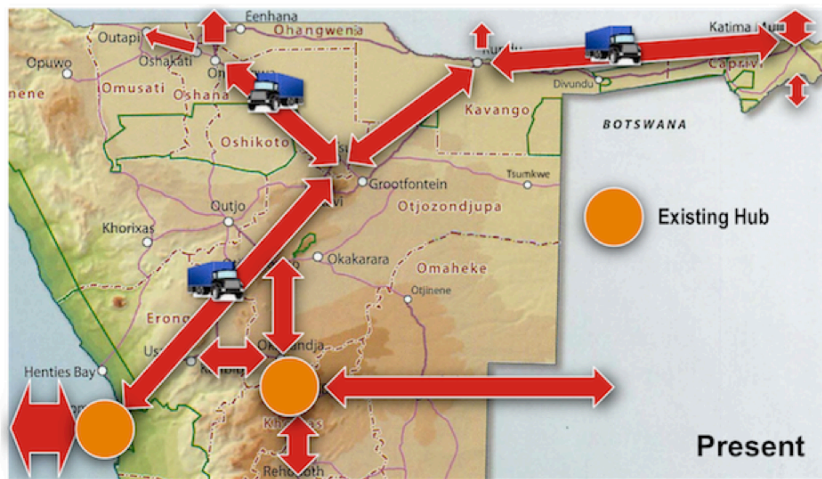


Table 2 Development Scenario and Requirements (conceptual draft)

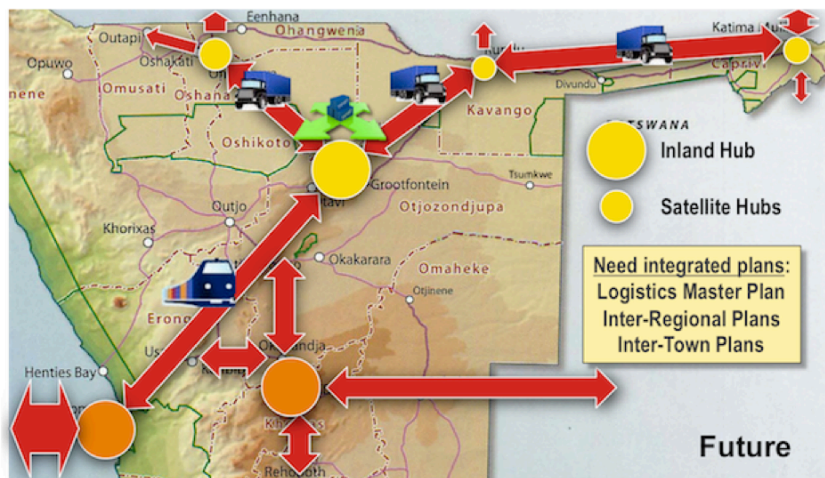
Phase 1 (by 2015) Establish advantage of "Transport Corridor"	<p>Increase Volume and Speed to max advantage</p> <ul style="list-style-type: none"> - Walvis Bay Port becomes a regional hub port (5,000TEU to 8,000TEU) - Increase transportation capacity to inland (beef up by resource based bulk cargo) - Better trade facilitation (set up OSBP at all borders) <p>Preparation for Phase 2 (Strategic Master Plans for Logistics and Regional Urban Centres)</p> <ul style="list-style-type: none"> - National Logistics Master Plan. - Master plan on development of regional urban centres. - Start global promotion to attract logistics/ distribution companies.
Phase 2 (by 2020) Evolution to "Economic Corridor"	<p>Implementation of Development of Strategic Hubs</p> <ul style="list-style-type: none"> - Development of logistics hubs based upon "National Logistics Master Plan", further promotion of trade facilitation (Single Window System). - Development of regional urban centres based upon "Master plan on development of regional urban centres" (Land Use Plan, Urban Infrastructure). - Further global promotion to attract logistics/ distribution companies.
Towards the Goals of Vision 2030	<p>Diversification of Industries</p> <ul style="list-style-type: none"> - Attract diverse industries due to excellent position as an international logistics hub.

Source: Study Team



Source: Study Team

Figure 6 Present Spatial Structure in 2011



Source: Study Team

Figure 7 Future Spatial Structure with Economic Corridors in 2020

2.5.5 Other Requirements to Realize “A Logistics Nation” Scenario

(1) Improve Quality of Basic Education

It is indispensable to improve the quality of basic education and thus to supply better educated labour in order to meet the demand for workers generated by economic development during the first and second phase of the scenario. Private investors face significant bottlenecks particularly because of the small pool of not only skilled professionals but also good production workers. It takes a long time to improve the quality of basic education. Thus, it is necessary to start with it as soon as possible. Regarding workers needed for international logistics/ distribution industries, priority subjects to be improved should include English, mathematics, and science.

(2) Labour policy and investment promotion

At present, work permits for foreigners are strictly controlled. In the case of strategically important areas where globally well known companies should be invited to operate, work permits should be given to highly skilled workers for a designated period of time. For example, when operation of a container berth in the port is commissioned out to one of the mega-operators, it is necessary to allow highly-skilled foreign operators to work in Walvis Bay Port. This is necessary to make it possible for these operators to function at top speed right from the beginning, and to let them publicize that “Walvis Bay Port is a top notch port”. At the same time, it is just as important to make a middle to long-term plan to train Namibian operators, and to let them take over the roles of foreign workers as soon as possible.

Regarding promotion of foreign investment, it is important to fully realize what the FIAS report⁶ by IFC has recommended. The report pointed out, among others, that the current incentive structure is overly complex, and vulnerable to abuse. Further, the reliance on highly selective, uncertain and discretionary criteria to qualify for manufacturing incentives works against market efficiency and complicates tax administration. The key operational procedures must be clarified in written forms of decree or law.

(3) Stable Supply of Electricity

A stable supply of electricity is one of the most important preconditions for the foreign investors to decide where to invest. Thus, it is important to pursue present development plans to build new power plants. Among these, “Kudu Gas Power Plant” is expected to generate the most electricity. There is a plan to build regional power grids as part of the plan to integrate regional

⁶ “Namibia Investment Legislation, Incentives, and Institutions: Recommendations for Reform”, December 14th, 2006, Foreign Investment Advisory Service (IFC and the World Bank).

power grids in SADC countries. This is also important for Namibia to contribute to steady regional growth and enhance its links to other SADC economies.

2.6 Other development potential

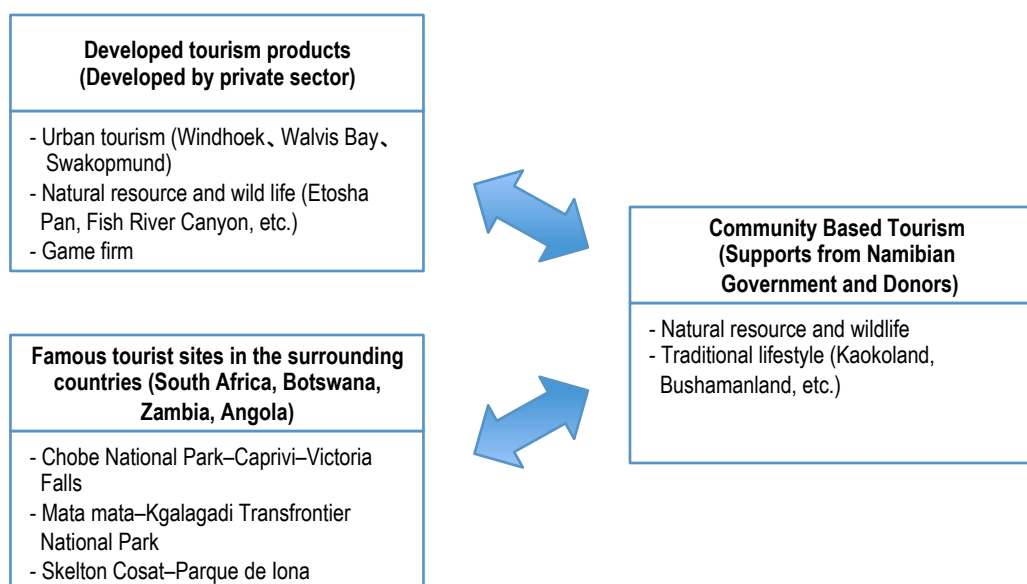
The previous section 2.5 presented an economic development scenario which will change the economic structure of Namibia based on the full use of a logistics industry. This section addresses the other potential industries; Community Based Tourism and water-saving agricultural development in the northern area.

2.6.1 Tourism: Enhancement of Community Based Tourism

One of the focus areas in tourism development is “Community Based Tourism (CBT)” which has already been addressed by the Ministry of Environment and Tourism. The CBT intends to expand tourist destinations to tourist sites and accommodations in communal lands, and generate new employment and opportunities of income generation. The tourism industry has been developed in cities such as Windhoek and Walvis Bay, national parks (Etosha Pan, Fish River Canyon, etc.), and game farms located in the southern part of Namibia, and these sites attract 500,000 tourists annually. It is estimated that the proportion of the tourism industry in GDP is 3.7%, and employment in the tourism industry accounts for 18,000 persons, respectively, however, almost all of the beneficiaries of the tourism industry are foreign companies and people having game farms. Benefit to the people on communal land is very limited.

MET is promoting CBT which will provide benefit to the local people. It is supporting development of tourism facilities and human resources. The Study Team appreciates the MET’s activity, and it should be expanded and enhanced. However, the viewpoint of “marketing”, which means how to take tourists to the CBT sites, seems to be limited in the current activities of MET. It is necessary to start marketing CBT activities as soon as possible.

Regarding the marketing of CBT, a concept indicated in Figure 8 could be prepared. The first point of the concept is to connect CBT with existing tourism products (urban tourism, natural resource and wildlife tourism, game farms) which attract 500,000 tourists. For example, it is possible to combine natural resource and wildlife tourism at Etosha Pan with traditional cultural tourism in Kaokoland and Bushmanland.



Source: Study Team

Figure 8 A Concept of Marketing for Community Based Tourism

The other aim of the concept is to link CBT with the well-known tourism sites in the surrounding countries. For example, it is possible to arrange a tour route in which tourists visiting Chobe National Park in Botswana and Victoria Falls at Zambia add the CBT sites in the eastern area of Caprivi Region because these CBT sites are located on the route connecting these famous tourism destinations.

In addition to the marketing, it is necessary to develop a system that local residents receive benefits from the tourism industry by enhancing CBT. A potential activity is to develop local specialities like “One Village One Product” in Japan. Actually producing local specialities targeted at domestic or international markets is difficult in terms of volume, but it is possible to provide local food and selling souvenirs to tourists visiting CBT sites. A concept of “One Constituency One Product” should be developed from the viewpoint above.

2.6.2 Expanding the Potential of Agriculture in the Northern Area: Possibility of Development and Encouraging Water-saving Agriculture

Agriculture in the northern regions is not in a position to lead national economic development, but it is important from the point of poverty reduction and social stability. It also has the risk of extreme weather, and droughts and floods occur too often. Flooding in 2011 caused major damage in the area, and emergency aid was provided. Therefore it is important to develop agriculture addressing the extreme climate.

One idea is to develop and encourage water-saving agriculture. It could be possible to promote commercial agriculture such as vegetable and fruit production targeting local consumption.

JICA intends to start a research project, titled “Introduction of a Farming Method Addressing Drought and Flooding for Saving Water Resources in Savanna Area”. The project intends mixed cultivation of rice and millet with evaluation from the viewpoint of farming, hydrology and rural development.

JICA continues to try to identify other development opportunities and areas for cooperation in agriculture.

3. List of Projects

Project ideas which are introduced from the strategic concept in 2.5 and other development opportunities in 2.6 are listed in Table 3, Table 4 and Table 5.

Projects in Table 3 are required in the first step of the “International Logistics Hub” development, and projects in Table 4 are necessary in the second step of the development. Projects in Table 5 are supporting projects for the “International Logistics Hub” development or introduced from other potential development activities. Each table indicates information on timing of the project implementation, project area, expected project implementation organization and contents and issues on the project.

Table 3 Projects for Transport Corridor Development Projects

Name of project	Timing of commencement	Project area	Implementation agencies (relating agencies)	Contents of projects; issues for project implementation
Development of container terminal at Walvis Bay (Phase I)	2012 (project)	Walvis Bay	Nam Port (Ministry of Works and Transport; MWT)	Feasibility study (JICA preparatory survey) has been completed in March 2010. It is in the process of financing organization(s) now. Rapid project implementation is expected.
Development of container terminal at Walvis Bay (Phase II)	2012 (F/S) After completion of phase I (project)	Walvis Bay	Nam Port (MWT)	Feasibility study has not been conducted yet. Rapid implementation of the F/S is expected because the phase II project should be started ASAP after completion of the phase I project.
National, Regional & International Integrated Transport Master Plan For Namibia	Early 2012 (done by the end of 2012)	All over the country	EIB (with EU Infrastructure Find)/ WBCG/MWT	Transport Master Plan puts focus on projection of transport needs and opportunities for a period of 30 years and will look at the full integration of the various modes of transport and the development of an optimized system.
Railway rehabilitation from Kranzberg to Tsumeb	2012 (F/S) After completion of F/S (project)	Kranzberg to Tsumeb	TransNamib (MWT)	MWT intends to start budget preparation process for the feasibility study. Rapid implementation of the F/S and the project is expected.
Procurement of locomotives and cargo cars	Connected to railway rehabilitation project	–	TransNamib (MWT)/ private businesses	TransNamib officials pointed out only the railway rehabilitation project could not solve bottlenecks of the railway from Walvis Bay to Tsumeb due to lack of locomotives and cargo cars. There is an option that users of the cargo cars (private businesses) would provide those.
Management improvement of TransNamib or privatization of railway operation	Precondition of railway rehabilitation project	–	TransNamib (MWT)	Inefficient management of TransNamib is one of the serious issues on railway transport, and/or improvement of the management and private businesses' participation in the railway operation seems to be preconditions of the railway rehabilitation project.
Transfer of bulk port function from Walvis Bay to Gecko VIP project site	2014 (target year of VIP project)	North of Swakopmund	Gecko Namibia (private business in Namibia)	<ul style="list-style-type: none"> - One of the possible components in Vision Industrial Park project which is prepared by Gecko Namibia. Gecko had a MOU with NamPort on the transport of bulk port function. - Gecko VIP project is at the stage of environmental procedure, such as selection of the site from alternatives.
Construction of railway line from Swakopmund to the new bulk port (25km)	Connecting to the transfer of bulk port function above	From Swakopmund to the north of Swakopmund	Gecko Namibia (private business in Namibia)/ TransNamib	Included in the Vision Industrial Park project but the feasibility study does not seem to be implemented yet.
Trade facilitation project (One Stop Border Post development project)	Completion of JICA project at Mamuno (2013)	Major national borders at Oshikango, Katima Mulilo, etc.	Ministry of Finance	Intends to expand experiences of the technical cooperation project on One Stop Border Post development, which is currently conducted at Mamuno, to the major national borders.
Road construction from Grootfontein to Gobabis	2012 (review of F/S) After completion of F/S review (project)	Grootfontein to Gobabis	Road Authority (MWT)	Feasibility study has been completed in 2004.

Source: Study Team

Table 4 Economic Corridor Development Projects

Name of project	Timing of commencement	Project area	Implementation agencies (relating agencies)	Contents of projects; issues for project implementation
National logistics master plan	Complete by 2015	All over the country	WBCG/MWT (MTI, MOF, NPC)	<ul style="list-style-type: none"> - Contents of the master plan: Demand forecast on logistics volume and its contents; logistics hub development plan; trade facilitation plan (single window service and facility plan at OSBPs) - Study area: covers all over the nation, however, concentrated in transport to the inland countries (Zambia, Botswana, DRC, Zimbabwe and Angola). - Execution agency: needs to be clarified (WBCG, MTI, MOF, NPC) - Coordination: needs to be coordinated with a Transport Master Plan Study which will be financed by EU Infrastructure Fund (managed by EIB).
Master plan on development of regional urban centres	Complete by 2015 (following the national logistics master plan)	Coastal area Inland hub Northern towns	MRLGHRD or NPC LEDA Municipality Government, Town Government	<ul style="list-style-type: none"> - Contents of the master plan: spatial plan and infrastructure development plan at urban centres; following socio-economic framework from the logistics master plan - Study area: Coastal area (Walvis Bay and Swakopmund); Inland hub (Otavi, Tsumeb, Grootfontein); northern towns (Oshakati, Ongwediva, Ondangwa) - Execution agency: needs to be clarified (MRLGHRD or NPC) - Coordination: LEDA; Corporation with GIZ, possible to be a part of LEDA's activity
Major trunk road upgrading project (heavy-load road development project)	From 2015 to 2020	Major national roads throughout the country	Road Authority (MWT)	<ul style="list-style-type: none"> - Contents of the project: Assessing major trunk roads whether design standard set by SADC (10 ton for one axle, 18 ton for tandem, 24 ton for 3 axles) is fulfilled or not; upgrading insufficient roads - Project area: Major trunk national roads, in particular, B-1, Trans-Kalahari, Trans-Caprivi, Trans-Kunene - Coordination: It is necessary to collect existing situation from road authority.
Construction of railway from Grootfontein to Katima Mulilo	From 2015 to 2020	From Grootfontein to Katima Mulilo	TransNamib/ MWT	The Government decided to start the project in the future. It is necessary to commence the feasibility study.

Source: Study Team

Table 5 Other Projects and Programmes

Name of project	Timing of commencement	Project area	Implementation agencies (relating agencies)	Contents of projects; issues for project implementation
Dispatch of expert on basic education improvement (preparation of support on CPD program)	2012 (ASAP)	All over the country	Ministry of Education	Preparatory works for "Support on CPD programme" mentioned below such as information collection on CPD programme and support by MCA
Support on CPD program (teachers retraining programme)	After 2013 (completion of MCA's support)	All over the country	MOE, local authorities	Millennium Challenge Account is supporting the CPD programme but it is going to finish the support in August 2013. The CPD programme is still designing re-training programme model, and it is necessary to support the programme. It is necessary to develop cooperation relationship with MCA, Officers of MCA in Namibia and officers of MOE expect continuation of support of the programme by other donors.
Vocational training system development programme	After 2012	All over the country	Namibia Training Authority, MOE	<ul style="list-style-type: none"> - Establishment of vocational training system (both of hardware and software components) which was abolished after independence - GIZ intends to support the programme.
Kudu gas power station project (800MW)	2014 (natural gas production) 2015-16 (power production)	Uubvlei	NamPower	Private investors are conducting feasibility study for gas production, and planning to start natural gas production in 2014. NamPower was planning to bid private investors which own 49% share of the power plant project in June 2011.
Coal power station project (200 to 400MW)	Until 2020	Coastal area (between Swakopmund and Walvis Bay)	NamPower	The power station was planned to be constructed at Walvis Bay. NamPower and WB municipality is discussing about location of the power plant (along coast line or inland). Gecko VIP project is proposing to build the power plant inside of the industrial park.
IPP coal power station project (120MW)	Until 2020	-	NamPower	NamPower intends to limit its share to less than 30%, and attract private investors. NamPower is also looking for 2 nd hand coal power plant.
International grid development projects (transfer stations and transmission lines)	Until 2020	Caprivi Region and other northern regions	NamPower	NamPower is looking for financiers for Caprivi grid (transmission line has been completed but transfer station has not completed yet; N\$2 billion), BOZANA International Grid (USD250 million), and international grid from Ruacana power station to Angola (selected as SADC Project).
Support for community based tourism	Until 2020	Conservancies	Ministry of Environment and Tourism, Namibia Tourism Board, local authorities	Support to community based tourism has been conducted by UNDP, European Commission and MCA, etc. In the current support programmes, viewpoint of marketing is lacking. It is necessary to connect the CBT and the existing tourism products (wild animal watching at the national parks and game farms in the southern part of Namibia).

Source: Study Team