

WORLD BANK

CHAD

TRADE AND TRANSPORT FACILITATION AUDIT

2004

JEAN-FRANCOIS ARVIS
WORLD BANK
INTERNATIONAL TRADE DEPARTMENT

This report was written following a mission conducted by Mr. Jean-François ARVIS of the World Bank's International Trade Department from May 17-28.

The mission was conducted in conjunction with the main mission on the diagnostic study for an integrated trade framework in Chad, coordinated by Messrs. Salomon Samen and Olivier Cadot. Although this report was written as a stand-alone document, it is also a contribution to the chapter on facilitation in the integrated framework report.

The mission chose to take an integrated approach to the issue of trade and transport facilitation. To this end, it used the facilitation audit method developed by the World Bank. This approach takes the point of view of international trade stakeholders (importers, exporters, transport operators, freight forwarders) in identifying and quantifying the costs of and obstacles to efficient trade logistics, and then proposes solutions. The study is based mainly on a series of interviews conducted among private sector participants.

With regard to the key issue of Chad-bound transit, the mission conducted field surveys on the two main corridors serving Chad, i.e. through Cameroon (Douala corridor) and through Nigeria (Fotokol-Maiduguri corridor). The costs, procedures, and bottlenecks were examined in detail. The study focused primarily on the Douala corridor, which was traveled using various means of transportation through Garoua, Ngaoundere (railway terminal), Yaoundé and Douala in particular.

Mr. Faustin Koyasse, senior economist at the World Bank's resident mission in Yaoundé, actively participated in the preparation and implementation of the Cameroon part of the mission. Ms. Akiko Suwa, research director at the Institut National de la Recherche Agronomique (Paris), participated in several interviews in Ndjamena. Ms. Zeynep Ersel, Messrs. Bertrand Loiseau and Jean-François Marteau contributed significantly in the preparation of the mission from Washington.

TRADE AND TRANSPORT FACILITATION AUDITS (TTFA)

The trade and transport facilitation audit establishes a diagnosis, as comprehensive as possible, of procedural or operational constraints to external trade and international transportation services. The three main areas of focus are: a) procedures and regulatory requirements for international trade transactions (e.g. customs), b) efficiency and market structure of transport services and infrastructures, c) measure costs and delays. This analysis is carried out through a series of interviews of private sector operators and public agencies, according to the methodology published by the World Bank in *Trade and Transport Facilitation: a Toolkit for Audit, Analysis and Remedial Action, World Bank 2001*. The audit proposes a comprehensive analysis of the problems as well as an action plan for public and private sector decision makers to help implement development projects that will facilitate trade and transport development.

ABBREVIATIONS

AFD	Agence Française de Développement (<i>French Development Agency</i>)
ASYCUDA	Automated System for Customs Data
BARC	Bureau d'affrètement routier centrafricain () (<i>National Freight Bureau Central African Republic</i>)
BGFT	Bureau de gestion du fret terrestre (<i>National Freight Bureau Cameroon</i>) ()
BNF	Bureau national du fret (<i>National Freight Bureau Chad</i>) ()
CAR	Central African Republic
CEMAC	Communauté Économique et Monétaire de l'Afrique Centrale
EU	European Union
FER	Fonds d'entretien routier (<i>Road Maintenance Fund</i>)
GUCE	Guichet unique du commerce extérieur (<i>Single Window for trade procedures in Douala</i>)
IFC	International Finance Corporation
IMF	International Monetary Fund
PAD	Port autonome de Douala (<i>Douala Autonomous Port</i>) ()
SSATP	Sub Saharan Africa Transport Program (World Bank)
UNCTAD	United Nation Conference on Trade And Development
WTO	World Trade Organization
UNITS.	
CFA F	Franc CFA (Colonies Françaises d'Afrique) One Euro = 655.957 CFA F
TEU	Twenty Foot Equivalent Unit
TKM	Ton kilometer

TABLE OF CONTENTS

Abbreviations	3
Summary	6
Chapter 1: Introduction	12
Chapter 2: Transport Infrastructure and Policies	19
2.1 Transit Institutional Framework	19
2.2 Infrastructure Used for Merchandise Trade	21
2-3 Transport and Logistics Services	24
2-4 Business Environment and Transport and Trade Facilitation	26
Chapter 3: The Chadian Logistics Chain: Costs and Duration of External Trade Operations	28
3-1 Costs.....	28
3-2 Transit Duration.....	30
3-3 Road Transport Costs	30
Chapter 4: Transit and Transit Facilitation	33
4-1 Transit Initiation in Douala.....	33
4-2 Allocation of freight in Ngaoundere.....	35
4-3 Road Transit.....	37
4-4 Reminder: the Nigeria Corridor.....	38
4-5 Chadian Customs.....	40
Chapter 5—Options	45
5-1 Comprehensive Reform of Chadian Customs	46
5-2 Enhance Transport Facilitation Measures on Highways from Ngaoundere.....	47
5-3 Accelerate the Transit of containers to Ngaoundere and Eventually Consider Setting up a Dry Port in Ngaoundere.....	48
5-4 Consolidate CAMRAIL and Other Infrastructures...	49
5-5 Investing in Alternative Corridors Is Not a Priority....	49
5-6 Strengthen the Customs Union in the Long Term.....	50
Summary of Proposals	51
References.....	53

SUMMARY

With respect to trade and transport facilitation, Chad's situation is as bad as it could be for a landlocked country in sub-Saharan Africa. Douala and Lagos, the closest ports to Ndjamena, the capital and main city in the country, are about 1700 km away. Chad depends primarily on the corridor that originates from Douala, Cameroon. This corridor is intermodal, thanks to a railway link between Douala and Ngaoundere in the northeastern part of Cameroon. A secondary Nigerian corridor, originating in Lagos, is also used frequently.

Costs and delays in the transportation of goods are very high, even in comparison with other landlocked African countries. Indeed, only the Central African Republic is in a similar situation with four to six weeks of transit time and about €4500 per 20-foot container from the port of entry (Douala or Lagos). Basic products may be 30% more expensive in Ndjamena than in neighboring Cameroonian cities. Landlocked countries in West Africa are subjected to the same unit costs because the problems (procedures, market organization) are basically the same; but they are closer to port cities (about 1000 km). However, even though distances are comparable (Kigali in Rwanda is located within the same distance from the sea as Ndjamena), costs and delays are lower in East Africa (30%), albeit very high in absolute terms.

Yet, under normal operations, the physical transport time for goods between the arrival of a ship in Douala (or Lagos) and the arrival in Ndjamena is about one week, whether transit occurs by a combination of railway and road (typical solution) or by road only. Thus, the exceptionally long transit time does not result from infrastructure problems, but from a series of obstacles and inefficiencies in trade and transport operations for which both public and private sectors are responsible. The most tangible proof is that the French army is able to have its containers forwarded by private transport operators from the ship in Douala to its base in Ndjamena within six days.

The quality of infrastructure in the main corridor (Cameroon) is quite acceptable. The paved road between the Ngaoundere railway terminal and Ndjamena is relatively well-maintained. The mission was highly impressed by the efforts made by the railway company, CAMRAIL, to streamline intermodal operations in Ngaoundere and improve traffic conditions in the railway system. On the contrary, the quality of infrastructures on the secondary corridor (Nigeria) is poor.

The limited extent of paved roads in Chad is a well-known problem. It has no bearing on the main flow of goods, i.e. towards Ndjamena. However, it has a direct impact on the conditions under which goods are carried to regions situated far away from the Cameroonian border. Thus, the Southern region of Chad (Moundou) is not yet accessible by paved roads, and this is a direct concern for cotton exports. The European Union is financing the construction of the Ngaoundere-Moundou link. With the support of the World Bank, the roads administration has established a robust maintenance policy financed by a road fund.

The costs of internal logistics are also very high, ranging from a minimum of 60 CFA francs per ton kilometer on the paved network to 180 CFA francs in remote areas. The cost of transport for paved roads is at least double the price observed in developed countries and for some Southern African countries while the cost for remote areas is 10 times higher

Causes

The causes of logistics costs and delays are many and, unfortunately, well distributed throughout the supply chain. If only for purely geographical reasons (Ndjamena is situated on the Cameroonian border), most costs and delays are incurred in transit countries. However, this does not exonerate Chadian stakeholders of their responsibilities. As a matter of fact, such responsibilities seem to be attributable to both the public and private sectors. The three main issues are:

1. The costs and delays incurred at the port in Douala.
2. The consequences of the regulated management of truck freighting for transit, which entails low quality and low productivity in the road transport sector.
3. The customs administration in Chad.

Transit operations are hampered by very high formal and informal costs and delays.

- Recently (in September 2003), the International Monetary Fund carried out an in-depth analysis of the **customs system in Chad**. This mission confirms the observations of the report. The performance of Chadian customs is very poor and contributes significantly to the transit time observed (about a week). Field visits have confirmed that current work practices and operational conditions make it impossible to facilitate customs operations with the desirable transparency and efficiency. Partial computerization (ASYCUDA) or the pre-inspection of goods (BIVAC) only have a marginal impact.
- The competitiveness of the port of Douala is a key element of the logistical costs for the landlocked countries in the subregion (Chad, CAR and Northern Congo). Port clearance fees are very high, and this issue goes well beyond transit. Processing times are long: about 2 ½ weeks. Major efforts are underway, including at the One-stop Agency for Foreign Trade (*Guichet Unique du Commerce Extérieur*—GUCE) and with the facilitation committee. Such efforts have already helped reduce processing times at the port of Douala. Negotiations are underway to reduce port charges.
- In spite of the efforts undertaken in Cameroon, and especially the creation of a transit document attached to the vehicle and no longer to the goods, procedures can still be optimized. Many participants are still involved in the customs transit procedure; the processing of the documentation is relatively convoluted.
- The regulated allocation of road freight imposed by the authorities is a major constraint. By denying shippers and freight forwarders the choice of transportation service providers, it undermines the

quality of logistics and directly impacts costs and delivery times, and individual carriers are expensive and unreliable (breakdowns, stops and detours).

- CAMRAIL now offers relatively satisfactory services. The Ngaoundere terminal operates under very good conditions. Time losses (up to a few days) in intermodal operations are essentially attributed to freight and customs transit procedures. CAMRAIL has an ambitious track renovation program to improve train speed. The railway, therefore, has a potential to become the economic engine in Central Africa. Unfortunately, this potential may be undermined by the complex relationship between the company and the authorities. The dialogue between the concessionaire and governmental agencies needs to be streamlined in order to prevent unnecessary delays in policy development and implementation. This is especially important in the light of plans to extend BGFT's jurisdiction to include railway transport.
- Transport costs are increased by many "additional" payments (especially in secondary corridors); these represent about a quarter of the cost of transport from Ngaoundere (usually 200,000 CFA francs). There are many illegal roadblocks: about two or three at the entrance to and the exit from major cities. However, contrary to common belief, their impact on transport times is not significant.
- Secondary corridors (through Nigeria for example) are less reliable and supported by poor infrastructure, and procedures are outdated (e.g. convoys).

Market organization is inefficient

There are few organized transport companies in Chad or in Cameroon. The organization of the transport sector is based on a group of independent workers working with freight forwarders. Such an organization, common in Central and Western Africa, has some major logistical disadvantages:

- It is not conducive to fleet maintenance and modernization. Yet, fleet reliability plays a significant role in transport times, especially between Ngaoundere and Ndjamena (one week on average). In this regard, Chadian fleets lag way behind Cameroonian fleets.
- The fleet is oversized and obsolete. Transportation companies are micro-enterprises without the means to ensure maintenance and, hence, adequate quality of service. Maintenance and fuel costs make up the bulk of cost price.
- Regulatory authorities, and especially the Overland Freight Management Office (*Bureau Général du Fret Terrestre* (BGFT)), tend to favor "social" goals (protection of independents) to the detriment of the efficiency of transport operations. In the field, the mission noted some confusion of tasks between regulators and unions.
- The tour de roletour de role mechanism set up by Chadian and Cameroonian transport unions helps increase costs (actually set by the unions in consultation with regulatory authorities). From the shippers' perspective, they limit the scope for efficient logistics management, and

especially the transport quality, for example, by promoting competition or by having an exclusive contract with a transportation company.

- They do not allow cost optimization for shippers, and there is no possible arrangement to organize back loads. Transit agreements between Chad and Cameroon provide for traffic sharing between Chadian and Cameroonian truckers (65% Chad and 35% Cameroon). This constraint seems less burdensome than the tour de role arrangement.

Business culture is not centered on facilitation

In Chad, importers/exporters belong to two essentially distinct groups: on the one hand, European companies or major structured Chadian operators, and, on the other hand, traditional traders with links to Arab countries, some of whom have acquired a solid base and now play a very important role in foreign trade. Business practices, foreign trade networks, and even the preferred corridors of the two groups are very different. This potentially complicates the establishment of coherent trade facilitation policies.

The prevailing business environment in Chad and in the other countries involved in transit is hardly conducive to trade facilitation and transportation. The most obvious problem is corruption. In the latest Transparency International rating of 146 countries, Chad is 142nd, Cameroon 129th, and Nigeria ranks last. Low-level corruption seems widespread and rent-seeking mentality is well rooted in society. Contraband seems to be very common (the Kousséri market in Cameroon is located just opposite Ndjamena).

The options

In view of all these difficulties and obstacles to trade and transport facilitation, there is unfortunately no simple implementation response in the short term. As a matter of fact, the situation could even become worse; for example, the increase in oil prices will have a direct impact on transportation costs (of course, more than offset at the macroeconomic level by crude oil exports from Chad). Some projects and measures envisaged today in Cameroon as well as in Chad do not seem to be headed in the right direction.

Given the nature of the problems, it does not seem that infrastructure investments will have a decisive impact on the cost of logistics for Chad, with the probable exception of the link being built between Ngaoundere and Moundou. Thus, the improvement of international trade logistics for Chad will have to be based almost exclusively on changes in organization, practices and procedures. This does not mean that such measures will be easy to implement; on the contrary, strong political will is necessary to overcome the obstacles related to bad habits and the vested interests of stakeholders.

The main priorities are to deepen facilitation measures undertaken in Cameroon with respect to the port of Douala, reform customs in Chad, liberalize road freight allocation along the corridor, deepen facilitation measures to ensure rapid off-loading of Ngaoundere-bound containers, and consolidating CAMRAIL.

The implementation of these measures would be greatly facilitated by a corridor authority, currently lacking. This would be an international secretariat, which would bring together public and private partners without having any operational responsibilities, and would facilitate reforms and assess their impact. A possible model is the Permanent Secretariat of the Northern Corridor in East Africa, based in Mombassa, Kenya.

Customs reform in Chad

The mission fully supports the comments and observations of a recent IMF report on the reforms needed in the Chadian customs system. Considering the current situation, these reforms must be drastic and require unwavering political will, as already emphasized by the IMF. Again, it is not a question of investing, but of improving professionalism and reviewing work methods and procedures. This calls for a drastic reduction in workforce (currently 1400 staff members for only 50,000 declarations per year) and the elimination of customs “auxiliaries”. It seems unlikely that such a reform can be implemented gradually, or that under current conditions, innovations such as computerization (ASYCUDA), training programs or pre-inspection (BIVAC) can have a tangible impact. The upgrading of the Nguéli station, which processes 50% of trade, is an absolute priority for any reform measures. The creation of an operational customs post on the new Ngoundere-Moundou highway is another key objective (2006).

Facilitation of transit operations along the Douala corridor

Multi-lateral cooperation within CEMAC recently led to very positive measures on the transit front. This cooperation must be strengthened to limit the impact of transit procedures. This issue is not limited to Chad to the extent that transit facilitation depends primarily on the initiative of public or private agents in Cameroon. In general, the two main priorities for Chad and the sub-region are:

- The parties involved (container terminals, CAMRAIL, customs in the three countries, freight forwarders) must work together to establish a fast train service to move immediately containers in transit from Doual to Belabo and Ngaoundere-bound, which would take advantage of high level transit security provided by the railway.
- The consolidation of CAMRAIL, which requires clarification of responsibilities for financing rail rehabilitation operations.

With respect to Chad-bound transit, two measures should be envisaged:

- Continued improvement of transit procedures and eventually transfert the single window for transit operations in Ngaoundere, that would support the fast train service.
- Liberalization of road freight to allow major freight forwarders tour de roledéal directly with the road operators of their choice and avoid the inconveniences of the tour de rôle. This measure would be a quiet development that would encourage consolidation and competitiveness in

transportation services. In the long term, it is desirable to suppress *tour de role* as well as government interference in freight allocation; however, this does not seem realistic in the short term.

There is not an easy solution for **reducing informal payments** under the “conventional” facilitation measures. Thus, the implementation—by the *Bureau général du fret* (BGFT) in Cameroon—of the “*sauf conduit*” (safe conduct) for transport-transit is a good idea, but its impact is not self-evident. In fact, the solution to this problem requires far-reaching measures in public sector management and governance, which far surpass the transit issue.

The mission recommends that discussions on the other existing or potential corridors for Chad (Nigeria, Sudan, Libya, Algeria) not be subject to facilitation or investment measures. These would only distract efforts that need to be focused on the main corridor, for three reasons: i) under normal economic conditions, these corridors, with the possible exception of the Nigerian corridor, are less competitive than the Douala corridor; ii) the facilitation measures will be even more complex, especially in Nigeria; iii) these corridors are used mostly by the informal and traditional sector, which is probably not a good vector for Chad’s integration into the world economy.

In the long term, the customs union project within CEMAC is probably by far the best option for Chad (and CAR), as a real customs union would eliminate the need for transit procedures. This topic was dealt with in a World Bank report (2002). It is a very complex undertaking, which implies a much better overall environment than the current one. The transit facilitation measures proposed here would help create the long term conditions for this project.

CHAPTER 1: INTRODUCTION

Trade logistics is a key concern for Chad, one of the poorest and the most land-locked countries in Sub-Saharan Africa. The distance between Ndjamen, the capital, and the nearest port, Douala, is about 1700 kilometers. Alternative ports are even farther away: 1900 km to Lagos, 2000 km to Cotonou, 3500 km to Port Sudan, and about 4000 km to Mediterranean ports. In addition, Chad is a sparsely populated country, thus requiring relatively expensive internal logistics. However, this document focuses primarily on foreign trade logistics.

Chad's main access is through the Cameroon corridor, which originates from the port of Douala and goes through Ngaoundere:

- by railway (main solution), or
- by road (less reliable, especially during the rainy season)

The road between Ngaoundere and Ndjamen is paved and in good condition. The Chadian section of the road to the Moundou cotton producing region is not paved, and requires a detour through the north, via Léré and Garoua.

Ndjamen is the main point of entry into Chad. In reality, however, Ndjamen is quite far off to the North with respect to the major populated areas and the major provincial towns, which, geographically, border on North Cameroon but are poorly linked to the Douala through Ngaoundere corridor.

The pre-eminence of Ndjamen with respect to logistics is attributable to a combination of factors: the presence of the major shippers, which are internationals (French army, World Food Programme, oil companies, etc.), the traditional trading community whose facilities are based in Ndjamen, and the poor access to provincial towns, in particular, from Cameroon. The Ngaoundere-Moundou paved road is under construction (2006); it will allow adequate access to the southern region of Chad and should significantly modify logistics flows.

An alternative corridor that passes through Nigeria also serves Ndjamen. This is primarily the Lagos-N'djamen highway. The road passes through Kaduna, Kano and Maiduguri and Fotokol in Cameroon. The railway line between Lagos and Maiduguri is not used for this transit.

Conversely, the additional distance to reach Cotonou or Lomé compared to Lagos or even Douala is negligible. To the extent that these ports, Lomé in particular, offer operating conditions that are reportedly better than at Lagos or Douala, they can be considered as alternative solutions provided that transit through Nigeria is efficient. Unfortunately, (Chapter 4), transit conditions in Nigeria are less favorable than those in Cameroon.

The government would like to diversify supply corridors towards the Red Sea and the Mediterranean Sea, in particular. The distance and driving conditions do not really justify these solutions, which rather seem to correspond to a desire to further strengthen economic relations with Arab countries, in particular, Sudan and the Gulf States. Although the statistics do not accurately reflect the fact,

interviews reveal that Dubai is playing an increasing role as a center for the consignment of goods destined for Chad.

A major difficulty in analyzing the conditions and trends of logistics is that there are practically no reliable sources of information. We were able to obtain corroborating information on transportation costs and time from operators. However, it is very difficult to obtain statistics pertaining to volumes transported along the different corridors or to the magnitude of the effort deployed (number of vehicles, people employed, etc.).

Government sources are particularly poorly informed on this issue. Customs does not keep statistics on volume. The *direction de transport de surface* does not keep statistics on vehicles. BNF keeps statistics based on the issuance of waybills. We believe that these data provide very poor records of some flows and underestimate the trade volume. In particular, transit through Nigeria seems negligible in the records whereas it constitutes a highly significant percentage of truck traffic arriving in Ndjamena (around 40%).

Several recent studies have attempted to address this issue of trade volume: The first study (1998-2000) was conducted by Louis Berger at the request of the World Bank with a view to preparing a transportation strategy for Chad. The consultants undertook some counting and made estimates to make up for the lack of statistics. Thus, international flows (exports and imports) are estimated at 540,000 tons for 1998.

An UNCTAD 2003 study estimated the annual average volumes in the Douala-Ndjamena corridor in 2000-2001 at:

- Imports: 253,000 tons for 10,000 truck loads
- Exports: 53, 000 ton for 1600 truck loads.

It is useful to set these estimates against the statistics by value of Chad foreign trade. Traditional exports in Chad are livestock (excluded from this analysis) and cotton, exported by truck from Moundou to Ngaoundere, then by train after re-conditioning in Ngaoundere. The volume of cotton lint exports is 70,000 tons per year.

Prior to oil production, the value of imports was relatively stable at 200,000 francs per year. For a country like Chad, this amount corresponds to an import volume of about 300, 000 tons per year¹, to which should be added 80,000 tons for oil products.

Oil production has had several consequences on logistics:

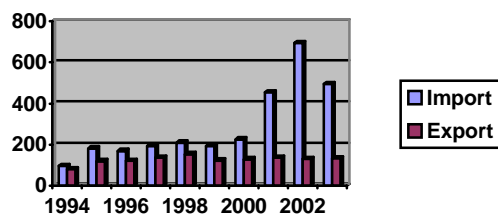
- First of all works related to the oil field development have led to a temporary but significant increase in import and logistics needs (see graph below), the value of imports in francs has tripled. According to the operator, the corresponding increase in volume is about 200,000 tons per year.

¹The WB estimates that the value of each ton imported (hydrocarbons excluded) is in the order of US\$1,000 to 1,000 Euros, CIF).

- Production requires much less transportation services, but will help maintain higher level than in the pre-oil period, so will the increase in revenues in the country.
- Construction has led to an increase in the fleet of vehicles providing transportation from Ngaoundere.
- In the absence of refining capability, Chad will continue importing refined products.

Reconciling these numbers with previous estimates, an import volume of approximately 400,000 tons, excluding hydrocarbons, seems a highly plausible estimate. This corresponds to about 13, 000 truck loads (approximately fifty trucks per day which is still a high estimate given the traffic observed at the main entry station of Ngueli was around 25 trucks per day).

Chad Trade (in billion Francs CFA)



The origin of goods is also an important consideration for logistics. Unfortunately, it is as difficult to determine as volume of flows. Statistics from Chad once again seem unreliable.

The mirror flows method makes it possible to identify the intensity of relations with industrialized countries. However, it seems more difficult to clearly identify contributions from Asian countries or from Nigeria. Direct observation indicates that a significant part of imports through Nigeria or by containers from Douala are goods originating from Asia through Dubai.

Major Partners (2002)

Imports

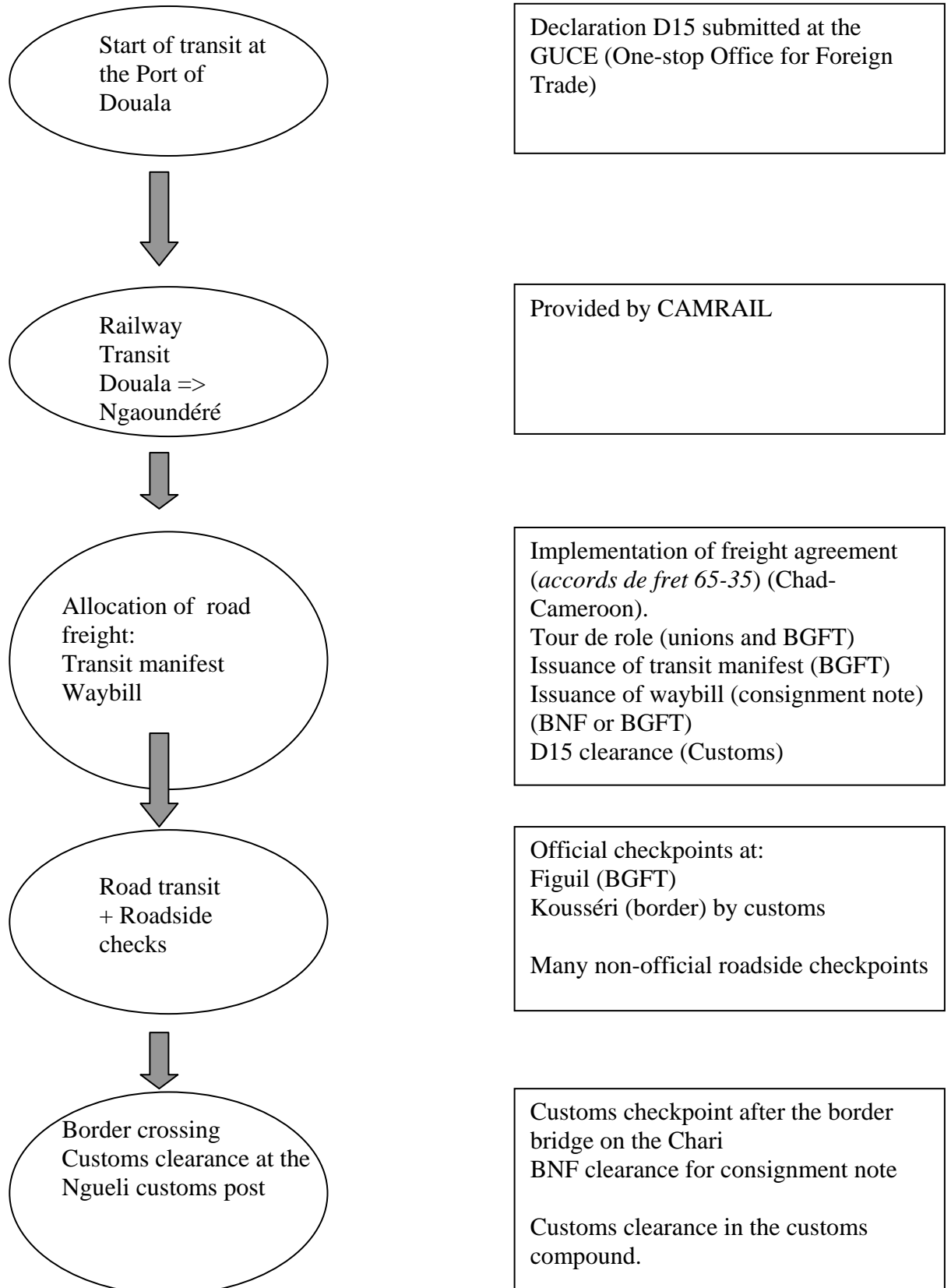
France	32%
USA	32%
Germany	6%
Nigeria	5%

Exports

Portugal	29%
France	15%
USA	8%
Nigeria	6%

Source: Calculated using mirror flows from International Monetary Fund trade statistics.

Figure 3: Transit Through the Douala Corridor



CHAPTER 2: TRANSPORT INFRASTRUCTURE AND POLICIES

2.1 TRANSIT INSTITUTIONAL FRAMEWORK

Transit through the Cameroonian corridor is strictly governed by parallel and virtually identical transit agreements signed between the Governments of Cameroon and Chad, on the one hand, and the Governments of Cameroon and the Central African Republic (CAR), on the other hand. These are the road transport agreements (*Conventions en Matière de Transport Routiers*) signed on 13 April 1999 with Chad and on 22 December 1999 with the CAR. These agreements replaced the freight agreements signed in 1975 and 1989 with Chad and the CAR, respectively, but maintained their provisions. They deal with freight, while transit-related customs issues are governed separately by the CEMAC customs code. These freight agreements or the CEMAC customs code do not apply to the movement of goods from Nigeria to Ndjamena through northern Cameroon; this issue is addressed separately.

The transit agreements include the following provisions:

- Prohibition of cabotage
- The principle of traffic distribution
 - Chad: 65 % for Chadian transporters and 35 % for Cameroonian transporters
 - CAR: 60 % for Central African transporters and 40% % for Cameroonian transporters.
- Approved routes for transit flows from Douala or from the railway terminals (Ngaoundere for Chad). This is not a major constraint given that truck drivers do not really have an alternative practicable road to use. The routes for Chad are:
 - Ngaoundere Garoua Figuil Maroua Kousseri Ndjamena.
 - Ngaoundere Garoua Figuil Lere (Chad), Moundou (for southern Chad).
- The principle of single checkpoints that bring together all authorities involved in inspection.
- The institutions responsible for implementing the agreements and the monitoring mechanisms.

The following institutions, National freight bureaus, are responsible for transit:

- For Cameroon: Bureau Général du Fret Terrestre (BGFT)).
- For Chad: Bureau National de Fret (BNF).
- For CAR: Bureau d'Affrètement Routier Centrafricain (BARC).

These agencies are primarily responsible for issuing waybills and verifying freight allocation between trucks of respective nationalities. In practice, the BGFT and the freight bureaus of landlocked countries do not play exactly the same roles:

- The main responsibility of BNF is to issue waybills to Chadian transporters for transportation of goods within Chad or goods in transit from Cameroon. BNF charges 7.5 % of the transportation costs. To carry out its work, BNF has offices in road terminals in Chad and, in Cameroon, at Douala and Ngaoundere. Most of its revenue is generated by transportation within Chad. BARC plays a similar role but only charges 4.5 %. Most of the charges are contributions to the road fund for landlocked countries.
- BGFT does not play a similar role for transportation within Cameroon. It is mainly concerned with transit. In reality, it is BGFT that manages the transit agreements, especially with regard traffic distribution and inspection procedures. It charges a flat fee of 500 CFA F/ton to cover its operating costs.

Indeed, these transit agreements are more transport accords aimed at satisfying the interests of transporters than transit facilitation agreements. In practice, it is BGFT that, by virtue of its institutional role, organizes facilitation activities either within a bilateral framework (joint commissions for transit agreements) or with other institutions involved in transit in Cameroon, such as Customs, the One-stop Agency for Foreign Trade in Douala and the The Facilitation Committee (FAL). There is no doubt that these agencies have made a positive and welcome contribution, such as the establishment of the transit manifest in 2003.

International best practice requires the setting up of a corridor organization, which will bring together the participating authorities in the countries and the users. Such an organization would not be responsible for implementing agreements but would help resolve problems through dialogue, initiate new projects and assess the results. The problem with the current organization is that the institutions in charge of transit are both judge and judged, a situation that hampers innovation. For instance, it may be difficult for BGFT to evaluate its own activities and question the administered allocation of road freight in transit.

Furthermore, certain features or roles of corridor organizations are apparently non-existent. Users (freight forwarders) have no formal avenue for expressing their opinions, making suggestions or carrying out experiments. There is also no reliable structure for monitoring activities along the corridor, such as traffic data or respect of delivery deadlines. Yet, statistical analysis of waybill data would provide a significant proportion of the desired information.

Central Africa does not have a real, autonomous corridor organization committed to transit facilitation. In theory, this role could be assigned to the CEMAC secretariat; however, the Secretariat currently has neither the resources nor the leverage over the departments concerned to successfully play such a role.

2.2 INFRASTRUCTURE USED FOR MERCHANDISE TRADE

The topography is the main physical impediment to transportation in the sub-region. The mountain chains in the center of Cameroon form a barrier between the coastal regions in the western part of the country, and between the northern part of the country and the landlocked countries in the East. The Douala-Yaoundé-Ngaoundere railway is the main mean of communication.

Major roads to Chad

Cameroon has 4,300 km of paved roads, of which only one-quarter are in good condition. There is no paved road linking the northern region to the coast and some of the bridges have to be rebuilt. Transportation of goods by road is therefore cumbersome and going through the mountains is extremely difficult during the rainy season.

By contrast, Chad has good transit infrastructure from the Ngaoundere railway terminal. The main highway from Ngaoundere to Ndjamena, which passes through Garoua, Figuil and Maroua, is paved. The road is generally in good condition:

- The major bridges have been rebuilt, especially around Maroua;
- The part of the road that is in a relatively poor state is between Ngaoundere and Garoua;
- The highway is naturally divided into three one-day phases with stopovers in the two major towns of northern Cameroon (Garoua and Maroua). Both towns and Ngaoundere have rest areas for trucks.

The road network in Chad is relatively limited. There are 700 km of paved roads mainly from Ndjamena. Currently, the major southern towns, Moundou, Doba and Sahr, are not totally linked to Ndjamena or the Cameroonian corridor by paved roads. Cotton or oil-producing areas like Moundou and Doba, respectively, are only linked to the Douala corridor by a major northward detour through Lere and Figuil. The construction of a European Union financed direct highway linking Ngaoundere and Moundou will significantly improve the logistics constraint in southern Chad.

Road policy

Both Chad and Cameroon have designed coherent road policies based on the existence of road funds. The mission of these funds is to finance the day-to-day maintenance and most of the seasonal maintenance of the road infrastructure. There is a general consensus that donors bear the cost of financing investment and large-scale renovation.

The Cameroon Road Fund is an autonomous public entity. Its goal is to maintain the so-called priority network, which comprises 26,000 km of roads, including the paved road network. The Road Fund is financed primarily by the road use tax. The Fund is managed, in association with the private sector. It has transparent management procedures and an independent budget (which guarantees financial

equilibrium and the timely payment of suppliers). The budget amounts to about 90 billion CFA francs.

With the help of the World Bank, Chad established a Road Maintenance Fund (*Fonds d'Entretien Routier* (FER)) in 2001. FER is funded primarily by emissions of the waybills issued by BNF (1/3) and the fuel levy (2/3). According to international organizations, the FER and the various ministerial departments involved in road policies work well. Unfortunately, the resources collected (3 billion CFA F) fall short of the required amount (5 billion CFA F).

The issue of axle load and weight

The management of the axle load of heavy trucks is a very important aspect of road policy. Indeed, road damage caused by vehicles increases twice as much as the axle load. In other words, a vehicle carrying 20 % more in weight damages the road twice as fast. If transporters systematically overload their vehicles, the need for road maintenance increases substantially, exhausting the budget of the road fund. A rational maintenance policy should therefore include the inspection of the axle load. Implementing this policy in Sub-Saharan Africa is quite challenging.

In the case of northern Cameroon and the landlocked countries, there are few statistics. However, overloading is common. This is partly attributable to the weight of the material: old equipment reinforced to meet delivery conditions on tracks. A gross weight of 25 to 30 tons seems to be a reasonable estimate. The weight of imported containers is probably quite significant (up to 30 tons for 40 feet), especially for containers from the Middle East (Dubai), as importers seek to maximize shipments. Total weights of 60 tons are probably fairly common² which exceed the maximum axle load of 13 tons.³

According to information gathered by the mission, the inspection policy is still in its infancy in Cameroon and non-existent in Chad, although a weighbridge has been installed in Ngueli. Therefore, there is no weighing on the Chadian corridor as opposed to the CAR corridor which has a weigh bridge at Garoua Boulai.

Choosing a maximum authorized standard weight is not a major problem since the vehicles and weight types (containers) are the same as those found in Europe. CEMAC has thus adopted the French standard of 13 tons per axle and a total weight of 50 tons for semi-trailers. However, implementing a weighing operation is a tricky issue for the government and requires much rigor. Unfortunately, inspections often provide opportunities for abuse including rent seeking and corruption, uncalibrated equipment, discretionary power of technicians and long waiting lines for vehicles.

² This is what the author noticed with respect to the import of 40-foot containers in other landlocked countries where weighing statistics are available.

³ Semi-trailers have 5 axles, but because of the breakdown of constraints, the maximum axle load for a heavier vehicle is much higher than the average weight of 12 tons.

The following are parameters for the rational inspection of axle load that will ensure the careful use of infrastructure while facilitating transit:

1. A weighing station in good working condition with qualified staff to inspect vehicles leaving Ngaoundere.
2. Procedure adapted to bonded warehousing in Ngaoundere for containers that are too heavy so that their contents can be transported by two trailers. There is currently no such provision (otherwise, strict enforcement would require sending the container back to Douala for the operation).
3. No weighing point outside Ngaoundere for northern Cameroon. Transit activities do not require such points and they would be hardly justified for the movement of goods within Cameroon.

Railways

Cameroon has a railway line, which is dedicated to transporting goods towards landlocked countries and northern Cameroon (one-quarter of the population), in particular for container imports and cotton exports (Chad and Cameroon) and timber (CAR). Each year, about 2 million tons of goods are transported by rail.

The Douala-Yaoundé section of the railway line dates back to the colonial period; the Yaoundé-Belabo section was opened in 1969; and the Belabo-Ngaoundere section (Ngaoundere is 913 km away from Douala) was opened in 1980. The former Régiefecam was licensed in 1995.

The licensee is CAMRAIL, which is controlled directly by the Bolloré group and through its joint franchise with TRANSNET (South Africa). CAMRAIL has implemented a remarkable modernization program and offers almost unparalleled quality service in Sub-Saharan Africa, notwithstanding infrastructure that still has to be modernized.

CAMRAIL has two terminals in Belabo (for CAR) and in Ngaoundere (for Chad). The Ngaoundere station has been fully modernized. It is very well managed and offers a comfortable and safe environment for operators and officials. In particular, it has an oil terminal and a modern and very safe container storage facility (for about 10,000 containers per year). Trains travel to Ngaoundere several times daily from Douala.

Development loans granted to the government and the licensee by the World Bank, IFC and the French Development Agency after the creation of CAMRAIL have enabled considerable improvement in transportation conditions. However, the quality of infrastructure is very unbalanced:

- The older Douala-Yaoundé section was renovated shortly before privatization.
- The Belabo-Ngaoundere section, which is more recent and less used, allows for satisfactory speed.
- The oldest part of the Belabo-Yaoundé section is currently the most problematic part of the railway and the cause of slow-downs and railroad accidents (derailments).

CAMRAIL believes that certain sections of the railway require major work that should be undertaken by the licensor. This is apparently a very delicate subject to discuss, since the government still owes outstanding payments towards subsidies for the transportation of passengers. Finding a viable and acceptable solution for both parties is a priority for improving transit quality.

CAMRAIL has 60 locomotives (being rehabilitated) and 1,300 wagons. According to the company, there are no rolling stock constraints as long as travel time is respected, thereby ensuring the rotation and availability of the equipment (especially flat wagons for container transportation).

The Douala port

The Port Autonome de Douala (PAD: *Douala Autonomous Port*) handles 6 million tons of goods per year. Chad is primarily concerned with the transportation of containers (about 170,000 tons per year).

The container terminal has been renovated with funding from Japan. It was recently leased to a group headed by AP Moller (a terminal operator belonging to the Maersk group) in partnership with Bolloré group. The recent developments have thus resulted in some form of vertical integration of logistics in the region.

2-3 TRANSPORT AND LOGISTICS SERVICES

Transport operators

As in West Africa, Central Africa has very few structured companies. With very few exceptions, transportation services are offered by individual companies or by companies with only a few trucks. Because of the transit agreements, Chadian transport operators provide most of the transportation.

Chad does not keep records. According to estimates, there were 1,400 tractors and 2,000 trailers in the late 1990s (Louis Berger, 2000). A more recent study (SSATP) put the number of Chadian semi trailers at 1,050. This sector is characterized by:

- Very small-sized companies with an average of 3.5 trucks;
- Obsolete equipment (at least 10 years);
- Lack of funds for maintenance;
- Very low usage rate due to significant excess capacity (exacerbated by the peak demand of the Doba oil field). Waiting time at the Ngaoundere truck station is about one week. There are many warehouses along the way. According to the study conducted by Louis Berger, tractors do not cover more than 2,300 km per month on average, compared to the European

average distance of between 10,000 km and 20,000 km, depending on the activity.

There are no figures for transit trucks, but a figure of 500 (for Chad and Cameroon combined) appears reasonable, considering that, trucks hardly make more than one or two rotations per month because of roundtrip transit time and loading time.

There are two Chadian transport operators' unions:

- UNATRANS, to which most transport operators belong and which has the largest pool of trucks; and
- SNLTT, Syndicat des transporteurs libres du Tchad (union of free transporters), which seems to focus more on international transportation..

The quality of service is deplorable. Tractors break down frequently, and trailers may break apart. There are several vehicles parked outside the normal stop areas along the way. This is partly due to the age of the vehicles and to the lack of maintenance resources by small companies. This may also be attributable to the behavior of some transport operators or drivers who have little regard for deadlines or take other routes to 'work for themselves' (transporting passengers or making detours, both of which are prohibited).

Because of the tour de role mechanism (Chapter 4) and the cost structure, there is very little incentive to design a marketing strategy for quality customer service and freight forwarders and shippers have little room to maneuver in choosing their transport operators.

It appears that Cameroon operator offer marginally better quality transportation services, but they are organized along a similar diffuse market structure..

Freight forwarders

The freight forwarding industry in Chad is very small. The major players are:

- SDV (Bolloré group), the biggest operator in Chad;
- STAT (Société tchadienne d'affrètement et de transport), jointly owned by CotonTchad and SAGA (which also belongs to Bolloré group)). STAT is involved in exporting cotton.
- GEODIS group, which took over Doba Logistics, the company specializing in the organization of freight resulting from oil operations.

Other major transportation companies like Maersk and DHL also operate in Ndjamená.

Air freight

This is also a significant activity for Chad, with two main connections:

- Regular cargo flights to Europe, in particular France;
- Flights to Sudan and the Gulf region (mostly charters, except for one regular flight by Emirates Airlines).

There is a substantial imbalance between inflows and outflows. Air cargo meets mostly the needs arising from international activities (French army, oil). Consequently, there is an untapped potential for export cargo to the tune of several hundred tons per month (the cost of return freight from France is approximately 3 Euros per kilogram).

2-4 BUSINESS ENVIRONMENT AND TRANSPORT AND TRADE FACILITATION

The prevailing business environment in Chad and in the other countries concerned is not very conducive to trade and transport facilitation.

The most obvious problem is corruption. The last ranking of 146 countries published by Transparency International placed Chad in the 142nd position, Cameroon, 129th and Nigeria in the last position. The sub-region does not have a monopoly on corruption. However, corruption is more widespread there than in other regions. It seems to be very common among the lower segments of the population and a rent seeking mentality is pervasive in the society.⁴ This is a problem for transit operations, which, by definition, are spread out in time and space and may therefore have numerous interactions with public services.

Smuggling seems to be very extensive (cf. Kousseri market in Cameroon, opposite Ndjamena). It is true that this is facilitated by geography. Northern Cameroon is a narrow strip of land separating Nigeria from Chad.

Another peculiar feature of the Chadian business environment is the division of the business community into two groups. The first group, which comprises international companies and many Chadian operators, trades mainly with Europe and Cameroon. The second group is made up of traditional Muslim-Arab traders. There are many such traders in Ndjamena; they are relatively prosperous and trade mainly with Nigeria, Sudan or Libya. There is little interaction between the two groups. Trade and import practices differ from one group to another, with the traditional group using more informal practices. The scenario is similar for the financial sector.

⁴ Transparency International has just published its global corruption ranking (December 2004) of 64 countries, including Cameroon and Nigeria. Cameroon is the only country on the list where over 50% of the households said they had paid bribes during the year. Nigeria and Kenya follow with $\frac{1}{3}$ of the households admitting to corruption.

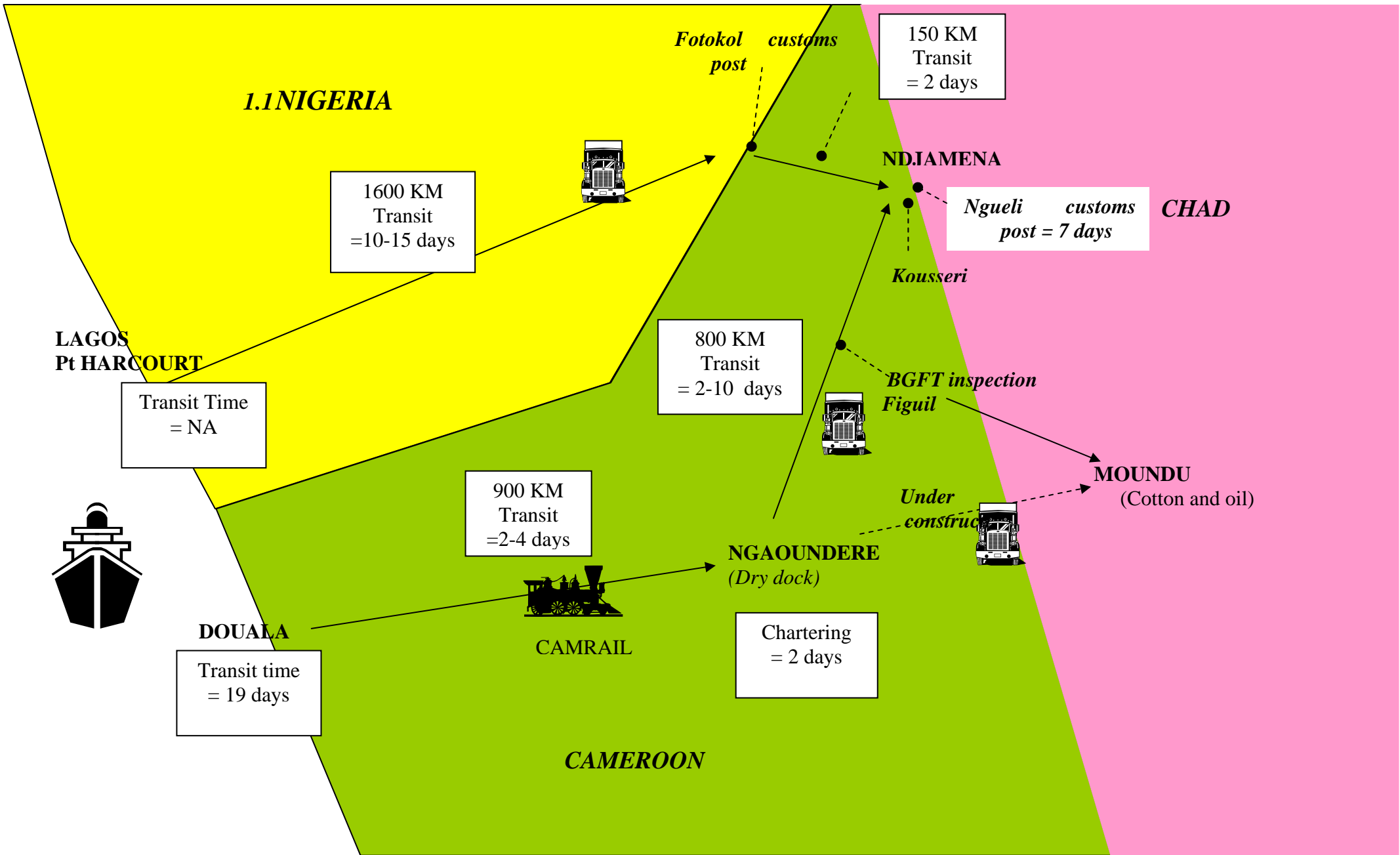


Fig 3: Chadian logistics chain

CHAPTER 3: THE CHADIAN LOGISTICS CHAIN: COSTS AND DURATION OF EXTERNAL TRADE OPERATIONS

Information received from freight forwarders operating in N'djamena shows that the cost of shipping a typical 20-foot (15-ton) container to N'djamena is about 3 million CFA F or 4,500 Euros. This is equivalent to about 300 Euros a ton (of which 230 Euros cover road transport outside the port), or an average of 1/3 the f.o.b.value of the goods.⁵

Total and unit costs are high, especially those relating to clearance from the port and road transportation (mentioned above). However, they are comparable with costs incurred in other French-speaking African countries. Informal charges also contribute in raising the cost of transportation.

Constraints like delays and predictability with respect to arrival of goods are of more concern than costs. The duration indicated for transit ranges between 4 and 6 weeks. As stated above, the quality of the infrastructure offers good conditions for transportation. For example, it takes only 6 (six) days to transport (civilian) French army ("Epervier" base in N'djamena) supplies from the ship to the military base. Yet, the Army uses commercial operators (ship, train, freight forwarders and local transport operators). The mission crosschecked this information when it passed a convoy in Garoua.

Transit in Central Africa is, primarily undermined by organizational concerns and issues relating to the implementation of dispensable procedures. The three main issues are:

- Port clearance;
- Road transit between Ngaoundere and Chad and the effects of regulated chartering;
- Customs clearance in Ndjamena.

3-1 COSTS

Port fees, approximately 1,000 Euros for a 20-foot container, are extremely high. It is barely lower than the cost of transportation by sea. As a reminder, sea freight from Europe costs about 1,500 Euros, or one-third of the cost of transportation in the corridor.

Cost of clearing and transporting a 20-foot container to Ndjamena in 2003 (CFA F)

Cost	Weight 10 T	Weight 20 T
Total port expenses	58,7195	76,3695
Road transportation to Ndjamena	1,360,000	2,060,000
Other formalities	60,000	60,000
Total cost to Ndjamena	2,007,195	2,883,695

Source: SSATP 2004

These costs are similar to those observed in other West African ports such as Cotonou (621,000 CFA F for a 12.5-ton transit container). The unit road transport costs are also similar for landlocked countries:

⁵ We estimate that the typical mass-to-value ratio for goods imported by developing countries in Africa is approximately 1,000 Euros per ton.

	10 T Douala/Ndjamena	20 T Douala/Ndjamena	12.5 T Cotonou/Niamey
Total by road	1,360,000	2,060,000	1,044,672
Ton/km	80 CFA F	60 CFA F	80 CFA F

In comparison, these prices are clearly higher than those in East Africa (+50%). The distance between Kigali and Mombassa or Dar-Es-Salaam is the same as that between Ndjamena and Douala, but the price per ton for road transportation is only US\$ 160; as well, the typical unit prices charged by freight forwarders in the Northern Corridor is 8 cents per ton/ kilometer, compared to about 12 cents for Douala.

The unit cost for the two modes of land transportation in the Douala corridor is as follows (source: interviews and SSATP 2004):

- Railway, 30 CFA F per ton per km;
- Road, 60 CFA F per ton per km (regulated price for transit).

Considering the distances covered, the cost of transportation by land can be broken down as follows:

20-foot container	10 tons	20 tons
	(In thousand CFA francs)	
Cost of transportation by land charged by transit agent	1,360	2,060
Estimate of CAMRAIL costs	270	550
Estimate of road transport operator's costs	480	960
Other costs	610	550

Even if calculation errors are taken into consideration, the “other costs” entry is very important as it corresponds to the costs borne by the transit agent and for his benefit. It is obvious that such costs are considerable, as shown below:

- Payments at informal barriers (amounting to 200,000 CFA F per trip, according to transport operators);
- Other likely informal payments;
- A large number of personnel, including expatriates, required to handle the complex chain of procedures (see next section) and the difficulty arising from the poor quality of service provided by transport operators. SDV and STAT typically have to maintain offices staffed by expatriates in Ndjamena and Ngaoundere, just to move a few containers per day, which, unfortunately, is objectively necessary. Consequently, the freight forwarder's gross margin is necessarily substantial to cover these costs. By contrast, in East Africa, transport services are provided by well-organized and efficient companies, there are less bureaucratic bottlenecks, and the forwarder have more volume for less oversight of the supply chain..

One may wonder what impact the lack of competition among freight forwarders has on prices. It is clear that there is no competition; however, this is not the root of the problem. The

market is small, and it is therefore unlikely to attract many actors who will compete actively. Furthermore, start-up costs and, as demonstrated above, operating costs are very high.

3-2 TRANSIT DURATION

Figure 3 shows a breakdown of the approximate transit delays. On the basis of the transit chain, the delays are as follows.

- Clearance from the port is the longest delay (19 days, according to figures provided by the One-stop Agency for Foreign Trade in Douala).
- Railway transit time, which is under control; risks pertain to delays arising from railroad accidents caused by poor infrastructure on some sections of the railway.
- Organisation of transportation in Ngaoundere, freight bureaus and customs procedure, which accounts for a fraction of the total time, but still in day, which is unjustifiable.
- Road transit delays:
 - Ordinarily, transit takes 3 (three) days, with stopovers in Garoua and Maroua or, at the very least, 2 (two) days, with a stopover in Figuil (this means leaving Ngaoundere very early in the morning).
 - Qualitative information and a review of the BNF register in Ngueli⁶ at the entrance of Chad show that, in reality, a lot of time is lost along the way. Some trucks take 3 (three) weeks to complete the trip, but the median traveling time ranges between 7 and 10 days.
- Customs clearances at Ngueli, which generally, takes one week.
- Unauthorized barriers—these have a limited effect on the duration because the operators know what to do to cross the barriers.

3-3 ROAD TRANSPORT COSTS

Transport operators charge a minimum of 60 CFA F per ton per kilometer. This price is much higher along the roads. For example, between Ndjamena and Abeche, the amount charged is 150 CFA F.

The transport operators interviewed in Chad had no accounting documents that would help to determine the basic parameters of the cost price, that is fixed and variable costs and monthly mileage. This will require a specific study. Information obtained indicates that variable costs account for the bulk of the cost price, about 80%. Surveys conducted in West Africa put the figure at 70% while this author recently noticed that variable costs accounted for 60% of the cost in Tanzania.

The major components of the cost structure are as follows:

- No return freight. This is the norm in landlocked African countries. The utilization rate is about 50%.
- The extremely high cost of fuel (50%?) and tire maintenance/repairs.
- Low monthly mileage, which may probably not exceed 3,000 km on average.⁷
- Low fixed costs: few installations, obsolete equipment.

⁶ The BNF register at Ngueli crosschecks waybills and records the date the note bill was issued in Ngaoundere and the date on which the truck passed through Ngueli.

⁷ According to statistics, there are about 12,000 trips per year, involving the use of between 500 to over 1,000 vehicles.

- Low personnel expenses (driver and apprentice or "graisseur") in absolute terms, but may amount to about 200,000 CFA F per month. Drivers seem to be relatively well paid, for the region. Nevertheless, it seems that their professional attitude contributes to problems. For example, they may circumvent the transit route or engage in informal practices (such as colluding with government employees). Major international shippers like the French army and the World Food Programme prefer to travel in a convoy to avoid problems

It is interesting to compare (below) the average cost structure per ton per kilometer in France with indicators obtained in Chad. Not surprisingly, the variable cost is at least two times higher in Chad. In contrast, fixed costs are insignificant in Chad. This means that Chadian truck drivers have less incentive to develop a trade culture, to better sell their services in order to get more transportation jobs and offset their fixed costs,⁸ the overriding constraint faced by the modern sector.

	France	Chad
Ton per kilometer sold (in Euro cents)	4.5	9
Monthly mileage	10,000	3,000
Freight loading cost	85%	50%
Proportion of variable costs	45%	80%
Ton per kilometer by kilometer traveled	3.8	4.5
Variable part of the ton per km traveled (in cents)	1.7	3.6
Fixed costs per ton per km (in cents)	2.1	0.9
	21,038	2,700
Annual fixed costs per ton	2,525	324

(Source: AFTR and calculations by the author)

Incentives are less compelling as the truck drivers are protected by the tour de role principle and regulated chartering organized in Ngaoundere. The lack of incentive to provide quality service also explains the wasting of traveling time and the numerous vehicle breakdowns.

Summary of difficulties related to costs and duration

Phase	Cost impact	Duration impact	Comment
Port clearance	High, due to port charges	Significant (including initiation of customs transit procedure)	
Railway transit	Moderate	Acceptable	Depends on traffic conditions
Truck freighting in Ngaoundere	Not applicable	Significant	

⁸ A breakdown of the cost per ton per kilometre is as follows:

$TKm = 1/\text{freight rate} \times (VC + FC/Km \text{ covered})$ where FC is fixed costs & VC variable costs.

Road transit	High <ul style="list-style-type: none"> • High cost per ton per km • Informal payments 	Potentially high because of lack of reliable transport services	Considerable waste of transportation time
Customs clearance in Ngueli	illegal payments ?	Significant	

CHAPTER 4: TRANSIT AND TRANSIT FACILITATION

4-1 TRANSIT INITIATION IN DOUALA

The initiation of transit procedures in Douala is not fundamentally different from the customs clearance process in Cameroon and is thus subject to relatively long delays. Problems related to delays in port clearance have been clearly identified by the government and the port community, which consists of the Douala Autonomous Port (PAD) and the authorities, including Customs, represented in the One-Stop Agency for Foreign Trade (GUCE). The stated objective is to reduce the average clearance time for imported containers from 19 days to (early 2004) to 7 days.

As with most ports, responsibility for delays is a controversial issue. The GUCE has introduced a relatively detailed indicator of clearance time. The average clearance time can be broken down as follows:

TOTAL	19 days
Time taken by consignees or freight forwarders to submit the declaration, from ship arrival date.	11 days
Processing of the declaration by the one-stop agency	6 days
Removal time for goods	3 days

There is no doubt that part of the problem is attributable to the behavior of some consignees. Indeed, statistics are partially biased by some extreme cases where containers neglected by a consignee remain in the port for months. Nonetheless, attribution of responsibilities with respect to delays is relatively complex. The private sector does not necessarily have the same understanding of figures. There are informal interactions and exchanges between operators and agencies that takes place between and after the processing of the declaration. This may blur the allocation of responsibilities in the delays.

Many initiatives have contributed to gradually improve the situation.

1. Customs reforms. The reforms, which are part of the upgrading of the revenue agency as recommended by the IMF, involves, notably, the migration to ASYCUDA ++ from the PAGODE system. The latter is outdated and requires manual processing of customs declarations.
2. The Guichet Unique du Commerce Extérieur, GUCE (One-stop for Foreign Trade), which includes Customs, has been operational since mid-2004. With the support of the French Agency for Development (AFD⁹), the GUCE is currently being computerized to create one front office that is connected to the information systems of the organizations present in the one-stop agency. Potentially, this will result in significant time gains for users who would be able to make their unique declaration electronically.
3. The Facilitation Committee (FAL), which brings together all the actors (set up in 1997). Attached to the Prime Minister's Office, it focuses on all facilitation issues,

⁹ The know-how is provided by Tradenet Tunisia, which set up a similar system in the Port of Rades for Tunisia

including transit issues. It played a role in the reduction of highway checkpoints and in measures to combat informal checks.

These measures, especially computerization, are steps in the right direction; however, this is limited by the fact that the port is currently not computerized, and there is no provision at this stage for a real computerized community, which would logically connect the Douala Autonomous Port (PAD) and the GUCE.

Alternative ways of processing transit operations

Basically, containers in transit can and should be processed differently from goods cleared through Cameroon customs. Current facilitation measures in Douala do not distinguish between transit, which are normally subjected to fewer customs clearance procedures than in Cameroon. Fewer authorities operate in Douala, indeed, there is only customs (thus the one-stop agency does not directly contribute to the performance of the transit). The customs procedure is simpler for transit. Yet, according to the freight forwarders, the procedure applied to transit takes as much time as customs clearance.

Container transit parameters in Douala ought to allow for rapid removal. The transit begins by rail under very good, secure operating conditions. According to international practice, customs should not request security deposits for containers transiting by rail. The highway transportation portion of the transit is secured by customs procedures and BGFT's and initiated at the Ngaoundere railway terminal. This means that part of the customs activity in Douala does not contribute to the goal of securing the transit. In addition, transit to Chad is carried out by a few major freight forwarders who have a sizeable current security deposit with customs.

Security conditions make it technically feasible to envisage the rapid shuttling of containers in transit. Several times a week, containers bound for Chad would be loaded without delay on a train for Ngaoundere, where customs clearance activities¹⁰ (D15, security deposit) would be initiated. Recently, a similar set up was successfully tested on the railroad between Mombassa and Kampala in East Africa, even though the container terminal and railway operators in Mombassa are less efficient than those in Douala. Clearly, this rapid transit method would also benefit the Central African Republic (CAR), with CAR operations being initiated in Belabo.

Such a project and the facilitation of the transit activity in general could be facilitated by the presence of Chadian Customs officials in Douala. The CAR recently posted a Customs officer to Douala— a liaison official whose role is to facilitate communications with the CAR customs regarding the transit of containers. For the CAR, the transit in Cameroon is prolonged by a national transit between the boarder and customs clearance in Bangui. Thus, there is a problem of transit continuity, a constraint experienced very marginally by Chad (e.g. transit to Moundou and southern Chad).

¹⁰ This would be made easier by computerisation of customs in Ngaoundéré and Kousséri.

4-2 ALLOCATION OF FREIGHT IN NGAOUNDERE

The procedure for allocating and loading of containers on trucks involves the following:

CAMRAIL	<ul style="list-style-type: none">• Notifies the freight forwarders of the arrival of the container• Loads the containers
BGFT	<ul style="list-style-type: none">• Organizes chartering with the unions• Issues the transit documents.
Transport operators' union	<ul style="list-style-type: none">• Organizes tour de role
BNF	<ul style="list-style-type: none">• Issues the waybill for the Chadian vehicle
Customs	<ul style="list-style-type: none">• Issues clearance for D15 and the import transit ticket• Issues clearance for the export transit document.

The procedure (imports)

CAMRAIL is set up to notify the freight forwarders of the arrival of containers. The main procedure is as follows:

- The transit agent with the D15 declaration has to arrange transportation with the bodies concerned, namely the union of transport operators and the BGFT.
- BGFT and the union then assign the transport operator(s) to Chadian and Cameroonian transport operator(s) in accordance with the terms of the transit agreement.
- The freight forwarders then request the issuance (BGFT and Customs) of a transit manifest for each vehicle.
- The BNF issues a waybill for Chadian vehicles.
- The container is loaded on the truck and the documents are stamped before departure from Ngaoundere.

In practice, there are a lot of steps in the documentation pipeline in Ngaoundere. The procedure is not necessarily linear and at times there are back and forth movements between the office.. On the whole chartering can take several days.

The transit manifest introduced in 2003 at the initiative of BGFT is an innovation that is highly appreciated by the transport operators and the freight forwarders.. Unlike the customs declaration, the the transit manifest is attached to the vehicle.. The customs declaration D15 can cover several containers and several vehicles. In this case, the control procedures were restrictive for the operators since the vehicles attached to a declaration had to travel in a convoy.

The quality of CAMRAIL's organization renders the logistics of loading and offloading very smooth. Inflows and outflows are clearly separated (different times). The shortcoming is the poor maintenance of the junction that links the national road and the road leading to the container park. This results in disturbing bottlenecks that are compounded by undisciplined truck drivers

Organization of tour de role and administration of charters

Tour de role is jointly organized in a rigid manner by the BGFT-Syndicat des transporteurs camerounais (Union of Cameroonian Transport operators) whose duties are not clearly distinct in the field (even at the local level, it is difficult to say to which group personnel belongs). Such confusion between public and private missions is unacceptable.

For a given transport operation, officers in the shared BGFT-Union office assign transport operators by turn. The truckers wait at the big park in Ngaoundere. Distribution between Chadians and Cameroonians depends on the number of trucks, for example, two Chadians and one Cameroonian. Distribution is rounded off in favor of Chad.

Prices are administered by a memo specifying the price of tons per kilometer. The price, which depends on the load, is 60 CFA F. The memo that the mission saw was printed on the official stationery of the Cameroonian Transport Union. BGFT in Douala noted that the administration determines prices based on its analysis of the cost price of the transport operators in order to maintain the revenue of individual transport operators.

Export

Ngaoundere is the focal point for Chad and Northern Cameroon cotton exports. Transportation in Chad is organized by STAT, a joint subsidiary of CotonTchad and the Bolloré Group. STAT works with the Syndicat des Transporteurs Libre du Tchad. Freight distribution constraints do not seem to apply to exports.

The cotton is offloaded in series of specialized warehouses (Chad or Cameroon) and the bails are repackaged into containers for export. Logistics for export seem to be very smooth and require no special comments.

Conclusion

The two main problems with the current organization of freight allocation in Ngaoundere are: the organization of tour de role and having multiple of offices for the procedure. It may be possible to set up an organization that is more efficient for the use, without undermining either the transit agreements or the procedures for securing transit. The three measures to be envisaged are:

1. Relaxing the tour de role constraint. The freight forwarders or the operators ought to be able to use transport operators of their choice. This point is fundamental for the improvement of the quality and reliability of transportation. Nothing stops the union from assigning transport operators by tour de role for freight forwarders who so desire because they do not have a privileged transport operator available. The merits of this method are that it allows the client choice of service while leaving room for the social concerns of traditional tour de role.
2. Verification of the repartition of the Chad/Cameroon freight should be done in a statistical manner and a posteriori (say once per month) and not by the current a priori assignments. Based on the transit manifests and on the waybills, the BGFT can easily

verify whether the freight forwarders respect the clause and, where necessary, request adjustment for the following period.

3. BGFT, Customs, and BNF ought to set up a one-stop agency for the processing of all documents. The transit agent would go to this office once transport services have been arranged; this could be done practically before the arrival of the container.

The mission noticed some easing of the *tour de rôle* that more or less corresponded to measures 1 and 2. Thus, Maersk deals exclusively with the Union of African Transporters (UTA.) UTA is the largest Cameroonian transporter and possesses Chadian trucks as well, in compliance with the distribution clause.

Liberalization of the *tour de rôle* is a solution for the gradual development of a market structure that gives quality premiums to highway transporters who offer the best services.

Reminder: International Transit in Central African Countries (TIPAC)

In 1991, CEMAC countries decided to set up a system based on the TIR system but which became inapplicable. It consisted of two fundamental mechanisms (ref. Arvis 2005):

- A system of carnets distributed to the transport companies, which should replace the other customs transit documents. The carnet is stamped by the customs of the country of transit at the beginning and at the end of the transit.
- A guarantee is attached to the carnet. The operator pays a premium per carnet, which, through a regional insurance arrangement, is considered a customs guarantee.

The goal of such a system is to ensure smooth transit by simplifying border crossing procedures and limiting checks.

Experience shows that the financial component (insurance mechanism by national institutions and a mutual appeal mechanism) is very difficult to deploy in developing countries. Feasibility presupposes not only maturity of financial services offered in the region, a high degree of professionalism among the operators, but also judicial mechanisms and a low level of fraud and corruption. The extension of the TIR to Eastern Europe and the Commonwealth of Independent States has demonstrated that the system is only useful where fraud is contained at very low levels. In West Africa, the Inter State Highway Transit (TRIE) also failed.

It does not seem realistic to envisage the implementation of the regional guarantee system in Central Africa because of the market structure of transport services and the business environment. On the contrary, the principle of carnets, which are an information tool attached to the vehicle and are valid in all countries crossed, can be easily generalized. In practice, the recent introduction of the transit ticket by the BGFT is another form of carnet.

4-3 ROAD TRANSIT

Formal Checks

The Cameroonian administration has sought to ease the control procedure by limiting checkpoints and setting up one-stop checkpoints. The official checkpoints are:

- Exit from Ngaoundere;
- Figuil; halfway between Ngaoundere and N'djamena (managed by BGFT.) At normal speed, Figuil can be reached in one and a half days;
- Kousseri (Customs office). The Customs office is located at the Western entrance of Kousseri and constitutes the end of the transit procedure in Cameroon. It has a vast parking area;
- This buffer facility is necessary given the working hours at Chadian customs (closed on weekends.)

In line with the modernization of Cameroon customs, the Kousseri Customs office will be relocated to the border bridge on the Chari. This is a sensible move to curb the possibility of fraud on the Kousseri market.

There are several tollgate stations to collect road fees.

Informal Checks.

This is a notorious problem along this corridor but which in general affects the whole of central and West Africa. Most informal checks are carried out by police and military forces (*gendarmerie*), sometimes by specialized government services (veterinary and agriculture.) The checkpoints are located at the entrance and exit of towns as well as at the borders between administrative districts (for the *gendarmerie*.) Thus they are numerous. The mission counted 6 around the city of Garoua alone (police, *gendarmerie*, agriculture on both sides.)

According to the Cameroon government, measures have been taken to avoid illegal roadblocks, notably, the introduction of a "sauf conduit" (safe conduct) distributed free of charge to vehicles in transit. The government has appointed a general official in charge of an ad hoc group in the FAL committee in Douala to put pressure on the services that are most involved in the informal checks. According to the private sector, these actions have not been fruitful.

Security

Security Conditions are very poor in Chad and in northern Cameroon. Armed bands ("Coupeurs de Route") quite frequently attack vehicles on the main highways. According to French military observers, the bands are members of the armed forces of neighboring countries (Chad or Nigeria in Cameroon, Cameroon in Chad.)

4-4 REMINDER: THE NIGERIA CORRIDOR

This route plays a significant role in the Chadian supply system. It involves the flow of a few trucks per day that provide various goods to bazaars in N'djamena. These are old 15-ton trucks that are by far overloaded. The load, of a significant height (5 meters), is simply covered with a tarp. It is a picturesque sight with clusters of plastic products tied on top of the tarp cover.

Chadian oil product imports also transit through Cameroon. According to some exporters or freight forwarders, some containers transit through this route to or from West African ports (Nigeria, Benin, Togo.)

The Nigerian route passes through Maiduguri. Traffic in Nigeria is notoriously bad. Indeed, although the railroad extends to Maiduguri, all the traffic through north Cameroon is through the highway. From Maiduguri there are two possible routes, the shortest one passes through:

- Gambaru (Nigerian Frontier town)
- Fotokol (Cameroonian frontier town)
- Matam (junction with the tarred road from Ngaoundere)
- Kousséri
- Nguéli

There is an alternative route further south that links up with the Cameroonian national road in Mora, about 150km from N'djamena.

The short hundred-kilometer stretch of road between Fotokol and Matam is a simple track, which rapidly becomes very slippery and unusable during the wet season. Heavily loaded Nigerian trucks encounter technical hitches here and frequently overturn. The mission noticed several vehicles immobilized on this short stretch. According to highway transporters, at times it takes two days even during the dry season to complete the itinerary.

Transit procedure

Procedures applicable to goods transiting through this corridor are ad hoc.

The Nigeria-Cameroon-Chad transit from West Africa or from a port is a relatively rigid procedure that affects only part of the flow through Fotokol. Interested Chadian businesses have to be sponsored by the Chadian Embassy in Abuja, Nigeria. The Embassy has to confirm the transit to the Nigerian Customs in writing and indicate the beneficiary. The transit must be in a convoy organized by the various Nigerian customs districts that they cross.

Transit activity in Cameroon is largely in derogation of the practice in CEMAC:

- A transit manifest is issued by the customs controller in Fotokol.
- The transit has to be guaranteed by a security deposit issued by a Cameroonian broker.
- The procedure is complete when the truck returns empty to Fotokol with a stamp from the Chadian customs in Nguéli and Cameroon Customs in Kousséri.
- There are neither seals nor customs escorts.

The security deposit is paid as a lump sum per truck, irrespective of the goods transported (100,000 CFA per truck). Indeed, it consists of bank note deposits in the safe of the customs collector in Fotokol. Each broker has a deposit corresponding to the number of vehicles in transit. It seems that at times trucks have to wait for several days in Fotokol for a broker to guarantee them because the broker may have saturated the amount authorized by the "cash" deposit.

From a customs viewpoint, this traffic is not secure and can lead to all sorts of deviations:

- Participation in contraband, which is rife in the region: Considering the fact that the trucks are not secure, the goods can be offloaded and supplied to the Kousséri market in Cameroon.

- Fraud with regard to the rules of origin of the goods. For Cameroonian and Chadian customs (see below) the cargo is basically treated as being Nigerian.

Construction of a paved road is a longstanding demand by Chadian and Cameroonian businesses involved in trade with Nigeria. It is also part of the project proposed to the World Bank by the Chadian government. In absolute terms, the investment makes sense. However, it may not be a judicious thing to do under current conditions, which consist up of a quasi-informal trade, which is not critical to the economic development of the country (supply of bazaars in N'djamena.) For example it would be inconsistent to invest in a road without imposing strict axle weight loads, which would imply many changes (equipment, type of Nigerian highway transportation, capacity of local authorities)that cannot be easily implemented

Fundamentally, the upgrading of the entire Nigerian corridor ought to be envisaged not only the building of a stretch of road that constitutes only 5% of the distance. This requires reforms and significant investments in Nigeria, which have not been even considered to date.

4-5 CHADIAN CUSTOMS

The Chadian customs administration was recently evaluated by the IMF (September 2003). This evaluation led to some recommendations for the implementation of the plan to modernize the customs administration adopted by the government in February 2003. This mission visited the two main customs offices in Chad, the one in Nguéli (at the exit of N'djamena) and the one at the airport. The Nguéli post is by far the most important in the country since almost 50 % of all customs activity is centered there, and it is the outlet of the Douala Corridor and of the secondary corridor through Nigeria

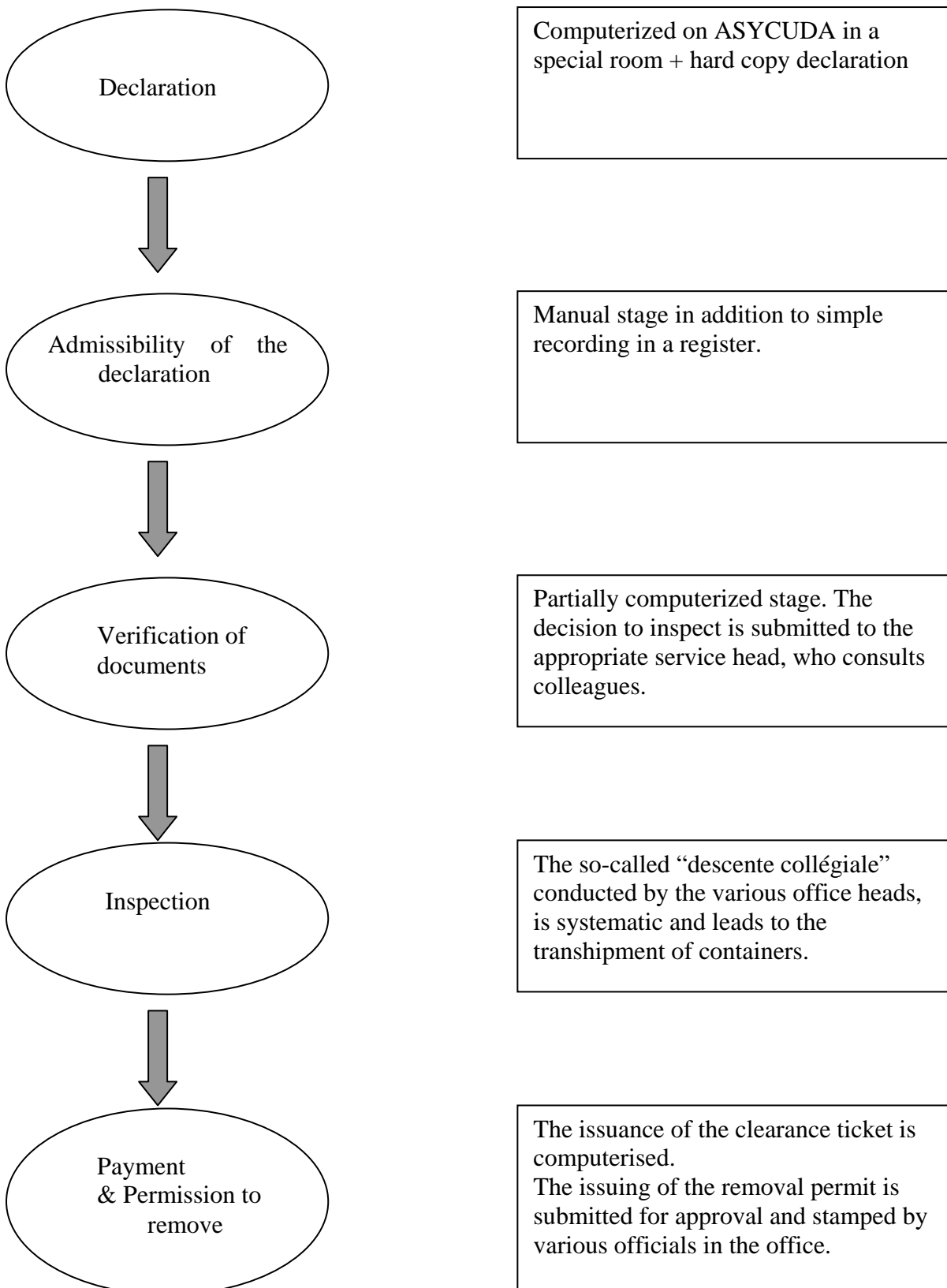
Location and disposition of the Nguéli office

The Nguéli office is a vast enclosure located on the roadside, a few hundred meters from the Cameroon border, which physically is a bridge on the river Chari. Between the bridge and the enclosure, the truck has to stop:

- at the police roadblock;
- at the initial customs station, charged essentially with recording the passage of the truck, and
- at the BNF office that checks the waybill issued in Ngaoundere or Douala.

The enclosure itself harbors two activities, those pertaining to customs and those related to the office of petroleum taxation. The customs office is a vast building made up of office space and a bonded warehouse. The coexistence of these two activities is risky because tankers are parked in an insecure manner inside the enclosure, close to vehicles carrying merchandise (up to a hundred) awaiting customs clearance. Luckily, the amount of time spent there by the tankers is very short (1day.) The role of the customs agents in Nguéli is to record the passage of the tankers and their contents. This is followed by the issuance of a document permitting them to transit to the depots. Payments are made directly by the companies to the Bureau de la fiscalité pétrolière (Fuel levy bureau) in N'djamena.

Main steps in the Chad Customs Procedure.



Custom clearance procedures

There are two separate procedures for customs clearance:

- a) With regard to cargo from Nigeria, the overloaded trucks are offloaded in the bonded warehouse. Once the customs clearance formalities are done with, the cargo is loaded on Chadian trucks (two axles) chartered by the traders.
- b) For containers (Douala corridor). The declarations are processed and the containers inspected, in general; that is, they are physically transferred to the earth floor by an army of laborers and reloaded at the end of the inspection. This operation is carried out without regard for the integrity of the goods. There is no provision for protection against changes in weather conditions.

The procedures follow the classic order (declaration, verification, inspections, liquidation, and removal), and are partially computerized for containers. ASYCUDA ++ was not completely deployed in Chad and in any case everything is redone manually, even for the computerized stages. Although the order of processing seems to be clear for containers, the procedure seems to be more informal for Nigerian products, which are stocked in the warehouse.

The entire customs clearance process is relatively long and takes several days (typically one week according to clearing agents) especially since the office and the enclosure are only open from 8am to 5pm and are closed on Saturdays and Sundays. As a result, the parking lot of the Cameroon customs office in Kousseri, which operates a shift system, is always encumbered with trucks over the weekend. To be fair to the customs administration, one must say that for various reasons (including financial), some consignees are in no haste to go through customs clearance.

A very important point for facilitation, highlighted in the IMF report, is that there are hardly any operational relations between the Chadian and the Cameroonian customs, even though they are both implicated in the same chain of procedures (D15 and transit manifest). Thus, it is not quite clear how to know when the D15 and transit manifest are checked and sent back to the Cameroon customs for the release of the security deposit. Theoretically, this settlement should be done at the beginning of the customs clearance, but this does not seem to be the case.

An underproductive organization

The organization of customs clearance is undeniably unproductive, hardly client-oriented, and allows too much room for loss of control.

Chadian customs employ about 1,400 people, which is considerable compared to the trade activity involved:

- About 50,000 declarations are submitted per year, an average of 35 declarations per year per agent!
- Chadian Customs has about the same amount of employees as that of Kenya, whose imports are about twelve times more than Chad's. In comparison with other landlocked countries, CAR employs 300 agents (for 50% of Chadian imports) Rwanda 200 (for the same level of imports as Chad).
- The Chadian customs agent produces in CFA F what the French customs agent produces in Euros, (about 2.5 millions per agent).

Such redundancy, which is evident in the field, has a negative impact on users. Not only does it lead to the maintenance of many steps in the customs clearance procedure (ref the IMF report), it increases the number of agents who are involved in solving a given problem. For instance, inspections are referred to as "descente collégiale" because they have to be done in the presence of several service heads

Moreover, it appears that many people inside the Nguéli enclosure do not have a well-defined reason for being there. They often consist of customs' "informal auxiliaries" (a practice that is enhanced by the need for handling services,) middlemen or even workers from other government services. A visit to Nguéli leaves one with a feeling of absolute disorder and the informal. It is impossible to know who is who since Chadian Customs officials do not wear uniforms, which is bad practice.

Endemic bad practices

This environment does not encourage trade; users waste a lot of time there and even fear for the integrity of their goods (e.g. the inspection technique of unloading containers on the ground). Evidently, and things are barely hidden, current operations allow for more or less serious abuse.

One can probably not exonerate the private sector of all responsibility as informal trade seems to be deeply anchored in the traditional trading culture. Several observers have remarked that using false declarations and fake receipts are current practices to such an extent that European freight forwarders ask some of their clients to deal with customs by themselves. Customs have not adopted the WTO principles and there are no clear procedures on valuation, which only encourages the practice of negotiation with the declarant. Changing the trade culture of traditional importers is a critical for successful reform.

The Ministry of Finance tried to instill more rigor by conferring to BIVAC, which is already active in the CAR, the responsibility of developing a program for pre-inspection of imports. This program does not seem to have been adopted in the field.

The prosperity of the Kousseri market in Cameroon is a clear indication of both the inefficiency of the transit chain and the magnitude of fraud. Chadians find products in Kousseri that are by far less costly than in N'djamena. These could include contraband products from Nigeria (e.g.; kerosene), products subject to less taxes in Cameroon than in Nigeria (e.g. cement) or simply, products that are cheaper in Kousseri because there are fewer constraints on the Cameroon national logistics chain than on the transit¹¹ chain.

The airport and other customs facilities

The procedures applicable at the N'djamena airport and the setup of the customs office are similar to those at the Nguéli office. However, since the goods are stocked in the warehouses of the freight forwarders at the airport, operations are carried out under better conditions.

¹¹ Compared to transit, the national logistics is not subjected to the inconvenience of regulated freight and transit procedures and passage through Chadian customs which constitute two of the three major factors of cost and delays in addition to the port passage conditions that are applicable to both logistics flows. (AFD 2000)

Bonded warehouses are authorized and the IMF encourages their establishment. Yet, freight forwarders such as SDV who built their own warehouses have stopped using them because of lack of full cooperation from customs.

In conclusion, this mission supports the observations and the recommendations of the IMF (see box) which require a complete reform of the customs sector, drastic reduction in the number of employees and a change in culture (both in the public and private sector.)

It is crucial for the government to overhaul the customs administration, beginning with the human resources aspect and organization of customs offices. Partial measures such as the continuing the implementation of ASYCUDA++ or training (raised by the customs department during the mission), or pre-shipment inspection (BIVAC) cannot bring any tangible result while the core issues (personnel, organization in posts) are not addressed.

Main recommendations of the IMF on the facilitation of customs clearance operations in Chad

Four main conditions to reform Chadian Customs:

- a) Official and effective commitment by the highest placed state authorities
- b) A "culture change" in the customs administration.
- c) The credibility of the reforms undertaken.
- d) Respect for the coherence of the action plan as a whole.

The IMF mission recommends that reforms should begin with the reorganization of the Nguéli office, and only thereafter should the reforms be extended to other services. The three main areas for reform are:

Organization, management, and human and material resources

- Immediately redeploy the personnel that are let go.
- Make sure that the Customs administration is not split, notably by ensuring that the general rules applicable to exports, that is to say customs declaration and payment to the public treasury, are respected for the export of livestock.
- Attach the inspection of services to the general manager and strengthen its role in promoting professional ethics.
- Develop training programs at all levels.

Improving procedures and facilitation

- Completely computerize the procedures and abandon manual procedures.
- Simplify customs clearance procedures.
- Limit access to customs areas to customs officials and authorized professionals only.
- Authorize chambers of commerce and authorized freight forwarders to open warehouses for goods not yet cleared with customs.

Customs inspections

- Select the checks and liberate at least 50% of operations without physical inspections.
- Develop a posteriori inspection (taking into account the recommendations of the mission).
- Improve the control of exonerations and set up a computerized follow up per product and per beneficiary.
- Apply the WTO valuation principles and disseminate instructions for its control.

CHAPTER 5—OPTIONS

With respect to the facilitation of trade and transportation, Chad's situation is as bad as it can be for a landlocked country in sub-Saharan Africa:

- Import transportation costs are very high—in the order of 4,500 Euros per 20-ft container from the port of origin (Douala or Lagos). The only other African country plagued with comparable costs and delays is the CAR.
- Transportation times are also exceptional: it takes on average four to six weeks from the time a container is unloaded in Douala for the goods to arrive in N'djamena. These delays result from inefficiencies and obstacles to trade: the transit time for a truck driving at speeds adapted to local road conditions is one week at the most.

By comparison, Kigali (Rwanda) is located at almost the same distance as N'djamena from its main port, Mombassa, but the cost of shipping in the Northern Corridor (Mombassa–Kigali) is half that of the Douala corridor.

As previously emphasized, this exceptionally bad situation results from a combination of causes that involve Chadian customs, transit conditions in Cameroon, the quality of transportation services and exporter practices. Any improvement in trade logistics hinges, first and foremost, on organizational and procedural changes.

The current transit infrastructures are good or very good, constituting in fact an asset for Chad. CAMRAIL's Douala–Ngaoundere rail service is one of the best in sub-Saharan Africa, even though renovation investments are indispensable. The Ngaoundere–N'djamena highway is in good condition, especially as the structure was recently rebuilt. The new link being constructed between Ngaoundere and Moudou should open up access to the production areas of southern Chad. But it does not appear that infrastructure investments can have a decisive impact on Chad's logistic costs. From a maintenance standpoint, the Cameroonian road fund operates in satisfactory conditions of financial autonomy.

Under these circumstances, potential improvements lie in the simplification of procedures and improvement of the quality of services along Chad's supply/export chain. Since the Chadian customs authority is the endpoint of the goods transit process, the acceleration of transit operations therefore depends on its efficiency. However, transit falls outside the jurisdiction of Chadian authorities. In fact, it largely depends on measures applicable to the Cameroonian territory. Improvements therefore require bilateral cooperation. There are three relatively independent plans of action:

1. The reform of Chadian customs;
2. The quick transit of containers to the Ngaoundere terminal;
3. The facilitation of road transit from rail terminals towards landlocked countries.

The solutions to Chad's situation do not require significant financial resources. They do, however, require strong mobilization of the various actors in Chad and in Cameroon. Their implementation therefore depends on strong political will on both sides of the border and on a consultation process. This may take time, however simple the measures may appear. Virtually all the proposals outlined here are likely to clash with well-established interests: in all sectors, there are rent seeking situations encouraged by informal practices and by the organization of operations.

International experience shows that implementing measures under such conditions requires a corridor authority, which does not exist today. This would be an international secretariat that, working with public and private partners, without having any operational authority itself, would play the role of reform facilitator and measure the results. A possible model for such a body is East Africa's Northern Corridor Permanent Secretariat based in Mombassa, Kenya.

The recommendation matrix also includes a negative list of ideas or projects that are misguided or that simply constitute a distraction.

5-1 COMPREHENSIVE REFORM OF CHADIAN CUSTOMS AUTHORITY

The mission fully supports the observations and recommendations of a recent IMF report on the reforms required for Chadian customs. In light of the current situation, these reforms must be drastic and require unwavering political will, as the IMF has noted. Again, this is not a question of investing, but rather one of improving professionalism and reviewing work methods and procedures, above all else. This reform calls for a drastic reduction in personnel, in the order of two-thirds. The customs authority currently employs 1,400 people to process only 50,000 declarations a year. Chad's customs authority has staff levels comparable to that of Kenya's customs authority, which, without being computerized, manages a volume of activity that is 12 times higher. Furthermore, a normal customs operation requires the elimination of the numerous customs "auxiliaries".

It is very unlikely that this reform can be successfully implemented gradually or that tangible results can be expected, under current conditions, from innovations like computerization (ASYCUDA), training programs and pre-inspection (BIVAC). On the contrary, these efforts may provide an excuse for postponing reforms that must necessarily be radical and difficult given the number of agents involved.

The upgrading of the Nguéli post, which handles 50% of trade is an absolute priority in any reform effort. Creation of an operational customs post for the new Ngaoundere–Moundou highway will be a key milestone (2006).

A major difficulty that must be overcome by the reform effort is the commercial culture of traditional networks; in particular, the Arab trade networks. The reform can only succeed if it is accompanied by a sustained education campaign to convince many importers to abandon the bad practices that are common today, such as under-invoicing and the violation of rules of origin.

5-2 ENHANCE TRANSPORT FACILITATION MEASURES ON HIGHWAYS FROM NGAOUNDERE

Multilateral cooperation within the Central African Economic and Monetary Community has recently led to very positive measures for transit, especially the creation of a transit document and reduction of the number of transit control points (only one en route to Figuil). Those initiatives should be credited to the BGFT. But the procedures remain relatively complex, with the tour de role mechanism in Ngaoundere penalizing shippers and freight forwarders.

For Chad-bound transit, two measures ought to be considered:

- a) *Reform the Practice of Regulated allocation of freight:* In light of international standards, the practice of distributing freight by country is a major constraint that is certainly not advisable. Given the sensitivity of the subject among Chadian operators, it appears difficult to eliminate the 65-35-breakdown clause overnight. However, it is imperative to review the current practice that amounts to a very rigidly regulated allocation system: reference prices set by authorities and tour de role organized by official unions and the BGFT. In the interest of users, and ultimately that of the transportation sector, it is possible and desirable for allocation of freight to take place under market conditions, while respecting traffic distribution rules. It essentially comes down to gradually reforming the tour de role system. The following specific actions are required:
- Authorize, **in practice**, shippers and/or freight forwarders to select the transport operator of their choice without going through the unions. This, in fact, is the case for Maersk and UTA.
 - End the confusion between transport operators' unions and the authorities at the Ngaoundere site (BGFT, BNF). The transport operators' union and the BGFT should have separate offices.
 - Cameroonian authorities should no longer support the publication of reference prices.
 - Authorities should no longer have any prior involvement in traffic distribution. BGFT/BNF would only check (when issuing the vehicle transit documents) to ensure that the shipper has complied with the 65-35 distribution. Furthermore, these checks should only occur generally (for example, covering a transit agent's monthly activity) rather than during each shipment.
 - Transport operators' unions should ultimately see their role "privatized", such that they are only responsible for organizing transportation for shippers/freight forwarders outside their pool of favored transport operator.
- b) *Continue Improving Customs Transit Procedures in Ngaoundere or En Route:* In reality, as opposed to what the legislation says, a source of complexity is the overlap of customs and transportation procedures. On the ground, the respective roles of the customs authority and the BGFT/BNF should be clarified for the user. It would be relatively simple to have a one-stop agency in Ngaoundere for virtually instant processing of the following three documents: Customs Declaration (D15), Transit Document (BGFT) and Waybill (BNF).

All these actions would foster the gradual reform of the current system. Shippers and freight forwarders would gain in time and quality. The scope of the tour de role system would be gradually reduced and small obsolete transport operators would be driven out of the market.

The recurrent question of **how to reduce informal payments** on the Ngaoundere-N'djamena route has no easy solution within the context of "conventional" facilitation measures, since it is not a question of streamlining procedures but rather one of confronting informal practices that are deep-rooted in mentalities and, in fact, goes well beyond the issue of the forwarding of goods. To this end, implementation of the "sauf conduit" program for transport operators in transit by the BGFT in Cameroon is a good idea. Unfortunately, there is no evident impact on the ground. The solution to this problem, in fact, lies in a review of the way local and national police forces operate, mainly in Cameroon, and more generally, far-reaching changes in the public service. Therefore the issues goes far beyond the transit of goods towards Chad (or CAR).

5-3 ACCELERATE THE TRANSIT OF CONTAINERS TO NGAOUNDERE AND EVENTUALLY CONSIDER SETTING UP A DRY PORT IN NGAOUNDERE

As indicated above, the forwarding of containers from ships at the port of Douala to the Ngaoundere rail terminal accounts for a large part of the high costs and long delays in Chad's logistic chain. This finding is paradoxical to the extent that the container terminal and rail operations are managed by competent, high-caliber international operators that are, moreover, associated within the same group. Most of the delays are related to the application of procedures. In Douala, goods on transit are subjected to procedures that are similar to those that are applied to goods cleared through customs in Cameroon.

The Douala community has mobilized to facilitate trade through several initiatives: creation of a one-stop agency for foreign trade, computerization of this service, partly through the migration of the Cameroonian customs service, from PAGODE to ASYCUDA++. These facilitation measures apply equally to goods being cleared locally (the majority) and to those in transit to landlocked countries, which therefore stand to benefit.

However, much more significant gains would be achieved by rethinking the processes applicable to goods in transit:

- Technically, there is no reason to have procedures for goods in transit that are as long as those for goods being cleared through customs locally;
- Container terminal and railway operators have the capacity and experience to very quickly move transit containers to Ngaoundere, as demonstrated by the example of French army supplies;
- From a customs perspective, traffic towards Ngaoundere is quite secure¹² because of the quality of CAMRAIL operations, the level of security around the Ngaoundere container terminal and the fact that most of the transit operations are handled by a few freight forwarders who offer all guarantees of professionalism and solvency.

It is therefore quite possible to come up with rapid shuttle options for containers in transit between Douala and Ngaoundere. One such option is being successfully tested between the port of Mombassa in Kenya and Kampala in Uganda, even though transit conditions are much better in Cameroon. This solution depends on negotiations between a few parties—customs, the operator of the Douala container terminal, CAMRAIL and the main freight forwarders. These negotiations would settle the practical details. Based on similar experiments, we can expect rapid shuttle services to be facilitated by the following measures:

- The relocation of customs procedures (D15) to Ngaoundere, which would reduce duplication;¹³
- The assignment of “liaison officers”, including Chadians, in Douala to facilitate the flow of information on in-transit containers.

¹² This view is not shared by BGFT which intends to extend the transit document process to rail transportation. This plan is neither justified fundamentally nor consistent with international practice whereby rail transit is considered to be more secure than road transit and require that customs authorities not require bank guarantees for it.

¹³ For example, with ASYCUDA++, the declarant is the person who enters information in the system, such that once a container is declared in the computer system, it can be sent to Ngaoundere where the customs inspection will take place.

In the longer term, it would be reasonable to transform Ngaoundere into a real dry port for landlocked countries and northern Cameroon. Customs operations could then be concentrated there as part of a one-stop service that also deals with transportation issues.

5-4 CONSOLIDATE CAMRAIL AND OTHER INFRASTRUCTURES

CAMRAIL is indispensable to northern Cameroon and the two landlocked countries. Given the age of the infrastructures, especially between Yaoundé and Belabo, very significant rehabilitation measures will be required to ensure the quality and continuity of operations. Unfortunately, rehabilitation plans are stalled because of a disagreement between the state and the operator as to which party is responsible for renovation work.

It is beyond the scope of this report to rule on the interpretation of operator license agreements or how they should evolve. It is imperative that development organizations, mainly the World Bank, AFD and EU, lend support to find a quick resolution and eventually contribute the necessary funding.

Lastly, it is desirable to control vehicle overloading in order to protect road infrastructure in northern Cameroon. This should be done by setting up a single weighing station in Ngaoundere. The measure can be introduced as part of the deregulation of freight.

5-5 INVESTING IN ALTERNATIVE CORRIDORS IS NOT A PRIORITY

In theory, it is better for a landlocked country to have several transit corridors. Competition can contribute to better quality and lower costs of transportation services. History shows that dependence on one supply route can become a serious problem when that route is cut off for technical or political reasons. In the case of Chad, alternatives to the Douala corridor do exist (Nigeria, Sudan, Libya).

The corridors through Sudan and Libya simply make no economic sense due to the long overland distances, traffic conditions, and the fact that they are at the opposite ends of the country's populated centers. By contrast, the corridor towards West African ports, through Nigeria, already offers an alternative to the Douala corridor, for the N'djamena region. The question of creating an alternative to the bad road (see above) between Fotokol and Kousseri has been raised notably by Chadian authorities.

Such an investment must be considered in light of the overall performance of the corridor and the project's benefits for economic operators. But the Nigerian corridor, like the other alternative corridors, is not very conducive to transportation and trade facilitation (see above): infrastructure is poor, procedures are inadequate, and available services even more unreliable than on the main corridor. Today, these corridors are mainly used by the informal and traditional sectors, which are not good vectors for the integration of Chad into the global economy.

For now, development finance for infrastructure serving landlocked countries is best invested directed to the Douala corridor and especially for the rehabilitation of the Yaoundé–Belabo railway line.

5-6 STRENGTHEN THE CUSTOMS UNION IN THE LONG TERM

In the long term, strengthen of the customs union within the Central African Economic and Monetary Community (or between Cameroon, Chad, and the CAR) is probably by far the best option for Chad (and the CAR). This has already been the subject of a World Bank report (2002). Ideally, it should be possible to clear goods destined for Chad or the CAR through customs at the port of Douala. Customs, and by extension transit, formalities would essentially be eliminated.

The problems to be resolved are obviously complex, as the example of Saku in Southern Africa shows. Customs duties would thus be collected essentially by Cameroon and then redistributed to the landlocked countries according to an agreed upon formula. In this regard, it should be possible to measure the flow of traffic towards the landlocked countries, without necessarily imposing constraining controls on the transportation of goods.

This is a very complex issue that requires a better decision-making climate than the prevailing one. For example, from the standpoint of Chad's revenue security, the elimination of customs barriers between Chad and Cameroon is hardly compatible with the apparently massive smuggling that prevails between Nigeria and Northern Cameroon. The proposed facilitation measures contribute to creating long-term conditions for this project.

SUMMARY OF PROPOSALS

Projects to Be Considered

Short-term measures	
Consolidation of CAMRAIL	Facilitate resolution of the disagreement between the state and the operator to allow for investment in rehabilitation work.
Medium-term projects	
Comprehensive reform of Chadian customs	Requires: <ul style="list-style-type: none"> • Upgrading the Ngueli and airport posts and creating a modern post on the future Ngaoundere–Moundou highway. • Awareness-raising activities on good trade practices directed at traditional (Arab) commercial networks.
Facilitate intermodal transport = Prompt transfer of transit containers from ship to train	<ul style="list-style-type: none"> • No technical or regulatory obstacles to a rapid shuttle option comparable to that of the Mombassa–Kampala corridor. • Experimentation to be carried out between Cameroonian customs and the main operators (container terminal, CAMRAIL, SDV, STAT).
Improve conditions for the application of the bilateral accord on transit by ending regulated chartering	Requires: <ul style="list-style-type: none"> • Relaxing the tour de role mechanism and reference prices to allow shippers and freight forwarders to work with transport operators of their choice. • Clear separation between regulatory bodies (BGFT) and transportation sector organizations (transport operator unions). • One-stop service in Ngaoundere for the three applicable procedures: D15, transit document and waybill.
Improve transit facilitation framework for Chad and the CAR	Consider creating a Douala Corridor Secretariat to work in partnership with public and private sector to facilitate reform and measure the outcomes.
Long-term projects	
Reduction of informal pay-offs in Cameroon	This measure is not specific to transit, but rather falls within the scope of a general effort to combat informal practices within the public service.
Real customs union within CEMAC or between Cameroon, Chad and CAR	A real customs union would eliminate the need for transit procedures.

Proposed projects that should be abandoned because they are not a priority or would have a negative impact

Short-term measures to be avoided	
Partial reform of Chadian customs (training)	Partial reforms will have zero impact under current operating conditions.
Transit manifest extended to rail	Misguided measure being considered by Cameroon's BGFT.
Medium-term projects that do not address any particular need or are not feasible	
Creation of a route towards Nigeria (Kousséri–Fotokol)	Only warranted if Nigeria were to undertake transport and trade facilitation reforms to make the Lagos or Cotonou corridors viable solutions for structured operators. This would require far-reaching reforms and upgrading of infrastructures in Nigeria. It is not therefore an investment to be considered in the short or medium term.
Dry Port in N'djamena	Does not solve the problem of efficiency of Chadian customs and would be redundant with the upgrading of the Ngueli post.
TIPAC booklets based on the TIR booklet system	Not feasible in the current business environment and considering the structure of the transportation market.
Projects that cannot be justified even in the long term	
Corridors towards Sudan or North Africa	Under normal conditions, these transit options cannot be competitive with the Douala corridor or even with the West African corridors. The investments required would be excessive.
Extension of the railway	Not warranted given traffic volume.

REFERENCES

- Agence Française de Développement, *La Chaîne de Transport au Cameroun: Evolutions récentes et nouvelles problématiques*, June 2000.
- Arvis Jean-François, « Transit and the special case of landlocked countries », in Customs modernization Handbook, Luc de Wulf, José Sokol ed., The World Bank 2005.
- World Bank, CEMAC: *Vers l'Union Douanière en Afrique Centrale*, November, World Bank 2002
- International Monetary Fund, *République du Tchad Développement du plan d'actions de la réforme de l'administration des douanes et stratégie pour sa mise en application*. September 2003.
- Louis Berger, *Appui à la Définition de la Stratégie Des Transports du Tchad*, 2000
- Louis Berger, *Etude pour la mise en place d'une chaîne internationale de caution douanière dans le cadre de la procédure TIPAC*, 1999
- SSATP 2003, Restructuration des ressources du FER du Tchad. World Bank 2003
- SSATP 2004, Rapport sur les indicateurs de performance du secteur des transports au Cameroun, World Bank 2004
- UNCTAD, Improvement of Transit Systems in Central Africa, UNCTAD, April 2003. Plan d'action Transport World Bank.
- World Bank, The Republic of Chad Poverty Reduction Strategy Paper, October 2003
World Bank, European Union, Ministère Français des Affaires Etrangères.