SPOTLIGHT ON
MANUFACTURING
IN NAMIBIA

American investors pursue Namibia opportunities
Accelerating local value addition for growth
Port Authority targets SADC market share
Guide to setting up & doing business in Namibia

Letshego Bank listing creates opportunities for Namibians
A Manufacturing Basket filled with Opportunities...

With easy market access to the lucrative southern African market close to 300 million consumer in 15 countries, Namibia is strategically located as the logistical hub of choice for trade between Africa and the rest of the world.

Come and invest in a country endowed with abundant and striking investment opportunities. Contact us today for a tailored FDI solution. Namibia, a gem worth investing in...

Telephone: +264 61 283 7331 | Facsimile: +264 61 220278
Email: jario@mti.gov.na, mboti@mti.gov.na or nchindo@mti.gov.na
Contents

Foreword .......................................................... 4
Introduction .................................................................. 5
American businesses pursue Namibia business opportunities ............................................. 6-7
Minister highlights Energy Sector investment opportunities .............................................. 8-9
Brexit presents new opportunities for Africa, UK relationship ........................................... 10-11
Cover Story: Namibia Manufacturing Sector Overview .................................................. 13-15
Chamber of Commerce wants accelerated local value addition .......................................... 16-17
MTEF presents investor opportunities in infrastructure development .............................. 18-19
Letshego Bank listing creates more opportunities for Namibians ................................ 20-21
Namibia Ports Authority targets SADC market share ....................................................... 22-23
NAMCOR sets sights on becoming world class petroleum entity ........................................ 24-25
Social Security picks Fund Managers for N$2, 5 billion assets ........................................ 26
Business Financial Solution targets regional expansion .................................................. 27
Your one-stop gateway to doing business in Namibia ......................................................... 28-29
Demystifying Recession: Namibia’s economic performance ............................................. 30-31
Government to speed up availing land for business ......................................................... 33
Guide on registering and starting a business in Namibia .................................................. 34-35
Development Bank resumes funding for SMEs ................................................................. 36
Special incentives for manufacturers and exporters ......................................................... 37
The Ministry of Industrialisation, Trade and SME Development continues to strongly build on its endeavours to promote trade and investment in Namibia. As part of these efforts, the MITSMED, through the Namibia Investment Centre, is proud to launch this new publication called *Invest Namibia Journal* (INJ).

The INJ will be a bi-monthly publication and will serve as a promotional tool for Namibia to highlight, amongst others, the country’s promising investment opportunities, general information on doing business and investing in the country, in-depth research-oriented content and data analysis. The journal will also feature some business success stories to showcase the vast business investment opportunities available in Namibia.

The INJ will be distributed locally and globally through Diplomatic Missions in Namibia and abroad. The Publication will also serve as a promotional tool at investment, fairs, seminars, forums and other suitable platforms to strengthen the brand and provide information on economic development to investors.

I invite you to join us in making this publication a huge success in order to enable us to promote trade and investment in Namibia. As it is, Namibia has a competitive advantage of being one of the most attractive destinations for investors because it offers stability, social justice, a government focused on good governance and transparency, gender equality, respect for the environment, improved quality of life, and one of the most beautiful landscapes and unspoiled coastlines in the world. We need to take this message to potential investors all over the world.

Our President, H.E. Dr Hage Geingob has personally extended his invitation to business leaders and investors from outside Namibia to come explore the opportunities that the country has to offer. This is part of the Government’s desire to diversify the economy and achieve greater inclusive growth as captured in the Harambee Prosperity Plan.

Namibia is indeed open for business and we believe that through the various investment promotion initiatives that the Government is currently championing, which includes the establishment of this journal, we will successfully win in our journey of showcasing our country to prospective investors.

Enjoy this inaugural edition of *Invest Namibia Journal* and be on the lookout for the subsequent editions.

*Immanuel Ngatjizeko*
Minister
Ministry of Industrialisation, Trade and SME Development

---

**Immanuel Ngatjizeko**  
Minister  
Ministry of Industrialisation, Trade and SME Development
A s part of our continued efforts to promote trade and investment, the Invest Namibia Journal was born. This Journal, necessitated by efforts to broaden our marketing campaign, will serve as an avenue through which Namibia as a country will highlight its investment potential to the region and world.

We believe the opportunity provided by the Journal will serve to channel first-hand promising investment opportunities that Namibia has to offer to both domestic and international investors. It will further provide information on the investment climate, regulatory framework and legislation, incentives as well as various positive attributes the country possesses as a gem worth investing in.

The Journal is inclusive of all key stakeholders than direct advertising. It will allow Ministries, Agencies and the private sector to collaborate, share and advertise their goods and services to the nation, region and world at large. Therefore the Journal brings forth benefits such as:

- A platform to share and promote Namibia as an investment location
- Share and promote investment opportunities in different sectors
- Share and promote private and public sector projects ready for investment
- Share information on the business environment in Namibia
- Share regulations and reforms that aid doing business in Namibia
- Showcase new economic developments and success stories of our country.

The publication aims to complement existing investment promotion efforts by the Namibian Government. As you are aware, Foreign Direct Investment (FDI) forms a key component of economic development, and the enabling environment put in place by the Government bears testimony to the value placed on investment generation aimed at building mutually beneficial partnerships with investors.

We therefore welcome this initiative that will enhance our collective efforts to drive investment, as an e-magazine with a global reach and aid to position Namibia as an investment location of choice thereby placing it on the investor's radar. We are further cognizant of the important role domestic investor's play in the Namibian economy, and the publication would respond to encourage domestic investment and highlight the spinoffs thereof. With numerous investment opportunities on offer, projects from various regions would also have a platform for marketing and further highlight the diversity of the 14 regions in our efforts to spread inclusive investments to all parts of the country so that no one is left out.

You might be aware that we are guided by our National Development plans such as the Vision 2030, National Development Plans (NDP5) and Harambee Prosperity Plan which have identified certain sectors to focus on for investment promotion and development to industrialise our country, therefore our Journal although not limited will be focused and targeted on sectors such as: Manufacturing, Agriculture, Logistics, Fisheries, Mining and Energy, Housing and Tourism as well as Services. Hence, we have dedicated the theme of this 1st edition to focus on the Manufacturing sector.

Our distribution will be focused to covering the whole country were copies of the Journal can be found at the MITSMED regional offices, Regional Councils and Municipalities. Internationally the Journal will be available via our Embassies, High Commissions and Commercial Councilors offices in the respective countries. It will also be available online on our website: www.mti.gov.na

Gabriel P. Sinimbo
Permanent Secretary
Ministry of Industrialisation, Trade and SME Development

Gabriel P. Sinimbo
Permanent Secretary
Ministry of Industrialisation, Trade and SME Development

Gabriel P. Sinimbo
Permanent Secretary
Ministry of Industrialisation, Trade and SME Development
American Businesses Heed President’s Call, Pursue Trade and Investment Opportunities

A multi-sectoral business delegation from the United States of America visited Namibia from October 23 to 27, 2017 to explore and follow up on possible business opportunities in the country.

During President Hage Geingob’s visit to New York from September 18 to 26, 2017, where he addressed the Invest in Namibia Seminar on the sidelines of the United Nations General Assembly, the head of state reiterated that investment opportunities in Namibia were compelling. “We are open for welcoming a family of investors and visitors who embrace our values and wish to become part of our growing success story,” he said.

Facilitated by the Namibian Embassy in Washington D.C. and the Ministry of Industrialisation, Trade and SME Development, the visit by the American business delegation was a direct response to President Geingob’s consistent calls for the American business community and other investors to explore trade and investment opportunities in Namibia.

Tangible Results

Ambassador Martin Andjaba, who led the delegation to Namibia, said the aim was to see tangible results where the American businesses entered into business partnerships with Namibians.

Trade Minister Immanuel Ngatjizeko said Namibia was an ideal investment destination and encouraged the American businesses to explore the diverse opportunities existing in Namibia.

“Great potential for investment exists in the manufacturing, agro-processing, energy, logistics and tourism sectors. Additionally, Namibia has great potential to utilise solar, wind, and biomass power alongside traditional methods of energy generation,” stated Minister Ngatjizeko.

The 23-member American business delegation that visited Namibia represented interests in the areas of Agribusiness, Infrastructure, Mining, Oil and Gas Exploration, Renewable Energy, Manufacturing, Hospitality, Telecommunications, Health and Medical Services, Fishing and Construction.

Namibia is the only country in Africa that is allowed to export beef to the United States.
Although Namibia became eligible to export beef to the U.S. in July last year, it hasn’t done so yet as there are still logistical issues to be finalised. Under the agreement, Namibia will only be able to export boneless raw beef cuts to the U.S.

Ms Susan Backus, Vice President of Regulatory and Scientific Programmes at the North American Meat Institute and Meat Import Council of America was in Namibia to meet representatives of Meatco and Meat Board of Namibia to iron out the logistics of exporting meat to the U.S.

HIGH STANDARDS

Backus, who toured a Meatco feedlot, was impressed by the high standards of meat processing in Namibia and was confident that Namibian beef would soon be available to American consumers.

“Namibia already exports meat to the European Union and EU standards as very high. There will however be need to increase capacity of meat processing in order to be able to meet the American demand. We are ready to assist in that regard. We have established contact with Meatco and other companies involved in meat export. There is definitely opportunity for business on both sides,” she said in an interview with Invest Namibia Journal.

Mr Audley ‘Kano’ Smith, Namibia’s Honorary Consul to the State of Michigan, who also represented investor interests in the areas of Renewable Energy, Infrastructure Development, Education, Emerging Technologies, Mining and Oil/Gas upstream exploration, told the Journal that Namibia needs to promote investment in the country not in isolation but as regional (SADC) market.

“Namibia has access to a big regional market. Good rail, road and port infrastructure that Namibia has makes it easy to have this view realised,” he said.

TAX CONCESSIONS

Smith said he was pushing American investments mostly in the area of manufacturing and commend the country for moving in the right direction as far as taxation was concerned and said tax concessions will make the country an attractive investment destination.

Mr Jean-Marie Coulbary, President of United World Holdings (UWH), an American business conglomerate, demonstrated the company’s commitment to invest in Namibia by opening an office in Windhoek. UWH has interests in Agriculture, Renewable Energy, Mining, Urban Services, Diamond Cutting & Polishing and Construction of low-cost housing. UWH plans to build a test low-cost house in Windhoek to serve as a demonstration unit for houses the company plans to build in Namibia to be sold at about US$20 000 (less than N$300 000 per unit).

“Great potential for investment exists in the manufacturing, agro-processing, energy, logistics and tourism sectors. Additionally, Namibia has great potential to utilise solar, wind, and biomass power alongside traditional methods of energy generation,” - Minister Ngatjizeko
Namibia’s Electricity Supply Industry offers an attractive investment climate, backed by a politically stable environment, clear defined energy policies, highly competitive regulatory regime offering cost reflective tariffs and other essential regulatory oversight services. This statement was contained in Mines and Energy Minister Obeth Mbuipaha Kandjoze’s appeal for investment in the local energy sector during the 2016 Invest in Namibia Conference which drew nearly 1,800 participants. Presenting opportunities for investment in Namibia’s energy sector, Minister Kandjoze highlighted the diversification drive, as guided by

“Namibia needs considerable investments in the indigenous sources to reduce exposure,”

- Obeth Kandjoze
the National Integrated Resource Plan (NIRP), was open for investment in the renewable energy sector, in transmission projects as per NamPower Transmission Master Plan, distribution projects as identified by the Regional Electricity Distributors (REDs), as well as in off-grid electrification projects and grid electrification projects as proposed by the Regional Electricity Distributors (REDs).

Namibia currently imports up to 60% of its electricity from neighbouring countries. The national electrification rate stands at around 34%, which means that some two-thirds of the population still does not enjoy access to electricity.

The Harambee Prosperity Plan as outlined by the President, Dr Hage Geingob, has set the following goals and desired outcomes with regard to electricity supply:

i) *Increase in local electricity generating capacity from 400 MW to 600 MW;*

ii) *Provision of electricity to all schools and health facilities by 2020; and*

iii) *Increase in the rural electrification rate from 34 percent to 50 percent by 2020.*

Namibia enjoys one of the highest solar irradiation levels in the world and is thus a natural destination of choice for renewable energy projects, particularly solar photovoltaic, concentrated solar power (CSP) and solar thermal. Other significant primary energy resources include good wind regimes prevalent at the coastal areas, Natural Gas, Geothermal, Wave, Tidal and Uranium.

Minister Kandjoze maintains that it was crucial for Namibia to attract investment in power generation projects as government alone cannot shoulder the immense investment requirements necessary to ensure that the security of electricity supply can be met.

He said perpetual reliance on energy imports was not a sustainable option for Namibia as any interruption in the supply would have a serious negative impact on the national development aspirations. “Namibia needs considerable investments in the indigenous sources to reduce exposure,” said the Energy Minister.

Kandjoze said the private sector has a definite role to play, not only for the sake of investments, but also to introduce new expertise and technologies, and, very importantly, to contribute to the government’s development efforts. The Minister told the Invest in Namibia Conference that government was open to engage investors and development partners to mobilise resources in financing projects in the energy sector, which sector is a vital engine for economic growth.

“The Ministry of Mines and Energy is committed to align the policies and legislations to address the current challenges in the energy sector and to increase the amount of locally generated electricity with focus on base load and mid merit plants. I urge the investors to get into contact with the Ministry, the Electricity Control Board, NamPower, Namcor and other agencies for detailed information on specific projects,” he said.

All efforts, the Energy Minister said, were being made to ensure security of supply and to improve electricity access, while at the same time addressing issues of affordability. “These efforts are meant to compliment the initiatives as articulated in the Harambee Prosperity Plan for the energy sector,” he said.

Economic Planning Minister Tom Alweendo, in his presentation at the conference, on targeted investment projects, also pushed the case for investment in renewable energy. He said the increase in the demand for electricity had resulted in a deficit for Namibia and the need to import energy from neighbouring countries. To beat this trend which did not augur well for security of energy supply, Alweendo proposed that focus should be placed on exploiting the country’s abundant renewable energy sources.
President Hage Geingob says while many have viewed Brexit with regret and trepidation, it presents an opportunity for the United Kingdom and Africa to reshape the longstanding and historic relationship.

Brexit is a popular term that refers to the prospective withdrawal of the United Kingdom from the European Union.

“So rather than be pessimistic about Brexit, we are optimistic, and see Brexit as an opportunity for the proliferation of enhanced and mutually beneficial partnerships between the UK and African States,” the Namibian head of state said when he addressed the Burj CEO Summit in the Houses of Parliament in London on October 10, 2017.

Quoting former United Kingdom Prime Minister Winston Churchill’s famous words that, “The pessimist sees difficulty in every opportunity. The optimist sees the opportunity in every difficulty”, President Geingob said Africa was on the march and presented partners such as the United Kingdom with new opportunities of engagement.

“We have entered into Economic Partnership Agreements (EPAs) with the EU but Brexit offers an opportunity for us to engage in bilateral negotiations with the UK regarding trade opportunities. While Brexit looks like a closing door to Europe, we must view it as an open door for Africa. Africa is here, it is on the march and ready to do business with a post Brexit UK,” said Geingob.

He said besides being a natural and mineral resource rich continent, Africa is also human capital rich, having the fastest growing youth population in the world. Given the adaptability of the youth when it comes to technology, this phenomenon represents perfect opportunities for investments in areas such as innovation, research and development and technology.

Geingob said Africa was no longer a continent characterized by coups and one-party states, but instead was witnessing the rise and spread of multi-party electoral democracy. “We have taken matters of peace, security and the rule of law into our own hands. Those who come into power through unlawful means are ostracised,” said the Namibian leader.

African countries have put in place robust governance architectures and macro-economic fundamentals.

Giving the Burj CEO Summit a brief background on Namibia’s governance architecture, Geingob said regular free and fair elections have become the norm, rather than the exception in the country which has already had six such elections within 26 years. In addition, Namibia has seen smooth transition of power between Presidents, enjoys the freest press on the African continent and ranks 17thin the world in terms of press freedom according to Reporters without Borders.

The Namibian leader said his government however still had a lot to do to address the skewed economy, with high income inequality, which it inherited at independence in 1990. He lamented the World Bank rating of the country as ‘Higher Middle Income’ based on GDP per capita which he said was deceptive and
did not reveal the reality on the ground. Due to this unfair rating, Namibia has been denied grants and soft loans.

“Namibia is rich but Namibians are poor,” said Geingob referring to the skewed distribution of the country’s resources.

**INVESTMENT PRIORITY AREAS**

In an effort to address the skewed distribution of wealth and create opportunities for Namibians, the country offers an environment that is conducive for investment. Namibia has an available trainable workforce, world class amenities and abundant mineral and natural resources.

Geingob told the Burj CEO Summit that priority areas for investment in Namibia include Manufacturing (value addition), Energy – Namibia’s energy mix presents opportunity for investment in renewable energy (wind, solar, ocean, hydro, biomass etc.), Tourism Sector, Logistics Hub – Service Industries for the SADC Region, Mass Housing projects to mitigate the housing deficit and Infrastructure Development – feeder roads and upgrade of railway network system.
Namcor, in conjunction with SASOL Oil Limited have developed a world class range of lubricants, coolants and greases specifically for Namibia’s harsh environmental conditions. Whether you are operating in the mining, construction, marine, agriculture or automotive sectors we have a solution for you. Call us today and we will develop a tailored solution to meet your needs.

MADE FOR NAMIBIA
Namibia needs a thriving manufacturing sector to realise the ultimate goals of Vision 2030 and the Harambee Prosperity Plan (HPP). A booming manufacturing sector is a prerequisite for Namibia’s full economic transformation from a traditional to a modern economy.

It serves as a catalyst for ensuring the economy is transformed fully into one that will harnesses the country’s factor endowment. Once transformed, the economy will rely less on the supply of raw materials and finished goods from external sources as is currently the case. The reliance on the primary sector and exports of raw materials makes Namibia vulnerable to external shocks. Most of the natural resources leave the country in raw form for final processing outside the country, thereby creating employment opportunities in other countries.

The argument that the fastest trend through which a nation can achieve sustainable economic growth and development is neither by the level of its endowed material resources, nor that of its vast human resources, but technological innovation, enterprise development and industrial capacity holds true. In a world where the manufacturing sector is regarded as a basis for determining a nation’s economic efficiency, manufacturing is the only sector that has the capacity efficient enough to put the country back on the path of recovery and growth especially at a time of a recession.

In the light of the above, there cannot be another appropriate time to evaluate the role of the Namibian manufacturing sector in the economic growth and the development of the country than now. The broad objective of this article is to therefore appraise the performance of Namibia’s manufacturing sector and to discuss the importance of this sector to the broad economy.

OVERVIEW OF MANUFACTURING SECTOR

The Namibian manufacturing sector is relatively small and is largely based on its resource endowment that it exports mostly in raw form. The main manufacturing activities are light industry-based and directly link with the country’s agricultural sector as well as mining and quarrying.

Manufacturing activities include food, beverages, textiles, wood and wood products, paper and paper products, chemicals and chemical products, non-metallic products, machinery and equipment. Since independence in 1990, fisheries have become increasingly important to the economy of Namibia and mining...
remains the backbone of the economy. Despite tremendous efforts by Government over the past decade to transform the economy, the degree of the required diversification and value addition necessary to provide long lasting and sustainable growth is yet to be achieved. This is predominantly because of the country’s small manufacturing base.

The manufacturing sector, accounting for about 11% of GDP, recorded an annual growth of 3.4% in 2016. The on-shore fish processing sector recorded a growth of 7.7% in 2016 compared to 2.3% in 2015. The meat processing slightly recovered from a contraction of 3.0% in 2015 to contraction of 2.1% in 2016. Other food products recorded growth of 4.0% in 2016, however an impressive growth was recorded in diamond processing that recorded a growth of 65.9% in 2016.

**CRITICAL TO ECONOMY**

**Largest multiplier.** Manufacturing has the largest multiplier effect of all sectors of the economy. Because manufacturing has so many substantial links with many other sectors throughout the economy, its output stimulates more economic activity across society than any other sector.

**Productivity powerhouse.** A country’s ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker. If properly supported, manufacturing productivity can outpace productivity growth in other sectors of the economy. Given that productivity growth is the single most crucial factor affecting people’s economic well-being, it is perhaps the single most important determinant of average living standards.

**Job creation.** This might be the most important benefit of manufacturing in Namibia as it is well aligned with the Harambee Prosperity Plan. With vast youth unemployment in the country, manufacturing is one of the few sectors, next to agriculture, that can create a significant amount of jobs for the currently unemployed. In fact, Government is planning through the HPP to create a minimum 5,000 new jobs in the manufacturing sector during the Harambee period. According to the 2016 Labor Force Survey, manufacturing employed 44,419 people, equivalent of 6.6% of total employment. Standing at N$5,506 per month, jobs in the manufacturing sector are said to come with good wages and benefits. Manufacturing employees are deemed to earn higher wages and receive more generous benefits than other working Namibians.

**Diversified employment.** Manufacturing employs workers at all skill and education levels. For non-college educated workers, manufacturing is a crucial source of good, often highly skilled jobs that pay above average wages. On average, non-college educated manufacturing workers made N$1.38 per hour (or 9.2 percent) more than similar workers in the rest of the economy in 2006-07. Thus, manufacturing helps to reduce income inequality.

**Source of innovation.** Innovation is simply defined as the process of implementing latest ideas to create value for an organization. This may mean creating a new service, system, or process, or enhancing existing ones. Innovation can also take the form of discontinuing an inefficient or out-of-date service, system, or process. Namibia needs a thriving manufacturing sector to maintain innovative capacity.

**Making relevant products.** Besides adding value to our natural resources, a well-established manufacturing sector in Namibia will create an environment where the products created for Namibians are made with a proper understanding of the needs of Namibians. Currently imported products that flood the Namibian market are not produced with an intimate understanding of its end consumers.

**Key to an improved trade balance.** Manufacturing will enable the country to produce a variety of products that can be exported to other countries. The current situation where by Namibia’s total exported is concentrated only on a few countries – accounting for up to 61.3% of the total export revenue is not sustainable. Adding value to these exports not only will it will fetch higher value for Namibia than the value generat-
ed by exporting unprocessed raw materials, but it will expand the export markets as well. Furthermore, an increase in the production of manufactured exports and import-replacing goods in Namibia also bring down our trade deficit that is currently standing at N$6,194 million (Q2, 2017) to sustainable levels and to reduce Namibia international debt burden.

**SPECIAL FOCUS**

**INNOVATIVE APPROACHES NEEDED**

- **Business enabling policies**

Although Government’s diversification efforts are bearing fruits, especially with the increased activities in the processing activities at various large mines across the country and the establishment of several diamond cutting and polishing operations in the country, more still needs to be done. To fully support manufacturing sector and to enable it to compete globally, policy makers must craft policies that are grounded in a comprehensive understanding of the diverse sector segments in a national or regional economy, as well as the wider trends affecting them.

For example, shapers of the Energy Policy need to consider which segments will be affected by higher or lower energy costs, how great the impact is likely to be, and what magnitude of difference will trigger a location decision. Policy makers should also recognise that their long-term goals for growth, innovation, and exports are best served by supporting critical enablers for manufacturers (such as investing in modern infrastructure) and by helping them forge the connections they will need to access rapidly growing emerging markets. Infrastructure development is critical and Government must invest heavily in it. This will provide businesses with a world-class infrastructure suited for higher-value production and advanced business services by increasing public investment.

- **Right training of skilled workers**

The shortage of certain skilled workers needs to be addressed by establishing job-specific training programmes that would prepare and retrain workers for specific skills for which there is great demand. This is a call of action for both Government and businesses to prioritize investment in education and the development of skills.

The focus must be on reducing the skill gap. Less than a fifth of the workers entering the workforce annually are skilled. If we must improve productivity, we need to invest in vocational training not just for new entrants into the workforce, but also for retraining existing workforce. Companies should continue to build their R&D capabilities, as well as expertise in data analytics and product design, amongst others. They will need qualified, computer-savvy factory workers and agile managers for complex global supply chains. In addition to supporting ongoing efforts to improve public education—particularly the teaching of math and analytical skills—policy makers must work with industry and educational institutions to ensure that skills learned in school fit the needs of employers.

- **Embrace technology**

Finally, besides simplifying policies and procedures, Government will have to leverage technology to reduce the cost of doing business particularly for manufacturing-oriented organisations. E-governance can provide transparency as well as reduce the time and cost of compliance. Several government agencies, both at the state and center, have launched successful e-governance initiatives. We need to now broad-base the roll-out by leveraging these existing centers of excellence. Government need to minimise the cost of doing business.

If this is done correctly and properly, Namibia can claim its position on ease of doing business rankings it held in the past.
NAMIBIA MUST ACCELERATE LOCAL VALUE ADDITION

Value-addition has been known to have led to increased revenues of businesses as every extra layer adds a percentage of increased financial value. This has the effect of improving the incomes of the producers.

The Namibia Chamber of Commerce and Industry (NCCI) wants to see more value addition to the country’s basic resources in order to facilitate broader economic growth.

Namibia has a vast source of comparative and competitive advantage through its massive natural endowments of minerals that are not being leveraged sufficiently. This therefore, although an often-difficult task and one that requires reversing certain long entrenched economic and social practices, should be embraced by the local businesses in order to boost value addition.

Value-addition has been known to have led to increased revenues of businesses as every extra layer adds a percentage of increased financial value. This has the effect of improving the incomes of the producers. The NCCI ascribes fully to Government’s position on value-addition. For Government, the promotion of local value addition is perhaps the most important feature of the ‘Growth at Home’ agenda. Taking cognizance of the fact that Namibia is well endowed with numerous raw materials, this presents a tremendous opportunity for value addition, job creation, accelerated economic growth and reduction in inequalities.

We stand behind the ‘Growth at Home’ narrative – which basically says that whatever raw materials Namibia has, whether minerals, agricultural commodities or any other commodity, local value addition should take place locally before it is exported. This is because the export of raw materials equates to the export of job opportunities. Value addition will be achieved by strengthening the local and national value chains, and even regional value chains by creating more and efficient back and forward linkages to our raw materials.

MANUFACTURING CENTRAL TO VALUE ADDITION

Our call to embrace value addition is primarily informed by our support for a common vision - a shared and inclusive growth in a prosperous Namibia as articulated in the Vision 2030. Here are further reasons why we believe that value-addition is the way to go.

Firstly, value-addition is synonymous with national development. At national level, one critical reason is the overwhelming evidence that value-addition (industrialisation) and structural economic change enables a country to fast-track its development. Virtually all cases of rapid and sustained economic growth in modern economic development have been associated with value-addition, and particularly growth in manufacturing.

Conversely, those countries that remained focused only on the extractive industries - usually minerals and basic agricultural commodities - and did not move up the so-called value chain, have often seen economic benefits concentrated amongst a small segment of society, and have not experienced the same strong sustainable economic (or GDP) growth of their peers. They may have experienced short bursts of growth, especially during times of commodity booms, but never the kind of relentless growth that persists over decades.
Secondly, value-addition guarantees sustainable growth. The NCCI has a strong belief that it is only growth that persists over decades that will transform Namibia and its structure, spreads economic benefits widely and stimulate innovation and brings about the creation of much needed new industries in the country. It’s only growth that is sustained over long periods of time that results in intergenerational wealth creation and the reduction in many social ills such as poverty, inequality and unemployment.

Whilst we wish to emulate those countries that have successfully transformed their economies, by undertaking reforms to promote industrialisation and structural change, we acknowledge that no country has ever walked this path alone. Rather, countries have integrated their efforts with those of their neighbors and often adopted a regional approach. They have plugged their productive capacity into global value chains. They have analysed the needs and demands of other nations, and utilised or complemented, the strengths or deficiencies, resources and endowments of others. We too are calling for greater partnership in this journey.

THE BENEFITS OF VALUE ADDITION

Value-addition has, for most countries, been the precursor to periods of accelerated growth for the following reasons:

Firstly - as alluded to - manufacturing drives productivity and structural change, moving the economy from low to high productivity activities. But it also drives technological progress and is, globally, the main driver of innovation.

Secondly, these innovations and technologies emerging from industrialization, and the benefits they provide to efficiency and productivity also benefit other sectors. This is because backward and forward linkages and spill-over effects tend to be stronger in manufacturing than in other sectors. Combined with productivity and innovation, manufacturing is able to “pull” along economic growth in ways that growth in other sectors do not.

Thirdly, this pull factor can also stimulate employment growth in other sectors – particularly the services sector, but also potentially the agricultural sector. Thus, the manufacturing sector results in economy-wide inclusive growth and employment creation.

Fourthly, the manufacturing sector offers special opportunities for capital accumulation and investment in developing countries – which in turn drives growth. Capital accumulation and clustering effects can be more easily realized in spatially concentrated manufacturing than in spatially dispersed agriculture or services.

Fifthly, industrialisation enables economies of scale because manufactured items are generally traded goods; companies are driven by competitive pressures of increasingly global industries. This benefits downstream industries and consumers through lower prices and improved quality and performance.

Lastly, from a macroeconomic perspective, manufacturing exports in many countries provide an anchor for the current account, the currency, the balance of payments and sovereign or currency risk ratings. During normal business cycles, it can prove an invaluable source of foreign currency, and for stability of the balance of payments. Over the longer term, the economic activity, jobs and exports created by the sector become increasingly important in the context of a finite exhaustible endowment of resources. And this brings us on to beneficiation.

As the Chamber we hope that the policy momentum of Government will be sufficient to realise the beneficiation idea and diversify the economy from an over-reliance on commodities towards industrial sectors with stronger economic links, sustainable growth and job creation potential. We also at the same time acknowledge that to successfully industrialise and create greater value addition for mineral downstream industries, we require greater market access and a pool of resources that we alone, as a single country, cannot achieve.

While we appreciate and commend Government efforts in marketing Namibia at various regional and global markets, we reiterate and urge Government to continue doing more. Ultimately, we are confident that together we can move in the right direction, and that the key to the development of our nation lies in the industrialisation and beneficiation.

• Sven Thieme is the President of the Namibia Chamber of Commerce and Industry
Namibia’s 2017/18 interim budget reflected challenges in managing the expenditure side. The Government’s desire to reign in the fiscal deficit suggests an openness to alternative financing sources and by implication structures. This presents an opportunity for private investors to participate in select infrastructure projects and elements of State-owned Enterprises (SoEs) funding. This would enable Government to focus more on managing the operational budget. The prevailing economic environment requires investors with a medium to long-term horizon and moderate risk appetite which may compel a higher cost of capital in the absence of a government guarantee.

**SALIENT FEATURES**

The following points are extracted from the 2017/18 mid-year budget review speech as presented by the Minister of Finance, Hon. Calle Schlettwein.

- Steep expenditure reductions resulted in implementation difficulties resulting in negative effects on growth and reversals in the delivery of essential services
- Fiscal indiscipline, budget over-commitment and forced spending cuts resulted in higher than expected expenditure on outstanding invoices
- Allocative efficiency needs to be scaled-up to ensure that critical service delivery is not impaired by budgetary shortfalls,
- Establishment and operationalisation of an Infrastructure Fund

**FISCAL POLICY DEVELOPMENTS**

- The FY2016/17 Budget Review has revised the budgeted expenditure by 6.8% to N$64.5 billion and revenue by 10.9% to N$51.5 billion, with the revised budget deficit estimated at 6.3% compared to 6.9% in 2016/17
- The revenue outturn of N$50.85bn, reflected a collection rate of 98.7% mainly due to lower Value Added Tax on the back of weak domestic consumption demand
- In terms of the current budget collection rate, the Mid-year revenue amounted to 49.7% in-line with a 49.6% in the previous corresponding period
- The budget execution rate by the end of September 2017 stood at 48.9%, compared to 50.2% in the corresponding period. The Mid-term operational budget execution rate stood at 51%, while the development budget was estimated at 34% by the end of September 2017.
- Over the Medium Term Expenditure Framework (MTEF), total revenue is projected at about 56.6bn in FY2018/19, N$59.78bn in FY2019/20 and to reach about N$62.5bn in FY2020/21. An anticipated contraction in SACU receipts (-10.2% to N$17.4bn in FY2018/19).
- Aggregate expenditure ceilings for the next MTEF are proposed at N$64.5bn in FY2018/19, N$65.5bn in FY2019/20 and N$66.9bn in FY2020/21. This spending trajectory provides for about N$5.4bn additional spending to the current MTEF ceilings.
The settlement of accumulated spending arrears which have not been reported for budgeting purposes and urgent resource shortfalls threatening the provision of public services require a net N$4bn.

**BUDGET PRIORITIES FOR THE MTEF**

The priorities for the MTEF are to provide targeted support to fledgling economic growth through the following infrastructure investment interventions expected to double the size of the Development Budget over the next two years:

- the establishment and operationalisation of the Infrastructure Fund at the Development Bank of Namibia, with the initial investment of N$2.5bn
- harnessing Public-Private-Partnerships (PPPs) with initial estimated outlay of about N$2bn
- utilising the African Development Bank (AfDB) infrastructure loan to the tune of ZAR 4bn
- partial listing of select State assets as a means of raising capital and implementing the SME Financing Strategy through establishment of a Venture Capital Fund, the Credit Guarantee Scheme and the Training and Mentorship Programme.

The MTEF also aims to maintain gradual fiscal consolidation policy stance to allow a systematic reduction in expenditure as a proportion of GDP by about 1 percentage points annually, while implementing effective expenditure control measures and fiscal risk management framework to improve the quality of public spending.

It targets protecting expenditure in the social sectors of education, health and skills development, the mobilisation of domestic resources for development through tax policy and tax administration reforms, increasing domestic asset requirement for institutional investors alongside measures to improve investment climate, establishment and operationalisation of the Revenue Agency for Namibia and the introduction of measures to protect the revenue base from base erosion and illicit financial flows.

**TAX POLICY, REVENUE ENHANCEMENT AND TAX ADMINISTRATION REFORMS**

The MTEF emphasises the implementation of supportive policies and structural reforms to broaden the economic base, local economic development and advance national industrialisation and economic diversification agenda. The low-hanging fruit is the application of the preference provisions of the Public Procurement Act and the related provisions of the Investment Promotion Act which are now under review.

The ratings agencies continue to circle overhead and any blows to the fiscal consolidation stance's credibility are negative towards perceptions of sovereign risk. While the Minister of Finance has announced partial listings of SoEs and other initiatives to ease the burden on the State, a firm commitment to implementing fiscal discipline coupled with the strategy and potential scale of fund raising activities would be more compelling.
LETSHEGO BANK LISTING CREATES OPPORTUNITIES FOR NAMIBIANS

It is a rare occurrence for a middle class Namibian to dwell much on the stock market but if the Initial Public Listing (IPL) of Letshego Bank Namibia is anything to go by most Namibians will reap huge financial rewards in future.

Infact the Namibian equities market is a hive of institutional investment activity where the middle class rarely play a part. But the availability of Letshego Bank Namibia shares at a more than affordable prize has changed all that. Letshego set a rather high target of trading 100 million shares to potential investors in the Namibian spectrum, a move that will also signal growth of the country’s counters market which is rated as the third largest on the continent in terms of market capitalisation.

Formerly Edu-loans and fast growing its footprint in the Namibian financial services sector, Letshego Bank has made significant strides as a microfinancing institution targeting mostly civil servants. Chief Executive Officer, Esther Kali says the institution took the initiative to list on the Namibian stock Exchange (NSX) with the aim of broadening its influence on the Namibian financial sector and also to create opportunities for locals to invest in.

Although competition for commercial banks is a realistic challenge that needs to be dealt with head on, in Namibia Kali insists her bank is not intimidated by the existence of other players and that Letshego’s growth is hinged on a strategy that targets a niche market. “We have managed to create a very niche market in our Namibian operations. Our market is specifically catered for through availing products that are not readily offered by other players and also guarantee customer satisfaction. This has allowed us to grow in the Namibian market and make sure that going forward we continue catering for our specific market as compared to offering the conventional banking products that are already being offered by other players,” she says.

Kali adds that Letshego is not necessarily in competition with the existing commercial banks. “We do not in any way intend to compete
with them as our model has a certain market that we have been catering for and we continue to satisfy. Ideally the initial listing on the NSX will go a long way in creating opportunities for Namibians and also tally well with regulatory approval that needs all institutions in the financial sector to have significant local shareholding,” says the upbeat CEO.

While many would not like to identify with a borrowing lifestyle for a living, Kali believes her institution encourages what would be termed as “productive borrowing”. “We created our business model in such a way that we do not just give cheap credit for none productive engagements. We are an institution that encourages clients to borrow for productive reasons and just recently I was very happy when I met one of Namibia’s best boxers in our building applying for shares. This shows that people are keen on investing in productive ventures where their return on investment is guaranteed. Although Namibia is considered a small market we have done significantly well in establishing a strong brand. We will continue to grow and improve accessibility to most of our clients’ countrywide,” says Kali.

Creating long-term plans for growth and expansion, says the CEO, remains a realistic target for Letshego Bank in a bid to cement its market space. She acknowledges that although the ongoing financial challenges faced by the Namibian market are realistic, these have not necessarily hamstrung Letshego’s operations. “The economy has faced its own challenges of late but this has not been a significant challenge for us. The Namibian market remains a very investor friendly market where we can grow our brand and cater for the targeted market space,” Kali says.

She reckons that if anything the volatility in the Namibian market has actually provided an opportunity for Letshego Bank to grow and also set new targets. Although initially the share price for Letshego Bank was pegged at N$4.70 per share, this had to be reduced to N$3.80 to cater for more Namibians and also to make sure that the bank inched closer to the targeted number of shares it intended to sale.
NAMIBIAN PORT AUTHORITY

TARGETS SADC MARKET SHARE

Southern Africa landlocked countries of Botswana, Zambia and Zimbabwe are key market targets for the Walvis Bay Port, which is undergoing a major N$3 billion facelift to accommodate more cargo transshipment and clearance in the next few years.

The Walvis Bay Port is regularly used by the three neighbouring countries who have since completed construction of dry-docking facilities that will be used to temporarily hold cargo. The countries were given land free of charge by the Namibian authorities as part of consolidating the mutual benefits and bilateral ties between Namibia and the neighbours.

But Namibian Ports Authority (NamPort) Chief Executive Officer Bisey Uirab says the target market will not be limited to the three landlocked neighbours.

“We (NamPort) aim to serve the over 300 million people in our region (SADC) as we develop these facilities. Equally, it is for this reason that we are also promoting the development of our trade corridors, namely: Trans-Kalahari Corrido, Walvis Bay-Ndola-Lubumbashi Corridor, Trans-Kunene and the Trans-Orange Corridor going into South Africa. Hence the signing of a tripartite agreement between the Namibia, Botswana and South Africa in terms of the Trans Kalahari Corridor, in which these three governments commit to ensure that trade along this corridor is facilitated as smoothly as possible,” he says.

Uirab says Walvis Bay was being upgraded to a level where it can compete for clients with the regional powerhouse ports of Durban (South Africa) and Beira (Mozambique).

During a recent visit to the Zimbabwean dry port facility, the then Minister of Information and Broadcasting Chris Mushowe was satisfied with the work done at the facility and that offices would soon be erected at the site. The Minister said the development of the dry dock was a consolidation of the already existing cordial ties between Namibia and Zimbabwe.

Uirab says the upgrade of the Walvis Bay Port is over 60 percent complete with constructing work well on schedule for completion by mid-2018. He says the expansion of the port will create major economic spinoffs for Namibia and bring the country closer to being a regional transport and logistics hub, a goal which the Government made a key pillar of development in its developmental plans.
“We at NamPort are conscious that our ports are designed and strategically located to not only serve Namibia, but that they must be of relevant use to our neighbouring countries. That is why all our investments, marketing efforts and preparations at these facilities are aimed at also serving the SADC markets, and it is for that reason that we have on a lease basis allocated Dry Port Facilities to three of our neighbouring countries, Botswana, Zambia and Zimbabwe.”

NamPort is also elated by the swift clearance at Namibian borders of cross border trucks ferrying goods from Walvis Bay which it says is in the best interest of smooth movement of goods and services within the SADC region.

“That is why we make deliberate efforts as the Namibian Ports Authority for our Ports to perform optimally and efficiently, and through close and continuous engagement with the relevant stakeholder ensure that trade volumes increase via our ports to and from our neighbouring countries. Angola is equally a significant trade partner at regional level, both in terms of transit cargo through the port of Walvis Bay and through Namibia’s northern town of Oshikango, as well as in regards to trans-shipments from Walvis Bay to Luanda,” says the NamPort Chief Executive.

NamPort’s strategy has over the years been focused on transshipment cargo, but this is changing. “Transshipment is almost like a suitcase business – people can easily ‘pack up and go’ to the next port. Hence we are cognizant of this fact and not be too reliant on only a few markets and/or commodity types. Also, ports along the west coast of the African continent are improving their facilities as well so the need for transshipment cargo from the port of Walvis Bay northwards will become less and less, necessitating a rethink of our business case and to identify our niche,” Uirab says.

LOGISTICS CAN UNLOCK NAM ECONOMY

Meanwhile, Japanese Ambassador to Namibia Hidetuki Sakamoto says the logistics sector could become a game changer in unlocking investment opportunities, enhancing trade and creating the much-needed job opportunities that will put Namibia well on course to economic prosperity.

Addressing an annual logistics and transport gathering at Walvis Bay, held under the theme “Namibia Logistics Hub, an Opportunity for Growth”, Sakamoto said Japan had identified the logistics sector as one of the key areas and rendered support in this regard to Namibia.

The Ambassador said Japan realised the importance of the logistic sector to Namibia and conducted a feasibility study to assist Namibia to unlock its great potential.

“The transport and logistics sectors are key for economic growth and bringing about strong sustainable growth for Africa and its people. That is why we support active logistics initiatives such as the Walvis Bay Corridor Group. Therefore, it is important that we think regionally and act locally as the logistics sector offers so many economic opportunities,” he said.
NAMCOR SETS SIGHTS ON BECOMING WORLD CLASS PETROLEUM ENTITY

The National Petroleum Corporation of Namibia (NAMCOR) is positioning itself to be a major player in the local and international petroleum industry and, as a starting point, has set out to realign its brand with its goals and industry modern trends.

NAMCOR is the national oil and petroleum company, wholly owned by the Namibian government. It has two key business focus areas namely: Exploration and Production of oil and gas under its upstream leg and the supply of petroleum products to the market under its downstream leg.

The company also plays a fundamental advisory role to the Ministry of Mines and Energy on policy issues regarding the upstream petroleum industry, while at the same time assisting the line ministry in the monitoring of petroleum activities of all such companies operating in Namibia.

NAMCOR Managing Director Immanuel Mulunga
says extensive research of oil brands locally, regionally and internationally revealed that the corporation’s brand was outdated and needed to be aligned to its new growth goals, as well as with industry modern trends.

This resulted in NAMCOR adopting five key brand pillars to help transform the corporation into a modern petroleum company.

“The first brand pillar is to be a technological savvy brand. The use of technology in our operations will help improve efficiency and will make it easier for our customers to acquire our products effortlessly. State of the art pumps and quick forecourt payment solutions are some of the technological solutions we will offer to our clients,” Mulunga says. The other pillars are to be a responsible brand, to be a friendly and approachable brand, a modern brand and to be known as a truly Namibian brand.

Mulunga says NAMCOR’s strategy is to become a true oil company and increase its market share by selling more fuel locally and to neighbouring landlocked countries, such as Botswana, Zambia and Zimbabwe, using Walvis Bay as a fuel export hub.

NAMCOR is also striving to be a significant player in the lubricants and LPG markets, while at the same time operating its own petroleum exploration license blocks and adding value to the country’s petroleum exploration endeavour.

**NS5 BILLION TARGET**

NAMCOR has set itself an ambitious target of becoming a N$5 billion revenue generating entity by 2020. It aims to achieve this by going after the opportunities cited above.

Satisfactory progress has been made towards the realisation of the Kudu Gas to Power Project, which will be one of the country’s key power supply life-line projects. NAMCOR has successfully transferred 56% equity to BW Kudu a subsidiary of BW Offshore.

This not only reduces NAMCOR’s contribution to the project but ensures the availability of technical and financial competencies needed for the success of the project.

At the same time, NAMCOR and electricity utility NamPower are working towards concluding a gas sales agreement – and are also on target to sanction the project by the end of 2017.

**HYDROCARBON INTEREST**

NAMCOR has added tremendous value to the country’s hydrocarbon database that is in its custodianship, by upgrading it to world class standards. This has attracted huge interest in Namibia’s hydrocarbon investment. Apart from the 10% carried interest that NAMCOR holds in Hydrocarbon Exploration Licenses issued in Namibia, it has recently acquired 100% and 20% working interest in blocks 1811A and 2914A respectively. This demonstrates that NAMCOR has commenced to be actively involved in exploration activities in Namibia.

Over the years, NAMCOR has evolved from being an entity primarily depended on Government funding for all its activities to one that has spread its activities across a range of the oil and gas value chain. The corporation now boasts a strong sense of institutional capability and a profound network base of partnering with renowned international oil and gas companies generated over many years. They range from both the oil majors through the complete sizes and shapes of the myriad of independent oil companies and local start-ups.

One of NAMCOR’s greatest strength is the quality and commitment of its staff to the NAMCOR cause. The company boasts a skilled and young workforce. This enables the company to rise to its challenges with a strong sense of determination, aided by a clear future strategy.
The Social Security Commission (SSC) Board of Commissioners has approved the appointment of four independent Investment management companies to manage the Commission’s external portfolio worth around N$2.5 billion in assets.

The appointment of Allan Gray Namibia, Investec Asset Management, Prudential Investment Managers and Namibia Asset Management, is effective in January 2018.

The SSC extensively reviewed its Investment Policy Statement early in 2016 and the new policy, which was approved by the line Minister. The SSC’s new Investment Policy balances the Commission’s desire to preserve the investable assets in an uncertain investment universe, which presents potential growth opportunities. Hence, a broader asset and geographic portfolio allocation approach was adopted and will now be implemented by the appointed investment managers under new mandates.

This means that Social Security Funds will be invested offshore outside Namibia and South Africa for the first time in the history of SSC since inception.

SSC Executive Officer Milka Mungunda said the appointed asset managers were not only reputable on the Namibian and global investment landscape, but they also have strong track records in managing global portfolios with similar mandates in Namibia and abroad.

“The process to appoint the independent investment managers was a vigorous evaluation process, which included various criteria. The entire process of adjudication and evaluation was handled by the Investment Committee with the assistance of an independent investment consultant, Selekane Asset Consultants,” she said.

In addition to their experience and reputation, Mungunda said the investment managers were selected on the basis of their investment staff depths, consistency of investment philosophy and long-term performance track record, amongst other criteria.

The selection of the investment managers went through phases as explained below:

**Phase 1:** Submission of required mandatory documents as per Expression of Interest (EOI). After the evaluation of Phase 1, only 7 Asset Managers could meet the criteria.

**Phase 2:** Selection Criteria as per the Investment Policy Standards and Procedures (Assets under Management) (AUM). After phase 2, only 5 Asset managers could meet the criteria.

**Phase 3:** Participants who met all requirements of phase 1 and 2 were invited to make presentations and interviews. During Phase 3, only 4 asset managers met the required criteria. The final candidates were then recommended to the SSC Board.

The SSC EO acknowledged that the strict criteria eliminated the majority Namibian owned investment management firms from managing Namibian assets across the country and industries as they do not meet the aforesaid minimum criteria.

As a result, the SSC developed a Namibian Asset Manager Incubation Policy to ensure market access and to assist the said managers to transition from incubation to full investment manager status. The policy that was developed in this regard aims to uphold the SSC investment objectives of maintaining an investment program that has a greater probability of growing its assets within controlled risks of capital loss prevention. SSC will, together with its Investment Consultant, conduct further due diligence in considering Namibian majority owned investment managers under the Incubation Policy.

SSC remains confident that the appointed asset managers will deliver on the Investment Policy Standards and Board expectation of preventing capital loss and to earn returns in excess of the agreed benchmarks. The SSC’s Board, the Executive and the entire staff members wish the four appointed managers great wisdom in delivering on their investment mandates.
BUSINESS FINANCIAL SOLUTIONS

BFS NAMIBIA EYES REGIONAL EXPANSION

Business Finance Solutions (BFS) Namibia, which has been operating locally for the past nine years, has set sights on growing its brand in Southern Africa, with specific targets being Mozambique, Tanzania and Zambia.

BFS specialises in asset management, SME financing and business advisory services for both small and medium sized organisations in Namibia and was established in 2008 by the current Managing Director, Kauna Ndilula. The company has created a niche market for itself in the highly competitive Namibian financial services sector, whose influence on the general economy continues to grow. BFS’s flagship product, the Namibia Procurement Fund, has provided nearly a billion Namibian dollars of financing towards Namibian SMEs that are in supply contract arrangements with large off-takers, such as government, regional and local authorities, state-owned enterprises and large private companies.

In an interview with *Invest Namibia Journal*, Ndilula said her dream has always been to grow the brand both in Namibia and the region and play a catalyst role to facilitate growth businesses in the local and regional markets that need their services. “BFS has been operating in Namibia for nine years and we are a largely locally owned company. We focus on providing the financing needs of companies and we enable Namibian enterprises to unlock their growth potential in the medium to long term” she said.

Ndilula highlighted that BFS Namibia has seen the SME sector grow significantly because of the availability of financing in the market, but added that more still needs to be done in the future if this sector is to realise its full potential and contribute substantially to the country’s economy.

“If you compare the contribution of the SME sector to the economies of developing and developed countries you see that there is a big difference with ours. In Namibia you see that the contribution to Namibian GDP is 12 percent, while in Germany it is 40 percent. This means the SME sector has significant scope to influence economic development, but the institutional framework needs to be improved” she held. Ndilula added that she wants to see small and medium businesses improve their way of doing business and institute operational efficiencies to attract potential investors. She commended the Government Institutions Pension Fund (GIPF) for supporting fund managers through their unlisted investments programme. As far as the regulatory environment is concerned, Ndilula indicated, “I feel we are still moving slow compared to the rest of the world. It takes three to five years to change or enact a legislation in this country but opportunities are time bound so we need to work within a responsive time frame”.

Ndilula believes that despite the challenges, her company has done well to exert its influence on the Namibian financial sector. Moreover, the market still provides further growth prospects in the future.

The BFS MD also called for the genuine empowerment of women in management positions in the Namibian financial sector. “There should be genuine transformation that allows both men and women to participate in significant decision-making platforms. What I believe is that there should not necessarily be gender imbalance, as women and men have the same capabilities to execute the tasks given,” she concluded.
As part of continuous efforts to encourage Foreign Direct Investment (FDI) in Namibia, the Ministry of Industrialisation, Trade and SME Development (MITSMED) is championing a strategic reform project called the Integrated Client Service Facility (ICSF), also referred to as the One-Stop-Shop (OSS).

The ICSF Project is aimed at providing a seamless and responsive client service for investors to start a business in Namibia. It is set in the context of Namibia’s commitment to improve the ease of doing business in the country.

The OSS can be viewed as an expression of the Namibian Government’s commitment to investment policy reform for all stakeholders involved in the investment promotion process. In effect, an OSS is an investment facilitation strategy through which relevant government agencies are virtual centralised to coordinate, streamline and provide prompt, efficient and transparent services to investors.

Essentially, the aim of an OSS includes the simplification of complicated and restrictive procedures and guidelines for issuing business approvals, permits and authorisations by eliminating bottlenecks faced by investors in establishing and running a business in a particular country. The OSSs are designed with the aim of providing services to both local and foreign investors.

This project will culminate in the establishment of an integrated e-services platform that will essentially integrate the services offered by multiple stakeholders into a one-stop-shop. The facility will automate and integrate the functions of various institutions involved in the process of starting a business in Namibia. Its rationale is to ensure the reduction of business transaction costs for investors by creating a conducive and facilitative business environment in which various Government and utility service companies can provide services through a central online portal, within a facilitative framework. Decisions are taken speedily to prevent long delays and gaps in decision making on investment admission, servicing and aftercare.

The One-Stop-Shop concept in Namibia emanates from the Ministry’s collaboration with the Southern Africa Trade Hub based in Botswana that commissioned an international consulting team to carry out the Namibia Investor Roadmap Study in an effort to regain the country’s competitiveness ranking and to attract more foreign direct investment.

Speaking at the launch of the NamBizOne portal on May 10, 2017, MITSMED Minister Hon. Immanuel Ngatjizeko described the project as key in the drive towards Namibia’s competitiveness by creating an improved enabling environment for establishing businesses.

“This project aims at addressing the Starting a Business indicator of the World Bank's Ease of Doing Business
ness. The Facility is aimed at providing seamless and responsive client services for business investors to start a business in Namibia through the provision of quality advice for business,” said the Minister.

Background

FDI in Namibia has declined in both absolute terms and as a percentage of gross capital formation. This trend has been worrisome as it signals a significant negative impact on Namibia’s economy in terms of investment and job creation if it was to continue unabated. In addition, it became essential for Namibia to redouble efforts and through alternative means attract FDI.

The OSS entails a centralised online NamBizOne portal when fully functional it will enable the approvals and issuance of permits and licenses. It plays both a facilitating and regulatory role. Practically most governments (Doing Business / Competitiveness reports for ease of reference) tried to implement this form of an OSS, but would require holistic Government approach.

This is in recognition of the fact that most agencies and administrative processes were created in response to particular policy concerns of the government. Be it concerns related to immigration, registration of companies, social security, environmental issues, tax evasion, health or safety problems, each stakeholder tried to address particular issues with specialized staff and processes.

It should be borne in mind that for an OSS to be effective a monitoring mechanism should be put in place to track the processes and ensure compliance with service standards, as well as a single payment management system to facilitate payment of fees.

Training and orientation of delegated staff are also considered crucial for the OSS to succeed in its role of facilitation and coordination of investments. It is also equally important that OSS reforms are augmented with wider governmental reforms in other critical areas of investment promotion and are thus not stand alone attempts.

Thus establishing an effective OSS requires the full support for all stakeholders as key priority, then only can the agency effectively design a streamlined process to implement investment projects

The portal can be accessed on www.doingbusinessnamibia.com
NAMIBIAN ECONOMIC PERFORMANCE: DE-MYSTIFYING THE RECESSION

Government spending stimulated GDP growth post the global financial crisis and the pie charts below reflect how the government and retail heavy tertiary sector has increased to account for 62% of the economy in 2016 compared to 56% in 2007.

Infrastructure, consumer and social sectors were the main beneficiaries of the stimulus which was mostly financed through public debt.

Weak demand out of China (the post crisis growth beacon) as from 2014 resulted commodity prices having fallen to their lowest level since the financial crisis by August 2015 which shook resource driven economies of which Namibia and South Africa where no exception. The Namibian government responded with a fiscal consolidation stance which was exacerbated by a liquidity crunch, depressed commodity prices, persistent drought and a decline in SACU receipts. A confluence of these factors significantly cooled down the domestic economy in 2016 resulting in GDP growth slowing to 1.1% (from 6% in 2015) this was in-line with the forecast of 1.2% presented when the budget was tabled earlier this year.

While remaining significant, government’s role as the principal driver of the economy has continued to dissipate ever since. The private sector is now expected to spearhead development oriented economic growth.

To this end government has crafted policies aimed at promoting private sector participation in the domestic
These policy initiatives are underpinned by mobilisation of domestic savings and a more market based funding model for SoE’s and government led projects. This creates opportunities in sectors which may have previously been ignored while rendering reliance on government tenders an increasingly redundant business operating strategy.

**Primary Industries**

The Namibian economy has traditionally been led by the extractive industries, mainly mining from a value of output perspective and agriculture as the largest employer. The performance of primary industries has been volatile due to changing weather patterns, fluctuating commodity prices and the exchange rate. This impact generally translated into the broader economy. In order to diversify the economy and to enhance economic development, value addition should be a key focus when investing in the extractive industries. While the prices of commodities are volatile the underlying manufactured products are more stable and this sector should be seen as a means to securing inputs for downstream activities.

The National Accounts reflect that the mining and quarrying sector contracted 5.7% (the third consecutive decline) during 2016 compared to a decline of 4.9% recorded in 2015. The contraction is mainly attributable to diamond mining (-9.6%).

**Mining & Quarrying**

At N$10.7bn diamond mining remains the mainstay of the domestic mining industry accounting for approximately 59% of mining production and 6.6% of GDP in 2016 making it Namibia’s fourth largest industry.

Fishing and on-board processing value added amounted to N$4.6bn in 2016 representing 2.9% of GDP and growth of 7.7%. The agricultural sector which consists of livestock and crop farming has been negatively affected by a prolonged drought. The recovery in the agricultural sector can attributed to livestock farming (+2.3% from -13.3%) and to a lesser extent crop farming (-1.2% from -6.6%). Namibia’s livestock farming sector was valued at N$3.2bn in 2016 while crop farming weighed in at N$2.3bn.
WE’RE GROWING OUR ROUTES

New Destinations

- Accra
- Lagos

Starting on the 25 March 2018

Seats are selling out. Have you purchased yours yet? Avoid last minute disappointment.

BOOK NOW!
Telephone: +264 61 299 6111
E-mail: call.center@airnamibia.aero
Book & Pay Online: www.airnamibia.com
Booking 10+:
or your preferred travel agent

Air Namibia
Carrying the spirit of Namibia
The availability of serviced, affordable urban land is crucial for Namibia to attract foreign and local investment in the economy, in particular in the Manufacturing Sector.

Government is now working towards eradicating the bureaucratic procedures for availing land by decentralising the process. Through the Urban and Regional Bill tabled in Parliament by Urban and Rural Development Minister Sophia Shaningwa, Namibia plans to decentralise the bulk of the spatial planning functions from central government to local authorities.

The new law, when it comes into effect, is anticipated to reduce delays in land applications approval processes by up to 60 per cent.

Minister Shaningwa said current land planning regulations were outdated and discriminatory as they prevailed from the colonial South African administration and were hampering the timeous delivery of urban land for development. She said the new legislation will seek to address the existing imbalances to improve access to land and promote the national development objectives.

The new urban and regional bill will eradicate the Namibia Planning and Advisory Board and the Township Board by combining their functions into one body. The decentralisation will empower local authorities and regional councils to make decisions which will ensure the speedy approval of applications.

A consultant engaged by the NMA, Dr Ekkehard Schleberger, proposed the repeal of outdated legislation in Namibia pertaining to land delivery and registration, and recommended speedy implementation of Government’s decentralisation policy. A further proposal was made for the establishment of a fund for the servicing of land and to engage the private sector in partnering with Government to facilitate rapid land delivery and attain funding certainty.

Business says regional councils and local authorities need to be given autonomy to deal with the land issues at the local level. Rapid urbanisation in cities, towns, villages and settlements, in newly proclaimed local authorities and settlements and demand for land in communal areas for business activity has also placed land delivery under pressure.

The new regulatory reform which will see decentralisation of land planning will ease the pressure on land delivery and spur economic activity, as well as improve the delivery of housing.
Namibia is an attractive open market country with various investment opportunities in different sectors, from mining, energy, fishing, tourism, to manufacturing, agriculture and agro-processing, logistics and services. For an investor looking for a business location in southern Africa or the continent as a whole Namibia should be your first choice due to its strategic location as a logistics hub for a business that aims at serving the larger SADC market and beyond.

If you have made the right choice to establish a business in Namibia and are now ready to get the ball rolling, here is a brief step-by-step guide on how you should proceed to legally establish and operate your business in the country.

Step 1: Name Reservation

First things first: You need to come up with three names for your business. You can complete the name reservation form (CC8 or CC5) online through the Business Intellectual Property Authority (BIPA) website at www.bipa.na or over the counter to apply for approval of your business name.

The name reservation process takes about two working days if done online and three working days if done over the counter and it costs N$50.00 per application which be paid in cash or by electronic transfer. BIPA will discontinue the use of Revenue Stamps as of November 30, 2017.

Step 2: Business Registration

Once the business name has been approved you will be required to complete registration forms, depending on the type of business you would like to establish e.g. Sole Proprietorship, Close Corporation, Company or Non-Profit Organisation (NGOs). You will then be required to provide information, such as the names of the applicant or members. For a Close Corporation you will need to appoint a registered/qualified accountant, who will be responsible for your business financial reports, to sign your business registration forms and attach a letter of consent as the accounting officer of the business.

When submitting your business registration forms you are required to attach certified copies of all members’ identification cards (IDs) or passports. It is recommended that due to the relative complexity
in the compilation of the Memorandum and Articles of a company and the fact that these documents to a greater extent have to be adjusted to fit the specific circumstances and needs of each individual company, it is suggested that the services of a legal practitioner be used in this regard. The memorandum and articles also have to be certified by a notary public who in any event will have to be a member of the legal profession. The legal aspect of the company is regulated by the "Companies Act 2004 (Companies Act No. 28 of 2004)

All completed business registration forms must be submitted to BIPA offices in Windhoek and at the regional offices of the Ministry of Industrialisation, Trade and SME Development for approval and this process takes approximately 7 working days. The cost involved is available on the BIPA Website.

**Step 3: Income Tax, Social Security Commission Registration and Certificate of Fitness**

Once your business is registered you will be able to register for Pay-As-You-Earn (PAYE) income tax and for Value Added Tax (VAT) at the Ministry of Finance's Receiver of Revenue. You will also be required to register simultaneously with the Social Security Commission (SSC) for employee’s compensation benefits. To complete the registration process with the Receiver of Revenue will take 7 working days while registration with the SSC will take 2 working days. Registration is at no cost.

To acquire an office or business premises you will need to lease or buy an existing facility that fits your needs. After securing such premises you will be required to apply for a certificate of fitness from a local authority or municipality in the town you will be operating from. This process entails a visit by local authority officials to your business premises for assessment before approving and granting the fitness certificate. This process takes 2 working days.

**Step 4: Licensing**

After completing the registration of your business you will be eligible to apply for specific licenses in the areas of your business, such as mining, tourism or agricultural licenses.

All non-Namibian investors and their employees are required to apply for visas and work permits. Application forms can be obtained from the Ministry of Home Affairs and Immigration website [www.mha.gov.na](http://www.mha.gov.na) and also through the Ministry of Industrialisation, Trade and SME Development website [www.mti.gov.na](http://www.mti.gov.na) or [www.doingbusinessnamibia.com](http://www.doingbusinessnamibia.com).

Work visas are issued to applicants coming to Namibia to perform work for a short period of time and can be granted from 1 day to 3 months. A work permit allows investors and their employees who are not Namibians to be legal in the country to conduct their business. Permits may be granted for a period of 12 to 24 months, renewable with a progress report. Work visas and permits can only be applied for after successful completion of steps 1 to 3 as proof of business registration is one of the requirements, among others.

Application of a work permit can be completed and submitted while the investor or employee is in their home country by sending his/her application by email or mail to the Namibia Investment Centre, a department under the Ministry of Industrialisation, Trade and SME Development, which will facilitate the application to the Ministry of Home Affairs and Immigration and provide feedback to applicant.

International investors can also apply for a business visa which enables them to be in Namibia to attend business meetings, conferences and to process the establishment of their business, before becoming eligible to apply for a work visa or permit. The business visa is valid for 3 months and can be applied for through the Namibian Embassies and High Commissioner’s office in your country.

*For detailed information and links to the relevant institutions dealing with “starting a business” in Namibia, please visit our website [www.doingbusinessnamibia.com](http://www.doingbusinessnamibia.com).*

*Do not miss our next edition for details on the Work Permit Application Process and Requirements.*
The Development Bank of Namibia (DBN) has resumed financing projects for small and medium enterprises (SMEs) in the country following the suspension of operations of the SME Bank.

In November 2015 DBN stopped considering loan applications from enterprises or business projects with a turnover of less than N$10 million per annum or a staff compliment of between 31 and 100 employees. This was because a bank had been established by the Namibian Government to assume this responsibility. However, the bank ran into a liquidity crisis and was placed under provisional liquidation.

DBN Chief Executive Martin Inkumbi said due to the gap in the market for finance, the development bank and the shareholder (Namibian Government) had agreed that the development bank resume its financing activities for SMEs to fill the vacuum.

DBN has the capacity, the necessary pool of capital, and the ability to redirect human resource capacity to fill the gap left by the closure of SME Bank.

Inkumbi said DBN was aware of the importance of SMEs in the economic development of Namibia, and as a result successful applicants for SME finance can expect more in terms of support.

He said as usual, SME borrowers or loan applicants will be required to demonstrate viability of proposals for finance in terms of the Bank’s assessment process, including business plans, the necessary human resources to maintain operations, willingness to share risks with the Bank, and consideration of aspects of risk entailed in individual applications.

In addition, DBN has introduced a client support function which can provide coaching and mentorship to further develop capacity for SMEs.

Potential applicants for DBN financing can visit the Bank’s website, www.dbn.com.na, where they can find out more about the requirements for borrowing and download application forms.

DBN CEO Martin Inkumbi
<table>
<thead>
<tr>
<th>Eligibility and Registration</th>
<th>Registered Manufacturers</th>
<th>Exporters of Manufactured Goods</th>
<th>Export Processing Zone Enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprises engaged in Manufacturing. Application to the Ministry of Trade and Industry and approval by the Ministry of Finance.</td>
<td>Enterprises that export Namibian manufactured goods. Application and approval by the Ministry of Finance.</td>
<td>Enterprises engaged in manufacturing and, assembly and exporting mainly to outside of SACU markets. Application to the EPZ Committee through the ODC or EPZMC.</td>
<td></td>
</tr>
<tr>
<td>Corporate Tax</td>
<td>Set at a rate of 18% for a period of 10 years, whereafter it will revert to the general rate of 35%</td>
<td>80% allowance on income derived from exporting manufactured goods.</td>
<td>Exempt.</td>
</tr>
<tr>
<td>Establishment Tax Package</td>
<td>Negotiable rates and terms by special tax package.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Building Allowance</td>
<td>Factory buildings written off at 20% in first year and balance at 8% for 10 years.</td>
<td>Not eligible.</td>
<td>Not eligible.</td>
</tr>
<tr>
<td>Transportation Allowance</td>
<td>Allowance for land-based transportation by road or rail of 25% deduction from total cost.</td>
<td>Not eligible.</td>
<td>Not eligible.</td>
</tr>
<tr>
<td>Export Promotion Allowance</td>
<td>Additional deduction from taxable income of 25%.</td>
<td>Not eligible.</td>
<td>Not eligible.</td>
</tr>
<tr>
<td>Incentive for Training</td>
<td>Additional deduction from taxable income of between 25% and 75%.</td>
<td>Not eligible.</td>
<td>Not eligible.</td>
</tr>
<tr>
<td>Industrial Studies</td>
<td>Available at 50% of cost</td>
<td>Not eligible.</td>
<td>Not eligible.</td>
</tr>
<tr>
<td>Cash Grants</td>
<td>50% of direct cost of approved export promotion activities.</td>
<td>Not eligible.</td>
<td>Not eligible.</td>
</tr>
</tbody>
</table>
COMMERCIAL COUNSELLORS
CONTACT DETAILS

Mr Oscar Sikanda
Commercial Counsellor
Office of the Commercial Counsellor
High Commission of the Republic of Namibia
B-9/6 Vasant Vihar
New Delhi
India
Tel: +91 11 26140389
Fax: +91 11 26146120
Email: sikanda.commercial@gmail.com
www.nhcdelhi.com

Mrs Bonaventura Hinda
Commercial Counsellor
Office of the Commercial Counsellor
Embassy of the Republic of Namibia
42, rue Boileau 75016, Paris
France
Tel: +33 1 44 17 32 76/65
Fax: +33 1 44 17 32 73
Email: bhinda@embassyofnamibia.fr
www.embassyofnamibia.fr

Dr Mekondjo Kaapanda-Girnus
Commercial Counsellor
Office of the Commercial Counsellor
Embassy of the Republic of Namibia
Reichsstraße 17
14052 Berlin
Germany
Tel +49 30 26 39 0012
Fax +49 30 25 40 9555
Email: commerce@namibia-botschaft.de
www.invest-namibia.de

Mr Henock Ramakhutla
Commercial Counsellor
Office of the Commercial Counsellor
High Commission of the Republic of Namibia
186 Blackwood Street, Arcadia
P.O. Box 29806, Sunnyside, 0132, Pretoria
South Africa
Phone: +27 12 343 3060
Fax: +27 12 343 8924
Email: comcounsellor@namibia.org.za
www.namibia.org.za

Mr Freddie U. Gaoseb
Commercial Counsellor
Office of the Commercial Counsellor
Embassy of the Republic of Namibia
1605 New Hampshire Ave.,
NW, Washington, DC 20009
United Sates of America
Tel: + 202 986 0540
Fax: + 202 986 0443
Email: gaosebf@yahoo.com
www.namibiaembassyusa.org

Mr K. Sirongo
Commercial Counsellor
Permanent Mission of Namibia to the United Nations
in Geneva
Chemin Louis-Dunant 15, CH-1202 Geneva
Telephone: +41 227866282
E-mail: sirongo@bluewin.ch

Ms Diana Tjiposa
Commercial Counsellor
Embassy of Namibia
Avenue de Tervuren 454
BE 1150 Brussels
Tel +32 (0) 2 771 14 10
Email: dianakuiri@yahoo.co.uk

Mr Asser Nashikaku
Commercial Counsellor
Embassy of Namibia
Bole Road W. 17, Kebel 19
Addis Ababa
Tel: +251 11 6611966
Email: a_nashikaku@yahoo.com
The GIPF Circle of Investment

How do member funds contribute to the growth of their pension fund?
Here’s how GIPF makes your retirement money work for you.

Contributions
GIPF collects money from members and their respective employers in the form of monthly contributions.

Investing
The Board of Trustees invests the contributions in unlisted and listed investments based on recommendations from the Investment Committee and an independent investment consultant.

Growth
Once funds have been invested, they are allowed the opportunity to grow within the market and generate returns.

Guaranteed Benefits
The money generated adds to the fund base that secures the guaranteed benefits of all GIPF members.

Claims Paid
The funds generated by GIPF are then used to process and pay the claims made by our members.

Reinvestment
Any residual funds are then reinvested back into the investment fund, ready for another round of growth.

Claims Paid
The funds generated by GIPF are then used to process and pay the claims made by our members.

Guaranteed Benefits
The money generated adds to the fund base that secures the guaranteed benefits of all GIPF members.

Claims Paid
The funds generated by GIPF are then used to process and pay the claims made by our members.

Guaranteed Benefits
The money generated adds to the fund base that secures the guaranteed benefits of all GIPF members.

Claims Paid
The funds generated by GIPF are then used to process and pay the claims made by our members.

Guaranteed Benefits
The money generated adds to the fund base that secures the guaranteed benefits of all GIPF members.

Claims Paid
The funds generated by GIPF are then used to process and pay the claims made by our members.

Guaranteed Benefits
The money generated adds to the fund base that secures the guaranteed benefits of all GIPF members.

Claims Paid
The funds generated by GIPF are then used to process and pay the claims made by our members.

Guaranteed Benefits
The money generated adds to the fund base that secures the guaranteed benefits of all GIPF members.

Claims Paid
The funds generated by GIPF are then used to process and pay the claims made by our members.

Guaranteed Benefits
The money generated adds to the fund base that secures the guaranteed benefits of all GIPF members.

Claims Paid
The funds generated by GIPF are then used to process and pay the claims made by our members.

Guaranteed Benefits
The money generated adds to the fund base that secures the guaranteed benefits of all GIPF members.

Claims Paid
The funds generated by GIPF are then used to process and pay the claims made by our members.

Guaranteed Benefits
The money generated adds to the fund base that secures the guaranteed benefits of all GIPF members.

Claims Paid
The funds generated by GIPF are then used to process and pay the claims made by our members.

Guaranteed Benefits
The money generated adds to the fund base that secures the guaranteed benefits of all GIPF members.

Claims Paid
The funds generated by GIPF are then used to process and pay the claims made by our members.

Guaranteed Benefits
The money generated adds to the fund base that secures the guaranteed benefits of all GIPF members.