



SADC PPP CASE STUDIES

Public Private Partnerships (PPP) can be accompanied by difficulties, particularly in the context of developing countries. Given that PPP can be an instrument for financing infrastructure development in the Southern African Development Community (SADC) region, these systemic weaknesses need to be addressed at both national and regional level. To assist in this regard, the SADC Secretariat and the SADC Development Finance Resource Centre (DFRC), in collaboration with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) has commissioned a series of case studies examining private sector experiences of Public Private Partnerships (PPP).



A CASE STUDY ON WALVIS BAY CORRIDOR GROUP

NOVEMBER 2012

FIRM OVERVIEW

Title	Walvis Bay Corridor Group
Name of private sector partner	Namibia Logistics Association (NLA); Namibia Chamber of Commerce and Industry (NCCI); Transnamib Holdings Ltd; Container Liners Operations Forum; Walvis Bay Port Users' Association
Nationality	Namibia
Sector	Transport and logistics
Countries where doing business	Namibia, Botswana, South Africa, Mozambique
PPP Type	Hybrid co-operation partnership for trade facilitation and road infrastructure development
Partners	Ministry of Trade and Industry Ministry of Finance, Department of Customs and Excise; Ministry of Works and Transport, Department of Transport; Ministry of Home Affairs and Immigrations, Department of Immigrations; Roads Authority; Namibian Ports Authority (Namport); Walvis Bay Municipality; Namibia Chamber of Commerce and Industry (NCCI); Transnamib Holdings Ltd; Namibia Logistics Association (NLA); Container Liners Operations Forum Walvis Bay Port Users' Association (WBPUA);

BACKGROUND

The Walvis Bay Corridor Group (WBCG) was established in 2000 to engage in business development activities to increase cargo for Walvis Bay Port and the corridors linked to it, and to engage in the facilitation of corridor and infrastructure development.

The Walvis Bay Corridor Group's is structured as a unique public-private partnership (PPP) of transport and logistics stakeholders from both the public and private sector. The partnership allows for the pooling of resources, expertise and authorities from both the regulators and the operators, who together form an integrated transport and logistics service for potential customers. The Private Sector is mainly represented by sectoral associations, not individual businesses, though companies participate directly in various forums.

The Walvis Bay Corridors are an integrated system of tarred roads and rail networks - accommodating all modes of transport - from the Port of Walvis Bay via the Trans-Kalahari, Trans-Caprivi, Trans-Cunene and Trans-Oranje Corridors providing landlocked SADC countries access to transatlantic markets. Cargo offloaded at the Port of Walvis Bay and then makes its way from the Port along one of the Corridors across Namibia and into neighbouring SADC countries.

The Trans-Kalahari Corridor links the Port of Walvis Bay to Gaborone and Gauteng in South Africa. From there, this Corridor links with the Maputo Corridor on the east coast of southern Africa. The Trans-Caprivi Corridor accesses the landlocked countries of the Democratic Republic of Congo, Zambia and Zimbabwe. The Trans-Cunene Corridor extends through northern Namibia into southern Angola, and the Trans-Oranje Corridor links the Port of Lüderitz with the Northern Cape Province of South Africa.

BARRIERS ENCOUNTERED BY PRIVATE SECTOR PARTNERS

Fragmentation and varied interests and a wide variety of stakeholders in the logistics and road infrastructure sector is one of the main barriers identified by the private sector. This results in communication difficulties, the need to identify and engage a wide range of stakeholders and delays in decision-making.

High administrative cost of trade through document duplications is a problem, as are border working hours and inadequate border infrastructure are other barriers causing delays.

Corruption at border posts is an issue - as is the temptation to make corrupt payments to officials to expedite processing. The recent termination of Iroko, the Cross Border Collection agent, by the Road Freight Association is a concrete example of uncovered fraud practices.

Contraband trade for example, involving cigarettes, is another case involving both the authorities and private operators. This causes longer delays and more detailed freight searches.

Another issue is that roaming animals that cross large sections of the Trans Kalahari route are a real and significant risk factor. They have caused numerous accidents and contribute to further time delays.

IMPACT OF BARRIERS

- Communication and decision making and co-ordination is compromised by fragmentation.
- The cost and profitability of freight operations is compromised by delays and corruption at border posts.
- Diminished safety and the cost of repairing damage to vehicles that hit animals is another impact.

FIRM RESPONSE TO BARRIERS, INCLUDING INTERACTION WITH POLICYMAKERS

The establishment of the WBCG itself is a reaction to the fragmented stakeholder landscape. The group is precisely a co-ordination and strategy mechanism that brings a wide range of stakeholders together so that their interests can be converged and directed to facilitate trade growth and infrastructure improvement. Due to the Group's

constitution as a PPP, it is able to leverage the public sector for advice and action on issues such as customs, transport regulation and infrastructure development, while with the private sector it can focus on business development such as marketing and making practical operational proposals and logistics solutions. WBCG also promote integration and improved communication through attendance and participation in other forums such as the National Steering Committee on Trade Facilitation in Namibia, and the “customs to business” initiatives.

In order to deal with the delays at border posts WBCG are actively promoting a system of self regulation that results in firms being accredited as Accredited Economic Operators, thus saving much time and cost at border posts. Once accredited the firms become “trusted” and are not subjected to the same checks, searches and routines as non-accredited operators.

The private sector members of the WBCG such as the Namibian Logistics Association have attended the Truckers Forum in South Africa for the first time ever where non-tariff barriers were discussed at length. They helped to formulate a document to be submitted to the SADC tri-partite tribunal.

The companies attend regular meetings called by SA Revenue Services in the SACU area.

Some of the organizations within the WBCG are policy bodies, and some are private sector representative organizations. There is constant interaction between the parties.

OUTCOME FROM REACTION TO BARRIER

These time delays, involving various public and private sector stakeholders at the border are now being addressed within the SACU region with the envisaged roll-out of customs-to-business forums. This concept is also expected to extend beyond the SACU region.

The other important outcome is the promotion and eventual implementation of the single window IT infrastructure which brings all the requirements of different public sector bodies into a single IT-based solution. This will assist in bringing the administrative cost of trade down.