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Why the Republic of Namibia should adopt the Luxembourg Rail Protocol

[The Cape Town Convention on International Interests in Mobile Equipment](#) and the Aircraft Protocol thereto were adopted in 2001 and are now in force in 84 countries – including Namibia.

[The Luxembourg Rail Protocol](#) applies the Cape Town Convention to railway rolling stock. It provides a new global legal system for the recognition, enforcement and prioritisation of security interests held by creditors lending on or leasing all types of railway equipment. These security interests will be registered in a new [International Registry](#), based in Luxembourg, and are then searchable by the public 24/7 online. The Protocol introduces the Unique Rail Vehicle Identification System (URVIS), a new global 16-digit numbering system for permanently and uniquely identifying rolling stock. The United Nations has now adopted global [Model Rules on the Permanent Identification of Railway Rolling Stock](#) setting out minimum standards for the permanent marking of railway rolling stock with URVIS numbers.

The Protocol has been in force in contracting states since **8th March 2024**. Gabon, Luxembourg, Paraguay, South Africa, Spain, Sweden, and the European Union in respect of its competences, have all ratified the Protocol (as well as the Convention). France, Germany, Switzerland, Mozambique, Italy, and the UK have already signed the Protocol and are moving at various speeds towards ratification. Many African states, including the DRC, Kenya, Eswatini, Senegal, Ethiopia, Zimbabwe and Mauritius, are actively looking at adoption of the Protocol.

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The Protocol is endorsed by many international rail organisations and actively supported by the African Union, the European Union, the UN Economic Commission for Africa, the UN Economic Commission for Europe, and UNIDROIT, the International Institute for the Unification of Private Law.

As part of the Zanzibar Declaration of 15 September 2023, African transport and energy ministers expressed their direct support for the Luxembourg Rail Protocol to the Cape Town Convention urging all remaining African Union Member States “to complete the ratification process for the Luxembourg Protocol on railway rolling stock”.

At a time when Transnamib is looking to make important new investments in rolling stock and, in particular, move from diesel to electric or hydrogen based locomotives, the Protocol will increase the availability to Transnamib of private finance for railway equipment, and make it cheaper as lenders and lessors take into account lower capital costs and lower risk as well as reduced documentation and other legal costs.

Based on an independent study by Oxera in 2020, the Protocol will deliver a net present value benefit on financing rates of 9.3%. In other words, it would translate to a discount of \$9.3 million on the cost of rolling stock valued at \$100 million. Moreover this study disregards any indirect micro-economic benefits as well as all macro economic benefits to operators and Namibia from facilitating the moving of freight and passenger transportation from road or aircraft to rail.

Adoption of the Protocol will deliver other significant advantages to Namibia. It will:

1. attract new foreign investment into the Namibian rail sector
2. support the cost-effective financing of rolling stock required for the various domestic rail projects as well as for the planned AIHSRN Walvis Bay-Windhoek-Gaborone-Pretoria pilot project and the seamless operation of rolling stock between Namibia and neighbouring states on the Cape Gauge
3. facilitate discounted Western ECA funding support for the financing of imported rolling stock (particularly valuable in the light of the Namibia current high OECD country risk classification)
4. enable within Namibia, through rolling stock leasing programmes, new entrepreneurs entering the market without the need for heavy capital and creating opportunities for parastatals to delegate or franchise out parts of their operations where this will be more efficient



5. remove the need for the state or its parastatals to finance rolling stock procurement, releasing needed re-equipment programmes from state budgetary constraints and creating resources for other priorities such as rail infrastructure.
6. make cross border operation of financed rolling stock simpler and more secure for creditors, in turn also supporting the railways as a key element in regional integration, intra African trade and in particular the AfCFTA and delivery of the African Integrated Rail Network
7. support sharing of rolling stock between operators, whether within or outside of Namibia
8. demonstrate Namibian support for the Zanzibar declaration and the goals of the African Integrated Rail Network programme
9. by introducing URVIS, the new global unique and permanent numbering system for rolling stock, the Protocol will
 - provide increased security to lenders and lessors, as well as operators, because of the ease of asset identification
 - enable regulators to effectively monitor the operation and admission of rolling stock to a rail network both domestically and as part of regional interoperability programmes thereby making the railways safer and more efficient
 - allow manufacturers, operators, maintainers, insurers and financiers to track the location and status of the equipment, wherever it is, and ensuring that maintenance is scheduled when needed rather than automatically
 - open out to creditors, operators and regulators the new permanent marking system introduced by the UN Model Rules.

There are no costs to government from ratifying the Protocol and its obligations otherwise thereunder will be minimal. The advantages and opportunities for the government and the Namibian rail and finance communities will be tremendous.

For more on the Luxembourg Rail Protocol, visit www.railworkinggroup.org, as well as the UNIDROIT website www.unidroit.org or contact us at info@railworkinggroup.org. Keep up to date with all the latest developments via the Rail Working Group's [LinkedIn group page](#).