

**UNPACKING HUGE QUANTITIES INTO SMALLER UNITS: SMALL  
-SCALE CROSS BORDER TRADE BETWEEN NAMIBIA AND HER  
NORTHERN NEIGHBOURS**

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## **EXECUTIVE SUMMARY**

Namibia is a member of a number of global and regional organizations which aim to promote development through trade. These include the World Trade Organization (WTO), World Intellectual Property Organization (WIPO), the Southern African Development Community (SADC) and the Southern African Customs Union (SACU). Reflecting its interest in the possibilities of trade Namibia has strengthened agreements and ratified a number of protocols emerging from these organisations such as the African, Caribbean and Pacific (ACP/EU) Lome IV Convention, the SADC Protocol on Trade, Southern African Customs Union (SACU), to facilitate formal trade and eliminate barriers to trade.

There are a number of government and non-governmental institutions (NGOs) involved in small business promotion in Namibia. One opportunity in this area might lie in small scale or informal cross border trade. To be able to know if small scale cross border trade between Namibia and her northern neighbours is successful, it is essential to study this sector so that policy adjustments can be implemented if deemed necessary. Although research has explored cross border migration between Namibia and Angola (see for instance Nangulah and Nickanor 2005), there is virtually no data or information available on the types, volumes and quantity and value of goods carried through Namibia's land border posts by small scale traders, nor on the duties paid and their contribution to national trade statistics when duties are paid and exports and imports recorded.

In light of this shortcoming SAMP commissioned the MRCC, UNAM to conduct a study. The study sought to assess the dynamics and contribution of small scale cross border traders in relation to overall trade flows. Although it was not possible to draw a representative sample as little is known about the population of small scale traders, selection of the border posts for this survey was done in consultation with the relevant ministries in the country and SAMP partner countries to capture major trade routes for small scale cross border traders. In Namibia the Ministry of Home Affairs and Immigration and the Ministry of Trade and Industry recommended the Oshikango and Wenela border posts for this undertaking. Although other border posts were also recommended it was not possible to monitor them due to limited financial resources.

The study was conducted at the Oshikango and Wenela border post over 10 days in July 2006. A total of 14 276 persons were counted, 675 traders were interviewed using Origin and Destination (O&D) questionnaires, 807 were monitored. This was supplemented by interviews using open ended questions to elicit the opinions of the small scale traders about the dynamics at the border post and possible solutions to improve the situation. Of the small scale traders interviewed, 59% were Angolan nationals and 34% were Zambians. Only a small proportion of the traders were Namibians (4%), Zimbabweans (2%) and DRC (1%) nationals.

The main findings from the data collection at the two studied border post were the following:

- More male traders (65%) were found to cross these borders during the survey period. However the number of males was much higher at Oshikango compared to Wenela. The majority of traders were black Africans (95%).
- More than 50% of the journeys started in Angolan towns, followed by Zambia (33%) and Namibia (14% mainly in the Oshikango area). Nearly half (46%) of the cross border traders walked to the borders suggesting that their journeys began and ended in locations in close vicinity to the border posts.
- Over half (54%) of the traders undertook the journey to shop for their business, 44% had already bought goods and were taking the goods to sell and only 2% were going to sell and buy goods.
- Those who said they cross the border every day constituted the largest number of respondents (34%), while 31% cross the border couple of times a week. A small percentage of the small scale traders 7% pointed out that they cross the border more than once a day. Only 5% cross the border once a month, while 3% stated that they cross the border twice a month.
- The close proximity of border towns, purpose of visit and frequency of travel is confirmed by the time spent for doing business in another country. Depending on the nature of their business, the vast majority of small traders 85% normally spend half a day or less in the country where they travel to do their business.
- More than half of the respondents (53%) reported that they spend less than 10 minutes to crossing border from the Namibian side to Angola and Zambia while (33%) took between 10 –30 minutes. The percentage of people who are held up for more than two hours is insignificant (3%). In the same vein, only (7%) reported that they spend 30 minutes to 1 hour, while a very small percentage (5%) spend 1 to 2 hours crossing the border.

- Generally the majority of goods carried were groceries (56%), fresh fruits and vegetables (16%) and household goods. Vegetables carried included sweet potatoes, tomatoes and spinach.
- In terms of declaring goods that they carry through the borders, from the Namibian side, the value of the goods determined whether it should be declared or not. Goods from the bonded warehouses also have to be declared, while those that are not from the bonded warehouses but valued at more than N\$500.00 have to be declared.
- Traders were inclined to declare goods bought in small quantities than huge ones, for example over three quarters of groceries declared were valued at less than N\$200.00. The estimated value of groceries carried ranged from as little as N\$6.00 to N\$10 000.00 and more.
- The declared value of the items such as alcohol, petroleum products scored as the highest trade commodities at the two borders with the value of N\$ 1, 645,885.20 during the monitoring period. Namibian beer products such as the Windhoek Special followed by petrol and diesel dominated the unspecified items traded.
- More than one third (35%) mentioned that high custom charges are the major impediment for their business and the major problem they encounter when crossing the border.

### **Key conclusions**

- The way in which the two border posts in the study are managed, especially the Oshikango border, poses a serious challenge for harmonization and cooperation of the movement and activities of traders on both sides. The phenomenon which has culminated in the “human taxi” concept emanates from the fact that vast majority of the Angolan traders are “*unpacking the huge quantities of goods purchased on the Namibian side into smaller quantities*” to evade taxation and notably higher customs charges on the Angolan side. Interestingly this seemingly illegal activity is happening under “watchful” eyes of the Namibian police and customs officials, with virtually no reaction.
- Detailed knowledge of the size and profile of the small scale traders is still missing to a certain degree. It is necessary to know the size of the sector to extrapolate survey data from this sector.

- The monitoring of small scale traders with enumerators is time consuming and very complex, especially at the Oshikango border post which is by far Namibia's busiest border post. This makes it difficult to monitor all the activity taking place at the border. Thus, monitoring of small scale traders should therefore be combined with other methods to better understand the impact of this sector.

### **Key recommendations**

- The creation and operationalisation of a jointly designed and managed border framework that is harmonized in terms of tariff setting, policing objectives and a security resource layout.
- Current awareness levels among traders of VAT issues, tariffs and around declaration and claiming warrants governments on both sides of the border posts to institute dissemination campaigns.
- Infrastructural development and capacitating of the borders, especially at the Wenela border post with appropriate fencing off of the no-mans- land and the building of a suitable reception area, would contribute to a climate of transparency and security.
- Due to the strong cultural ties between Namibia and her northern neighbours, a lot of people who cross the borders are not engaged in trade but are motivated by family ties they have on both sides of the border. This movement of people across the border, either engaging in trade or just visiting families is expected to grow with commitments from both governments – particularly the Angolan and Namibian governments, to relax the immigration laws and allow for free movement of Namibians into Angola. However, such a move, although a laudable venture, will definitely put enormous burden on the already overstretched personnel at both border posts with inadequate training and limited equipment to expedite their daily functions at the borders. In light of the above, there is a very urgent need to train border staff on both sides of the borders so they can be equipped with the necessary skills, knowledge, equipments and capacity to effectively managed the border posts and minimize the current trend of congestion, particularly experienced on the Angolan side of the border.
- Harmonization of the implementation of the SADC trade protocol and encouraging small-scale trade by reviewing current allowable non-chargeable volumes carried by small-scale traders as a measure of joint application.

## 1. INTRODUCTION

Two regional organizations exist in Southern Africa, the Common Market for East and Southern African Countries and the Southern African Development Community. Both organizations see the liberalization of intra-regional trade as important to regional integration, development and poverty alleviation. The ratification of the SADC Free Trade Protocol and movement towards a common market in COMESA indicate their commitment to promoting formal sector intra-regional trade. However, in the process of movement towards free markets, less attention has been paid to the role of small scale or informal cross border trade undertaken in the region by small entrepreneurs.

The trade policy instruments of the SADC and COMESA are not necessarily fully equipped to capture the scope of trade carried by small scale cross border traders, or informal cross border traders, who are responsible for the movement of considerable quantities of goods through the region. Many of these traders lack access to measures already introduced on bi-lateral and multi-lateral bases. Existing research indicates that in southern Africa small scale cross border trade may:

- make a significant contribution to regional trade flows
- mirror formal sector trade patterns
- add to congestion at major border posts
- cross boundaries between the informal and formal sectors
- provide income earning opportunities for small entrepreneurs in the region, including women
- include significant trade in agricultural and food products
- contribute to duties collected at land border posts.

Very little is known about to Namibia's main trading northern neighbors, namely Angola and Zambia, regarding the dynamics driving the small entrepreneurs involved and their contribution to cross border trade and regional trade flows and overall trade statistics. The purpose, therefore, of this survey was to:

- Monitor small scale cross border trade at two of Namibia's busiest border posts, Oshikango and Wenela
- Identify the value of trade carried by small entrepreneurs or small scale traders through the Oshikango and Wenela border posts

- Record the number, sex and nationality of traders passing through the Oshikango and Wenela border posts
- Record the origins and destinations of traders journeys
- Record the type of transport used
- Identify the types and volumes of goods carried through these border posts by traders
- Record where the goods were bought and sold
- Record the duties paid by traders , if any
- Identify points of congestion at border posts
- Identify possibilities for policy change, streamlining and harmonization at border posts to ease congestion and promote managed movement
- Make recommendations for possible policy changes relevant to data gathered.

It is hoped that this information will enable the Namibian government, and its neighbors and more generally SADC and COMESA countries to better understand the contribution of small scale cross border trade to national economies and regional trade. It can also be used to elucidate areas where border management can be made more efficient to facilitate the movement of people and goods through the region. This should be to the benefit of governments, formal sector trade and all border users.

The study has captured experiences of traders as well as the context in which the traders operate at the border posts as they negotiate their way, frequently on a daily basis, through often-challenging customs and migration regimes. Thus far, only three attempts have been made to monitor the volume of trade passing through border posts in the region.<sup>1</sup> All of these studies were concerned with food security and concentrated on the movement of agricultural and food products only. Although limited in scope geographically and by product, these studies provide an indication of the value of monitoring the volume of small-scale trade undertaken by small entrepreneurs.

The paper starts by providing a context to the research finding. It locates Namibia in global and regional trade regimes and provides an overview of the border posts under study. The methodology of the survey is then described. The paper then moves to discuss the data collected at the two border posts. This section

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<sup>1</sup> Minde, I.J. & Nakhumwa, T.O. 1997. *Informal cross-border..*; Macamo, J.L. 1998. *Estimates of Unrecorded Cross-Border Trade...*; Fewson, unpublished paper, 2004.



starts by providing a profile of traders before moving on to identify their patterns of trade, the types of goods they carry, as well as the duties they pay. Before concluding the experiences of traders at the border are described.

## **2. BACKGROUND**

Upon attainment of independence, Namibia assumed responsibility for engaging with multilateral trading systems, regional organizations and bilateral trade agreements regionally and globally. The Ministry of Trade and Industry in Namibia has the responsibility of ensuring the positioning of Namibia competitively in the global economy by creating the economic environment necessary for enhancing investment, industrial and trade development. As is true with many third world economies, Namibia faces challenges such as the diversification of the structured economy and acceleration of the slow pace of growth as well as the re-distribution of wealth. To safeguard interests and to create an economic space to augment the small local market, Namibia has strengthened its bi- and multi-lateral agreements and ratified a number of protocols. The following are some organizations/institutions which Namibia is a member of as well as some of the relevant international treaties and conventions it has signed:

- Member of the World Trade Organization (WTO) in 1995, which aims to a) remove tariff and technical barriers to trade (General Agreement on Tariffs and Trade (GATT); b) implementation of trade related aspects of intellectual property rights through protection, by patents and trademarks etc.
- As a member of the ACP/EU framework, in 1990 Namibia acceded to the African, Caribbean and Pacific (ACP)/European Union (EU) Lome IV Convention and in 2000 became a signatory to its successor, the Cotonou Agreement. The implementation of this agreement is specifically directed at greater access to markets, removal of barriers to trade, and negotiation of economic partnerships with the EU.
- Member of the World Intellectual Property Organization (WIPO) and has also ratified the African Regional intellectual Property Organization (ARIPO) - both in 2003.
- Member of the African Union. Among the objectives of the African Union are the promotion of intra-continental trade and freer movement of people.
- In 1992 Namibia joined the Southern African Development Community (SADC) and subsequently became a state party to the SADC Protocol on Trade since 2000. The Ministry of Trade and

Industry's (MTI) Medium Term Strategic Plan MTI2010 (MTI, 2003) enumerates the following areas as the key aims of the trade protocol: elimination of barriers to intra-SADC trade in goods and services; ensuring efficient production within SADC by promoting regional competition; creating a conducive environment for domestic, cross- border and foreign investment; promotion of a deeper regional economic integration. Namibia has also signed the SADC Facilitation of Movement of People Protocol which, when ratified and in force aims to facilitate the movement of SADC nationals making short visits to other SADC countries.

- Member of Southern African Customs Union (SACU). This is a revenue sharing agreement whereby all goods entering Botswana, Lesotho, Namibia, South Africa and Swaziland are charged at common tariffs. The revenue sharing agreement was renegotiated in 2002. Among the seven objectives of the SACU agreement one of them is to facilitate the cross- border movement of goods between the territories of the member states (MTI, 2003, pp. 7).
- Namibia thus far concluded 12 trade and economic cooperation agreements and 10 reciprocal investment protection agreements with countries where she has trade and economic interests (MTI2010, pp. 11).

Most of these treaties and conventions are aimed at facilitating formal trade at regional, national and international and are ratified by Namibia mainly address formal trade. These agreements exclude the protection of small scale cross border traders, who in most SADC countries and Namibia in particular are economic growth engines, whose potential is hampered by policy exclusion. Namibia's Industrial Policy of 1992 and Namibia Vision 2030 laid out specific targets including among others that of economic growth and equitable distribution of income

Statistics obtained from the Central Bureau of Statistics (CBS) 2007 in the National Planning Commission on formal trade between Namibia and her neighbouring countries for the period 2004 -2006 show that South Africa is Namibia's biggest trading partner. The trade balance is heavily in South Africa's favour (CBS, 2006). However, the Namibian and Angolan governments have been attempting to encourage trade between the two countries. Zambia is also seen as a potentially important export market. As in small scale trade, commodities for consumption dominate Namibia's recorded imports and exports

## **2.1 Description of the Wenela border post**

In 2002, the Wenela border post was rebuilt and upgraded from a ferry crossing with a limited capacity to a high investment bridged-road crossing following the completion of the modern multi-million bridge over the Zambezi River. The ably engineered modern bridge represents not only a convenient border-crossing but represents a crucial extension and improvement in trading relations between Namibia and her regional neighbors and SADC partners like the DRC, Zimbabwe, Zambia, Malawi, Tanzania and eastern parts of Angola. Immigration and Customs officers on both sides concurred that the development of the bridge has increased the border traffic as much as three-fold. This traffic boom includes varying categories of travelers and transport such as regional tourists, small scale traders, long haul bus carriages like the Mainliner Bus service and regular school tours. The tourists are mainly South Africans who had links with the Caprivi region as soldiers or as miners on the Zambian Copperbelt who are visiting the region and the Victoria Falls during school holidays.

For Namibia, the construction of the bridge has indeed positively influenced the volume of small scale cross border trade between Zambia and Namibia in as much as the trade pattern is one-sided. So, it largely consists of Zambian small scale traders who buy consumer goods at Katima Mulilo in Namibia for resale in Sesheke or little towns and villages inside southwestern and southern Zambia. The above reality is illustrated by the fact that only the Zambian side has a formal civil structure for traders in the *Association For Cross border Trade* based in Sesheke.

Traders carrying large amounts of curios and crafts originating mostly from the Congo (DRC) and Zimbabwe also use the Wenela border as an entry point to Namibia. Most of the Zimbabwe craft carriers cite the hostile and unfriendly treatment coupled with the customs duties charged on goods in transit by Botswana Customs officials as their primary reasons for using the Zambia-Namibia route. Their main destinations are cross road points in Namibia, the west coast tourist town of Swakopmund and Windhoek. The DRC traders use Namibia primarily as a transit route for Cape Town and destinations like Johannesburg.

General facilities at the Wenela border post are very basic and fall short of necessary human-hospitality as well as technical backup in terms of infrastructural layout like buildings that would enable the border staff to serve traders and other travelers in an efficient and professional manner. The research team has

primarily identified the lack of ample ablution facilities, parking space, a waiting area and communication facilities for duty officers and the travelers amongst these challenges. Although the construction of an appropriate reception building is planned and has been officially approved some border officials cited perennial lack of funds for the delay of this development.

The above scenario of a poor structural layout also has negative impacts on the border safety situation as there is about 400 meters of an unmanned no-mans-land between the two physical border posts. This serves as a zone for a significant amount of illegal activities like smuggling, soliciting for goods and services. Research assistants observed that tens of unemployed youth gathered in this zone as early as the border opens and serves as couriers of goods travelers do not want to declare at the border. The youth go around the border using either the land crossing or the river and deliver the goods they courier inside Zambia or at Katima Mulilo in Namibia. This situation is aided by the fact that 110 km borderline west of the Wenela border remains unfenced to date. The border officials alluded to the fact that during the period of Namibia's armed conflict the above border was well maintained and patrolled by the South African forces resulting in very rare smuggling activity. Even if they pass through border control, the loads carried can then fall under duty free allowances.

Currently it is evident and necessary that some measure of security investments are needed from all neighboring states in order curtail the level of criminal smuggling activity on the Namibia–Zambia and eastern Angola border. This seemingly overwhelming condition of uncontrolled smuggling contributes significantly to the gaps in our knowledge and measurement of the trade volumes on the common borders. These practices also deny the already cash strapped administrations valuable tax revenues. Customs officials on both sides of the border felt that sizeable security investments are needed to improve their capability to detect the ever-increasing river smuggling.

Namibian Customs officials linked the high customs charges on the Zambian side of the border with the increasing smuggling of consumer goods and petroleum products. The research team also learned that there were no petrol stations over a 200 kilometers radius of Zambia's southern border, and that petroleum import charges were hiked in Zambia. The latter conditions raised speculation as to who stood to benefit from the unavailability of necessities like petrol and diesel. Some informants extended this speculation implicating the Zambian Revenue Authority officials in the illegal fuel trade. The latter

speculation was aided by the fact that the petrol and diesel products that are brought on a daily basis into the no-mans-land zone by Namibian vehicles (taxis or fuel couriers) are carried into the woods by the waiting youths (human taxis) only to be delivered in the border town of Katima Mulilo on the Zambian side. Numerous attempts to raise alarm with Zambian counterparts are apparently largely ignored or resource constraints are cited for their inability to act. It is in the above context that the river border and the unfenced and un-patrolled land border will remain the single most significant challenges for law enforcement agencies as they are used for smuggling goods, and mainly petroleum products as well as drugs into Zambia.

## **2.2 Description of the Oshikango border post**

The Oshikango border post is situated in the Ohangwena region of the northern part of Namibia. The Oshikango area has a population of more than 27,500 inhabitants who mainly practice subsistence farming. Oshikango, together with other main villages (Ohangwena, Omafo and Engela) has been proclaimed as the Helao ya Nafidi Town (Nangulah and Nickanor, 2005).

As the major northern border post between Namibia and Angola, Oshikango has received significant consideration from government since independence in terms of economic development. This is largely as a result of its central physical location and designation as an export processing zone (EPZ). The government's initiative to proclaim the areas of the Oshikango border as Helao ya Nafidi Town was certainly a right step in the right direction. It has improved the development of the border area and has accelerated trade between Namibia and its northern neighbours. A noticeable outcome in this regard is the establishment of the Offshore-Development Corporation (ODC) to provide infrastructural development at the border. Subsequently, nine warehouses owned by foreign investors, mostly of South African, European and Asian origins, have been set up for the export of goods from Namibia to Angola and other African Countries. Although Namibians can purchase goods from these bonded warehouses due to customs regulations they are required to pay export tax.

The Oshikango border is operated by officials from the Ministry of Home Affairs (Namibian Police and Immigration), the Ministry of Finance (Customs and Excise), the Ministry of Agriculture (Veterinary officials), and the Road Administration Fund. Each plays a crucial role in the smooth and effective functioning of the border. The police are responsible for checking goods that pass through the border and

for stolen vehicles. They also patrol the adjacent border and deal with criminals and criminal acts as they emerge. The role of the veterinary official is to ensure that live animals comply with the stipulated standards of Namibia and are vaccinated against any animal diseases, while the road administration officials check big cargo trucks pay the necessary road charges.

Gathering of data at Oshikango was complicated as traders use often “human taxis” to carry their goods across the border. Human taxis are local residents, both young men and women, who are paid by Angolan traders to carry their huge quantities of their goods in small units to evade the high taxes levied by Angolan immigration and custom officers. So, traders break down their loads into smaller units which are taxed less. The human taxis usually are on foot, but also make use of bicycles and wheel barrows.

As soon as the gates open at 8.00am in the morning the Oshikango border is full of bustle with people (mostly on foot), bicycles, cars and huge cargo trucks moving across the border from the Angolan side, Santa Clara. Usually, it gets busier at around 10:00am with a lot of people with goods, particularly “*pau*” (bread) being carried by young men on foot to the Angolan side of the border. It remains busy with people shopping for goods on the Namibian side of the border to take to their businesses in Angola until the border closes its gates at 18:00 pm. Given the magnitude of the number of people crossing the border, one would expect that the Oshikango border post would remain open 24 hours to provide efficient service to the numerous cross traders and local residents. However, according to border officials, due to the limited personnel at the border and lack of the required funds to operate the border on 24 hours basis, it seems a distant possibility at the moment.<sup>2</sup>

### **3. METHODOLOGY**

This study was carried out by the Multidisciplinary Research and Consultancy Centre at the University of Namibia (MRCC) as part of a Southern African Migration Project (SAMP) collaborative study with other countries including Botswana, Lesotho, Malawi, Mozambique, Swaziland, Zambia and Zimbabwe. SAMP sought to assess the dynamics and contribution of small scale cross border traders in relation to overall trade flows.

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<sup>2</sup> Since this issue is very crucial, it will be dealt with in details in the policies and recommendation section

The research had three parts. The first part was a review of relevant literature. Second, were interviews with key informants in relevant Ministries and at the border posts. Third was the collection of data from traders at the border posts. It was not possible to draw a representative sample of traders for the survey as the baseline population is not known. However, selection of the border posts for this survey was done in consultation with the relevant Ministries in Namibia and with SAMP partner countries to capture the major trade routes for small scale cross border traders. In Namibia the Ministry of Home Affairs and Immigration and the Ministry of Trade and Industry recommended the Oshikango and Wenela Border posts for this undertaking. Although other border posts were also recommended it was not possible to undertake research at them due to limited financial resources.

Before starting to collect data at the border posts the research assistants were trained and a pilot study was carried out for two days to familiarize the researchers with the activities at the borders, especially cross border trade, and to map out strategies for implementation for during the survey. Data collection took place in July 2006. A total of twelve people were employed, ten enumerators and two supervisors/quality controllers. Four of the research assistants were women and all were Namibians.

The study used stages to gather data. First, people were counted crossing the border and traders were identified. Second, an origin and destination (O&D) questionnaire was administered to those who were willing to participate in the study and to be interviewed in order to profile the cross border traders and identify the type of goods carried. Third monitoring was done on the type of goods carried, quantities and values of goods. So, three instruments were used, a counters form, an O&D questionnaire and a Monitors form. Traders had to provide informed consent prior to interview and it was clearly explained to participants that the team was not policing nor were they part of government ministries but researchers. At Oshikango, which is the busiest border post it was not possible to undertake the monitoring exercise for all the traders. Notwithstanding the limitations experienced by the volume of traffic at Oshikango, the majority of interviews took place there. The presence of the personnel from the Ministry of Trade and Industry was of great help.

A total of 14 276 persons were counted of whom 1,601 were traders. Some 675 traders were interviewed using the Origin and Destination (O&D) questionnaires, and 807 were monitored (Table 1). Reflecting

differences in the traffic at the two border posts, more traders were counted and interviewed at the Oshikango border post than at Wenela.

**Table 1. Instruments and questionnaires completed at each border post**

<b>Oshikango</b>			<b>Wenela</b>		
	<b>#</b>	<b>%</b>		<b>#</b>	<b>%</b>
<b>O &amp;D</b>	424	63	<b>O &amp;D</b>	251	37
<b>Counters</b>	9949	70	<b>Counters</b>	4327	30
<b>Monitor</b>	489	61	<b>Monitor</b>	318	39

### **3. 1 Pilot Study and Field Experience**

Before undertaking the study, a briefing meeting with the relevant stakeholders was organised to sensitise them about the study and to solicit their support and request for some of their officials at the border post to assist the research team while doing the data collection. The Permanent Secretaries of the Ministries of Home Affairs, Trade and Industry, and Finance were all consulted. The consultations proved very fruitful as all three permanent secretaries were very receptive to the study and pledged their support for its success. Consequently, the Ministry of Finance provided the research team with two custom officers to help with the study during data collection.

A pilot test was done at the Oshikango border post to test the research instrument and to familiarise ourselves with the operations and activities at the border post. Upon our arrival in Oshikango, we made a courtesy call to the relevant authorities at the border to establish contacts with the members and brief them about the study. We were well received and enjoyed tremendous cooperation from all the stakeholders involved.

During the survey, we began to realise how complex and sophisticated the Oshikango border is and the real challenges it poses for the study. We realised that it is very difficult to trace the real owners of most



of the goods due to the “human taxi” situation.<sup>3</sup> We also realised that the border post is not properly controlled as most people do not go through custom officers especially those carrying groceries, fresh fruits and bread. We also realised that the respondent’s testimonies were often “situated”, or tailored, because they felt we were custom officials as well. Although we were the instigator and director of the interviews respondents often drifted away from the questions at hand taking the opportunity to complain about the harsh treatment meted out to them by the Angolan immigration and custom officials. They cited issues such as beating, stealing of their goods and very high taxes. Since our interest was to get as much information as possible from the cross border traders we allowed ourselves to listen and waited for an opportunity to bring the interview back on line, as well as we could.

The process of conducting this study did become an on-site reinforcement of our learning in respect of cross border trade between Namibia and her northern neighbours via Oshikango border post. It is by far the busiest border post with huge volumes of trade and people going through on a daily basis.

#### 4. PROFILES OF CROSS BORDER TRADERS

A total of 14,276 people were counted crossing the Namibian borders through the Oshikango and Wenela border posts (Table 2). Some 11% (1601) of people crossing the border were traders. Table 2 shows that traders constitute a slightly higher proportion of border traffic at Oshikango (1149) compared to Wenela (452). Traders constituted 12% of the people counted crossing the border post at Oshikango and 10% of those counted at Wenela (Table 2).

**Table 2. Traders and non traders counted crossing the border posts**

Oshikango			Wenela		
	#	%		#	%
<b>Total counted</b>	9949	100	<b>Total counted</b>	4327	100
<b>Traders</b>	1149	12.0	<b>Traders</b>	452	10.0
<b>Non-traders</b>	8800	88.0	<b>Non-traders</b>	3875	90.0

<sup>3</sup> Human taxis are local residents, both young men and women, who are paid by the traders from the Angolan side to carry huge quantities of their goods in small units to evade the high taxes from the Angolan immigration and custom officers. They are mostly on foot, but also make use of bicycles and wheel barrows.

The counters survey revealed that overall, 65% of the traders counted were men. A total of 675 traders were interviewed at Oshikango and Wenela border post using the O & D questionnaire (664 with sex recorded). Three quarters of the traders interviewed in the O&D survey were men. However the number of males was much higher at Oshikango (74%) compared to Wenela (61%). However there seems to be an increasing number of women in cross border trade.

**Table 3. Cross border traders interviewed by sex and border post**

	Oshikango		Wenela		Total	
	#	%	#	%	#	%
Female	65	26.3	163	39.1	228	34.3
Male	182	73.7	254	60.9	436	74.5
Total	247	100.0	417	100.0	664	100.0

Source: O&D survey

Although more than two thirds (82%) of the traders journeys originated in Namibia (they were interviewed leaving Namibia), more than half of the traders (59%) were Angolan nationals and 34% were Zambians (Table 4). Only a small proportion of the traders were Namibians (4%), Zimbabweans (2%) and DRC (1%) nationals. The majority of traders were black Africans (95%).

**Table 4. Nationality**

Nationality	#	%
Angolan	395	59.0
Namibian	25	0.4
Zambian	230	34.0
Zimbabwean	13	2.0
DRC	1	0.1

The survey only interviewed cross border traders. Respondents were asked about the purpose of their journey. The data for this survey reveals that over half (54%) of the traders undertook the journey to shop for their business, 44% had already bought goods and were taking the goods to sell and only 2% were going to sell and buy goods.

**Table 5. Purpose of this journey**

<b>Purpose</b>	<b>Number</b>	<b>Percent</b>
Shopping for my business	361	54.0
Taking goods to sell	293	44.0
To sell goods and buy goods	10	2.0

Over half (54 %) of the traders indicated that they had entered Namibia for the purposes of buying goods for their businesses and 44% said they were carrying goods to sell. Rigorous and attentive monitoring of the traders and their movements at the Wenela border revealed that some traders were entering the border with minimal amounts of goods or commercial products, but they were also returning almost empty handed daily. Further investigation revealed that these men and women were renting or owned illegal stalls at the Katima Mulilo (Namibia) fresh produce market. The goods they sold goods were arriving over the river (from Zambia into Namibia) during night-time to be set for retail during the following day. This helps to explain the complex realities the border and law enforcement authorities are confronted with in this border environment. Visits to both Katima Mulilo (Zambia) and Sesheke aimed at establishing the strength of businesses has revealed only open markets that sell fresh produce or mostly low value Chinese produced consumer items.

At Oshikango, the use of couriers, complicated correctly establishing the purpose of the journey of travelers as some people viewed the research team as part of the law enforcement realm and so could have misrepresented the actual purpose of their journey.

## **5. ORIGINS AND DESTINATIONS**

Traders were asked about the origins and destinations of their journeys. Over 60% of the traders journeys originated in Angola from towns such as Ondjiva (16%), Xangongo (1%), Lubango (4%), Luanda (2%) (Tables 6 and 7). However, the majority started their journey in Santa Clara, a locality in the vicinity of Oshikango border post. A further 30% of the journeys originated from Zambian towns such as Livingstone, Choma and with a few traveling from Lusaka. The destinations of these journeys followed the same pattern. More than 50% of the journeys would end in the Angolan towns mentioned, followed by Zambia (33%) and Namibia (14% - mainly in the Oshikango area). Most common towns and cities of origin and destination were relatively close to the border posts.

**Table 6. Country of origin and destination of journey**

Country of origin of journey			Destination of journey	
	#	%	#	%
Angola	65	10.0	345	51.0
Namibia	550	82.0	94	14.0
Zambia	18	3.0	205	30.0
Zimbabwe	10	2.0	1	0.1
DRC	1	0.1	-	-

**Table 7: Town/City of Origin and Destination of journey**

Town/city of origin of journey			Town/city of destination	
	#	%	#	%
Windhoek	1	0.1	8	1.0
Oshakati	2	0.3	2	0.3
Rundu	1	0.1	-	-
Other Namibian town	53	8.0	81	12.0
Harare	4	0.6	-	-
Bulawayo	3	0.4	-	-
Marondera	1	0.1	-	-
Victoria Falls	4	0.6		--
Lusaka	6	0.9	2	0.3
Livingstone	8	1.0	7	1.0
Choma	1	0.1	1	0.1
Other Zambian town	179	27.0	213	32.0
Lubumbashi	1	0.1	-	-
Ondjiva	106	16.0	102	15.0
Xangongo	7	1.0	7	1.0
Lubango	25	4.0	20	3.0
Luanda	10	2.0	7	1.0
Other Angolan town	261	39.0	223	33.0

## 5.1 Mode of Transport

Reinforcing that the origins and destinations of the journeys of a significant proportion of the cross border traders were close to the border posts, nearly half (46%) walked to the borders, and 39% walked from the border post (Table 8). Again suggesting the small geographical range of travel for many traders, 145 used bicycles to travel to and from the borders. Almost a third used buses and taxis to travel to the borders and 39% when leaving. Few traders used motor vehicles, whether cars or trucks.

**Table 8: Mode of transport to and from border post**

Mode of transport to border post			Mode of transport from border post	
Type	#	%	#	%
Foot	307	46.0	264	39.0
Bus/Taxi	213	32.0	260	39.0
Car	41	6.0	39	6.0
Truck	5	0.7	4	0.6
Bicycle	94	14.0	94	14.0
Other	2	0.3	1	0.1

## 6. FREQUENCY OF TRAVEL FOR BUSINESS AND LENGTH OF STAY

Table 9 clearly illustrates the pattern of movement at the two border posts. By virtue of the nature of trade that most of the traders are engaged in, small scale cross border trade, it is crucial for them to frequently cross the border to shop for their business. The largest proportion of small scale traders (34%) indicated that they cross the border everyday, while 31% cross the border couple of times a week. A small percentage of the small scale traders 7% said that they cross the border more than once a day. A further 17% said they travel once a week. But, only 5% travel to another country for business and 3% stated that they cross the border twice a month. The high frequency of travel indicates the close connections in the local economies of northern Namibia and its neighbours to the north, Angola and Zambia. It suggests a vibrant local cross border economy exists.

**Table 9. Frequency of travel and length of stay in the country travel to for business**

<b>Frequency of travel</b>	<b>Number</b>	<b>Percent</b>	<b>Duration of stay</b>	<b>Number</b>	<b>Percent</b>
More than once a day	48	7.	Half a day or less	571	86.0
Every day	229	34.0	Whole day	50	8.0
A couple of times a week	206	31.0	2 – 3 days	21	3.0
Once a week	111	17.0	4 – 7 days	3	0.5
Once a month	33	5.0	1 – 2 weeks	8	1.0
Twice a month	23	3.0	3 – 4 weeks	9	1.0
Couple of times a year	15	2.0	1 – 3 months	3	0.5
Once a year or less	3	0.4	Other	1	0.2

Depending on the nature of their business, the vast majority of small scale traders (85%) normally spend half a day or less in the country where they purchase goods for their business (Table 9). Some 7% of the small scale traders spend the whole day on the Namibian side of the border where they conduct their business, while an even smaller percentage of the traders (3%) spend 2-3 days. Given that the majority of those who cross the borders are Angolan nationals, and they basically cross the border on a daily basis, they are very familiar with the activities on the Namibian side of the border, which ensures a smooth process when purchasing their goods. Those who stay longer may also be selling or traveling further to source different goods than are available in the towns close to the border posts.

What these figures demonstrate could be indicative of the very small scale nature of their businesses which require buying stock on a daily basis. Or it could be attributed to a lack of financial capital to stock goods on a larger scale. Conversely, it could also be attributed to a high demand for basic goods from the Angolan side of the border which makes it imperative for small scale traders to cross the border every day to buy stock for their business. Some traders may also lack secure storage facilities for their stock, and, others may trade in perishable items.

## **7. TYPES OF GOODS CARRIED, QUANTITIES, VALUES AND DECLARED QUANTITIES**

### **7.1 Where Goods are Bought and Sold**

The vast majority of the cross border traders (79%) traveled to Namibian towns and villages predominantly around Oshikango and Odibo to buy their goods. Only a few traveled as far as Windhoek

(10%) and Oshakati. Interestingly one would have expected a lot of traffic from Oshakati due to its proximity to the Oshikango border as compared to Windhoek. Only 1% of traders said they bought goods in other Zambian towns.

The majority of traders said they buy their goods at wholesalers (79%) and retailers in Namibia (23%) (Table 10). Only a few source their stock in informal markets (3%). This means that in theory, at least, traders should have invoices for the goods they carry through the border. Traders largely sell their goods in informal markets whether on their own stalls (39%) or to other sellers in informal markets (31%). A further 23% said they sell the goods in their own shops. It is unclear whether these are informal or formal shops. As almost all of the remainder said they sell to networks of individuals or door to door, this data suggests these traders are important suppliers to the informal retail sector.

**Table 10. Where were goods carried were bought**

Place	#	%
Wholesaler	534	79.0
Retailer	158	23.0
Informal Market	20	3.0
Commercial farm	2	0.3
Small holder farm	1	0.1
Marketing board	1	0.1
Manufacture/factory	7	1.0
Other	10	2.0

**Table 11. Where goods are sold**

Place	Number	Percent
Own stall in informal market	265	39.0
To sellers in informal markets	212	31.0
Own shop	158	23.0
Door to door	93	14.0
Family/friends/network of individuals	60	9.0
Other	11	2.0
To retailers/shops/restaurants	7	1.0
Marketing board	1	0.1

## 7.2 Types of Goods

There was some difficulty in accurately establishing the types, volumes and values of carried by traders owing to attempts by traders to avoid customs. At Wenela the goods carried illegally over the Zambezi River from Zambia appeared to outnumber the volumes of goods carried over the border legally. This was established by regular checks by the research team of the Katima Mulilo fresh produce market.

**Table 12. Type of goods carried**

Type of goods carried	Number	Percent
Groceries	380	56.0
Fresh Fruits and Vegetables	111	16.0
Household goods	54	8.0
Meat/Fish/Eggs	39	6.0
Electrical goods	17	3.0
New Clothes/Shoes	22	3.0
Handicraft/Curios	15	2.0
Furniture	9	1.0
Old Clothes	1	0.1

Generally the majority of traders carried groceries (56%), fresh fruits and vegetables (16%) and household goods (8%) (Table 12). Another 6% bought meat, fish and eggs. Sweet potatoes, tomatoes and spinach were major part of fruits and vegetables carried. Household goods included both new and used kitchenware to be sold. Table 12 reflects the type of goods for sale seen in open markets in Angola (for instance in Santa Clara, Onamakunde and Ondjiva).

The type of goods carried by traders reported in the O&D survey and the monitors survey was largely the same. However, the O&D survey picked up more goods that were not in the pre-set categories. So at Wenela it was found that petroleum products were major traded goods leaving Namibia, while at Oshikango alcoholic goods, although not the dominant category, were traded in huge amounts.

## 7.3 Values of Goods Carried

In terms of declaring goods that pass through the borders, from the Namibian side, the value of the goods bought for export determine whether goods should be declared or not. Also all goods from the bonded warehouses have to be declared. Goods that are not from the bonded warehouses but which are valued at



more than N\$500.00 have to be declared for export. For the goods from the bonded warehouses a system is in place in terms of declaring on the Namibian side, and export duties are payable on goods bought at the warehouses (Nangulah and Nickanor, 2005). It was observed that traders leaving Namibia had no problem in declaring what they carried as they were not paying export duties.

If the goods carried into Namibia are not valued at more than N\$500.00 then a trader is not required to declare the goods. Angola and Zambia also have duty free allowances for goods for personal use. But traders are required to pay duties when they take goods into these countries and traders complained about the tariffs charged, particularly by Angolan revenue authorities.

ADD TABLE FROM O&D SURVEY SHOWING VALUE OF GOODS CARRIED REFER TO TABLES IN APPENDIX SHOWING VALUES OF VARIOUS KINDS OF GOODS.

**Table 13. Value of goods carried**

Value (N\$)	Number	Percent
0-100.00		23.0
101.00-300.00		
301.00-500.00		
501.00-		

Source: Origin & Destination survey

The declared value of alcohol, petroleum products scored as the highest value at the two borders with the value of N\$1,645,885.20 during the monitoring period. Namibian beer products such as the Windhoek Special followed by petrol and diesel were among the highest unspecified items traded. The latter category was followed by electrical goods going over the border which came out the second highest at N\$449,000.00, meat/fish/eggs products were third in volume and significance and traded as high as N\$253,000.00 over the period of study. The other significant category tailing the above major categories was cosmetics products which came out as high as N\$151,050.00 followed by household goods like second hand freezers and stoves with value of N\$ 72,627.00. Traders were inclined to declare goods bought in small quantities than huge ones, for example over three quarters of groceries carried were valued at less than N\$200.00 were declared. The estimated value of groceries carried ranged from as little

as N\$6.00 to N\$10 000.00 and more. So, although groceries were most likely to be carried by, they did not have the highest value of the goods carried by small scale traders over the period of study.

The values above were collected over the 10-day period of the monitoring and when extrapolated over period of one month indicated that small scale or informal sector trade makes a significant contribution to customs revenue collection. From the estimated value of goods declared it is clear that cross border traders contribute enormously to trade but there are difficulties in measuring their contribution to trade as there are no mechanisms in place to do so. And, it is difficult to know how much escapes the eyes of revenue authorities.

It became clear that many traders do not declare goods they are exporting to avoid problems they may encounter on the Angolan and Zambian sides of the border. Generally, most of the traders who declared goods were those who had bought heavy goods like motorbikes, generators and who wanted to claim VAT from the Namibian customs. The majority of small-scale traders carrying foods, vegetables, assorted cool drinks, sweets etc. are not declaring the goods they carried. For the small traders carrying groceries, fruits and vegetables, bread etc., it was difficult to estimate the value of goods carried as they were usually bought in informal markets and so traders had no receipts or invoices.

#### 7.4 Claiming VAT and information about duties

Very few traders said they claim VAT (4%). This was largely because they said they did not know that they could (80%). Those who do claim VAT were largely those that carried larger high value items such as electrical goods, generators and motorbikes.

**Table 13. Claiming VAT**

<b>Do you ever claim VAT</b>	<b>Number</b>	<b>Percent</b>
Yes	25	4.0
No	643	96.0
<b>Reasons for not claiming VAT</b>		
Takes too long	96	14.0
Can't cash cheque	8	1.0
Don't know about it	535	80.0

Traders were more informed about duties that they have to pay with 58% saying they get information about the duties they have to pay to customs. Of those who said they got information, 73% said they received it from customs officials, 23% from other traders and 6% from other sources. Although over half say they get information, the data on claiming VAT and information about duties payable suggests that it would be useful if authorities at border posts clearly posted information on both.

## 8. EXPERIENCES CROSSING THE BORDER

The overwhelming majority (79%) of traders carried local permits or border passes to cross the border. This perhaps reflects the localized nature of trade taking place at both borders. Some 13% had visitors permits and 4% said they did not need a permit. Over half were aware of restrictions on their permits that affected their businesses (58%), while 39% said there were no restrictions that affected their businesses.

### 8.1 Time Taken to Cross the Border

The two border post studied attract a lot of traders and visitors which definitely poses a challenge of effectively managing the large flow of people and volumes of goods on a daily basis. In an attempt to establish the efficiency of the services they receive as well as the way they were treated by officials at the borders, respondents were asked how long it usually takes to cross the border from the Namibian side to the Angolan side. Ideally, it shouldn't take very long due to the close proximity of the two border posts.

**Table 14. Time usually taken to cross border**

Time taken	Time taken at border in this direction		Time taken at border in other direction	
	Number	Percent	Number	Percent
Less than 10 minutes	410	62.0	348	53.0
10 to 30 minutes	172	26.0	220	33.0
30 minutes to 1 hour	52	8.0	46	7.0
1 to 2 hours	24	4.0	31	5.0
More than 2 hours	9	1.0	17	3.0

Crossing the border does not take long for most respondents. If data for travel in both directions is considered, 57% of respondents take less than 10 minutes to cross through the border post and 29% spend only 10-30 minutes. So, it seems that for most traders congestion and delays are not a major hindrance to their businesses. The proportion of respondents who said it takes them longer than one hour was minimal (6%).

The delays, or time taken to cross the border, especially for those who took up to two hours or longer were not necessarily as a result of delays caused by border officials on the Namibian or other side of the border side, but as a result of the traders actions. After they have shopped for their goods, traders spend a lot of time unpacking their loads into smaller units to give to couriers (or human taxis) to carry across the border for them so as to avoid the excessive tax they are charged by the Angolan officials.

Traders were also asked about where hold-ups occur when crossing the border. However, it should be noted that given the time it usually takes traders to cross the border that most hold-ups are not major, their responses do provide some information (Table 15). It seems that customs on both sides of the border cause the greatest delays. However, this may just be because customs officials are doing their work.

**Table 15. Biggest hold-ups at border**

Hold up	Biggest hold up in this direction		Biggest hold up in other direction	
	Number	Percent	Number	Percent
Customs this side	235	36.0	242	37.0
Immigration this side	133	20.0	59	9.0
Customs the other side	63	10.0	55	8.0
Immigration the other side	54	8.0	96	14.7
Other	127	19.0	171	26.0

## 8.2 Problems Experienced when Crossing the Borders

Respondents were asked about their opinion of the treatment they receive from officials at the border posts (Table 16). Opinions of treatment by Namibian officials was generally very favorable with 83% rating their treatment as good or very good and only 3% as bad. Opinions of treatment by officials in bordering countries, especially Angola, were less favorable. Only 38% rated treatment by officials of neighboring countries as good and almost a third said it was bad (20%) or very bad (12%).

**Table 16. Opinion of treatment received from officials**

Opinion of treatment on this side (Namibia)			Opinion of treatment on other side of border	
Opinion	Number	Percent	Number	Percent
Very good	104	15.0	23	4.0
Good	457	68.0	226	34.0
Average	80	12.0	201	30.0
Bad	23	3.0	134	20.0
Very bad	2	0.3	81	12.0

Traders were also asked to indicate the major problems which they experience when crossing the borders. More than one third of them (35%) mentioned high custom charges. This was particularly true at Oshikango where traders referred to the duties charged on the Angolan side of the border. This was followed by the unwarranted confiscation of traders' goods (15%). Again traders were referring to the Angolan side of the border. The issuing and renewal of permits to cross the border caused problems for some traders (11%). Disturbingly 10% of respondents reported that physical harassment and beating of traders occurs at the border posts (on both sides). Other difficulties mentioned were restrictions on importing Namibian sugar and beer to Zambia (8%) and the lack of transport between Wenela and Sesheke. The latter refers to the long distanced between the two borders, which creates difficulties if traders are carrying large amounts of goods. Other impediments mentioned are reflected in Table 17 below.

**Table 17. Major problems encountered when crossing the border**

Problem	Number	Percent
High custom charges/tax rates/import duties	239	35.0
Unwarranted confiscation of goods by Angolan officials	99	15.0
Permits: Lack of permits, high payment of permits	71	11.0
Physical harassment/violation of human rights	54	8.0
Sugar/beer not allowed into Zambia	45	8.0
Lack of transport between Wenela and Sesheke	39	6.0
Restrictions on volume of goods by Angolan officials	33	5.0
Time spent/delay at border/long queues	25	4.0
Corruption (bribes, backhanders)	16	2.0
Physical harassment, including beating (Namibia)	10	2.0
Namibia import regulations strict	13	2.0
Traders selling in border vicinity chased by Angolan	6	1.0

officials		
No problem	5	1.0
VAT claim cumbersome (Angola)	5	0.7
Restrictive infrastructural layout	3	0.4
Bicycles restricted to carry goods to Angolan side	2	0.3
Tax payment same for small and large scale traders	2	0.3

The narrative of one Angolan trader who frequents the border post for the past five years puts the scenario into perspective:

“I have been doing business between Oshikango and Ondjiva for the past five years. During this time I have come to know all the officials on both side and they also know me very well because I cross this border on a regular bases. Really, we have a lot of problems with the Angolan officials, especially the immigration and customs officers. They are charging us very high taxes and if we cannot pay they seize our goods and keep them in the “park”. When you have the money, and you come back to pay for your goods you will not find your goods. They are very rude and unfriendly and sometimes they even beat us. We are really suffering from them that is why we separate our good into smaller unites so they don’t charge us high custom rates.

Our Namibian brothers are better. They are friendly and they do not beat people or charge high tax. They even allow us to stay here and separate our goods although sometimes they also chase us when we are too many in front of their side of the border. We really want higher authorities in Lubango to come and see what these Angolan officials are doing at the border – a lot of corruption”.

## 9. SUMMARY AND RECOMMENDATIONS

This section will identify possibilities for policy change, streamlining and harmonization at the border posts to ease congestion, reduce irregularities and to promote managed movement. The Wenela border can be crossed by foot, bicycle and by motor vehicle. Of the two Namibian borders studied the Wenela Border is the least busy port of entry and exit. This can largely be ascribed to its historical function as a ferry-crossing unable to carry and service heavy cargo trucks and large volumes of people. Furthermore,

the general population density on the southern Zambian border is low and the nearest border town, Sesheke only has a population of 10,000-15,000. Livingstone, the nearest major town is 190 kilometers from the border.

In contrast at Oshikango, the southern Angolan border area is a scene of immense activity. The Angolan side has numerous highly populated settlements and towns like Santa Clara (the border town), Onamakunde and Ondjiva, which together represent a population of more than 300,000 people. The Oshikango border post bustles with large numbers of traders who also make use of “human taxi” couriers who cross into Namibia as soon as the borders open. The human taxis carry subdivided quantities of consumer products and building materials back into southern Angola for traders. This phenomenon is clearly a result of the perceived high customs duties on the Angolan side. Volumes of traffic of small traders is heightened by the good quality of shops and warehouses in Oshikango town.

Apart from Oshikango and Wenela and already existing border posts, Namibia with increasing tourism and mining prospects, expects to open more border posts for instance Sendlingsdrift in the south (The Namibian 2005). To facilitate movement, however, proper facilities and human resources need to be in place to ensure effective and efficient operation of the activities. Poor management of borders as indicated earlier can seriously affect trade between countries as is expressed below:

#### *Border Bribery Costing Millions*

*Government is still losing millions at its border posts – not only because of corrupt customs officials, but also because the private sector offers them bribes.*

*Over the past year, investigations by the ministry of Finance have revealed that the smuggling of goods is rife, particularly in the north. Yesterday, Finance Permanent Secretary Calle Schlettwein told the Parliamentary Committee on Public Accounts that in the past two years more than 14 cases had been uncovered and had led to officials being charged and dismissed. Three criminal cases involving corrupt officials and traders are still pending. “We are trying to implement a Zero-tolerance policy but bribery happens at all levels. It’s not only officials who are bribed. The private sector plays a big role. The rewards for bribery are huge” said Schlettwein. He told the Committee that Government was not only losing through the avoidance of value – added tax (VAT), but that the*

*market also suffered because companies could outsell their competitors with much cheaper products....*

*.Schlettwein hoped to increase the presence of customs officials at borders that were not originally designated for trade. He said despite presumptions that traffic originating from Gauteng in South Africa would make extensive use of the Trans-Kalahari highway, a large volume of traffic was still entering through the Ariamsvlei and Noordoewer border posts...Schlettwein said the Ministry was looking into obtaining multi – million dollar scanning equipment at some of its entry points, which had become a prerequisite for trade with the United States and Europe...*

*(The Namibian October 2006)*

The way in which the two border posts in the study are managed, especially the Oshikango border, poses a serious challenge for harmonization and cooperation of the movement and activities of traders on both sides. The phenomenon which has culminated in the “human taxi” concept emanates from the fact that vast majority of the Angolan traders are unpacking the large quantities of goods they have purchased on the Namibian side into smaller quantities to evade taxation and notably higher customs charges on the Angolan side. Interestingly this seemingly illegal activity is happening under they “watchful” eyes of the Namibian police and customs officials. Subsequently, it results in the loss of revenue to the Angolan government.

The scenario at the Oshikango border post is similar to the uncontrolled illegal trade in petroleum products at the Wenela border post. The level to which Namibian and Zambian border authorities appear to be ignoring the situation indicates the possible complicity of these authorities in this illegal trade which keeps enormous customs revenue away from already needy treasuries of these states and especially the Zambian state. The research team probed the absence of regulated petrol stations in such a vast border area of Zambia, which yielded an equally interesting response that **“any chaotic situation has its benefits, maybe the benefits are shared with Lusaka”**.

For Namibia to attain its Vision 2030 targets, the private sector is seen as the engine of growth and poverty reduction, therefore regulatory frameworks need to be in place to support private and small businesses including small scale cross border traders to reduce poverty in the country. The study team strongly felt that it will be difficult to accurately measure trade volumes and the contribution of small



traders to the national economies of these SADC states, and perhaps more importantly manage their movement effectively and efficiently in the absence of the following conditions:

## **9.1 Recommendations**

The following recommendations emerge from the study:

- ❖ The creation and operationalizing of a jointly designed and managed border framework that is harmonized in terms of tariff setting and policing objectives and security layout.
- ❖ Current awareness levels of obligations to declare goods, duties payable and when and where VAT can be claimed warrants governments on both sides of the border to institute dissemination campaigns.
- ❖ Countries on both sides of the border could introduce incentive schemes or systems for small-scale cross border traders who comply with customs obligations and tariff regimes and introduce fitting punishments for those involved in smuggling or customs evasion (which should not include physical punishment).
- ❖ Infrastructural development and increasing capacity at the border posts would facilitate better management of movement through the border posts. This especially true at the Wenela border post where fencing off of the no-mans-land would reduce smuggling and increase security at the border. Building a suitable reception area, would contribute to the provision of an efficient and proper service and could contribute to the development of a climate of transparency.
- ❖ Due to the strong cultural ties between Namibia and her northern neighbours, a lot of people who cross the borders are not engaged in trade but are motivated by family ties they have on both sides of the border. This leads to significant movement of people across the border. Some are engaging in trade, but others are just visiting families. This traffic is expected to grow with commitments from all governments, but especially the Angolan and Namibian, to relax immigration laws and allow for free movement of Namibians into Angola. This will concur with the aims of the SADC Free Trade Protocol and the SADC Facilitation of Movement Protocol. However, such a move, although a laudable venture,

will definitely increase the burden of the already overstretched personnel at both border posts who have inadequate training and limited equipment to expedite their daily function at the borders. In light of the above, there is an urgent need to train border staff on both sides of the borders so they can be equipped with the necessary skills and knowledge to effectively manage the border posts. If combined with the introduction of new equipment and better infrastructure this would promote better management of the borders. If introduced on both sides of the border posts these measures could assist in minimizing the current congestion which is particularly experienced on the Angolan side of the border.

- ❖ A regular monitoring team comprising of high government officials from both sides of the borders should be constituted to ensure that the policies in place are properly implemented and to have a first hand experience of what actually transpires at the border. This could also help curb isolated cases of corruption, especially by the Angolan officials, and mistreatment and harassment meted out to small-scale traders. It would help if such a team took time to speak to border users about the issues they encounter. An inter-country monitoring team could also help to introduce harmonized procedures.
- ❖ Harmonization of the SADC trade protocol and encouraging of small-scale trade by reviewing current allowable non-chargeable volumes carried by small-scale traders as a measure of joint application.
- ❖ The registration and certification of small scale traders in with the aim of exempting them from border cross routines could be assisted by issuing them with renewable border passes.
- ❖ Increase border policing capacity by countries on both sides of the border at each border post is an urgent requirement as the current lack of visible policing especially at the Wenela border contributes to and atmosphere of lawlessness and criminality. The conditions create opportunities for illegal migration and the smuggling of illegal goods and materials over these borders. It remains an enormous challenge that authorities on all sides of the borders handle such a complex border environments so loosely.



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**APPENDIX**

**Good9val Declared value of handicraft/curios**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	435.00	1	.1	10.0	10.0
	480.00	1	.1	10.0	20.0
	1000.00	1	.1	10.0	30.0
	1162.50	1	.1	10.0	40.0
	1354.50	1	.1	10.0	50.0
	1880.00	1	.1	10.0	60.0
	1900.00	1	.1	10.0	70.0
	2000.00	1	.1	10.0	80.0
	3036.00	1	.1	10.0	90.0
	13600.00	1	.1	10.0	100.0
	Total	10	1.2	100.0	
	Missing	Not specified	3	.4	
Not applicable		794	98.4		
Total		797	98.8		
Total		807	100.0		

Good11val Declared value of cosmetics

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	8.00	1	.1	2.9	2.9
	9.00	1	.1	2.9	5.7
	10.00	1	.1	2.9	8.6
	17.00	2	.2	5.7	14.3
	23.50	1	.1	2.9	17.1
	40.00	1	.1	2.9	20.0
	45.00	1	.1	2.9	22.9
	56.00	1	.1	2.9	25.7
	63.00	1	.1	2.9	28.6
	64.35	1	.1	2.9	31.4
	66.00	1	.1	2.9	34.3
	70.00	2	.2	5.7	40.0
	77.00	1	.1	2.9	42.9
	80.00	2	.2	5.7	48.6
	85.80	1	.1	2.9	51.4
	100.00	3	.4	8.6	60.0
	122.40	1	.1	2.9	62.9
	140.00	1	.1	2.9	65.7
	154.00	2	.2	5.7	71.4
	213.00	1	.1	2.9	74.3
	230.00	1	.1	2.9	77.1
	250.00	2	.2	5.7	82.9
	385.00	1	.1	2.9	85.7
	461.00	1	.1	2.9	88.6
	697.22	1	.1	2.9	91.4
	2500.00	1	.1	2.9	94.3
	6159.00	1	.1	2.9	97.1
	151050.00	1	.1	2.9	100.0
	Total	35	4.3	100.0	
Missing	Not applicable	772	95.7		
Total		807	100.0		

Good4 val Declared value of electrical goods

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	108.00	1	.1	2.5	2.5
	120.00	1	.1	2.5	5.0
	180.00	2	.2	5.0	10.0
	240.00	2	.2	5.0	15.0
	259.20	1	.1	2.5	17.5
	280.00	1	.1	2.5	20.0
	288.00	1	.1	2.5	22.5
	504.00	1	.1	2.5	25.0
	510.00	1	.1	2.5	27.5
	520.00	1	.1	2.5	30.0
	525.00	1	.1	2.5	32.5
	640.00	1	.1	2.5	35.0
	684.00	1	.1	2.5	37.5
	730.00	1	.1	2.5	40.0
	805.50	1	.1	2.5	42.5
	838.00	1	.1	2.5	45.0
	860.00	1	.1	2.5	47.5
	994.00	1	.1	2.5	50.0
	1040.00	1	.1	2.5	52.5
	1080.00	1	.1	2.5	55.0
	1215.50	1	.1	2.5	57.5
	1225.00	1	.1	2.5	60.0
	1320.00	1	.1	2.5	62.5
	1500.00	1	.1	2.5	65.0
	1890.00	1	.1	2.5	67.5
	1999.00	1	.1	2.5	70.0
	2000.00	1	.1	2.5	72.5
	2270.00	1	.1	2.5	75.0
	2272.50	1	.1	2.5	77.5
	2800.00	1	.1	2.5	80.0
	3070.00	1	.1	2.5	82.5
	3948.00	1	.1	2.5	85.0
	4149.00	1	.1	2.5	87.5
	5076.50	1	.1	2.5	90.0
	11988.00	1	.1	2.5	92.5
	13615.00	1	.1	2.5	95.0
	19023.00	1	.1	2.5	97.5
	449170.00	1	.1	2.5	100.0
	Total	40	5.0	100.0	
Missing	Not applicable	767	95.0		
Total		807	100.0		