

## *Oshikango: The Dynamics of Growth and Regulation in a Namibian Boom Town\**

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*Angola's economic re-integration into the Southern African region profoundly changes the economic and political landscape in the neighbouring countries. Apart from the country's new political influence, Angolan buying power leads to an economic boom in formerly marginal places along its borders. Oshikango, the main Namibian border post to Angola, is perhaps the most impressive example of that change. Over the last 12 years, a forgotten outpost has developed into a sprawling boom town. In the first part of this article, I trace the town's development and give an outline of the different economic activities that were instrumental in it. A second part concentrates on the role of the border for the town's development and the construction of Namibian political and economic identity. While state regulations are enforced on both sides on the border, the transit between them is under-regulated and provides the economic opportunities that fuel the boom. The third part then looks at regulation within the boom town and its growing integration into the Namibian political landscape. The capacity of local administrators to profit from the boom rests on two interlinked factors: they are seen as bureaucratic representatives of state power, which lends legitimacy and leverage to their efforts of domination; but there is always too much to regulate in a boom town, which makes it possible to choose where and how to apply official rules without losing legitimacy. Through these dynamics of legitimacy and opportunity, the boom town of Oshikango is a place where state authority is reinforced, fuelled by the private interests of state representatives.*

Since Jonas Savimbi's death, in 2002, sealed UNITA's defeat and paved the way for a lasting peace in Angola, the consequences have changed the whole sub-region. Angola's economic and political clout leads to a readjustment of the regional balance. This is particularly visible in Namibia's northern regions. For a long time, the border with Angola had been on the periphery of a region centred on South Africa. Namibia's northern border had been the boundary separating Anglophone and Portuguese territories; since 1975, it had been turned by South Africa into the defence line against 'communist' liberation movements. This marked separation is now replaced by increasing economic integration and a lively cross-border trade fuelled by the ongoing reconstruction in Angola. Namibia's northern border posts have changed into economic hubs linking South African ports and Angolan markets.

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Oshikango, a small town situated where the B1, Namibia's main North–South transport corridor, reaches the border, is the most dynamic and the most rapidly growing town on Namibia's northern border, and an ideal place to study the impact of regional re-adjustment on political and economic life in northern Namibia.

In the first part of this article, I briefly outline the history of Oshikango's transformation from a sleepy border post into a vibrant boom town. In the second part, I look more closely at the structural conditions that foster the town's growth by providing economic opportunities. I concentrate on the role Oshikango plays as a transition point between two sets of political and economic regulations. While regulations are more or less consistent and sanctioned within a country, the transition between the two systems itself is only weakly regulated, providing economic opportunities on which Oshikango's growth has been built. After this outline of the boom's historic and structural conditions, the third part of the article considers its political consequences. With the establishment of a local government in Oshikango, ties between the town's development and the national political and economic landscape have become stronger. Officials at the local level can only profit from their power to regulate economic development if they balance the benefits of patronage and self-interest with the legitimacy of their office in a political landscape characterised both by increasing links between business and politics and by an increasing awareness of corruption. As a consequence, even when administrators act for their own good, their actions can result in a consolidation of state power.

### **Oshikango as a Boom Town: Preconditions and Historical Outline**

Oshikango's life as a border post started in 1926, when the Portuguese and South African colonial administrations agreed on a different reading of the words 'up to the waterfalls of the Kunene' in the German-Portuguese treaty of 1886, and consequently shifted the border 11 km south to Oshikango.<sup>1</sup> In 1928, the Officer in Charge, Native Affairs Oukwanyama (later Assistant Native Commissioner) moved his office from Namacunde to Oshikango. For a long time after this, Oshikango remained a small village and a remote outpost of the South African colonial empire. The village's situation changed from stable unimportance to rapid decline after the start of the linked wars in Angola and in Northern Namibia, South African occupation turning the region into a war-zone, off limits to most outsiders and highly insecure for people living in the area.

After Namibian independence in 1990, the region slowly recovered; many people moved back into their former villages, both from exile abroad and from the more secure areas in the South. But Oshikango remained a tiny place, with a school, a makeshift border post consisting of a caravan next to the old buildings destroyed in the wars, and an open market under a large tree on the main road. Oshikango's boom only started in 1995–96 – as a result of outside investments rather than local initiative. The town's enormous growth since that time is easily illustrated with two aerial views. The first (see Figure 1) was taken in 1996. It shows the early take-off phase. The first warehouses and the new border post have been built, and the first roads have been laid out. But the open market is still the village centre, and the new structures appear more out of place in the village than the seeds of a new town.

The second view (see Figure 2) shows the town in early 2006. The first warehouses are now integrated into a landscape of similar buildings along the main road. The business town is oriented towards the border post, whilst new informal settlement areas have

<sup>1</sup> Treated in detail by E. Kotze, *The Establishment of a Government in Ovamboland, 1915–1925* (MA Thesis, Unisa, 1984), pp. 116–32; see also G. Dobler, 'Boundary-drawing and the Notion of Territoriality in Pre-colonial and Early Colonial Ovamboland', *Journal of Namibian Studies*, 3 (2008).



**Figure 1.** Oshikango in 1996. (Aerial photograph, Namibian Geographical Service.)

developed on the outskirts, away from the main road. A rough estimation based on the aerial views would suggest that the built surface of Oshikango increased fifty-fold over those ten years. The official population of Helao Nafidi Town (comprising Oshikango and the neighbouring four settlements) in 2006 was 43,000, between 5,000 and 8,000 of them living in Oshikango.

This growth was due to business opportunities arising from Oshikango's proximity to Angolan markets and its strategic position on the main road from the South. After the devastation of war left Angola in ruins in 1992/93, the country experienced a slow recovery from the mid 1990s, when rebuilding began in government-controlled areas. The poor condition of the country's roads made transport slow and costly, and building contractors, wholesale merchants and wealthy individuals looked to Namibia for supplies. Overland transport from the ports of Durban, Cape Town and Walvis Bay was safe, fast and relatively cheap due to new tarred highways through Namibia and the country's well-developed transport sector. Furthermore, tax evasion was easier for many businesspeople on Angola's southern border than in the capital (I elaborate on this later). For all these reasons, it was cheaper, faster and more reliable to buy goods in Namibia and to transport them to, say, Lubango or even Huambo, than to buy them in Luanda.

In the mid 1990s, therefore, an increasing number of Angolan traders frequented the wholesale markets in Oshakati and Ondangwa, the major cities in Northern Namibia, and in Windhoek. They crossed the border at Oshikango, where the number of trucks waiting for their customs papers increased monthly. In 1996, the first major Namibian wholesalers moved closer to their Angolan customers by opening a warehouse in Oshikango. The first warehouses were built by Frans Indongo, one of the major black businessmen in Namibia,



**Figure 2.** Oshikango in 2006. (Satellite image, Google Earth)

who had laid the foundations for his business empire with shops and supermarkets in colonial Ovamboland (and, since 1977, a beer depot licence for South West African Breweries<sup>2</sup>), and by a Windhoek-based white trader. Soon after, other large warehouses were opened – by an Angolan Portuguese family who had moved to Namibia in the mid 1970s, a South African working jointly with a Portuguese manager, and a Lebanese family that owned warehouses throughout Southern Africa.<sup>3</sup>

The warehouses enjoyed considerable success. They sold all kinds of goods, from building materials to whisky and from sugar to washing machines, and they attracted a large number of customers and wealth to Oshikango. In a second phase of the boom, pubs, motels and (more or less clandestine) sex workers catered for the visitors. The more formal establishments for a wealthier clientele occupied plots on the main road, while many informal shebeens and guesthouses opened up in the back roads or in the villages further South. Oshikango became a place to do business and to spend money. It attracted young men and women from the region in search of work or patrons.

The next important step in Oshikango's development was the arrival of used car dealers. These businesses – mostly Pakistani owned – imported used cars from Japan or the United States via Durban. Here, too, the establishment of traders followed the buyers – Angolan wholesale traders had gone to Windhoek or Durban to buy used cars since the beginning of the 1990s.

<sup>2</sup> National Archives of Namibia, hereafter NAN, OVE 9-1-3.

<sup>3</sup> All of these firms are still in business today, even if some of them have seen crises and ownership changes for one reason or another. Only Frans Indongo, who moved his capital from trade into property and company shares, sold his warehouse to a Portuguese competitor when business declined in 2004.



Around 1999, at approximately the same time as the first used car dealers arrived in Oshikango, two fruit and grocery businesses (Fysal's and Brenner Fruit) – both owned by South Africans of Asian origin – and the first Chinese traders began trading in the town. Thereafter, the number of Chinese wholesale shops increased rapidly from around 25 in 2004 to over 70 by late 2006.<sup>4</sup>

People who have been in Oshikango since the start of the boom usually see its development as having happened in three phases: the pioneer phase to 1998, characterised by bad infrastructure, a chaotic social life, hard work and hard parties; the 'golden days' of the boom, from 1999 to around 2003–2004, when business started to decline; and the consolidation phase from then to the present, bringing further growth, but fewer opportunities in a more stable environment.<sup>5</sup> While Oshikango and its society have changed considerably over the last 12 years, the town's situation on the border has remained its main structural and economic asset.

### Cross-Border Trade, National Regulations and their Implications for Oshikango

Border boom towns exist because people, goods and services need a passage point between two social and legal spheres. They thrive on difference, and on the necessity and possibility of bridging it. At first glance, no such bridge seems necessary between Oshikango and Santa Clara. People on both sides of the border belong to the same families, speak the same language, share a common history and lead very similar daily lives. But this initial impression is misleading. Many people doing business in the area are not from the region, and the formal rules governing business transactions are still established and changed within the national framework. In spite of all similarities, the border between Namibia and Angola shapes both perceptions and practices of people living close to it.<sup>6</sup>

From the start, the border was the line between two different colonial powers. Differing policies on both sides drew people into networks of domination and regulation which had their nodal points in Windhoek and Pretoria on the one hand, and Luanda and Lisbon on the other. The national classification never had a monopoly, of course, but it had started to form an important reality well before Angolan independence. After 1975, the line between the countries became the disputed northern border of South Africa's zone of domination. When Namibia became independent in 1990, both the war and the war economy persisted in Angola, creating a patrimonial system that increased the connectedness to Angolan centres

4 See G. Dobler, 'South-South Business Relations in Practice: Chinese Merchants in Oshikango, Namibia' (draft 2005, see [www.ids.ac.uk/asiandrivers](http://www.ids.ac.uk/asiandrivers)); G. Dobler, 'Old Ties or New Shackles? China in Namibia', in H. Melber (ed.), *Transitions in Namibia: Which Change for Whom?* (Upsala, Nordic Africa Institute, 2007), pp. 94–109; G. Dobler, 'Solidarity, Xenophobia and the Regulation of Chinese Businesses in Oshikango, Namibia', in C. Alden, D. Large and R. Soares de Oliveira (eds), *China Returns to Africa* (London, Hurst, 2008).

5 My information of the early years of Oshikango relies on interviews with a large number of people, both business-people and peasants from the villages around Oshikango. I am especially indebted to Christa, Hans, JJ (both of whom have passed away since), Mario, Peter and Tate Immanuel. (As most locals know who my most important contacts were, and outsiders won't be able to identify them anyhow, I refrain from further anonymisation.)

6 There is now a large body of literature on how colonial borders became important realities shaping the lived worlds of Africans. Landmark works include A.I. Asiwaju, *Western Yorubaland Under European Rule: A Comparative Analysis of French and British Colonialism* (New York, Humanities Press, 1976); W.F.S. Miles, *Hausaland Divided: Colonialism and Independence in Nigeria and Niger* (Ithaca, NY, Cornell University Press, 1994); P. Nugent, *Smugglers, Secessionists and Loyal Citizens on the Ghana-Togo Frontier: The Life of the Borderlands Since 1914* (Oxford, James Currey, 2002); E. Kreike, *Re-creating Eden: Land-Use, Environment and Society in Southern Angola and Northern Namibia* (Portsmouth, NH, Heinemann, 2004) and D.M. Hughes, *From Enslavement to Environmentalism: Politics on a Southern African Frontier* (Seattle, University of Washington Press, 2006).

of power and sharpened differences between the social realms north and south of the border.<sup>7</sup> In popular perception, Namibia became a realm of stability, peace and security, while Angola was characterised by opportunity, uncertainty and risk.

Economic life in Oshikango is not merely regulated by border formalities, however – it owes its very existence to the necessity of a passage between two sets of regulations. Customs duties, national laws or transport regimes thus create or destroy the very conditions for Oshikango's boom or bust, and changes in the border regime immediately affect Oshikango's position.

Regulation of cross-border trade affects economic transactions long before the goods actually cross the border. Most of the wholesale trade in Oshikango is done 'offshore'. Goods are imported into Namibia 'in bond' and are thus not subject to Namibian VAT and import duties as long as they remain in bond or are exported. This implies that goods have to be registered with the Namibian Inland Revenue administration before they even arrive in the country. Usually, merchandise is imported in sealed containers, and the offloading process is supervised by customs officials who compare the goods with the packing list provided in advance. Once offloaded, goods in bond are stored in special sections in the warehouses. If a control finds discrepancies between the bond books and the actual stock, warehouse owners are fined and have to pay both VAT and import duties on the missing amounts. If a customer wants to buy offshore goods for export, the necessary papers have to be filled in and stamped at the customs office before the goods leave the premises, but the goods remain in the bond book until a copy of the papers is sent back from the border after the actual export.<sup>8</sup>

As the border town on the main road, Oshikango is the point where goods can cross the line between two administrative regimes most easily. This has turned the town into the passage point between two separate distribution chains: those from producers to wholesalers, and those from wholesalers to customers. Goods are traded and shipped to Oshikango in units organised by their country of origin. Chinese goods come in sealed containers from China and are sold by Chinese shops; Scotch whisky is imported by a specialised distributor in South Africa and dispatched to Oshikango by railway, in containers filled with nothing but liquor cases; Brazilian furniture is shipped by the factories, often specially packed for Oshikango wholesalers. White goods mostly come from South Africa (even if they are produced in China), used cars from Japan or Texas, mobile phones from the Far East, sugar from importers and refiners in Namibia, groceries from South Africa, and so on . . . In Oshikango, the goods are offloaded and sold, and then re-arranged in truckloads, no longer differentiated according to origin but determined now by demand from Angolan traders and consumers. The town is a nodal point of international trade networks, an *entrepôt* for consumer goods from all over the world.

The border is crucial for that function in more than one way. If national regulations are important in making the border, and thus Oshikango, the private sector plays a crucial role,

7 For Angola's political economy after the war, see, for example P. Chabal and N. Vidal (eds), *Angola: The Weight of History* (London, Hurst, 2007); T. Hodges, *Angola: Anatomy of an Oil State* (London, James Currey, 2003); S. Kibble, 'Angola: Can the Politics of Disorder Become the Politics of Democratization and Development?', *Review of African Political Economy*, 33, 109 (2006), pp. 525–42; R. Soares de Oliveira, 'Business Success, Angolan Style: Postcolonial Politics and the Rise of Sonangol', *Journal for Modern African Studies*, 45 (2007), pp. 595–619.

8 The system is, of course, slightly more complicated than presented here, especially where goods travel between warehouses or are not exported through the nearest border post. Today, papers are filled in with a computerised system using UNCTAD's *Asycuda* and often transferred electronically. In addition to that form of offshore trade, some companies in Oshikango operate under the Export Processing Zone (EPZ) regulations. A large EPZ park was inaugurated in 1998, built mainly with EU funds, to foster export manufacturing. Most of the halls, however, are rented out to warehouses as storerooms; some other companies maintain some basic manufacturing activities, like furniture assembling, in order not to lose their status.

too. I have mentioned earlier that Angola is still conceptualised as a wild and chaotic place ruled by reckless profit-making on the one hand, exclusive networks of patronage and friendship on the other hand. Business people are especially prone to such perceptions. Where they do not know their trade partners personally, the level of trust people typically accord their business partners tends to be much higher in Namibia than in Angola. This has drawn many investors to Oshikango in the first place; the town is the nearest you can come to the Angolan markets without actually investing in Angola.<sup>9</sup>

The lower level of trust Namibians and international investors place in the Angolan economy affects the private institutional side of business. It is very rare, for example, that warehouses sell to Angolans on credit. Both within Namibia and within Angola, trade relies on credit in various forms, but only a very select set of Angolan customers are able to negotiate later payments for goods they receive from Namibians. Even for those traders who do grant credit lines to good customers, the accounts are a constant source of worry. The great majority of transactions are done in cash, mostly in US dollars, which can be traded freely in Angola.<sup>10</sup> In the offices of the large warehouses, it is possible to see people paying for truckloads worth more than US\$100,000 quite literally out of their pockets.

Even more striking is the reluctance of transporters and pallet owners to consign pallets and containers into Angola. Soft drinks and beer, for example, are brought into Oshikango on pallets owned by South African Breweries or the Namibian Breweries. Regular trade partners usually do not have to pay consignment for them, but books are kept on their number and current location. Neither brewery allows the pallets to leave Namibia for Angola. As a consequence, all drinks have to be loaded by hand on the trucks leaving for Angola, increasing costs, delays and breakage on treacherous Angolan roads. The same goes for the containers of many companies.

There is nothing in national legislation to prevent pallets or containers crossing the border or the provision of credit for Angolan customers. That they rarely do so shows how separated the two markets are, and how necessary a negotiated passage between them is. The border between Namibia and Angola separates two sets of regulation and two imagined spaces. It is conceptually linked to two different modes of social interaction and political and economic organisation, and Oshikango is one of the places where that conceptualisation of 'Angola' and 'Namibia' is negotiated, reproduced and changed on a daily basis. National economies, just like ethnic groups, often find their identities on their borders. Different regimes of power and a different institutionalisation of domination shape different everyday practices; these practices can be both occasions for, and the content of, the systematic communication of social and cultural differences.

This interaction has made Oshikango the major trade boom town on the Namibian–Angolan border. The town continues to grow and to thrive because the social separation persists, and people in Oshikango have learned how to provide a passage way between them. But the opportunities that characterise trade in Oshikango cannot only be explained by this officially-sanctioned interaction. On the contrary, the possibility of breaking the chains of regulation at given points has been crucial for the boom. There is no better occasion for

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9 I have spent some time searching for successful Namibian business ventures in Angola, with little success. Most Namibian firms who invested in Angola since the late 1990s moved back some time later, frustrated by administrative procedures, uncontrollable claims by patrons-to-be and non-payment by creditors and customers. The only successful investments were either low scale (a German citizen selling and running gambling machines in Namibe, or some local craftsmen putting up more or less official workshops in Angola) or high-profile, with a large amount of high-level government patronage, like a Namibian–Angolan joint venture to build 500 km of tarred road with SADC money. In the latter case, however, the main Namibian shareholder was trying to sell his shares.

10 Namibians have to declare transactions involving more than US\$10,000 with the Namibian central bank and the customs office; the form F 178 has to accompany the export papers for the goods.

creativity in this regard than the point where one set of regulations ends and another one starts, as can be seen by the way in which offshore trade operates. Without it, incentives for Angolan traders to buy goods in Namibia would be much lower but even higher profits can be made by skilfully using the lack of regulation at the interface between the Namibian and the Angolan system.

Although consumption taxes had been levied previously, Angola only introduced import duties in 2002 after the official end of the war, when a range of import duties and increased consumption taxes, ranging from 2 per cent for sugar or cement to 30 per cent on hard liquor or funeral cars,<sup>11</sup> was imposed. A year later, however, the Angolan government saw that revenues from the southern border had barely increased despite the import duties. The reason was that traders avoided paying the new taxes by bribing tax collectors instead.<sup>12</sup> Namibian officials seemingly did not mind corruption at Angolan border posts, as long as the Namibian papers were in order.<sup>13</sup>

In order to increase the Angolan central government's tax revenue, the British Crown Agents were contracted to train and supervise Angolan customs officers. Expatriate Crown Agent employees were deployed to the Santa Clara border post. As a result, close supervision led to a steep increase in customs revenue – as well as to a decline of trade through Oshikango/Santa Clara. It did not lead to a decline in sales by Oshikango warehouses, however. Angolan customers continued to buy in Oshikango, but exported the goods through Calueque or Katwitwi border posts, where no foreign supervisors were stationed and corruption could still flourish. Katwitwi, in particular, became a favoured place through which to import goods into Angola. Until recently, the remote border post on the Okavango had no computer lines, no electricity supply save for a generator and no cell phone connection. Exporting goods through Katwitwi often implies a delay of four or five days but, given tax rates of 60 per cent, overall costs are still very much lower for the traders.<sup>14</sup>

Although in time the Angolan government may well close the loophole by extending supervision to Katwitwi,<sup>15</sup> unless Namibian and Angolan governments co-operate to a much higher extent than today, other loopholes will emerge inevitably. At the moment, no side seems really to be interested in closer co-operation, perhaps because they lack resources and trust, but possibly also because closer co-operation would narrow the scope for informal decisions on both sides.

11 For the tariffs see: Decreto/Lei no. 2/05 de 28 de Fevereiro – Pauta Aduaneira.

12 That practice was by no means limited to Angola. The Receiver of Revenue in Oshakati, Hans Haraseb, was found guilty on nine charges of misconduct under the Public Service Act in 2006. He had been responsible for tax, corporate tax and VAT payments from Oshikango bonded warehouses and had, for years, personally received reduced payments – in cash and without receipts. Under his supervision, round-tripping of goods earmarked for export was a frequent occurrence, too. These practices surfaced after the bankruptcy of the Santa Clara warehouse group in 2005; after Haraseb's suspension, tax revenues from the bonded warehouse section in the North increased by more than a billion Namibian dollars.

13 A particularly revealing instance of this chosen benevolent ignorance is the case of an Angolan army general who used freight aeroplanes to import whisky for his warehouses in Luanda. The planes were first loaded at Ondangua airport, later (after a disagreement with an Oshikango warehouse owner) at Rundu airport. Reportedly, the general used military aeroplanes and imported truckloads of liquor without paying any duties or consumption taxes. The Namibian airport authorities issued clearances for landing and take-off without any questions.

14 It may be said in passing that the negotiation between different trade routes is not new in the area. In 1883, the Earl of Mayo mentioned that W. Jordan, a Boer trader at Humpata who later established Upingtonia near Grootfontein, 'found it cheaper to drag his goods in wagons from Walvisch Bay rather than to pay the excessive duties at Mossamedes'. (Earl of Mayo, 'A Journey from Mossamedes to the River Cúnene, S.W. Africa', in *Proceedings of the Royal Geographical Society, New Monthly Series*, 5, 8 (1883), p. 472.)

15 It is, of course, inconceivable that the Angolan government should be unaware of tax evasion at Katwitwi, and it seems reasonable to assume a certain degree of connivance by higher authorities. This is possible because tax income is negligible when compared with oil and diamond revenues, but the government probably has more concrete reasons, too.



To take just one example: both sides collect statistical data on imports and exports through their border posts, using the same SITC system. It would be very simple to compare the respective data to see if goods officially exported from Namibia are officially imported into Angola, too. There is no such comparison, however. While it was easy to obtain Namibian data from the Ministry of Finance and the National Planning Commission, efforts to obtain Angolan import statistics by border post proved fruitless.

This opacity and non-cooperation opens a space for creative action by traders. Whereas regimes on both sides of the border are more or less highly regulated, the transition between the two sets of regulations is not itself regulated. Both goods and people leave Namibia in a clearly defined legal state, but once they leave Namibia, this definition is no longer valid: a new status must be defined by the application of Angolan regulations. This new definition is much freer and more easily influenced by corruption or patronage. Often, goods can simply disappear from the books when crossing the border. Once they are registered as outside the country, the Namibian side is no longer interested in them; before they are officially registered in Angola, the Angolan side can simply ignore their existence.

There is, of course, a high level of completely legal trade into Angola. But the greatest profits (and thus incentives to buy in Oshikango) start where regulations can be circumvented, and Oshikango is not booming in spite of the separations between the two countries, but because of them. The town thrives because it is the point where different actors can live on their ability to influence the transition between the two countries.

## **Order and Regulation in a Boom**

The opportunities arising from Oshikango's boom draw people from near and far to try, or buy, their luck in Oshikango. From the perspective of the Namibian state, this calls for regulation and control. The resources that come together in Oshikango have to be channelled and put to use for controlled and sustainable growth. Unlike in other boom situations, economic actors in Oshikango are not opposed to regulation, even if they often try to circumvent new rules. For the more powerful actors, especially the warehouse owners, the concrete regulation on the Namibian side is less important than the business opportunities that arise from the passage between Namibian and Angolan regulations. The town's authorities are thus free to impose an official set of regulations but, in the boom situation, their capacity to regulate is always overtaken by the reality of informal actions.

In the second part of the article, I concentrate on the political aspects of the boom, and on the dynamics of opportunity and regulation. I will examine the possibilities that emerge for political actors within the town's administration, and to show how political power in Oshikango is increasingly integrated into the national political landscape.

## **Young Modernists: The Administration**

Unlike business transactions, the regulation of public life on both sides of the border still very much functions within the national context. On the Namibian side, the most important instrument of regulation has been the creation of Helao Nafidi Town and the subsequent implementation of a town administration. Prior to the establishment of the town, the area was administered by the regional government in Eenhana and land was state-owned. Access to agriculture or new homesteads was regulated by local headmen; for business purposes, no title deeds to land were available, although the regional government could issue 'PTOs' (Permissions to Occupy), that entitled the applicant to build on the ground without a transfer

of ownership. In 2003, the national government decided to turn Oshikango and the surrounding settlements into a town to encourage investors and facilitate regulation. Land within the confines of the town could now be bought and sold as freehold, even where the town itself lay within the communal areas.

The town was proclaimed and a Town Council elected in April 2004. All council members were elected on the Swapo list. For the first six months, a delegate from the Ministry of Local Government served as town clerk – or CEO, as the position is called now. In November 2004, he was replaced by the new CEO, a young man with a strong Swapo background and experience in local administrations further south. For the first two years, the town's administration occupied a shabby office in the former Traditional Authorities' Hall in Ohangwena but, in April 2006, a new building constructed by a Chinese contractor for N\$8 million was opened by President Pohamba.

The administration is strongly dominated by the personality of the new CEO. As head of the administration and ex officio member of the Town Council (although without a vote), he is the one person who really knows what is going on both on the political and on the everyday level. He is well connected in Windhoek and makes use of these connections as a resource for his work. He does not see his future in Oshikango, but wants to return to Windhoek or another town further south after the end of his five-year contract. His work for Oshikango thus serves his own career, too, and many people in Oshikango find it difficult to tell what lord he is serving most ardently.

He sees his official task as transforming Oshikango from an informal outpost in a rural setting into a modern business centre. This inevitably leads to conflict. Many of the local people living in the area since before the boom feel estranged by this transformation and by the town's rapid growth. Oshikango's tarred roads, supermarkets, billboards, formal hotels and discotheques are in sharp contrast to rural life in the surrounding areas.

Most of the town's administrators are ardent believers in modernisation. The better qualified city employees are in their late twenties or early thirties; they have lived in Windhoek for some time and are glad that Oshikango offers at least some form of 'modern' life. If they don't go to Oshakati or Windhoek, they usually spend the weekend nights in Oshikango's more expensive bars and nightclubs. In their eyes, Oshikango is destined to become a modern business centre, and the sensitivities of people who were living there before the boom cannot be allowed to matter too much. The CEO is perhaps the most outspoken proponent of this kind of 'development'. When asked, in September 2006, about the relocation of some people after their ground was sold, he told me: 'There are always people who stand in the way of development. That is hard, but that's how it is. [...] We relocate them, they are compensated, and where they used to live, 20 people find work. I do not mind if there are still homesteads in the town area. Let them stay there – as long as they replace their wooden fences with walls.' When asked why wooden fences should be replaced by concrete, he was at a loss to explain the evident. 'But – they have to adapt! We want the town to be *nice*, to be *modern*. You cannot have these wooden palisades in a nice town.'

This modernism (or rather 'modernisationism') is both a personal persuasion and an official vision. In the current Namibian context, it is highly legitimate and shared by many members of the political class. Government, media and civil society measure progress in developmentalist terms and define political legitimacy in relation to 'development', Namibian 'Vision 2030' or the Millennium Development Goals. At the same time, this vision clearly becomes a means of power and domination. It redefines political exclusion – like in the case just cited, where rich homesteads of the local elite are suddenly redefined as the slovenly remains of an agricultural era; and it can mask particularistic aims with a highly legitimate universalistic ethos.

The CEO's modernist and liberalist approach has served the town well in many areas, and his administration has been quite active in the past years. The town is prospering financially; electricity and water supply are working without problems, waste removal is efficient and well organised; the master plan that, back in 1997, had defined zones of settlement, business, accommodation and recreation, has been reformed and partly put into practice; the plots on the town lands have been newly surveyed, and property rates have been enforced. A business register is being established in order to facilitate tax and utility fees collection and give the administration a more realistic image of the town's life. International contacts to attract investors have been established – for example, a twinning agreement with a Chinese town was negotiated in 2006.

All these measures align with the developmentalist vision and, in the official perspective, Oshikango is indeed on the way to transform from a place of wild and undomesticated capitalism into an ordered space with the best prospects for sustainable growth. If we look at how these policies are put into practice in everyday life, however, the picture becomes less clear – and sociologically more interesting. The order that is established through the administration's actions is less impartial than it appears: the universalistic vision of development is cast into structures of domination which serve the individuals who are in charge of implementing it.

## Regulation in Practice

I will use the case of an aborted building project to illustrate the complexities of the setting up of a new administration in Oshikango. In May 2005, the 'Northland City' project was first presented to the public. It was conceived as a N\$300 million shopping mall near Oshikango, catering for Namibian and Angolan customers. By the time that Namibian President Hifikepunye Pohamba officially launched the project in October 2005, it had grown into a billion-dollar project, including 'a shopping complex, a five-star hotel, conference facilities, a casino, a nightclub, a golf course, heritage museum, an Olympic swimming pool, a track and soccer stadium, a wildlife park and an entertainment centre'<sup>16</sup> creating employment for about 3,500 people.

From the start, the project had considerable political support from Ovakwanyama politicians in the capital. The company's chairman was a former ambassador to South Africa and Belgium, Shapua Kaukungua; the management included the former chairman of the National Council, Kandy Nehova, and Swapo MP and Ohangwena Regional Councillor Karlous Marx Shinohamba. Minister of Broadcasting Netumbo Nandi-Ndaitwah (the daughter of a prominent Anglican catechist from Odibo, 5 km from the planned development) served as the official patron of the project. The man behind the scheme, who had recruited these respected and well-connected political supporters, was Tony Mbok, a Cameroonian citizen and businessman who had been living and working in Namibia for many years.<sup>17</sup> From the start, the financial basis of the project seems to have been as shallow as its scale was grandiose, but Mbok succeeded in getting support from some major Namibian companies.

<sup>16</sup> *Namibian*, 21 October 2005.

<sup>17</sup> Mbok's business ventures as reported by the Namibian press have included: organising a charity dinner in 2003 – organised without the prior knowledge of the prospective beneficiaries, who were later informed that the event was unsuccessful and overheads exceeded the money raised (*Namibian Economist*, 2 April 2004); starting a financing company that illegally put up shares for sale before being registered; and the 'Dignity Housing Initiative' that ceased payments after collecting deposits from poor Windhoek residents looking for affordable housing – another business involving Pam Golding Properties (*Namibian*, 16 April 2007, 5 June 2007, 7 April 2008, 4 August 2008). He bought a plot in an affluent area from the City of Windhoek in 2005, but never paid for it, so that his ownership was cancelled in April 2007 (*Namibian*, 30 April 2007).

The parastatal RCC (Roads Contractors Company) headed by Kaukungua's nephew Kelly Nghixulifwa<sup>18</sup> was contracted to build the complex; Pam Golding Properties was responsible for marketing the built space; Nedbank, First National Bank and the Development Bank of Namibia were to finance the project.

In spite of the standing of these partners, the idea of building an 18-hole golf course and a waterfront in Oshikango was shady from the start. A building contractor close to the RCC told me in 2006 that no private company in Namibia would ever touch the project – industry was convinced the company would not be able to pay any bills. Some Town Council members in Oshikango expressed similar opinions, but in the media and among the public there was surprisingly little controversy around the project.

Once again, the developmentalist rhetoric lent legitimacy to a project that would otherwise have been inexplicable. On the part of the political supporters, some of whom invested their own money in the project, there was a belief in big development and so they bought into the Vision 2030 rhetoric. They were proud to be part of a project that brought 'a second Sun City' to their rural homeland, proving that northern Namibia could be part of modernity even in its most advanced aspect of consumption.

In Oshikango, the CEO managed to present the project as a major opportunity for the town, while the political stature of the project's proponents impressed everybody.<sup>19</sup> The Town Council granted a large piece of prime land for Northland City for free and apparently without any conditions attached.<sup>20</sup> On that land, adjacent to the new Town Council building, a signboard announcing the project was put up. Under the heading 'Northland City, Helao Nafidi, Ohangwena', it showed a rather vague architectural sketch and advertised 'The largest shopping complex ever built in Namibia – Coming soon – 1000 shops and offices!' A bubble in the left-hand corner aptly, and without a hint of irony, summarised the spirit of the project: 'This is what we fought for! Enjoy!!!' Thus, a shopping complex that symbolised the possibility of participating in the global consumption activities of the former colonisers came to be represented as the ultimate embodiment of liberation (see Figure 3).

The peasants living on the land given to Northland by the Town Council did not share that enthusiasm, however. They had been informed in June 2005 that they would have to leave, and that an assessment of their immovable property would establish the appropriate level of compensation. A regional government official drew up an inventory, but the villagers were neither informed about the outcome nor the intended procedures. In May 2006, they appealed to the Legal Assistance Centre in Windhoek, who took up their claims with the Town Council.

In the meantime, personal problems and quarrels over the company's strategy led to the management of Northland City being completely reshuffled. Importantly, Mbok, the main shareholder,<sup>21</sup> had realised that the political board members had slowly become a liability for

18 Nghixulifwa resigned from his post in January 2007 after being suspended by the RCC for alleged irregularities in another big RCC project (the B1 motor city near Windhoek) that failed to materialise.

19 Tony Mbok himself claimed that he paid for the wedding and a honeymoon trip of the CEO, who allegedly approached him later for a credit. It is not clear what the full facts of the matter are.

20 It seems that, when Tony Mbok withdrew from the company in 2006, the title deeds remained with him; one of the town councillors told me that they were unable to revoke the deed for lack of the promised development.

21 Sources varied as to the amount of money put into the company. Mbok invested N\$1.5 million, money that apparently came from his mother's company; Robert I. Kennedy promised N\$40 million, but apparently withdrew before paying; Kandy Nehova contributed N\$400,000 and Shapua Kaukungua N\$20,000. The shareholding structure differed from the investment, however, with Kaukungua and Nehova each holding 5 per cent, Kennedy 9 per cent and Mbok 10 per cent in his personal capacity and 45 per cent through various companies.

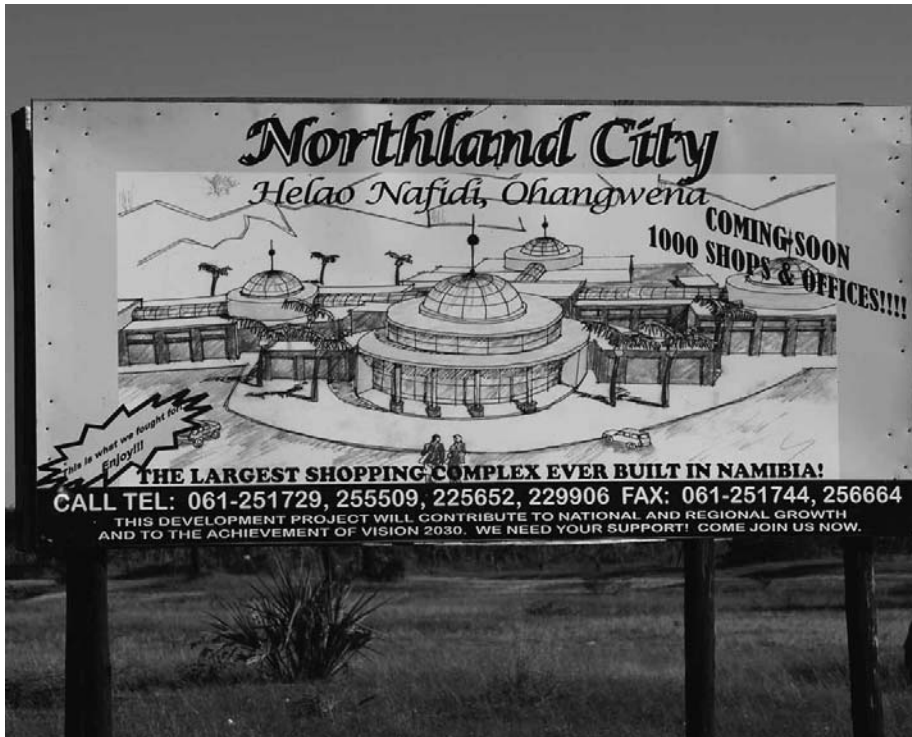


Figure 3. Signboard near Oshikango, September 2006.

him achieving his aims. Since the presidential nomination process in 2004, Swapo was deeply divided between competing factions.<sup>22</sup> Kaukungua, Nehova and Shinohamba emerged as supporters of the leader of the anti-Nujoma faction within Swapo. Three weeks prior to his sacking as Northland manager, Shapua Kaukungua's election as Swapo district co-ordinator for Windhoek East was voided by Swapo regional coordinator Michael Mwinga, a sign of unpopularity with Nujoma that was surely not overlooked by Mbok.<sup>23</sup> When a new opposition party, the Rally for Democracy and Progress, was formed in late 2007, Kaukungua, Nehova and Shinohamba were among the first to leave Swapo to join it.

The new management of Northland City after the reshuffling consisted of Mbok, the American Robert I. Kennedy, one Gerry P. Lynch and South African military captain Sunesh Indur. In August 2006, Mbok finally sold his 60 per cent share in the project for N\$5 million to PNL Business Solutions, a company headed by Windhoek magistrate Peter Kavaongelwa.<sup>24</sup> Unfortunately, Kavaongelwa's initial cheque of N\$500,000 bounced, putting a stop to the development.

This failed business venture shows how the boom in this Oshikango, and its regulation, was integrated into the Namibian political landscape. I have argued earlier that Oshikango's

22 See G. Dobler, 'Les élections en Namibie de Novembre 2004', *Politique Africaine*, 98 (2008), pp. 166–79.

23 For further details, see the article by Michaela Huebschle and Shapua Kaukungua in the *Namibian*, 9 February 2007.

24 Kavaongelwa is the head of the Katutura Magistrates' Court and former Secretary for Labour and Economic Affairs in the Swapo Youth League. He failed to obtain the necessary permission for his business venture from the Magistrates' Commission, claiming that he did not know it was necessary (*Namibian Economist*, 25 August 2006).



boom depended on the boundary between two sets of national regulations. In spite of this, in the early years of the boom, the town's development was relatively independent from political connections at a national level. In the Northland City project, however, and despite its failure, a deeper integration into the national political landscape becomes visible. Before 2004, the absence of regulation implied an absence of political influence. Most business ventures were driven by energetic pioneers directly involved in the running of their companies. 'Formerly advantaged persons' prevailed;<sup>25</sup> the Namibians were soon joined by South Africans, often of Asian descent. For their businesses, political protection on a national level did not matter much. Good relations to local customs officers, receivers of revenue and the clerks in the Regional Council's office were more important. The boom town was a world of its own, de-linked from mainstream political culture in Namibia. Business interests were independent of, and prevailed over, politics.

After Oshikango became a town, and the town's administration imposed itself as the regulating power, politics and political connections became more important. It is impossible to be a member of the Town Council, or to get an important job in the town's administration, without a good record within Swapo. The town's CEO needs access to ministry officials in Windhoek, who almost exclusively are Swapo members – state structures and party structures are inseparable from each other, and both intertwine with friendships and enmities from the struggle years. The CEO needs access to investors from Windhoek who more often than not are linked to national politics. As a consequence, politics at the town level are highly affected by national politics. Factions and conflicts of allegiance within Swapo often find an outlet on the local level, while local animosities inform political patronage in Windhoek.

In turn, every new investor in Oshikango depends on the local regulatory body. When somebody wants to establish and run a new business in Oshikango, the administration can decide to become involved in many stages. The most important step is to get access to a piece of land, and the authorisation to construct a building on it. Prices paid for urban land is, as a rule, much lower than prices on the free market, and large profits can be made by reselling land after some time. As a consequence, the demand for urban land is very high, and the process of land attribution is highly selective. Prospective investors often complain about its arbitrariness and lack of transparency. At a later stage in setting up a company, electricity and water supply, waste removal, small alterations in the buildings and so on are all possible areas for administrative action and for regulation. At each of these points, the administration can choose whether to apply a rule or to ignore it.

In 2004, to illustrate the point with an everyday example, one of the warehouse managers in Oshikango put up a signboard advertising his shop, attached to a metal frame and anchored in concrete foundations. He did not apply for permission to erect it on ground that was then reserved for a pedestrian walkway. While I was sitting in his office, the town's CEO phoned the company's manager and made his position of authority very clear: with quotations from the relevant regulations, he informed the manager that he was liable for a fine for having put up the billboard without prior authorisation. He added that the manager would have to have the structure removed within 24 hours or risk both a larger fine and a six months prison term. After the long phone call, he explained to me that 'those people' thought the town belonged to them because nobody had ever contradicted them. 'He even asked if we could arrange this somehow. Those people think I am not doing my job, but they will be surprised. The town is just a business like any other, but we are functioning according to certain rules, and it is my job to see that those rules are observed.'

25 The only exception to that rule was Frans Indongo – if it is possible to include a black millionaire who was very well connected even before independence and served as minister of economic affairs in the pre-independence Ovamboland government in the category of 'disadvantaged'.

In 2008, the signboard was still standing at the roadside, although slightly faded, and attempts to find out whether it was now legally sanctioned proved futile. It is possible that the company paid a fine and obtained authorisation for the signboard; it is possible that after the first phone call, the administration simply did not care enough to pursue the matter; and it is also possible that some more private arrangement was made and that the phone call was a performance put on for my benefit and that at the same time served to increase leverage on the company.

This minor example illustrates the local authority's potential for using state regulations for private means. The administration in Oshikango had to start from scratch only a few years ago. With its limited resources, it has to confront an almost infinite choice of areas to regulate. As long as the town is seen to be doing something, nobody can blame the administration for not doing everything at once. This situation is perpetuated by the rapid changes in a boom town; it creates the possibility to combine bureaucratic domination with a higher degree of arbitrariness than would be possible in other settings. In a perfectly bureaucratic administration in the Weberian sense, the administration's scope would be limited to applying the existing regulations.<sup>26</sup> Oshikango in the boom situation is far from being perfectly bureaucratic. Even the highest-minded administration would have to set priorities, regulating certain areas and neglecting others. So while the town's administration may not be able to openly act against national law, it is relatively free not to enforce an existing regulation. This gives important additional power to the few people who run the administration. Without precedents, they can set standards and create facts by regulating certain aspects of public life and disregarding others, and thus create a public order that will frame future decisions: situational power is transformed into structural domination.<sup>27</sup>

The hidden arbitrariness of the administration's decisions increases the importance of an accompanying discourse on development and transparency, which can serve publicly to justify the administration's choices and is a further link between the local and the national level. Without the rhetoric of development and modernity surrounding it, Northland City would surely have drawn greater public criticism from the start. Yet this is not to imply that those involved used such concepts cynically; Northland City was more than an attempt by politicians to benefit economically from political connections. The national politicians involved in the project believed in its feasibility and its prospects for success. They shared the modernist vision of big development and the dream of participating in development through consumption, and they lost real money when the project failed.

## Conclusion

Oshikango is both the youngest and the most dynamic boom town in northern Namibia. Unlike the cases of Katima Mulilo or Rundu, the other major towns along Namibia's northern border, its development was not triggered from above, by political intervention and planning, but from below, through economic opportunity. In the first part of this article, I have traced the conditions of Oshikango's economic boom. The town's position on the border is, of course, crucial, making Oshikango easily accessible from both sides. If it depended only

26 M. Weber, *Wirtschaft und Gesellschaft* (Tübingen, J.C.B. Mohr, Fifth Edition, 1976), pp. 122–30; 541–79. In Weber's famous (and ironic) formulation (p. 565), the ideal administrator, like the ideal judge, would be an automat that generates sentences after being fed the facts.

27 For a seminal theoretical perspective on the institutionalisation of power, see H. Popitz, *Phänomene der Macht* (Tübingen, J.C.B. Mohr, 1992), pp. 232–60. Popitz identifies the de-personalisation of power, its formalisation and its integration into predominant systems of order as the most important mechanisms of the institutionalisation of domination. All three play a major role for the regulation on the town level. De-personalisation might always be a smokescreen for personal power, but it adds an important resource of legitimacy to that power.

on geography, however, the town would scarcely be more than a border stop on a highway today. The real driving force behind the boom is the separation of the administrative systems and social and economic networks that define trade into Oshikango – on the Namibian side – and out of Oshikango – on the Angolan side. The national regulatory frameworks of both countries make it necessary to de-register goods and persons in one country and to register them in the other. In other border posts – between Namibia and South Africa, for example – this is usually done by paperwork alone, without offloading or repacking the goods. Namibian and Angolan economic networks, however, are still very much separate, and business rules are perceived to be very different on both sides. Integrated trade networks lead from Mumbai, Shanghai or Glasgow to Oshikango, but the transit into Angola is assured by different, Angolan trade networks. So Oshikango is the transit point between two countries, two sets of regulations and two business spheres, a combination that has turned the town into one of the region's most important trade *entrepôts*.

State regulation has thus only played a passive role in the boom. It has unwittingly provided its structural conditions, but it has not initially influenced its emergence through political intervention. Very soon after the boom started, however, state institutions have tried to appropriate, advance and regulate it. The most important early interventions were the drawing of an urbanisation plan in 1996 and the donor-financed establishment of an Export Processing Zone and an EPZ park in 1999. Local regulation only gained real momentum with the installation of Helao Nafidi Town in 2004, however.

The appropriation of the economic boom by the local administration has been at the centre of the second part of this article. The state's institutions have tried to channel Oshikango's development and to impose a set of regulations to transform the boom situation into a situation of 'normal', controllable growth. In the actions of local administrators, these official goals intertwine with more personal objectives, and the official role as a state representative is often used as a resource for unofficial actions. I have attempted to describe how this double face of administrative actions is typical of the relationship between state power and individual interests within the Namibian administration.

In the literature on African states, the appropriation of the state apparatus by individual interests is often seen as a sign of weak institutionalisation of bureaucratic domination. There are two main variants of this: in the more conventional political science literature on failing states, the state's institutional interests and the interests of individual actors are seen as opposing and mutually exclusive. In the alternative framework of neopatrimonialism, bureaucratic institutions are described as no more than an empty shell providing selfish actors with legitimacy and access to resources.

The Oshikango case does not fit either of these models. There is a large scope for selfish actions by local officials. The source of their power, however, lies in their relation to the state and their backing by official structures. In order to act selfishly, they have to pretend that they are acting in the state's interest, and to stick to the rules of bureaucratic domination. In doing so, they reinforce the expectation that state institutions will act according to these rules.

So the state in Oshikango, as in many other small Namibian towns, is neither a 'shadow state'<sup>28</sup> nor a mere neo-patrimonial access point to resources. It regulates public life in the town with increasing effectiveness, and the source of this effectiveness is a specific combination of administrative self-interest and state capacity. The new bureaucratic elite are transforming political connections and administrative power into business benefits. State domination is their power base, and the more they increase the state's reach, the more stable this power base becomes. So their interest in expanding the state's reach is both concrete and

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28 W. Reno, *Corruption and State Politics in Sierra Leone* (Cambridge, Cambridge University Press, 1996).

tangible; at the same time, it is complemented by a modernist vision of development that favours bureaucratic, formalised solutions and sees the state as an important factor for channelling economic change. They clearly realise that they can only thrive as long as the town thrives. If they make the impression of either being incapable or of being too greedy, they risk losing their office and with it their access to resources.

In such an environment, state domination is not – according to Bayart’s famous image – a rhizome that can shoot up at unexpected places.<sup>29</sup> Rather, state domination is openly present, and the hidden rhizomes that can take root under the ground are private interests. As long as private interests remain hidden, the new generation of local administrators in Namibia will find more opportunities for private benefit by increasing the state’s reach.

Administration in Oshikango has been successful in providing public goods. By doing their job, administrators can stay in power, can advance their careers, and can create new opportunities for making exceptions. These exceptions from the rules come with a higher price tag for the beneficiary (in cash, kind, or favours) if the rules are firmly established. In Oshikango, and in some other middle range Namibian towns, the state is most efficiently appropriated by selectively enforcing its rules.

Two structural conditions provide administrators with the necessary incentives for this behaviour. First, Namibian media, civil society and, importantly, the judiciary are very sensitive about corruption and the misuse of office, making it necessary for officials at least to appear to maintain standards of good conduct. Secondly, in Oshikango – as in Katima Mulilo, Rundu, Walvis Bay or Windhoek – the resource base of state power lies in productive economic activity, not in rental income. Where there is real economic activity to regulate, state administration cannot become too oppressive without destroying its own ability to provide public goods and to channel access to patronage. So while the boom situation on the border of two countries makes regulation difficult by accelerating economic change, the economic opportunities behind the town’s boom have, by linking scope for selfish actions to the rules of state bureaucracy, also enhanced the development of an efficient administration in the town. In Oshikango, there is much economic activity outside the state’s sphere of regulation – and that may make all the difference for state regulation.

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29 J.-F. Bayart, *L'Etat en Afrique: La Politique du Ventre* (Paris, Fayard, 1989).