



**ANNUALREVIEW
2011/12**

BUILDING OUR PUZZLE

The strength of the Walvis Bay Corridor Group is our ongoing participation and interaction with our members, customers, development institutions and our great team – several developments have taken place this year that demonstrated this unity – all the stakeholders are part of this because they represent a piece of the puzzle which forms part of the development process of the Walvis Bay Corridor Group.



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TransKalahari Corridor

TransCunene Corridor

VISION, MISSION & VALUES



VISION

We shall be the leading trade route for Southern Africa

MISSION

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 customers’ expectations
- Add value through our unique Public – Private – Partnership (PPP)
- Apply principles of good corporate governance

VALUES

- Commitment to co-operate
- Professional service delivery
- Integrity

WORDS OF WISDOM



CHAIRMAN'S REPORT



MR. BISEY UIRAB
CHAIRMAN

The Walvis Bay Corridor Group has delivered another year of resilient performance while repositioning ourselves for transformation.

We operate in a world where the services of transportation and logistics service providers are continuously changing and how economies and trade is being influenced in the global village. These changes are having an impact on trade amongst our Walvis Bay Corridors where we are becoming an important trade route for the SADC Region. We also see how the Namibian economy is evolving on a transport and logistics platform as more trade is being developed through the Walvis Bay Corridor initiative.

Transformation is an imperative

The Board and Management have put in place a compelling strategy to focus on the opportunities that the SADC region provides. We have developed a valuable network through customer relationships, cross border stakeholder relationships and extensive networks, which form the foundation for our increase in market share within the SADC region. Underlying our ambition is a fundamental promise to our customers: to shape transport and logistics in the SADC region that will enhance their lives and empower their businesses into the future. As bold as our vision was, and as fast as we've already grown, it's now clear that the growth of Walvis Bay is exceeding everyone's expectations.

Think about all that we've seen in just five short years: We remain committed to enhancing our infrastructure to deliver the best customer experience. However, the exponential growth in corridor traffic requires significant investments in spectrum and infrastructure capacity. Our industry is changing and subject to many forces. We are

facing the entry of new service providers on our corridors, intensifying price competition, growing policy risks and regulatory intervention across the countries the Group operates in.

Implementing our strategy

The WBCG has made significant progress during the past year by focusing on implementing its current strategy and Strategic Plan. Our strong focus on marketing and business development within the region and the international market is a clear indication of that with the improved footprint that we have built up amongst the past year.

The Walvis Bay Corridors has built a strong reputation within and beyond the borders of Namibia where our business model and strategic focus of delivering results on the corridor development has paid off very well. The establishment of our new branch office in Lubumbashi, DRC and representative office in Sao Paulo, Brazil is a sure proof of how we have extended our brand and service delivery to more customers in the region and abroad to grow our market

segment. We have also ventured into a more focused international campaign to target markets in Europe and Asia to convince stakeholders and potential customers on the value that the Port of Walvis Bay and the Walvis Bay Corridors holds for importers and exporters in the SADC region and beyond.

We also continue with our stakeholders to engage in creating capacity in the future to address to current short, medium and long term demand for the Walvis Bay Corridors.

Within our quest to build more volumes of cargo through the Walvis Bay Corridors we are also ensuring that we expand our market share through a bigger variety of commodities that is travelling to and from the SADC market. We have to continue taking advantage of our existing transport infrastructure in Namibia and build these into favouring more trade to and from the SADC countries. It is therefore of essence that we build on our niche in growing better economies of scale which would ensure that our corridors remain

competitive within the global village that we are operating and trading.

Growing our business

Our business is showing continued growth and during the past year we achieved a new level of growth of close to 700,000 tonnes of cargo via the Walvis Bay corridors. These cargo volumes in the form of a variety of commodities in transit through Namibia have also spurred new interest of trade between Namibia and other SADC countries. This is not only a result of our continued efforts to promote the Walvis Bay Corridors, but also more and more transport and logistics service providers creating more capacity on this Walvis Bay Corridor opportunity. Therefore, in growing the transport and logistics sector it is also about creating more value for other sectors within the economy as customers get more and better choices from these new ventures. The transport and logistics sector is therefore leading the development of other sectors as it allows stakeholders a shorter and more efficient trade route to develop their business in the short, medium and long term.



The increase in volumes during the past financial year has taken us to a record level of 682,333 tonnes of cargo along the Walvis Bay Corridors for the SADC region. All the three corridors, namely the TKC, TCC and TCuC has shown strong growth and is an indication that we are on course with our corridor development and ensuring that Walvis Bay becomes the leading trade route servicing the Southern African Region.

Corridor cargo volumes increased by 54% on tonnage between 2010/11 and 2011/12, showing an increase from 442,488 to 682,333 tonnes on a year-to-year basis.

- Volumes on the TKC increased by 115 % from 16,031 to 34,454 to tonnes
- Volumes on the TCC increased by more than 75 % from 214,498 to 375,487 tonnes.
- Volumes on the TCuC increased by 29% from 211,959 to 272,393 tonnes.



With this growth we believe that our transport corridors have reached the level where it is now ready to move to the next level of economic development corridors.

It is for this reason that the WBCG through the support of the Ministry of Trade and Industry, Namibia has established a partnership with the Regional Spatial Development Initiative to develop projects along the corridors, which could add economic value to communities along these corridors. We also believe that with more growth in the transport and logistics sector and the availability of more land for such purpose by various Municipalities along the Walvis Bay Corridors, it could generate a stronger distribution effect for main and secondary hub points to serve local and regional markets.

Continuously the WBCG's work is being distinguished in the regional and international market as for its attitude in growing through persistence, and its unique private public participation at various levels in the region, on the continent and further abroad.

This recipe of success continuous to bring new and more rewards of growth as we also strengthen our role, create new partnerships and networks to develop trade and economics with the SADC region.

Crafting Our Future

As we craft our future, we do it on the basis that transport and logistics has been identified as one of the main sectors to accelerate economic growth in Namibia. The Government of Namibia through its National Development Plan IV has decided that we need to develop Namibia into a Logistics Hub within the next five years. Our corridor growth has been delivering significant return during the past years and this has allowed us to take on this challenge to grow and develop Namibia as a distribution Hub for Namibia.

To accomplish this, we need to continue to improve our business model and ensure that our current five-year Strategic Plan is in line with achieving these objectives for developing a transport and logistics hub for the Southern African Region. As we are also starting the new year to develop our corridors into



economic development corridors we will continue focusing on building strategic partnerships with new stakeholders to forge the acceleration of economic development in Namibia and the beyond.

We are therefore focusing on a positive outlook as we are taking the Walvis Bay Corridor Group into new levels of performance and output. I sincerely thank my fellow Board Members, The Government of Namibia, other SADC Governments, our development partners and lastly the WBCG team for their commitment to excellence, and delivering beyond expectations. In closing, I remain enthusiastic about our future prospects, and I believe that our Private Public Partnership will persevere our commitment for excellence towards leading the transport & logistics sector for Namibia to become a Logistics Hub for the SADC region. Finally, thank you to each and every one of you, our members, clients, development partners and other stakeholders. Your support for the WBCG and our initiatives has made the WBCG a stronger organisation with the right future strategy for prosperity and growth in the SADC region.

CHIEF EXECUTIVE OFFICER'S REPORT



JOHNY M. SMITH
**CHIEF EXECUTIVE
OFFICER**

As an organisation, we have never backed away from new challenges. We have a history of making bold first moves, particularly during times of industry change. We have the confidence and inspiration to prevail in the face of the many challenges and exciting opportunities we see on the horizon.

2011 was a year in a challenging market. 2011 was also a year in which we took a number of strategic decisions that will be highly significant for our long-term development. We are now intensifying our focus on growth. We have set up a new branch office in Lubumbashi, the Democratic Republic of Congo (DRC) and a representative office in Sao Paulo, Brazil, which combined with strong growth in

all our markets have increased our corridor volumes with more than 54% during the past year.

Institutional and Capacity building

With strong consensus among our Board and management team about the changes that needed to be made and the directions that we were taking, we have made significant progress over the last year. The starting point has been a review of our own capabilities and focus. This year we have also assessed our business model as we continue growing into the future and have therefore implemented a User Pay Principle to create more sustainability for the institution in achieving its business objectives.

Within the WBCG we have made a number of changes to reflect our new priorities:

- Our business development team has focused on listening, and responding, to the needs of our members and customers;

- Our marketing & communications team has upgraded and refreshed our website, enhanced our media profile and continues to focus on delivering the highest quality information sessions, tailored to the needs of our customers;
- More partnerships and collaborations were established with a world class network of regional and international organisations; and
- Stronger links and alignment with the potential customers and new markets

We have also continued to discuss with our members to create more capacity in terms of infrastructure, facilities and services to improve our customer offerings in the long term through the Walvis Bay Corridors. Discussions and development of strategic partnerships with other stakeholders such as development institutions has also taken place to create a stronger appetite for the funding of such critical infrastructure investment in the long term.

Corridor growth

Trade volumes along the corridors have increased by more than 54% from 442,488 to 682,333 tonnes, between 2010/2011 and 2011/2012. The main reason for the increase in volumes is a direct result of an increase in commodities moved for all three relevant corridors. We have seen a major growth in the DRC, Zambia and Zimbabwe markets as well as minor growth in the Botswana and Gauteng markets. The Angolan market has also increased to a much steady base as the route continues to create more confidence for importers and exporters in Southern Angola.

Stakeholder engagement

We have continued our campaign to communicate and engage with the shipping and logistics community to attract them to Walvis Bay and to create more capacity amongst our Walvis Bay corridors. New shipping lines have started to call Walvis Bay as well as some have set up new offices to expand their services via Walvis Bay into the Southern Africa Development Community (SADC)



region. We have also seen more logistics service providers from the region and further abroad that has started to develop their footprint in Walvis Bay. This therefore allows more choice for our customers within the SADC region and also allows for a bigger variety of service aspects to attract new customers along our corridors.

We kept on developing new partnerships with various stakeholders to create more awareness about our logistics opportunity along the West Coast of Southern Africa. New partnerships that we have developed during the past year has been in training and development, with the Namibian German Centre of Logistics as well as with Corridor Empowerment Project to create more capacity in order to improve wellness for truck drivers along the corridors. We have continued our engagement with a variety of stakeholders in various countries around the globe to create more awareness about the Walvis Bay corridor initiative. Such engagements include countries such as Canada, Germany, France, Finland, Singapore, South Africa, and Zimbabwe.

We have been cooperating with various institutions and stakeholders to develop certain short, medium and long-term projects to create more capacity for transport and logistics. These projects include the Transport Master plan for Namibia, the Zambia and Zimbabwe dry ports, and the logistics and freight village in Tsumeb.

Regional focus - market development

Our regional footprint has been extended with a new branch office that was established in Lubumbashi, DRC in April 2012. With our office being established in the Katanga Province of the DRC, we have direct access to serving the mining sector within this region. We have therefore started to knock on the doors of the various clients and other stakeholders within this region to offer the alternative trade route along the West Coast of Southern Africa.

During this year we have seen good growth along the Walvis Bay-Ndola-Lubumbashi Development Corridor (WBNLDC) serving the mining fraternity as



well as moving other commodities such as vehicles, consumables and building materials to this region.

Our Zambia market continues to grow as the trading of more and more commodities are moving between Walvis Bay and the Zambian market. This trade route has really become a good alternative for importers and exporters in Zambia as they have become accustomed with their new trading partners in Walvis Bay and the rest of Namibia. Various visits were done to gain interest and serve our clientele in the Lusaka area as well as several visits to the Copperbelt Region of Zambia. We are therefore continuing to build confidence amongst the Zambian transport and logistics stakeholders to ensure that Walvis Bay becomes the preferred trade route for Zambian imports and exports. Our office in Lusaka is continuously forging stakeholder relationships with certain associations such as the Zambia Chamber of Commerce and Industry to ensure that the Walvis Bay-Ndola-Lubumbashi Corridor is implanted in the future economic planning of the Zambian economy.



International focus

Despite difficult trade and economic conditions in the international arena we have continued to grow our awareness and attraction of new logistics service providers to Walvis Bay. We have achieved a major milestone this year when we launched our first international office beyond the SADC region in Sao Paulo, Brazil. This market offers immense opportunity for the potential trade and development between Brazil, the larger Latin America and the SADC region.

Our immediate focus is to get a direct service between Brazil and Walvis Bay to stimulate trade and development between Brazil and the SADC Region. We have also strengthened our international campaign where we held focused information sessions in countries such as Belgium, the Netherlands, Germany and the UK with potential clients and other stakeholders. We have also exhibited at the Helsinki Logistics Fair in Finland as well as the Intermodal South America, which is the second biggest logistics trade fair in the world. Our marketing and business development campaign has taken us to various markets during the past year such as Angola, Botswana, Brazil, Belgium, DRC, Finland, Germany, Holland, Mozambique, South Africa, UK, Zambia and Zimbabwe.

Cross border facilitation

We have continued our cooperation with various stakeholders along the various Walvis Bay Corridors to improve the transit time along this trade route. Our partnership and hosting of the TransKalahari Corridor Secretariat has provided positive results in cooperating to improve transit and trade along this

vital alternative route serving the Botswana, South Africa and Zimbabwe markets. For the WBNLDC we have cemented our relationship between the DRC, Namibia and Zambia to grow and develop trade and cut down on transit time along this corridor, which is not less than 2,500 km from Walvis Bay. During the past year we hosted two meetings where the private and public sector of these three countries met to discuss the cross border matters on this trade route. The first meeting of the year was held in Chingola, Zambia where it was officiated by the High Commissioner of Namibia to Zambia, His Excellency, Salmon Witbooi. Our second meeting for the year was held in Walvis Bay, Namibia where discussions continued as per the action plan of the WBNLDC committee.

Projects & Funding

We continued to facilitate various projects for implementation by various members and other stakeholders, which is in the interest of the long-term benefit of corridor development. Some of these projects include the port expansion programme, the dry ports for Botswana, Zambia



and Zimbabwe at the Port of Walvis Bay, the TKC & TCC rail developments. The Roads Authority has also during this financial year completed the strengthening and widening of the Divundu Bridge, which is a project where we have facilitated funding for the project more than four years ago.

From our Wellness Division we have started the SADC – Global Fund Cross Border HIV initiative, which is a partnership with the SADC secretariat where we have started to set up roadside wellness centres in Katima Mulilo as well as Oshikango. We have also set up a partnership with Corridor Empowerment Project, where they have provided us with a mobile clinic to assist in fulfilling our obligations to our SADC Cross Border HIV/AIDS project.

Our four year Safe Trade and Transport Corridor Project also came to an end on 31 August 2012. Through this project it has brought significant progress on the agreed road safety and transport security actions for the relevant focal institutions in,

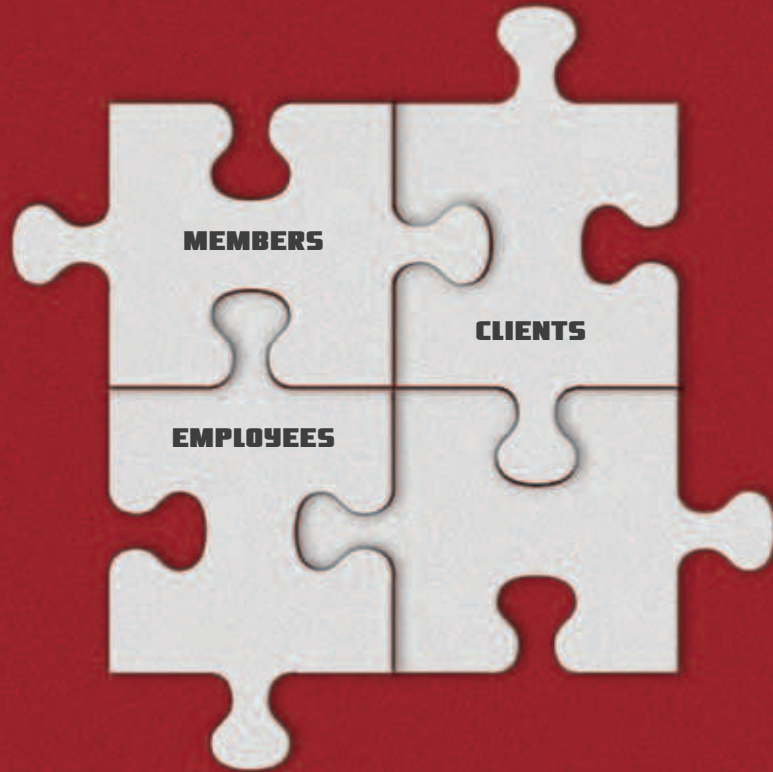
Botswana, Namibia and Zambia as they are now well positioned and have the capacity to address the remaining actions pertaining road safety and road transport security along the Walvis Bay Corridors. This project has also provided much needed funding for the Walvis Bay-Ndola-Lubumbashi Development Corridor where we are now looking at other potential development institutions such as AfDB to fund this tri-lateral partnership between the DRC, Namibia and Zambia. Further to this, the project fund from SIDA has also provided funding for our portfolio for Projects & Funding who has provided a critical role in sourcing potential funding for our projects in the long term.

Lastly, I would like to thank the Board, the WBCG team, development institutions and our customers for their support in taking the WBCG initiative to the next level of success. We will continue delivering beyond expectations and as we are moving into a new financial year, we will get ourselves ready to convert Namibia into a Logistics Hub to serve the Southern African Region.

FORMING THE FRAMEWORK OF THE PUZZLE



“Many pieces make a puzzle, but it takes employees, the members, stakeholders and many others to put and keep the puzzle together – they represent the foundational corner pieces of the WBCG”



BOARD OF DIRECTORS AS AT 31 AUGUST 2012



MR. BISEY UIRAB
Chairman



MR W.C. DEMPSEY
Treasurer



MR H.I. //GAROE



MR C.R. FAURE



MR N.M. DANIEL



MR T.N. SHAANIKA



MR N. NGHISHEKWA



MR G. SIMATAA



MR T.T. HAIMBILI



MR A.T. VICTOR



MR K. GRUNSCHLOSS



MR G.A.D. OBERHOLZER



MR C.M. FUNDA



MRS M. KIROV

WBCG MEMBERS & PARTNERS

The WBCG members from the Public sector are represented by:

The Ministry of Home Affairs and Immigrations represented by the Department of Immigrations

focuses on the activities and schedules of the immigration entry/exit points.

The Ministry of Works and Transport represented by the Department of Transport focuses on the maintenance of the existing road infrastructure to avoid deterioration, upgrading road links to neighbouring countries and further development of port infrastructure, amongst others.

The Ministry of Finance represented by the Department of Customs and Excise deals with all Namibian customs and excise issues. Namibia is a member of the Southern African Customs Union (SACU), as are Botswana, Lesotho, South Africa and Swaziland.

The Ministry of Trade and Industry represented by the **Namibia Investment Centre** is Namibia's official investment promotion agency and first point of contact and investors. Its role is to attract, encourage and facilitate investment in Namibia. It offers a wide variety of services and investor incentives, and works closely with key ministries as well as service and regulatory bodies.

The WBCG also offers Associated Membership to individual companies who believe that the Walvis Bay Corridor Development initiative could add value to their business offering. During the year under review, the following associated members of the WBCG include:

- Vanguard Rigging (Pty) Ltd (South Africa)
- Africa Route Clearance Consultants (Pty) Ltd (South Africa)
- Paccon Logistics (Pty) Ltd (South Africa)
- Africa Union Cargo (Pty) Ltd (Namibia)

The WBCG members from the private sector are represented by:

The Namibia Logistics Association (NLA)

represents the Namibian logistics industry, namely small and large companies operating in road transport, freight forwarding, courier services, and customs clearing.

Walvis Bay Port Users' Association (WBP UA)

represents all entities associated with cargo, freight and shipping activities in the Port of Walvis Bay.

Container Liners Operations Forum (CLOF)

represents all entities associated with shipping activities.

Namibian Ports Authority (Namport) manages and promotes the Ports of Walvis Bay and Luderitz as the preferred links for sea-borne trade with Namibia and the SADC countries.

TransNamib Holdings Ltd is the only rail service provider in Namibia and specializes in the

transportation of bulk and containerized freight, utilizing a combination of rail and road transport to deliver its services.

Namibia Chamber of Commerce and Industry (NCCI)

serves as the country's business chamber and therefore, serves as a convenient central point of enquiry for any potential Corridor user who wishes to gain insight into Namibia's business community.

Walvis Bay Municipality represents the social economic interests of the town of Walvis Bay, which is a tax haven for manufacturers, importers and exporters as its harbours both the Port of Walvis Bay and Export Processing Zone.

Roads Authority focuses on managing the national road network and on improving the standard of Namibian roads with a view to a safe and efficient road sector.

THE WBCG TEAM AS AT 31 AUGUST 2012



JOHNY M. SMITH
Chief Executive Officer



JENNILEE LOUW
Office Administrator



SOPHIA VAN WYK
Accountant



AGNETHA MOUTON
Marketing &
Communications Officer



ROB DOE
WBCG South Africa: Business
Development Manager



GILBERT BOOIS

Manager: SDI Programme



RICARDO LATKANI

WBCG Brazil: Business
Development Representative



ANDREW SINYANGWE JR.

WBCG Zambia: Business
Development Manager



EDWARD SHIVUTE

Programme Manager:
Wellness Service



SAMUEL TAAPOPI

Project Co-ordinator:
Wellness Service



KABASH MUNUNG

Business Development
Manager - DRC



MARIETTE DU PLESSIS

Project Accountant:
Wellness Service



PETTY TJAIMBA

Monitor and Evaluation
Officer: Wellness Service



CHALWE BANDA

WBCG Zambia:
Administrative Assistant



CHONGO MUKUPA

Project Coordinator -
WBNLDC

ADDING PIECES TO THE PUZZLE

“There are so many facets of the WBCG that have been put in place during this year in order to achieve its milestones – interlocking piece after piece of the puzzle - it falls into place”.



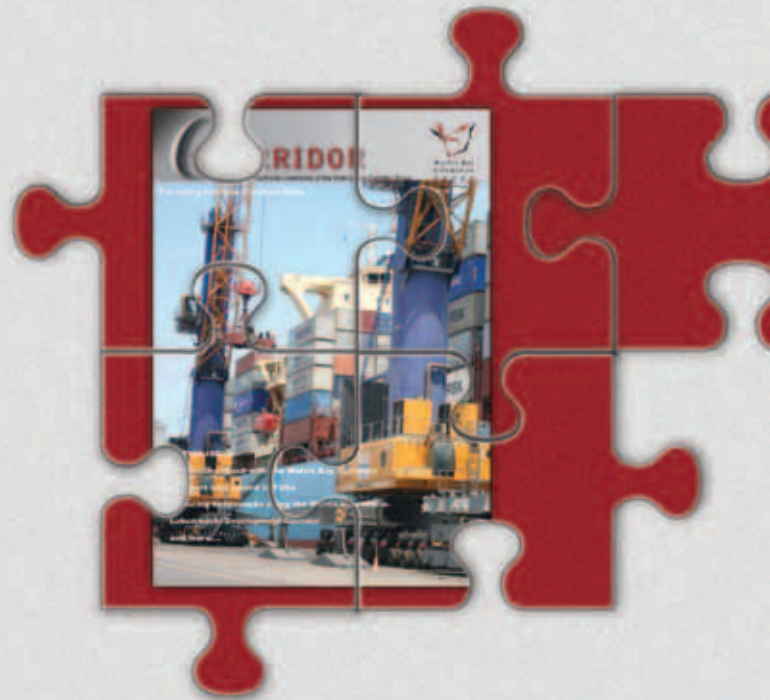


MARKETING & INFORMATION SHARING

When we disseminate information and present the benefits of the WBCG to increase the knowledge of the WBCG, another piece of the puzzle has been added and put into place. In support of the Walvis Bay Corridor Group Strategic Plan 2011 - 2015 strong emphasis was placed on informing our key stakeholders about the development and specifically about the benefits of what the Walvis Bay Corridors have to offer, during the year under review. This has been achieved through various marketing and communication activities.

During the year under review, media releases highlighting successes and activities about the Walvis Bay Corridor Group have been distributed to the national, local and international media, with the aim of creating awareness of the Walvis Bay Corridors; the distribution of the bi-monthly electronic newsletter to all stakeholders of the WBCG; the WBCG website which attracted more than 50% of visitors compared to the same period. The second edition of the WBCG Guide was distributed including to the various Namibian Embassies, abroad, through the assistance of the

Ministry of Foreign Affairs. The Guide is used as a promotional tool, which consists of vital information pertaining to the Walvis Bay Corridors and supports all marketing activities which includes information sessions, trade fairs, and business development initiatives, nationally, regionally and internationally. Distribution also included to the WBCG members, who utilizes this as information to their potential clients and stakeholders. Our electronic version of



the Annual Review for 2011 that serves as a communication tool focusing on the activities and accomplishments of the WBCG was also successfully distributed.

During the year under review, we presented the Walvis Bay Corridors, through the hosting of a Beyond Borders information session, in Durban, aimed at importers/exporters and the shipping lines. We also hosted a Beyond Borders Information Session in Chingola, Zambia, in Harare, Zimbabwe, in Gaborone, Botswana and in Gauteng, South Africa aimed at creating awareness of utilizing the Walvis Bay Corridors as an alternative trade route for importers and exporters through the Port of Walvis Bay. We also participated at the FILDA Trade Fair in Luanda, Angola under the auspices of the Ministry of Trade and Industry, to specifically create awareness of the TransCunene Corridor.

During the year under review, we embarked on an international campaign to the various markets such as Europe, Brazil, and Finland to create awareness and inform decision makers in these markets on the



opportunities that Walvis Bay can offer to potential shippers in the transport and logistics industry. We also actively participated in the 18th Intermodal South America trade fair which took place in Sao Paulo, in Brazil, which focused on international trade, logistics, transport and cargo handling.

BUSINESS DEVELOPMENT

We have interlocked another piece of the puzzle, when we go through experiences with our stakeholders in a positive way, by interacting with them on a regular basis and achieving the desired result.

REGIONAL MARKETS

South Africa

This market, which contributes significantly towards the growth of the TransKalahari Corridor, showed a remarkable growth of 115% in cargo volumes, during the year under review.

We actively met with the major global mining corporations based in Johannesburg who are active

in the SADC regions. We also met with major shipping lines locally to promote the Port of Walvis Bay and ultimately the major logistics / freight companies to promote and educate them on the alternative trade routes, with the aim of increasing additional and new calls at the Port of Walvis Bay to serve the SADC region more efficiently.

We have been very active in the South African market with various promotion and presentation opportunities nationally installing our ideology to the market with positive reviews. Our ideology on corridor development has been widely welcomed across the SADC region and Africa as a whole. We have also participated in one on one meetings with strategic and target audiences within the freight forwarding / importers / exporters and shipping lines locally where we have grown long term relationships and thus been able to secure cargo flows on the various corridors.

During the year under review, meetings with key stakeholders in Botswana and Zimbabwe have been embarked upon and have shown concrete benefits



as relationships with major mining houses / logistics companies on a local basis have been formed and the offspring of new business. Another strategic part of the WBCG's South Africans' portfolio has been the further forging of relationships with a few of the major global Shipping Lines, where we hope in future to have them calling Walvis Bay direct from the Far East / Europe /North and South America.

With all major mining houses and logistics headquarters being based in Johannesburg and Gauteng region, we had regular meetings with the major players as there is a fair amount of interest in Walvis Bay as a gateway for their minerals ex DRC/ Zambia and likewise on project cargo coming in from global regions.

During the year under review, the trade of used vehicles ex UK mainly into Zimbabwe, Zambia and Botswana kept hitting new records in terms of volume which is in excess of 11 000 vehicles over the past year.

Zambia

This market boasted a 75% increase in cargo volumes, which serves the Walvis Bay-Ndola-Lubumbashi Development Corridor, during the year under review. In support of the strategic initiative to effectively position the WBCG as the preferred trade route, during the year under review, to further increase cargo volumes and efficiency, business development efforts were aimed at sensitising key mining companies in the Copperbelt about the benefits of using the WBNLDC, including speaking opportunities at the (Infrastructure Partnerships for African Development) IPAD Mining Conference in Lubumbashi which has led to the desired awareness from the importers and exporters. We continuously received enquiries to move large quantities of commodities along the Walvis Bay-Ndola-Lubumbashi Development Corridor (WBNLDC) and therefore it is important that we develop the railway between these three countries in the medium to long term.

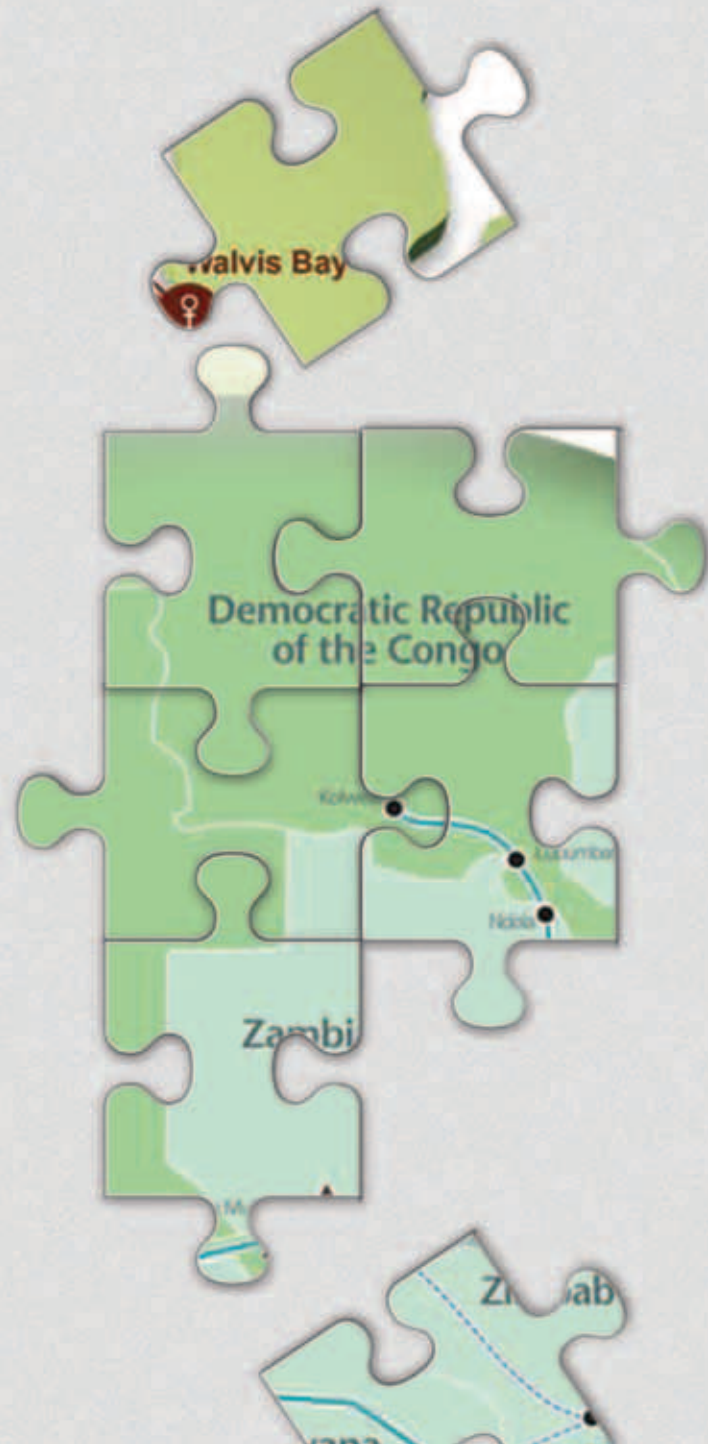
We have seen increased activities from the mining fraternity with regards to the importation of equipment and chemicals, agricultural machinery from the agriculture sector, vehicle importers, frozen foods, clothing, ceramic tiles, wooden products, paper products and dangerous cargo. In addition, we have experienced significant interest from clients who are focussed on immediate and future imports/exports through Walvis Bay for the heavy duty mining equipment and machinery, maize exports from Zambia to West Africa and Latin America, cotton exports to Europe and the Middle/Far East, fertiliser imports, coffee exports and Ferro-Manganese.

In addition to our business development efforts in Zambia, we also toured the Malawian market at the Malawi International Trade Fair for future cargo volumes. We presented at the Zambia International Mining and Energy Conference where it was evident that mining houses are considering Walvis Bay as the natural trade route and this is evident by the increase in copper exports and imports of various mining supplies.

The Democratic Republic of Congo (DRC)

This market, together with Zambia, boasted a 75% increase in cargo volumes that also serves the Walvis Bay-Ndola-Lubumbashi Development Corridor. During the year under review, in the second quarter, the office in Lubumbashi, DRC, became operational to focus primarily on marketing and promoting the utilisation of the WBNLDC, through the Port of Walvis Bay. The Katanga Province offers a market of more than 2 million consumers and with the fast expanding mineral rich DRC there is also a need from the DRC Government for the Walvis Bay-Ndola-Lubumbashi Corridor to extend further towards other Provinces in the DRC.

Various business development initiatives were undertaken to create awareness of the WBNLDC that has led to increased interest in utilising this trade route. We have strategically developed ourselves within the DRC market during that last year as it has created a good working platform with clients in the DRC in terms of service offerings.



International Markets

Brazil

During the year under review, we expanded our footprint to the South American region, through the establishment of an office in Sao Paulo, Brazil. The addition of the office in Sao Paulo, Brazil, is fundamental as it can potentially serve as a direct link between South America and the Port of Walvis Bay destined for Southern Africa. The office further strengthens the WBCG's position in Sao Paulo, Brazil with an eye to establishing a direct link between South America and Walvis Bay.

Business development efforts were aimed at increasing awareness of the Walvis Bay Corridors by connecting the continents of South America and Africa through on-one-on meetings with industries in furniture, agricultural equipment, medical supplies, consumables, automotive spare parts, motorcycles, and raw materials.

Infrastructure Development

Through our facilitation role, we have identified key infrastructural projects, which will assist in enhancing the efficiency of the Walvis Bay Corridors, required for social and economic growth in all the countries along which the trade routes traverse, with the support of our Government stakeholders. We will take a look at the status of these projects, during the year under review:

- WBNLDC Rail Project Feasibility Study / Construction

A pre-feasibility study was conducted to extend the railway line from Livingstone via Kazungula Border to Katima Mulilo. The Namibian Cabinet is yet to pronounce themselves on the findings and recommendations of the feasibility study.

- Port of Walvis Bay expansion & development plan

Both the financing and contractor tenders were re-advertised. Consequently, the tender evaluation

will only be concluded during January 2012. It is envisaged that the construction will start during first quarter of 2013.

- Trans Kalahari Railway

The two governments of Botswana and Namibia are currently negotiating a bilateral agreement on the development of the Trans Kalahari Railway and Port in Namibia. A Joint Technical Committee of officials from Botswana and Namibia prepared the draft bilateral agreement during June 2012 that is currently being reviewed before being subjected to legal scrutiny by both legal teams from Botswana and Namibia. An expression of interest was also recently launched to conduct a route alignment study to determine the most feasible route for the TK Rail in terms of cost and least impact to the environment. In principle the two governments agreed to adopt the PPP investment model and the creation of TK Rail Special Purpose Vehicle to design, build, operate and transfer the assets after the 25-year concession period. The parties also agreed that a transaction advisor is to be appointed to offer



structure advice to the Joint Ministerial Committee, Joint Steering Committee, and Project Implementation Team, on the implementation of this project.

- The establishment of freight villages / logistics industrial parks along corridors

The feasibility study and business plan for the impending logistics park in the Otavi – Tsumeb – Grootfontein “maize triangle area” has been completed and the findings of the study recommends that Tsumeb will be the most feasible location due to the convergence of the Trans Cunene Corridor and WBNDLC.

- Divundu Bridge

Construction works on the strengthening and widening of the Divundu Bridge facility was completed during April 2012 and officially inaugurated by the Namibian President during August 2012. This development has resulted in increasing the capacity of 60 tonnes to 120 tonnes,

as well as having dual lanes that will ensure increased traffic along the WBNDLC.

- WBCG Business Model Review Study and Validation Workshop

The final report was presented at a Validation Workshop in Walvis Bay, hosted by UNECA and us during February 2012 to all relevant stakeholders and corridor management institutions and regional organisations with a vested interest in regional integration.

- Transport Master Plan of Namibia

Egis International, a French consulting firm, in partnership with Burmeister & Partners was appointed to conduct the master plan study. It is envisaged that this study will be concluded by March 2013. The Transport Master Plan will be for a 30-year horizon and focus on strategic planning and investment requirements in the different modes of transport, i.e. roads, rail, aviation and maritime ports.

- World Bank / SSATP Trade Facilitation Corridor Facilitation Program

SSATP obtained a Trade Facilitation Facility from the World Bank / Trade Facilitation Facility of US\$4.1 million to finance a Corridor Facilitation Program over a period of two years starting June 2011. The aim is to identify and prioritize interventions to reduce trade costs along key transport corridors in Sub – Saharan Africa.

Dr. Hugo Groenewaldt was appointed by the World Bank / SSATP as the consultant for this program. During the period under review, various meetings were attended including the Corridor Performance Monitoring Workshop in Mombassa, Kenya to learn from experiences in other regions and clarify role of the Consultant on the establishment of transport observatories along designated Walvis Bay Corridors.

- Enhancing Trade and Transport Facilitation Capacity of Namibian Logistics Service Providers

During the period under review and agreement between the Embassy of Finland and us was signed for funding to the value of N\$800,000.00. The funding entails three areas, training and development for SME transport and logistics service providers; transport and trade facilitation; and a follow up mission to Finland.

- Capacity building along the Walvis Bay – Ndola – Lubumbashi Development Corridor

During the period under review, we submitted the revised final funding proposal to the Southern Africa Resource Centre of the AfDB in Pretoria, South Africa, on capacity and institutional building activities for both the Walvis Bay – Ndola – Lubumbashi Corridor Management Committee and the Projects and Funding department in terms of skills – upgrading training and technical assistance for project preparation activities, through the Ministry of Finance during the period under review.

- Regional Logistics and Distribution Hub Developments



During the period under review, the Namibian President launched the fourth National Development Plan (NDP_4), which highlights logistics, agriculture, tourism and manufacturing as the four priorities economic sectors for the next five years. Based on a JICA - funded high level data collection survey during 2011 to assist in helping formulating economic development strategies for Namibia it became quite apparent that the traditional economic sectors i.e. diamond and uranium mining, fisher and fish processing are structurally weak to generate employment creation opportunities, primarily due to the high capital intensive nature and technology utilisation. Consequently, Namibia will have to consider changing the structure of its economy that will lead to the creation of new industries, such as logistics, that are more conducive to job creation and poverty reduction.

In terms of NDP_4 it is envisaged to develop Namibia, through the port of Walvis Bay and Walvis Bay Corridors, into a regional logistics and distribution Nation and hub for Southern and

Central Africa, as a starting point of diversification of industries. To this end the National Planning Commission (NPC) has mandated the WBCG to develop the framework and proposed implementation structure for the logistics hub concept. It is envisaged that two studies focusing on National Logistics Master Plan and Master Plan on Development of Regional Inland Urban Centers, would start by June 2013.

During the period under review, we actively participated in various workshops and meetings to provide our inputs and knowledge in the facilitation of infrastructural developments with our strategic partners.

We participated in the Development in Africa Tripartite Regional Workshop in Nairobi, Kenya on the Program for Infrastructure Development in Africa (PIDA) that looks at continental projects in transport energy, ICT and trans boundary water resource management. The workshop dealt with the Draft Infrastructure Development Program up to 2040, with regard to the alignment of PIDA to

national priorities, consultation with member states and corridor management institutions, consideration of population growth, production centers, stranded investments, alternative trade routes, amongst others.

We also participated in the External Peer Review meeting of the 5th Edition of Assessment of Regional Integration in Africa (ARIA V) in Addis Ababa, Ethiopia to provide inputs in dealing with the “State of movement of goods and services in Africa”.

We attended both the NEPAD – IPPF Oversight Committee and PIDA Steering Committee Meetings in Marrakech, Morocco. The discussion revolved mainly around IPPF funding opportunities for RECs, member states and corridor management institutions as well the PIDA outlook for water, energy, transport and ICT infrastructure. It was further resolved that the PIDA projects will feature as the catalyst for all infrastructure investments and development in Africa.

We presented at the USTDA Southern Africa Railway Conference in Johannesburg, South Africa to attend the above conference on the rail developments in Namibia along the Walvis Bay Corridors.

We attended the SSATP Corridor Performance Monitoring & REC – TCC meeting in Mombasa, Kenya. The discussions revolved mainly around corridor performance monitoring through establishing transport observatories along key corridors in West, East and Southern Africa, of which the Trans Cunene and Trans Caprivi Corridors are beneficiaries on the World Bank / SSATP Trade Facilitation Program supported by the World Bank Trade Facilitation Facility (TFF). The WBCG also got an in – principle approval from the World Bank TFF for possible support towards the action plan activities of the SDI Program in Namibia.

As part of our role in the dissemination of best practices, more and more corridor institutions have approached us to gain more knowledge from our best corridor model. During the period under review, we proudly hosted the representatives of

ECOWAS who respectively undertook a benchmarking visit to the Walvis Bay Corridors to discuss and share experiences and corridor best practices along the Walvis Bay Corridors.

Spatial Development Initiatives (SDI)

The Ministry of Industry from both Namibia and South Africa mandated us to facilitate the SDI programme. The Memorandum of Understanding (MoU) between the Ministry of Trade and Industry and the WBCG was signed during the period under review. The WBCG and the Regional Spatial Development Initiative Programme (RSDIP) concluded their negotiations during the period under review on the Service Providers Agreement to be signed between the Development Bank of Southern Africa (DBSA) and us. We met with the relevant stakeholders to introduce the SDI project and how the SDI methodology could add value to the development priorities. We also presented at the Spatial Strategic Planning for Urbanisation Conference in Windhoek, Namibia.

Cross Border Facilitation

The Walvis Bay-Ndola-Lubumbashi development corridor committee

The Memorandum of Understanding (MoU) signed between the Governments of the DRC, Namibia and Zambia, establishing the WBNLDC Committee is aimed at facilitating trade along the corridor, movement of persons and goods, regional and international transport; stimulate economic and social development in the territories of the contracting parties, transform the corridor into a development corridor, offer safe, fast and competitive transport and transit services that secure regional trade. The WBCG serves as the interim secretariat.

The WBCG was mandated by the three corridor member states to spearhead economic development activities along the WBNLDC aimed at mobilizing investment resources for the development of transportation, infrastructure, facilities and services in coordination with other economic sectors along the corridor.

Two Walvis Bay-Ndola-Lubumbashi Development Committee meetings were held during the period under review. One meeting was held in Zambia and one in Walvis Bay. The purpose of these meetings were to discuss progress made in addressing the bottlenecks along the WBLNDC with a view to improve smooth trade which would in turn contribute to economic growth of the countries along this trade route.



During the period under review, the erection of a modern border infrastructure at Kasumbalesa on the DRC side was commissioned, in support to the already inaugurated modern border infrastructure on the Zambian side. This fundamental development has enhanced the better movement of goods and people along the WBNLDC.

During the period under review, a bilateral committee on customs has been formed between the DRC and Zambia. This committee consists of agencies operating at Kasumbalesa border from both sides of the border. The aim of the committee is to meet regularly and address matters adversely affect the smooth flow of trade thereby contributing to trade facilitation efforts.

During the period under review, the DRC extended the validity period of visas for truck drivers from the initial 14 days to 30 days. These visas are being issued at Kasumbalesa border. In addition to this,

Zambia also re-instated the one-year validity for long distance drivers' visas.

The transkalahari corridor secretariat (TKCS)

The TKCS oversees the day-to-day administration and operations of the agreement under the Trans Kalahari Corridor Management Committee (TKCMC) leadership, who serves as the transmission belt for the regulation and oversight of the development and implementation of seamless cross border trade/transport/passenger facilitation measures that enhance growth of corridor business, along the Trans Kalahari Corridor (TKC). The Secretariat was established on March 1, 2007 and is hosted by the WBCG. The Secretariat is jointly funded by Botswana, Namibia and South Africa, and is responsible for implementing and agreed action plan to realize the Trans Kalahari Memorandum of Understanding (MOU). The MOU spells out the three government's commitment to effectively address and improve crucial issues for cross-border transport and trade.

In pursuit of enhancing the smooth flow of trade along the TKC, the following accomplishments can be highlighted, during the review period:

Support Programmes

WBCG Wellness Service

During the year under review, the Wellness Service achieved a significant number of accomplishments which are highlighted as follows:

- The SADC Secretariat introduced us to the Ministry of Health and Social Services as a sub-recipient to the SADC – Global Fund Cross Border HIV initiative;
- The Ministry of Health and Social Services approved our request to have a health official attached to our Wellness team to ensure that health policies, protocols and guidelines are adhered to;
- Our Wellness Service participated in a transport sector national workplace programme consultation meeting held in Walvis Bay by the Private Sector HIV Workplace network;



- We signed an agreement with the Corridor Empowerment Project (CEP) in order provide free confidential, anonymous and voluntary counseling and testing services for HIV, glucose, cholesterol, hemoglobin, syphilis, hepatitis B, blood pressure and body mass index to transport workers in Namibia;
- The Ministry approved and certified our mobile wellness clinic to operate as an outreach point for wellness screening activities in the transport sector;
- We officially launched the first wellness mobile clinic for the transport sector in Windhoek;
- The Ministry of Health and Social Services and the SADC Secretariat signed an MOU for us to facilitate the implementation of the SADC Global Fund Cross Border initiative at Oshikango, Katima Mulilo and Sesheke Border Posts;
- We in partnership with the Ministry of Works and Transport and most of its members joined forces and commemorated the World AIDS Day 2011 event in Windhoek;
- We reached 1560 employees with workplace wellness screening testing campaigns from 7 member companies within the first three months of implementation;
- We signed a three (3) year HIV workplace programme funding agreement with the Society for Family Health;
- We officially launched and proceeded with the implementation of the first roadside wellness centre under the SADC Cross Border HIV initiative in Oshikango;
- We signed a 12-month “cost share” agreement with Dessert Soul to support the Behavior Change and Communication component of the SADC Cross Border Project;



- We were nominated and selected to serve on the National AIDS Executive Committee (NAEC);
- The first basic wellness counselling skills course aimed at developing counselling skills of the WBCG health service providers under the SADC Cross Border HIV Project was conducted in Oshikango;
- WBCG reaches 642 people including long distance truck drivers with wellness screening interventions at the Oshikango border post during the first quarter of implementation;
- We and SADC conducted a two day SADC HIV Mainstreaming Training Workshop in South Africa, Johannesburg;
- We successfully completed the US Embassy project and submitted the final narrative and financial report (01 June 2011 – 30 April 2012);

- The SADC Cross Border HIV project received an A2 performance rating (Expected to achieve deliverables) from the Global Fund during the first year of implementation;
- We represented our members at the first Sectoral Steering Committee meeting held at the Rock lodge, where a transport sector HIV strategy was endorsed;
- We officially commenced with the implementation of the second roadside wellness centre under the SADC Cross Border HIV initiative in Katima Mulilo;
- 181 peer educators from various member companies currently trained under our Wellness Programme

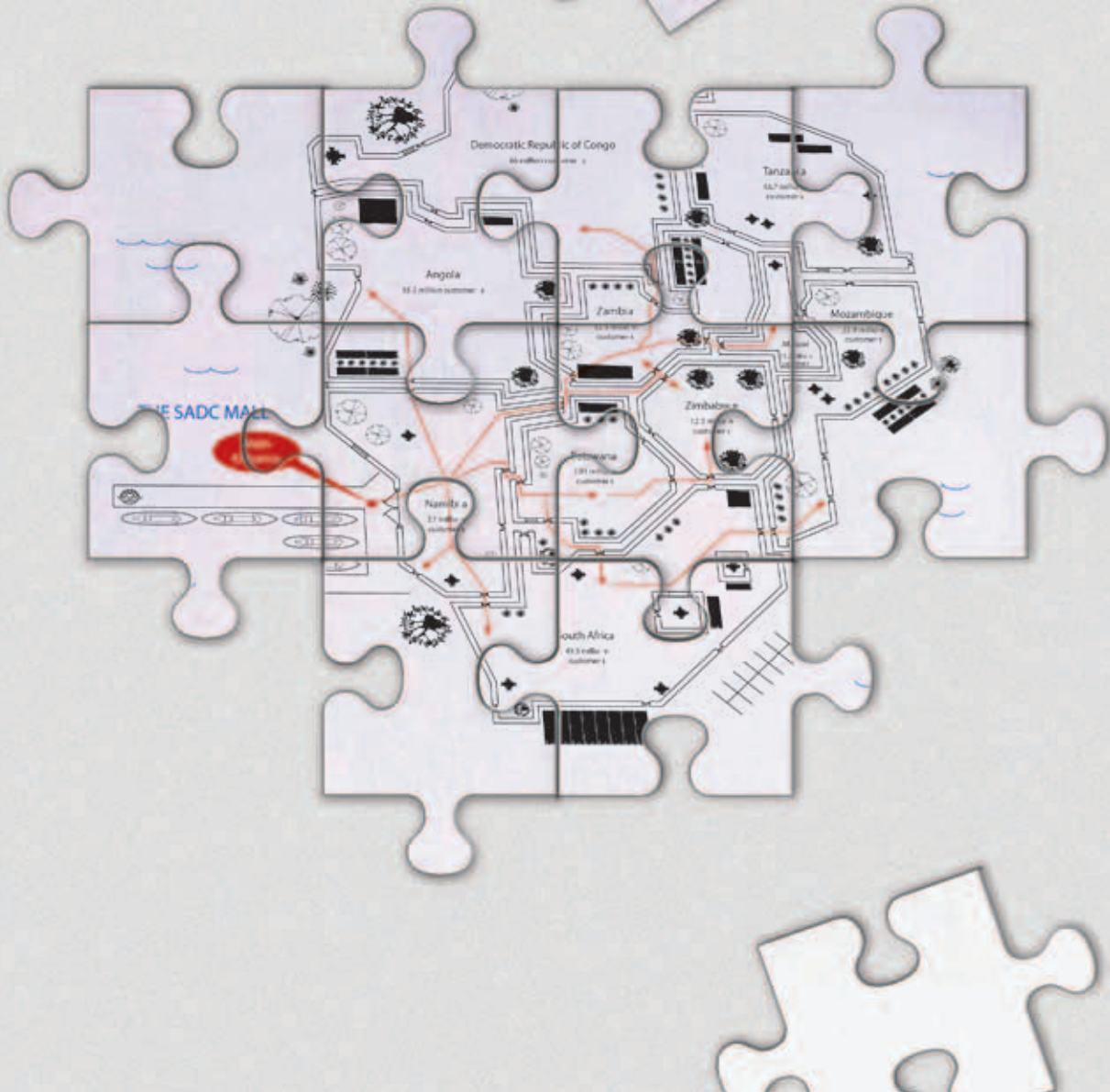
Safe Trade and Transport Corridor Programme

We through the Safe Trade and Transport Corridor Project have undoubtedly become the trendsetter and

the first corridor management institution in sub-Saharan Africa to vigorously address issues of road safety, road transport security and HIV/AIDS/Health/wellness in the transport sector. These were done against the backdrop of improving the competitiveness and the operating conditions of our corridors and thereby contribute to stimulating economic growth in southern Africa.

The Road Safety and Road Transport Security components broadened the stakeholder base along Walvis Bay Corridors such that police who were not initially part of corridor development now form an integral part of the corridor in terms of road safety and security. With increased participation and involvement of police and other key stakeholders this initiative moved across Namibian borders into Botswana and Zambia, and now also involve stakeholders from those two countries. The Local Consultants for Road Safety and Road Transport Security undertook visits to our regional stakeholders in Botswana and Zambia during the past financial year to review progress on agreed

road safety and road transport security actions. Similar consultations were also held with local stakeholders to discuss progress on agreed actions. From the said stakeholder consultations it became quite apparent that significant progress has been made on the agreed actions and going forward the relevant focal institutions in Namibia, Botswana and Zambia are well positioned and have the capacity to ensure that the remaining actions pertaining road safety and road transport security along the Walvis Bay Corridors are carried out beyond the Sida funding on 31 August 2012.



COMPLETING THE PICTURE OF THE PUZZLE

"The puzzle has been completed – a glimpse of the image can now be seen - results speak for themselves"



GROWTH HIGHLIGHTS

Trans Kalahari Corridor

The Trans Kalahari Corridor comprises a tarred road linking the Port of Walvis Bay with Botswana, Gauteng, South Africa and Zimbabwe. The Corridor stretches over 1900 km along Walvis Bay – Windhoek – Gaborone – Johannesburg/Pretoria. It is supported by a railway line from the Port of Walvis Bay to Gobabis (via Windhoek), where transshipment facilities are available, and continues from Lobatse in Botswana.

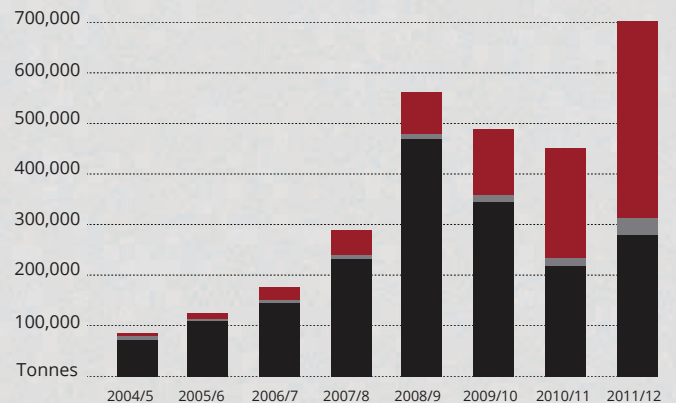
Walvis Bay-Ndola-Lubumbashi Development Corridor (aka The Trans Caprivi Corridor)

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

Trans Cunene Corridor

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

Statistics for Walvis Bay Corridors 2011/2012



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