

Angola's Lobito Corridor From reconstruction to development



Photo: Ana Duarte

This brief reviews the state of the transport corridor which runs from the port of Lobito and the city of Benguela through the hinterland of Angola before it connects with the mineral rich regions in the Democratic Republic of Congo and Zambia. The once important Benguela railway was destroyed during the war and has not been in use since 1975. With Chinese assistance the railway has now been rebuilt from Lobito to the border with Congo. Minerals are yet to be transported to the port, but the corridor is already having an impact on the lives of the communities living along the corridor and is contributing to social and economic transformation.

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The armed conflict in Angola had a devastating impact upon the infrastructure. At the end of the war the national roads and railways had largely been destroyed. For example nearly 350 rail and road bridges had been ruined. Since the peace agreement in 2002, Angola has embarked upon a major reconstruction and development of its damaged infrastructure. Peace and political stability set the ground for an economic boom fuelled by revenues from the oil production. Significant achievements have been recorded in the rehabilitation of roads, railways, ports and airports. However, despite the progress in reconstruction Angola is still facing shortages. This is especially evident in relation the quality of services and the impact on reduction of poverty. This is also well illustrated with the case of the Lobito corridor

THE BENGUELA RAILWAY

Construction of the renowned Benguela Railway (CFB) began in 1902 when the Portuguese colonial administration awarded the British capitalist Robert Williams a concession to build a railway from the Atlantic port of Lobito (Angola) through the central Angolan highlands and connecting with the copper producing area of Shaba (Katanga) on the border between what is now the Democratic Republic of Congo (DRC) and Zambia. The railway was completed in 1929. The primary purpose of the project was to capture the export of minerals from Katanga, but the revenue from domestic Angolan transport remained a major source of income for the railways throughout (Katzenellenbogen 1973). The CFB proved very successful and profitable, and gained increased importance,

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particularly after 1973 when Rhodesia closed its border with Zambia.

The economic and strategic importance of the Benguela railway line made it a target for sabotage during the colonial period. The line was first seriously damaged on Christmas Eve in 1966, when UNITA launched its first major operation. After several attacks and traffic disruptions, the line was closed completely in August 1975. At this time, while much of the railway was under MPLA control, part of the line was occupied by UNITA forces. Mercenaries from Katanga in Zaire seized control of other parts. The closure of the railway became a disaster not just for the railway and Angola, but also for Zambia and Zaire/DRC which had to find transport outlets through the more expensive routes to the ports in East and Southern Africa.

The post 1975 war also effectively damaged all roads between Lobito and Benguela on the coast and the Angolan highlands and the interior of the country.

RECONSTRUCTION: GOVERNMENT PRIORITIES AND FINANCE

Reconstruction of the transport infrastructure has been a main priority of the government. The bulk of the investment for this has been provided from the government's own resources, in particular the oil revenues. Only about 20% of the investments were funded from foreign sources according to estimates in a recent World Bank study (Pushak and Foster 2011).

Foreign funding came from a variety of sources and was mainly provided through export credits and loans. China has been a particular important provider of such finance when Western countries were reluctant or refused to provide funding (Corkin 2013). China provided its first US\$2 billion credit line in 2004 for the reconstruction of the transport infrastructure. The agreement was signed with state-owned Export-Import Bank of China. Angolan repayments were linked to the delivery of oil. These "oil-for-infrastructure" deals later became known as the "Angola mode". The first credit line was followed by a number of other Chinese credit lines. Projects identified for funding included the reconstruction of the three rail lines that run east from the three main coastal ports of Luanda, Lobito and Namibe. Other projects included the rehabilitation of roads, housing units in Luanda and 17 other provinces, the Viana industrial area and the new airport. A large number of Chinese companies, the majority state-owned, entered the Angolan market. These include the China Road and Bridge Corporation, China State Construction Engineering Corporation, China Guangxi International Construction and Jianguo.

Export credits and loans were also provided by a range of other governments, among them Portugal, Brazil, Spain, Germany, Canada and South Africa. The role of Brazil is particularly important. Brazilian companies involved included Petrobras, Odebrecht, Vale, Andrade Gutierrez and Camargo Corrêa. The main

purpose also for the Brazilian credits lines is the stimulation of Brazilian companies' engagement in the construction industry and the reconstruction of infrastructure in Angola.

The construction boom has severely tested the government's capacity to plan, implement and manage. Poor oversight and lack of proper procurement procedures have also weakened the efficiency of the construction (Søreide 2011). However, the sheer size of the investment and volume of construction has made the reconstruction a success. The reconstruction itself has now reached a stage where the focus is shifting towards ensuring that the infrastructure can provide the intended services and be an engine for growth and development (cf. African Development Bank 2013).

THE LOBITO TRANSPORT CORRIDOR

The multimodal Lobito Corridor comprises not only the Benguela railway, but also the port, roads, airports and logistic platforms. An estimated 40% of the population of Angola lives within the catchment area of this corridor. Until 2010 the National Reconstruction Office (GRN) was in charge of the reconstruction of the corridor. The responsibility was then shifted to the Transport Ministry. Now a special section within the Ministry – *the Lobito Development Corridor Office* – is in charge of the development and management of the corridor.

The Lobito corridor is also significant in a regional perspective. It provides a much shorter route to a port from the mineral-rich areas in DRC and Zambia. For the regional cooperation organization SADC, the Lobito transport corridor is seen as a major development corridor in Southern Africa with benefits not just for Angola and neighbouring DRC and Zambia, but also for the rest of the region (Caholo & Bingandadi 2012, Tjønneland 2011). The governments of Angola, DRC and Zambia plan to develop and sign an MOU governing their cooperation on the development of the Lobito Development Corridor.

The railway system is a main component in the Lobito corridor. The rehabilitation of the Benguela railway started in 2006 and was completed in 2013. It runs from the port of Lobito to the Luau-Dilolo border post between Angola and DRC, a stretch of 1344 km. It includes not just the tracks but also locomotives, wagons and 70 railway stations and warehouses. The railway is not operational on the DRC side of the border. Zambia has begun work to plan a new railway track from the copper belt running through the Angola-Zambia border post of Jimbe and connecting with the Benguela railway at Luena. Once operational, the Lobito Corridor will constitute the shortest route to a port (Lobito) for the Katanga region (South DRC) and the Copper Belt (North-western Zambia). This line will also enable import of oil to Zambia.

The Port of Lobito has been modernized and expanded with one container terminal, one mineral terminal and an oil terminal. The government has invested US\$1.2 billion with additional funding from China. The rehabilitation and upgrading of the port has been done by China Harbor Engineering Company Ltd. The port will have a capacity to move 3.7 million tonnes that will be expanded to 4.1 million when the Benguela Railway is working at its full potential.

The corridor also has one international airport in Catumbela between Lobito and Benguela. It was built by a consortium of companies which included Odebrecht (Brazil), Somague (Portugal) and Imbondex (Cuba) and funded through government funds and foreign credit lines. This airport is considered by the government to become a crucial component of the Lobito Corridor. A number of provincial airports along the corridor, including Benguela, Huambo, Kuito and Luena, have also been rehabilitated and modernized.

The Lobito Corridor also includes a significant road network from Lobito to DRC and Zambia through the Luau-Dilolo border post. The road also links with the road system in DRC at Kolwezi and a road from Luena (Angola) through Cazombo to Solwezi in Zambia. This is projected to become a highway called Trans-African Highway (TAH 9) running from Lobito to Beira in Mozambique. The road runs parallel to the Benguela railway. However, the road construction is not yet completed. It is only rehabilitated from Lobito to Kuito in Bié province. The approximate stretch of 710 km from Kuito to Luau on the DRC/Angolan border is still in a very poor condition. Communities living in this area are still very isolated and are highly dependent on the new rail transport that runs twice a week between Kuito to Luena in the Moxico province, a 409 km distance that lasts approximately 17 hours.

The provincial governments are responsible for the reconstruction, financing and maintenance of the regional roads or the feeder and community roads in the Lobito Corridor. This is done under the technical supervision of INEA - Angola National Roads National Institute. Since 2012 INEA has a strategic programme for the rehabilitation of secondary and tertiary roads (Programa de Reabilitação das Estradas Secundárias e Terciárias). The plan provides guidelines and prescriptions regarding the use of local labour and construction companies in an effort to facilitate increased employment opportunities and better linkages and integration of rural communities.

A final component of the Lobito Corridor is the logistic platforms that are being planned and developed to facilitate improved utilisation of the different transport systems in the Corridor. The vision of the officials involved is also that this may help to ensure that Lobito can become a continental logistic hub sometime in

MAP 1: THE BENGUELA RAILWAY



the future and with an operational corridor from the Atlantic to the Indian Ocean.

While the Lobito Corridor has seen some remarkable progress in the rehabilitation and reconstruction of transport infrastructure there is much work to be done to ensure its efficient use. The port is still only an import harbour with no export of minerals taking place. This will not happen before the railway link to Zambia has been constructed. Most goods from the port and from the coast are still transported on the roads to the highlands.

The railway is however becoming increasingly important for passenger transport. The Benguela railway is providing an increasingly important service for communities living along the railway, particular in more remote areas. This is particularly evident in the Bié and Moxico provinces where roads are still highly damaged and often not easily drivable.

Provision of train services has also facilitated the reestablishment of commercial links between urban and rural areas and between inland and coastal areas. It has also led to the emergence of «intermediate trade centres» acting as collection and distribution points for low-income households. These centres also represent a fundamental social infrastructure, because information and ideas can now spread more freely. Finally, the intermediate centres not only provide a basis for a more equitable distribution of social services but also act as attraction points for small-scale traders and transport operators and training grounds for rural-to-urban migrants. The importance of these centres has also favoured a shift away from the major trunk road of the corridor towards expanding the network of secondary, rural and agricultural feeder roads.

CHALLENGES: MAKING THE CORRIDOR AN INSTRUMENT FOR DEVELOPMENT

We are already witnessing important social

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transformation taking place in the Lobito Corridor. The combination of infrastructure development and responses from and adaptation by people and communities living along the corridor are already having important impacts. We can identify *inter alia* the emergence of local entrepreneurship and transition to a market economy, and new lines of social and economic divisions in the communities.

The development of the corridor is also reaching a turning point. We are moving from the era of rehabilitation into the era of development of infrastructure required for the country's future growth and development. The rehabilitation - while in many instances a success - have also suffered from insufficient planning and lack of feasibility studies, weak public oversight over the construction, and lack of competition. This in turn may have increased costs and reduced the quality of the infrastructure provided. Furthermore, this may have led to a situation where the needs of poor people and communities have received insufficient attention.

Future challenges that must be addressed by Angola and the authorities responsible for the corridor, includes the further rehabilitation - and construction - of secondary and tertiary roads which can ease communication and access by rural communities. New issues

such as transport safety and maintenance of the infrastructure must also be addressed. Safety regulations have not kept pace with improvements of the infrastructure. This is relevant in the two main urban areas of the corridor, namely Lobito and Benguela, where the users of transport services complain that the vehicles (including motorised and non-motorised transport services) used by the new transport providers in many cases are not roadworthy, the vehicles are overloaded are often driven irresponsibly, with drivers flouting the most basic traffic rules. This has also resulted in a number of fatal road accidents.

A better regulatory system has to be put in place to ensure that the new motorized service providers also operate on the less busy and more remote routes. And more efforts will have to be put in to ensure that the new transport services may also be accessible for the very poor. There is also a need to improve labour conditions in the transport sector. There must be greater efforts to hire workers from the local communities and to facilitate on-the-job training and better linkages to the local economy.

Finally, there is a need to speed up the preparation for integrating the Corridor with the SADC transport network, in particular the rail link to Zambian copper belt.

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