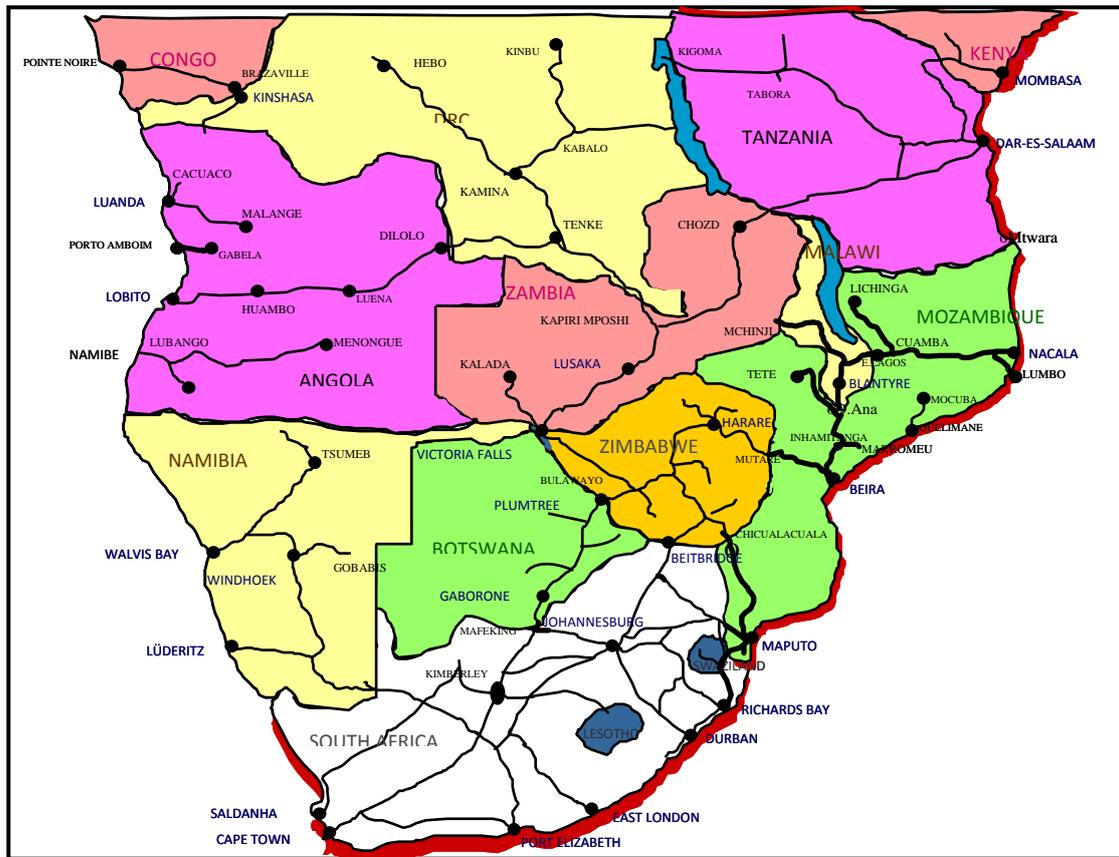


## 2015 SARA BUSINESS PLAN



*Issued with the Authority of the SARA Board in December 2014.*

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## **PREFACE**

The Southern African Railways Association (SARA) Secretariat 2015 Business Plan will guide the Secretariat's activities as approved by the Board and at the same time forms the basis of supervision and monitoring of the SARA Secretariat's performance. This Plan is a progressive implementation of the Association's 2014 - 2018 Strategic Plan approved by the SARA Board in November 2013.

SARA's objective is to bring about fair intermodal competition among surface transport modes through lobbying for surface policy shift to promote intermodal equity between road and rail. This provides a means for the railways to improve their efficiency and effectiveness of their operations and sets the course to be followed by SARA towards meeting its objectives in pursuit of its mandate.

While lobbying has remained one of the major objectives of SARA, the need for performance improvement has taken a central position on the regional agenda. Efficient and cost effective service delivery will thus assist the railways' cause through improved policy support and increased market share while benefiting the regional economy,

SARA's Business Plan is intended to;

- i. Facilitate attainment of SARA objectives within resource limitations by balancing income and expenditure
- ii. Guide the Secretariat by providing a framework through which the Association's mission, objectives and key strategies can be achieved
- iii. Indicate the main activities of the Secretariat and how the Association's resources will be used during the plan period
- iv. Provide a framework through which the SARA Secretariat will interact and provide services to its members and other key stakeholders
- v. Form the basis against which the performance of the Secretariat can be measured, reviewed and evaluated
- vi. Form the basis for discussion with third parties for the purpose of securing financial resources

The success of this plan hinges upon collective and individual efforts of SARA members and effectiveness of the coordination role of the SARA Secretariat. International traffic in particular, will require increased cooperation among regional railways more so in view of increased competition from road.

## ACRONYMS

APP	Active Power Project
BBR	Beitbridge Bulawayo Railways
BMC	Business Management Committee
BR	Botswana Railways
CFB	Caminhos de Ferro de Benguela
CFL	Caminhos de Ferro de Luanda
CFM	Caminhos de Ferro de Mocamedes
CFM	Caminhos de Ferro de Mocambique
CMG	Corridor Management Group
EQSTRA	
EXCO	Executive Committee
ICT	Information and Communication Technology
JOC	Joint Operation Centre
KZN	KwaZulu Natal Oils
MA	Manica Zimbabwe
MYSQL	MY Structured Query Language
NRZ	National Railways of Zimbabwe
PIFA	Policy Investment Finance and Administration
PRASA	Passenger Rail Agency of South Africa
RAs	Railway Administrations
RAHCO	Reli Asset Holding Company
RFDIP	Radio Frequency Data Identification Project
RRI	Railways Revitalization Initiative
RSR	Railway Safety Regulator
SADC	Southern African Development Community
SARA	Southern African Railways Association
SARSCO	Southern Africa Railways Sports and Culture Organisation
SMEC	Snowy Mountains Engineering Consulting
SNCC	Societe Nationale des Chemins de fer du Congo
SR	Swaziland Railway
SSDGH	SADC-SARA Dangerous Goods Handbook
SUMATRA	Surface and Marine Transport Regulatory Authority
TC	Technology Committee
TNHL	Transnamib Holdings Limited
TFR	Transnet Freight Rail
TAZARA	Tanzania Zambia Railway Authority
ZRL	Zambia Railways Limited

## **1. MISSION AND VISION**

SARA's Mission and Vision are as set out below:

### **Mission**

To facilitate the creation of an environment where the railway industry is a top performer in the transport sector and makes rail the mode of choice.

### **Vision**

To be the leader in the promotion of trade, movement of goods and passengers, social and economic growth in the SADC region and Africa as a whole.

### **1.1 Guiding Principles And Values**

SARA through its members strives to jointly provide cost effective seamless services in an ethical business conduct prescribed by the following:

#### **Guiding Principles**

Accountability • Convergence • Efficiency • Excellence • Interoperability • Innovativeness • Predictability • Timeliness

#### **Values**

Ethics • Equity • Honesty • Integrity • Loyalty • Professionalism • Transparency • Safety

## **2. ORGANISATIONAL SUMMARY**

SARA is a 'Non-profit Organisation' domiciled in Zimbabwe formed in April 1996 in terms of its Constitution in response to increasing road competition. At its formation, SARA was to originally provide the SADC railways with a strong lobbying association to pursue advocacy for fair surface transport competition to be achieved through- "levelling of the playing field" between road and rail in terms of policy and regulations. Modal equity could be achieved by enforcing the User Pays Principle where the road pays the full cost of road infrastructure or infrastructure support to railways by Governments. Members of SARA are predominantly railways in the SADC region, some major railway customers and suppliers, and other organisations with special interest in railways.

### **3.1 Objectives of SARA**

- a) Promote the railway industry in SADC by developing and implementing strategies to improve viability of the railway transport business through the provision of a safe, integrated, cost effective and predictable one stop seamless service to all international customers
- b) Advocate for fair and sustainable competition among all surface transport modes in the region

- c) Exploit interconnectivity and achieve cross border operability
- d) Promote regional and continental rail network connectivity where rail links do not exist and strengthen existing interconnections through targeted activities and funding
- e) Promote alliances for the exchange of technical information, strategies, skills development and training, among others.
- f) Develop, enhance and harmonise policies, and business processes
- g) Standardize equipment and procedures in the region for better cross-border interoperability.
- h) Position SARA as a catalyst for regional, continental and global development.
- i) Promote strategic alliances with other modes of transport in order to achieve synergy and provide total logistical solutions
- j) Lobbying for a level road-rail playing field by securing the agreements of Ministry of Transport and Governments of SADC states to institute fair competition through adoption of the "User Pays Principle" and or extending funding for infrastructure development in railways in;
  - 75% of SADC countries by December 2015
  - 100% of SADC countries by December 2017
- k) Foster implementation of SADC protocols by all Member States.

### **3.2 Benefits of Being a SARA Member**

- a) Information sharing
- b) Power in numbers for lobbying and advocacy
- c) Scope to provide an integrated seamless railway service
- d) Access to resources and facilities
- e) Joint marketing facility
- f) Increased strength against road competition.
- g) Scope for standardisation
- h) Safety and risk management
- i) Scope to reduce cost of doing business through resource sharing and joint planning
- j) Access to donors for regional projects
- k) Easy access to regional bodies like SADC
- l) Advice from the Secretariat to members on various issues.
- m) Scope to influence
- n) Preferential treatment from other members
- o) Networking opportunities
- p) Opportunity to get detailed and objective feedback from SARA member customers on service delivery
- q) Platform to obtain market intelligence pertaining to competitors (road) from member customers
- r) Opportunity to jointly access and influence railway suppliers who are members of SARA
- s) Fostering rapport between railways, its customers and suppliers.
- t) Networking opportunities
- u) Access to member customers (marketing opportunity) and suppliers
- v) Opportunity to influence railway service delivery process (quality of service)
- w) Ability to influence and promote interests

- x) Fostering rapport with other members
- y) Access to regional safety, technical and operational standards

### 3.3 Physical Location and Facilities

The SARA Secretariat is domiciled in Harare, Zimbabwe at number 67 Fife Avenue

Telephone: +263 4 736777/+263772125766

E-mail: [sara@sararail.org](mailto:sara@sararail.org)

Website: [www.sararail.org](http://www.sararail.org)

Details of Banks	First National Bank of Botswana Stanbic Bank Zimbabwe Standard Chartered Bank Zimbabwe
Details of Auditors	Baker Tilly Gwatidzo

Office facilities include a reception lobby, boardroom and several other rooms being offices for the Executive Director, Programmes Coordinator, Administration Officer, computer room, kitchen and storeroom. There is sufficient space for the current level of staff.

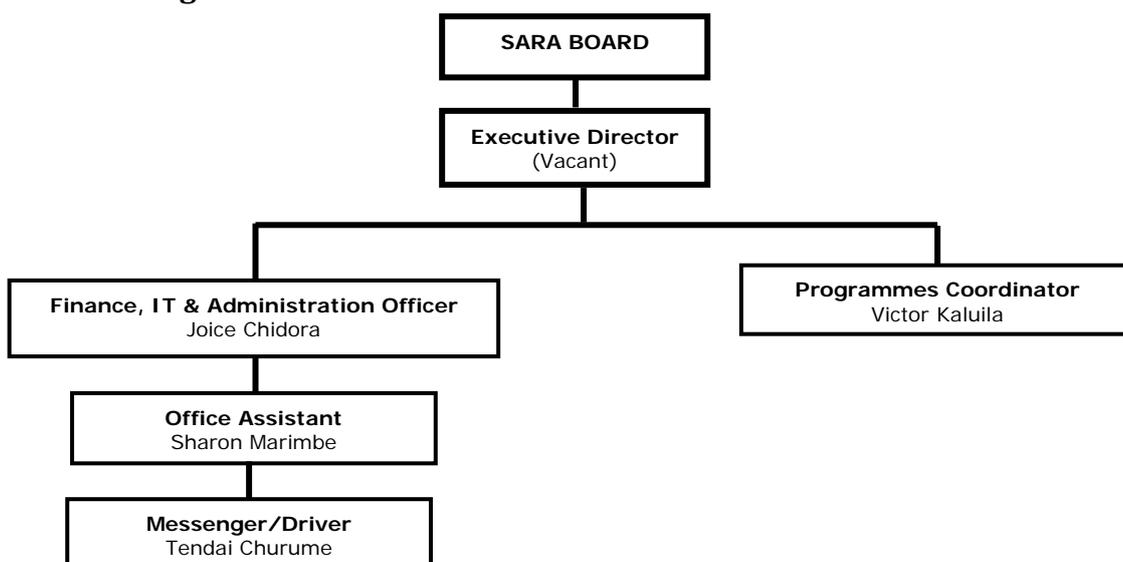
### 3.4 Equipment available at the Secretariat

The Secretariat is equipped with two laptop computers and 3 desktop PCs plus mail server, 1 colour printer and 4 black and white printers. Telecommunication equipment consists of 3 FDX telephone lines, 3 landlines, one data line, and a broadband modem. The Secretariat connects to the Internet via fibre optic and locally the connectivity is via local area network and wireless. ICT resources available are adequate for the current staff level.

### 3.5 Organisational Chart

The SARA Secretariat 's organisational structure is illustrated as below;

#### SARA Organizational Chart



### **3. BUSINESS PLAN**

#### **3.1 Objectives**

The SARA Secretariat objectives/goals are driven from the objectives and activities of the Association as enunciated in its Constitution and it is against these objectives that the performance of the Secretariat is measured. The key objectives are as follows:-

- i. To collect, generate sufficient income (from selling services, collecting current membership fees and from obtaining donor funding) to cover costs for the particular financial year.
- ii. To recover 50 % of arrear subscriptions during the plan period.
- iii. To generate additional income from selling services, promotion items, hosting the SARA Rail Conference
- iv. To continue hosting SARA Rail Conference every year
- v. To undertake a series of activities that will influence policy direction in terms of harmonisation, consistency and equitability at national, regional, continental and global levels.
- vi. To improve the visibility of SARA.
- vii. Through the use of information, marketing and lobbying 'level the road-rail playing field' by
- viii. To maintain 100% of current rail linked SARA members throughout the plan period.
- ix. Increase Associate members by 2
- x. To offer advisory, consultancy and research services to SARA members and other regional organisations in the field of transportation
- xi. To network with key stakeholders to promote alliances for the exchange of technical information, strategies, skills development and training, among others.
- xii. To facilitate development and harmonisation of policies, governance and business processes
- xiii. To promote alliances with other modes of transport where opportunities
- xiv. To solicit for donor funding through presentations and representations to capture the interest of financiers by clearly articulating the importance of railways in economic development, SARA objectives and challenges
- xv. Collect, analyse and disseminate information to SARA members to enhance their performance through benchmarking and timeous interventions

#### **3.2 Key Success Factors**

The following factors are critical to SARA's ability to fulfil its mandate and meet the set out objectives;

- i. Provision of tangible benefits (positive contribution) to members.
- ii. Diligent and proactive approach by Secretariat
- iii. Smooth communication between the Secretariat, members and other stakeholders
- iv. Timeous supply of information by members to the Secretariat
- v. Recognition of SARA by SADC and other continental and global bodies as the sole source of advice on railways in the region
- vi. Recognition by SADC as a key player and source of advice on surface transport policy in the region

- vii. Funding by the major donors and recognition by them as a key player in the development of surface transport policy in the region
- viii. Recognition and support from SARA members (both public and private) as a key player and source of advice on railway issues and surface transport policy in the region
- ix. Maintaining a skilled, well-resourced and motivated workforce
- x. Availability of up to date information on key regional transport policies, statistics and modal performance from SARA members
- xi. Active participation of SARA members in committees established to progress various issues of interest to the Association
- xii. Availability of funding (timeous payment of subscriptions by members to ensure smooth running of the SARA Secretariat)
- xiii. Active participation by members in the three main SARA Committees (PIFA, BMC and TC) and Corridor Management Groups

## **4. MARKET ANALYSIS**

### **4.1 The overall market**

The SARA Secretariat serves the interests of SARA members comprising railway operators, railway asset holding companies, a railway regulator, railway suppliers and railway customers. Most of the members in the railways category are State owned with only one being privately owned company operating as Build Operate and Transfer. The SARA Secretariat office is funded through annual subscriptions from SARA members.

The annual subscription calculation is based on the budget of the Secretariat. The subscription formula has fixed and variable components. The fixed component is the fixed contribution by full members to cover fixed costs of the Secretariat budget and the variable component is the portion based on net tonne kilometres (NTKMs) for over-border traffic. The Associate members' subscription is fixed.

Associate members of SARA expect benefits from the Association through sharing of business ideas, information, supplier contracts and influencing service levels. The number of full members is most likely to increase given that in Malawi the rail operator and the privately owned operators in Mozambique will be lobbied to become SARA members. Another way of increasing full members is when some Associate members opt to graduate to the Full Member category. The number of Associate members is expected to increase given the membership drive. Income from some SARA members is predictable to some extent although the timing of payment is less certain.

SARA has not received direct funding from donors for the past 10 years. What has been received is funding of some trips through provision of per diem and air tickets. Such funding however is not predictable and to a larger extent is influenced by the need for SARA's presence at a given workshop or conference whose objectives may not necessarily congruent to SARA objectives.

There is an opportunity for the Secretariat together with SARA members to provide Consultancy Services. This will be possible if SARA partners with consultants hired by SADC Secretariat to deal with railway projects from time to time. This area is highly competitive given the numerous suppliers in the area. SARA has through its members, a diverse pool of experts and is close to the

market (regional railways) and transport industry in general. The income from consultancy services will depend to a greater extent on the number of projects undertaken and their magnitude.

The annual SARA Rail Conference and Exhibition that has been held since 2010 is proving to be a viable resource mobilisation project. The conference has also been a platform for information and knowledge sharing and has improved the visibility of the Association. It has also strengthened SARA's collaboration with other regional and international transport, manufacturers and financial institutions bodies. There has been however other competing railway conference organising companies who are contesting for the same market. Nonetheless there has been significant improvement and value addition to the SARA rail conference as the number of delegates and exhibitors has been increasing each year. SARA members are the same participants for whom these rail conference organising companies target as speakers, delegates and exhibitors. The organising Committee for the SARA Rail Conference are working on including other speakers from the rest of Africa and the world over.

Overall, SARA has to deliver up to the expectations of the market in which it operates by meeting the expectations of all stakeholders.

#### **4.2 Changes in the market**

The growth of the Chinese economy has resulted in increased demand for mineral resources to that country. This is supported by increased Chinese investment in Southern Africa. Globally prices of most minerals are subdued such that output is likely to increase in response to price increase that may be offered. International pressure on commodity prices will force exporters to adopt cost reducing strategies to remain competitive. Exporters will be forced to use railways which are relatively cheaper. Railway transportation services are relatively cheaper and therefore have the capacity to positively contribute towards regional competitiveness.

SARA's performance is expected to improve during the plan period given the expected demand for bulk transportation of minerals to the China. There is no doubt that the railways are embracing themselves for increased service demand by resuscitating Corridor Management Groups (CMGS) and realigning of CMGs and Joint Operating Centres (JOC) that are operating in other corridors. The increased participation at SARA forums, supply of information to the Secretariat, adoption and ratification of regional initiatives are an indication of the concerted effort by members to bring efficiency to rail services across the region. Increased stakeholder interest in SARA will provide a conducive environment for the execution of its mandate.

Demand for ordinary passenger train service reduces as societal tastes change with affluence. Travellers begin to demand fast, flexible, predictable and comfortable services which railways struggle to meet. As a result, railways end up serving the tail end of the market.

The recently approved membership categorisation criteria based on the business volumes of members means that each member is now expected to pay a different subscription amount depending on its level of business. The new subscription formula will effectively increase the level of annual subscription income depending on the size of the budget.

The creation of the North South Corridor under the auspices of COMESA, EAC and SADC tripartite provides a platform for SARA to implement regional projects within this framework.

SARA is also identified as one of the institutions to be supported by donors under the North South Corridor framework. The North South Corridor is a bimodal corridor covering both road and rail.

The engagement in consulting services during the plan period will broaden SARA's income base while at the same time promoting participation by specialists from member railways and broadening the experience of the Secretariat.

The Brazzaville Declaration of April 2006 remains a key tool for SARA's advocacy agenda as it covers most of the issues pertinent to the railway industry on the African continent and demonstrates the willingness of Government to revive the railway industry. This will be done by improving investment in railway infrastructure and equipment and putting in place policies that support the growth and development of the railway industry at continental level.

The resolution by SADC Ministers of Transport to waiver fuel levies paid by railways is still to be fully adopted across the region. The Secretariat is there to assist railways who have not been exempted to lobby their respective Governments. A Rail Fund framework has been developed for members to use through their Governments for the development of railway infrastructure and equipment from funds raised through the fuel levy exemption.

#### **4.2.1 Strategic Alliances**

SARA will build and maintain strategic alliances with the following COMESA and The Union of African Railways (UAR). SARA will play a critical role in the resuscitating of UAR and this will give SARA the platform to participate in continental railway issues and influence the shaping of the continental railway industry agenda besides improving SARA's visibility.

#### **4.3 Market segments**

Full members who are mostly railway operators constitute the major market segment for SARA. In terms of the SARA Constitution, Full members of the Association have full voting rights and are therefore at the forefront in influencing the SARA regional agenda and the activities of SARA by demanding certain specified activities to be implemented in terms of Board Resolutions propounded from time to time and tangible benefits of their membership. Full members contribute 84% of the SARA's annual income. Associate members on the other hand do not have voting rights but participate in various SARA forums and therefore expect tangible benefits as well over and above benefits related to information sharing. Associate members expect activities of SARA to positively impact on their business activities through improvement in bottom line, market access and preferential treatment from other members of the Association. Associate members contribute 16% of SARA's income.

SARA consultancy services are expected to contribute about 10% of SARA's income in 2015. Member railways and other customers (other non-SARA member railways) are expected to benefit from consultancy services in the form of solutions to their problems. SARA will initially bid for regional projects and once they have gained experience venture into the global arena initially targeting developing countries. Member railways are encouraged to utilise these services as they will be cost effective and will be implemented by regional experts hence provision of applicable, relevant and practical business solutions. Income from consultancy services will vary depending on the magnitude of individual projects and the number of projects

carried out. The demand for consultancy services will to a greater extent depend on the reputation that the unit will create for itself. SARA needs to market this new service to its members and the region.

Donors and other collaborating partners are expected to provide funds for projects that will benefit regional railways. These demand accountability in the utilisation of their funds and require tangible results if there are to continue providing project funding.

#### **4.4 Customer needs**

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

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

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

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

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

## **5. COMPETITIVE ANALYSIS**

### **5.1 Industry overview and nature of competition**

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

SARA's main competitor is road haulage transport in terms of freight business and access to state (and possibly donor) funds. Road at present has the inherent advantage of providing flexible door to door services, short transit times and quick decision making on commercial matters. Road haulage is characterised by many large trucks owned by different companies in different countries.

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

Road haulers compete against each other besides competing against rail. Despite this state of affairs, road still poses serious competition to rail. Road haulers do not cooperate amongst themselves to the extent that SARA members do.

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

SARA has a diversified pool of skilled personnel and experienced railway managers who can meet the business challenges of today. However ageing workforce may affect critical skills in the railway industry.

The uneven playing field created by the provision of road and its maintenance by the State gives road an unfair competitive advantage. Owners of these trucks are usually people of influence in society and at political level and as a result SARA has found it a challenge to have the uneven playing field levelled as the former seek to protect the status quo from which they are benefiting.

SARA is a well organised Association of regional railways and number of rail transport business associates (customers and suppliers) that has a better regional structure than the Road Freight Associations and has greater visibility in that respect. However, at national level, Road Freight Associations are very active. They lobby continually and are very vocal.

SARA on the other hand has a Secretariat and is well organised at regional level such that it is in a better position to lobby through various channels. This being the case, SARA is more active regionally and has strong social, environmental and economic arguments on its side that need be presented to key stakeholders.

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

## **5.2 Key competitive capabilities**

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

Railway safety regulations are increasing their prominence on the SARA agenda through the efforts of the Railway Safety Regulator of South Africa (RSR). To date eight standards have been developed with the assistance of RSR. These standards are on safety, operations and technical and have been adopted by SADC and their registration with the Region Bureau of Standards is underway.

Other key competitive capabilities are;

- i. Wide network of strategic and collaborating partners which makes it easier to push for the advocacy agenda
- ii. The broad asset base for its members allows it to conveniently handle various types of cargo and passengers
- iii. Competent and experienced Secretariat staff which is able to lobby for the railways and market SARA through presentations and representations at various levels both locally and internationally
- iv. Pool of expertise in its members that SARA can tap from in pursuit of its regional agenda and who can meet the business challenges of today
- v. Existence of railway corridors makes it possible for railways to compete against road
- vi. A regional commercial information sharing web-based MYSQL database that has been designed and is ready for members by members

### **5.3 Key competitive weaknesses**

The key competitiveness weaknesses listed below have a negative bearing on the functions of the Secretariat. The success of the Secretariat is depended on addressing these weaknesses.

- i. SARA's failure as an Association to enforce its own resolutions and agreed policies among its members is self defeating as it leads no non-implementation of otherwise noble business ideas/initiatives.
- ii. Non functioning of CMGs
- iii. Old unreliable equipment militates against the provision of quality railway services.
- iv. Failure to provide door to door services and slow decision making (failure to provide instant quotes) tend to create a competitive weakness especially against road competition.
- v. Absence of real-time information system among members also creates a competitive disadvantage.
- vi. Negative perception in terms of speed, safety and efficiency in railway operations
- vii. Failure to fully implement the SARA Marketing Policy.
- viii. Competition and lack of trust between rail operators instead of complementing each other especially at corridor level.
- ix. Failure by regional governments to implement agreed upon railway regional and continental initiatives such as waiver of fuel levy, creation of Rail Funds and the Brazzaville Declaration.
- x. Global economic slowdown
- xi. Stiff competition from road
- xii. Lengthy and cumbersome quoting procedure
- xiii. Lack of a standard costing model
- xiv. Backlog in rolling stock equipment maintenance

## **6. FINANCIAL ANALYSIS**

### **6.1 Finance**

SARA is financed by contributions from members based on a formula. The subscription formula for calculating membership fees was changed from being network size based to budget and business volume based in January 2010. The other sources of income are the SARA Rail Conference and Exhibition that has been held every year except in 2013. Funds from the Rail Conference are mainly to fund regional projects and for the hosting of the conference itself. Collaborating partners/donors have not directly funded any SARA projects.

However, current membership fees collected for each year has not been adequate to cover annual expenditure. Annual expenditure has been partly financed by savings from previous years and arrear recovered. This situation calls for diversification of income sources of the Association. Hence the need to establish a consultant services unit to offer consulting services to members and the transport sector at large.

### **6.2 Review of the past Financial Position of SARA**

The review is from 2008 just before the dollarisation of Zimbabwean economy. The first four years of the dollarisation were characterised by price instability and over pricing of goods and services. To cater for these over pricing the annual budget had to increase. All other budget items increased in line with the pricing index prevailing except of the salaries and there has not been salary reviews since 2009 where they were reviewed to regional trends and were reversed later. Before the dollarisation SARA was being cushioned by price controls and income from the exchange gain.

The analysis of the financial position of SARA from 2008 to 2013 is illustrated in annexure A. The new formula increased member's annual contribution from USD259,000 in 2009 to USD449,172 a net increase of USD190,172. Between 2008 to 2014 six Associate members joined SARA thereby increasing membership fee by USD37,332. This was negated in 2012 when SARA lost two full members and the reduction in membership fees amounted to USD46 934 leaving a net effect of USD(9,602). In 2014 the expected membership fee was USD413,083 and only USD271,173 has been received. It has been a challenge for the Secretariat to collect arrears with some members with arrears back dating to 2003. Arrears at beginning of the 2014 financial year was USD333,064. It was anticipated that the implementation of the SARA Debt Management Policy from January 2014 will improve arrear collection by 75% and unfortunately this did not happen. No membership fee arrear was received in 2014 although efforts were made to get members to pay some amount.

Membership fee collection rate ranged from 66.39% to 77.77% from 2008 to 2013. Membership fee arrear recoveries averaged 10.4% over the same period. Actual amounts of membership fees collected increased by 84.8% between 2008 and 2013. Arrear recoveries declined significantly from USD51,159 to USD0 in 2014. Expenditure increased by 30.8% between 2008 and 2013.

Collaborating partners have also played a significant role in funding some of SARA's activities especially those to do with lobbying, publicity and operations improvement. Sponsorship to attend SADC meetings, printing of the SARA information handbook and the Railway Revitalisation Initiative are examples of such support

The major cost drivers over the years have been salaries and travel expenditure. The nature, size and activities of the organisation partly explain this scenario. From 2009 to 2013 salaries and travel expenditure averaged 73% and 19% of income respectively. Compared against expenditure, the salaries and travel expenses averaged 69% and 17% respectively. The travel expenditure has increased over the years due to increased participation in the Union of African Railways and other special projects/activities that arise from time to time.

## 5.1 Income and Expenditure Projections for 2015

Source	USD
Expected income from 2015 membership fee	311,806
Projected savings from 2014	23,814
Projected 2014 Membership arrears as at 31/12/2014	-
<b>Income Expected in 2015</b>	<b>335,620</b>
Outflow as per Capital Budget	(6,700)
Outflow as per Recurrent Budget	(331,800)
<b>Budget Deficit</b>	<b>1,110</b>

### 5.1.1 Income projection

Sources of income in 2015 are mainly from membership subscriptions and SARA Rail Conference proceeds. Members in arrears will be encouraged to pay current year membership fee and then draw a plan to liquidate the arrears and the Debt Management Policy will be evoked to facilitate enforcement. Other sources of income will depend on the resource mobilisation marketing strategies put in place. For budgeting purposes, only membership subscription fees will be used to project income for 2015 as these can be projected with reasonable certainty. The projected income for 2015 is \$335,620. Details are contained in the 2015 Budget proposal (Annexure B).

### 6.1.2 Expenditure projection

The proposed recurrent expenditure for 2015 is \$ 340 291.40 whose breakdown is indicated in the 2015 Budget Proposal (Annexure A). The projected expenditure has factored in expenses for the recruitment of the Executive Director.

### 6.1.3 Major Cost Drivers

Salaries and travel expenditure are the major cost drivers respectively taking up 70% and 15% of the income and contributing 71 % and 15% of the expenditure in 2015.

## 7.0 SARA STRATEGY

SARA's strategy is intended to achieve the organisation's set objectives within resource limitations and public policy prescription taking into account the dynamics of the business environment. The strategy seeks to consolidate the organisation's strengths, overcome or at least minimise effects of its weaknesses, capture opportunities that are available to the organisation and minimise risks and threats that may derail progress towards achievement of the organisation's set objectives. This calls for a critical assessment of key issues and developing

appropriate strategies to address. These issues include infrastructure development and maintenance, acquisition of key operating resources, harmonisation of policies and procedures, human resource development, operations, commercial and marketing aspects of the business. The strategy will therefore be driven by the objectives to generate adequate capacity to meet current and future demand for the next 5 years. Investment plans and their implementation will be effected at country or railway operator level.

Derived from its Mission statement the main goal of SARA is to make railways the surface transport mode of choice. Therefore the stakeholders should be aware of the important role of railways in regional economies and the challenges they face in order to eliminate negative perceptions. In this regard, SARA's role needs to be understood by policy makers, customers and suppliers as well as collaborating partners for policy and funding support purposes. Improvements in performance to meet stakeholder expectations will make it easier to gain their support.

Infrastructure is the backbone of railway operations and it is the basis on which regional railway networks are interconnected. Key strategies shall therefore recognise this underlying factor. The strategies to be pursued overall will improve railway market share, operational performance, railway image and attract investment. Key strategies to be adopted during 2015 are outlined below;

### **5.3.1 Infrastructure Development**

- i. Plan and provide adequate infrastructure capacity ahead of demand through development of a regional master plan
- ii. Prioritising joint development and maintenance of corridor infrastructure
- iii. Develop new infrastructure to eliminate missing links and create shorter routes
- iv. Ensure integrated infrastructure development planning with ports to ensure seamless intermodal operations
- v. Advocate for government support on infrastructure development and maintenance through creation of appropriate institutional structures capable of allocating resources and responsibilities
- vi. Develop and implement coordinated maintenance plans to ensure availability of corridor infrastructure.

### **5.3.2 Equipment**

- i. Harmonising of maintenance policies and standards
- ii. Capitalizing on technological advancement to improve reliability, speed and reduce maintenance cost
- iii. Initiate and support development of local suppliers to ensure timely and cost effective procurement systems
- iv. Increasing capacity of railways for current and future business
- v. Standardising equipment
- vi. Joint procurement of corridor operating equipment to benefit from economies of scale.

### **5.3.3 Operations**

- i. Pooling of resources for corridor operations

- ii. Harmonising operational policies and standards to ensure provision of seamless services
- iii. Leveraging operations on modern ICTs in terms of cargo tracking, resource planning and monitoring
- iv. Strengthening CMGs for them to play an effective role as prescribed by SADC Protocol on Transport, Communications and Meteorology
- v. Providing standardized regional training for key operational staff to meet demand for integrated services
- vi. Strengthen operations along corridors through planning execution and monitoring anchored on joint operations centres (JOC).

#### **5.3.4 Information Technology**

- i. Developing a regional real time information centre using both internal and external resources
- ii. Lobbying for the harmonisation of legislation on telecommunications and exchange of information
- iii. Modernising communication equipment to facilitate communication among SARA members and with other key customers and suppliers
- iv. Develop train control systems that maximise line capacity
- v. Standardise information systems to ensure compatibility and smooth information exchange and quick decision making
- vi. Implementing the MYSQL web-based database on all Railway Administrations for commercial information sharing.

#### **5.3.5 Regional Transport Policy Harmonisation**

- i. Lobby for a supportive institutional framework to achieve a common approach to investment decisions and prioritization
- ii. Reviewing of existing policies benchmarking on international best practise and exiting Protocol
- iii. Seeks buy-in from key stakeholders through SADC structures.

#### **5.3.6 Funding**

- i. Vigorously pursue governments to fund infrastructure in line with the Brazzaville Declaration
- ii. Pushing for the creation of Rail Funds in line with the SADC Ministers of Transport's decision of 2010 and the generic Rail Fund framework developed
- iii. Lobbying governments for duty exemptions on certain imports on railway recapitalisation equipment and infrastructure to support quick regeneration of capacity.
- iv. Member railways to access concessionary government to government loans in their respective countries or official loans from international development agencies
- v. Strengthening SARA Secretariat through adequate funding to enable it execute its mandate
- vi. Fund raising through identifying potential donors and their project preferences, and submitting attractive regional projects for funding
- vii. Developing a common costing model to ensure a standardized approach to costing and pricing of railway services and timeous provision of quotations to customers

- viii. Procuring equipment and materials from same suppliers to maximize discounts
- ix. Implementing the SARA debt policy to eliminate minimise default rate on membership subscriptions.

### **5.3.7 Human Resources**

Human skills are an important resource for railways without which railways are not able to function. It is therefore prudent to align human resources requirements with business level.

- i. Developing and conducting regional training programmes based on standardized curricula for operating and technical staff to promote seamless services and technical staff to promote seamless services
- ii. Sponsoring cadets at universities for recruitment by railways on completion
- iii. Designing and facilitating staff exchange programmes among SARA members
- iv. Team building to ensure harmonious working environment to achieve set objectives
- v. Collaborating with universities on the development of curricula and training of engineering and managerial skills for the railways
- vi. Review retirement age in view of skills shortage and the need for succession planning.
- vii. Increase participation of women in railways at all levels.

### **5.3.8 Marketing and Lobbying**

SARA will use various platforms for its marketing and lobbying agenda. These will include;

- i. Engaging relevant government departments in member railway countries for lobbying and advocacy purposes
- ii. Effective communication with customers and other key stakeholders
- iii. The SARA International Rail Conference and Exhibition which is attended by key SARA stakeholders
- iv. Developing a regional railway information centre to serve the needs of key stakeholders  
Participating in SADC, AU, African Development Bank forums to push for the SARA agenda  
Building relationships with key stakeholders.

### **5.3.9 Environment and Safety**

A common approach to railway safety, environment management and health matters is critical in establishing efficient, safe, cost effective, environmentally and predictable seamless services. Outlined below are some of the safety strategies that SARA will pursue;

- i. Harmonise railway safety regulations and procedures at regional level.
- ii. Minimise accidents
- iii. Standardise technical and operational procedures and maintenance to minimise accidents and incidences
- iv. Handling transportation of hazardous substances by rail in accordance with the handbook
- v. Provide health, education and environmental management to employees and the society at large

- vi. Maintain infrastructure and equipment in a safe condition to curtail the number of accidents
- vii. Members to seek international certification for quality and environment.

## **8.0 SERVICES TO BE PROVIDED**

SARA will offer a broad a range of services in its quest to execute its mandate and meet stakeholders' expectations. These include the following among others;

### **8.1 Secretariat and Membership services**

- i. Organising SARA EXCO and Board Meetings
- ii. Co-ordination of all SARA committees and sub-committees
- iii. Organising the SARA Rail Conference
- iv. Coordinating the activities of Corridor Management Groups
- v. Coordinating and overseeing the implementation of the ratified standards and procedures
- vi. Marketing of SARA to its key stakeholders
- vii. Ensuring that recommendations from the Rail Optimisation are implemented to improve the market share.
- viii. As a follow up of the market share study conduct Comparative Study on the fiscal impact of using road as opposed to rail whose objectives will be to demonstrate the benefits of using rail to all key stakeholder

### **8.2 Advocacy and Lobbying**

- i. Conscientising SADC member States about the Brazzaville Declaration which is the basis for rejuvenating the railway industry on the African continent.
- ii. Lobbying for investment in railways.
- iii. SARA will continue to lobby for an equitable surface transport policy so as to level the playing field between road and rail.
- iv. Making presentations at various forums publicising the advantages of rail as mode of transport.
- v. Lobbying on behalf of the remaining railways that are still paying fuel levy at the SADC Ministers of Transport forums for the removal of fuel levies.
- vi. Monitoring surface transport development and assisting in developing policy proposals.

### **8.3 Regional Information System**

- i. Coordinating supply of requisite information and finalise the development of the Rolling Stock Database.
- ii. Roll out the commercial information database to all railways to improve commercial information sharing by all RAs.
- iii. Coordinating of the development of Radio Frequency Identification standard to facilitate the implementation of the RFID system across the region

These developments will lead to improvements in efficiency and utilisation of resources, facilitating tracking of equipment and customer cargo, streamlining of processes, facilitating exchange of commercial information among members and communication with customers.

#### **8.4 Information Services**

The following will be provided during the plan period;

- i. SARA Quarterly Newsletter
- ii. SARA Annual Report
- iii. Press releases
- iv. Articles in business and railway magazines
- v. In depth studies
- vi. Public relations pamphlets on rail issues
- vii. Rail-related and relevant conferences and forums.
- viii. TV and radio interviews
- ix. SARA Web site and linkages to other web sites
- x. MYSQL Database and Statistics

#### **8.5 Positioning and competitive evaluation of services**

SARA's objective is to become the leading catalyst for improved railway services and the champion of railway advocacy and advisory services in the region by providing first class services to its members and other key stakeholders. A number of measures will be put in place to ensure that these objectives are achieved. These include;

- i. Creation of up to date databases
- ii. Extensive consultations
- iii. Active participation in key stakeholder forums
- iv. Close liaison with members
- v. Benchmarking services against best practice (leading railway associations).

#### **8.6 Resource mobilisation**

Recovery of outstanding arrears is critical for SARA to remain as a going concern. SARA President and the Executive Director will lead the drive to collect about 40% of the outstanding amount by April 2015. Another form of resource mobilisation is in the area of consultancy where SARA intends to expand its coverage from being regional to international. The target market for such services will be regional railways themselves and donor funded projects for other organisations involved in transportation in the region and globally.

### **9.0 IMPLEMENTATION PLAN**

#### **9.1 Source of funds**

There will be essential five major sources of revenues for SARA

- i. Membership Fees

- ii. SARA Rail Conference
- iii. Regional Training Fund
- iv. Advertising space in the SARA magazine to be published half yearly.
- v. Consultancy/Advisory Services Fees
- vi. Solicited Contributions from international donors for:-
  - Development of costing model
  - Regional tracking system
  - Dualism of braking system
  - Policy development

Membership fees and the SARA Rail Conference fund remain the main sources of funding for Secretariat activities and are therefore pivotal to the successful implementation of the plan.

## **9.2 Action Plan**

- i. Finalise the recruitment of the Executive Director
- ii. Redesigning of the SARA website and link with other relevant regional
- iii. Solicit for funds for development of a costing model, regional tracking system and dualism of the braking system
- iv. Fully implement the SARA Debt Management Policy to recover at least 45% of subscription arrears
- v. Lobbying for policy shift towards rail by governments through presentations and representations at various forums at both country and regional levels.
- vi. Constant liaison with SADC Secretariat, NEPAD to keep railway sector issues at the fore
- vii. Set up a SARA consultancy services unit.
- viii. Monitoring and reporting member railway performance.
- ix. Coordinate, oversee and monitor the implementation of all SARA initiatives
- x. Develop two regional standards
- xi. Roll out the regional commercial information sharing MYSQL Database
- xii. Establish a regional training fund
- xiii. Conduct a skill audit and prioritise training requirement
- xiv. Develop regional curricula on the critical skills required and conduct training
- xv. Strengthening of SARA committees;
- xvi. Continue collecting and analysing railway performance statistics to improve corridor performance
- xvii. Publication of SARA annual report and half yearly magazine.

## **10.0 FINANCIAL PLAN**

The financial plan shows the projected income and expenditure for 2015 and the respective sources namely membership subscriptions, SARA Rail Conference and Exhibition, consultancy services and donor community. Funds from donors are usually paid directly to service providers and therefore has very little or no control at all over the funds. This being the case, the funds will not be reflected in the SARA Budget as part of the income.

## 10.1 Assumptions

The following are the assumptions for the financial plan: -

- i. Full membership will increase by 1 in 2015. The private railway operator in Malawi is targeted
- ii. Associate members will increase by two (2) in 2015
- iii. All current members will be retained
- iv. Implement the Debt Management Policy for the recovery of arrears
- v. The default rate for subscription payments in terms of expected revenue will be 20%
- vi. Continue identifying collaborating partners/donor who are willing to fund regional projects such as development of regional costing model, dualism of braking system, regional tracking system etc
- vii. The economic environment will be stable during the plan period.

## 11.0 MANAGEMENT

### 11.1 Staffing

The SARA Secretariat office has a staff complement of five employees whose designations are as follows; Executive Director, Programmes Coordinator, Administrative Officer, Office Assistant and Driver/Messenger. The post of the Executive Director has been vacant since June 2014. The recruitment process is in progress. The incumbents of these posts and their key responsibilities are as follows:

The **Executive Director** post has been vacant since June 2014 and it is anticipated that it will be filled by January 2015. The incumbent is in charge of the overall functioning of the Secretariat covering the following key areas among others;

- i. Governance, Management, Legal, Contracting, with the assistance of the Administrative Officer;
- ii. External Affairs including Lobbying, participation at SADC committees, Government Affairs, Public Relations;
- iii. Membership Development
- iv. Studies and Reports (Annual Report, Quarterly Newsletter, press releases, etc)
- v. Soliciting for funds from donors.

The **Programmes Coordinator's** is Victor Kaluila and his contract has been renewed for another from February 2015. The Programmes Coordinator's responsibilities include among others:-

- i) Co-ordinating all inter-disciplinary committee and corridor committees (planning, implementation, review, and secretariat);
- ii) Being the "contact point" between SARA and the railways on regional traffic statistics collection and dissemination.

The SARA **Administration Officer** is **Ms Joice Chidora** and her current contract expired December 2017. Joice is in charge of SARA information technology, finance management, corporate administration and company secretarialship

**Ms Sharon Tendai Marimbe** is the **Office Assistant** and her current contract expires 31 December 2015. Sharon is responsible for front office management, office vehicle management, maintenance of facilities and equipment.

**Mr Tendai Churume** is the driver and his current contract expires 31 December 2015. Tendai is responsible for cleaning offices and grounds and carrying out messenger duties.

## **11.2 Organisational Structure**

The Executive Director reports to the SARA Board, which comprises of all Chief Executives of SARA member organisations. SARA has 12 full members and 101 associate members. Only full members that are fully paid up are eligible to hold office of President and Vice President.

## **11.3 Performance Indicators / Monitoring**

The performance of the Secretariat will be based on its actual output compared to the set objectives for 2015 and the extent of execution of the work plan. Performance appraisal for the Secretariat will be done half yearly when EXCO and the Board meet.

## **12. CONCLUSION**

There are high prospects for the fulfilment of SARA's objectives in 2015 given the enthusiasm among the members and the Secretariat's preparedness for the challenge. The Secretariat has to ensure that stakeholders especially SARA members realise tangible benefits from the Association if the momentum is to be maintained. The organisation's visibility will improve during the plan period through SARA Rail Conference and the planned active participation of the Secretariat in various forums.

Advocacy and operations improvement remain at the core of the SARA agenda. Activities have been designed and scheduled to ensure that the core agenda issues are addressed. The need to ensure that members realise tangible benefits is paramount for the growth of the organisation and active participation of members. The Secretariat will take advantage of the opportunities presented by other stakeholders in progressing the SARA agenda. The Brazzaville Declaration and the Pemba Ministers of Transport resolution remains an effective tool at the Secretariat's disposal as a business and economic case for railways and what needs to be done for railways to effectively contribute to economic development.

The successful implementation of the plan will hinge on availability of funding, supply of information by members to the Secretariat, active participation of members in Association activities and effective execution by the Secretariat.

**ANNEXURE**

## ANNEXURE A

### Financial analysis Table

Year	2008	2009	2010	2011	2012	2013
<b>ACTUAL INCOME AGAINST BUDGET</b>						
Membership fee as per invoices issued	259,000	259,000	449,172	461,316	411,382	397,564
Membership fee arrears brought down	223,074	232,663	275,030	352,929	347,382	305,292
<b>Total Income</b>	<b>482,074</b>	<b>491,663</b>	<b>724,202</b>	<b>814,245</b>	<b>761,764</b>	<b>702,856</b>
Income from current membership fee paid	174,346	189,967	302,849	304,184	320,188	322,696
Income from bad debts recovered	51,159	16,666	28,768	30,358	9,948	26,191
Other income	2,843	27	12,530	828	2,089	1,440
<b>Total Income available</b>	<b>228,348</b>	<b>206,660</b>	<b>344,147</b>	<b>335,370</b>	<b>332,225</b>	<b>350,327</b>
<b>Membership arrears</b>	<b>242,347</b>	<b>271,493</b>	<b>353,505</b>	<b>411,364</b>	<b>398,982</b>	<b>432,451</b>
Previous arrears	157,693	227,930	261,512	317,181	306,876	387,845
Current arrears	84,654	43,563	91,993	94,183	92,106	44,606
Income SARA Rail Conference				71,545	89,386	0
<b>Approved Budget</b>	<b>(260,866)</b>	<b>(301,776)</b>	<b>(317,410)</b>	<b>(331,012)</b>	<b>(341,109)</b>	<b>(329,102)</b>
Recurrent	(251,552)	(294,671)	(316,728)	(327,002)	(331,320)	(329,102)
Capital	(9,314)	(7,105)	(682)	(4,010)	(9,789)	(74,339)
<b>Surplus/deficit</b>	<b>(32,518)</b>	<b>(95,116)</b>	<b>26,737</b>	<b>4,358</b>	<b>(8,884)</b>	<b>21,225</b>
<b>EXPENDITURE AS PER INCOME STATEMENT</b>						
Recurrent Expenditure	(337,674)	(363,841)	(358,181)	(428,195)	(439,962)	(417,338)
Capital Expenditure	(9,314)	(7,105)	(682)	(4,011)	(5,547)	(1,687.00)
<b>Adjustment for non cash items:</b>						
<b>Cash in lieu of leave</b>	(7,057)	(4,596)		(6,176)	(19,401)	(8,606)
<b>Depreciation</b>	(8,573)	(11,638)	(11,788)	(11,854)	(7,995)	(8,197)
<b>Bad debts included in expenditure</b>	(50,312)	(33,646)	(82,012)	(92,579)	(81,223)	(52,872)
	<b>(65,942)</b>	<b>(49,880)</b>	<b>(93,800)</b>	<b>(110,609)</b>	<b>(108,619)</b>	<b>(69,675)</b>
<b>Net cash expenditure</b>	<b>(281,046)</b>	<b>(321,066)</b>	<b>(265,063)</b>	<b>(321,597)</b>	<b>(336,890)</b>	<b>(349,350)</b>
<b>Surplus/deficit</b>	<b>-52,698</b>	<b>-114,406</b>	<b>79,084</b>	<b>13,773</b>	<b>-4,665</b>	<b>977</b>
<b>Salaries</b>	(157,316)	(213,020)	(196,881)	(233,601)	(234,208)	(245,147)
<b>Travel Expenses</b>	(78,266)	(69,624)	(31,159)	(35,124)	(45,670)	(52,658)
<b>Salaries/Income Ratio (%)</b>	69%	103%	57%	70%	70%	70%
<b>Salaries/Expenditure Ratio</b>	56%	66%	74%	73%	70%	70%
<b>Travel expenses/Income Ratio</b>	34%	34%	9%	10%	14%	15%
<b>Travel expenses/Expenditure Ratio</b>	28%	22%	12%	11%	14%	15%

## ANNEXURE B

### PROPOSED 2015 CAPITAL AND RECURRENT BUDGET

Listed below are some of the issues that affected the drawing of this budget

- i. Lack of funds is affecting the preparation of a budget
- ii. In 2015 execution of some activities will be difficult due to lack of funds
- iii. Non-payment of membership fee arrears in 2014 made it difficult for the Secretariat to project income for 2015 from arrears. Therefore the Secretariat has not included any amount of membership arrears in the projected income for 2015.
- iv. In 2015 membership fee expected is USD416 194. Basing on payment patterns in 2014 it is projected that USD311 806 of the total membership fee will be received in 2015. The projected income to support 2015 capital and recurrent budget is illustrated in table below.

*Income expected to support 2015 Capital and Recurrent Budget*

Source	USD
Expected income from 2015 membership fee <sup>1</sup>	311,806
Projected savings from 2014 <sup>2</sup>	27,804
Projected 2014 Membership arrears as at 31/12/2014 <sup>3</sup>	-
<b>Income Expected to Support 2015 the Capital and Recurrent Budget</b>	<b>339,610</b>

#### **Expected Income from 2015 Membership fee<sup>1</sup>**

Member	Amount
APP	6,222
BBR	27,485
BR	28,554
CFM	29,223
EQSTRA	6,222
KZN	6,222
MA	6,222
NRZ	32,606
RSR	12,293
PRASA	6,222
TFR	51,567
SMEC	6,222
SR	30,092
TRANSNAMIB	28,189
TRL	6,222
ZRL	28,243
<b>TOTAL</b>	<b>311,806</b>

## Projected savings from 2014<sup>2</sup>

<b>Narration</b>	<b>USD</b>
Bank balance as at 30/09/2014	92,539
Add membership fee from EQSTRA & APP	12,444
Less forecasted expenses to 31/12/2014	
Motor vehicle	(336)
Water and electricity	(2,775)
Communications	(2,805)
Boardroom expenses	(6,000)
Salaries	(50,268)
Security	(145)
Recruitment	(2,350)
Repair & maintenance	(3,500)
Travel	(5,500)
General expenses	(3,500)
<b>Projected savings from 2014</b>	<b>27,804</b>

## Proposed 2015 Capital Budget

Sinking of a borehole at the Secretariat offices is a long time solution to high water bills. Quotations have been sort and the estimated drilling cost is USD4 200 and after the drilling the Secretariat would pay on monthly basis USD30 for water. NRZ has given the Secretariat the permission to sink the borehole.

In 2015 a new laptop will be purchased for the new Executive Director. The proposed capital budget is given in the table below.

*Table 2; proposed 2014 capital budget*

<b>Narration</b>	<b>Amount in USD</b>
Drilling (60m) and casing	2,200
Installation of water pump, tank and plumbing	2,000
Purchase of a laptop for the new executive Director	2,500
<b>Total</b>	<b>6,700</b>

## Proposed 2015 Recurrent Budget

Below is the proposed 2015 Recurrent Budget to support the activities given in this Business Plan.

*The Proposed 2015 Recurrent Budget*

	<b>BUDGET ITEM</b>	<b>Breakdown of budget item</b>	<b>2015 Proposed Budget</b>
	<b>OBJECTIVES</b>		
<b>1</b>	<b>Information Centre</b>		
	<b>Travel Expenses</b>		
	- Registration of sub domain and hosting of MYSQL	1,000	
	- Rolling out of the database	1,500	
	<b>Subtotal for Information Centre</b>		<b>2,500</b>
<b>2</b>	<b>Marketing/lobbying (travel expense budget)</b>		
	<b>Travel expenses</b>		
	- Lobby SADC Ministers of Transport on Railway Fund	5,000	
	- Attending other SADC Meetings	3,500	
	- Lobby Ministers of the respective railways with Arrears	4,500	
	- Market SARA Regionally		
	<b>Subtotal for Marketing/Lobbying</b>		<b>13,000</b>
<b>3</b>	<b>Standardization/harmonization</b>		
	<b>Travel Expenses</b>		
	- Infrastructure Task Team meetings x 2 per annum	1,000	
	- Technical Standards Task Team meetings x 2 per annum	1,000	
	- Rolling Stock Task Team meetings x 2 per annum	1,000	
	- Safety Task Team meetings x 2 per annum	1,000	
	<b>Subtotal for Standardization/Harmonization</b>		<b>4,000</b>
<b>4</b>	<b>Multilateral Operations</b>		
	<b>Travel Expenses</b>		
	- Attending JOC meetings where JOC is operational x 2 per annum	1,300	
	- Organising and attending CMGs meeting in every corridor with no JOC	6,500	
	<b>Subtotal for Multilateral Operations</b>		<b>7,800</b>
<b>5</b>	<b>Training</b>		
	- HR Committee meetings x 2 per annum	1,000	
	- Attending identified Training programmes x 1 per annum	1,300	
	<b>Subtotal for Training</b>		<b>2,300</b>
<b>6</b>	<b>Driving SARA Agenda through its Members (Travel budget)</b>		
	- SARA Committee meetings half yearly	6,300	
	- SARA EXCO meetings half yearly	6,300	
	- SARA Board meeting half yearly	6,300	
	- Any other ad hoc meeting that arise during the years	2,100	
	<b>Subtotal for Driving SARA Agenda</b>		<b>21,000</b>
	<b>Total Travel expenses</b>		<b>50,600</b>

<b>BUDGET ITEM</b>	<b>Breakdown of budget item</b>	<b>2015 Proposed Budget</b>
<b>Administration and Other Expenses</b>		
Accounting / Audit Fess	4,500	
Advertising & Promotions	2,400	
Communications	8,800	
Boardroom/committee expenses	4,500	
Electricity and water	3,950	
Entertainment	700	
General expenses	3,000	
Bank charges	2,500	
Insurance	500	
Motor vehicle expenses & Insurance	4,800	
Printing and stationery	3,200	
Repairs and maintenance	2,000	
Salaries, wages & allowances	227,100	
ED fuel allocation	3,500	
Training Expenses	500	
Security	650	
Legal fees	1,000	
Recruitment (Repatriation and travel expenses)	7,600	
<b>Subtotal Administration and Other Expenses</b>		<b>281,200</b>
<b>Sub Total of Recurrent Budget</b>		<b>331,800</b>

Please note that;

- i. Included in the advertising and promotion is USD1,500 for redesigning and developing of the SARA website
- ii. Included in the budget is USD 7,600 for the repatriation and travel expenses for the new ED and family as per SARA Condition of Service

*Table 5; Expected Income against 2015 proposed budget*

<b>Narration</b>	<b>USD</b>
Expected income in 2015	335,620
Outflow as per recurrent budget	(331,800)
Outflow as per recurrent budget	(6,700)
<b>Surplus</b>	<b>1,110</b>

***Unless the SARA President and Executive Director embark on a membership fee arrears recovery it will be difficult to meet any unforeseen expenses that would arise during the year.***

### **Proposal Project budget funded from SARA Rail Conference Funds**

In 2008 the Board approved that every year SARA should host a Conference and Exhibition as a resource mobilisation project to raise funds for regional projects.

Since 2010 the Conference has been held every year except in 2013 and USD 222 956 has been raised. In 2013 the Board approved USD74, 339 be expensed from the SARA Rail Conference funds to purchase two vehicles for the Secretariat and the balance on hand is USD 148 617.

In 2015 the following regional projects that require funding have been identified.

- 2015 SARA Rail Conference & Exhibition
- Regional Training fund to cover 1 course of fifteen days for two people per RA (from active members)
- Radio Frequency Data Identification Project (*suspended until a standard has been developed in 2015*)
- Rolling out the MYSQL database (Tickets for IT Expert from NRZ)
- Translation of documents including standards and policies into French and Portuguese
- Development of regional costing model

It has been considered that communication to non English speaking members should be in their official language for fairness and promoting togetherness.

The SARA Rail Conference is self funding with funds generated in the year it is held through sponsorship, exhibition and registration fee.

The proposed projects budget for 2015 is illustrated in table below.

*Proposed 2015 Regional Projects Budget*

	<b>BUDGET ITEM</b>	<b>Breakdown of budget item</b>	<b>2015 PROPOSED BUDGET</b>
	<b>PROJECTS</b>		
<b>1</b>	<b>SARA Rail Conference</b>		
	Conference Venue	70,000	
	Conference Event Coordinator	40,000	
	Conference branding	100,000	
	Communication expenses	6,000	
	Travel Expenses	20,000	
	<b>Sub total for SARA Rail Conference</b>		<b><u>236,000</u></b>
<b>2</b>	<b>Regional training</b>		
	Funding of 1 identified regional training course	4,400	
	<b>Sub total of regional training</b>		<b>4,400</b>
<b>3</b>	<b>Commercial information sharing</b>		
	Roll out travel expense	3,500	
	<b>Sub total of commercial information sharing</b>		<b>3,500</b>

<b>4</b>	<b>Executive Director vehicle</b>		
	Purchase of a brand new car	54,339	
	<b>Sub total of Executive Director vehicle</b>		<b>54,339</b>
<b>5</b>	<b>Translation</b>		
	Purchase of translation packages	250	
	Editing of translated documents	9,750	
	<b>Sub total of translation</b>		<b>10,000</b>
	<b>Total Projects</b>		<b>72,239</b>