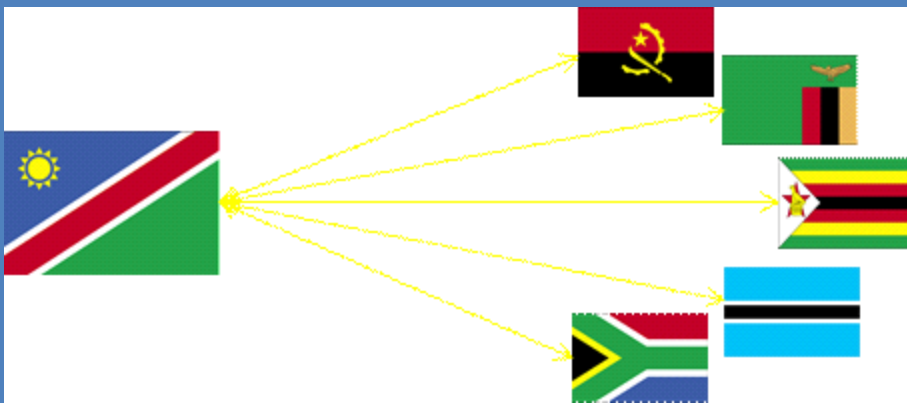




**STC B.V.**

# Report

## Fact-finding Walvis Bay Corridor



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## Introduction

The 2g@there program started in 2011 focussing on the development of the Western Cape, more specifically the region linked to Saldanha Bay (SB).

It was the intension to attract businesses to invest in and around the port of SB creating a win-win situation. For Dutch companies being given business opportunities on one hand and establishing (socio) economic growth for South African people on the other.

The (regional) development was based on a major role for the port of Rotterdam as possible partner for Transnet.

Late 2011/ early 2012 the focus of the annual work plan was shifted from CleanTech developments in the Western Cape/ Saldanha Bay region to Port and Hinterland Development in Southern Africa with the ultimate goal to identify and/or open markets for the 2g@there cluster members and beyond.

In May 2012 the Walvis Bay Corridor fact-finding was conducted with the following approach:

- Desk research; determining the organisational structure of and economic situation in Namibia.
- Field visits; seeing what is actually going on.
- Interviews; not only with people from the relevant industries, but also with those having country experience.

Looking at the Port and Hinterland Development in and related to Namibia, the number of important parties to meet is limited.

The following visiting schedule was followed.

### Walvis Bay

- Namport Head Office

### Windhoek

- Honorary Consul of the Netherlands to Namibia
- Walvis Bay Corridor Group

### Cape Town

- SSI – a DHV company; used as reference only.

The first chapter provides country information, basically compiled from desk research.

The second chapter is a brief description of issues picked up from local newspapers.

The third chapter is a brief description of the interviews held, followed by opportunities and threats in chapter four.

# 1. Country information

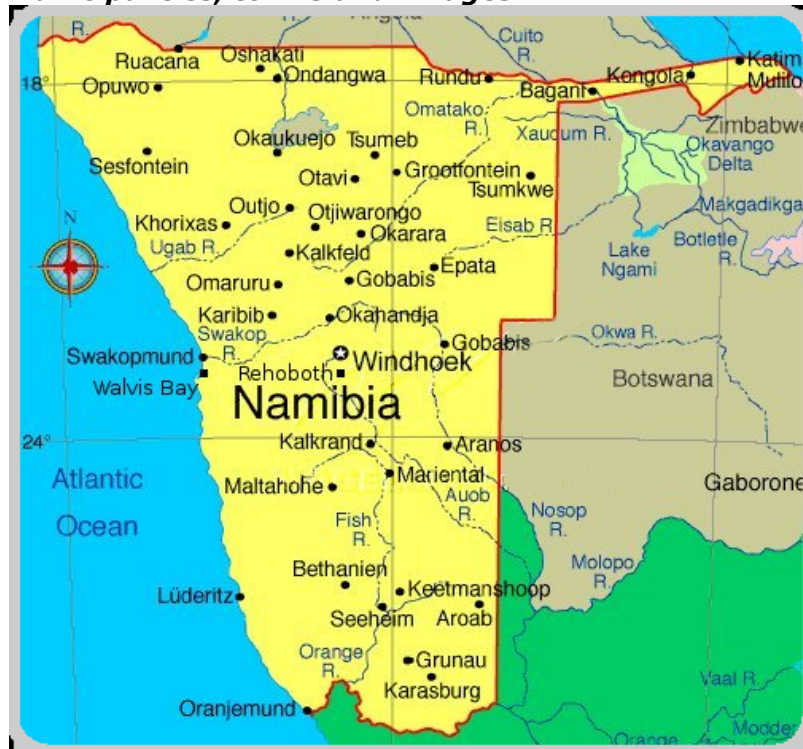
## 1.1 Geography



Namibia is divided into 13 regions and subdivided into 107 constituencies. The administrative division of Namibia is tabled by Delimitation Commissions<sup>1</sup> and accepted or declined by the National Assembly.

Since state foundation three Delimitation Commissions have been formed, the last one in 2002. Regional councillors are directly elected through secret ballots (regional elections) by the inhabitants of their constituencies.

### ***Municipalities, towns and villages***



### ***Distance table***

<sup>1</sup> Delimitation commission or Boundary commission is a Commission having the task to redraw the boundaries of the various constituencies.

<b>From city (province)</b>	<b>To city (province)</b>	<b>km</b>
Ondangwa (Oshana)	Oranjemund (Karas)	1.183
Swakopmund (Erongo)	Katima Mulilo (Caprivi)	1.168
Warmbad (Karas)	Outjo (Kunene)	962
Karasburg (Karas)	Okakarara (Otjozondjupa)	837
Oshikango (Ohangwena)	Maltahohe (Hardap)	834
Aranos (Hardap)	Ongandjera (Omusati)	812
Walvisbaai (Erongo)	Oshakati (Oshana)	588
Windhoek (Khommas)	Rundu (Okavango)	587
Omaruru (Erongo)	Bethanie (Karas)	574
Ongwediva (Oshana)	Usakos (Erongo)	470
Gobabis (Omaheke)	Keetmanshoop (Karas)	467
Grootfontein (Otjozondjupa)	Rehoboth (Hardap)	430
Opuwo (Kunene)	Otavi (Otjozondjupa)	406
Luderitz (Karas)	Mariental (Hardap)	360
Tsumeb (Oshikoto)	Khorixas (Kunene)	314
Otjiwarongo (Otjiwarongo)	Okahandja (Otjozondjupa)	171
Arandis (Erongo)	Hentiesbaai (Erongo)	77
Otjimbingwe (Erongo)	Karibib (Erongo)	56
Halali (Khommas)	Neudam (Khommas)	32
Middelhof (Khommas)	Willemshof (Khommas)	8
Olympia (Khommas)	Protea (Khommas)	6
Avis (Khommas)	Suider Hof (Khommas)	3
Augustinium (Khommas)	Windhoek Noord (Khommas)	3
Eros (Khommas)	Ludwigsdorf (Khommas)	3
Elisenheim (Khommas)	Lafrenz Township (Khommas)	2

<b>From city (province)</b>	<b>To city (province)</b>	<b>km</b>
Aluriesfontein (Karas)	Amaadhala (Omusati)	1.230
Arbeidsloon (Otjozondjupa)	Ariamab (Karas)	938
Aminuis (Omaheke)	Amukulungundju (Oshikoto)	675
Amilema (Oshikoto)	Aminuis (Omaheke)	666
Ariamsvlei (Karas)	Aris (Khommas)	654
Aida (Khommas)	Akutsima (Omusati)	624
Uutapi ( )	Kuisebmond (Erongo)	606
Abbabis (Hardap)	Abenab (Otjozondjupa)	560
Akweenyanga (Oshana)	Alt-Seeis (Khommas)	554
Arabia (Oshana)	Arbeidsgenot (Khommas)	529
Angras Juntas (Karas)	Anichab (Erongo)	489
Anixab (Kunene)	Anker (Otjozondjupa)	487
Aroab (Karas)	Aroams (Omaheke)	417
Amasbank (Erongo)	Ambende (Oshikoto)	336
Arixa Ams (Erongo)	Arizona (Khommas)	258
Anker (Otjozondjupa)	Antheap Milepost (Kunene)	229
Academia (Khommas)	Achab (Khommas)	171
Affenrucken (Karas)	Ai-Ais (Karas)	165
Amuteya (Oshikoto)	Amwaanda (Omusati)	148
Amweepele (Oshana)	Anamulenge (Omusati)	115
Amakange (Kunene)	Amarika (Omusati)	94
Amutanga (Oshana)	Amuteya (Oshikoto)	80
Rand Rifles (Erongo)	Rooibank ( )	41
Meersig ( )	Narraville (Erongo)	7
Amuteya (Oshikoto)	Amuteya (Oshikoto)	6

## 1.2 Government organisation

The ministries and SOEs indicated by ← would be of interest to be approached by cluster members active in the fields of logistics/ corridor development, water and energy.

### 1.2.1 Ministries

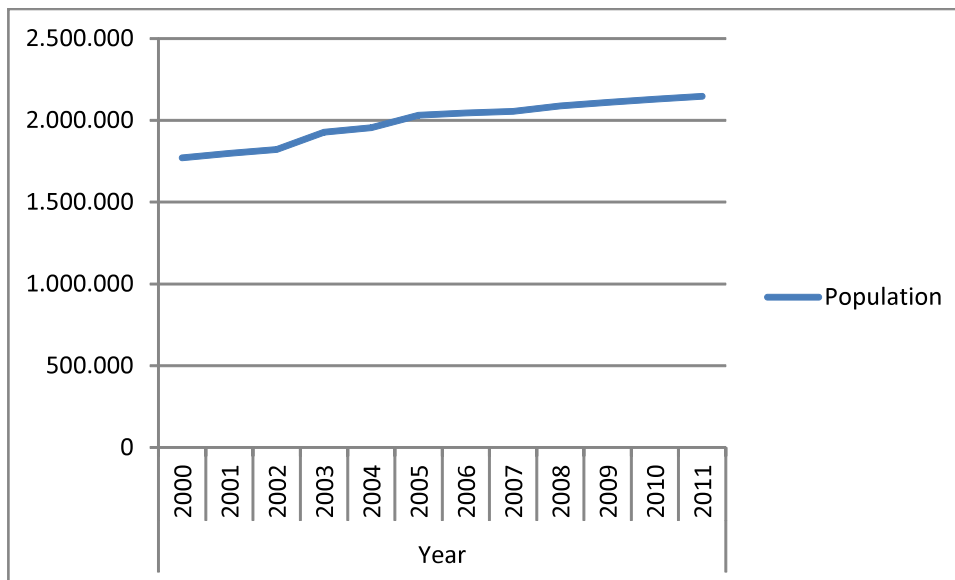
- Agriculture, Water and Forestry ←
- Defence
- Environment & Tourism ←
- Education
- Finance
- Fisheries & Marine Resources
- Foreign Affairs
- Gender Equality & Child Welfare
- Health and Social Services
- Home Affairs & Immigration
- Information and Communication Technology
- Justice and Attorney General
- Labour & Social Welfare
- Mines & Energy ←
- Regional, Local Government & Housing & Rural Development
- Safety & Security
- Trade & Industry ←
- Veterans Affairs
- Works and Transport ←
- Youth, National Services, Sport and Culture

### 1.2.2 State-owned Enterprises

- Air Namibia
- Government Institutions Pensions Fund Namibia (GIPF)
- Agricultural Bank of Namibia (Agribank)
- Bank of Namibia (BoN)
- Development Bank of Namibia
- Law Reform and Development Commission of Namibia
- Namibia Airports Company Ltd (NAC)
- Namibia Development Corporation
- Namibia Film Commission (NFC)
- Namibia Financial Institutions Supervisory Authority (NAMFISA)
- Namibia Post Offices (Nampost)
- Namibia Press Agency (NAMPA)
- Namibia Water Corporation Ltd (NamWater) ←
- Namibia Wildlife Resorts (NWR)
- Namibian Agronomic Board (NAB)
- Namibian Broadcasting Corporation (NBC)
- Namibian Port Authority (Namport) ←
- NamPower ←
- National Housing Enterprise (NHE)
- National Petroleum Corporation of Namibia (NAMCOR)
- New Era Publication Corporation
- Meat Board of Namibia (Meatco)
- Meat Corporation of Namibia (Meatco)
- MTC Namibia
- Telecom Namibia
- TransNamib Holdings Ltd ←
- Roads Authority (RA)
- Roads Contractor Company (RCC)
- Road Fund Administration (RFA)
- Social Security Commission (SSC)
- Namibian College of Open Learning (NAMCOL)
- Polytechnic of Namibia
- University of Namibia (UNAM)

Source: [www.grnnet.gov.na](http://www.grnnet.gov.na)

### 1.3 Demography development Namibia



Source: World Bank

### 1.4 Labour force

While many Namibians are economically active in one form or another, the bulk of the activities is in the informal sector, primarily subsistence agriculture<sup>2</sup>.

A large number of Namibians seeking jobs in the formal sector are held back due to a lack of necessary skills or training.

The government is aggressively pursuing education reform to overcome this problem.

Namibia has a high unemployment rate. "Strict unemployment" (people actively seeking a full time job) stood at 20.2 per cent in 1999, 21.9 per cent in 2002 and spiralled to 29.4 per cent in 2008.

Under a broader definition (including people that have given up searching for employment) unemployment increased from 36.7 per cent in 2004 to 51.2 per cent in 2008. 72 per cent of jobless people have been unemployed for two years or more.

This estimate considers people in the informal economy as employed.

The total number of formally employed people is decreasing steadily, from about 400,000 in 1997 to 330,000 in 2008, according to a government survey.

Of annually 25,000 school leavers only 8,000 gain formal employment; largely a result of a failed education system.

Namibia's largest trade union federation, the National Union of Namibian Workers (NUNW) represents workers organised into seven affiliated trade unions.

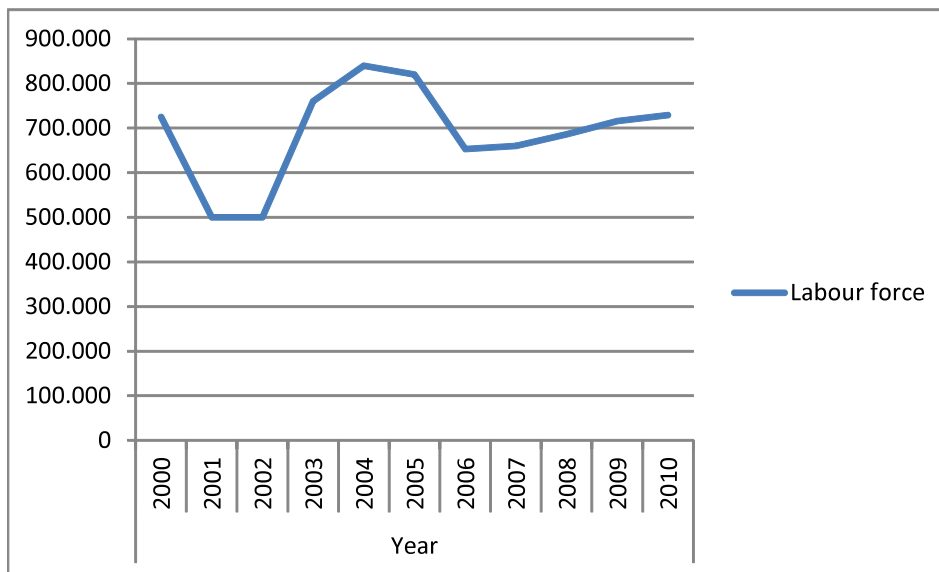
NUNW maintains a close affiliation with the ruling SWAPO party.

Approximately half the population live below the international poverty line of USD 1.25 a day.

There are a number of legislative measures in place to alleviate poverty and unemployment. In 2004 a labour act was passed to protect people from job discrimination stemming from pregnancy and HIV/AIDS status.

<sup>2</sup> Subsistence agriculture is self-sufficiency farming in which the farmers focus on growing enough food to feed themselves and their families.

In early 2010 the Government tender board announced that henceforth *100 per cent* of all unskilled and semi-skilled labour must be sourced, without exception, from *within* Namibia.



Source: World Bank

GDP 2011 (estimate)

- Total USD 16 billion
- Per capita USD 7,363

## 1.5 Economy

Namibia's economy is tied closely to South Africa's due to their shared history. The largest economic sectors are, in order:

1. Mining,
2. Agriculture, forestry and fishing and
3. Travel, tourism and recreation.

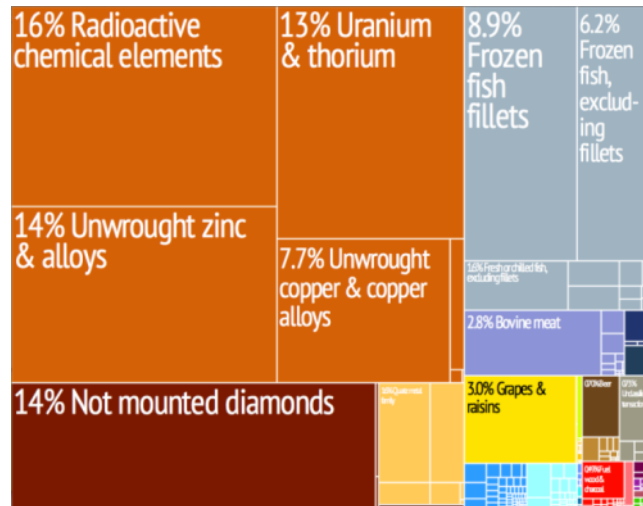
Other industries contributing to the economy are:

- Arts and Crafts
- Automotive
- Building, Construction and Civil Engineering
- Chemicals
- Computers and Communications
- Electrical Power
- Energy
- Engineering
- Equipment
- Exchanges
- Financial Services
- Food, Beverages and Tobacco
- Government
- Health Services
- Leather
- Manufacturing
- Materials Handling
- Media
- Oil and gas
- Packaging



- Professional Services
- Public Utilities
- Pulp and Paper
- Real Estate
- Security
- Textiles and Clothing
- Trading
- Transport and Storage
- Waste Management, Pollution Control and Recycling
- Wholesale and Retail

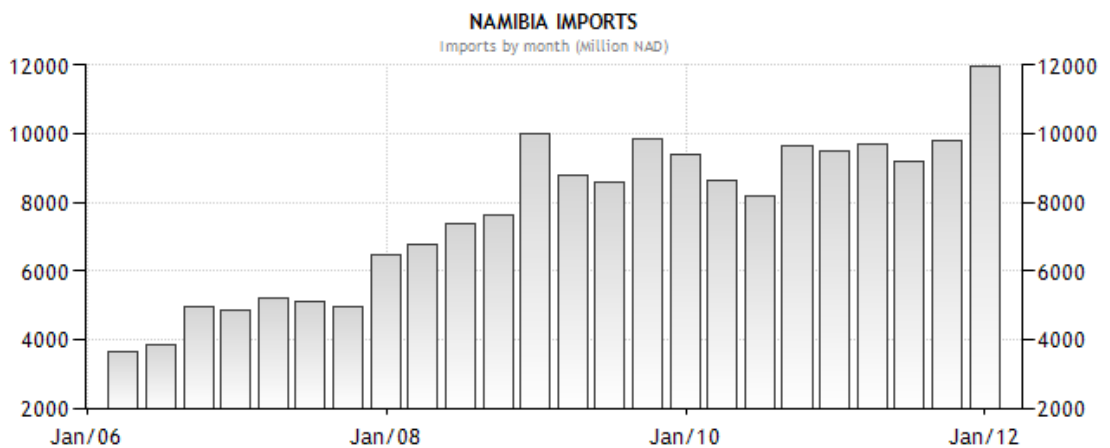
**Export data**



Source: [http://en.wikipedia.org/wiki/Economy\\_of\\_Namibia](http://en.wikipedia.org/wiki/Economy_of_Namibia)

**Import data**

Namibia imports were worth NAD 911,982 million in the fourth quarter of 2011. Namibia imports food products, petroleum products and fuel, machinery and equipment and chemicals. South Africa is Namibia’s major import partner (66 per cent of total imports), followed by the Netherlands, United Kingdom and China. This page includes a chart with historical data for Namibia's Imports.



SOURCE: WWW.TRADINGECONOMICS.COM | BANK OF NAMIBIA

Source: [www.tradingeconomics.com/namibia/imports](http://www.tradingeconomics.com/namibia/imports)

Namibia is heavily dependent on the extraction and processing of minerals for export.

Taxes and royalties from mining account for 25 per cent of its revenue.

Rich alluvial diamond deposits make Namibia a primary source for gem-quality diamonds. Namibia is the fourth-largest exporter of non-fuel minerals in Africa, the world's fifth-largest producer of uranium, and the producer of large quantities of lead, zinc, tin, silver, and tungsten.

The mining sector employs only about 3 per cent of the population while about half of the population depends on subsistence agriculture for its livelihood. Namibia normally imports about 50 per cent of its cereal requirements; in drought years food shortages are a major problem in rural areas.

## **1.6 Agriculture**

Although per capita GDP is five times the per capita GDP of Africa's poorest countries, about half of the population depends on agriculture (largely subsistence agriculture) for its livelihood, but Namibia must still import some of its food.

Namibia has one of the highest rates of income inequality in the world, due in part to the fact that there is an urban economy and more rural cash-less economy.

The inequality figures thus take into account people who do not actually rely on the formal economy for their survival.

About 4,000, mostly white, commercial farmers own almost half of Namibia's arable land.

The governments of Germany and Britain finance Namibia's land reform process, as Namibia plans to start expropriating land from white farmers to resettle landless black Namibians.

Agreement has been reached on the privatisation of several enterprises in coming years, with hopes that this will stimulate much needed foreign investment. However, reinvestment of environmentally derived capital has hobbled Namibian per capita income.

One of the fastest growing areas of economic development in Namibia is the growth of wildlife conservancies. These conservancies are particularly important to the rural generally unemployed population.

## **1.7 Mining and electricity**

Providing 25 per cent of Namibia's revenue, mining is the single most important contributor to the economy.

Namibia is the fourth largest exporter of non-fuel minerals in Africa and the world's fourth largest producer of uranium.

There has been significant investment in uranium mining and Namibia is set to become the largest exporter of uranium by 2015.

Rich alluvial diamond deposits make Namibia a primary source for gem-quality diamonds<sup>3</sup>.

According to "The Diamond Investigation", a book about the global diamond market, from 1978, De Beers, the largest diamond company, bought most of the Namibian diamonds, and would continue to do so, because "whatever government eventually comes to power they will need this revenue to survive".

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<sup>3</sup> Gem quality diamonds display a high standard of excellence in quality and are used in jewellery. The clarity of these diamonds ranges from flawless through to visible inclusions. Of all the diamonds mined in the world each year, less than half are gem quality; the rest fall into two other main categories known as near-gem quality and industrial quality diamonds.

While Namibia is known predominantly for its gem diamond and uranium deposits, a number of other minerals are extracted industrially such as lead, tungsten, gold, tin, fluorspar, manganese, marble, copper and zinc. The country also is a source of gold, silver, tin, vanadium, semiprecious gemstones, tantalite, phosphate, sulphur, and salt.

During the pre-independence period, large areas of Namibia, including off-shore, were leased for oil prospecting.

Some natural gas was discovered in 1974 in the Kudu Field off the mouth of the Orange River, but the extent of this find is only now being determined and are planned to be extracted in the future.

Electricity is generated mainly by thermal and hydro-electric power plants. Non-conventional methods of electricity generation also play some role.

Encouraged by the rich uranium deposits the Namibian government plans to erect its first nuclear power station by 2018, also uranium enrichment is envisaged to happen locally.

End of May 2012 the Electricity Control Board (ECB) has approved tariff adjustments of 17.20 per cent to the Namibia Power Corporation (Nampower) for the 2012/2013 financial year as from July 1 2012.

## **1.8 Travel, tourism and recreation**

Tourism is a major contributor to Namibia's GDP, creating tens of thousands of jobs (18.2 per cent of all employment) directly or indirectly and servicing over a million tourists per annum.

The country is among the prime destinations in Africa and is known for ecotourism which features Namibia's extensive wildlife.

There are many lodges and reserves to accommodate eco-tourists. Sport Hunting is also a large and growing component of the Namibian economy.

In addition, extreme sports such as sand boarding and 4x4-ing have become popular, and many cities have companies that provide tours.

The most visited places include the Caprivi Strip, Fish River Canyon, Sossusvlei, the Skeleton Coast Park, Sesriem, Etosha Pan and the coastal towns of Swakopmund, Walvis Bay and Lüderitz.

## **1.9 Fishing**

The clean, cold South Atlantic waters off the coast of Namibia are home to some of the richest fishing grounds in the world, with the potential for sustainable yields of 1.5 million metric tonnes per year.

Commercial fishing and fish processing is the fastest-growing sector of the Namibian economy in terms of employment, export earnings, and contribution to GDP.

The main species found in abundance off Namibia are pilchards (sardines), anchovy, hake, and horse mackerel.

There also are smaller but significant quantities of sole, squid, deep-sea crab, rock lobster, and tuna.

At the time of independence, fish stocks had fallen to dangerously low levels, due to the lack of protection and conservation of the fisheries and the over-exploitation of these resources.

This trend appears to have been halted and reversed since independence, as the Namibian Government is now pursuing a conservative resource management policy along with an aggressive fisheries enforcement campaign. The government seeks to develop fish-farming as an alternative.

### **1.10 Manufacturing and infrastructure**

In 2000, Namibia's manufacturing sector contributed about 20 per cent of GDP. Namibian manufacturing is inhibited by a small domestic market, dependence on imported goods, limited supply of local capital, widely dispersed population, small skilled labour force and high relative wage rates, and subsidised competition from South Africa.

Walvis Bay is a well-developed, deep water port, and Namibia's fishing infrastructure is most heavily concentrated there.

The Namibian Government expects Walvis Bay to become an important commercial gateway to the Southern African region.

Namibia also boasts world-class civil aviation facilities and an extensive, well-maintained land transportation network.

Construction is underway on two new arteries; the Trans-Caprivi Highway and Trans-Kalahari Highway which will open up the region's access to Walvis Bay.

The Walvis Bay Export Processing Zone operates in the key port of Walvis Bay.

## 2. From the newspapers

Not very different from other parts of Africa, Namibia is challenged to build and maintain a respectable society in which resources are shared equally. It is a country with many challenges to its limited number of inhabitants.

There are limited employment opportunities for the labour force. Besides the minerals industry the fishing industry is a major employer in Namibia. In 2011 the sector contributed NAD 3.9 billion (EUR 390 million) to the economy, mostly from export. As a result, the fishing industry is a major contributor to the social and economic development.

Presently the government through the Ministry of Fisheries and Marine Resources emphasises that safety and quality of the industry has to be ensured, meaning: preservation of the fishing grounds, promotion of fish consumption, developing markets for fish products and education and training of crews working on board vessel.

On 24-26 May 2012 the first 'Fish Festival and Expo' was held in Walvis Bay.

Source: New Era newspaper, May 21 2012, article Invest in safety of fishing crews.  
Namibia Economist, May 24-31 2012, articles Upgrade facilities to ensure safety and quality, and Investment should be a priority for new rightholders.

Secondly, Namibia - having a surface area (in km<sup>2</sup>) 20 times bigger than the Netherlands - has plenty of land available.

The Government wants to give an impulse to the (further) development of agriculture and cattle farms.

Therefore, the Government executes the rehabilitation program of farmers.

To the contrary, the conditions of soil in parts of northern Namibia have significantly deteriorated due to overgrazing, floods and periodic droughts.

While Namibia, a naturally arid country, is especially vulnerable to natural disasters, the situation is further exacerbated by over-population in communal areas.

Huge numbers of people are settled in very small areas, especially in many parts of northern Namibia.

Source: New Era newspaper, May 29 2012, article Northern Namibia heading for another 'Dust Bowl'.

Other challenges related to agricultural development are the provision of water.

NamWater is a state-owned commercial entity (parastatal) supplying water in bulk to industries, municipalities and the Directorate of Rural Water Supply in the Ministry of Agriculture, Water and Forestry. The latter supplies water to rural communities.

Farmers in the Karas Region, especially those who are part of the government's resettlement programme, are complaining about a severe shortage of water and broken or dilapidated water infrastructure.

In addition, the general view of farmers in the region is that the country's land reform programme is a noble idea, but it is not correctly implemented. They say resettled farmers are expected to farm commercially, although they do not have access to start-up capital nor do they receive sufficient support from the government.

Shortly after independence, the government embarked on the current land reform programme to resettle previously disadvantaged Namibians. The programme consists of two different strategies, which are resettlement and the transfer of commercially viable agricultural land.

Access to clean drinking water remains a privilege for many Namibians, with villagers in remote areas faring the worst in most cases.

The residents of Mangamba village in eastern Kavango have requested government to provide them with new water pumps, because the current one is old and no longer able to meet their growing demand for water.

Source: New Era newspaper, May 2012, articles:

- Villagers appeal for potable water;
- Farming against the odds in Karas.

Thirdly, Namibia does develop dry ports for land-locked countries surrounding Namibia.

Namport even has an *obligation* as a government institution to make space available for landlocked countries in the region to obtain dry ports within the perimeters of Namport in order to facilitate the import and export of goods.

Namport has made land available to Zambia, Botswana and Zimbabwe for the development of dry ports.

The port of Walvis Bay is Namibia's largest commercial port and is strategically located, with direct access to principal shipping routes.

Source: New Era newspaper, May 23 2012, article Dry port impresses Zambian delegation.

### 3. Visit reports

The field visits conducted are all in line with the objective of the 2g@there program; identify the business opportunities for Dutch companies in the field of Port and Hinterland Development.

For the identification of the opportunities the following parties have been visited in Namibia:

- Namport (Walvis Bay);
- Honorary Consul of the Netherlands to Namibia (Windhoek);
- Walvis Bay Corridor Group (Windhoek);
- SSI - a DHV company (Cape Town).

#### 3.1 Namport (Namibian Ports Authority)

##### 3.1.1 Contact details



##### 3.1.2 Description

Namport, operating as the National Port Authority in Namibia since 1994, manages both the Port of Walvis Bay and the Port of Lüderitz in Namibia.

Its key roles are to:

- Manage the port facilities to cater for current trade needs.
- Develop the ports for future demands.
- Contribute to the competitiveness of the SADC region's trade through the efficient, reliable and cost-effective supply of port services.
- Facilitate economic growth in Namibia by enabling regional development and cross-border trade.
- Promote the Ports of Walvis Bay and Lüderitz as preferred routes for sea-borne trade between SADC, Europe and the Americas.
- As the founding architects of the Walvis Bay Corridor Group, assist with developing cross-border trade.
- Minimize the impact of port operations on the natural environment by applying International Organisation for Standardisation ISO 14001.
- Uplift and support the communities in which we operate.

The Port of Walvis Bay is situated at the west Coast of Africa and provides an easier and much faster transit route between Southern Africa, Europe and the Americas.

The Port of Lüderitz, located to the Southern Coast of Namibia caters for Southern Namibia as well as providing access to markets in the Northern Cape of South Africa.

Namibian Ports Authority also manages a Syncrolift (dry dock facility) with vessels up to 2,000 tonnes that can be lifted for repairs.

Namport operates two floating docks with lifting capacity of 8,000 tonnes each.

Actually, containers discharged/ loaded in Walvis Bay are 60 per cent transshipment, 20 per cent for Namibia and 20 per cent throughput to neighbouring countries.

Walvis Bay is being prepared to become a hub in the East - EU/ North and South America container trade.

Therefor plans have been made to extend the port in increase container terminal capacity by reclaiming land.

JICA (Japan Investment Corporation Agency) made study in 2010; see Annex A. Annex B shows the picture of the future port plan.

The extension should be financed by the Government of Namibia. Approval is expected by the end of 2012.

From the date of approval it will take about 30 months to finalise the construction.

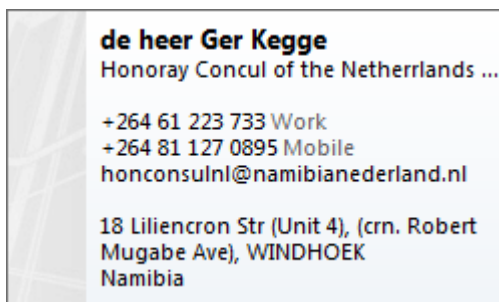
Detailed information about the connections to/ from Walvis Bay is given in paragraph 3.3 Walvis Bay Corridor Group.

Besides the planned port extension and attracting shipping lines, the biggest challenge Namport has is recruitment, assessment, selection and training of port terminal operators; now and in the future. No skilled manpower, no efficient terminal operation, no interest for shipping companies to divert shipping lines to call at Walvis Bay.

The main shipping company calling at Walvis Bay is Maersk Line.

## 3.2 Honorary Consul of the Netherlands in Namibia

### 3.2.1 Contact details



### 3.2.2 Summary

Developments in the following sectors have been discussed:

- Logistics/ corridor development;
- Energy;
- Water.

#### Logistics/ corridor development

Namport is the authority managing the ports of Walvis Bay and Lüderitz.

TransNamib is the national railway company. The railway connects Namibia to South Africa, Botswana, Zambia and Zimbabwe. The last piece rail track connecting Namibia and Angola is under construction.

The railways are lacking construction, maintenance and repair leading to incidents and accidents (de-railings), making it not a very reliable way of transport.



There also seems to be a high death toll of those commuting to Windhoek, an investment in the connections Okahandja-Windhoek and Rehoboth-Windhoek would help to reduce motor accidents, saving lives as well as easing the demand for housing in Windhoek.

Source: New Era newspaper, April 27 2012, article Proposed railway lines first need feasibility studies.

Namibia does have EPZs (Export Processing Zones).

In 1995 the Ministry of Trade and Industry ([www.mti.gov.na](http://www.mti.gov.na)) formally introduced the EPZs.

An EPZ is a policy instrument, intending to:

- Facilitate imports of foreign productive capital and technology as well as the transfer of technical and industrial skills to the local workforce;
- Contribute towards an increased share contribution of the manufacturing (industrial) sector to job creation, the country's gross domestic product (GDP) and exports of manufactured goods; and
- Enhance the diversification of the local economy.

Reference is made to Annex C for more detailed information on EPZs in Namibia.

SACU (Southern African Customs Union; [www.sacu.int](http://www.sacu.int)).

The Southern African Customs Union (SACU) consists of Botswana, Lesotho, Namibia, South Africa, and Swaziland.

SACU's Secretariat is located in Windhoek, Namibia.

The customs union collected duties on local production and customs duties on members' imports from outside SACU, and the resulting revenue was allocated to member countries in quarterly instalments utilizing a revenue-sharing formula.

Negotiations to reform the 1969 Agreement started in 1994, and a new agreement was signed in 2002. The new arrangement was ratified by SACU Heads of State.

The Economic structure of the Union links the Member states by a single tariff and no customs duties between them.

The Member States form a single customs territory in which tariffs and other barriers are eliminated on substantially all the trade between the Member States for products originating in these countries; and there is a common external tariff that applies to non-members of SACU.

SADC (Southern African Development Community; [www.sadc.int](http://www.sadc.int)).

The Southern African Development Community (SADC) started as Frontline States whose *objective was political liberation of Southern Africa*.

SADC was preceded by the Southern African Development Coordination Conference (SADCC), which was formed in Lusaka, Zambia on April 01, 1980 with the adoption of the Lusaka Declaration (Southern Africa: Towards Economic Liberation).

On August 17, 1992, at their Summit held in Windhoek, Namibia, the Heads of State and Government signed the SADC Treaty and Declaration that effectively transformed the Southern African Development Coordination Conference (SADCC) into the Southern African Development Community (SADC).

*The objective also shifted to include economic integration following the independence of the rest of the Southern African countries.*

Currently SADC has a membership of 15 Member States, namely; Angola, Botswana, Democratic Republic of Congo (DRC), Lesotho, Madagascar, Malawi,

Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe.

The 15 Member States consist of 258 million inhabitants with a Gross Domestic Product (GDP) of USD 471 billion.

### Energy

The energy producer is the parastatal Nampower; [www.nampower.com.na](http://www.nampower.com.na). Since 2005 Nampower is reforming the electricity distribution; reference is made to Annex D.

In May 2012 a Mining Conference was held in Windhoek. For the presentation 'Challenges & Opportunities in the Mining Industry' reference is made to Annex E. This presentation clearly shows the challenges Namibia faces to meet its energy demand.

The need for exploration increases as the demand for (clean) energy is high.

In the last week of May KEMA (The Netherlands) visited Namibia exploring business opportunities; possible involvement in energy generation, studies and/or research.

Namibia has proven gas reserves offshore but they are not yet being explored.

In Lüderitz several attempts have been made by the company Aeolus to setup wind farm(s). The idea was to setup a 100 MW wind farm which was later redesigned to 40MW. Nampower is not interested (anymore). It might be that a Korean company started the project again.

Solar power is another alternative to meet the country's energy demand. Nampower is working on this alternative to new coal or gas fired power plants. So does South Africa, the University of Stellenbosch. Reference is made to Annex F for the presentation 'Potential and Future of Concentrating Solar Power in Namibia' (May 2012).

At the border with Angola, Namibia has one dam producing hydro-electric power. The output is limited. No rain, no water for electricity generation. Secondly, water is also used for irrigation limiting the quantities of water needed to generate power.

### Water

Namibia has limited internal annual renewable water resources<sup>4</sup>: 2,747 m<sup>3</sup> per capita (2009), compared to 665 m<sup>3</sup> per capita in Netherlands (data 2009).

Source: <http://data.worldbank.org/indicator/ER.H2O.INTR.PC>

Sector withdrawals:

- Domestic 29 per cent,
- Industrial 3 per cent,
- Agricultural 68 per cent.

One of the most arid countries in Southern Africa, Namibia has established strong public awareness and water conservation practices.

The bulk water producer is the parastatal NamWater. Municipalities are responsible for the distribution.

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<sup>4</sup> Renewable internal freshwater resources flows refer to internal renewable resources (internal river flows and groundwater from rainfall) in the country. Renewable internal freshwater resources per capita are calculated using the World Bank's population estimates.

Water is pumped from sediments around the country. In the region of Windhoek many ponds collect rain water, but due to the high temperature water evaporates quickly. Underground storage is (still) being investigated.

Wherever possible water is being recycled, both sewage water and water used in the mining (zinc, copper, gold, diamond) industry.

### 3.3 Walvis Bay Corridor Group

#### 3.3.1 Contact details



#### 3.3.2 Summary

Namibia has a small internal market; 2.1 million people, while Southern Africa has 300 million people.

The actual size of the port of Walvis Bay would hardly need more development to serve the country.

As pictured below, Namibia can play an important role for the neighbouring countries. And that is exactly what it does now.

Angola, Botswana, South Africa (mainly Gauteng), Zambia and Zimbabwe are giving are disclosed by the road and rail transport corridors having Walvis Bay or Lüderitz as their starting point.

WBCG (Walvis Bay Corridor Group) is a facilitator pushing Walvis Bay, and therewith Namibia, as a hub for Southern Africa. Being a facilitator it brings the public (governments) and private businesses together.

Next to infrastructure development WBCG is involved in enabling smooth border crossings by having a position in the SACU (Southern Africa Customs Union).

Part of the strategy to promote Walvis Bay/ Namibia as *the* hub is building relations with shippers and keeping in contact existing users of the corridor.

Along the corridor, WBCG works closely together with Amsterdam based NGO 'North Star Alliance', providing medical and other aid to truckers. HIV and AIDS are widely spread along Namibians.

For 2025 the WBCG wants to become logistics and distribution hub for Southern Africa, serving as an alternative for Johannesburg/ Gauting and adding value to the transport chain.



Trans-Cunene Corridor



The Trans-Cunene Corridor links the Port of Walvis Bay with southern Angola up to Lubango, over a distance of 1,600 km. The Corridor road infrastructure is supported by the northern railway line, which presently extends from the Port of Walvis Bay to Ondangwa (the Nehale Station). The construction of the line from Ondangwa to Oshikango is scheduled to be completed by 2008.

The Angolan Government is currently planning road rehabilitations nationwide, which include the Lubango–Santa Clara leg, extending the Trans-Cunene Corridor.

Country	Location	Distance from Walvis Bay	Transit time
Angola	Lubango	1,551 km	4 days
Namibia	Tsumeb	575 km	1 day
	Windhoek	384 km	1 day
	Oshikango		

Trans-Caprivi Corridor

The Trans-Caprivi Corridor links the Port of Walvis Bay with Zambia, the southern Democratic Republic of Congo (DRC) and Zimbabwe. The Corridor runs via the former Caprivi Strip in north-eastern Namibia and enters Zambia via the Katima Mulilo bridge, which was completed in 2004. This development added to the existing Trans-Caprivi Highway, which was officially opened in 1999, resulting in the completion of Trans-Caprivi Corridor. The Corridor stretches over 2,500 km, and is supported by a railway line between Walvis Bay and Grootfontein, where transshipment facilities are available. The railway line resumes in Livingstone, Zambia.

The Trans-Caprivi Highway was officially opened in 1999. In May 2004, the bridge over the Zambezi River at Katima Mulilo (Namibia) and Sesheke (Zambia) was completed, which further developed what has now become the Trans-Caprivi Corridor.

Through an initiative by the DRC, Namibian and Zambian Governments, the Trans-Caprivi Corridor Management Committee (also known as the Walvis Bay-Ndola-Lubumbashi Committee) was set up in partnership with the private sector. A second regional body, namely the Trans-Caprivi Corridor Cluster Committee, was initiated by the Namibian and Zambian Governments, and supported by UNCTAD’s Capacity-building Programme on Transport and Trade Facilitation for Landlocked and Transit Developing Countries. The private sector was also involved in this partnership. These two Committees together identify and harmonise cross-border standards and address bottlenecks to trade between the Corridor member countries.



UNCTAD’s Capacity-building Programme, set up in 2005, identified the Trans-Caprivi Corridor as a model corridor in Africa, and supported the development of the Corridor’s Cluster Committee. The latter comprises public and private transport representatives, who meet twice a year to address Corridor issues. The Committee aims to replicate the Trans-Kalahari Corridor cross-border facilitation programme for the Trans-Caprivi Corridor.

Country	Border post	Distance from Walvis Bay	Transit time*
DRC	Lubumbashi	2,690 km	4-5 days
Namibia	Grootfontein	598 km	1 day
	Katima Mulilo	1,354 km	2 days
	Windhoek	384 km	1 day
Zambia	Livingstone	1,565 km	3 days

	Lusaka	2,050 km	4-5 days
	Ndola	2,395 km	4-5 days
Zimbabwe	Harare	2,515 km	4 days

Trans-Kalahari Corridor



The Trans-Kalahari Corridor was jointly built by the Namibian and Botswana Governments in the 1990s with an initial investment of approximately N\$850 million, and was officially opened in 1998. This Corridor comprises a tarred road linking the Port of Walvis Bay with Botswana and the industrial powerhouse of South Africa, Gauteng. The Corridor stretches over 1,900 km along Walvis Bay-Windhoek-Gaborone-Johannesburg/Pretoria. It is supported by a railway line from the Port of Walvis Bay to Gobabis (via Windhoek), where transshipment facilities are available, and continues from Lobatse in Botswana.

The Trans-Kalahari Corridor is complemented by the Maputo Corridor on the east coast of Africa, thus forming a transport corridor over the entire breadth of southern Africa.

The Trans-Kalahari Corridor Management Committee, a joint regional committee with rotatory chairmanship, was initiated and established by Namibia’s Ministry of Works, Transport and Communication in conjunction with the Botswana and South African Governments as well as private sector transport representatives.

The Committee’s purpose is to simplify cross-border transactions and customs operations along the Corridor. Among the Committee’s achievements is the introduction of the Single Administration Document (SAD 500), which ensures commercial traffic clearance of between 20 to 30 minutes at the border points on the Corridor. This procedure is being rolled out to other corridors in the region.

Through their joint efforts, the Committee members – Botswana, Namibia, and South Africa – signed a Memorandum of Understanding and established a Trans-Kalahari Corridor Secretariat office hosted by the Walvis Bay Corridor Group.

Country	Location	Distance from Walvis Bay	Transit time
Botswana	Francistown	1,781 km	3 days
	Gaborone	1,366 km	2 days
Namibia	Gobabis	605 km	2 days
	Windhoek	384 km	1 day
South Africa	Johannesburg	1,900 km	2 days

Trans-Oranje Corridor



The Trans-Oranje Corridor (previously known as the Southern Extension) is a tarred road linking the Ports of Walvis Bay and Lüderitz with the Northern Cape Province of South Africa. The Corridor is complemented by a railway line from the Port of Lüderitz extending southwards to the Northern Cape Province via Upington. Construction on the 40-km railway line extension between Aus and Lüderitz is currently under way and is scheduled to be completed in 2010, thus providing a rail link from the Port of Lüderitz to the Corridor.

Country	Location	Distance from the Port of Lüderitz	Transit times
Namibia	Keetmanshoop	353 km	1 day
	Windhoek	862 km	1 day
South Africa	Johannesburg	1,678 km	2-3 days
	Upington	863 km	2 days

For the presentation on the Walvis Bay Corridor Group reference is made to Annex G.

Not visited but other important contacts in Namibia are:

- Namibia Logistics Association ([www.nla.org.na](http://www.nla.org.na)); representing the Namibian logistics industry, i.e. road, rail and air transporters.
- National Tender Board, under the Ministry of Finance ([www.mof.gov.na/tender.htm](http://www.mof.gov.na/tender.htm)).
- National Planning Commission ([www.npc.gov.na](http://www.npc.gov.na)).
- TransNamib Holdings Ltd ([www.transnamib.com.na](http://www.transnamib.com.na)); a parastatal operating and managing transport of containers and bulk by rail, road transport.



Source: Preparatory Survey on the Walvis Bay Port Container Terminal Development Project in the Republic of Namibia, JICA, March 2010



## 4. SWOT analysis Namibia

The below SWOT analysis is based on the data collected during desk research and field visits conducted, and interviews held.

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Politically stable</li> <li>• Location Port of Walvis Bay</li> <li>• Key role import/ export neighbouring countries</li> <li>• Strong ties/ trade relation with neighbouring countries</li> <li>• SACU and SADC membership</li> <li>• Natural resources; on- and offshore</li> <li>• (Road and rail) infrastructure</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Limited budget</li> <li>• Bureaucracy</li> <li>• Corruption</li> <li>• Transparency</li> <li>• Education and training (system)</li> <li>• Workforce; size and competency</li> <li>• Agricultural management</li> <li>• Small internal market</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Port, logistics and transport sector</li> <li>• Energy; production and distribution</li> <li>• Water; storage, distribution, purification</li> <li>• Agricultural management</li> <li>• Education and training</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Stability neighbouring countries</li> <li>• Further economic decline world trade</li> <li>• Drought</li> </ul>

## 5. Recommendations

It is recommended to contact the Honorary Consul of the Netherlands to Namibia before visiting Namibia. Mr Kegge is in Namibia since 1993 and has thorough understanding of the situation. See paragraph 3.2 for his contact details.

Secondly, despite the opportunities, there are other items to consider. Since the majority of businesses are one way or the other linked to a parastatal or the government directly, reference is made to the article below.

"... Once considered a ticket to a first-class seat on the state gravy train, Namibia's 53 SOEs (State-owned Enterprises) have become a career graveyard and several of them are now struggling to attract decent management.

The train smash at TransNamib medio May 2012 is the latest in a series of crises at the parastatals, a sector that grew from only three (3) at the time of independence in 1990, to 53 now.

The state-owned enterprises fall roughly into three categories: a) statutory ones, b) those with a regulatory function and c) those that provide services, such as Air Namibia.

Most were created during former president Sam Nujoma's last two terms in office (1994-2004) when parastatals became as much a policy tool as a political patronage machine to reward deserving loyalists.

Although generally the regulatory enterprises have not been able to sink too deeply in the red, those that were supposed to generate state revenue have been the biggest disappointment.

Of the three companies spun out of the former department of transport, only Namport has been able to show steady growth and fiscal discipline.

But the state has had to guarantee more than NAD 1.5 billion (EUR 150 million) in loans to Air Namibia, forming the bulk of about NAD 4.5 billion (EUR 450 million) in loans it has had to underwrite.

As a source of revenue and the rendering of essential social services other-wise regarded as economically unfeasible, the state-owned enterprises have been disappointing. In the period, 2000-2010, their subsidies have taken 10.39 per cent of all state expenditure with little show for it other than a constant source of scandals.

Only four have shown any profit over the past few years. The most recently available information from the Ministry of Finance (MoF) showed that the Bank of Namibia, Namport, the Diamond Control Board and Namibia Telecom contributed 94 per cent of all such revenue between 2009 and 2010, with 82 per cent of that coming from the Bank of Namibia.

Put another way, during the period 2000-2010, the state-owned enterprises received NAD 1.2 billion (EUR 120 million) in subsidies (excluding emergency bailouts) and gave back only about NAD 173.4 million (EUR 17.3 million).

MoF estimated that during the period 2011-2013, the parastatals would need an additional NAD 3 billion to meet expected service delivery targets, but, given the TransNamib disaster, it is likely to rise sharply. ..."

Source: <http://mg.co.za/article/2012-05-17-transnamib-gravy-train-derails/>

**Annex A Port of Walvis Bay New Container Terminal  
Feasibility Study**

**Annex B Walvis Bay future port plan**

**Annex C Namibia’s Export Processing Zone**

**Annex D Namibia electricity distribution**

**Annex E Security of Power**

**Annex F Potential and future of CSP in Namibia**



**Annex G Walvis Bay Corridor Group presentation**