration. For example, cross-border trade was likely to be hindered by bureaucratic red tape, such as customs delays and regulatory inconsistencies.

PART III

4.0 COMMITTEE' S OBSERVATIONS AND RECOMMENDATIONS

i) **Financing Arrangements**

The Committee notes that Article 11 of the Agreement which deals with financing arrangements provides that Parties may be subject to their domestic laws when determining a financing mechanism to use when financing specific activities. The Committee is concerned that this provision may not be effective in reducing corruption and maintaining the standards of the corridor infrastructure among Member countries.

In view of the foregoing, the Committee recommends that all Parties to these Agreements should contribute equal amounts which will in turn be used for the projects. This will achieve and maintain standards of works and reduce any chance of corruption and inconsistencies.

ii) **Dispute Resolution**

The Committee observes that Article 13 of the Agreement states that any disputes between Parties on the interpretation or implementation of the Agreement is to be settled amicably through consultation or negotiation between the Parties. The Committee finds this provision insufficient.

In this regard, the Committee recommends that arbitration be included as a means of settling disputes that may arise.

iii) **Strengthening of Border Security**

The Committee observes that the development of the Beira Corridor like any other Corridor, has the possibility to increase criminal activities along the Corridor, which among others include drug and human trafficking.

The Committee therefore, strongly recommends that strengthening the security along the border crossing points of the Corridor is enhanced through coordinated efforts by Member States. This is to ensure that the development of this Corridor does not result in illegal activities being introduced in the country.

5.0 CONCLUSION

In conclusion, the Committee would like to state that it is in full support of the ratification of the Beira Development Corridor Agreement. This is because the Committee has taken into account the various benefits that will come with the development of this Corridor. The Committee notes that this Agreement will lead to job creation for Zambian citizens, infrastructure development and many more. Nonetheless, the Committee is also cognisant of the fact that ratifying the Agreement will have its own negative impacts such as increased criminal activities as well as financial constraints on our already struggling economy. In this vein, the Committee is confident that its recommendations in this report will be considered.



Mr MubikaMubika, MP
CHAIRPERSON

July, 2024
LUSAKA

APPENDIX I

LIST OF NATIONAL ASSEMBLY OFFICIALS

Mr Stephen Chiwota, Director (Financial Committees)
Mrs Angela M Banda, Deputy Director (Financial Committees)
Mr Darius Kunda, Acting Senior Committee Clerk
Ms Rachel Mumba, Committee Clerk
Mrs Vivian M Banda, Administrative Assistant
Mr Daniel Lupiya, Committee Assistant
Mr Bright Mulenga, Intern

APPENDIX II

LIST OF WITNESSES

Citizens Economic Empowerment Commission
Centre for Trade Policy and Development
Industrial Development Corporation
Ministry of Justice
Ministry of Commerce, Trade and Industry
Ministry of Finance and National Planning
Ministry of Lands and Natural Resources
Ministry of Mines and Minerals Development
Ministry of Transport and Logistics
Ministry of Small and Medium Enterprise Development
Ministry of Foreign Affairs and International Cooperation
Road Development Agency
Road Transport and Safety Agency
The University of Zambia
Zambia Chamber of Mines
Zambia Chamber of Commerce and Industry
Zambia Development Agency
Zambia Institute for Policy and Research
Zambia Revenue Authority