

## **Pursue a holistic transport sector strategy - Klaus Schade**

Namibia has been investing heavily in public infrastructure from transport infrastructure to education and health. The investment is necessary to address existing backlogs as well as to accelerate the development of the country and achieve the main objectives of Vision 2030, namely to be a prosperous and industrialised country developed by her human resources.

Since domestic revenue has not been sufficient to finance such large investment, Government has borrowed domestically and abroad. This comes at a cost such as interest payments and costs due to exchange rate fluctuations. The costs can be justified by the expected return from the investment, be it a more productive and innovative workforce due to investment in health and education, be it additional private sector investment due to improved infrastructure and hence increased competitiveness, etc. However, some projects will most likely not yield the expected return due to substantial cost overruns and delays in their completion.

Other projects, such as the expansion of the existing and the construction of the new Walvis Bay harbour, seem to be quite ambitious in the current global economic and trade climate. There are currently about ten African ports with a capacity of more than 500,000 Twenty-foot-equivalent units (TEU) and only two with a capacity of more than one million TEUs. Walvis Bay harbour will be the third port once construction is completed early 2019.

Looking at South African and ports in other countries, they benefit from a ‘hinterland’ that is connected not only by roads, but by an extensive railway network. While Namibia’s road network is quite competitive, the railway network is not. With one exception, no neighbouring countries are connected by rail to the Walvis Bay harbour. However, before scarce resources are invested in fixing the existing network, Namibia needs to develop a clear vision for the railway sector which includes among others a decision about moving to the Standard Gauge, like countries in East and West Africa have embarked upon, or remaining with the narrow Cape Gauge. Without a clear vision and strategy, Namibia risks investing in a railway infrastructure that will not yield the expected returns and, by implication, will negatively affect the utilisation of the Walvis Bay harbour.

Furthermore, additional transport services focusing on sea-air transport should be explored to increase the utilisation of both the Walvis Bay seaport and airport. This could be an attractive alternative to road and railway transport not only for perishable, high-value or emergency cargo that would reach the destination in neighbouring countries within hours rather than days or weeks. Such innovative services could even tap into new markets.

Pursuing a holistic strategy for the whole transport (and logistics) sector will ensure that the considerable investment yield returns that justify the costs – and will ensure that we achieve the ambition of becoming the Logistics Hub.

Published in Business 7 – 26 September 2018