Promoting Namibia as a Hub for International Trade and Transport

Case Studies of Business Growth in the Transport and Logistics Industry

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Promoting Namibia as a Hub for International Trade and Transport: Case Studies of Business Growth in the Transport and Logistics Industry

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Sponsoring Agency: The Walvis Bay Corridor Group

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ABSTRACT

Since its independence in 1990, trade through Namibia constantly increased. The Walvis Bay Corridor Group markets and facilitates the development of Namibia's trade routes and contributes to the growth of the economy. The goal of this project was to highlight specific examples of growth and to illustrate how the WBCG affected private transport and logistics companies. Through interviews with stakeholders we found that, while there is room for improvement, the WBCG had an overall positive effect on Namibia's corridor system.

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EXECUTIVE SUMMARY

Since its independence in 1990, Namibia has worked to improve its trade routes by making infrastructural improvements such as maintaining and upgrading the roads, port operations, and rail system (de Beer 2001; Gottwals 1998). These trade routes, or corridors, connect major trade regions, decrease travel time, and permit safe transport of goods. The corridors grew tremendously as the total monetary value of Namibian exports increased from N$4.45 billion (575 million USD) to N$15.8 trillion (2.03 trillion USD) from 2000 to 2007 (Sherbourne 2010). Although traffic through the Port of Walvis Bay has increased over the past decade, many importers and exporters are still reluctant to use the Walvis Bay Corridors because they are familiar with the traditional ports of Durban, South Africa and Dar es Salaam, Tanzania. These ports offer cheaper rates and have established reliability but are often more congested and suffer from increased crime and theft. To compete internationally and secure a share of the market, Namibia must improve its trade routes to encourage additional importers and exporters to use the Port of Walvis Bay.

Namibia's corridor development strategy grows out of a section of Vision 2030 and its Third National Development Plan (NDP3) for the nation. Vision 2030 details long-term national development initiatives to become a "developed nation to be reckoned with in the comity of nations" (Government of the Republic of Namibia 2004). The short-term objectives of the Third National Development Plan aim to alleviate the imbalance of income distribution among Namibian citizens and reduce the prevalence of poverty by creating sustainable employment opportunities. The long-term goals would create sustainable development and decrease the unemployment level by offering strategic opportunities for business growth (Government of the Republic of Namibia 2004).

Additionally, a few of the goals of the NDP3 relate directly to improving trade routes by establishing international relations by "promot[ing] regional and global integration, strengthen[ing] international partnerships for development, and contribut[ing] to regional and global peace and political stability" (The National Planning Commission 2008). Because much of the nation depends on regional and international trade, Namibia must maintain favorable relationships with foreign countries by harmonizing border protocols and trade agreements.

This directly ties to the mission of the Walvis Bay Corridor Group (WBCG), which is to "facilitate and promote transport and trade along [Namibia's] secure and reliable corridors" (WBCG 2012b). To promote trade, the WBCG must market the corridors to other importers and exporters. The group aims to make the Walvis Bay Corridors the first choice for transporting goods to the Southern African Development Community (SADC) and to provide "innovative service offerings to [its] customers" (WBCG 2012b). In order to attract business to Walvis Bay, Namibia must have efficient and effective roads and port operations.

As a public-private partnership, the Walvis Bay Corridor Group involves members such as the Ministry of Works and Transport and privately owned transport and logistics companies. The group focuses on the consistent improvement of the Walvis Bay Corridor system. As a group of members, the WBCG aims to ensure that development brings growth to the entire group. Thus, the WBCG, as an institution, must act based on the input of its members.

Although Namibia is developing economically, businesses are constrained by the inaccessibility of a number of resources such as start-up capital, the shortage of skilled labor, and limited capacity of its ports and railway system (Japan International Cooperation Agency 2011). This lack of resources causes delays and bottlenecks that inhibit development in the transport supply chain. Containers usually leave the Port of Walvis Bay within three days of their arrival. However, the port does not have enough cranes to move containers onto trucks when a ship docks at the port (Mupupa 2012).

A lack of efficiency in customs operations also causes delays. The current system for customs documentation attempts to provide a speedy method for border crossing. However, the lack of proper implementation led to problems with the system. To alleviate problems with trade, many countries in the SADC region agreed to Memorandums of Understanding. Namibia, Zambia, and the Democratic Republic of Congo signed the most recent memorandum in 2010 (WBCG 2010h). However, a lack of international cooperation between countries still causes problems for many transport and logistics companies. Individual companies do not have the ability to address these problems on their own.

The WBCG is in a position to facilitate meetings between government officials of the SADC region to combat the trade barriers caused by the lack of cooperation. According to Herman Mans, CEO of a transport company in Windhoek, Namibia, "If it hadn't been for the WBCG, the barriers would have been tenfold" (2012). Because of efforts of the WBCG and other stakeholders, Namibia's infrastructure and cross-border trade operations have consistently improved. The Katima Mulilo Bridge is a prime example of such infrastructure improvement. Before the bridge was completed, trucks crossed the Zambezi River via ferry to travel to Zambia and the Democratic Republic of Congo. After completion, trucks could simply drive across the bridge. This improvement reduced travel time and increased efficiency of transport, allowing more goods to come through Walvis Bay.

For Namibia to see additional benefits of transport, it needs to continue to improve its infrastructure and cross-border operations. The WBCG has constantly pushed for state-owned enterprises such as the Namibian Ports Authority (Namport), TransNamib, and the Roads Authority to make improvements to the Port of Walvis Bay, to the nation's railway, and to Namibia's roads, respectively. Improvements that increase efficiency, reduce costs, decrease travel time, improve safety, and offer security develop the corridors. The WBCG markets these five major benefits to its members.

While the WBCG advocates for multiple projects to improve the infrastructure and cross-border trade, it has difficulty documenting evidence of the link between its efforts and the actual increase in business development in Namibia. As many variables affect the success of a company, such as volatile markets and government legislation, it is difficult to link the cause and effect. This study attempts to establish the connection between the work of the WBCG and the success of its member companies.

We interviewed representatives from companies in the transport and logistics supply chain in Namibia and experts in Namibian business. To substantiate this connection, we also interviewed public sector members of the WBCG such as Namport, TransNamib, the Roads Authority, and several government ministries. From our interviews, we gleaned the views on the development of the Walvis Bay Corridors and gained a general understanding of trade in Namibia and in the SADC region. From our interviews, we developed four case studies highlighting the experiences of private sector companies. Our case studies assessed the growth of the transport industry, the clearing and freight forwarding industry, and the import and export industry. These cases provided the WBCG with potential marketing materials. The cases also attempt to document evidence of the relationship between the WBCG's efforts and the growth of the businesses that use the Walvis Bay Corridors.

We analyzed and synthesized the viewpoints presented in the case studies and determined the extent to which the WBCG helped its member companies prosper. We came to understand that the companies were successful mainly because of their business practices. Each company combated several internal and external challenges through various strategies. We also observed that nearly every company we spoke with stated that the WBCG had a major influence in its success as some external factors were beyond the company's control. A summary of our findings include:

- **The development of the Walvis Bay Corridors does not directly profit Namibia, but assists the nation to compete internationally.** The corridors allow Namibia to transport goods safely and efficiently. Namibia has the potential to become an international transport hub.
- **Parastatal organizations in the transport industry do not offer the response time necessary to establish fast and reliable transport.** Parastatals, or government-operated organizations, acknowledged that the lack of government funding and efficiency hindered their efforts to support the increasing trade volumes in the Walvis Bay Corridors.
- **Each successful company developed methods to overcome challenges to growth.** Companies experienced more external challenges than internal. Common methods to overcome these challenges were adaptability to market changes, transparency with customers, and reliable connections with various international markets for goods and services.
- **Transport and logistics companies benefited from specific infrastructural developments and trade facilitation projects for the Walvis Bay Corridor system.** In particular, these projects

included the WBCG's office in Zambia, the Katima Mulilo Bridge, and the paving of the Trans-Caprivi Corridor.

- **Stakeholders agreed that they saw positive effects from WBCG involvement, but some companies were unsure of the extent.** Every private sector stakeholder indicated that the WBCG either directly or indirectly helped with the development of the Walvis Bay Corridors. However, the degree of recognized assistance varied greatly between companies.

From these findings, we developed a set of recommendations to the Walvis Bay Corridor Group. These recommendations pertain to the entire trade and logistics industry and supply chain. A summary of our recommendations include:

- **We recommend that the WBCG focus on improving border operations and harmonizing legislation within the region by facilitating international meetings.**
- **We recommend that the WBCG continue to advocate for expansion of the port and upgrades to the rail system.**
- **We recommend that the WBCG hold more meetings with its private sector member companies to discuss the development of the corridor system.**
- **We recommend that the WBCG adjust its marketing strategies to advertise a more realistic view of the current capacity available and maintain constant knowledge about the developing capacity of the supply chain.**
- **We recommend that the WBCG encourage TransNamib and the Namibian Ports Authority to consider involving the private sector in their operations.**

It is our hope that the WBCG will implement our recommendations and use our case studies to market the Walvis Bay Corridor system effectively to the private sector. In turn, this has the potential to bring in more resources for the WBCG to improve the infrastructure and cross-border trade of Namibia. Developing the corridors could directly connect small towns and individuals to larger towns with more resources and ideally increase the quality of life for Namibians. As the transport and logistics industry expands with infrastructural developments and efficient marketing from the WBCG, the number of employment opportunities will increase. Our project has the potential to have a long-term effect by contributing to Namibia's Vision 2030.

AUTHORSHIP

Mason Andruskiewicz, Thomas Murray, Bailey Sarber, and Rebecca Sharpe contributed to the research and writing of this report. The following is a breakdown of the individual writing and editing from the project.

Mr. Andruskiewicz was the primary author for the Executive Summary and the sections "Southern African Development Community – Transportation Networks," "Objective 1," "Case Study of A van der Walt Transport." He also contributed to half of the findings section "Viewpoints of Corridor Development," and the section "Merging Society with Technology in Namibia." Mr. Andruskiewicz wrote the "Appendix I: Transport and Logistics Industry Note." He was the primary editor of the "Introduction" and "Conclusions and Recommendations" chapters.

Mr. Murray was the primary author for the sections entitled "The Effects of the Walvis Bay Corridor Development on Critical Stakeholders" and "Challenges to Business Development in Namibia." He also wrote "Case Study on Trade Ocean Shipping Namibia" and the findings section "Improvements to the Walvis Bay Corridor system." Mr. Murray also wrote "Appendix E: The Walvis Bay Corridor Group Description."

Ms. Sarber was the primary author for sections "The Trade and Transportation Environment of Namibia," "Case Study of Eden International," half of the findings section "Viewpoints of Corridor Development," "Conclusions," and "Recommendations to Improve Long-term efficiency." Ms. Sarber was also the primary editor of the "Methodology" and "Findings and Analysis" chapters and compiled Appendices A through K.

Ms. Sharpe was the primary author for sections "Lessons Learned from Case Studies of Development," "Infrastructure and Trade Facilitation Projects in the SADC Region," "Objective 2," and "Case Study of Namibia Auto Imports & Exports." Ms. Sharpe also wrote the finding section "Challenges to Growth for Transport and Logistics Companies," "Limitations to Findings," and "Recommendations to Address Current Logistical Problems." Ms. Sharpe was the primary editor for the "Background" and "Case Studies on Transport and Logistics" chapters.

In addition to writing individual sections, Mr. Andruskiewicz and Ms. Sarber collaborated on the section "Introduction." Mr. Murray and Ms. Sharpe collaborated on "Objective 3." Ms. Sarber and Ms. Sharpe collaborated on writing the section "Infrastructural and Trade Facilitation Projects in the SADC Region."

Each member edited the various chapters for content and flow.

TABLE OF CONTENTS

TABLE OF FIGURES

TABLE OF TABLES

LIST OF ACRONYMS

ASYCUDA++	Automated System of Customs Documentation
DRC	Democratic Republic of Congo
EPZ	Export Processing Zone
LPI	Logistics Performance Index
MDC	Maputo Development Corridor
Namport	Namibian Ports Authority
NDP3	The Third National Development Plan
NGCL	Namibian-German Centre for Logistics
NLA	Namibia Logistics Association
PPP	Public Private Partnership
SADC	Southern African Development Community
SDI	Spatial Development Initiatives
SME	Small and Medium Enterprise
TEU	Twenty foot Equivalent Unit
WBCG	Walvis Bay Corridor Group
WBPUA	Walvis Bay Port Users' Association

CHAPTER 1: INTRODUCTION

The people of Namibia depend upon both local and international trade for everyday commodities. In turn, trade contributes to the nation's economy by supplying the country with employment opportunities and providing incentives to improve the infrastructure of the nation (Japan International Cooperation Agency 2011). However, to establish these opportunities Namibia must compete internationally to secure a share of the trade market. For Namibia, a prime example of an essential market for trade is Lusaka, Zambia. This city is located approximately 2000 km from the ports of Durban in South Africa, Dar es Salaam in Tanzania, and Walvis Bay in Namibia. It is one of the largest landlocked markets in the Southern African Development Community (SADC). In order to secure trade business with this market, Namibia must maintain and improve its transport routes to attract additional business to the Port of Walvis Bay.

Vision 2030, an initiative of the Namibian government, aims to make Namibia a developed country by the year 2030 and states that sustainable development is the cornerstone to success of the nation (Government of the Republic of Namibia 2004). A key focus of this development has been Namibia's trade routes, or corridors, because the transport and logistics industry has the potential to provide additional employment opportunities (Japan International Cooperation Agency 2011). The Walvis Bay Corridor Group (WBCG) advocated for cross-border trade facilitation and infrastructural improvements to Namibia's corridor system. Infrastructural projects include maintaining and updating the roads, port systems, and railway systems (Gottwals 1998).

Although the total monetary value of Namibian exports increased from N$4.45 billion (575 million USD) to N$15.8 trillion (2.03 trillion USD) from 2000 to 2007, many companies are still reluctant to use the Walvis Bay Corridors (Sherbourne 2010). Companies prefer to use familiar, traditional routes through the Ports of Durban and Dar es Salaam. These ports can offer cheaper rates and have long-established reputations. In order to attract business to the Walvis Bay Corridors, Namibia must have efficient infrastructure to compete with other ports.

One of the Walvis Bay Corridor Group's goals is to make the Walvis Bay Corridors the first choice for transportation of goods to the SADC region and to provide "innovative service offerings to [its] customers" (WBCG 2012b). As an organization, the WBCG is unique because it has members in both the public and private sector. The WBCG ensures that development for one company brings growth to the entire group of companies that use the Walvis Bay Corridors.

Although Namibia is developing economically, businesses are constrained by the inaccessibility of a number of resources such as start-up capital, the shortage of skilled labor, and limited capacity of its ports and railway system (Japan International Cooperation Agency 2011). This lack of resources causes delays and bottlenecks that inhibit development in the transport supply chain. Containers usually leave the

Port of Walvis Bay within three days of their arrival. However, the port does not have enough cranes to move containers onto trucks when a ship docks at the port (Mupupa 2012). A lack of international cooperation between countries causes problems for many transport and logistics companies. Individual companies do not have the ability to address these problems on their own.

The WBCG is in a position to facilitate meetings between government officials of the Southern African Development Community (SADC) to combat the trade barriers caused by the lack of cooperation. According to Herman Mans, CEO of a transport company in Windhoek, Namibia, "If it hadn't been for the WBCG, the barriers would have been tenfold" (2012). Because of the efforts of the WBCG and other stakeholders, Namibia's infrastructure and cross-border trade operations have improved.

For Namibia to see additional benefits of transport, it needs to continue to improve its infrastructure and cross-border operations. While the WBCG advocates for multiple projects to improve the infrastructure and cross-border trade, it has difficulty documenting evidence of the link between its efforts and the actual increase in business development in Namibia. As many variables affect the success of a company, such as volatile markets and government legislation, it is difficult to link the cause and effect. This study attempts to establish the connection between the work of the WBCG and the success of its member companies.

By highlighting this connection, we hope to increase the interest and participation of many more companies on the Walvis Bay Corridors and bring in new members. These members will provide funding for new development initiatives. The addition of new companies in Walvis Bay could increase the competition in and capacity of the corridor system. More member companies will allow the WBCG to better advocate for infrastructural projects, international funding, and government meetings. These efforts will benefit the trade and logistics industry of Namibia in the long-term.

Our goal for this project was to assess how improvements in infrastructure and cross-border trade in the Walvis Bay Corridor system have affected the growth of business for transport and logistics companies. We provided specific examples of improvements made by the WBCG to attract more transport and logistics companies to invest in the Walvis Bay Corridors. We collected data from semi-structured interviews with representatives from the transport and logistics supply chain. Additionally, we interviewed government officials to understand the existing issues in the implementation of regulations for the transport industry. We synthesized the data into comprehensive case studies that highlight the industry and the extent to which with WBCG affected business. The WBCG will be able to use these case studies as a marketing tool for the Walvis Bay Corridor system. It is our hope that the Walvis Bay Corridor system will gain a greater share of the trade in the SADC region, thereby developing Namibia's economy, creating employment opportunities, and helping to achieve Vision 2030.

CHAPTER 2: BACKGROUND

The goal of this study was to assess how business through the Port of Walvis Bay has developed due to the improvements in infrastructure and cross-border trade. We examined successful transport and logistics companies in Namibia to understand this relationship. This chapter describes past projects in Namibia that improved transport, lessons gathered from past corridor development projects in Malaysia and southern Africa, and the current state of logistics and infrastructure in Namibia. The chapter also describes the unique circumstances that make the Walvis Bay Corridor Group the ideal candidate to manage these corridors.

2.1 Southern African Development Community – Transportation Networks

If properly managed, transport can act as a catalyst for development of a country. In Namibia, the availability of an efficient coordination network of transport systems will attract other industries to come to the country (Japan International Cooperation Agency 2011). To maintain a successful economy, imports and exports need to reach their final destination as quickly and safely as possible. Therefore, transport through a nation must be efficient and reliable. Logistics, or the coordination of systems, complements the efficiency of transport. An effective trade system also relies on a solid infrastructure (Gottwals 1998). Development of infrastructure opens a country to faster and safer transport. As a result of efficient routes, trade between countries grows through cross-border trade facilitation and businesses involved in the trade industry expand (Japan International Cooperation Agency 2011). Business expansion and trade facilitation provide capital needed to improve the infrastructure, which allows for efficient transport.

A corridor is any route used consistently for trade and transport. Many trade corridors, whether paved or unpaved, are simply roads, but some corridors incorporate other means of transport, such as railways. Corridors see more frequent use than other routes because they decrease travel time, provide amenities for transporters, and allow for safe transport of goods. Corridors connect major trade regions, increasing employment across the region and stimulating growth (Hauptfleisch, Campbell, and Marx 2010).

The transport and logistics supply chain for Namibia involves importers and exporters, clearing and freight forwarding agents, and transporters. Importers bring goods into the country through the Port of Walvis Bay. Clearing and forwarding agents clear the goods through customs and forward them to the transporters. The transporters bring goods from the port to their destination across the SADC region. In Namibia, trucks transport the vast majority of goods, with rail being a secondary mode of transportation (Tjivikua 2012). Once the goods reach their destination, transporters return with goods for export through the port. Clearing and forwarding agents often handle these returning goods as well.

The development of corridors and port systems relies in part on maintaining and improving the infrastructure of the region as well as providing space for business creation and growth (Hauptfleisch, Campbell, and Marx 2010). Trade and transport thrive on well-maintained, stable infrastructure. A region's infrastructure includes the roads, railways, and ports, as well as the availability of amenities such as electricity and clean water. A strong infrastructure is efficient, up to date, and handles the amount of trade through the region. Various corridor development initiatives, established across the world, implement improved infrastructure, boost the opportunities for business, and provide efficient means of transport of both goods and people (Hauptfleisch, Campbell, and Marx 2010). While developing the infrastructure is not the focus of this project, it is a long-term goal of the project sponsor, the Walvis Bay Corridor Group. Because the development of infrastructure goes hand in hand with the success of trade corridors, this project will further the long-term development of both.

Cross-border trade facilitation and expansion of business also affect the efficiency of transport (Japan International Cooperation Agency 2011). Trade facilitation streamlines trade and transport between countries in the SADC region. By improving the process of crossing borders, the amount of transport between nations has room to grow. Links between inland countries rich in resources and the ports in coastal countries in the SADC region may be strengthened (Japan International Cooperation Agency 2011). Expansion of business occurred in all industries, but we focused on the expansion of trade and logistics companies.

In the scope of this project, a successful transport company experienced sustainable growth throughout the life of the business. The Walvis Bay Corridor Group members consist of many companies of varying size. When evaluating private sector members of the WBCG, we set no strict standards to gauge the expansion of a company. We evaluated success on a case-by-case basis. Our criteria often included the growth of the client base, employee numbers, and fleet sizes for transport companies.

2.2 Lessons Learned from Case Studies of Development

To gain an understanding of the best practices of development and the effects of growth, we analyzed examples of corridor development around the world and in southern Africa. From these examples, we synthesized the following lessons learned, in no particular order, relating to how other countries have developed corridors and the impacts development had on the stakeholders involved.

1. Development needs to be sustainable and constant for a nation to compete internationally.

Numerous ports in the SADC region compete for the trade market of the neighboring landlocked countries of Zambia, Botswana, and the Democratic Republic of Congo (DRC). Competition for markets in landlocked regions is critical for trade in coastal countries. To gain a larger portion of the trade,

continual improvements in the trade system must occur. This allows a nation to compete with other routes for markets. For example, Lusaka, Zambia, a landlocked market, sits approximately 2000 km away from the ports of Walvis Bay, Namibia; Durban, South Africa; and Dar es Salaam, Tanzania. Traditionally, the ports of Durban and Dar es Salaam transport goods to Lusaka (Boois and Smith 2012). However, some importers and exporters switched to Walvis Bay. The recent infrastructure improvements to the Walvis Bay Corridors in Namibia made the route faster than the other two ports (WBCG 2012b). Importers and exporters tend to use what they find most familiar and traditional. Even if the route takes a longer time or costs more, their preferences are very difficult to change.

In addition to a comprehensive road and rail network, an efficiently operating port is necessary to attract business and increase trade throughout the region. The port of Luanda, Angola recently made exceptional improvements, which attracted more business. The Angolan port previously struggled to gain a share of the landlocked market because of its extremely inefficient process. Angola recognized this downfall and worked to increase the efficiency of its port. The management of the Port of Luanda embraced assistance from experts in the field of logistics and port management. As a result of this assistance, the port increased its container moves per hour from eight to eighteen in just five years (Shipping Line Representative 2012). Comparatively, the port of Walvis Bay moves 23 containers per hour (Mupupa 2012). This suggests that the Port of Luanda is rapidly becoming a direct competitor of the Port of Walvis Bay. In order to remain an internationally competitive seaport in the SADC region, the Port of Walvis Bay needs to make further infrastructural improvements.

2. Infrastructure development sustains economic growth.

According to Jeremy Gottwals, a consultant for The Austral Group of South Africa, the development of roads and port expansions promote and sustain long-term increases in business development (1998). His comment focused on the development of the Maputo Development Corridor (MDC), which connects the port of Maputo in Mozambique to the Trans-Kalahari Corridor in Johannesburg, South Africa (Nevin 2006). Expansion of the Maputo Port allowed for an increase in trade volumes. These infrastructural developments resulted in further growth of the corridors due to the increase in trade through the port (Gottwals 1998). The Iskandar Malaysia Corridor, which flourished in its development, also emphasized a complete and developed infrastructure (Cheah Chor Sooi 2010, 3). This corridor showed that well-established infrastructure has a positive effect on the trade and economy of its nation.

In addition to the development of seaports, the consistent maintenance of road networks also contributes to the development of a comprehensive infrastructure. Thriving cities and markets depend on the roads for goods, as they often represent the only method of transportation into or out of rural towns

(Fernandez 2001, 39-57). In previous case studies conducted on Namibia's corridors, rest areas offering services such as lodging, food, fuel, and maintenance improved the efficiency of transport and the region's economy. These small measures improve safety and efficiency and make trading through the corridor more attractive to foreign and domestic businesses (Earley and others 2009). For Namibia, this could mean permanent job creation and an increase in revenue from trade through the nation. Our project will encourage long-term infrastructural development by producing potential marketing materials to aid the WBCG in increasing trade volumes through the Walvis Bay Corridors.

3. Public and private sector stakeholders need a platform to balance their interests.

Development initiatives must balance the interests of the public and private sectors and make compromises between the two. A public-private partnership (PPP) brings private companies and departments of the government together to represent all of the stakeholders of a project. The private side brings incentives to earn a profit while the public sector regulates the project to protect the interests of the people. A public-private partnership often operates with numerous member companies from each side and negotiates between the two (Keyter 2012).

The public-private partnership proved successful for the diamond industry when a South African diamond company, De Beers, partnered with the Namibian government through a joint venture in establishing a company called Namdeb. Both partners have equal responsibilities in this joint venture. The partnership's profits swelled in recent years and the agreement represents a good investment by the government (Keyter 2012). However, PPPs are not always as successful as the government wants. In one case, the Namibian Wildlife Resorts (NWR) struggled to manage and operate wildlife reserves in the country due to a lack of funding and resources. NWR partnered with private operators to render certain maintenance and operational activities. However, prices rose considerably and became very expensive for Namibians. Due to the lack of established infrastructure, the NWR was not financially stable and therefore increased prices to compensate. A PPP has the potential to balance interests between and pool the resources of the public and private sectors. However, its implementation must come with careful planning and management (Keyter 2012).

The Walvis Bay Corridor Group organized itself as a PPP to increase communication between the public and private sectors. The WBCG pools resources and lobbies for funding from various international development banks, manages its resources, and directs the funding where needed. Although the WBCG runs smoothly, it may encounter problems financing the organization in the long-term.

4. Stakeholders must communicate to smooth the process of development.

Effective communication between stakeholders contributes to the efficiency of development. The Malaysian government's investment branch oversaw communication between numerous developmental agencies to coordinate the development of the Iskandar Malaysia Corridor (Cheah Chor Sooi 2010, 3). For example, communication helped find the balance between development and conservation of the environment. Because the stakeholders showed concern for the environment, the Iskandar Malaysia Corridor development team considered the effects of development very carefully (Cheah Chor Sooi 2010, 3). Through communication, the corridor development team addressed conflicts among its stakeholders to tailor to many viewpoints. Similarly, the Maputo Corridor's development relied on private and public partnerships to ensure effective communication between parties. This allowed various groups to pool their resources and ideas to achieve the most effective and efficient methods of development (Corridors of Power 1998, 102 - 107).

Similarly, Namibia utilizes a public-private partnership (PPP) to manage the development of its corridors. The Walvis Bay Corridor Group serves as this manager of development for Namibia. This organization pools available resources in the SADC region and works toward efficient development. As many stakeholders with varying interests are involved in the development of Namibia's corridors, communicate is essential. In an independent study of the Walvis Bay Corridor Group, researchers found that the WBCG does not necessarily effectively communicate marketing decisions to its members (Corridor Development Consultants (Pty) Ltd. 2010, 14-16). Increased transparency of the WBCG could allow the member companies to make better marketing decisions and align their collective interests in the Walvis Bay Corridor system.

5. Rapid growth and creation of roads may have adverse effects on the environment.

Balancing growth and development with conservation of the environment challenged many developers, as seen in the case of the Iskandar Malaysia Corridor. The stakeholders placed such a high priority on the conservation of the environment that planning often leaned toward protecting natural resources and agricultural land and preserving open spaces for public recreational areas (Cheah Chor Sooi 2010, 3). The surrounding environment may suffer due to road construction, land clearing, and exhaust from the increase in traffic. Due to the increase in traffic, local species may migrate or suffer injuries and plant mortality may increase along the road (Spellerberg 1998).

In the long-term, the effects of development on wildlife habitats extend beyond the edge of the road. Emissions, litter, and noise spread from the roadside and adversely affect the wildlife in the area. In addition to affecting the wildlife, the development of roads also impacts aspects of the physical environment, such as water run-off and pollution build up in streams (Spellerberg 1998). Further road

construction in Namibia may have these adverse effects on the environment. In the long-term as development continues, stakeholders will need to practice increased awareness of environmental conservation.

6. Development may crowd out local businesses.

Development often occurs in two ways: "top-down" or "bottom-up" (Söderbaum and Taylor 2007, 1-23). Ideally, top-down development focuses on bringing large companies to an area so that their business will trickle down to smaller companies. However, this method runs the risk of depending heavily on a few businesses and can lead to the crowding out of smaller companies (Mbai and Fransman 2012). In contrast, bottom-up development begins with the expansion of small companies to attract larger ones. However, this method of development runs the risk of under developing the national economy. It is possible that the development of small companies will not attract enough business to support the national economy. Top-down and bottom-up can work well in theory, but observations of what is actually occurring make the most difference in identifying optimal methods of development.

For example, revitalization of the Maputo Corridor region began in the mid-1990s to boost the development of the area (Söderbaum and Taylor 2007, 1-23). Since its development, the corridor was marked as a primary example of the Spatial Development Initiatives (SDIs) in southern Africa. However, a study conducted by Fredrik Söderbaum, a Professor in the School of Global Studies at Göteborg University, raised the question of whether or not the development of the corridor produced genuine, sustainable growth (2003). SDIs often rely on a top-down developmental strategy where the majority of the funds and support flow from large companies in the private sector (Söderbaum and Taylor 2007, 1-23; Bek, Binns, and Nel 2004, 22). However, private investment may not be available or reliable in all regions, which would inhibit long-term development.

This challenge could face developers in Namibia, as the private sector may not be large enough to support the development on its own. Larger, more established companies in the transport and logistics industry may crowd out small, more grassroots-based companies. However, these larger companies may provide funding, which, along with funds solicited by the WBCG, can drive infrastructural improvements. If the private sector can support the corridor group, the group can campaign for development to benefit the entire supply chain.

In his subsequent article, Söderbaum reviewed the development of the Maputo Corridor and analyzed the effect of the development on the pre-existing, informal, cross-border trade that had thrived for centuries before (Söderbaum and Taylor 2007, 1-23). Söderbaum stated that the development strategy in the MDC focused on "crowding in of capital." The strategy placed little to no emphasis on people (Söderbaum and Taylor 2007, 1-23). Many SDIs are unable to incorporate the skills of the people in the

region (Bek, Binns, and Nel 2004, 22). Interestingly, objectives of the MDC included "increas[ing] the participation of historically disadvantaged communities." However, larger growth drove out smaller grass-roots companies because compromises negatively affected smaller communities (Söderbaum and Taylor 2003). Development ideally benefits small businesses and communities as well as larger companies. Herman Mans, the CEO of a major transport and logistics company, argued, "You don't want big companies to become just bigger and employ a few guys. You want entrepreneurship" (Mans 2012).

Top-down development is often more organized and managed more efficiently. One study focusing on natural resource management in Uganda commented that avoiding top-down development and management can lead to "uncoordinated local scale management" (Hartter and Ryan 2009, 815-826). The same study concluded that relying on the top-down approach led to poor compliance and low participation of local people in monitoring and enforcing the conservation regulations. Although top-down development encourages growth, it may not represent a long-term viable solution due to complications with local interests. Based on our research, we cannot feasibly make a recommendation as to which development strategy is right for Namibia. To assess the feasibility of multiple development strategies, we would need to determine the viewpoints of many more stakeholders, evaluate the resources and funding available to the nation, and establish a plan of action for development. This plans lies outside the scope of our project, as we focused on the transport and logistics industry and spoke with a limited number of stakeholders.

7. Growth of a region may lead to job creation.

Medium sized enterprises that focused on harvesting natural resources from the region generally experienced more success along the Maputo Corridor than other types of businesses. The infrastructure projects and business ventures created an estimated 15,000 jobs in the Maputo region (de Beer 2001). This illustrates the relationship between improvement of infrastructure and a growth of business along the corridor. In Namibia, the development of its corridors could lead to growth in many markets and regions. It will create a need for business along the corridors as well as at the Port of Walvis Bay (Japan International Cooperation Agency 2011). An increased amount of transportation through an area creates opportunities in other venues such as service stations, hotels, and restaurants. Many industries can thrive from the business created by transportation.

2.3 The Trade and Transportation Environment of Namibia

Corridor development and assessment plays an important role in transport in both urban and rural settings. Namibia, a large but sparsely populated country, implemented corridor development initiatives to improve its infrastructure, encourage the use of its corridors for trade, and boost its economy. Namibia's trade routes and corridors, as seen in Figure 1, play a crucial role in the economy (Corridor Development Consultants (Pty) Ltd. 2010, 14-16). Most goods travel along the Walvis Bay Corridors to and from Angola, Zambia, the DRC, and Botswana.

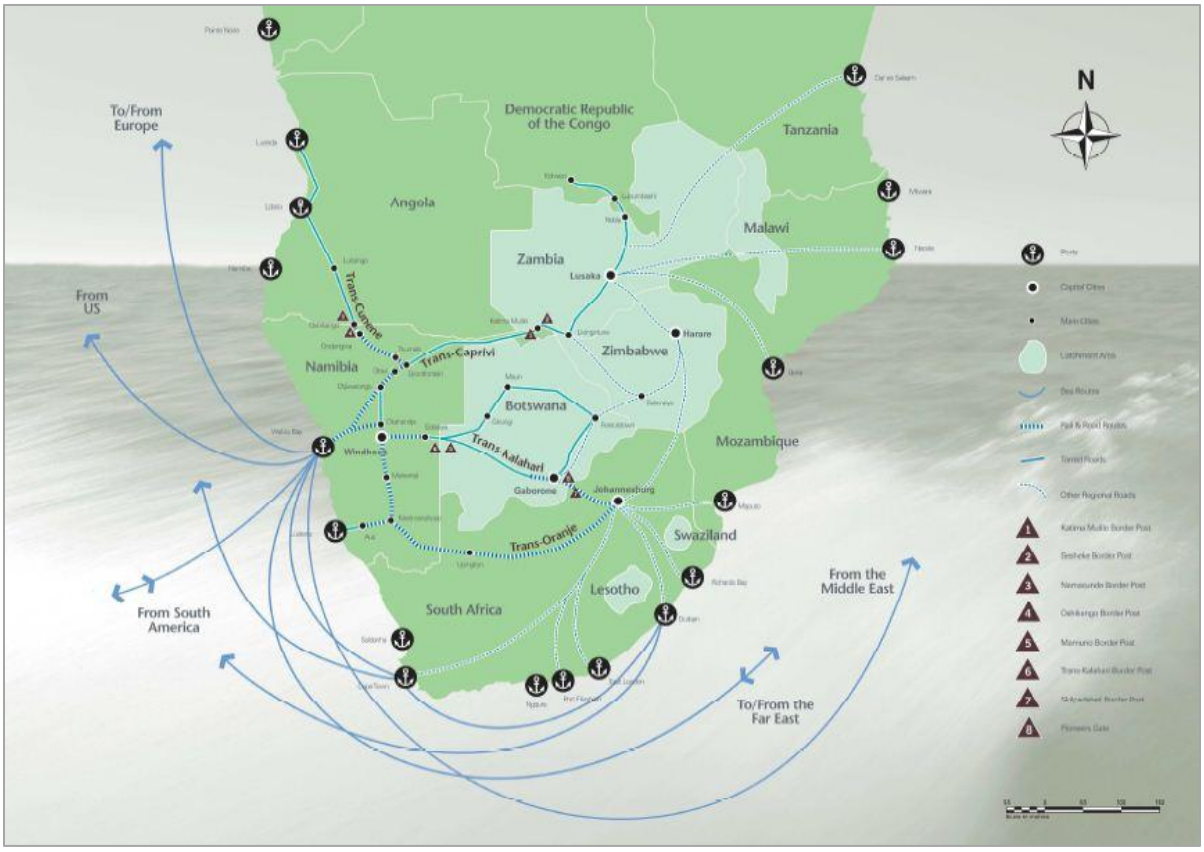

Figure 1: Map of the 2012 Walvis Bay Corridor system

Namibia's corridor development strategy grows out of a section of its Third National Development Plan (NDP3) for the nation. The short-term objectives of the plan aim to alleviate the imbalance of income distribution among Namibian citizens and reduce the prevalence of poverty by creating sustainable employment opportunities. The long-term goals would ideally create sustainable development and decrease the unemployment level by offering strategic opportunities for business growth. The National Development Plan defines sustainable development as "the type of development that meets the needs of the present without limiting the ability of future generations to meet their own needs" (Government of the Republic of Namibia 2004).

Expanding and developing the country's main trade corridors embodies a key component of this plan because corridors increase capacity for trade, which can lead to sustainable development. The NDP3 hopes to accomplish these long-term objectives by 2030 (The National Planning Commission 2008). By helping the WBCG market the corridors, our project aims to ensure the continued growth and development of the trade routes.

Additionally, a few of the goals of the NDP3 relate directly to establishing international relations by "promot[ing] regional and global integration, strengthen[ing] international partnerships for development, and contribut[ing] to regional and global peace and political stability" (The National Planning Commission 2008). Because much of the nation depends on regional and international trade, Namibia should maintain favorable relationships with foreign countries. In order to facilitate this, Namibia needs to ensure trade integration through SADC reforms such as "harmonization of protocols, trade agreements, and other procedures in the SADC region" (The National Planning Commission 2008).

This directly ties to the mission of the Walvis Bay Corridor Group, which is to "facilitate and promote transport and trade along [Namibia's] secure and reliable corridors" (WBCG 2012b). To promote trade, the WBCG must market the corridors to other importers and exporters. The group aims to integrate trade between Namibia and its neighboring countries. To achieve this, the corridor group facilitates high-level governmental meetings and advocates for infrastructural, trade facilitation, and business development projects.

Namibia needs a well-maintained infrastructure to facilitate trade through the nation.

As detailed in lesson two of Section 2.2 Lessons Learned from Case Studies of Development, the quality of the infrastructure affects the amount of trade through Namibia. With poor infrastructure, users of the corridors will utilize the trading route less frequently. The road network of Namibia, as seen in Figure 2, remains the strongest part of its infrastructure and carries the majority of its trade (Mupupa 2012). According to the Third National Development Plan, the construction of the Trans-Caprivi and Trans-Kalahari Corridors signify "tremendous road transportation achievements" (The National Planning Commission 2008). The roads opened up new trading opportunities with Zambia, the DRC, and Botswana. However, the roads of the SADC region vary with respect to their maintenance and development. Appendix F: Map of the SADC Region contains a full map of the SADC region's road infrastructure.

Before 1990, most of the Namibia's roads remained unpaved and unfit for transport. Since independence, the transport industry of Namibia experienced rapid growth and the road structure improved drastically. Within ten years of Namibian independence, the infrastructure of Namibia included paved roads from Walvis Bay to Botswana and Angola. As seen below in Table 1, the number of surfaced

roads in Namibia grew from 4581 km in 1990 to 5821 km in 2007 (Sherbourne 2010). Yet, the majority of the roads remain gravel or earthen surfaces; however, that number decreased from 25,421 km to 24,262 km over 17 years as the number of roads paved increased.

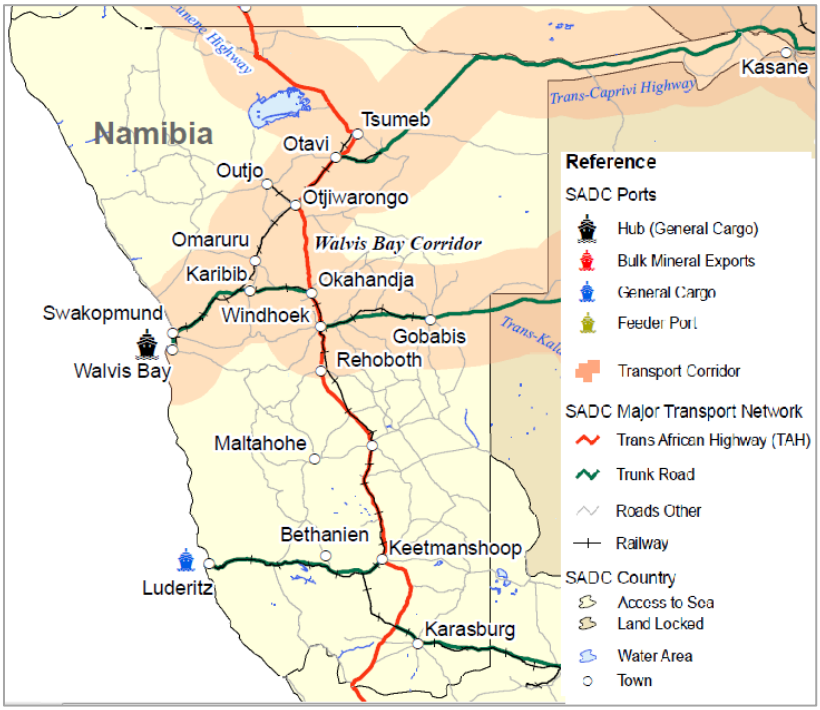

Figure 2: Namibian road infrastructure map showing the main road and railway network

Four main corridors span Namibia, as seen in Figure 1 above. The Trans-Kalahari Corridor reaches over 1900 km east from Walvis Bay, through Namibia and Botswana, and ends in Johannesburg. The Trans-Cunene Corridor and the Trans-Caprivi Corridor share a path from the Port of Walvis Bay to Otavi but then diverge north to Lubango, Angola and east to Sesheke, Zambia respectively. The Trans-Caprivi continues north to Kolwezi, DRC. The fourth corridor, the Trans-Oranje Corridor, spans 1678 km and connects the Port of Lüderitz to Johannesburg, where it meets the Trans-Kalahari Corridor (WBCG 2012b). The trucks that utilize the corridors typically carry containers measured in twenty-foot equivalent units, or TEU, as seen in Figure 3.

Table 1: Namibia's national road network (km)

	1990	**2007**
Surfaced	4,581	5,821
Gravel surfaced	25,421	24,262
Earth	8,658	11,967
Gypsum/Salt	226	209
Total	**38,886**	**42,260**

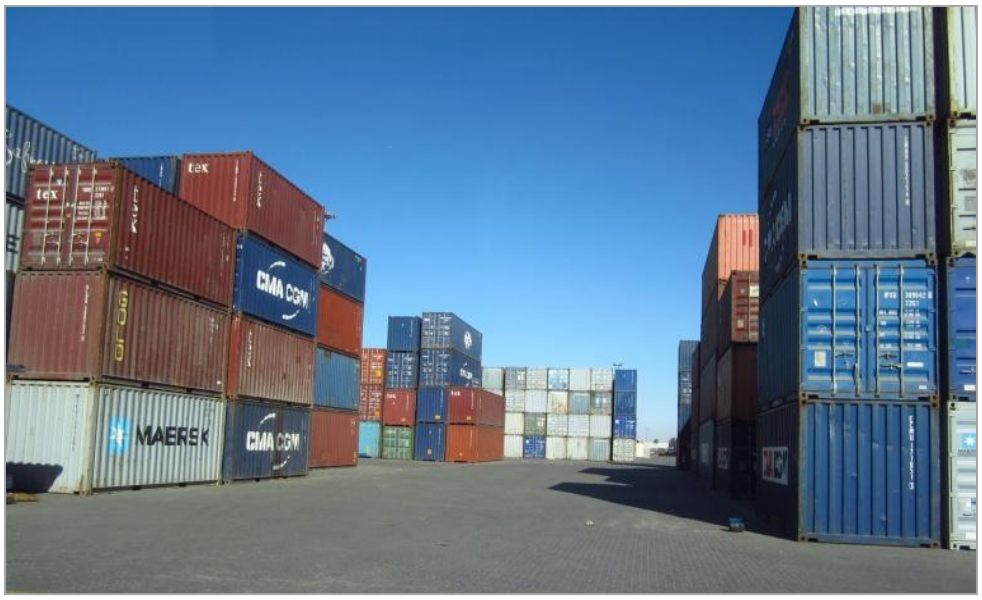

Figure 3: Shipping containers waiting to move to ship, truck, or train

In addition to providing a well-maintained road network, the Port of Walvis Bay must also be efficient and maintain enough capacity to handle an increase in trade. In 2000, Namibia deepened the Port of Walvis Bay to 12.8 meters to allow deeper vessels to call at the port, thus, increasing traffic overall. In 2008, the cargo handled in the Port of Walvis Bay reached almost 4.4 million TEUs, an increase of two million TEUs from 2003 (Namibian Ports Authority 2012). The Port of Walvis Bay's cargo volumes are projected to grow to one million TEUs by 2016 from its 2010 capacity of 260,000 TEUs (de Bruyn October 12, 2010). This expansion will cost more than past expansions, as it involves moving out into the bay rather than increasing land coverage. According to an expert from Namibian Ports Authority, the Port of Walvis Bay ranks as the 10th most efficient port in Africa (Mupupa 2012). With mobile harbor cranes, as seen in Figure 4, the port now moves 23 containers per hour.

Figure 4: Mobile harbor cranes moving containers from incoming vessels

The railway network is critical to the trade and transport industry. The rail network in Namibia fell behind in upkeep and expansion, as much of the equipment and rail is around 45 years old (Tjivikua 2012). The current rail infrastructure in Figure 5 appears in black (Boois 2009, 7,11). However, as cited in the Third National Development Plan, the government plans to "develop, rehabilitate, and maintain the railway network," as shown by red lines in Figure 5 (The National Planning Commission 2008). TransNamib is the only company that manages and maintains the rail network and is a government-owned organization. The company grew significantly from 1999 to 2006 with respect to the amount of freight transported, but remained stagnant since then. The number of employees decreased steadily from 3,810 in 1990 to 1,732 in 2007 (Sherbourne 2010).

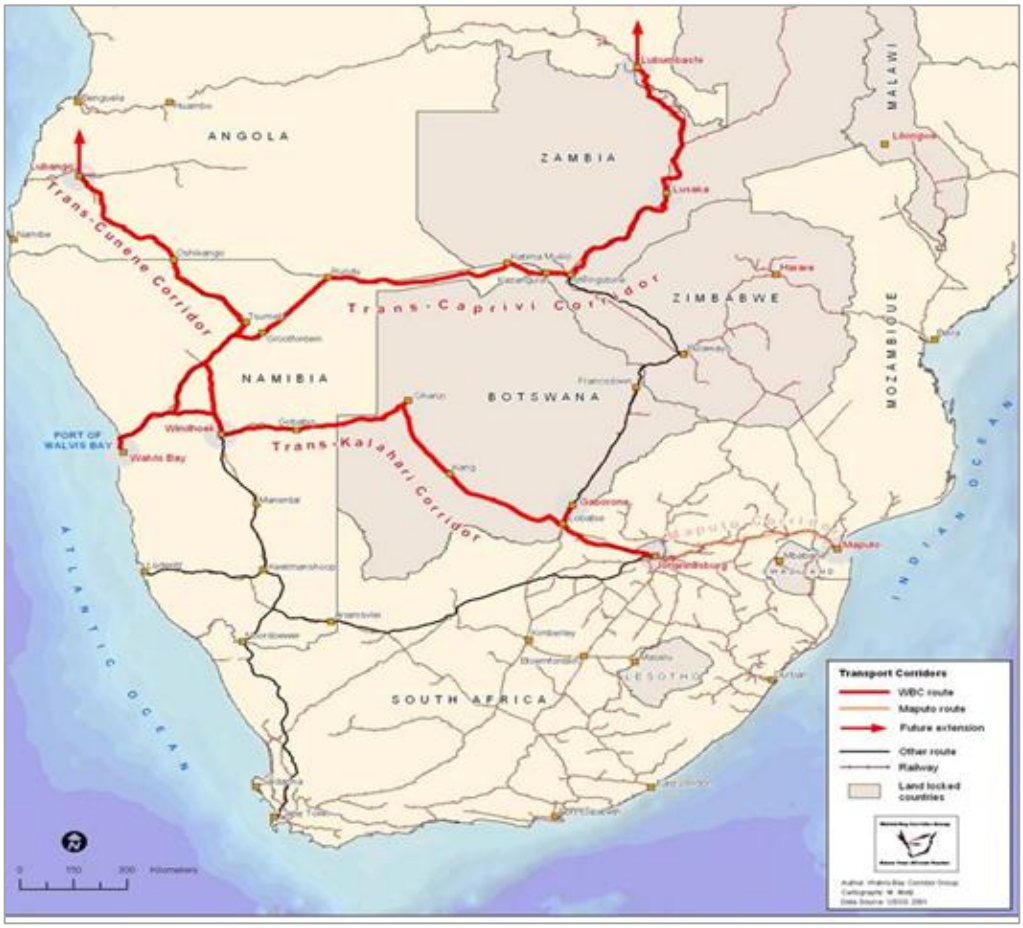

Figure 5: Current and potential railway lines in the SADC region.

As trade through Namibia increases, the need for improvement in logistics of border operations grows.

The increase in global connectivity and competition led to a need for logistical initiatives to facilitate the trade of goods efficiently. The efficiency of Namibia's infrastructure, customs, and logistics

determines whether the nation can deliver goods on time and at a low cost. In 2007, the World Bank produced the first Logistics Performance Index (LPI) in order to measure these criteria as well as the "transparency of the process, quality, predictability, and reliability of services." The LPI uses the seven performance areas in the following list:

- Efficiency of the clearance process by customs and other border agencies
- Quality of transport and technological infrastructure for information and logistics
- Lease and affordability of arranging international shipments
- Competence of the local logistics industry
- Ability to track and trace international shipments
- Domestic logistics costs
- Timeliness of shipments in reaching destination

According to this study, Namibia ranked 126th out of 150 countries analyzed (Arvis and others 2007). Namibia needs to address this problem, as there is room for major improvement. Current projects aim to improve the logistics of Namibia. The government recently installed the Automated System of Customs Documentation (ASYCUDA++) to share information about shipments and port usage with many different institutions. This system allows an official to enter information directly into a computer database. The desired goal was to decrease the time and increase the efficiency of transport by reducing bottlenecks at ports and border crossings from two days to less than two hours (WBCG 2010h). Although customs installed this system in 2006, delays still occur. When the system or power fails, officials must collect data on paper and later document it electronically. This process prevents shipments from leaving in a timely manner, creating bottlenecks along the corridors (Suleman 2012).

The Namibian German Centre of Logistics (NGCL), a research and teaching institution in Windhoek, is in the process of creating a document on the state of logistics in Namibia, similar to the seventh Annual State of Logistics for South Africa 2010. This document outlines challenges in the logistics sector such as deteriorating road quality, developing green initiatives in transport, and the skill set of a company's human resources. The center has been interviewing companies in the Transport and Logistics industry to gain a sense of the state of logistics in Namibia.

The government operates most of the organizations managing infrastructural improvements and trade facilitation.

Namibia's economy remains linked to South Africa and experienced steady growth since independence in 1990 (World Bank 2009). The nation strives to maintain a mixed economic pattern, with elements of socialist and capitalist economies (Rena 2012). However, many of the key national authorities

such as the Namibian Ports Authority (Namport), TransNamib, and Roads Authority operate under government standards. Ideally, the government's main goal is to uplift the welfare of the people while many in the private sector focus mainly on profit. Compromise between the two sectors can prove challenging.

In Namibia, government-controlled parastatals often compete directly with private companies. Often a government program that could dominate a market allows some room for a private sector company to pick up the slack and provide some competition. However, a dominant private sector can create a divide between the rich and the poor. With one of the world's largest divides between the rich and poor, Namibia struggles with the balance between the private and public sectors (Rena 2012).

The WBCG, as a public-private partnership, coordinates this balance of resources and aims to help each sector understand the views of the other. Our project focuses on understanding the views of the WBCG's private sector member companies to continue marketing to the private sector more efficiently. Through this, we aim to bring in more resources and involvement for the WBCG to utilize.

The volume of trade through Namibia increased dramatically since it gained independence in 1990.

Namibia trades goods with many nations via sea, air, road, and rail. Walvis Bay, the largest port in Namibia, became a preferred port for trade through Namibia due to its efficiency (Mupupa 2012). To ease international trade, Namibia and Zambia held a transport forum in 2005. By 2010, Namibia developed Memorandums of Understanding with select countries of the SADC region to facilitate trade by resolving many cross-border issues.

As a result of this and other infrastructural improvements, the total monetary value of Namibian exports increased from N$4.45 billion (575 million USD) to N$15.8 trillion (2.03 trillion USD) as seen in Figure 6: Namibian Exports from 2000 to 2007 in millions of USD (Sherbourne 2010). Namibia trades primarily with South Africa. The exports from Namibia to South Africa in 2006 totaled over N$6.5 billion (850 million USD), which comprised a large portion of Namibia's total exports. Namibia's exports to the DRC in 2006 totaled almost N$354 million (46 million USD), more than seven times the value of goods exported in 2003 (Imani Development International Ltd 2007). The increase in tonnages transported through Namibia's corridors can be seen in Figure 7 (Boois 2009, 7,11).

In addition to the increase of traffic through the corridors, the Port of Walvis Bay experienced an overall increase in trade. Only about 20% of the containers that arrive in the Port of Walvis Bay travel along the various corridors in Namibia. The port primarily handles trans-shipment cargo. This represents 60% of the containers that arrive in Walvis Bay. Smaller vessels then transfer the containers to another port. The remaining 20% of the containers handled at Walvis Bay contain commodities that are directly imported into Namibia (Mupupa 2012). Many international companies, such as Maersk, DHL and UPS,

use the Walvis Bay Corridor system frequently. Finnish and Swedish companies also take advantage of the corridor system and continue to promote the use of Namibia as a transport hub. The year 2009 marked several records for the corridor system, including the highest productivity rate of 40 container moves per hour at the Port of Walvis Bay and the highest volume of goods transported of 55,000 tons in a month (WBCG 2010h). Novaship Namibia facilitated the movement of 735 vehicles through Walvis Bay Port in 2011, the largest number of trucks ever handled at one time (WBCG 2011d, 6).

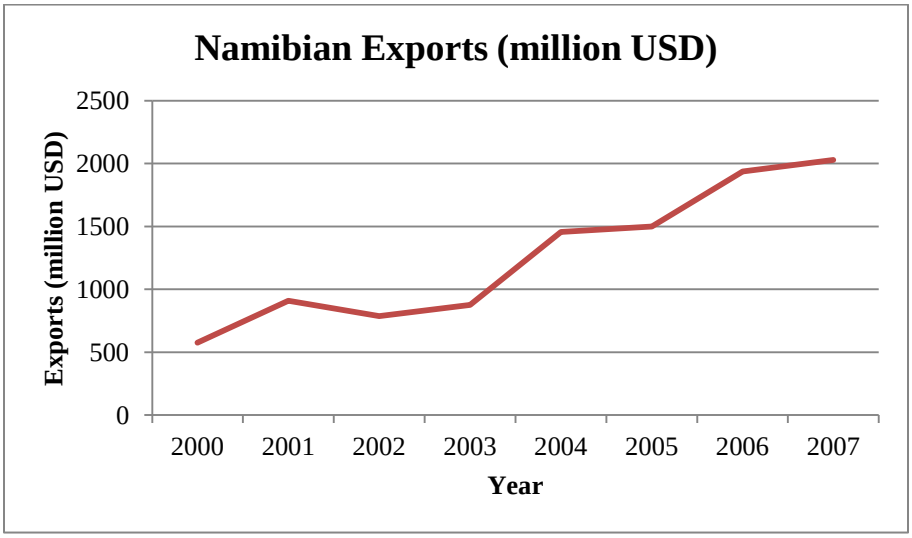

Figure 6: Namibian Exports from 2000 to 2007 in millions of USD

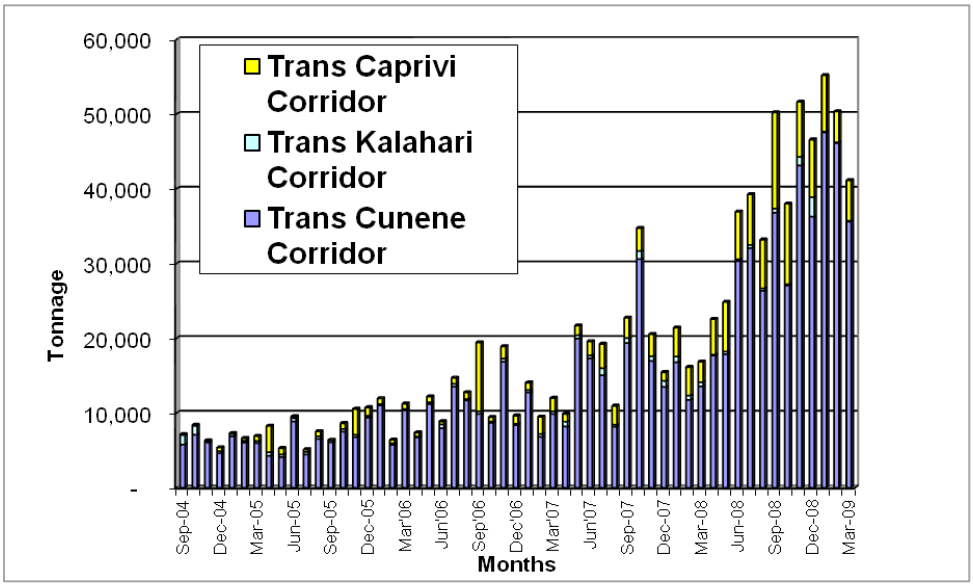

Figure 7: Walvis Bay Corridor traffic per month by tonnages

2.4 The Effects of the Walvis Bay Corridor Development on Critical Stakeholders

The development of the Walvis Bay Corridor system affects many stakeholders both positively and negatively. Primary stakeholders include small and medium transport and logistics companies, the various authorities in charge of maintaining the infrastructure of Namibia, the governmental ministries, and the town of Walvis Bay. Each of these groups holds a stake in the overall mission of the Walvis Bay Corridor Group to transform the Port of Walvis Bay and Namibia into a transport and logistics hub. Our project provides specific examples of the extent to which the WBCG has affected private transport and logistics companies in the hopes that additional companies will invest in the Walvis Bay Corridors.

Our project has the potential to have both medium and long-term effects on the stakeholders of the Walvis Bay Corridor system. As a part of Vision 2030, developing the transport and trade efficiency of Namibia aims to improve the quality of life, decrease poverty, and increase employment opportunities (Government of the Republic of Namibia 2004). Our project enables the WBCG to market the corridor system more effectively to the private sector. In turn, this will bring in more resources for the WBCG to improve the infrastructure and cross-border trade of Namibia. Developing the corridors will directly connect small towns and individuals to larger towns with more resources and ideally increase the individual's quality of life. As the transport and logistics industry expands with infrastructural developments and efficient marketing from the WBCG, the number of employment opportunities will increase. Our project has the potential to have a long-term effect on the following:

- The Walvis Bay Corridor Group will be able to market the corridor more effectively to the private sector.
- Small private sector transport and logistics companies may be crowded out with additional development.
- Medium and large transport and logistics companies will see the benefits of being a member of the WBCG.
- Namibian Ports Authority, the Roads Authority, and TransNamib will need to improve and continually market the Walvis Bay Corridor system.
- The governmental ministries of Namibia will need to maintain a respectable international image in order to see a boost in its economy.
- The town of Walvis Bay will continue to grow as the transport and logistics industry grows.

The following sections detail the individual stakes of each group whether positive or negative. Many stand to gain from development but some may be negatively affected.

The Walvis Bay Corridor Group will be able to market the corridors more effectively to the private sector.

The WBCG, established in 2000 as a public-private partnership, advocates for the use of the Walvis Bay Corridors. The group facilitates and advocates for projects to improve the efficiency of the trade and transit network throughout Namibia as both national and international trade routes (WBCG 2012b). It solicits and allocates funding for projects that develop the collective Walvis Bay transport network in both infrastructural and operational senses. The WBCG's involvement with numerous institutions, both public and private, as well as organizations in other countries, allows it to facilitate meetings to streamline border-crossing processes by approaching the problems from both sides of the border (Strydom 2012a). Appendix E: The Walvis Bay Corridor Group Description details a more complete description of the WBCG and its role in corridor development.

From the perspective of the WBCG, increased development and utilization of the Walvis Bay Corridor network is a positive step for Namibia, as they are the ultimate goals of the institution's efforts. The WBCG aims to use the information gathered from this project effectively to market the corridor system to its private sector member companies. Additionally, we provided the group with information on what its member companies would like to see improved in the corridors' efficiency and safety. With these suggestions, the WBCG will make the corridor routes more efficient in terms of cost, time, safety, security, and ultimately more attractive to potential importer and exporters.

Small private sector transport and logistics companies may be crowded out with additional development.

Not all transport and logistics companies are member companies of the WBCG. As detailed in lesson six in Section 2.2 Lessons Learned from Case Studies of Development2.2 Lessons Learned from Case Studies of Development as larger companies expand, they may force out smaller, less-established companies. Larger companies often have access to more financial and physical resources to reduce their prices. Smaller companies are often not able to offer the competitive prices of larger companies and may eventually go out of business if larger companies grow too much. The Namibia Logistics Association (NLA) represents the large and small-scale transport organizations. The Walvis Bay Port Users' Association (WBPUA) represents all transporters and organizations that use the corridors. Since private companies focus on profit, many of these organizations collectively benefit from private development. However, smaller companies may not view the current method of development as beneficial.

Smaller companies may fail due to development and competition with larger businesses. These smaller companies may also benefit from the increase in business opportunities brought in by development. This project may also attract smaller companies to become more involved with the Walvis

Bay Corridor system. Becoming more involved and securing membership with the WBCG, the NLA, or WBPUA may secure additional contacts and clients for a company to establish its business. Although smaller businesses may benefit from increased development, they may be crowded out if organizations like the WBCG do not make provisions for them.

Medium and large transport and logistics companies will see the benefits of membership with the WBCG.

Through our project, the WBCG is working toward increasing the involvement of its private sector member companies. These companies are mostly medium sized businesses in the transport and logistics industry, including those in clearing and freight forwarding, transporting, importing, and exporting. As a result of this project, the WBCG aims to highlight the benefits that other private sector companies have experienced as a result of the efforts of the WBCG. By doing this, other member companies may increase their involvement with and support of the Corridor Group.

In addition, member companies will benefit by reading about how similar companies overcome common challenges to business development. As the transport industry grows, competition between companies will increase. Competition could drive companies to provide higher quality services and may drive down the costs of transport. However, this may also cause weaker, less-established companies to go out of business.

Namibian Ports Authority, Roads Authority, and TransNamib will need to improve and continually market the Walvis Bay Corridor system.

Each of these government-operated authorities is responsible for the main infrastructural projects throughout Namibia. TransNamib Holdings Ltd. is currently struggling to secure a reasonable portion of the transport market (Tjivikua 2012). The Namibian Ports Authority (Namport) oversees the operation of the ports of Walvis Bay and Lüderitz and manages any improvement projects to the ports. Additionally, it advocates for increased international use of the ports of Walvis Bay and Lüderitz (WBCG 2012b). The Roads Authority maintains Namibia's roads and focuses on regulating commercial vehicles (Sasele 2012).

These government-owned organizations rely heavily on the WBCG's marketing efforts to secure business through the Walvis Bay Corridors. An increase in effective marketing of the WBCG would increase the volume of trade through the Port of Walvis Bay, which would increase the use of the system. This would lead to necessary maintenance and improvement to the infrastructure of the port, road system, and rail network. However, it is also in the authorities' best interest to increase the amount of trade

through the port to boost the economy of the nation and secure funding for additional infrastructural projects.

Development will force the parastatals to improve their infrastructures and find a way to establish efficiency. If Namport or Roads Authority cannot maintain and improve the infrastructure, the entire transportation network will suffer. If TransNamib is unable to improve, the increased road traffic will damage the road network (Shipping Line Representative 2012). Each parastatal has the potential to benefit or suffer from development.

The governmental ministries of Namibia will need to maintain a respectable international image in order for the nation to see a boost in its economy.

Several of the governmental ministries determine regulations for transport, industry, and business development. Three primary ministries related to this project contribute to corridor development. The Ministry of Works and Transport oversees the road infrastructure. The primary advocate for investment in the transport system is the Ministry of Trade and Industry. The Ministry of Finance & Customs deals with all Namibian customs and excise issues (WBCG 2012b).

As a whole, the government aims to increase trade volumes and use of the corridors to strengthen the nation's international presence. As a result of our project, the WBCG will be able to market the corridors more effectively and bring in additional trade volumes. The governmental ministries also intend to maintain a respectable international image and boost the nation's economy by increasing the trade. Development brings in trade and revenue for the country. The government will benefit from the job creation and economical improvements.

The town of Walvis Bay will continue to grow as the transport and logistics industry grows.

As traffic passes through the Walvis Bay Corridor system, the growth of the transport and logistics industry will affect the town of Walvis Bay. The population of the town may increase as new companies create offices in the port town to gain a share of the market (Kruger 2012). This may bring new demographics to the town itself. As the port expands, the landscape of the town will also change. Development of the road network may also affect the growth of the town of Walvis Bay.

Similarly, small towns along the corridors will see the effects of development. As the corridor traffic grows, small towns will see an increase in business opportunities but they may encounter problems with congestion and see potential crowding out of its smaller companies (Sasele 2012). One infrastructural development currently under consideration is the creation of bypasses for small towns. While this could increase efficiency and decrease the congestion of the major routes, the sales of

businesses in those small towns would suffer from a lack of customers (Brundige and others May 4, 2011).

Stakeholders in the Walvis Bay Corridor system have the potential to be affected either positively or negatively.

Providing the WBCG with potentially more effective marketing materials will affect various stakeholders. The materials will the show the extent to which the WBCG affected its private sector member companies. By viewing these, other companies may become more involved with the corridor group and add to the overall improvement of the system. However, as larger companies grow, other smaller companies may suffer and not be able to secure a share of the market. Additionally, as the corridors develop, towns such as the Port of Walvis Bay will grow and more employment opportunities will arise.

2.5 Infrastructural and Trade Facilitation Projects in the SADC Region

Since independence, the Namibian government and its associated authorities worked to improve the infrastructure of the country to support the growing economy. According to Professor Robert Cervero, a complete infrastructure for transportation is vital for economic growth and mobility (Cervero 2009). Similarly, Paul Collier, an economics professor at Oxford University, states that new and improved infrastructure in Africa is necessary to "harness potential sources of growth" such as new resource discoveries and cultivation of land (Paul Collier 2011, 18). Past projects relating to improvements of road and border control have aided transport and logistics companies in providing services that are more efficient. The WBCG facilitated and backed many of these projects and its efforts significantly affected the use of the Walvis Bay Corridor system.

The WBCG has been instrumental in facilitating projects in the SADC region.

By targeting the major obstacles to movement along the corridors, the speed and efficiency of the corridor system are improved. The Divundu Bridge, as seen in Figure 8, previously caused a huge bottleneck and lengthy delays as the bridge had only one lane and a 60-ton limit (McMorrow 2010). This bridge is a key crossing point for much of the trade destined for Zambia and the DRC, as it crosses the Okavango River through the Caprivi Strip on the Trans-Caprivi Corridor. In 2007, the WBCG worked with the Roads Authority and the Road Funds Administration to acquire funding from the Development Bank of Namibia to upgrade the Divundu Bridge. It is currently in the process of being upgraded to two lanes with an increased weight limit of 120 tons and is due to be completed in 2012 (Boois and Smith 2012).

Figure 8: Aerial view of the Divundu Bridge before construction

Likewise, the Port of Walvis Bay needed upgrading to accommodate the increased trade volumes. In 2000, Namport deepened the Port of Walvis Bay to 12.8 meters to allow larger ships to use the port (WBCG 2010h). The positive effects of this expansion on trade volumes are already evident. According to a media release, the WBCG saw trade volumes reach an all-time monthly high for January of 2012. To put the growth trends in perspective, there were only about 300 trucks per month leaving the Port of Walvis Bay in 2005. In 2012, there were over 1,000 trucks per month entering and exiting the port, which was more than a threefold increase in transport volumes (WBCG 2012b).

However, expansion of the physical infrastructure of the Port of Walvis Bay may not be enough to make the port a competitive logistics hub. One study completed by the Japan International Cooperation Agency stated that increased involvement from the private sector in the container berth operations of the port would greatly increase efficiency. The study describes that this would increase the "confidence of clients to use the Walvis Bay Port rather than an alternative port" (Japan International Cooperation Agency 2011).

A large part of the WBCG's activities includes arranging meetings between the governments of SADC countries. It has worked with Roads Authority and other SADC governments to harmonize weight regulations on trucks. Currently, Zambia has a lower weight limit for its roads. Therefore, drivers transporting goods from Namibia into Zambia are stopped at the Namibian and Zambian border and fined for overloading their trucks (Sasele 2012).

The Namibian government and its authorities have facilitated additional projects for developing the corridors.

Other infrastructural and trade facilitation projects are underway without the direct influence of the WBCG. According to Collier, a comprehensive railway network is necessary to harness the resources

available in Africa and facilitate trade between nations (2011). In general, Africa's land is suited to railways. However, the network has shrunk over the past fifty years (Paul Collier 2011, 18). Railways may not be technically challenging to build and are often more efficient than roads, but issues of cost and politics surround their development. Additionally, railways must be internationally accessible and streamlined due to the number of countries involved in trade. Many SADC countries, such as Zambia or the DRC, have not yet tackled the challenges of managing a railway, and the rail network remains subpar.

The Namibian railway network, overseen by TransNamib, is no exception to this. Some sections of track have deteriorated and cause bottlenecks and delays along the route. Rehabilitation of the railway is necessary to meet current cargo demands. Additionally it would provide the foundation for expanding the capacity to transport cargo (Japan International Cooperation Agency 2011). If TransNamib upgraded and expanded the rail lines, many importers and exporters could use rail to reduce wear on the roads (Tjivikua 2012).

In addition to improving rail networks, the SADC region is in the midst of streamlining customs operations between borders. Border controls protect a country's people, enforce laws, and facilitate efficient international movement of travelers and goods. Currently, the South African government has modernized its customs system by optimizing paperless technologies (Southern African Revenue Service 2010). The Customs Modernisation Programme uses an electronic process to enhance the flow of trucks through borders (Southern African Revenue Service 2012). This reduces the need for paper and authorization stamps, which will increase efficiency and decrease waiting times at each border post. This improvement to trade facilitation increases the amount of business through the nation, as it makes travel more attractive to other service providers.

The construction of the Katima Mulilo Bridge in 2004 also facilitated international trade (WBCG 2012b). The bridge passes over the Zambezi River and connects Namibia and Zambia. This connection allows for an increase in trade with Zambia and the DRC. According to Raballand et al in an article from the World Bank, the bridge causes little to no congestion at the border post (Raballand, Kunuka, and Giersing 2008). With the completion of the bridge, the Trans-Caprivi corridor was connected directly to Zambia. The Trans-Caprivi Corridor now serves as one of Namibia's most important infrastructural development projects (Brambilla 2008, 55-68). According to an article announcing the construction of the Katima Mulilo Bridge, the number of trucks transported across the border would increase from the previous 25 per day that used a ferry to an estimated 110 vehicles per day (Chitenje 1997). The bridge is both an example of further infrastructural development as well as trade facilitation between Namibia and Zambia.

2.6 Challenges to Business Development in Namibia

While there is always room for improvement, evidence of infrastructure development and trade facilitation in Namibia exists as described in Section 2.5 Infrastructural and Trade Facilitation Projects in the SADC Region. However, it is difficult to quantify the extent to which business development through the corridor system was a result of infrastructure improvements and international trade facilitation. The volumes transported through Walvis Bay show consistent increases over the years. Many businesses have grown in size, number of employees, or in customer base. In economics, it is difficult to pinpoint the cause and effect, as there are many factors at work (Simana-Paulo 2012). However, we aimed to determine the relationship between business development and projects along the corridor system from the perspective of private sector transport and logistics companies. In addition to benefiting from improvements in infrastructure and trade facilitation, transport and logistics companies face challenges to growth. Many challenges, both internal and external, are common to all companies and each company faces the challenge in separate ways.

The four main challenges to business development are crime (including theft and disorder), tax rates, access to finance, and an inadequately educated workforce.

According to a study completed by the World Bank and Enterprise surveys on general businesses in Walvis Bay, Windhoek, and Swakopmund, crime challenges businesses the most. Additional challenges include the large time commitment that is necessary to run a business, as well as the fear of failure (Analoui 2003). Along with regular management challenges, transport businesses in the Walvis Bay Corridors need to overcome region-specific challenges that mold their business environment.

As can be seen in Figure 9, 21.6% of the 329 firms surveyed chose crime, theft, and disorder as the biggest obstacle to their business. According to the same study, 79.3% of Namibian firms pay for security, as compared to the world average of 57.3% (The World Bank 2006). Crime and security are challenges that businesses may have to deal with more often in Namibia than in other parts of the world. Other notable business environment constraints included tax rates, access to finances, an inadequately educated workforce, and corruption. However, transport companies were not the only businesses surveyed by the World Bank.

The transport and logistics industry is broken down into three sub-industries as follows: imports and exporters, clearing and forwarding agents, and transporters. Challenges to growth may affect each of these sub-industries differently. Employees may be easier to find in one industry compared to another if the tasks are easier to learn. Additionally, crime may not affect clearing and forwarding agents as much as transporters due to the nature of the sub-industry. Through our project, we looked at each industry in depth to determine what challenges it faced and how the WBCG has affected the business and industry.

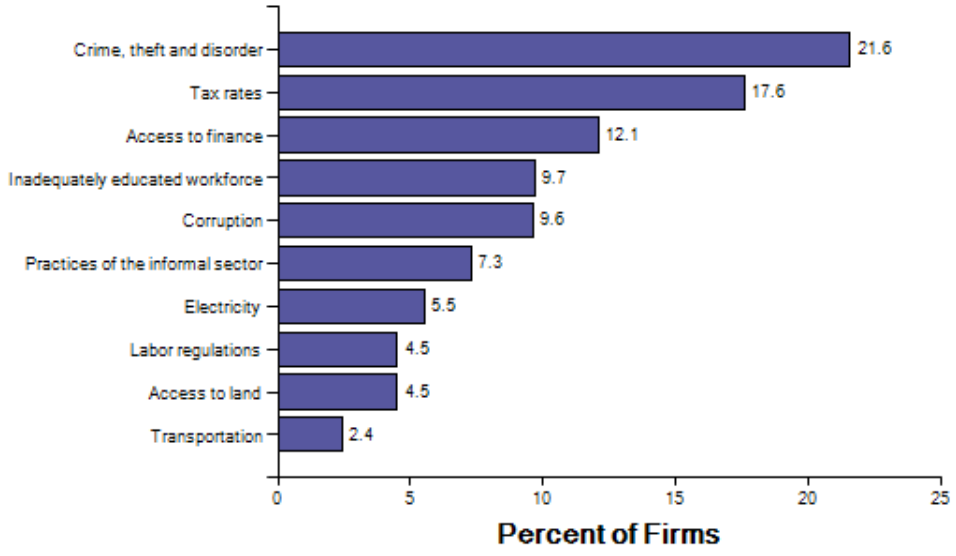

Figure 9: Top 10 Business Environment Constraints in Namibia

CHAPTER 3: METHODOLOGY

The goal of our project was to assess the growth of the supply chain in the Walvis Bay Corridor system to show the value added by the WBCG through projects involving trade facilitation and infrastructure development. We made recommendations to the WBCG regarding management of the corridors and made suggestions for efficient and sustainable expansion of the Walvis Bay Corridors. We achieved this goal by meeting the following objectives:

1. Determine the views and perspectives of various stakeholders and the challenges created by the development of the Walvis Bay Corridor system to gain a general understanding of trade in Namibia.
2. Develop case studies of four companies within the transport and logistics supply chain to assess the growth due to the development of the corridor system.
3. Analyze case studies and viewpoints on the growth of trade industries based on the impact and outcome of development.

This chapter details the methods we developed to pursue these research questions, gather information on the challenges posed by development in the Walvis Bay Corridor system, and analyze the growth in the import, export, transport, and clearing and forwarding industries.

3.1 Objective 1

Determine the views and perspectives of various stakeholders and the challenges created by the development of the Walvis Bay Corridor system to gain a general understanding of trade in Namibia.

As there are varying viewpoints on how a region should grow and develop, there is bound to be controversy among the stakeholders (Söderbaum and Taylor 2007, 1-23; Bek, Binns, and Nel 2004, 22). We set this objective in order to understand the perspectives on corridor development so we could gain a general working knowledge of trade and economics in Namibia. We wanted to determine whether these visions were unified or conflicting. We familiarized ourselves with the viewpoints to gain a more complete picture of development and logistics along Namibia's corridors. A representative from Namport gave us a tour of the Port of Walvis Bay and a representative from Roads Authority gave us a demonstration of a weighbridge. We used these tours to gain a baseline understanding of the efficiency of operations in the Port of Walvis Bay and at weighbridges in Namibia.

We aimed to learn about the viewpoints of corridor and business development from government ministries, parastatal companies, a community representative from Walvis Bay, large and small transport and logistics companies, and professors in economics, logistics and business at the Polytechnic of

Namibia. We determined what each stakeholder viewed as the potential positive and negative effects of corridor development for the country, the environment, and the smaller communities in Namibia. We learned about each group or organization's perspective on the relationship between transport, infrastructure development, trade facilitation and business development as it applies to Namibia. By gathering viewpoints on corridor development and transport in Namibia, we established a baseline by which to identify characteristics of expansion in the three industries we studied.

We gathered these perspectives through semi-structured interviews with various stakeholders. In semi-structured interviews, we posed focused questions but we also allowed the conversation to flow freely at times by probing and redirecting conversation with questions when necessary. All stakeholders provided us with viewpoints on corridor development, which allowed us to determine challenges, and conflicting viewpoints between stakeholders. Appendix C: Government Officials and Parastatal Representatives Questionnaire contains a detailed list of interview questions. We based our interview questions on the following research questions aimed at collecting the necessary information:

- What are the advantages and disadvantages of development of the Walvis Bay Corridors?
- What changes would you like to see in how the corridors develop?

We asked the same questions of all stakeholders so that the results would be comparable and easily analyzed. In addition to these questions, we formulated specific questions for each interview. All questions listed in this objective are also in Appendix C: Government Officials and Parastatal Representatives Questionnaire and Appendix D: SME Owners, Municipality Representatives, and Experts in Business Questionnaire.

Small transport and logistics companies in Namibia provided us with a well-rounded view of the operations of transport and logistics companies. We learned their perspectives on growth and development. In addition, we gained a better understanding of the challenges facing smaller companies. We conducted semi-structured interviews and below are examples of the questions asked.

- What motivated you to start a transport or logistics business?
- What were the greatest challenges that you faced and how did you overcome them?
- How do you compete with larger companies?
- What are your views on the growth of the logistics and transport industry in Namibia?

The municipality of Walvis Bay representative helped us gain an understanding of how the corridor system has affected the growth of the town. The representative provided us with the municipality's perspective on the positive and negative effects of corridor development and business development. We based our interview on the following questions:

- What does the municipality see as the positive and negative effects of development of the corridor system?
- What would you want to change about how the corridor is developing?
- Have you seen corridor development bring more employment opportunities?
- Have you seen a change in demographics as the infrastructure has developed?

We spoke with professors from the **Worcester Polytechnic Institute** and from the **Polytechnic of Namibia** to gain a basic understanding of economics, logistics and business development. We determined each professor's position on positive and negative effects of development. To gather this information, we utilized the semi-structured interview based on the following questions.

- What are the advantages and disadvantages of a public-private partnership (PPP)?
- What do you see as the advantages and disadvantages of development in Namibia?

Parastatals provided us with information on the efficiency of transport through the Walvis Bay Corridors, current development projects, and challenges they faced in transport and logistics. We spoke with representatives from Namport and TransNamib. Their expertise with the process of trade and transport in Namibia provided us with information on how to increase the efficiency of trade. Listed below are examples of research questions that were the basis for our interview questions. We used these questions to understand the transportation processes in Namibia better.

- How has the efficiency along the Walvis Bay Corridors improved in recent years?
- How would you recommend increasing the efficiency?
- How do you insure fast and secure transport along the corridors?
- How has the development of the corridors affected this company?

By speaking with **government officials**, we gathered data on the types of taxes imposed on businesses, why such taxes were in place, and how they might affect businesses. Likewise, we gathered information on the rules and regulations surrounding the transport and logistics industry and reasons behind their implementation. We based our main interview questions on the following examples:

- What are the current regulations on transport companies?
- How have infrastructural improvements affected transport?
- To what extent do transport companies benefit the government, the people, and the economy?

We faced challenges when gathering this information. There was a bias on our part as interviewers as well as on the part of the interviewees. Because we set up the interviews through the WBCG, representatives could have given biased responses due our association with the WBCG. We also

may have stated questions in a manner as to lead them towards a favorable answer. To counteract this we tried to ask impartial questions and interviewed with as little bias as possible.

3.2 Objective 2

Develop case studies of four companies within the transport and logistics supply chain to assess the growth due to the development of the corridor system.

There is a strong relationship between infrastructure development, trade facilitation, and business growth (Boois and Smith 2012). By developing even one of these three points, the other two will flourish. Transport is the catalyst of this development as it is the vehicle for delivery of goods and services throughout the nation. Because of this, we investigated the process of development and expansion of the transport and logistics supply chain industries that use the Walvis Bay Corridors. The three sub-industries in the transport and logistics industry that we focused our research cases on were:

- Importing and exporting
- Clearing and freight forwarding
- Transporting

The WBCG advised us to interview transport and logistics companies listed in Appendix H: Companies Interviewed as well as one company that wished to remain anonymous. We used these interviews to develop extensive cases on the clearing and forwarding industry, the transport industry, and the importers and exporters that use the corridor. These companies serve the region by overseeing the details of moving goods from the Port of Walvis Bay to destinations throughout the SADC region. In order to develop solid case studies, we focused on how each company was able to grow and expand. We defined growth and expansion in terms of obtaining significant contracts, increasing revenue, and/or increasing physical size (fleet size or number of employees).

We supplied each company with a brief about the information we wished to learn during the interview several days before our meetings. A copy of the brief can be found in Appendix A: Interview Briefing. We gathered basic information about the business. We determined how many employees the company has, how that number has changed in recent years, and an overview of the goods and services offered by the company.

We conducted semi-structured interviews with a representative from each company, which enabled us to stay organized and probe when needed. Detailed interview questions for all companies can be found in Appendix B: Company Representative Questionnaire. We asked to obtain the desired background information listed below:

- What goods do you carry and what services do you offer?
- Where did you obtain funds to start your business?
- What incentives were there for expanding the company?
- How many employees did you start with?
- How many people do you currently employ?
- How do your services separate you from your competitors?

We focused on specific factors that affect development to gain a better understanding of growth and expansion for transport and logistics companies. As discussed in Section 2.6 Challenges to Business Development in Namibia, the top four obstacles to business growth in Windhoek and Walvis Bay in 2006 were crime and disorder, tax rates, access to finance, and an inadequately educated workforce (The World Bank 2006). We learned what factors are most hindering to each company and how it deals with each aspect of business development. We identified what challenges the business is currently facing and has faced in the past. Further details can be found in Appendix B: Company Representative Questionnaire. Some of the questions we asked are the following:

- What percent of loss can you attribute to crime or theft?
- What is the biggest challenge you face with loss?
- What do you see as a hindrance to growth of your business?

We gained an understanding of the supply chain process through companies that use the corridor system directly for transporting goods. These companies provided us with the positives and negatives of using the Walvis Bay Corridors. The semi-structured interviews followed the questioning detailed in Appendix B: Company Representative Questionnaire. The following questions are examples from those interviews.

- Why did you choose to transport your goods through the Walvis Bay Corridors?
- Where do you ship your goods?
- How long does it take your goods to reach their destination?
- Have you reduced costs by shipping through the corridors?

The Art and Craft of Case Writing, defines a research case as a factual, unbiased description of past events. However, case writing is telling a story. William Naumes states, “An effective case study is one that is both interesting and leads to a discussion that meets the objectives of the case” (Naumes and Naumes 2006). We presented the history and development of four companies to produce effective case studies. We presented our cases to the WBCG.

We based our research cases on interviews, personal observation, and published sources. We focused our case studies on the customer base, the goods and services offered, and the challenges faced by the businesses. We assessed the stability of the finances of each company by determining its flexibility and ability to take on new contracts. We did not ask about finances directly because companies kept this information confidential. We looked at the direct correlation between the customer base and the goods and services of the company. We included the business practices that led to the growth or expansion. We determined the benefits of the businesses to the community and the economy in terms of regional development. Our case studies presented the information in a respectful manner.

We interviewed representatives from companies based in Windhoek, Walvis Bay, and Swakopmund. We traveled for several days to conduct these interviews in person. We preferred to conduct interviews in person so that we could observe the location, the business, and the employees themselves. We conducted follow up interviews via telephone.

The largest challenge we faced while gathering information for complete case studies was the difficulty of securing interviews with members of the private sector. Our liaison requested interviews with the stakeholders, but it took several attempts to solicit a response. Once we secured an interview, the representative was usually willing to answer our questions.

One problem that we faced while writing our case studies was deciding how much detail to include. We attempted to condense the relevant information into all of our case studies to provide an accurate picture of the development. We paid close attention to avoid any bias in our case studies, as it is possible that many of the company representatives we interviewed wanted to show their business in a positive light. We respectfully probed with further questions to gain a full understanding of the company. Related to this challenge was a potential lack of honesty and disclosure when discussing sensitive subjects. We addressed this concern by conducting all interviews in a respectful and professional manner. We assured confidentiality with respect to our report and the WBCG's publication intentions. We were also aware of a potential bias on our part because we worked through the WBCG, as we saw in our first objective. While we made note of this, our case studies and analyses are ultimately subjective.

To ensure that interviewees understood our interview questions and that we were respectful of the cultural barrier, our liaison at the WBCG, Mr. Gilbert Boois, reviewed all questions and intentions prior to conducting interviews. Mr. Boois attended most interviews to ensure that the interviewees understood all questions and to clarify any miscommunications. However, Mr. Boois would intentionally leave the interview when we asked about the WBCG to reduce any potential bias from the interviewee. We also utilized a variety of interviewing techniques to warrant clear answers. We rephrased important questions to solicit honest responses and used probing questions to secure complete understanding.

3.3 Objective 3

Analyze case studies and viewpoints on the growth of trade industries based on the impact and outcome of development.

To assist the WBCG in its efforts to improve and promote business operations in the Walvis Bay Corridor system, we determined the value added by the WBCG to the clearing and forwarding industry, the transport industry, and the importers and exporters using Walvis Bay. By identifying and assessing these companies, we provided evidence of business development that is essential to the development of infrastructure and trade facilitation. The WBCG will market the corridors using the case studies produced from Section 3.2 Objective 2. To indicate how the projects and efforts of the WBCG affected those businesses, we analyzed our case studies. The primary aspect that we focused on was the effect of being involved with Walvis Bay Corridor system.

We determined that each business could attribute changes to involvement with the Walvis Bay Corridor system by comparing certain criteria of the company before and after it became involved with the WBCG. The criteria we established for this assessment targeted the five main selling points of WBCG membership. As the WBCG continues to provide benefits on these five aspects, the overall transport through the supply chain improves.

- Time – the number of days it takes to transport goods into a region
- Money – the overall cost of transport
- Efficiency – the port and border times and costs
- Safety – the conditions of the corridors
- Security – the protection of goods in transit

We evaluated these effects from our perspective and from the perspective of the business in question. To determine the benefits contributed by the WBCG from the perspective of the business itself, we asked the representatives to describe these benefits to us exactly how they saw them. We asked the following questions, as detailed in Appendix B: Company Representative Questionnaire. We also allowed time for each company representative to speak freely about the work of the WBCG. Here are some of our questions:

- How has the WBCG aided your business?
- What are the advantages and disadvantages to being a member?
- Do you actively participate in corridor development?
- Has participation in corridor development profited your business?
- Do you see yourself becoming more involved with WBCG projects in the future?

Our analysis of measureable criteria tells one side of the business's story, but the organizations themselves offer a perspective on the development that paints a more comprehensive and conceptual picture of the benefits from being a member of the WBCG. We compared the results across companies to determine the overall impact the WBCG has on the logistics of the Walvis Bay Corridor system.

While these businesses can attribute their growth in part to their affiliation with the Walvis Bay Corridor system, there may be other reasons for this growth. A representative from the Ministry of Works and Transport told us economics is a science that is very difficult to quantify and measure (Simana-Paulo 2012). It is difficult to link the cause with the effect because of the complexity of the situation. Therefore, our analysis of the Walvis Bay Corridor system's advantages may not have accounted for some economic variables. Another challenge that we faced in our assessment was the difference between actual and collected data. For instance, authorities did not enforce regulations to the degree that we expected and the answers provided by representatives may therefore be inaccurate. We addressed this problem through careful observation and attention to detail.

CHAPTER 4: CASE STUDIES OF TRANSPORT AND LOGISTICS COMPANIES

The following chapter contains four case studies of transport and logistics companies in Walvis Bay, Swakopmund, and Windhoek. The cases highlight the growth of the industry by showing the individual growth of the company. Each case describes the challenges the company faced, how it overcame them, and the extent to which the company representatives believed the WBCG affected the company's growth. The cases include businesses from each sub-section in the transport and logistics industry consisting of importers and exporters, clearing and freight forwarders, and transporters. The following cases are meant to stand-alone and will be preceded by a note as seen in Appendix I: Transport and Logistics Industry Note. We have included them as a separate chapter in our report, as we believe they exemplify the center of our project and aided us in coming to our findings in Chapter 5: Findings and Analysis.

4.1 Case Study of Namibia Auto Imports and Exports

The Voice of an Importer in the Port of Walvis Bay

Namibia Auto Import & Export cc.

Direct Importers of Quality Vehicles

> ***"Nothing you see around you was here. It was only sand dunes."*** *– Azgar Suleman*

Azgar Suleman saw the potential in the Port of Walvis Bay even before the port officials. He started Namibia Auto Import & Export cc in 2004 with a small office inside the Port of Walvis Bay. His office seemed unremarkable as it rose out of the dust on one side of the port and had not changed much since its inception. "When I moved into the port, nothing you see around you was here. It was only sand dunes," said Mr. Suleman. The wooden stairs leading to his office creaked as employees walked up and down, showing how long Mr. Suleman had been in the port. At the time, many criticized him for buying land in the Port of Walvis Bay and building his office far from the only existing container terminal. "The guys thought I was crazy. I was at the furthest end of the port," described Suleman. As time passed, the Port of Walvis Bay grew around him. Now, new and used vehicles, stacks of containers with no place to be stored, and a

> ***"The various seminars and marketing programs of the Walvis Bay Corridor Group have improved our volumes."*** *– Azgar Suleman*

swarm of other business activities surrounded Mr. Suleman's seemingly run-down office. The Port of Walvis Bay was bursting at the seams all around.

Azgar Suleman's office in the Port of Walvis Bay

Mr. Suleman started his business twelve years ago in Durban, South Africa, where he began delivering used vehicles. He then moved his business to Katima Mulilo, Namibia and eventually to Walvis Bay as he learned of the advantages: "the safety, the locality, [and] the close proximity to the immediate Southern African market," said Suleman. Importers and exporters worried about crime increasing along with development. However, Suleman said, "There have been very few incidents. I think it's too far in between to even mention."

As others heard about the benefits of Walvis Bay, the volume of trade through the port grew. The port expanded to accommodate growing demand, and Mr. Suleman's business increased. He initiated vehicle importing in Walvis Bay and the industry grew to between four to five thousand cars per month, where it has been for the past six years. His company grew from just himself to twelve employees not including the drivers who deliver the vehicles. Because of the increase in trade, Suleman expanded his outdoor plot from 2,000 square meters to 10,000 square meters.

However, Mr. Suleman faced challenges along the way and still faces challenges as Namibia Auto Import & Export continued to grow. According to Mr. Suleman, "It's difficult to break the mold of somebody that has been using another port for decades, through generations…Walvis Bay is a totally new dimension which offers many advantages as a logistics and transit hub." Walvis Bay competes with Durban, Dar es Salaam, and Maputo for the landlocked markets. Convincing clients to use Walvis Bay over the other, more established ports remains a challenge.

Other ports might be well established, but according to Mr. Suleman, Walvis Bay moved goods more efficiently and safely. The WBCG marketed the port and corridors to others and aimed to bring growth to all stakeholders. According to Suleman, "The various seminars and marketing programs of the Walvis Bay Corridor Group have improved our volumes." With the marketing efforts of the WBCG,

Namibia Auto Imports &Exports faced fewer challenges to changing the viewpoint of its customers. Mr. Suleman promoted the Walvis Bay Corridor Group in turn with his own marketing.

> ***"The most important thing is the employment, the job creation for Namibia."***
>
> *– Azgar Suleman*

Other challenges that were beyond the company's control also tested Azgar Suleman. Like many transport and logistics companies, sudden changes in the legislation of the surrounding countries challenged importers and exporters as well. In 2010, Angola changed the restrictions regarding imported vehicles. Previous legislation allowed importers to bring in vehicles up to five years old. Currently, imported vehicles may be no older than three years. Mr. Suleman used to deliver 80% of his used-car transit cargo to Angola. "That dropped markets considerably because of the ban," said Suleman. Many of his colleagues in Angola sat with the stock and waited for the market to open up. However, some decided to cut their losses and get out of the market.

Challenges such as the sudden ban on importing used vehicles and changing people's mindset were hard to overcome. Mr. Suleman practiced patience and recognized that changing the industry was difficult. "It's literally like banging your head against a brick wall. It's hard to change," he explained. The reluctance to change and improve the operation of the industry frustrated Mr. Suleman. He poured a lot into the industry. "This business was built with blood, sweat, and tears," he explained and facing people who did not have the same standards of efficiency or work ethic aggravated Suleman. He saw where the business could be.

Suleman along with other associations worked towards changing the attitude of potential clients and improving the industry. In addition to marketing the corridor system, the WBCG also advocated for infrastructural and trade facilitation projects, without which, the corridor system would not be where it was today. Before the completion of the Zambezi bridge on the border between Zambia and Namibia, Mr. Suleman sent shipments through Botswana and then to Zambia via a ferry. The completion of the bridge benefited Azgar Suleman as he continued to grow his business. It. created a direct link to Zambia and greatly decreased the travel time through the corridor system.

Suleman noted that implementing the ASYCUDA++ system in all border posts improved the efficiency and decreased the time needed to transport goods. The system was compatible with the Zambian customs system. However, Suleman also indicated room for improvement at the borders. "Like any border in the world, we need a quicker turnaround," said Suleman. This problem plagues borders and ports around the world. It is a "global norm," according to Suleman.

Some experts stated that Namibia saw minimal benefits from the importing and exporting industries because the majority of the cargo traveled to other nations. However, Mr. Suleman cited that Namibia saw the benefits of the duties, utilities, and cross border charges on the in-transit goods. Above all, Suleman said, "The most important thing is… the job creation for Namibia, to reduce the unemployment rate." The logistics industry provided numerous jobs and created new opportunities for growth in Namibia. According to Suleman, development also brought infrastructure and technical advancements and improvements, skill development, and technology transfers.

This is the view of nylon tents and used vehicles from outside Mr. Suleman's office. The port grew around him.

Even though Mr. Suleman heavily promoted the use of the Walvis Bay Corridors, he also suggested room for improvement. He said, "The main challenge now to improve this route, the corridor route, the corridor business, is a rail link to the hinterland." He suggested that Namibia expand the rail link north to Zambia because its economy was strong and the Zambian people required the service of an efficient port. According to Suleman, the Walvis Bay route lost thousands of tons to cargo to the eastern African ports because Namibia lacked a rail link with Zambia. "[The importers] would actually switch overnight to Namibia because of our safety and efficiency," commented Mr. Suleman.

One of Mr. Suleman's clients imported 300,000 tons of goods to Zambia per annum through the east African ports. However, he showed interest in using the Port of Walvis Bay if TransNamib improved the rail system. According to Suleman, he was only one of about six large importers that expressed interest. "So you can imagine the volumes that Walvis Bay is losing," concluded Suleman.

Suleman praised the port for its efficiency and safety, but also believed Namport needed to make improvements to its management. Suleman suggested that the port extend its operating hours to compete with other ports that clear goods at one in the morning, if necessary. Additionally, Suleman said that, "At

the moment, [the port operations] restrict us [from] bring[ing] in more business… because the port just won't be able to handle it." However, Suleman stressed that both private and public sectors needed to be involved to speed up improvements. "The government can't do it alone. The private sector cannot do it alone," said Mr. Suleman. Namport drew up plans to expand the port of Walvis Bay and continue marketing, but was slow to begin construction.

Some of the major players in the transport and logistics industry suggested that the WBCG might be over-marketing the Walvis Bay Corridor system. However, Mr. Suleman adamantly disagreed. "I think the potential is far, far, far greater," exclaimed Suleman. He went on to say that, the infrastructure needed improvements due to the increase in the volume of trade. He suggested a rail link to Zambia and logistical support to respond to that increase.

> ***"I think Walvis Bay can play a pivotal role in international trade."***
>
> *– Azgar Suleman*

Suleman suggested that the WBCG increase its marketing to at least one campaign per quarter and involve main role players in the private sector to promote the "grassroots development of the corridor." He suggested that leaders or directors from the main companies in the transport and logistics industry accompany the WBCG as it promotes the Walvis Bay Corridor System to other nations. "People want to put a face to business," he explained. He argued that exporters and importers would be more likely to use the Port of Walvis Bay if they met the people who would handle their cargo. This would build a personal relationship and promote the use of the system. Mr. Suleman further explained, "If I send a few fliers or emails to a few clients in Europe or America, nobody knows who is Namibia Freight, what we do… [But during] a one to one after the seminar… you can promote your business."

Despite several criticisms, Mr. Suleman never stopped praising the Walvis Bay Corridor system. He highlighted the proximity between the eastern and western parts of the world that it created as the main advantage. "In terms of using Namibia as a spring board between the east and west and vice versa, I think Walvis Bay can play a pivotal role in international trade," said Suleman. Namibia and Walvis Bay have the potential to be significant players in not only regional, but also in international trade as long as improvements continue.

4.2 Case Study of Trade Ocean Shipping Namibia

Speaking the Language of the Clearing and Forwarding Industry

Trade Ocean Shipping Namibia

In the growing port town of Walvis Bay, Namibia, companies in the transport and logistics industry lined the streets. Company after company displayed their eye-catching logos and advertised for the best service in town. Trade Ocean Shipping established itself in South Africa and opened an office in Walvis Bay in 2006. According to Mr. Andre Strydom, Manager of Clearing and Forwarding at Trade Ocean Shipping Namibia, "The need arose to have a branch office in Namibia." As the Port of Walvis Bay improved its efficiency and the trade through it increased, a Trade Ocean Shipping Namibia representative thought that the company needed representation in Walvis Bay for its South African clients. The Namibian branch separated from the original South African office and acted as its own legal entity. However, the offices continued to work together closely.

Trade Ocean offered services in ships' agencies, clearing, forwarding, ocean/air freight, and logistics on both a local and global scale. Trade Ocean Shipping Namibia did not own its own trucking fleet, but instead contracted transporting companies to carry the cargo. Mr. Strydom explained that the company utilized transporters that were members of the Walvis Bay Port Users' Association whenever possible to ensure reputability. As stated by Mr. Strydom, "We stick to what we do best."

As with almost any company, Trade Ocean Shipping Namibia went through challenges as the company expanded and grew. Trade Ocean originally acquired startup capital by taking out an inter-company loan from its parent office in South Africa, a convenience that many companies did not have. Mr. Strydom described that Trade Ocean first grew in business and revenue by taking on as much business as possible. Then the company hired more staff members to pick up the business. Strydom commented that some companies hire too many employees when they first start and then are not able to

sustain the growth. The Namibian branch started with two directors and one clearing and forwarding employee, which soon grew tremendously.

According to Mr. Strydom, Trade Ocean did not have a problem finding competent employees because of the office's location in the town of Walvis Bay. Strydom described that Walvis Bay burst with people with expertise in the logistics industry. "People have taught or learned themselves the expertise, so it is not so hard to find expert people in the field," explained Mr. Strydom. Since the founding of the Walvis Bay office, Trade Ocean's staff grew from three employees to twelve. Trade Ocean quadrupled in size and grew an average of 50% over the six years since the company's establishment.

The office of Trade Ocean Shipping in Walvis Bay, Namibia

The company also placed a high standard on the education of its employees. The managers identified aspects of their staff that could be improved and then sent their employees to classes and training programs. The employees of the Walvis Bay office exemplified an aptitude for international communication. Strydom listed off the languages that his colleagues spoke, which included Russian, Spanish, English, Afrikaans, German, Portuguese, French, Oshiwambo, Otjiherero, and Oshikwanyama. Mr. Strydom said that this enabled Trade Ocean to interact with numerous people in different markets.

As Trade Ocean Shipping Namibia grew, it expanded its reach to stretch into many markets. Strydom remarked that staying adaptable kept Trade Ocean financially stable. As the movement of secondhand vehicles through the Port of Walvis Bay grew, Trade Ocean became increasingly involved in the vehicle market. Mr. Strydom explained, "Why Walvis Bay is now certainly being used, is because South Africa has placed a moratorium on the driving of those vehicles on South African roads. They are no longer allowed to be self-driven on South African roads." This created an increase in the demand for

secondhand vehicles through Walvis Bay. Trade Ocean Shipping capitalized on the opportunity to grow its client base.

Despite the company's growth, Strydom explained that external challenges, most of them beyond Trade Ocean Shipping's reasonable control, hindered its expansion. Projects and efforts in infrastructural development and cross-border trade facilitation alleviated some of these external challenges. According to Strydom, the Walvis Bay Corridor Group (WBCG) affected many of these improvements, whether directly or indirectly. From the perspective of Trade Ocean Shipping, the paving of the Trans-Caprivi Highway benefited the company and provided accessibility to new clients in the copper belt region. The construction of the bridge at Katima Mulilo along the Trans-Caprivi Corridor greatly improved the transport efficiency seen by the company. "[The bridge] has played a major role in facilitating the trade and the vehicles going across," said Mr. Strydom.

> ***"We used to have nightmares trying to get goods into Angola"***
>
> *– Mr. Andre Strydom*

> ***"I think the corridor project has been a great initiative with facilitating trade to neighboring countries."***
>
> *– Mr. Andre Strydom*

The WBCG also focused on cross-border trade facilitation to improve the efficiency of border crossings. The group facilitated high-level, international government meetings to attempt to remove cross-border inconsistencies and harmonize trade and customs regulations between countries in the SADC region. Speaking to the results of the WBCG's efforts, Mr. Strydom described, "That has helped tremendously." In particular, the modernization and computerization of the border posts helped Trade Ocean Shipping greatly. Mr. Strydom generalized, "I think the corridor project has been a great initiative with facilitating trade to neighboring countries." Mr. Strydom cited a more direct benefit of Trade Ocean Shipping's membership with the WBCG. He stated, "[Walvis Bay] Corridor Group cargo gets preference in handling" and could see net savings up to 1000 Rand per shipped container. He attributed this saving to the lack of tariffs paid on in-transit corridor cargo.

The improvements in international trade facilitation greatly improved the efficiency of the transport process according to Mr. Strydom. Inefficiencies at border crossings around the SADC region caused significant bottlenecks in the transportation aspect of supply chains. "We used to have nightmares trying to get goods into Angola," said Mr. Strydom. "A truck can stand there for 14 days because one guy has got a headache and he doesn't feel like working with you." Now the border posts had fewer delays.

The WBCG also promoted the Port of Walvis Bay and the development of Namibia as a hub for international trade. The corridor group traveled around the world to promote the use of the Port of Walvis Bay. According to Mr. Strydom, Trade Ocean Shipping Namibia has "grown tremendously in the clearing and forwarding division with the implementation of the [Walvis Bay] Corridors and the [Walvis Bay] Corridor Group, which has opened up a lot of markets for us." Mr. Strydom said that Trade Ocean Shipping acquired its largest client as a direct result of the WBCG's international promotion of the Walvis Bay Corridor system and the reduced transit times provided by the system.

Trade Ocean Shipping Namibia maintained continuous involvement with the WBCG. Mr. Strydom spoke about his involvement with the WBCG's international offices. He stated, "I'm going to involve [the WBCG's] office extensively," in efforts to grow the company's client base. To attract more clients, Mr. Strydom pointed to one of Trade Ocean's marketing points as the well-developed and well-maintained road infrastructure of Namibia. The roads were conducive to safe and efficient road transport between the Port of Walvis Bay and Namibia's neighboring countries. Mr. Strydom also said that using the Port of Walvis Bay and its associated corridors, reduces the total transport time.

> ***"Outsourcing the container terminal will definitely improve the efficiency and productivity [of the terminal]."***
>
> *– Andre Strydom*

While Namibia's collective transport system improved, Mr. Strydom believed that areas had room for potential betterment. A major problem that still plagued the Port of Walvis Bay was the lack of space for containers within the port. However, the planned expansion of the port would alleviate the overcrowding of containers and improve the efficiency of the port and the collective supply chain process. The deepening of the port would allow larger vessels to call upon the Port of Walvis Bay directly and create a more direct connection with overseas markets.

Trade Ocean Shipping stood to gain from this because the port expansion would increase the space available for containers and provide more business opportunities. However, Strydom stressed the need for improving the efficiency as well as the capacity of the port. He said, "Outsourcing the container terminal will definitely improve the efficiency and productivity [of the terminal]." Involving the private sector in the container operations would bring motivation and incentive to increase efficiency and make a profit.

Mr. Strydom also touched on the issue of the prevalence of in-transit shipping in Namibia. He believed that the lack of importing and exporting goods directly into Namibia hurt the nation. He indicated that Namibia should focus on value-adding business ventures so in-transit shipping would not dominate the transport industry. For example, an Export Processing Zone would benefit Namibia and

increase the amount of business through the port. Mr. Strydom mentioned one potential for improvement regarding marble tile production. Currently, the Port of Walvis Bay exported slabs of marble and re-imported the completed marble tiles. He stated that Namibia lacked enough manufacturing capability to process the marble themselves. Marble tile production could provide a lucrative, job-creating market.

According to Strydom, Namibia needed to balance transport between the road and railway as the traffic increased. He suggested, "Some of the profits from the corridor group [should] be reinvested into the road structure." Mr. Strydom described the potential for rail improvements, indicating that they were viable for Namibia. Expanded railway links to Botswana, Angola, and the copper belt in Zambia would alleviate much of the stress on the road system explained Strydom.

Another potential area for improvement involved the investment in the corridor system itself. Mr. Strydom explained that the Namibian government does not gain much from the current use of the corridor system because most of the goods do not stay in Namibia. In Strydom's opinion, the stakeholders of the corridor system who benefit from its success should invest in the corridor system to see the benefits directly. This would include the surrounding countries that import the goods and the private sector companies that utilize the corridors. Mr. Strydom pointed out that Namibia's neighbors could further aid in the improvement of the corridor system by continuing to streamline customs-clearing regulations and border-crossing processes.

Mr. Strydom described the border crossing between Namibia and Angola as efficient and greatly improved. However, other border crossings between Namibia, Zambia, Zimbabwe, and the DRC lacked the efficiency evident in the Namibian-Angolan crossing. Mr. Strydom described the Zimbabwean border as "a nightmare," with prevalent corruption that is "an every minute occurrence."

He expressed a desire to see a unified documentation system implemented for the border crossing into the Democratic Republic of Congo from Zambia, stating, "The unified documentation system would help us a great deal." Stressing the need for a collaborative effort from both sides of the border, Mr. Strydom explained, "For everybody to benefit, we need all of the role players to work together on these things and develop them to such a way that everybody can benefit and we can render a good service." If all of the stakeholders tied to the success of the Walvis Bay Corridor system took an active role in its improvement, Namibia would gradually climb its way to be international transport hub.

> ***"For everybody to benefit, we need all of the role players to work together."***
>
> *–Mr. Andre Strydom*

4.3 Case Study of Eden International

The Case of the Generous Transport Broker

Eden International

Eden Import & Export cc.

Tucked away in a small corner of a busy shopping mall in Windhoek, Namibia, sat a tiny office. Printed across the glass door in opaque paint, the words Eden International went almost unnoticed by passersby. Inside the small office, secretaries busied themselves with phone calls and arranging meetings. In the single room within the office, Herman Mans sat, typing at his computer. As CEO and founder of Eden International, Mr. Mans stayed constantly busy. Mans's outlooks on the transport industry were refreshingly different from his competitors. He focused more on improving the industry than his company's success.

> ***"The prime reason I have been so involved with the [Walvis Bay Corridor Group] was to get a smooth-running route."***
>
> *– Herman Mans*

Mr. Mans attended numerous meetings with the Walvis Bay Corridor Group (WBCG), a group that advocates for changes in the Walvis Bay Corridor System to improve international trade. "The prime reason I have been so involved with the [Walvis Bay Corridor Group] was to get a smooth-running route," said Mans. Since founding Eden International in 1996, Mr. Mans wanted to make a meaningful contribution to transforming the supply chain and fostering efficient trade in the SADC region. According to Mr. Mans, "It's not just doing something where we will benefit, but doing something that the country will benefit, [and] the economy in the broad sense would benefit."

However, Mr. Mans was not always in as influential a position as he is now. Eden International began as a trading company focused on selling salt and other commodities in Zambia. In the early 1990's Zambia imported up to 5000 tons of salt per month to utilize the empty returning truck capacities that transported copper to Namibia. Eden's transporters carried salt from Walvis Bay to Lusaka, Zambia and then traveled to Zimbabwe, carrying sugar. Mr. Mans spoke about the challenges of starting a small transport company. Because he had not yet established a reputable name for Eden, his trucks "always had to take last priority," said Mans. From time to time, in order to fulfill contractual obligations on a sugar

contract, the trucks traveled empty to Zimbabwe. Because of this, Eden was not able to supply its Zambian clients with salt. "[You] cannot trade in a market if you cannot supply your product on a regular basis," argued Mans. With trucks returning empty, Mr. Mans started to lose profit.

To counteract this, Eden International developed a logistical side of the business to protect its trading ventures. Instead of simply picking up loads of sugar, Mr. Mans sought out other markets. This added security and control to the company. Mr. Mans described that he must reassure his transporters that they would have cargo to carry. "We decided to get stability on our supply of our salt and other commodities to Zambia. We need to commit ourselves to our guys, to have a fixed capacity that we can utilize on the road. The stability would prove important when dealing with the volatile markets of southern Africa," said Mans. Mr. Mans described that though the prime focus would be transporting his commodities, trucks would need to be fully occupied both northbound and southbound, as Eden was responsible for the full cost of the round trip. Because of this, Eden needed to market its available transport capacity for additional goods.

> ***"The productivity that we get out of our operators is almost double the productivity we see from other transporters."***
>
> *– Herman Mans*

Mans described that although Botswana supplied the majority of salt to the Zambian markets, Namibia gained a reasonable market share. During the late 1990's, Eden exported up to 1500 tons of salt to Zambia. Namibian salt produced from seawater has a superior quality than salt produced inland in Botswana; it contains lower soda ash content. However, many exporters sell salt at a low price.

As time passed, the focus of the salt market began to change. Many Zambian importers switched to receiving salt from Botswana instead of Walvis Bay. Even though the quality was inferior, the Zambian markets were closer to the Botswana salt manufacturers than the Namibian salt manufacturers. With the very high cost of transportation and an ever-increasing fuel cost, Namibian salt became less competitive compared to Botswana salt. This prompted Mr. Mans to change his focus once again. The change challenged Eden International, but its involvements in logistics helped the company enter other markets. Mr. Mans began transporting his own commodities such as fishmeal, salt, and bone meal, as well as his client's cargo such as containers, various dry goods, and mining materials.

In another key move, Mr. Mans decided years ago to forgo investing in additional trucks. He relied upon many small and medium enterprise (SME) transporters, utilizing twelve trucks for the rest of his needs. Eden took care of the marketing of the business, carrying the debtors book and doing overall operational planning, while the transporters focused on all operational matters to have their trucks ready. Mans contracted small companies, many of which were driver-owners, who may not survive without his business. Mans developed a medium- to long-term relationship with SME transporters to establish loyalty and trust on both sides of the relationship. According to Mans, Eden was one of the only companies in Namibia that operated on that unique partnership. He explained that his operations were not the conventional transport broking concept, because his loads were made up of won commodities plus those of clients, northbound and southbound. Mans commented on why he employed many smaller companies. "You don't want big companies to become just bigger and employ a few guys. You want entrepreneurship."

> ***"You don't want big companies to become just bigger and employ a few guys. You want entrepreneurship."***
>
> *–Herman Mans*

He believed that this partnership gave Eden an advantage over other companies. "The productivity that we get out of our operators is almost double the productivity we see from other transporters," said Mr. Mans. Mans's flexibility allowed the transporter to travel at his own pace and take as many loads as he wanted or could handle. Mans also ensured business for the truckers. They received a certain rate per kilometer traveled on the trip within 48 hours of delivery. "They depend on the work we generate," commented Mans. Moreover, Eden depended on their ability to remain flexible. At any point, if Mans's business increased and he needed more carrying capacity, Mans simply called upon additional transporters to handle the goods. "If need be, we can double our capacity very quickly in four to six weeks' time," said Mans.

As Eden International grew, customers continued to do business with Eden because of its reliability and transparency. According to Mans, "[Customers] know Eden very well. They know what we stand for, and what we do, and how we operate," said Mans. Eden International established operations on the Zambian route long before the Walvis Bay Corridor Group started promoting the system. Mr. Mans spoke of the challenges of securing clients and changing their mindsets. "It took us a long time to promote Walvis Bay. We found that clients in Zambia were very slow to change their way of thinking… Most clients have always been thinking along the lines of [Johannesburg] and Durban, or Dar es Salaam," said Mans.

Mr. Mans went on to explain that Walvis Bay and Durban could not compete with Dar es Salaam in terms of transport costs, due to the shorter distance to Dar es Salaam, but Walvis Bay and its supply

chain offer little to no corruption, no congestion, and overall safe roads. According to Mans, "Walvis Bay is considered the safest port in southern Africa." Mans explained that locals hijacked mining commodities most often in Zambia, South Africa, and Tanzania. However, Mr. Mans said that to date, Eden never experienced any hijackings on the Namibian leg of the journey.

> ***"Whenever something goes wrong, you have your network of people in terms of public and private sector… you know whose door to knock on."***
>
> *–Mr. Herman Mans*

Mans desired to improve this supply chain for the betterment of all stakeholders. From the beginning, Eden International played a major role in developing the Walvis Bay Corridor system. When a group of major stakeholders in the system founded the WBCG in 2000, the group invited Herman Mans to get involved. Mans recognized that the group would play an important part in improving the Walvis Bay Corridor System. Twelve years later, he pointed to several projects and efforts of the WBCG that directly affected his business.

Mans praised the Walvis Bay Corridor Group's promotion of the system. Its marketing brought in new customers and stakeholders that gave Eden International an opportunity to grow but also increased the competition along the corridors. Mr. Mans believed that the increased awareness of the corridors sparked growth across the industry. As always, Mans was concerned about the smaller companies but believed that the growth benefited them as well.

According to Mans, working with the government agencies was the most difficult trade barrier to overcome. The WBCG facilitated meetings within and between the governments of Namibia and Zambia to create "a platform of resolving many issues with many of [the]… government agenc[ies]," Mans commented. Differences in legislation and policies between countries affected road agencies, traffic, immigration, customs, health, and veterinary services, among others. Mans said the delays and extra costs caused by these differences filtered directly down to the customers. The WBCG smoothed some of the differences, but others remained a barrier.

Mr. Mans brought a private sector opinion to the table as he participated in the Tripartite Walvis Bay-Ndola-Lubumbashi Technical Committee. This committee met with stakeholders in the public and private sectors from Namibia, Zambia, and Democratic Republic of Congo biannually to evaluate the current situation and determine what to improve. Although these meetings forced the representatives to be present, changes might still take two to three years. In Mans's opinion, the cross-border trade facilitation efforts from the WBCG "benefited the industry quite a lot."

Through committee meetings, Mans met decision makers from other countries. He explained that because of those connections made through the WBCG, he could call on prominent representatives if problems arose. According to Mans, without connections, a logistics company "will waste weeks trying to resolve [its] problem." By developing a relationship with people in both the public and private sectors, Eden International created a network that could resolve most problems the company might run into. "You know whose door to knock on," said Mans.

Mr. Mans stressed the need for communication between all stakeholders. In one example, Mans described a situation where a change in Zambia's enforcement of its legislation caused delays and confusion for Eden International and other transporters. Something as small as different interpretations of an English word led to a complete breakdown of salt transportation from Namibia to Zambia. The situation spiraled out of the company's control. Mans described that stakeholders needed to communicate to solve problems and improve the industry.

In addition to facilitating meetings and fostering communication, the WBCG advocated and solicited funding for infrastructural projects. The completion of the official Walvis Bay-Ndola-Lubumbashi (Trans-Caprivi) Corridor in 1999 benefitted Eden International by making the corridor more efficient and easier to use. The development of the route brought forth shorter transit times and safer roads. The paving opened the doors for additional projects along the route. Mans also stated that the paving increased safety as a truck could travel from Namibia to Zambia within a day's time. Drivers no longer needed to stop on the side of the road or at other potentially dangerous locations.

"If it hadn't been for the WBCG, the barriers would have been tenfold."

– Herman Mans

The Katima Mulilo Bridge changed the Trans-Caprivi Corridor drastically. Mans described the situation before the completion of the bridge over the Namibian and Zambian border. "You had to pass through another country, Botswana, and then cross the Zambezi River with a ferry, and that was quite [a] challenge," said Mans. The completion of this bridge reduced the risks and time involved in using the route. Additionally, the Divundu Bridge expansion, currently under construction, would minimize delays for the entire corridor. Its planned increased capacity would allow multiple trucks to cross the Okavango River at a time. The expansion would also permit the bridge to handle abnormal cargo and special loads.

Mans congratulated the WBCG on its efforts in improving infrastructure and cross-border trade saying, "If it hadn't been for the WBCG, the barriers would have been tenfold." Eden benefited directly from the work of the Corridor Group. "With all the communication and all the structures that came about, we most certainly have reaped those benefits," said Mr. Mans. The WBCG continually worked toward the

improvement of the corridors and Mans stated that, without the group's involvement, there would not have been anything in the corridors.

Mans recognized that even though the system improved, challenges still stood ahead. Border posts were more efficient than in the past but still lacked proper staffing. The Namibian-Zambian border post was just one of the borders that closed at night, inhibiting traffic from crossing after a certain time. Mans commented, "We would like to see a 24-hour clearance procedure at the border post," or a one-stop border post. To do that, the post would need to hire an adequate number of knowledgeable officials from both countries for the facilities.

At border posts, corruption also delayed drivers from proceeding. Mr. Mans expressed a concern that corruption would take over the industry. Without the proper communication and regulations, "individual logistics operators would just try to solve their own problems. One of the ways that they normally try to do it is through bribery and corruption," worries Mr. Mans. He described that some individuals at border posts took personal gains on the job, a mentality that spread across much of the SADC region, thought he believed the problem far less prevalent in Namibia than in Zambia and the DRC.

> ***"We're not there yet but we have made big progress."*** *– Herman Mans*

Lastly, Mans expressed a need for upgrades to the railway system. In its current state, rail was not dependable for transport. "The railway line from Grootfontein to Walvis Bay… that section is so risky that we had a number of derailments… I think about four derailments in a matter of about six weeks," said Mans. The existing infrastructure needs revamping as well as expansion to Namibia's borders as the roads cannot handle the intended increase in trade volumes.

"[What] I would like to see a bit more from the Namibian side is…bigger involvement from private sector [and] more participation at cross-border meetings," said Mans. Companies might not see any obvious gain from participating and contributing to corridor development, but to Mans, it was not about how he can benefit. His concern lies with the growth of the industry. If he can grow with the industry, he will. Mr. Herman Mans took an active role in corridor development and he believed that as more members contributed, projects and improvements would abound and benefit the entire transport and logistics industry. Mr. Mans said, "We're not there yet, but we have made big progress."

4.4 Case Study of A van der Walt Transport

Surviving the Risks and Reaping the Rewards in the Transport Industry

A van der Walt Transport

Just outside the tourist town of Swakopmund, Namibia stood a bustling truck port. Dozens of trucks caught the sunlight as they sat in the service station; the drivers rested and serviced their trucks. The sound of horns and grating engines rose into the air and weathered drivers walked back and forth through the port. Behind the service station and oily maintenance area, the offices of A van der Walt Transport hummed with activity. The transport company was one of the largest in the area and owned the truck port in front of its business.

Andre van der Walt founded A van der Walt Transport in 1986 and he was previously involved in the South African food industry. Since its inception, the transport company survived through the risks of carrying goods through the Southern African Development Community (SADC). Mr. Bertie Opperman, operations manager of the Swakopmund office, described that drivers through the region faced challenges such as theft, corruption, prostitution, and vandalism. However, A van der Walt Transport also reaped the rewards of trading through the region. Mr. Opperman explained that the SADC region offered a market of over 300 million people, rich deposits of copper, zinc and salt, and an ever-expanding second hand vehicle market.

A van der Walt serviced the Walvis Bay-Ndola-Lubumbashi (Trans-Caprivi) Corridor as it stretched northeast from Walvis Bay, Namibia through Zambia, and into the Democratic Republic of Congo DRC). The road cut through rolling expanses of grassland and thick, thorny brush, but very few towns. Northbound, A van der Walt carried mostly refrigerated goods and containerized cargo to the DRC and some mining equipment to Zambia. On the return trip, A van der Walt's trucks transported mostly copper exports, and some stock feed and related goods such as sugar, maize, and cotton. A van der Walt

Transport also took on seasonal and ad-hoc jobs such as transporting grapes to Cape Town for three months every year.

As a relatively old company, A van der Walt witnessed numerous changes to the Trans-Caprivi Corridor and other routes through Namibia. The company grew tremendously since its founding. Mr. Opperman attributed much of its growth to the marketing work of the Walvis Bay Corridor Group (WBCG). Speaking on the WBCG, Mr. Opperman said, "There's been a very big positive influence on our company and on the expansion of our company, definitely."

A van der Walt Transport services almost 20 major clients that have consistently provided cargo from 2008 through 2012. Three of these clients are major freight forwarders and are responsible for huge volumes of goods along the corridor. The company minimizes empty truckloads by balancing every northbound load with a returning southbound load.

Andre van der Walt originally established the company with a staff base of seven total members consisting of himself, four relatively unskilled workers, a senior mechanic, and an administrative assistant. Since then, the company grew continuously. By 2011, the company grew to 73 employees, constituting an average annual growth of almost 40% per year in. By 2012, the company employed 128 personnel, a growth of 75% from 2011. The company projected that number to rise to 150 employees by 2013.

> ***"The opening of [the Katima Mulilo] bridge opened the doors of a lot of transporters to Zambia and the Congo."***
>
> *- Bertie Opperman*

Year	Number of Employees	% Growth per year from previous year(s)
1986	7	---
2011	73	37.7%
2012	128	75.3%
2013 (projected)	150	17.2%

Employee growth of A van der Walt Transport

A van der Walt Transport saw a similarly consistent growth in the size of its trucking fleet. Originally, the company operated eight trucks. By 2012, the company's fleet boasted 74 trucks, an average annual expansion of over 30% in 26 years. According to Opperman, A van der Walt has had stable finances and the company plans to expand to 100 trucks by the year 2013, a growth of over 35% in one year.

Year	Number of Trucks	% Growth per year from previous year(s)
1986	8	---
2012	74	31.7%
2013 (projected)	100	35.1%

Trucking fleet growth of A van der Walt Transport

The development of the Trans-Caprivi Corridor, as well as other infrastructural projects, facilitated A van der Walt Transport's growth. Over the past few decades, the Trans-Caprivi Corridor has evolved from having sections of dirt road to a completely paved and well-maintained road. It officially opened in 1999 as a paved transport corridor. Mr. Opperman cited this, as well as other projects, that have boosted the growth of A van der Walt Transport. He described the border crossing between Namibia and Zambia prior to the construction of the Katima Mulilo Bridge over the Zambezi River. "In the past that was only a ferry. We have lost a truck in that river because the truck fell from the ferry with a load of salt," said Opperman. The bridge created a direct link between Namibia and Zambia. "The opening of that bridge opened the doors of a lot of transporters to Zambia and the Congo," explained Opperman. It decreased the time required to transport goods north along the Trans-Caprivi Highway and allowed A van der Walt Transport to increase its cargo capacity.

"[The WBCG has been] providing us a platform, as private companies, where we can speak to the governments in different countries."

– Bertie Opperman

In addition to the construction of the Katima Mulilo bridge, Opperman stated that the "whole industry had huge growth" when the Divundu Bridge was upgraded. Previously, the bridge could not carry abnormal loads due to its 60-ton weight limit, and only sustained traffic in one direction due to the width. Opperman said, "It was a big rigmarole just to get an abnormal vehicle, in excess of 45 tons, to Zambia, to the mines. Now it is an open route from Walvis Bay straight to Zambia."

The Walvis Bay Corridor Group advocated for the upgrade of the Divundu Bridge, solicited funds for its construction, and worked to market the Walvis Bay Corridor system to other nations. "That was one small part on the corridor that was improved with huge effects," explained Opperman. The construction of the two bridges streamlined the Trans-Caprivi Corridor and decreased overall transport times. Saving time along the route sits very high on A van der Walt Transport's priority list because the company primarily transports dry and mining goods.

Until competition became stiff, A van der Walt transported mostly refrigerated goods. However, the company since shifted its focus to dry and bulk commodities. Opperman attributed that change to the

Walvis Bay Corridor Group having opened up markets. He explained that the corridor group assisted the company by "providing us a platform as private companies, where we can speak to the governments in different countries." By speaking with other governments, Opperman said that the WBCG sorted out many of the delays across international borders, thereby reducing transit times and cutting transport costs. "[Since] the WBCG has been operating, they allowed the corridor route to have more opportunities," said Opperman. A van der Walt Transport captured some of those opportunities in the mining industry.

Transport routes for A van der Walt Transport (A van der Walt Transport, 2012)

Mr. Opperman explained that time is of the essence in the metal market. Importers and exporters desire the fastest transit time to the destination. Opperman stated that Durban, South Africa and Dar es Salaam, Tanzania bulge with congestions and delays. "Because of the involvement of the Walvis Bay Corridor Group, they have opened up Walvis Bay," said Opperman. He cited this involvement as a primary reason why A van der Walt has grown. Walvis Bay prides itself on reduced congestion and transit times through the port. These advantages enticed other importers to switch to Walvis Bay from competing ports in the SADC region and utilize transporters such as A van der Walt to ship their goods. As Mr. Opperman explained, one contract currently in negotiation was a direct result of the work of the WBCG. This contract alone would increase A van der Walt's volumes by 5000 tons per month. Mr.

Opperman stated, "I know it's just because of the corridor. If all goes well, we can move 5000 tons more within the next three months."

Limited traffic through the Port of Walvis Bay caused competition between transport companies in Namibia. Although Mr. Opperman explained that, "Competition is always good," he also stated that competition was not a major problem for the company. He explained, "Within Namibia, we will not have a big problem at this stage because we've got secure and long-term based customers." Small and medium enterprises often experienced difficulty securing these contracts. A van der Walt Transport also transports a variety of goods to counter any sudden fluctuations in the market. For example, when competition for refrigerated cargo brought down prices, A van der Walt Transport stopped expanding its refrigerated sector because it had profitable business in other markets.

Despite the growth and infrastructural improvements to the Walvis Bay Corridor system, A van der Walt Transport faced challenges as its trucks carried goods through the Trans-Caprivi Corridor. Transport companies faced obstacles such as bribery, theft, and vandalism through most of the SADC region. However, those companies who braved the risks reaped the rewards. The benefits of trading in the SADC region are abundant.

Mr. Opperman stated that he would like to see increased security at the borders and within towns along the Trans-Caprivi and Trans-Cunene Corridors. "We don't experience many losses, but we do experience damages to our own equipment," said Opperman. He described how, within towns in Zambia, "[People] cut the canvases [of the trucks] to see what is underneath." Because most cargo was dry bulk goods or mining equipment, people rarely stole A van der Walt's goods. The most targeted goods were food and copper. On occasion, drivers or police officers collaborated with thieves in Zambia to steal copper shipments. A single loss of a copper shipment cost almost two million Rand. However, most of A van der Walt's problems originated from the unreliability of refrigerated containers. Sometimes, a container failed and damaged the cargo inside. A van der Walt Transport experienced a loss of less than 1% of the company's total income in 2011.

> ***"We try to have trucks stop at the police station in town that haven't got a truck port. But still the police station isn't safe."***
>
> *– Bertie Opperman*

In 2009, A van der Walt Transport introduced its own satellite management system to monitor the position of each truck. This system cut down on internal theft of diesel fuel and cargo. However, external theft remained a problem for the company. In 2010, A van der Walt suffered three losses of copper shipments in Zambia. Since then, the company introduced armed escort services for copper shipments and has not experienced any major problems. To gain an edge over competitors, A van der Walt Transport

trained its truck drivers every six months in customs documentation, safety, truck maintenance, and other transport-related subjects. The company also trained its mechanics to ensure proper truck maintenance. A van der Walt hired a driver to perform field maintenance as needed. This eliminated the increased cost of having a third party care for its trucks. In-house training allowed A van der Walt to be more sustainable in the long-term because of the reduced need to outsource certain services.

According to Opperman, A van der Walt Transport needed to remain adaptable to overcome external challenges to business. For example, international cooperation between governments varied throughout the SADC region. While Mr. Opperman described the border post between Namibia and Zambia as a "success story", other borders were not as easy to cross. Even the Namibian-Zambian border caused problems for transporters. The inefficiencies evident at border posts provided a venue for social issues to arise, such as alcohol consumption and prostitution that could lead to HIV/AIDS. Meetings between international governments facilitated cross-border trade by harmonizing customs regulations between countries. The WBCG established these meetings to align interests of stakeholders from both the public and private sectors.

> ***"Because of the involvement of the Walvis Bay Corridor Group, they have opened up Walvis Bay."***
>
> *– Bertie Opperman*

Even though operations have improved, corruption still plagued truckers traveling through Zambia and other SADC countries. Opperman described the situation in Zambia, "We try to have trucks stop at the police station in towns that haven't got a truck port. But still the police station isn't safe." Bribing officials in the Democratic Republic of Congo is almost required for trucks to pass. Mr. Opperman stated, "The playing field is not very fair, but we are pushing it."

Opperman also suggested that, even though Namibia could be proud of its infrastructure, it might not remain in acceptable condition if traffic increases significantly. Such an increase for in-transit trade would wear on the roads and decrease their lifespan. If traffic volumes continue to increase, countries such as Zambia and the Democratic Republic of Congo would need to maintain their infrastructures as well.

Despite the unique challenges in the transport industry, Bertie Opperman remained confident that his business would grow. A van der Walt Transport grew to become one of the biggest Namibian transporters in the industry. The company gained several of its major clients from the efforts of the WBCG and as the group continued its work, the industry would grow. In harmony with the WBCG, A van der Walt Transport continued to achieve growth at its current rate.

4.5 Potential Impact of Case Studies

The case studies provide personal stories of how the four transport and logistics companies grew since their inception. The cases aim to highlight the benefits of the Walvis Bay Corridors from the perspectives of those that utilize the corridors. In addition to showing the benefits the WBCG brought to the corridor system, the cases also highlight the current problem areas in the system and suggestions for improved.

The WBCG plans on publishing these cases on its website and using them in marketing seminars to encourage other private sector companies to become more involved in corridor development. Additionally, the cases may entice other importers that currently use the Port of Durban or Dar es Salaam to ship their cargo through the Port of Walvis Bay. Additional jobs will be created as importers and exporters switch from one port to another. As the volume of trade handled through the port increases, the opportunities for employment in the transport and logistics industry grow (Japan International Cooperation Agency 2011).

CHAPTER 5: FINDINGS AND ANALYSIS

By analyzing the information gathered through our interviews and observations, we developed the following viewpoints on corridor development from all stakeholders, the challenges that transport and logistics companies face, and the developmental projects and strategies that have helped the transport companies succeed. Additionally, we created four portraits of individual companies that show how the Walvis Bay Corridor Group has assisted the growth of the companies as seen in Chapter 4: Case Studies of Transport and Logistics Companies.

5.1 Viewpoints of Corridor Development

1. **The development of the Walvis Bay Corridors does not directly profit Namibia, but assists the nation to compete internationally.**

The development of the Walvis Bay Corridors affected each stakeholder differently, as each had varying views on the effects of the growth of the corridors. However, many stakeholders stated similar advantages and disadvantages of development as seen in Table 2.

On the positive side, stakeholders from the private sector as well as experts in the field of business claimed that the development of the corridors boosted the economy of Namibia and all countries in the SADC region. A representative of the municipality of Walvis Bay stated that further development of Namibia would expose the country to the world market (Kruger 2012). Representatives from the Roads Authority as well as private businesses confirmed that a developed infrastructure would allow a larger capacity for trade in Namibia (Sasele 2012). Increased capacity would increase profits for Namibia if fostered responsibly.

Table 2: Advantages and disadvantages to development of the Walvis Bay Corridor system

Advantages	Disadvantages
Boosts the economy of Namibia and SADC countries	Produces little profit for Namibia
Increases capacity of the Port of Walvis Bay	Greater need for road maintenance
Improves the infrastructure of Namibia	Negative long-term effect on the environment
Creates jobs	Brings more social ills such as alcoholism and crime
Exposes Namibia to the rest of the world	Hard to keep up with demand
	Congestion

A representative from the Roads Authority also stated that rural communities in Namibia would see an increase in traffic, which would bring about business opportunities and technical advancement. By connecting corridors to rural towns, smaller business owners will have a direct link to importers and

exporters and potentially increase their livelihood and quality of life. One transporter called to attention the maize processing industry. Small towns process maize brought in from Zambia, providing them with income and jobs (Opperman 2012). These opportunities have the potential to increase the quality of life for rural farmers.

Gottwals claimed that developing infrastructure is the first step to developing an economy (1998). Both private sector companies and experts in business stated that growth indirectly provides more funding to maintain the infrastructure. Private sector companies and a representative from the municipality of Walvis Bay agreed that the previous development of Namibia's corridors sparked infrastructure improvements such as the Zambezi Bridge. These previous improvements aided private sector transport and logistics companies by streamlining transport routes. Therefore, it is in the best interest of these companies to continue improving the infrastructure so that trade routes become easier to travel.

The most common downside to development that we observed was a greater need for road maintenance. Several experts stated that if the roads fall into disrepair from the increase in traffic, funds for up keep might not be available. Representatives from Roads Authority, the municipality of Walvis Bay, and transport companies in the private sector all stressed this point, as the roads in Namibia were not made for weights over 56 tons (Sasele 2012). With increased traffic, there is no guarantee that the Roads Authority will be able to maintain the road system. The Roads Authority also stated that congestion of traffic in towns like Walvis Bay and Swakopmund could prove to be detrimental because crime may rise and tourism-based companies may lose business.

A few experts in business and representatives from private sector companies stated that Namibia would not see much of the profit from an increase in trade. Most of the goods shipped in Namibia are not destined for Namibian markets. Therefore, Namibia only profits from customs taxes and the expenses of drivers using its roads. Namibia does not export many goods and its export-processing zone (EPZ) struggles to be effective. Agents in an EPZ process imported goods, add value to them, and then transport the goods either within the country or to neighboring countries. The EPZ eliminates the need for Namibia to export goods to another country, and then re-import them after alterations.

However, Namibia does not benefit as much as it could because its export-processing zone lacks strict legislation. Manufacturers and exporters pay 18% less taxes due to special tax deduction for the first ten years (Crisil Infrastructure Advisory 2010). If the agents choose to leave before the ten years, they are exempt from the taxes and Namibia loses the benefit. A representative from Namport stated that Namibia exports marble and granite blocks to Europe, and then imports tiles made from the granite. Instead of importing these tiles back into the country, Namibia could make the tiles itself (Mupupa 2012).

Development for a nation needs to be efficient, responsible, and sustainable. Although the expansion of the Port of Walvis Bay will likely commence by 2013, transport and shipping companies

expressed that the expansion would have been more beneficial if completed sooner. The recent increase in efficiency of the Port of Luanda and the delay from Namport in expanding the port may jeopardize Walvis Bay's status as one of the most efficient ports in the SADC region. Efficient development is crucial if the Port of Walvis Bay is to compete with larger, more established ports.

If development in Namibia occurs irresponsibly, detrimental side effects can arise. Representatives from the private sector already see these side effects in the infrastructure conditions in other countries. At the border posts with Zambia and Angola, corruption and delays caused stagnation, which led to less safety and security. Stagnant border crossings caused a rise in prostitution and HIV infections (Opperman 2012). In addition to curbing these problems, development must sustain itself. Namibia must maintain its roads in response to the consistent increase in traffic. If business does not grow consistently, companies in the supply chain will not expand to accommodate. As sustainable development is one of the major long-term goals of Namibia's Vision 2030 and National Development Plan, developing Namibia as a transport hub is important for the nation (Government of the Republic of Namibia 2004).

2. The transport and logistics industry has not severely affected the environment as the government and many companies have developed effective initiatives to ensure environmental conservation.

We asked every major stakeholder in the supply chain and a representative from the municipality of Walvis Bay about the effect of development on the environment. Almost every company we interviewed adamantly expressed its concern for conserving the environment of Namibia. The companies that were not as adamant did not cite any major harmful effects produced by their businesses. However, these representatives may show bias towards their companies and may not realize what effects their companies have. The manager of the economic development division from the municipality of Walvis Bay was not concerned about the effects of development on the environment (Kruger 2012). All individuals looking to build a structure in the town must file an impact assessment before beginning construction. The representative from Walvis Bay also stated that the traffic in the municipality has not yet caused any concern for the environment.

Most importantly, we noticed that conservation and efficiency tend to go hand in hand. The more efficient shipping and transport companies were aware of their emissions and their carbon footprint and took measures to lower them. One shipping company implemented an initiative for greener ships and a method to track the carbon footprint of any container shipped (Shipping Line Representative 2012). Transport companies explained that trucks usually carry a separate shipment on their return journey to reduce costs. One company also regularly maintained its trucks to reduce emissions as well as costs. In

addition to addressing concerns about emissions, companies were also concerned about reducing their paper documentation. Both the trucking companies and the shipping company we spoke to showed us their systems for reducing paper documentation (Opperman 2012). Reducing the number of documents for each shipment streamlines operations and conserves the environment.

As the transport industry increases, emissions and paper consumption will also increase if no one takes action. Experts in business and the representative from the municipality of Walvis Bay stated that the transport and logistics industry may not harm the environment now, but could in the future.

3. The slow nature of coordinating discussions between countries and the need for funding often inhibited infrastructural improvements and development.

The WBCG promotes and advocates for the corridor system by targeting many different investment banks, markets, and nations for input and funding. With multiple groups involved, complications could easily arise. We found that development is often difficult to coordinate and even harder to initiate, as described in Section 2.2 Lessons Learned from Case Studies of Development.

Development relies on the cooperation of all parties involved. According to a representative from Trade Ocean Shipping, "For everyone to benefit we need all role players to work together" (Strydom 2012a). If all parties work together towards a common goal, discussions and agreements would run smoothly. We found that a lack of compromise during discussions delays development. Each nation protects its own interests, leading to lengthy, time-consuming discussions that often accomplish very little. For example, Namibia allows trucks to be five percent overweight due to the potential error of weighbridges. Zambia tolerates only two percent overloading. Zambia reasons that its roads cannot handle the extra weight (Sasele 2012). As of May 2012, these two countries have not come to an agreement about the weight limits for their roads. Although the WBCG organizes meetings between SADC nations, the discussions proceed slowly and postpone development for the Walvis Bay Corridors.

A lack of funding also inhibits infrastructural improvements. As the government of Namibia benefits very little from trade development, it struggles to gather funds for projects (Rena 2012). Taxes, tariffs, and fines are the only source of income from in-transit or transshipment cargo (Mupupa 2012). The government reinvests the majority of these funds into the infrastructure to maintain development and improve the corridor system. Namibia needs a different method for funding additional developmental projects, as many stakeholders stated that governmental funds are unsustainable.

Many stakeholders stated that the individuals who benefit should invest in the maintenance and improvement of the corridors. Professor Ravinder Rena of the Polytechnic of Namibia suggested that most, if not all, investment in infrastructure should come from outside of the government (2012).

Similarly, a representative from Trade Ocean Shipping Namibia stated that users of the corridors should contribute, as they directly benefit from the corridor system (2012).

4. Parastatals in the transport and logistics supply chain do not offer the response time to establish fast and reliable transport.

As discussed in Section 2.1 Southern African Development Community – Transportation Networks, parastatals are government owned and operated businesses that may directly compete with private sector companies. In the Namibian transport industry, parastatals control and operate the ports, railways, and roads. We found that Namport and Roads Authority operate without competition from private sector companies. TransNamib operates as the only rail company but competes with road transportation companies for a share of the transport market. We found that government based companies responded slowly due to the pace of the government operations (Tjivikua 2012).

Namibian Ports Authority operates the Port of Walvis Bay and the Port of Lüderitz. Namport is the only institution allowed to operate a port in Namibia under national law (Mupupa 2012). According to a representative from the Ministry of Works and Transport, the port expanded and grew because of the work and planning of Namport. Transport companies that rarely work with Namport directly expressed few complaints about how the port operates. However, companies that work within the port or directly with Namport commented on the lack of transparency and efficiency of the parastatal.

Clearing and forwarding companies expressed a desire for more transparency from Namport. According to some company representatives, Namport readily discussed matters such as tariffs and taxes with port users. However, the parastatal dismissed any discussion on relocating mobile cranes around the port to more effectively load and unload containers. According to some transport and logistics companies, the port authority assumes its way is right and that Namport employees supposedly work with a "government attitude." The "tomorrow-is-another-day" mentality affects everything from the companies using the port to the development of the corridor system itself (Strydom 2012a). Namport must receive approval from various government ministries before proceeding with any project. A representative mentioned that the need for government and stakeholder approval delays projects and decisions (Mupupa 2012).

The government acts as the custodian of the railways and, through TransNamib, maintains and improves the rail system (Tjivikua 2012). Many clearing and freight forwarding companies expressed a desire for faster and more efficient railways. Railways typically transport bulk goods such as mining equipment and chemicals. Currently, road transport companies move mining cargo, adding to congestion of and damage to the roads. Many companies, including TransNamib, desired a more adequate and responsive rail system. The lack of response to external development stemmed from poor funding and

internal management issues (Japan International Cooperation Agency 2011). According to a TransNamib representative, for TransNamib and the railways to improve and grow, the government must fund development (Tjivikua 2012).

All the companies we interviewed commented on the conditions of the roads as a positive selling point for the corridor system. The efforts of the Roads Authority allowed for smooth and easy transport through the corridors. The installation of weighbridges and the constant maintenance of the roads ensured safe transport of goods across Namibia. Roads Authority requests funds through the government via the Road Fund Association and WBCG-acquired donors. Limited only by the government's approval, we found that Roads Authority responded adequately to the needs of the corridors. Almost every company we interviewed agreed that the parastatal operated well. The Roads Authority expressed a need for twenty-four hour weighbridges located in Windhoek and Walvis Bay (Joel 2012). Funding and an adequate work force, as well as securing government approval, remain the main issues with developing the weighbridges.

5. **Parastatals benefited the developing economy in Namibia's early post-independent years. However, as the need for faster development increases, public-private partnerships may be better equipped to address the increase in trade through the port.**

Parastatals and public-private partnerships create economic opportunities for the communities of Namibia. We found that parastatals organized the nation's resources and established a management system to sustain them. Shortly after independence, the government-owned institutions produced jobs for workers and gave Namibia control over its resources. At one time, railways transported all goods through the country (Simana-Paulo 2012). Paved roads now dominate the industry because railways have fallen behind. Parastatals seem inhibited by their governmental ties (Tjivikua 2012). Public-private partnerships (PPPs) combine the will of the private sector with the approval of the government (Keyter 2012).

According to experts in business and representatives of private organizations, parastatals and PPPs each have advantages and disadvantages. Although parastatals have stability, they operate slowly, as seen in Table 3. However, the advantages and disadvantages of parastatals listed are from the point of view of the parastatals themselves and may be biased. Experts in business and economics explained that PPPs combine the best aspects of the public and private sectors to expedite projects and developments. Table 4 outlines these advantages and disadvantages. The PPP itself promotes competition and attempts to produce a business-friendly environment. It has the potential to operate more efficiently and quickly than a parastatal due to the motivation for profit. According to one expert, Namibia's people and companies lack knowledge about PPPs and are often reluctant to join (Keyter 2012).

Table 3: The advantages and disadvantages of parastatals as seen by parastatal organizations

Advantages	Disadvantages
Job creation	Cannot make decisions alone
Skill development	Government counterparts work slowly
Relaxed and flexible attitude	Lack of funding
Supported by the government	

Table 4: The advantages and disadvantages of public-private partnerships as seen by experts in business

Advantages	Disadvantages
Combine public and private resources	Lack of knowledge about PPPs in Namibia
Promote competition and a conducive environment for business	Can be expensive for small or medium businesses or users
Provide taxes and revenue for government	Reluctant response from potential members
Respond efficiently and timely	
Sustainable and profitable	

In some instances, public-private partnerships work well. However, in other instances, the system needs to be improved. The WBCG and Namibia de Beers (Namdeb) represent the more successful PPPs in Namibia. The already established corridors and diamond mines facilitated the success of these PPPs. Both companies joined stable industries for partnership. The establishment of PPPs may lead to problems for some industries, as seen in lesson three of Section 2.2 Lessons Learned from Case Studies of Development.

5.2 Challenges to Growth for Transport and Logistics Companies

6. Companies often faced similar external challenges such as insufficient capacity of the infrastructure.

External challenges were out of the companies' control, while internal challenges were each company's responsibility. As described in Section 2.6 Challenges to Business Development in Namibia, the World Bank's study indicated that factors such as theft, taxes, access to finances, and an inadequately educated workforce challenge many companies in Namibia. Crime and theft affected 21.6 % of the companies surveyed (The World Bank 2006). We found that transport and logistics companies indicated that external factors, such as the capacity of infrastructure, the mindset of potential customers, the volatility of the market, crime, and theft affected their company the most.

We interviewed ten privately owned companies and established a set of viewpoints common to many of these companies. As seen in Figure 10, we found that an insufficient capacity in the

infrastructure of the supply chain affected five of the companies we interviewed. The two main concerns that company representatives expressed were that the Port of Walvis Bay did not have enough capacity and that the railway was inefficient and poorly maintained. Almost all freight forwarders shared these thoughts. One representative explicitly expressed that these concerns show that the Port of Walvis Bay and the surrounding corridors may not be keeping up with competition from other ports in the SADC region.

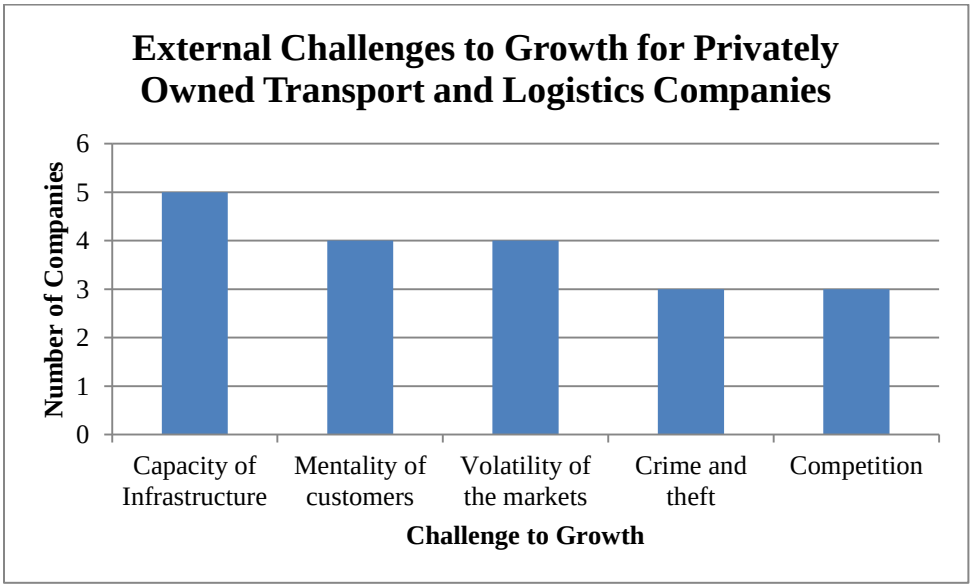

Figure 10: External challenges to growth for transport and logistics companies in Windhoek and Walvis Bay

The volatility of the market and the mindset of potential customers inhibited transport and logistics companies from growing. Four out of ten of the privately owned companies indicated that changing the mindset of potential clients hindered their growth. Many companies found it difficult to convince clients to use the Port of Walvis Bay as opposed to the ports of Durban or Dar es Salaam. According to a representative from Namibia Auto Import & Export, "It's difficult to break the mold of somebody that has been using another port for decades, through generations…Walvis Bay is a totally new dimension which offers many advantages as a logistics and transit hub" (Suleman 2012).

Additionally, we found that four out of ten companies indicated that the changing market hindered their growth as well. Many company representatives listed this challenge first, suggesting that it challenged them most. The transport and logistics industry in Namibia relies heavily on the financial and political stability of other countries. If a country was politically unstable, many transport companies decreased their trading with clients in that country in order to protect themselves from potential losses.

Legislation often changed suddenly and caused markets to change. This created challenges for transport and logistics companies, as one of their main markets for exports or imports could suddenly disappear. For example, in 2010, Angola implemented a new law stating that imported, used vehicles can be no older than three years. For one exporter, used car exports to Angola had consisted of 80% of his market before this restriction. He suffered from a considerable market drop after the implementation of this legislation (Suleman 2012).

The changing market also depends heavily on the political stability of the countries involved with trade. Interestingly, the study completed by the World Bank, as mentioned in Section 2.6 Challenges to Business Development in Namibia, reported that theft was the greatest challenge to growth for all companies. We found that three out of ten companies indicated crime and theft was a challenge. However, many company representatives said that it was not a challenge at all. One transport company reported that instances of theft had occurred, but that only 0.9% of its total income was lost due to theft (Opperman 2012). Overall, theft did not affect as many companies as we had expected. Crime and theft generally affected trucking companies more than freight forwarders or importers and exporters because trucks sometimes had goods stolen from them while the drivers waited at border crossings. Transport companies also cited that they experienced a lot of corruption at the border posts, particularly at the border crossing between Zambia and the Democratic Republic of Congo.

7. Companies faced less internal challenges to growth, including access to capital.

While most of the challenges expressed by companies were external, some companies cited challenges that stemmed from internal issues. Representatives usually listed internal challenges last in the discussions. This could be due to an unwillingness to share their struggles within the company or a genuine lack of internal problems. As seen in Figure 11, companies indicated that unskilled and/or irresponsible employees, a lack of access to capital, and the inability to maintain a client base inhibited their growth. Three out of ten companies indicated that they experienced no internal challenges that hindered their growth.

Of the internal challenges reported, the lack of skill and/or irresponsibility of employees affected business growth the most. We found that the lack of skilled employees affected five of the companies. Smaller companies tended to face this problem more often than larger companies did. However, numerous representatives reported that finding skilled employees was not an issue for their businesses.

We found that access to capital affected four of the companies interviewed. One representative stated that capital and growth go hand in hand and that you cannot have one without the other. It is often difficult to determine which happens first, as the company must have capital to grow, but also grows to gain more capital (Strydom 2012a). An expert in logistics from the Namibian-German Centre for

Logistics mentioned that startup capital could be difficult to obtain, and representatives from small companies validated this statement. Other company representatives disagreed, as they were associated with internal parent organizations that were previously established when they founded the Namibian branch of the company.

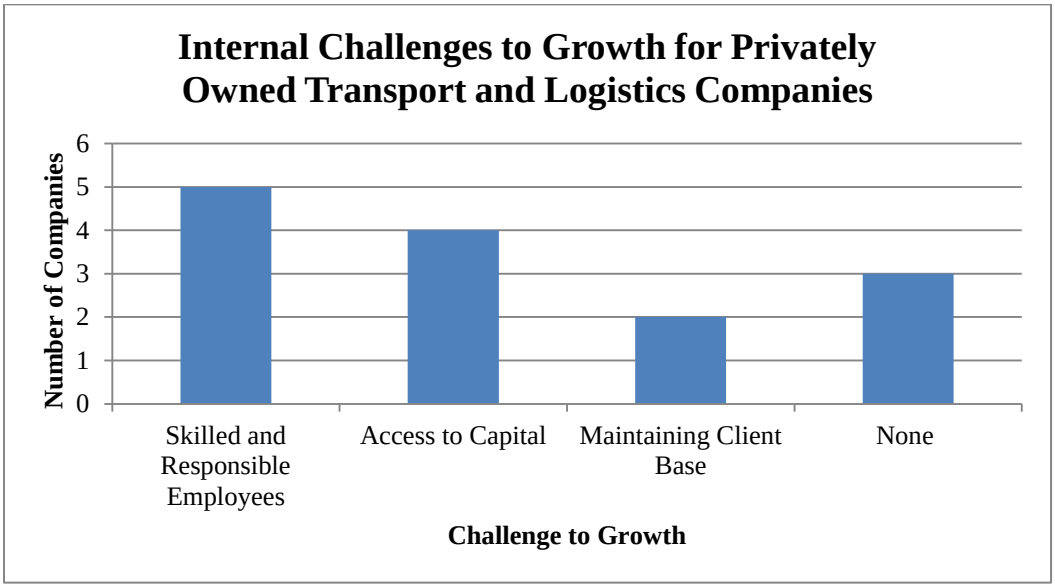

Figure 11: Internal challenges to growth for transport and logistics companies in Windhoek and Walvis Bay

Lastly, two of the companies stated that the difficulty maintaining a client base challenged their growth. Both of these companies had few employees and had started in Namibia without a parent company. When first starting their business, representatives stated that they encountered problems finding clients that paid for services on time and reliably. When starting their businesses, some small companies found it difficult to establish a reputation and secure returning clients. These companies stated that they relied on quality of service and reliability to establish their customer base (Leukes 2012).

The parastatals we interviewed also presented their own internal challenges. TransNamib, Roads Authority, and Namport all indicated that the lack of availability of equipment hindered their growth. Equipment ranged from additional harbor cranes to new train engines and rail lines. The lack of equipment stemmed from insufficient funds and the unresponsiveness of their government counterparts. A lack of skilled employees also greatly affected the growth of Roads Authority and TransNamib.

8. Each successful company developed methods to overcome challenges to growth.

Each private sector company representative identified some common ways to overcome the challenges discussed above. The companies maintained financial stability, provided quality service,

trained their employees, and established reliable connections, as seen in Figure 12. When asked about challenges to growth, multiple company representatives responded that many of the challenges are beyond their control and that they are unable to change the situation. For example, the company cannot change legislation in other countries that affect the market, but can instead adapt to these changes.

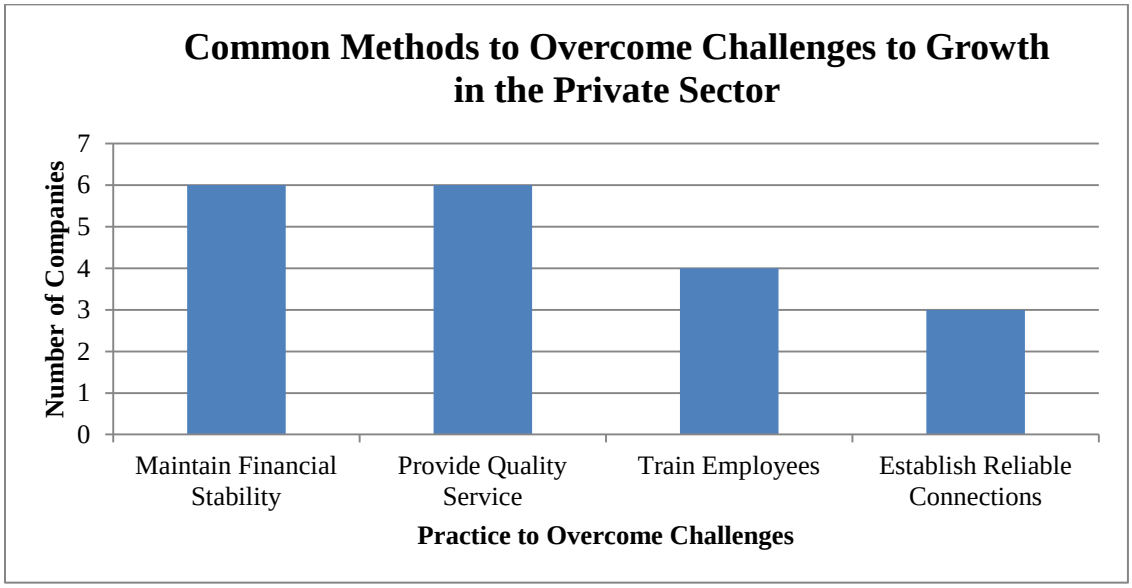

Figure 12: Common ways to overcome challenges to growth for transport and logistics companies in Windhoek and Walvis Bay

In order to combat the challenge of finding skilled employees, four out of six companies trained their employees so that they could carry out industry-specific tasks efficiently. All of the companies that trained employees offered in-house training by their experienced employees. Other companies did not comment. Additionally, multiple companies sent their employees to take specialized or basic classes in nearby schools. These classes included training in Microsoft Excel, port management, driver safety, and truck maintenance. By training employees, many of the companies overcame the challenge of finding skilled workers and improved the expertise of other already competent employees.

In order to offer training to employees, many companies expressed the need to maintain financial stability. Six out of the ten companies cited maintaining stability as a way to overcome many of the challenges to growth and it often went hand-in-hand with expansion and growth of the companies. Each company also reported various strategies of maintaining financial stability, the most common of which consisted of remaining adaptable and securing long-term customers. Taking on seasonal cargo also helped to maintain financial stability.

To overcome the challenge presented by the quickly changing markets, four out of ten companies reported that being adaptable to change was a major factor as seen in Figure 13. By having stakes in many

markets, companies quickly pulled out of one market and entered another if one government introduced new legislation or if a market became too competitive. Some of the companies we interviewed were involved with many markets to remain adaptable (Coetzee 2012). However, many smaller companies did not have access to enough capital or equipment to spread across numerous markets. They often only relied on one market and suffered losses if that market decreased.

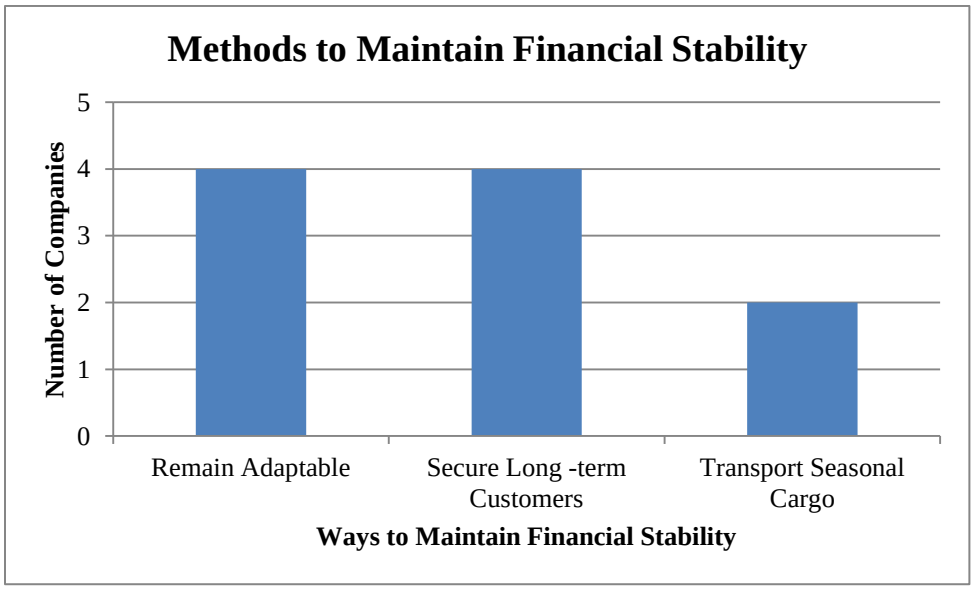

Figure 13: Common ways to maintain financial stability for transport and logistics companies in Windhoek and Walvis Bay

Four representatives cited that securing long-term customers helped them to maintain financial stability and overcome many of the challenges to growth. By having reliable and predictable customers each month, companies grew to depend on their business and established long-lasting connections that boosted their revenue. Many companies put "keeping the clients happy" at the top of their priority list to maintain and grow their customer base.

Other notable ways that transport companies overcame obstacles to growth were providing quality services and establishing reliable regional or international connections. Six companies stated that providing a high quality of service helped to overcome challenges to growth, such as securing long-term customers. Representatives noted that by being honest, reliable, and flexible with customers, clients would be more likely to return for business. Representatives stated that honesty included following the laws in place and not cutting corners to pass through weighbridges and border crossings more quickly (Coetzee 2012). By following these practices, the companies established reputations of reliability, consistency, and transparency. All of these factors make the companies more attractive to their current and potential clients.

Many clearing and forwarding company representatives stated that they use reputable transport companies to handle their cargo. This built on their image of being honest and transparent. Most freight forwarding companies used the Walvis Bay Port Users' Association to select which transport companies to contract. A representative from Trade Ocean Shipping Namibia explained that the Port Users' Association holds companies to certain ethical standards (Strydom 2012a).

Lastly, four transport and logistics companies noted that establishing connections with other companies and associations assisted them in overcoming obstacles to growing and expanding their companies. Through these connections, many companies landed contracts that boosted their revenue.

5.3 Improvements to the Walvis Bay Corridor System

9. Transport and logistics companies benefited from specific infrastructural developments and trade facilitation projects for the Walvis Bay Corridor system.

The Walvis Bay Corridor Group involved itself in many of the projects that have assisted transport and logistics companies in Namibia. Meetings facilitated by the WBCG with governmental organizations improved regulations and operations. These efforts helped align the interests of the public and private sectors by including Namport, the Walvis Bay Port Users' Association, privately owned companies, and various government ministries.

The private sector companies saw a general reduction in the costs of using the corridors. These companies highlighted the reduced costs of doing business along the corridors as a significant factor in the growth of their businesses. According to one clearing and forwarding manager, his company saved as much as N$1000 (130 USD) for each container shipped via the Walvis Bay Corridor system. He attributed the savings to the exemption from import taxes because the cargo was in-transit shipping (Strydom 2012a).

As discussed in Section 2.4 The Effects of the Walvis Bay Corridor Development on Critical Stakeholders, one of the primary operations of the WBCG is to advocate for the increased use of the Port of Walvis Bay. Many organizations, both private- and government-owned, have noted that the marketing efforts of the WBCG increased trade volumes through the Port of Walvis Bay. It is difficult to attribute an increase in volumes to the efforts of the WBCG. However, these organizations suggested that there was a high probability that these increases were a result of these efforts.

Trade facilitation efforts of the WBCG included meetings to streamline the entire supply chain. The streamlining of border-crossing and customs-clearing processes caused clearing and forwarding, transport, and transport-related parastatals to see positive effects on business. According to the clearing and forwarding manager of Trade Ocean Shipping Namibia, the SADC region could attribute the

successful improvement of cross-border processes to the WBCG's involvement from both sides of the borders (Strydom 2012a). Representation of the WBCG in countries neighboring Namibia allowed for collaboration between various countries. This promoted political cooperation between countries and significantly reduced the time that trucks spent at border crossings. The representative from Trade Ocean Shipping also described how the border crossing between Angola and Namibia used to be a "nightmare." He explained that this border crossing has now been modernized, computerized, and greatly improved. He stated that problems like these have "been smoothed out with… speaking and having high-ranking meetings" which have "helped tremendously." He said that the "corridor project has been a great initiative" (Strydom 2012a).

As mentioned by multiple representatives from the private sector and government institutions, the road system has achieved a relatively high standard of development. Namibia has well developed roads compared to the rest of the SADC region. The operations manager of A van der Walt Transport, a company that transports goods throughout the SADC region, mentioned that nations that border Namibia do not maintain their roads as well as Namibia. He described that other SADC countries, such as Zambia, have built roads, but then failed to maintain these roads sufficiently, whereas Namibia prioritizes road maintenance and sustainability (Opperman 2012).

Many organizations mentioned certain bridges as important infrastructure developments in the Walvis Bay Corridors. Notable examples from parastatals, clearing and forwarding companies, and transport companies included the Zambezi Bridge and the Divundu Bridge. Businesses from the clearing and forwarding industry cited the expansion of the Port of Walvis Bay as very beneficial to their increases in trade volumes. The CEO of Namibia Auto Import & Export, an importer that operates within the Port of Walvis Bay, stated that the improvement of the safety and security of the port was crucial to efficient import and export operations (Suleman 2012).

Currently, the port lacks space for container storage. The container business through Walvis Bay has boomed, and now, more containers pass through the port than the port can reasonably accommodate (Strydom 2012a). The planned expansion of the Port of Walvis Bay, as discussed in Section 2.3 The Trade and Transportation Environment of Namibia, will attempt to accommodate the ever-increasing traffic through the port.

10. Stakeholders agreed that they saw positive effects from WBCG involvement, but some companies were unsure of the extent.

The stakeholders that we interviewed had differing opinions regarding the extent to which the WBCG is responsible for growth and improvements of business in the Walvis Bay Corridor system. Many organizations believed that the WBCG and its projects had a large hand in their own growth and

improvements. The clearing and forwarding manager at Trade Ocean Shipping praised the efforts of the WBCG in its help with acquiring one of the company's largest clients. He said, "The drive that the Corridor Group put in behind this whole effort was really instrumental and helped us a great lot." He explained that, although the WBCG did not directly influence that acquisition of the company's client, "We were given a platform to offer and promote our services" (Strydom 2012b).

Transport companies also stated more directly that the WBCG had an acknowledgeable, positive effect on their businesses. The WBCG addresses many issues that these companies face, from customs problems, to route efficiency, and even HIV/AIDS awareness. The operations manager of A van der Walt Transport mentioned that the awareness of HIV/AIDS preventative measures for its truck drivers helps the well-being of both the drivers and the company (Opperman 2012).

Governmental organizations also saw benefits provided by the WBCG. A representative from Namport stated that there would not be as many shipping lines calling upon the Port of Walvis Bay were it not for the aggressive marketing from the WBCG (Mupupa 2012).

We observed that many organizations from different industries agreed that they could attribute many of their benefits to the cross-border trade facilitation, infrastructure development, and promotional efforts of the WBCG. However, not all of the organizations drew that conclusion. A representative from the Ministry of Works and Transport described the difficulty in quantifying economic growth because there are so many variables in economics (Simana-Paulo 2012). The general manager of one clearing and freight forwarding company also mentioned this uncertainty as an obstacle to making the direct connection between the efforts of the WBCG and the benefits that are supposedly from those efforts. He described the difficulty in quantifying the degree to which the WBCG has specifically improved business in the region. He stated that adapting to the economy is a more effective strategy than relying on the WBCG (Coetzee 2012). Other private company representatives stated that it was difficult to quantify the degree to which the WBCG has specifically improved business in the region, but that the WBCG has certainly helped. Regardless, companies needed to adapt to the constant changes in the economy in order to thrive.

11. Most stakeholders mentioned suggestions for improvement.

Nearly all of the organizations that we interviewed pointed out areas relevant to the transport and logistics industry where they saw potential for improvement. The recommendations that were made by these companies include improvement of the Port of Walvis Bay itself, improvements for border-crossing and customs-clearing processes, improvements to infrastructure and the transportation process as a whole, and suggestions for what the WBCG could improve.

Port Improvements: Parastatals, as well as organizations from the clearing and forwarding and transport industries, pointed out potential improvements for the Port of Walvis Bay itself. One issue that came forth from multiple sources without any prompting was outsourcing or privatizing. Namport is completely government-owned and operated. A representative from a reputable shipping line advocated the profound benefits of privatizing port operations (Shipping Line Representative 2012). He explained that seaports need competition-based incentives because competition provides encouragement for the port to improve its operations. The representative mentioned how the Angolan port of Luanda utilized private sector experts in the port management industry to improve port operations. This port improved "in 5 years from 8 moves per hour to 18, [and] from ships waiting up to 7 weeks outside of the port to waiting just 4 days. This was because the port's management brought in help from the private sector to improve its operations" (Shipping Line Representative 2012).

The CEO of Namibia Auto Import & Export proposed that the port expand its operating hours to maintain a competitive edge with other seaports in the SADC region. Ports in competition with Walvis Bay have longer operating hours (Suleman 2012). A factor of the internal process efficiency of a seaport is the state of its operational equipment. One suggestion of representatives from both the public and private sectors was that the Port of Walvis Bay should upgrade its equipment, such as the cranes and lifts that move containers. They also suggested that Namport raise the standard for the skill of the equipment operators. Further investment in the port's equipment could improve the speed at which the movement of goods occurs. However, it is essential to train personnel to use these machines as effectively as possible. An expert in transport and logistics told us that he believed it would be beneficial for the Port of Walvis Bay to improve its transparency. He discussed the potential benefits of a comprehensive trade information system for customs procedures. This increased transparency would allow third parties to keep track of their goods that pass through the port (Mbai and Fransman 2012).

Border Improvements: A common flaw of the transport system that surfaced in many of our interviews was the inefficiency of international border crossings. This issue has been one of the biggest inhibitors to transport in the SADC region. It affects the entire transport and logistics supply chain. The WBCG has been addressing this issue with efforts to harmonize cross-border regulations. However, clearing and forwarding organizations, parastatals, and transport and logistics experts all maintained that a need exists for further improvement of customs-clearing processes across international borders. An ideal process that one clearing and forwarding company proposed was the implementation of one single, unified document for the clearing, forwarding, and transport processes. The proposed documentation system would simplify the clearing processes at both seaports and international border crossings (Strydom 2012a). One transport company suggested implementing a customs yard at border crossings where

customs-clearing processes normally take extended amounts of time. This representative explained the desire for immediate safety and security benefits. This proposed customs yard would be an area where trucks cannot leave until they clear customs and unauthorized personnel would not be allowed into the yard. Ideally, this would decrease the prevalence of theft and damage to equipment (Opperman 2012).

Infrastructure and Transportation System Improvements: Infrastructure development is a constant process in a developing nation such as Namibia. The WBCG often advocates for improvements to the entire transport system. Many organizations had suggestions for infrastructure and operational improvements that they would like to see for the benefit of the transport and logistics industry.

One of the most significant infrastructural issues evident in the views of many transport and logistics companies was the lack of rail development in Namibia. Representatives from across the spectrum of transport and logistics, including customs and clearing businesses, transporters, importers, parastatals, and various experts suggested to us that Namibia's rail system is underdeveloped. Every private company that commented on the rail infrastructure told us that it was inefficient and would not be able to handle significant increases in cargo volumes.

Many of these private companies also commented that improvement to the rail system in Namibia was one of the most important steps toward establishing Namibia as a transport and logistics hub. A representative from the Namibian-German Centre for Logistics said, "The rail infrastructure [of Namibia] is dilapidated" (Mbai and Fransman 2012). However, a representative from TransNamib remained optimistic about the company's cargo capacity. When asked if TransNamib would be able to handle an increase in traffic from the development of Namibia as a transport and logistics hub, he said, "We will be able to handle it" (Tjivikua 2012). His response contradicts private sector statements and suggests that TransNamib may not fully realize the need to improve its infrastructure.

A professor of economics discussed the current issues facing TransNamib. He stated that, in a situation such as that of TransNamib, startup and investment capital should always come from members of the private sector. The private sector should invest in the transport system because it directly benefits from the system's improvements. He also stated that the government could step in to assist with investment capital later should the need arise, but only after private sector investment has occurred (Rena 2012). In contrast to this opinion, a representative from TransNamib stated that investment in the railway system should instead come in the form of government funding because the government is the "custodian of the railway" (Tjivikua 2012).

Regardless of whether public or private investments are the most appropriate methods of development for the railway system, investors must consider the significant costs of railway development. Namibia faces a challenge in handling the volumes of cargo transported by land without significantly

damaging the roads of the Walvis Bay Corridors. A representative from a reputable shipping line provided us with an estimate of the costs to build railways. He said that today's railroad construction costs are approximately N$8.5 million (1.2 million USD) per kilometer, which would make the approximate cost of extending a proposed Trans-Caprivi railway into Zambia about N$65 billion (9 billion USD). The representative from this company also provided an example for the necessity of railways, stating that, if you needed to move 10,000 tons of cargo per day, it would take around 1,000 trucks per day on the road. This would damage the road system very quickly (Shipping Line Representative 2012). Many informants concurred that rail is instrumental to transporting large volumes of cargo, especially in a nation such as Namibia that intends to become a major international trade and transport hub.

Although the representative from TransNamib had views of the railway system that differed from those of many private sector companies, he did state that there were aspects of both the company and the rail system that had notable room for improvement. He stated that there were problems regarding an aging workforce and aging equipment. TransNamib's work force averages almost 50 years old, and the mean age of the locomotives currently in operation is 45 years old. He also explained that one of the major problems with TransNamib's internal operations is the need for approval from governmental authorities on most major business decisions regarding development (Tjivikua 2012). This process of approval was very often delayed and inefficient and could inhibit the company's ability to adapt to the demands of the present.

The primary desired improvements specified by the representative from TransNamib involved updating equipment and developing infrastructure to increase the capacity of TransNamib. These improvements included new, modern locomotives and upgrading the weaker areas of the railway from a weight rating of 30kg per meter to 48kg per meter. He also mentioned a desire for new, younger employees educated in the areas of transport management, transport economies, train operations, and/or industrial engineering. The representative also expressed a desire for skilled, highly disciplined, and highly competitive train drivers (Tjivikua 2012).

The suggestions for improvements to the Walvis Bay Corridor system were not limited to just the railway network. In terms of better integrating road and rail transport, one representative from a reputable shipping line suggested the implementation of dry port facilities in either Otavi or Otjiwarongo to facilitate the transfer of cargo between road and rail on land. He proposed building a customs office at that proposed site to create another option for some goods to clear customs and potentially streamline the transport process (Shipping Line Representative 2012). A representative from Namport mentioned the concept of a per-tonnage tax on transporters using the infrastructure of the Walvis Bay Corridor system

(Mupupa 2012). The revenue from this per-tonnage tax would potentially fund many improvements to the transport system, including re-investment of the funds back into the road system itself.

WBCG improvements: Some of the interviewees made suggestions directed towards how the Walvis Bay Corridor Group itself could improve its operations and strategies. The CEO of Namibia Auto Import & Export suggested that the WBCG consistently increase its marketing and promotional efforts for the Walvis Bay Corridor system. He believed that room still existed for increased international awareness of the Port of Walvis Bay and that the WBCG should promote the idea of Namibia as a transport hub even more aggressively. He also suggested that the WBCG better communicate its intentions with its member companies to facilitate development (Suleman 2012).

However, not all stakeholders shared this view on the WBCG's marketing. A representative from the Namibian-German Centre for Logistics suggested that the WBCG might not have properly assigned priority to the aspects of the Walvis Bay Corridor system that it promotes. He believed that the WBCG sometimes over-promoted the Walvis Bay Corridor system by aggressively advocating for the system when the port, road, and rail infrastructures may not have the capacity to accommodate the increased trade volumes. He said, "The WBCG is doing a tremendous job with promoting the corridors with trade facilitation, but something that we don't concentrate on is the infrastructure development. That should go parallel with the promotion of the corridors." He suggested that the WBCG place more of a focus on ensuring development of the transportation system-supporting infrastructure (Mbai and Fransman 2012).

An importer suggested a new marketing strategy that focused on the need for more involvement between the WBCG and its member companies. He proposed the idea of a marketing campaign, held at least once every quarter, that would involve member companies and get them more involved in the direct promotion of the corridors. He said, "I think the campaign should actually involve the main role players in the private sector in terms of logistics and transport companies" (Suleman 2012). This would put a face to the businesses and show how businesses have benefited from the growth of the Walvis Bay Corridor system. Such a method for promotion of the corridors would provide a new perspective by showing a personal side of the story in addition to the classically promoted quantitative benefits of the system.

5.4 Limitations to the Findings

We recognize that there are limitations to our findings, such as shortcomings in the number and variety of organizations that we interviewed. By interviewing a larger sample of companies, we would have gained a more complete understanding of all the viewpoints. However, due to difficulties in securing interviews from busy private sector representatives, we interviewed as many private sector companies as reasonably possible. Additionally, we may not have spoken with the most appropriate individual from

each company. We only gathered the opinions of one individual from each company, which may not reflect the collective opinions of the entire company. The opinions of the representatives may show bias based on the company's background. We can attribute some potential error to our lack of relevant background experience. However, our findings touch on a few of the key viewpoints of stakeholders in the corridor system.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

Through our interviews, observations, and analysis, we developed a set of conclusions and recommendations to increase the efficiency of the Walvis Bay Corridors and improve the working relationship between the WBCG and its members. These recommendations aim to benefit the WBCG, its member companies, and Namibia.

6.1 Conclusions

Despite the limitations mentioned in 5.4 Limitations to the Findings, our research uncovered many important points about the Walvis Bay Corridor system. While talking to transport and logistics companies, we determined that external factors inhibit Namibian business development the most. These external factors tended to involve political issues. Many governments in the SADC region, including the Namibian government, functioned at an inefficient pace and lacked extensive budgets. This often led to complications with time-sensitive development. However, development is crucial to the trade industry. Almost every transport and logistics company that we spoke to benefited from the infrastructural improvements and trade facilitation coordinated by the WBCG. Many companies readily supplied us with suggestions for how to address problems that persisted and improve the Walvis Bay Corridor system. We discovered many issues with the efficiency of parastatal organizations due to the slow pace of government operations. While improvements to the Walvis Bay Corridor system may boost Namibia's economy, the environment may suffer long-term consequences. Our recommendations address both the short- and long-term development of Namibia.

6.2 Recommendations to Address Current Logistical Problems

Through interviews with many stakeholders, we found that many of the existing logistical problems in the Walvis Bay Corridor system stemmed from the inefficiency of the government. The government's inefficiency inhibited the planning and management of infrastructural and trade facilitation projects. In addition, many government employees worked at a relaxed and unhurried pace. We recognized that the perception of time was part of the culture and may not easily change. However, we have made the following recommendations to improve the efficiency and safety of the Walvis Bay Corridor system:

1. **We recommend that the WBCG focus on improving border operations and harmonizing legislation within the region by facilitating international meetings.**

We found that the majority of the challenges that transport and logistics companies faced were external and beyond their control. Companies overcame most internal challenges on their own. The

largest external factor, political stability of a country, greatly affected where many companies traded. Political cooperation enabled international trade. As mentioned in Chapter 5: Findings and Analysis, border delays increase the likelihood of theft and provide a venue for the spread of social ills. We found that many companies expressed the need for improvements to border operations between Zambia and Namibia.

Therefore, we recommend that the WBCG focus on alleviating challenges that transport and logistics companies have no control over. The WBCG needs to continue pushing for one-stop border posts, which streamline border processes to a single stop at any border in the SADC region. Currently, companies must fill out four separate documents to cross the border from Namibia and Zambia, and trucks must stop at both sides of the border. By decreasing the documentation and the number of stops, border delays would decrease. In addition, the WBCG must continue advocating for the implementation of a smoother paperless system than ASYCUDA++. This would allow transporters to submit their documents for clearance before arriving at the border. SADC countries must implement this system at all border posts in order for efficiency to increase. Countries will likely experience logistical and operational challenges during implementation, but once they smooth those problems, the time spent at borders will greatly decrease.

Compared to the rest of the SADC region, Namibia has timely border crossings. However, as most of Namibia's trade is in-transit, other borders directly affect Namibian companies. For example, the Zambian-Congolese border post was described to us as a "nightmare" and took days to cross (Mans 2012).The WBCG must advocate for the improvement of all SADC borders to increase the efficiency of the entire region.

2. We recommend that the WBCG continue to advocate for expansion of the port and upgrades to the rail system.

In addition to improving trade facilitation with its neighbors, Namibia must address internal infrastructural problems. Almost all private sector companies expressed that either the capacity of the port or the rail system inhibited their growth. Many noted that although the rail may not be as fast as road, it would be much more cost effective, especially when carrying mining materials. The planned port expansion will increase the capacity of Walvis Bay and provide an additional container terminal, but construction has not yet begun. Therefore, we recommend that the WBCG continue advocating for construction to begin on the port expansion and for upgrades to the railway system.

Because of the extensive chain of command for state-owned enterprises, implementation of projects is often slow. The board of directors and the parent ministry must approve projects before

construction can begin. Parastatals like Namport and TransNamib can complete projects in a more timely and efficient manner with a public-private partnership like the WBCG motivating them.

3. **We recommend that the WBCG hold more meetings with its private sector member companies to discuss the development of the corridor system.**

While conducting interviews with private sector member companies, we found that our presence stimulated discussions of the overall workings of the corridor system. Finding a time to meet was challenging, and we made the most of our time with each representative. The WBCG holds quarterly meetings with most of its members. However, not all members attend these meetings, so we recommend that the WBCG meet with its private sector member companies more often. As discussed in lesson three from Section 2.2 Lessons Learned from Case Studies of Development, communication between stakeholders is important to development. More frequent meetings give an opportunity to discuss what challenges companies face, and what suggestions the companies have to improve the corridors and the workings of the WBCG. By meeting its private sector members more often, the WBCG would gain a better understanding of what happens on the ground. The WBCG would then be able to link the needs of its member companies more effectively if both sides can discuss their perspectives.

4. **We recommend that the WBCG adjust its marketing strategies to advertise a more realistic view of the current capacity available and maintain constant knowledge about the developing capacity of the supply chain.**

We found that, according to a few companies, the WBCG over marketed the Walvis Bay Corridor system and the infrastructure would not keep up with the demand. One concern was that the WBCG was "over promising and under delivering" (Boois and Smith 2012). If the WBCG met with its private sector member companies more often, it would have a better picture of what the companies can provide and the limitations of the corridor system.

We recommend that the WBCG sustain its level of marketing, but also re-evaluate the way in which it markets the Walvis Bay Corridors. Currently, the WBCG focuses on the benefits of the corridor system with little mention of the challenges or limitations of the system. We recommend a change in its strategy to acknowledge the problems and challenges in the system. Additionally, we recommend that the WBCG confirm that the infrastructure of the Walvis Bay Corridors is able to support the increase in transport that its marketing attracts.

6.3 Recommendations for Improving the Long-term Efficiency of the Walvis Bay Corridor System

5. As the transport industry continues to grow, we recommend the government and the public pay more attention to the industry's negative environmental effects.

While government policy aimed to protect the environment, development often compromised environmental conservation. The environment represented a crucial portion of the tourism market in Namibia. The government must look after the environment for its people and its economy. Legislation protected the environment by enforcing high standards on companies and communities. The three sub-industries of transport and logistics had various environmental protection strategies. Transport companies maintained cleaner and safer vehicles. Clearing and forwarding companies reduced their paper consumption and participated in recycling efforts. Importers and exports practiced safe disposal of waste.

We recommend that the government remain attentive to the environment as development continues. As more cargo travels through the corridors, the number of trucks utilizing the corridors will increase which would release more emissions. Road and port expansions also posed a threat to the environment as they could destroy habitats and force animals and people closer together. The government needs to respond to the growth of trade routes vigilantly in the future.

6. We recommend that the WBCG encourage TransNamib and the Namibian Ports Authority to consider involving the private sector in their operations.

Many companies expressed an issue with the response time of both TransNamib and the Namibian Ports Authority. TransNamib has an aging workforce and uses an outdated rail system that does not reach the borders with the surrounding countries. An adequate rail system would relieve the roads of additional trucks and preserve the infrastructure. TransNamib lacked the funding and motivation from the government to expand and improve. Our research showed that the port functioned inadequately to accommodate the potential business that might utilize the port. A more efficient port would accommodate additional business and would allow transport and logistics companies to expand.

We recommend that TransNamib and Namport consider involving the private sector in their operations. With private interest comes competition and increased efficiency. Allowing private companies to control and operate some of the berthing ports and portions of the container terminal in the Port of Walvis Bay, the port could increase its overall efficiency. We do not recommend completely privatizing either parastatal; rather, we recommend that the parastatals consider restructuring as a public-private partnership. The first step towards this restructuring that we recommend is an extensive internal review of operations and efficiency.

6.4 Merging Society with Technology in Namibia

Sustainable development was the central focus of this project. Namibia's Vision 2030 defined sustainable development in a very vague sense. For this project, development implied the integration of technology into society in order to help society function more efficiently. Although we uncovered resounding evidence that Namibia welcomes development, we must remember that development does not benefit all stakeholders. We learned that countries must maintain improvements to infrastructure. This development needs to occur in a sustainable and efficient manner in order for a country to benefit.

One crucial aspect of development is the feasibility of desired improvements. This study determined the feasibility of further improvements to the Walvis Bay Corridor system. In the Namibian context, this project was unique. Compared to other countries in the SADC region, Namibia has a very low population density. The lack of skilled workers in the transport and logistics industry, and in Namibia as a whole, has led to an undesirably high unemployment rate. Although this study would have achieved similar results if conducted in other SADC countries, these results are unique to Namibia. The political stability in Namibia and its geographical location make it an ideal location for an international transport hub.

The attitude of business owners in Namibia has gradually changed. The old strategy was to safeguard one's own clients and to take on as much business as possible. Essentially, this greed and the inability to deliver forced many businesses to go bankrupt. Our research suggested that successful companies in Namibia take an active role in the corridor system and do not look to grow significantly overnight. Steady increases in the amounts of business allowed the companies to grow with their client bases. Companies told us that sharing clients that they could not handle themselves has helped their respective industries grow.

A universal attitude of growth is precisely what the SADC region needed. A combination of political cooperation, improved infrastructure, and motivation from the correct sources may help the SADC region to fulfill its potential. Because Namibia relied so heavily on in-transit cargo, Namibia could benefit greatly from international cooperation. The WBCG is in an ideal position to motivate this growth because it is a public-private partnership and has supported development. With this study and continued involvement in the development of the Walvis Bay Corridor system, Namibia can feasibly achieve Vision 2030.

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APPENDIX A: INTERVIEW BRIEFING

The Walvis Bay Corridor Group (WBCG) is working with students from the Worcester Polytechnic Institute in the United States to assess the growth of the transport and logistics industry in Namibia. We would like to ask you a few short questions about your company and the supply chain. Your company has been selected as a potential candidate for a case study to display the growth of your company and the benefits of Namibia's corridors. Your responses can remain confidential and all names can be changed at your request.

The first priority of this project is to highlight growth. The overall goal is to increase the amount of business in the corridors and the involvement of companies along the corridors. We will accomplish this by identifying successful trade and logistics companies that utilize Namibia's corridors. We have selected your company to interview to gather information on how your business has developed.

There are several aspects of the history and services of this company that we would like to pursue. We would like to analyze the history of this company, the goods it transports and the services it offers, any loss of product or business, taxes and finances, its customer base, and the management of this company. We would especially like to explore your methods for overcoming the challenges that you have faced and the impact that your business has had on the Walvis Bay Corridor system. Below are a few sample questions which we hope to discuss with you. Thank you for your time and we look forward to meeting you.

- Would you please tell us a little bit about the history of the business?
- How much warehouse space does this company have? (bonded, unbonded, open, temperature sensitive etc.)
- What is the size of your fleet?
- What percent of sales have you lost that can be attributed to error, crime, or theft?
- How have tax rates affected the creation and maintenance of your business?
- What do your main clients import/export?
- How many regular or repeat customers do you have?
- What are your mission and values? How do these affect the growth your company?
- How has the WBCG aided your business?

APPENDIX B: COMPANY REPRESENTATIVE QUESTIONNAIRE

(Spoken) Hello. My name is _____ and we are students at Worcester Polytechnic Institute in the United States. We are here today because we are working with the Walvis Bay Corridor Group on a project to assess the growth of transport and logistics companies. We would like to ask you a few short questions about your business. Your responses will be confidential at your request. May I have your permission to continue?

(Leave contact info for further question and comments)

Interviewees:
Mason Andruskiewicz
Thomas Murray
Bailey Sarber
Rebecca Sharpe
Email: wbcg-d12@wpi.edu

Sponsor:
Mr. Gilbert Boois
Manager: Projects and Funding
Walvis Bay Corridor Group
333 Independence Avenue
Namlex Chambers, 2nd Floor
P.O. Box 25220
Windhoek, Namibia
Tel: +264 61 251669
Email: projects@wbcg.com.na

The WPI contact for the Institutional Review Board:
Ruth McKeogh
Tel: +001 508 831 6699
Email: rmckeogh@wpi.edu

Goods and Services:

Can you give us a brief history of your business?

How did you acquire your business?

How old is your business?

How much warehouse space do you have? Bonded? Unbonded? Open? Other?

What is the size of your fleet?

How has your fleet grown since the inception of your company?

What services does your company offer?

How are these services different from your competitors?

What percentages of goods are transported to which regions?

How has that number changed over the years?

Why are you better equipped to carry certain goods or perform certain services than your competitors?

How has the WBCG's efforts affected your business?

What routes do you service?

How efficient are these routes?

How do you market your business?

What are the main challenges, both internal and external, that you have faced as a company?

How have you overcome these challenges?

How do you adapt to external changes in the market?

How would railway system developments affect your business?

What were the main areas of growth of your business?

What incentives and risks were there for expanding the company?

How did you achieve this expansion so that it was beneficial and profitable?

What challenges to growth has your business experienced and how have you overcome these challenges?

Where do you see your business in the future?

Do you foresee growth and expansion for your business?

What are your business's policies regarding environmental conservation?

Loss of goods or profit:

Is crime a big factor that affects your business?

Do you offer insurance or tracking for the goods you handle? Yes No

What do you do to ensure the security of the cargo?

What forms of loss are issues for your business, and how do you address them?

What percent of sales have you lost that can be attributed to error, crime or theft?

How has this affected your overall business growth?

What measures have you taken to minimize error, crime and theft?

Have any of the WBCG projects helped minimize your losses?

Have you seen improvements in security over the region?

Taxes and Finances:

How have tax rates affected the creation and maintenance of your business?

What taxes have the largest effect on your business?

How long did it take to register and license your business?

Were there any difficulties in obtaining that documentation?

Where did you obtain funds to start your business?

Did you receive sufficient funding to get the business running?

Did you have any financial difficulty when starting the business?

Did you receive any training or take any classes on business?

How financially stable is your business?

Customers and employees:

What is your policy with customer service and customer relations?

What is your history of customer acquisition?

How many customers or clients do you have currently?

What marketing strategies does your business use when advocating for the use of the Port of Walvis Bay and the Walvis Bay Corridor system?

How many people does your company employ?

How many people did you originally employ when your business was started? How many Namibians? Non-Namibians?

Did you have any difficulty finding employees?

What training programs do you have for your employees?

What training or experience is desirable for your employees?

Do you see a lack of skilled workers as a hindrance to business growth?

What is the skill level of your workers? Are you pleased with this?

Development:

What is your company's mission statement and values?

What do you see as the positive and negative effects of development of the corridors?

What do you think is the most appropriate method for development?

Should outside or private capital be a method for funding, or is government funding more appropriate?

How do you overcome the challenges presented by shortcomings in infrastructure development?

Are there any notable infrastructure projects that have improved the efficiency of transportation?

What development projects have helped your business?

What degree of transparency do you observe with respect to the operations of the Port of Walvis Bay?

Do you see any room for improvements within the port's operations?

How do you see the upcoming port expansion affecting your business?

How would you adapt to an increase in customers from the international promotion of the Port of Walvis Bay?

What would you want to change about how the corridors are being developed?

What improvements in border crossings are most important to you?

Are improvements to the railway system viable for Namibia?

Have you seen corridor development bring more employment opportunities?

Would this company provide funding for future development projects?

Impact of the WBCG:

What is your involvement with the WBCG?

How has the WBCG helped your business?

What WBCG projects have improved the efficiency of your business?

Would you consider becoming more involved in the Walvis Bay Corridor Group or system?

Do you have any recommendations for anything that the WBCG could do better?

Are there any potential WBCG projects that you would like to see carried out?

APPENDIX C: GOVERNMENT OFFICIALS AND PARASTATAL REPRESENTATIVES QUESTIONNAIRE

Government Officials:

ALL:

Do you have any sources of information that you could recommend to us?

What are the current regulations on transport companies?

How do these companies benefit the government, the people, and the economy?

Are there specific model countries that you follow? What is your gold standard?

Ministry of Works and Transport:

What has the WBCG contributed to the transport and logistics industry?

How have infrastructural improvements affected transport?

Do you aid in the development of transport and logistics businesses?

Ministry of Trade and Industry:

Can you outline specifically what transport does for the trade of Namibia?

What industries have grown from the development of transport industry?

What volumes of goods are imported/exported?

What is the breakdown of trade to specific countries?

What types of goods are transported?

What services are offered through the transport companies?

Ministry of Finance and Customs:

Can you describe border operations and procedures?

How long does border/customs clearance usually take?

What taxes are placed on imported and exported goods?

What is being done to combat bottlenecks at ports and border posts?

Parastatals: (TransNamib, Namport, Roads Authority):

What regulations are in place for transport companies?

How has the efficiency of transport been improved in recent years?

How efficient is the transport industry?

How efficient are upgrading and maintenance processes for the railway system? (TransNamib)

How efficient are upgrading and maintenance processes for the Port of Walvis Bay? (Namport)

How efficient are upgrading and maintenance processes for the road system? (Roads Authority)

How would you recommend increasing efficiency?

What types of goods are transported by rail vs. by road?

How do you ensure fast and secure transport?

How has the development of the corridors affected business for the parastatals?

What are the pros and cons of being a parastatal?

How are parastatals regulated?

APPENDIX D: SME OWNERS, MUNICIPALITY REPRESENTATIVES, AND EXPERTS IN BUSINESS QUESTIONNAIRE

SME Owners:

What made you start your business?

How has your company fared since you began?

Was the investment worth the income/profit?

Are you aware of either the WBCG or the NLA?

Are you a member of either the WBCG or the NLA?

If no: Why have you chosen not to be a member?

If yes: What benefits have you seen from being a member?

What could the WBCG or the NLA offer that would make it beneficial to be a member?

What and how much material do you ship per month?

What percentages of goods are transported to which regions?

How do you acquire your clients?

How have infrastructural developments helped your business?

How do you compete with the prices of larger companies?

What are your views on logistics?

Community Leaders: (Municipality of Walvis Bay)

What are your views on development?

What are the advantages and disadvantages of development?

What are your views on "top-down" vs. "bottom-up" development?

How has transport through the region affected your town in terms of growth and employment?

How has the environment been affected by the development of the corridors specifically?

What local consequences would accompany an increase in transport through the Port of Walvis Bay?

What plans are in place to accommodate for future development?

What are your views on bypass developments?

What are your views on public-private partnerships?

Experts in Business: (Namibian-German Centre for Logistics, Professors Charles Keyter and Ravinder Rena)

What are the advantages and disadvantages of public-private partnerships (PPP)?

How sustainable is the PPP?

What do you see as the advantages and disadvantages of development?

What are current marketing and expansion strategies of transport and logistics companies?

Why are state-owned companies competing with private businesses?

How do transport companies obtain startup capital?

What are some foreseeable border complications?

Are there any questions we should ask the companies?

Can you recommend any experts or officials that we should talk to?

APPENDIX E: THE WALVIS BAY CORRIDOR GROUP DESCRIPTION

The Walvis Bay Corridor Group is an organization that was established in 2000 to advocate for the use of the Walvis Bay Corridor system that connects the Port of Walvis Bay to other parts of Namibia, as well as neighboring countries. This network of transport corridors is primarily comprised of the Trans-Kalahari Corridor, the Trans-Caprivi Corridor, the Trans-Cunene Corridor, and the Trans-Oranje Corridor.

The WBCG's mission statement is as follows: "We are committed to:

- Facilitate and promote transport and trade along our secure and reliable corridors
- Provide "innovative" service offerings to our customers
- Consistently exceed our customer's expectations
- Add value through our unique Public – Private – Partnership (PPP)
- Apply principles of good corporate governance" (WBCG 2012b).

The organization is set up with a unique structure in the form of a public-private partnership (PPP). This means that the organization has stakeholders and member companies from both the public and private sectors. The group is able to align the interests of the governmental organizations with those of potential private investors to secure funding for various development projects. The member companies of the WBCG are able to pool their resources in an organized fashion to operate inter-regional travel efficiently.

The WBCG is a small institution, comprised of less than ten employees in the Windhoek branch and a board of directors. Mr. G.A. Uirab is the chairman of the board of directors and the CEO is Mr. Johny Smith. Mr. Gilbert Boois is the manager of projects and funding and was our direct liaison for this project. The WBCG also has an HIV/AIDS helpdesk, with Edward Shivute being the project coordinator for the helpdesk. The main office for the WBCG is located in Windhoek, Namibia, but there is also an office in Zambia. Andrew Sinyangwe Jr. is the manager for the Zambia office (WBCG 2012b).

The Walvis Bay Corridor Group works in conjunction with its members to facilitate projects that will improve the corridor system. The WBCG often receives funding on a case-by-case basis for certain projects and undertakings. The WBCG received financial support from the Development Bank of Namibia to improve the Okavango River Bridge (Divundu Bridge) on the Trans-Caprivi Highway (WBCG 2012b). The WBCG may also acquire funding from sources such as:

- Development Bank of Namibia (DBN)
- World Bank, the African Development Bank (AfDB)
- The European Investment Bank (EIB)
- The Development Bank of South Africa (DBSA)

- The Japan International Cooperation Agency (JICA)
- The Japan Bank for International Cooperation (JBIC)
- The Agence Française de Développement (AFD, The French Development Bank)
- The U.S. Trade and Development Agency (USAID)

With its members and other strategic partnerships, the WBCG is able to facilitate safe and reliable trade and transport along the corridors. Collaboration with organizations with similar missions to the Walvis Bay Corridor Group is crucial to the group's success. The following is a listing of many of the partner and member organizations:

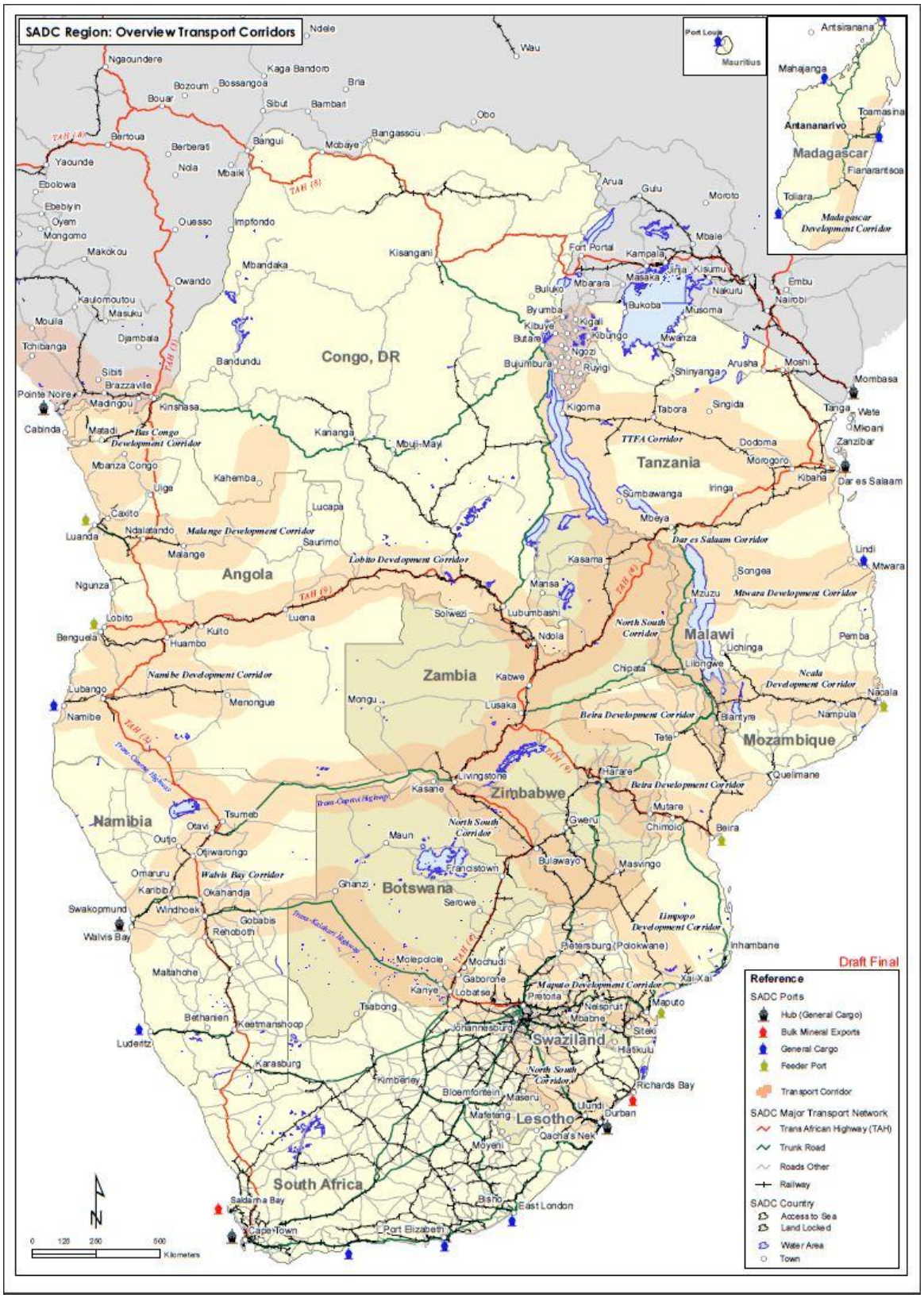
International: Swedish International Development Agency, Federation of East and Southern African Road Transport Associations, Southern African Trade Hub, Sub-Saharan Africa Transport Programme, United Nations Conference on Trade and Development, Trans-Kalahari, Trans-Caprivi Corridor Management Committees

Local: major Namibia businesses, Namibia Logistics Association, Walvis Bay Port Users' Association, Namibia Chamber of Commerce and Industry, TransNamib Holdings Ltd, Walvis Bay Municipality, Namibian Ports Authority (WBCG 2012b)

The international partnerships increase collaborations between sub-Saharan nations such as Namibia, South Africa, Botswana, Zimbabwe, and Zambia, to name a few. With collaboration between nations, goods can travel safely across borders. One organization, the Federation of East and Southern African Road Transport Associations (FESARTA), has made one of its objectives to cooperate with any other group with similar objectives (MCLI 2007). All of these organizations are able to collaborate and pool resources with each other to strive for the most effective trade and goods transport system.

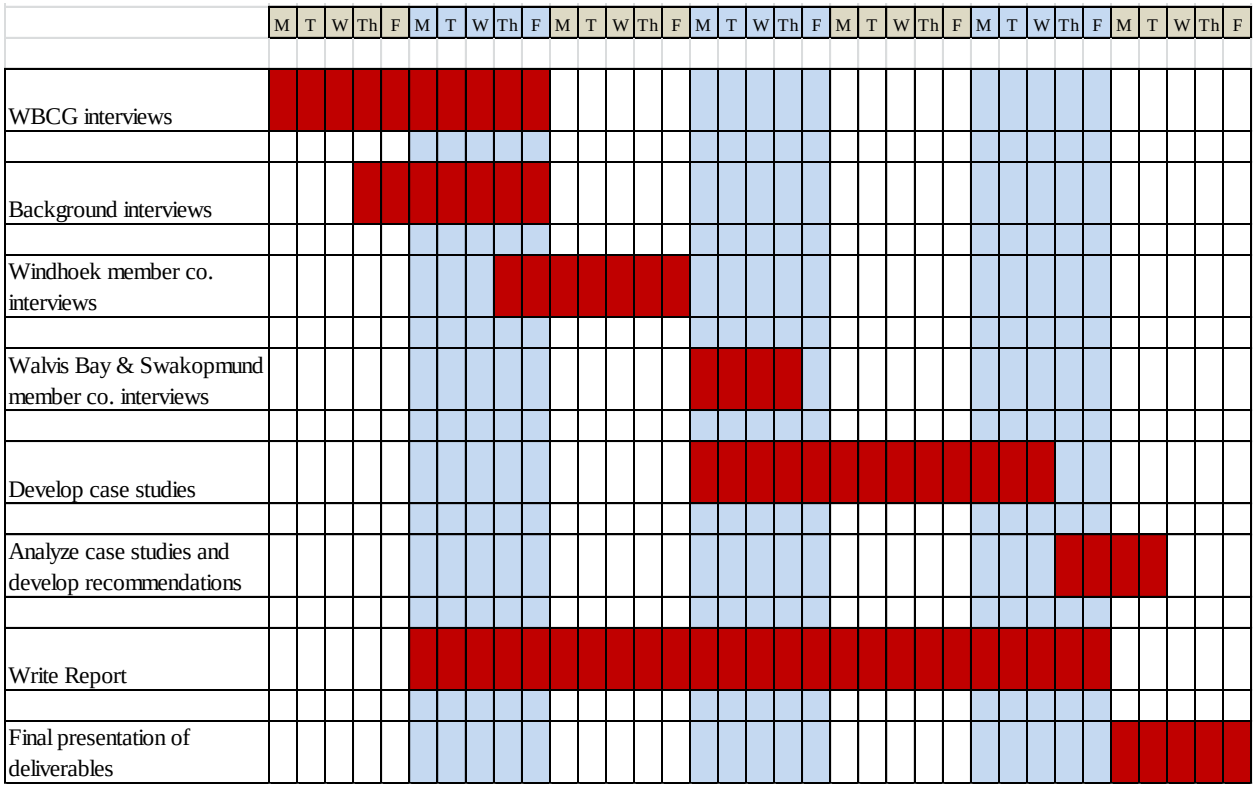
The Walvis Bay Corridor Group also has partnerships with regional groups, such as the Trans-Kalahari Secretariat and Trans-Caprivi Corridor Management Committee (WBCG 2012b). These committees work together to establish standards across borders and tackle problems in trade between countries of the SADC region. With these and other partnerships, the WBCG is able to work corroboratively to regulate the trade and transport of goods, maintain road safety and quality, and promote economic development along the corridors.

APPENDIX F: MAP OF THE SADC REGION



APPENDIX G: TIMELINE AND GANTT CHART

The following chart is a timeline for our project in Namibia. We began with interviews with the WBCG and other experts who gave us background on the project and many other issues in economics and development. We then conducted interviews in Windhoek, Walvis Bay, and Swakopmund with member companies to gather information to build our cases. As we interviewed, be began analyzing our data and writing the case studies. In the last few weeks, we finalized our report and prepared our final presentation.



APPENDIX H: COMPANIES INTERVIEWED

Transport Companies

Bertie Opperman

A Van der Walt Transport (Namibia) (Pty) Ltd.

Swakopmund, Namibia

Herman Mans

Eden International, Eden Import and Export cc.

Windhoek, Namibia

Clearing and Forwarding Companies

Philip Coetzee

Woker Freight Services

Walvis Bay, Namibia

Frank Gschwender

Transworld Cargo

Windhoek, Namibia

Steve McClune

Customer Clearing Services

Windhoek, Namibia

Steve Leukes

Quality Air Freight Services

Windhoek, Namibia

Andre Strydom

Trade Ocean Shipping Namibia

Walvis Bay, Namibia

Salome Shikulo

Onansati Import and Export

Windhoek, Namibia

Importers and Exporters

Azgar Suleman

Namibia Auto Import & Export cc., Namibia Auto Import & Export cc.

Walvis Bay, Namibia

APPENDIX I: TRANSPORT AND LOGISTICS INDUSTRY NOTE

The transport and logistics industry in Namibia consistently grew since the nation regained control of the Port of Walvis Bay from South Africa in 1994. As evident in the Namibian National Planning Commission's "Vision 2030" development plan, the country aims to become an international transport and logistics hub by the year 2025. In efforts to accomplish this, numerous stakeholders contributed to the development of the Port of Walvis Bay, the maintenance and improvement of the road infrastructure, and harmonization of customs and border operations. Private and public sector companies explained the growth of the industry. These four case studies of individual companies highlight the business growth. The following sections describe how the industry has grown as a whole, the challenges it overcame, and the projects that contributed to the improvement of the system.

In an effort to increase awareness of Namibia's well-developed transport corridors, the Walvis Bay Corridor Group (WBCG) facilitates meetings between member companies, governmental officials from all over the Southern African Development Community (SADC), international entities, and other associations. The WBCG advocates and solicits funding for infrastructural and trade facilitation projects with the goal of improving the overall trade routes through Namibia and benefiting its member companies.

Three major sub-industries of the transport and logistics discipline play a role in transporting cargo through Namibia. These sub-industries include:

1. Clearing and freight forwarders
2. Transporters
3. Importers and exporters

Each sub-industry performs its own duties in the collective supply chain. Importers and exporters contract clearing and forwarding agents to clear specific goods through customs at the Port of Walvis Bay and at international borders. The clearing and forwarding companies pay any necessary port taxes and forward the goods to a transporter. Transport companies then move goods into and out of the port and rely on the customs documentation provided by clearing and forwarding agents. Some businesses have found it more efficient to combine various services from more than one of these sub-industries, rather than outsourcing their labor.

Many companies in each sub industry grew steadily in size since traffic levels through Walvis Bay started rapidly increasing in 2006. One of the largest clearing and freight forwarding companies in Namibia doubled its employees from 2010 to 2012. One small business grew from two co-founders to 12 employees in the same time frame. A large company in the transport industry expanded from 73 employees to almost 130 employees in just one year. An up-and-coming player in the clearing and

forwarding industry quadrupled its number of employees from 2006 to 2012. A company that imports and clears vehicles through the Port of Walvis Bay originally started with two employees in 2004 and grew to twelve individuals in 2012.

The recent increases in cargo traffic through the Port of Walvis Bay provided opportunities for these companies. One contract allowed a business to clear approximately 20 more containers through the port each week. Over a span of two years, one transport company projected an increase in the size of its fleet of trucks from 74 trucks to over 100 by 2013. These transport and logistics companies fortified their financial sustainability by signing long-term contracts with key players in the mining industry. These companies are able to handle their own increases in business, but external factors, including capacity issues and inefficiencies of the Port of Walvis Bay, limited their growth.

Some factors that facilitated the growth of transport and logistics companies included connections, industry-relevant experience of employees, and effective business practices. Employees' previous experience with customs procedures benefited clearing and forwarding companies. Familiarity with details of customs gave these companies an advantage over their competitors. Local and international contacts in the industry helped transport and logistics businesses grow. For companies that originated in Walvis Bay, rather than expanding from a parent company, persistence and reliable service eventually led to continuous growth and established reputations.

The toughest challenges were the instability of the market and the attitude of the companies' customers. Many customers buy from what is familiar to them and have used a different port for generations. One clearing and forwarding company utilizes a "test me" method to entice reluctant customers to use Walvis Bay. The company encourages a customer to ship a few containers through the Port of Walvis Bay and then decide, based on the experience, whether to transport through Walvis Bay.

Political instability and a lack of international cooperation in the SADC region challenged large businesses. Many companies were at risk of losing a major portion of their business without warning. In a market that could change overnight, flexibility could mean the difference between survival and bankruptcy. Companies that experienced growth displayed adaptability in the regions they serviced and the goods they shipped. Many companies stated that they have considered any offer proposed to them. However, successful companies recognized their limits and did not take on more business than they could reasonably handle.

The processes at SADC region border posts challenged transport and logistics businesses. Clearing and freight forwarding companies must stay up to date on ever-changing rules and regulations. Lack of knowledge impedes officials at the border posts from efficiently clearing trucks. Although the ASYCUDA++ system is in place, some border crossings take just as long as before the implementation of the new system due to power failures. Border crossings in Namibia are not as timely as they could be, but

are supposedly safer than in many other countries in the SADC region. In contrast, the road infrastructure of Namibia has set a high standard for other countries in the SADC region. Compared to other SADC countries, Namibian roads are safer and more efficient. The nation places a high standard on the maintenance of its roads and development projects. These efforts improved the speed and efficiency of transport in Namibia.

Transport and logistics businesses seldom described crime as a major challenge in Namibia. Although some theft is inevitable, companies praised the safety of Namibia and the Port of Walvis Bay compared to the other ports that service the region. Generally, skilled employees were not difficult to find in the Port of Walvis Bay. However, transport companies did voice a concern for a lack of dependable drivers due to the high prevalence of HIV in the region. Clearing and forwarding companies pointed to the constantly changing customs procedures for a lack of knowledgeable staff.

With some of the most efficient border crossings and developed infrastructure in the SADC region, Namibia has been a trend-setting nation. However, Namibia as a whole still has areas of potential improvement with respect to the trade and transport industries. In order to establish the Port of Walvis Bay as a transport hub, three elements must develop simultaneously.

1. The border procedures must be standardized and streamlined.
2. The port and road infrastructure need upgrading and constant maintenance to prepare for increased loads.
3. Traffic through the port must increase in a responsible and sustainable manner.

In developing with respect to these three elements, Namibia could make strides towards becoming an international transport and logistics hub. These case studies represent businesses from the transport and logistics sub-industries consisting of importers and exporters, clearing and freight forwarders, and transporters. These summaries touch on various aspects of the businesses including their backgrounds, challenges to establishment and growth, the effects of development projects, the benefits from the efforts of the WBCG, and general suggestions for improvement. The cases follow the stories of a variety of businesses across the spectrum, from small to large. These case studies represent the efforts of four businesses to bring to fruition Namibia’s plans laid out in Vision 2030.

APPENDIX J: AFRICA'S BIGGEST SHOPPING MALL ADVERTISEMENT

APPENDIX K: DISTANCE = TIME = MONEY ADVERTISEMENT