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IN THIS ISSUE:

- Will new Procurement Bill empower Namibians?
- Banks reposition in face of mass housing scheme
- Trade and Industry reviews 1997 SME Policy
- Husab project not affected by low uranium prices
- Walvis Bay Corridors reaching greater heights
- Personality Profile: Governor Samuel Mbambo

On the Cover:
Dr Samuel Mbambo, Kavango Regional Governor

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Creating a conducive business environment

There are two points of view, as to whether Central Government, its representatives at regional and local level together with private sector business, are succeeding in their co-creative partnership, to foster an environment conducive for businesses to thrive and prosper in Namibia and beyond its borders.

The Namibian Government must be commended for introducing a number of laws, policies and strategic initiatives intended to enhance business conditions and opportunities for Namibians. We have seen throughout 2013 alone, a plethora of laws, policies and interventions all working towards realizing Vision 2030 and complimenting the4th National Development Plan(NDP4).

The 2013 national Growth at Home strategy catalysed the launch of the Procurement Bill (after 10 years of drafting and debating) and the beginning of the Industrialization Policy implementation. The expansion of the "Green Scheme" coupled with AMTA has provided a large market for those agricultural SME's.

The Ministry of Trade and Industry has also this year begun a process of reviewing the 1997 SME Policy, to ascertain whether the Policy remains responsive to the needs of the sector. The new Procurement Bill, more of which you will read in this publication, will promote local job creation, the sourcing of local products, industrialisation and local entrepreneurial development.These are all laudable interventions and evidence of Government's demonstrated commitment to leading and empowering Namibian business.

The latter point of view from private sector, believes there are many interventions from Government, however not enough relief is felt by the private sector. Some in the private sector believe Government follows fundamental socialist principles, characterized by a large civil service, central Government control, stringent labour laws and powerful unions. This, coupled with increasing mandatory levies, has left private sector with strict compliance codes, subsequently narrower margins and growing frustrations. The NCCI is increasingly urged to advocate for reductions in levies, availability of land and lower cost of utilities. This school of thought argues that they are contributing to national employment, they are compliant to the Labour law, yet enjoy very limited return on their investment.

Could it be that some of our Policies are restrictive? There is certainly need for further debate on the latter point of view. Perhaps the argument holds some water and could be seen as a call for further improvements in our system to ensure that good interventions made by Government are not impacted negatively by bottlenecks in our system.

As a business, economics and finance publication that reports on issues of interest to "Business Namibia" the ***NBJ*** remains an impartial magazine of integrity, which informs and occasionally provokes debate on those most pertinent matters affecting "Business Namibia". You are welcome to send us your comments and views on the issue.

Our cover personality Dr Samuel K. Mbambo, Governor of the Kavango Regions who is a leader of note, shares his professional journey and vision for the Kavango Regions. His is a story to inspire and inform Namibia's entrepreneurs and business leaders. The DBN Good Business Awards recently recognised "Fresh n Bake Bakery and Market" as the Best Small and Medium Enterprise (SME). The bakery created employment for 120 people. In this issue we also review Government's plan to develop a bulk fuel storage depot at the Port of Walvis Bay, a strategic project which will enable Namibia to buy fuel in larger volumes and for export to other SADC countries. The Swakop Uranium mine reports construction will continue despite depressed global Uranium prices. This is good news for Namibia, as there are currently about 1 400 construction workers on site, of which 89% are Namibians. Once completed the Swakop Uranium is poised to become a substantial contributor to the Namibian economy and its local communities.

Pleasant reading,

Editor,
Daisry Dumeni

NAMIBIAN COMPETITION COMMISSION
MEET OUR COMMISSIONERS

The Members of the Commission are appointed in accordance with section 5 of the Competition Act (No. 2 of 2003) and are tasked with the overall administration and strategic governance of the Namibian Competition Commission.

MR. FESTUS HANGULA

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Position: Board Chairperson and Member of the Audit, Risk & Finance Committee

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Qualifications: MSc. Public Policy & Management (University of London/SOAS, UK; Post Graduate Diploma in Public Policy & Management (University of London/SOAS, UK; BA (Economics & Development Admin, UNISA)

Profession: Public Policy Professional and Deputy Permanent Secretary: Ministry of Trade and Industry

Position: Member and Chairperson of the Board's Technical Committee

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Position: Member, Member of Administration and Human Resource Committee and Board Technical Committee

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Position: Member, Chairperson of Administration and Human Resource Committee and Member of Board Technical Committee

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Qualifications: MSc; Quantitative Economics (Warwick); Postgraduate Diploma in Quantitative Economics (Warwick); B.Comm Honours; (UWC)

Profession: Professional Economist

Position: Chief Executive Officer and Secretary to the Commission & Ex Officio Board Member

In terms of Section 16(1) of the Competition Act, the Board of Commissioners are responsible for the administration and enforcement of the Act, in addition to any other functions conferred on the Commission.

The role and responsibility of the Board of Commissioners is to ensure that it acts as the focal point for, and custodian of, corporate governance by managing its relationship with management and other stakeholders of the Namibian Competition Commission, along sound corporate governance principles, including ethics.

Will new Procurement Bill empower Namibians?

GROWTH STIMULANT: ***Finance Minister Saara Kuugongelwa-Amadhila***

After some 10 years of drafting and redrafting, Finance Minister Saara Kuugongelwa-Amadhila finally tabled a new Bill for public procurement in Parliament in mid-September. It will replace the existing Tender Act of 1996 and brings about several changes.

The Bill intends to stimulate economic growth by giving preference to local businesses and socially disadvantaged groups for goods and services bought by Government, State-owned Enterprises (SOEs), regional councils and municipalities. The new law will promote local job creation, the sourcing of local products, industrialisation and local entrepreneurial development.

Preferential treatment in the allocation of procurement contracts will be given to persons who have been socially, economically or educationally disadvantaged by past racial discriminatory laws or practices.

Namibian women and the youth will also be empowered through the Procurement Bill by creating economic opportunities for them and enhancing their participation in the mainstream economy.

The new Bill aims to establish a Procurement Policy Office (PPO) to advise the Finance Minister on policies and translating them into guidelines and standards to ensure competitiveness in the public procurement system. The PPO will develop and implement procurement performance assessment systems.

The office will be run by an executive director appointed by the Finance Minister, and several staff members will work under the director.

The current Tender Board, which comprises Permanent Secretaries, will be replaced by the Central Procurement Board (CPB). Its members will be industry experts, and public officials will no longer serve on the Board.

The CPB will be responsible for tender processes regarding high-value contracts over a certain value threshold. The Board will have nine members appointed by the Minister for three years, and its offices will be run by a chief executive officer and staff.

Another change is that Procurement Committees will be establishedin all public institutionsto provide structures for smaller tender awards.

Three to seven members will serve on these committees. Under their auspices, a procurement management unit will be established in every public office, which will manage all procurement activities for the respective public entities.

Furthermore, bid evaluation committees for public procurement must be set up. Its members will be tasked with the evaluation of pre-qualifications, bids, proposals or quotations. The secretary of a bid evaluation committee is an in-house staff member of a ministry, SOE, regional council or municipality.

Made in Namibia

Participation in open advertised bidding can be limited to Namibian citizens or entities incorporated in Namibia with not less than 51% equity owned by Namibian citizens. Of this 51%, not less than 30% must be owned by previously disadvantaged persons.

All public entities must give preference to goods manufactured, mined, extracted or grown in Namibia; or services provided by Namibian citizens or permanent residents, but this must be clearly stated in the bidding documents.

The Finance Minister may prescribe economic empowerment strategies to implement preferential procurement and publish them in the Government Gazette. For all procurement under international and national competitive bidding, prescribed incentives and conditions must be used to promote partnerships, joint venture arrangements and foreign entities to team up with Namibian bidders in the bidding process and in the execution of procurement contracts.

Suppliers must be selected whose bid received the highest score in accordance with the criteria and selection method set out in the request for proposals, or has the least cost in the case of the least cost method of selection.

In other aspects, the bidding process remains about the same as with the current Tender Board, with bidders having to submit their offers in sealed envelopes.

A Review Panel will also be set up,and it will act like a tribunal, dealing with complaints from aggrieved bidders who seek to challenge procurement proceedings.

"The intention is to provide for the speedy resolution of such complaints, which will minimise the frequency of bidders' recourse to court actions," the Finance Minister told Parliament. All information about these proceedings are confidential, and a person disclosing such information to a third person without the authorisation of the Board, public body or Review Panel, commits an offence and can be fined up to N$100 000 or imprisonment of up to 10 years, or both.

A bidder who engages in collusion, before or after a bid submission, designed to allocate procurement contracts among bidders, or to establish bid prices at artificial non-competitive levels; or who otherwise deprives the public body of the benefit of free and open competition, will be fined up to N$1 million or 10 years in prison, or both.

Similarly, corruption, price fixing, a pattern of under-pricing bids, breach of confidentiality, misconduct relating to execution of procurement contracts, "or any other misconduct relating to the responsibilities of the bidder or supplier" will draw the same tough punishment as above.

All members of the Central Policy Office, the Public Procurement Board, the Review Panel, the procurement committee, procurement management units, bid evaluation committees and any staff member(s) charged with the implementation of the new procurement law - once enacted - must declare their assets and liabilities with the Secretary to Cabinet and that of his/her spouse within 30 days of their appointment; and also on the termination of their appointment.

NOT FORGOTTEN: Namibian women and the youth will also be empowered through the Procurement Bill by creating economic opportunities for them and enhancing their participation in the mainstream economy

Procurement and capability development for local SMEs

Edward Thurmond, SME Development Desk Officer

In every growing economy, the SME sector presents the greatest potential for employment creation, while growth in this sector contributes directly to national economic growth. It is also a sector faced with unique obstacles.

Government has made concerted efforts towards creating a conducive economic environment for the local SME sector to grow, expand and prosper. Some of Government's interventions include the national 'Growth at Home 'strategy which places strategic focus on local Procurement and Manufacturing. The 2012 Procurement Bill gives preference to the Namibian supplier and now the 2013 Industrialization Policy.

Other interventions such as the "Green Scheme" and the cold storage hubs (AMTA) have certainly provided rural agricultural SMEs access to markets and are all steps in the right direction.

In the Namibian context, findings from the 2013 Namibia Business and Investment Climate Survey (namBiC) highlighted access to land, increasing cost of utilities, skills development and access to new markets as the main challenges, compromising the establishment of sustainable enterprise in Namibia.

The Namibia Chamber of Commerce and Industry (NCCI) concluded its 8th annual SME Development Conference on Friday, 11 October, at Rundu. This platform has become very important forum for Namibia's SME sector to engage first-hand with those most instrumental stakeholders. The event is attended by SME business owners (formal and informal), Government policy-makers, regional and local authorities, private sector business leaders and SME service providers.

This year's conference, which was hosted under NCCI's adopted strategic working theme "Growth at Home - Procurement and Capability Development for SMEs" provided platform for lively debate and informative presentations focusing on government and private sector opportunities, while key challenges were highlighted by the sector as follows:

Decentralization of procurement functions

Sometimes tender documents are only available in Windhoek, tenderers have to travel to Windhoek to purchase tender documents or attend site meetings for projects implemented in other regions. Government is requested to decentralize, avail tender documents online for ease of access for bidders.

Conflicting requirements made by licensing authorities and financiers

This point is better illustrated by a story. A young man wanted to start a training school and approached a bank for funding. The bank indicated that they required accreditation from NTA. NTA said they need to see the infrastructure first. There appears to be a need for closer collaboration between institutions.

Experience Requirements for Tenders

Sometimes the experience requirement is discriminatory, new comers are disadvantaged. Recommendation was made for tenderers to consider performance mitigation techniques such as mentorship.

The NCCI will now include the above on its National Advocacy Agenda and engage the relevant organisations, to facilitate reform and resolution of the above highlighted key challenges facing our SME sector.

SME PLATFORM: SME business owners (formal and informal), Government policy-makers, regional and local authorities, private sector business leaders and SME service providers converged at the northern town of Rundu on 11 October for the 8th NCCI annual SME Development Conference

NCCI

NAMIBIA CHAMBER OF COMMERCE AND INDUSTRY

The premier voice of "Business Namibia"

At NCCI – the leading business representative and support organisation in Namibia, we work hard to help our members grow their businesses:

- **Advocacy:** NCCI speaks on your behalf on issues affecting the business environment
- **Networking:** With 17 branches and more than 2,000 members, NCCI is the ultimate business network in Namibia
- **Trade & Investment:** Facilitated access to new markets via business missions, trade fairs and matchmaking
- **Entrepreneurship Development:** Upgrade of your skills by participating in tailor made training and mentorship programs

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"...it PAYS to be a MEMBER..."

Sam Nujoma innovation awards here

The Sam Nujoma Innovative Enterprise Development Awards (SNIEDA) will take place on 12 November at the Windhoek Country Club & Resort. Entrepreneurship forms the foundation of every economy and thestrength of an economy depends on the innovativeness and level of drive ofthe entrepreneurs operating in that given economy.

The Namibia Chamber of Commerce and Industry (NCCI) is looking up to entrepreneurs to push our economic agenda as we pursueindustrialisation and modernisation of our economy as envisioned in Vision 2030. Namibia's economic sustainability will be dependent on the innovativeness and vision of its entrepreneurs and business leaders.

TheNCCI meets amazing entrepreneurs on a daily basis - entrepreneurs who havewhat it takes to succeed in the business world and who have amazing visionsfor their businesses and this economy.

Namibia does not lack entrepreneurs but what we need is continuous improvement of our policy and legislative instruments and platforms to honour deserving business people so that we are able to keep up with the ever changing business environment.

It is necessary for us to put in placesupport systems and platforms which can facilitate and encourage entrepreneurship in Namibia, hence SNIEDA.

The Sam Nujoma Innovation and Entrepreneurship Development Award was established by various service providers within the SME sector through the Joint Consultative Committee (JCC) which has since ended its existence, to recognise and award deserving Namibian enterprises which are considered to have excelled in their respective trades.

These awards were named after a very innovative leader and a true statesman who proved his leadership quality and innovativeness during very hard times of our liberation struggle and built a strong, united nation after the attainment of our political independence.

The SNIEDA awards aim to recognise excellence in business, entrepreneurial drive, outstanding innovation and exemplary business leadership. The idea is to use these awards to inspire current and potential entrepreneurs to believe in themselves and aim for the top in the business world.

Various deserving SMEs will be recognised in different categories which include:

Business Innovation of the Year Award

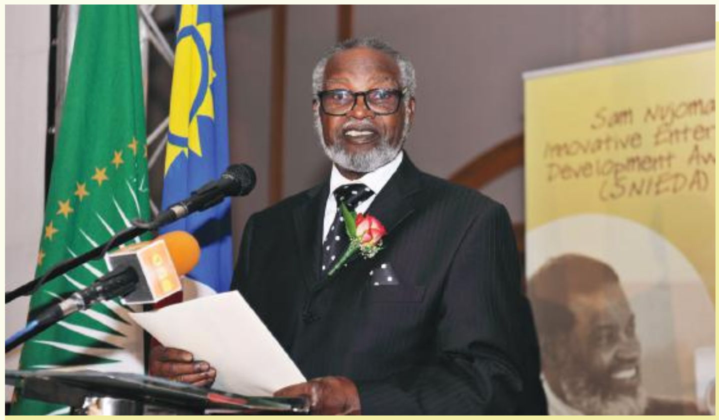
The award recognises the organisation that best demonstrates ability to create, growand develop innovations or processes that substantially improve the commercial performance of a company.

Business Leader of the Year Award

This award is presented to an outstanding company that would have demonstrated exceptional leadership and vision.

Environmental Awareness Award

The award acknowledges a company with distinguished commitment to minimising itsimpact and significant success in minimising its carbon footprint on the environment.



ICONIC: The Sam Nujoma Innovative Enterprise Development Awards aim to recognise Namibian enterprises which have excelled in their respective trades

Financial Services Award

This prize salutes an organisation that has contributed to the financial growth of SMEs.

Capacity Building Award

This award recognises an establishment that has assisted in capacity building andcontribution through innovative processes and resource provision to SMEs in Namibia.

Enterprise of the Year Award

The award honours the overall outstanding company that would have demonstrated exceptional vision and leadership in business innovative excellence.

New Business/Start-up Innovation Award

This award honours companies that are less than a year old. The most challenging times for thebusiness or start-up is surviving within 12 calendar months.

SME of the Year Award

This award recognises an SME with exceptional standard and demonstration of being able to make itdespite the challenges.

Woman Innovator of the Year Award

This award is presented to a female business owner who demonstrated innovation and growth over the last3 years.

SME of the Year Award

This award recognises a small and medium enterprise that has shown growth from humble beginningsto change his community through economic participation

Tables for the awards ceremony are now for sale at N$8,500 or a seat for N$850 for NCCI members and N$12,000 for a table and N$1,200 for a seat for non-members.

Contact ouroffices at skalla@ncci.org.na or windhoek@ncci.org.na or tel: 228809.
For enquiries, contact Johanna Shiweda-Indongo at jshiweda@ncci.org.na

ENERGY SAVING TIPS: INDUSTRIAL SECTOR

Industries, no matter what line of operations they are in, are major consumers of electricity.
Promoting and implementing energy efficient programmes and ensuring employee participation is the first major step towards achieving significant power savings.

Saving electricity in industry means examining all facets of operations including:

- Electricity efficiency
- Lighting
- The use of pumps, electric motors and compressed air systems
- Plant efficiency and maintenance

Motors
Old electric motors waste energy. Examine all motors and replace old units with energy efficient motors.

Boilers
Regular examination and maintenance of boiler systems are essential to effective energy savings. Check the gas and air tightness of boilers regularly.

Pumps and Fans
Pumps and fans use significant amounts of electrical energy. Systems with fans and pumps offer many opportunities to save energy on pump and fan drives. If the pipes or ducts are poorly placed or designed, then the pump or fan motors use more energy than would be the case with more correctly designed fluid and gas flow systems.

Lighting

- Install efficient lighting systems.
- The use of electronic ballasts is not common in commercial and industrial lighting systems, yet they can save up to 60% of the electricity required.
- It is wise to make use of the services of lighting specialists when choosing lighting system design.

Let's work together and use electricity sparingly

NamPower
Powering the Nation and beyond

Business Personality Profile:
Dr Samuel Mbambo
Driving the "Green Scheme" in the Kavango

SERVING THE NATION IN VARIOUS CAPACITIES:
Kavango Regional Governor Dr Samuel Mbambo

Kavango Regional Governor Dr Samuel Mbambo is a man of many hats.

In his professional career spanning almost three decades, he has served as a teacher, a producer for the Namibian Broadcasting Corporation (NBC), a university lecturer, a rector, a diplomat and Governor, to mention just some of his several occupations.

Dr Mbambo is passionate about his home region and he believes firmly that the two Kavango Regions have an enormous potential for economic growth and can become Namibia's breadbasket.

"The two regions are blessed with two main resources – a perennial river and fertile soil. If you have those then you have life and this means that the potential for agriculture in the Kavango is sky high," he says.

Regional focus has now shifted towards making sure that the Government-initiated "Green Schemes" become a success.

"The potential is immense and as we move towards Vision 2030, it must be one of the priorities of the Kavango to pay attention to, to see to it that the people have enough food. Having enough food ensures pride, peace and stability. The "Green Schemes" project is working well, although there is room for improvement. We used to import food, such as maize, from outside the country when we were faced with droughts in the past. But the story is changing," says Dr Mbambo with pride.

The vibrant Governor adds that if the local people begin to appreciate the importance of producing their own food, Namibia will not need to import food from anywhere and people will have enough food to eat and even to export.

The Kavango regions, he says, are also a potential job creation space, which can be achieved by converting the primary products into secondary products. "We would like to come to the secondary level, where we can have factories

ON DUTY: Dr Mbambo in his High Commission office in New Delhi

that grind maize, process tomatoes into soup and sauce, bearing the potential to bring in labour. This would also enable people to start making some small factories with small machinery," he says.

Skills shortage hampering growth

The Governor laments the skills shortage, which he says is the main factor stifling growth.

"We fall short on skills and require Government assistance for those who are willing to work. Traditional skills are not enough. Women are doing a lot of physical work in the crop fields, if these women can be assisted financially and trained to run their small businesses, I think the potential is unlimited. Government has made a market for mahangu with the "Green Scheme" and also by building the cold-storage facilities. We are getting there," he says.

The Governor says the Regional Council is doing all it can to create an enabling environment for those who want to do business. "We have a plan to attract investors to the region, we just need to implement the plan," he says.

Governor Mbambo is vocal against laws that seem to impede the progress of those very people the legislation is supposed to assist. He says he would like to see laws that would help the previously disadvantaged people to come up and join the mainstream of the Namibian economy.

"I use the example of the cattle herder – amidst his flock there are small ones, weak ones, but he must herd all and bring them all back home. His attention will be on the sick, small ones, so that the pace of the herd is determined by these weaker ones. Let us think of that mother who wakes up early goes to mahangu field, working to send her children to school. How do we as a government help such people? Let us think of that mother who sustained her family by selling apples, oranges and kapana. If you empower such a person, the experience, discipline and skills would benefit all of us. Laws must be pro-disadvantaged but also pro people willing to join the Vision 2030 journey," the Governor says.

Who is Dr Samuel Mbambo?

Dr Mbambo is the second eldest of thirteen siblings - five sisters and eight brothers. He was born at Mashare on 25 September, 1959. As a young boy he herded his parents and grandparents livestock until he started school at the age of 11.

"I schooled at Mupapama, 20km from my birthplace. I started my Sub-A schooling at Mupapama Senior Primary School in 1969, where I completed Standard 6 in 1973, in the Mashare Constituency. In 1974 I went to the newly built, Linus Shashipapo Secondary School. I remember some of my peers I schooled with in the Ndiyona Constituency, such as the current Minister of Agriculture, John Mutorwa," he recalls.

After completing his Standard 10 he went to South Africa to study Theology at the Dutch Reformed Theological School, in QwaQwa. He completed his first diploma in Theology in 1984 and after graduating proceeded to study towards a higher diploma in Theology, which he completed in in 1985. He then enrolled for a Master of Theology degree at the University of the North in the Transvaal, which he completed in 1990.

Dr Mbambo lists his parents as the pillars behind his success in life as well as Dr Romanus Kampungu, who was the first PhD graduate from the Kavango Region in 1965.

The Kavango Governor served as a pastor while he took up teaching at the then Rundu Junior Secondary School, now called Dr Romanus Kampungu Secondary School. He taught there for a year before moving to Rundu Senior Secondary School in 1988, where he worked until 1992.

While he was busy with his Master's Degree he also served as visiting lecturer at the University of the North in South Africa. "When Namibia's independence came in 1990 I was out of the country and subsequently unable to partake in the historic celebration that took place back home. Instead I watched from a TV in South Africa. This is something I missed in my life," he recalls.

In 1991 he was appointed Senior Producer – Religious Programmes at the NBC in Windhoek. He only lasted for two years in that position and was retrenched in 1993 in line with the broadcasters "last in-first out policy". He was however lucky to get a job as Coordinator: Human Rights and Education Desk at Council of Churches Namibia (CCN) where he worked till 1994.

In 1994, the University of Namibia (UNAM) started to expand and underwent some changes. The Department of Biblical Studies was changed to the Department of Religious Studies, for which a new course had to be created, entitled African Religion and Culture. He applied and was engaged to develop the course curriculum. He lectured at UNAM from 1994 – 2001 and while there, received a scholarship for further studies at Utrecht University in Netherlands.

Upon his return to Namibia with his PhD, Dr Mbambo was appointed Rector of the Rundu College of Education, a position that he held between June 2001 and February 2005 before the Founding President, Dr Sam Nujoma, appointed him as Namibia's Ambassador to the Russian Federation, based in Moscow.

He served in that diplomatic position till 2010, when President Hifikepunye Pohamba transferred him to Delhi, India as Namibia representative. In 2013 he was appointed as Governor of the Kavango Regions.

Dr Mbambo was also a founding member of the Namibia National Teachers Union (NANTU) and was the union's first Chairperson for the Kavango Region. He has also served on the UNAM Council, was a Member of 2nd Delimitation Commission appointed by the President to establish new boarders, served on Namibia Education Council, appointed by Minister of Education as well as a Member of the National Monument Council of Namibia.

Governor Samuel Mbambo

FIVE QUICK FACTS ABOUT DR SAMUEL MBAMBO

- He is married with three children, one girl and two boys.
- He is open minded person and willing to learn from anybody.
- He is a very religious person. "I believe there is someone controlling everything."
- He likes surprises. "I like to wake up to the thought that this day will yield something unexpected. The unpredictability of life makes life more exciting."
- He is unselfish. "Each one of us has a responsibility towards his neighbour. To see to it that fellow human beings must enjoy life the way we are enjoying it". Remember the African saying: "I am because you are and you are, because I am".

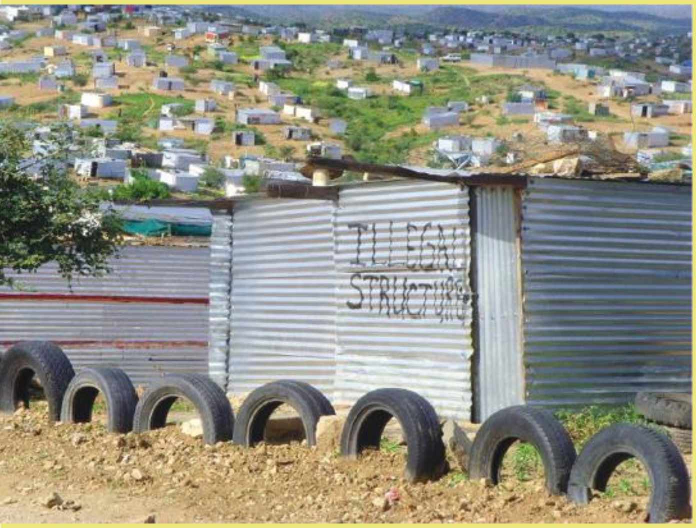
GREEN AGENDA: Governor Mbambo (second from right) visiting an irrigation project in Kapako Constituency

DIPLOMATIC MISSION: Dr Mbambo (left) with other diplomats in Delhi, India

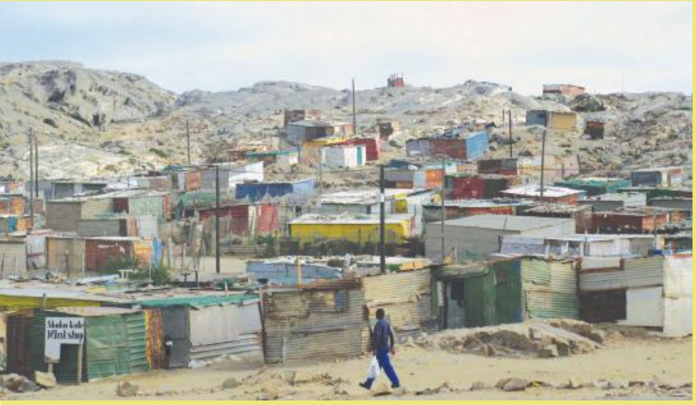
PARTY COLOURS: Dr Mbambo (right) at the inauguration of Founding Father Sam Nujoma's statue at Ongulumbashe

BOOSTING AGRICULTURE: Governor receiving a tractor at the Mechanical Training Institute

Govt's ambitious plan to build nearly 200 000 houses by 2030



***HUGE BACKLOG:** The huge backlog in the construction of houses has seen the mushrooming of informal settlements in and around Windhoek*



Government has planned a mass housing programme which will be rolled out in the next few weeks, entailing the construction of 185000 housing and flats until 2030, the deadline for Vision 2030.

The total budget for the programme is envisaged to be around N$45 billion, with some N$2.5 billion to be spent every year. Approximately 10 880 houses will have to be constructed each year over the next 13 years to meet the set deadline.

The first 8 850 houses will be constructed in the first two years until 2015, starting with the regional capitals of all 14 regions. Thereafter, other towns in all regions will benefit from the mass housing programme.

Funding will be availed via allocations from central government to the Ministry of Regional and LocalGovernment, Housing and Rural Development to the National Housing Enterprise (NHE).

Debt financing through local and foreign institutions, and public-private partnerships, will also be sought.

Government will make use of a dual tendering system, the NHE tendering system and government's centralised procurement system, to be able to stick to the set timeframe.

People who already own houses will not benefit from the programme – only first time buyers. The estimated construction cost of each house is pegged at an average of around N$280 000.

The NHE will be the implementing agency of this massive housing plan. The initiative comes from President Hifikepunye Pohamba, who set up a special housing committee at the start of this year. A technical sub-committee, chaired by NHE Chief Executive Officer (CEO)Vinson Hailulu, drafted the roadmap for the project, which was recently adopted by Cabinet.

During the preparations for the mass housing project, the private sector was not consulted.

This was confirmed by Tarah Shaanika, CEO of the NCCI. "The mass housing programme surprised us. The private sector and the NCCI were not consulted. It is the private sector which will construct these houses, however," Shaanika told NBJ.

He said he is sure the private sector is up to it, but the biggest issue will be land delivery and servicing of plots for these houses.

"We hope that through the envisaged housing programme, houses will become affordable for the majority of Namibians, especially young graduates," Shaanika said.

The Ministry of Regional and Local Government, Housing and Rural Development will soon allocate between N$180 million and N$300 million to each of the bigger municipalities so that they can start servicing land in order for plots to be ready for the construction of the houses.

In September, the ministry the briefed Governors and Regional Councils about the programme and in October, Minister Charles Namoloh invited construction companies, SMEs and suppliers of building materials to an information session held in Windhoek. Around 600 people attended and registered their contact details on a list.

"This is a national project. President Pohamba wants it to start soonest and the main aim is to get people out of shacks and for them to get a decent roof over their head. We should allwork together to achieve this ambitious programme as the annual housing backlog increases by 3 700 units every year, if nothing is done about it," Namoloh said.

He said it would not be 'business as usual' and would not be for companies to make huge profits, but rather a project to exercise corporate responsibility."There will be enough work for all of you, big and small companies, Small and Medium Enterprises, suppliers, service deliveries, plumbers, electricians – I really mean all of you, so please do not be greedy," he urged all those present.

He emphasised that constructing housing for lower income groups should however not mean using cheap and sub-standard building materials.

Inspection teams will criss-cross the country to inspect progress made in the various building sites.

Karl-Heinz Schulz, president of the Construction Industries Federation (CIF) assured Government that the private sector would come on board.

"Such a huge rollout requires good coordination and cooperation from all players," Schulz said.

Banks reposition in the face of mass housing programme

OPPORTUNITY: FNB Holdings CEO Ian Leyenaar

Faced with competition from the planned multi-billion dollar mass public housing programme launched by Government, banks have already started repositioning themselves in a bid to maintain their share of the housing market by offering 0% deposit home loans.

Home loans constitute the biggest source of revenue for local banks, with over 40% of total revenue coming from mortgages.

Namibia faces a serious housing supply challenge despite having the second lowest population density according to information by the World Bank, and analysts say the successful introduction of the Government's massive housing programme coupled with the ongoing Targeted Intervention Programme for Employment and Economic Growth (TIPEEG), which has identified housing as a priority area, will most likely threaten the banks'dominance of the local housing market.

While Government is already a notable player in the housing market particularly in the lower and middle income segment through the National Housing Enterprise (NHE), the State-Owned Enterprise has been criticised for failing to deliver enough houses in line with its mandate, leaving banks to dominate the market.

Although the NHE is set to receive N$320 million in the current Medium Term Expenditure Framework (MTEF), the State-owned entity blames its failure to adequately deal with the housing supply challenges on a lack of funds to service land. But that is all set to change with the launch of the N$45 billion housing programme envisaged to add 185000 housing units across the country by 2030.

The housing development programme, understood to be a public/private partnership between the government and institutional investors, including the country's biggest pension fund, the Government Institutions Pension Fund (GIPF), will see

HUGE MARKET: Zero-deposits on home loans will enable more Namibians to own homes

Government involved in the servicing of municipal land, and the construction of low-cost housing in the country's 14 regions.

The programme will likely be modelled along the lines of housing development projects in countries such as Mexico, Malaysia, Venezuela and South Africa, where mass housing development programmes are being implemented underpinned by a strong partnership approach between the public and the private sector.

Government says the provision of housing and basic sanitary amenities is an important priority for the improvement of people's living standards and quality of life.

Market leader First National Bank of Namibia (FNB) with a 40% market share in the housing space say it welcomes the move by Government as a positive step, adding that the public housing programme will have no impact on the bank's revenue despite home loans contributing 49% to FNB Holdings' total revenue in its latest financial results.

FNB Holdings Chief Executive Officer (CEO) Ian Leyenaar is of the opinion that demand for housing in the country is greatand the supply, limited. "I think the project Government is initiating is a very worthy one. We are delighted to hear [of the programme] because as a country we need more housing. I think it is going to soften the market, but the demand will still maintain a relatively high thrust particularly at the entry level. I don't think it is going to materially alter the percentages where we are at the moment," says Leyenaar.

However, the FNB CEO says it remains to be seen whether the massive public housing programme will actually deliver the number of houses that have so far been thrown around.

Bank Windhoek, the country's biggest bank based on loans and advances, has already scaled up a campaign to increase its market share in the housing market by offering clients 0% deposit home loans. The bank recently announced 100% financing for residential property loans from N$500 000 up to N$1.5 million, saying this will make it easier for clients to own their first homes.

Previously, clients were required to pay a deposit of 10% on their first home loan.

With the relaxation of the deposit requirement, Bank Windhoek says it hopes "more clients will be able to acquire the biggest investment on an asset that one normally makes - owning a home."

The bank also says it is open to the financing of a second mortgage, but this will depend on the purpose of the loan and affordability, as well as the valuation of the property.

As a percentage of total advances, Bank Windhoek had a 47.8% exposure to home loans as at 30 June 2012. The scaling up of home loans will likely push the bank's exposure to home loans to over 50% of total advances.

In the same week that Bank Windhoek announced the 0% deposithome loans, Nedbank Namibia also launched a home loan campaign offering 0% deposits to clients.

Trade and Industry reviews 1997 SME Policy

TAKING STOCK: Trade and Industry Minister Calle Schlettwein

The Ministry of Trade and Industry (MTI) in mid-October embarked on a review of its SME Policy of 1997, which has been in existence for some 15 years. Amongst other things, it was found that the existing definition of Small and Medium Enterprise (SME) was too narrow and that the term needed to be redefined.

Addressing about 250 SME entrepreneurs in Windhoek on the envisaged review of the SME Policy, while also launching a brand new website showcasing local SMEs and their products, Trade and Industry Minister Calle Schlettwein said SME programmes have delivered good results.

"We however need to take stock of whether our policy and programmes are still adequately responsive and effective as tools for facilitating the starting-up and expansion of small businesses," the Minister said.

Schlettwein saidthe current definition of SMEs is "too narrow" and not inclusive of all small business categories that exist in the local economy.

"There is also a need for a single or common definition or classification of the various categories of small businesses in the country and the corresponding requisite interventions," the minister said.

In addition, the current SME policy does not have proper co-ordination and a monitoring and evaluation mechanism, resulting in uncoordinated multiple support and duplication by various institutions, in Government, private sector and donors. Schlettwein wants to see more synergy and an integrated approach as required under the fourth National Development Plan (NDP4) and the Industrial Policy to reduce overlapping and wastage of resources.

"Besides realising growth in the number of small businesses, it is also our desire to see micro businesses succeeding and graduating into small-scale, and the small-scale enterprises into medium and large scale industries," he noted. The SME review of the ministry will be conducted until mid-July 2014 with the support of the Bank of Namibia (BoN).

According to Diina Nashidengo of the ministry's Industrial Development Directorate, the review will be spearheaded by an Executive Project Committee (EPC) and a Technical Project Team (TPT).

Members of the EPC are Schlettwein, Finance Minister Saara Kuugongelwa-Amadhila, National Planning Commission (NPC) Director General Tom Alweendo, the Governor of the Bank of Namibia, Ipumbu Shiimi and his deputy, Ebson Uanguta. The committee will meet once every three months.

Technical experts of the above institutions and the National Development Corporation (NDC) will serve on the TPT, which will meet every two weeks.

The experts will invite stakeholders to various consultations in all regions for the review process. "Once completed, Minister Schlettwein will table the new SME Policy and Programme in Parliament," Nashidengo said.

Despite some shortcomings, the Government's SME programmes have since 1997 delivered tangible results. Thousands of SMEs were established and have decent premises to set up and do business from as a result the MTI's Sites and Premises Development Programme – a total of 41 industrial and business parks have been constructed since the inception of the programme, and980 businessesoperate from these facilities. They employ some 4369 people on a permanent employment basis, according to figures released by the MTI. The construction of these facilities created jobs for some 6 702 Namibians. New related business infrastructure projects, 44 in total, are being implemented for other needy areas in the country, and the construction and activities of the businesses to be housed there will create a further 1 000 jobs.

Another intervention which has had a positive impact on start-up and emerging small businesses is the MTI's equipment aid scheme, which has enabled many small business operators to adopt technology and equipment to enhance their efficiency and ability to produce goods for the market and to supply large businesses.

To date, a total of 2445 SMEs, particularly those in manufacturing and value adding activities, have secured appropriate production equipment through the Scheme.

New SME website

The MTI has set up an SME Portal on its website (sme.mti.gov.na) showcasing dozens of local SMEs across all 14 regions. Photos of products are on the website along with the names of SMEs, owners, and managers and their contact details. For the first time, these entrepreneurs have their products showcased via the Internet and the MTI hopes that this online portal will accelerate the marketing and turnover for these SMEs into a new dimension. The categories are textile and woven products, leather products, pottery, handicrafts, gemstones, cosmetics, wood products, building materials, machinery and metal products, food, beverages and natural products, as well as novelties.

SMEs can contact the MTI to apply for uploading of their products and company details on that website.

DBN rewards loan beneficiaries for 'Good Business'

DEDICATION: Fresh n Bake Bakery and Market was awarded the prize for Best SME. In the photo, Meme Alina Naidyala receives the winner's certificate from Mr I-Ben Nashandi, Deputy Permanent Secretary of the Ministry of Finance, as her partner, Tate Moses Josef looks on.

The Development Bank of Namibia (DBN) announced the winners of the 2013 Good Business Award at a ceremony held in the capital on September 12.

The awards for DBN clients recognise employment creation, use of local resources, good business administration and governance, local procurement and ownership by previously disadvantaged Namibians.

The award for Best Small and Medium Enterprise (SME) went to Fresh n Bake Bakery and Market in Okuryangava, which creates employment opportunities for 120 people. The award for Best Large Enterprise went to last year's runner-up Armstrong Construction. During the course of the year, Armstrong Construction strengthened its business and grew its export markets.

Certificates of merit were awarded to Namibia Civil Engineering Laboratory and Urban Legend in the SME category. Ongwediva Medipark and Proqual Diagnostic Imaging received certificates of merit in the Large Enterprise category.

Deputy Permanent Secretary of Finance Mr I-Ben Nashandi, who represented Minister Saara Kuugongelwa-Amadhila, said Government believes there is still great potential for SMEs to create jobs in Namibia. He said this can be achieved not only through access to finance, but also through deliberate growth-at-home strategies and policies.

DBN Chairperson Elize Angula said the enterprises that the institution financed were those the bank believedwould still be around for years and decades to come.

"Good governance, sound business administration and meaningful use of local resources secure these enterprises for the future. The recipients of these awards exemplify this approach. DBN asks that you consider these enterprises, and their long term impact. We hope you will be able to adopt the same approaches that they have used to make their enterprises successful, if you have not done so already," she said.

Fresh n Bake used DBN finance to build a new bakery and mini market. The bakery is a central source of supplies for informal businesses in Okuryangava and surrounding areas, creating the opportunity for members of communities to earn or supplement incomes.

Fresh n Bake is a triumph of ambition and personal development on the parts of Tate Moses Joseph and Meme Alina Naidyala. They began baking traditional bread and vetkoek to supplement their income in 1984. In 2001, Tate Joseph and Meme Naidyala started Fresh nBake Bakery and Marketat their home in Katutura, using a handmade oven. Tate Joseph started managing it full time in 2003 and also began to give baking training in his community.

Today, they provide 120 permanent employment opportunities.

Armstrong Construction, which was a runner-up in last year's awards, used DBN finance to purchase a brick machine and tipper trucks.

Located outside of Rundu, it uses water and sand from the Kavango River to manufacture bricks and concrete products. The company now supplies building materials to the surrounding regions, southern Angola, Botswana, Zambia and Zimbabwe.

Ongwediva Medipark, which was runner-up in the Large Enterprise category, is the first private hospital in the North. Although the professional skills were in place, the hospital struggled to establish managerial systems. DBN and Old Mutual assisted Ongwediva Medipark to establish management systems, attract new specialists, put in place service agreements with major institutions, and develop patient streams from southern Angola.

Ongwediva Medipark provides specialist medical services in northern Namibia to patients who would have had to travel further in the past. It also alleviates pressure on State medical facilities.

Second runner-up Proqual Diagnostic Imaging used DBN finance to purchase diagnostic technology and make improvements to their Heritage Square facility in central Windhoek. Their radiography services are in high demand, and the company has gone on to open a second branch in Windhoek, branches in Okahandja and Rundu, and it also provides services in Rehoboth.

Judging process

Winners and runners-up were judged on a strict set of criteria by judges from within the DBN. Scores are given to each organisation based on a standard set of measurements determined by the Bank, and the final score is calculated by spreadsheet.

The SME Category was judged on the following criteria;

- The number of permanent jobs created
- The number of permanent jobs retained
- The percentage of previously disadvantaged Namibian ownership
- Financial management
- Value addition to local resources

The Large Enterprise category was judged on the following criteria

- The number of permanent jobs created
- The number of permanent jobs retained
- The percentage of previously disadvantaged Namibian ownership
- Good governance
- Local procurement
- Skills development

TOPS: Armstrong Construction was awarded the prize for Best Large Enterprise. In the photo, co-owner Docky Olavi receives the winner's certificate from Mr I-Ben Nashandi

GIPF sheds light on Unlisted Investments Policy

GIPF CEO David Nuyoma

The Government Institutions Pension Fund (GIPF) and Namibia Chamber of Commerce and Industry (NCCI) held a joint information-sharing session for the private sector in September where details about funding possibilities for entrepreneurs and businesses were shared.

"There seems to be a lack of awareness about our Unlisted Investments Policy (UIP) among Namibian entrepreneurs," GIPF Chief Executive Officer (CEO) David Nuyoma said at the meeting held in Windhoek.

"This concern impedes our objective to cast our net widely and ensure broad-based participation from the Namibian business fraternity," he said to a packed hall of some 500 people.

The N$63 billion-strong GIPF has set aside some N$2.3 billion in total for its UIP which was started back in 2008. According to Regulation 28 of the Pension Funds Act, local pension funds are required to invest up to 5% of their total assets in Namibia to stem capital flight from the country.

GIPF's UIP provides for setting up so-called special purpose vehicles (SPV) in the form of trusts, managed by selected trustees. The fund managers must sign a management agreement with the trusts. Investment possibilities can cover seed and start-up capital for businesses, for the expansion and development of companies, buy-out financing, property development, micro-financing, and possible financing of suitable entrepreneurial and mentoring programmes.

"Through this policy, the GIPF seeks to promote development through empowerment of entrepreneurs," Nuyoma added. Of the N$2.3 billion committed, N$679 million has already been injected into projects country-wide.

NCCICEO Tarah Shaanika, the organisation is inundated with queries from businesseson a daily basis, particularly Small and Medium Enterprises (SMEs),about possible sources of funding for their new business ventures, or for the expansion of existing ones.

Shaanika said queries about funding sources constitute about 50% of the queries the NCCI receives from members on a daily basis.

"There is a shortage of funding sources in the country with appropriate financing products, or there is insufficient information about existing sources of funding for entrepreneurs. My take is that it is probably both," he said.

The NCCI would create platforms for empowering entrepreneurs with information about sources of funding and the financing products available in the market, Shaanika added.

"We will also continue to encourage financial institutions to be more creative in developing financing instruments which can fuel industrialisation, economic growth and employment creation," he said.

The challenge lies not only in developing financing vehicles to provide funding for start-ups, but also in being able to have the capacity in the country for packaging projects in a manner that will allow them to attract funding, according to Shaanika.

Procurement Fund

The GIPF set up a Procurement Fund (PF) back in 2008, which was notwidely known until the September information sharing session. The PF provides short-term working capital and asset-backed financing to SMEs with contracts to render services to "reputable" entities. To date, some N$148.6 million has been pumped into that fund. The idea is to play a more catalytic role in enabling upcoming entrepreneurs to successfully take part in the mainstream of conventional business activities.

"We believe that in so doing, we facilitate the multiplication of Namibian entrepreneurs who in turn create much needed jobs for the economy. The holistic aim of our UIP is to make a meaningful contribution to the national economy through innovative ways,"said Advocate Ellaine Samson, Chairperson of the GIPF Board.

Another N$51 million was invested in renewable energy project credit by advancing finance to SMEs participating in that sector.

The GIPF has invested N$479 million in immovable properties like the Gwashamba property development in Ondangwa, Grove Mall in Windhoek, Otjiwarongo Town Square, and a number of residential and housing projects countrywide.

The GIPF has also provided funding for the Tunga Real Estate Fund of Old Mutual Namibia. OMIGNAM Tunga is currently developing the Arandis shopping centre (N$21.9million), the Otjiwanda shopping centre at Grootfontein (N$60m) and a shopping centre at Rehoboth(N$60m).

The idea is to play a catalytic role in enabling upcoming entrepreneurs to successfully take part in the mainstreaming of conventional business activities. Shopping centres are seen to create spin-offs for a town's economy.

An entrepreneur working in the construction sector told NBJ he wishes his SME had known much earlier about these financing vehicles, especially the Procurement Fund of the GIPF. "This session was definitely an eye opener. I now know if I win a new tender and show proof of it to the GIPF, I can apply for bridge funding from their Procurement Fund," the entrepreneur said.

Entrepreneurs who want more information on how to become eligible for project and procurement funding can access a list of the various fund managers' contact detailson GIPF's website (www.gipf.com.na) under 'Downloads'.

NCCI CEO Tarah Shaanika

FNB Namibia launches digital banking platforms

First National Bank of Namibia announces the launch of its latest innovations in digital Banking, theSmartphone Banking App, which was the first of its kind to launch in South Africa in 2011, and is now available in Namibia.

As part of their wider digital and mobile strategy, FNB Namibia also launched their .Mobi site which works on both smartphones and feature phones with internet access.

According to FNB, the App and .Mobi gives clients anytime, anywhere, safe and secure banking. The App works best with iOS Apple as well as Android Smartphones. It is available as a free download from the App stores.For internet enabled phone which does not comply with the App, the .Mobi site (www.fnbna.mobi) was launched to fill the gap for those customers of FNB Namibia.

"We are excited to be taking FNB's innovative award winning Smartphone Banking App and digital banking to Namibia and empowering our clients with relevant mobile solutions such as the App and .Mobi. This is an opportunity to contribute meaningfully towards the banking sector and unleash client benefit," says Ian Leyenaar, CEO FNB Namibia.

Both the FNB Banking App and .Mobi site provide access to banking for customers who may not have easy access to the branch network as there is no reliance on physical infrastructure. They both will allow users to do transactions like viewing account balances, transfers and payments, link FNB accounts, do Cardless Cash withdrawals and eWallet services.

The App also includes exciting value added services such as the ability to locate cash withdrawal machines (ATMs), buy prepaid airtime, make once-off payments and make free calls and messages to other App users. A new feature FNB Namibia is introducing on the App is a functionality called Geo Payments. This is a location based person to person payments functionality where you can Find & Pay other FNB App users, without their banking details.

"Our App and .Mobi includeseWallet, which enables us to reach the underserviced and underbanked with a mobile money solution. Customers can expect regular new features and innovations that make their lives easier and add to their banking experience,"explains Leyenaar.

"FNB is a global bank and with this technology we are delighted to be taking world class mobile solutions to our clients in Namibia," concludes Leyenaar.

FNB Namibia CEO Ian Leyenaar

Swakop Uranium not put off by low mineral prices

STICKING TO PLAN: Grant Marais, Swakop Uranium Director: Communications and Stakeholder Involvement

Swakop Uranium, developers of the N$20 billion Husab project, are not worried about the depressed uranium prices currently prevailing on the market as the new Chinese owners are developing the mine not only for commercial reasons, but also to secure supply for China's newly-built nuclear programme.

China is currently constructing about half of the atomic power stations under construction in the world. Reports indicate that China has 17 nuclear power reactors spread out over six separate sites, and 32 are under construction.

Grant Marais, Swakop Uranium's Director of Communications and Stakeholder Involvement, told Namibia Business Journalthe price of uranium will not affect the construction of the mine at all, and construction is going ahead as planned. He said the uranium spot price was already at a very low level when the project was approved in October 2012.

"It should also be kept in mind that our shareholders are developing the mine not just for commercial reasons, but also to secure supply for China's newly-built nuclear programme. The programme will give a five- or six-fold increase in nuclear capacity which is likely to vault China into the top position of nuclear-generating nations," Marais said.

He said theprogramme is seen as an alternative to the polluting, carbon dioxide-emitting coal-fired plants that supply 80% of the country's electricity.

Because of China's growing appetite for nuclear fuel, the country imported more than 16 000 tonnes of uranium

***PROGRESS:* An aerial picture of construction activities on the Husab project site**

in 2011, almost three times as much as the Husab mine's projected production of 6 800 tonnes.

Giving an update on the construction of the Husab mine, Marais said work is progressing well. Most of the main contracts have been awarded, bulk earthworks are well in progress, and construction of the permanent road and bridge to the Husab mine is under way. National power utility NamPower has approved a guaranteed power supply of 50 megawatt (MW) for the mine and the first water from the temporary pipeline was delivered from the Rössing reservoir into a newly-built pond at the Husab mine in February 2013.

"We are particularly proud that more than half (53%) of the contracts have been placed with Namibian-registered companies. The biggest of these is with BarloWorld Equipment Namibia," Marais said.

He added that assembling of the massive haul trucks that will be used on the mine is well under way. The trucks, each with a payload of 327 tonnes, are delivered to site in a knocked-down kit form at a rate of two trucks per month. While 26 of these trucks will be procured during the project phase, 39 of them will be operating on the mine when the mine starts producing at its nameplate capacity of 15-million pounds of uranium oxide per annum. The mine will also procure four front-end loaders, three rope shovels and four hydraulic face shovels.

Construction of the mine is on track, and Swakop Uranium is confident that it will start with pre-stripping in the second quarter of 2014, and have one million tonnes run off mine (ROM) stockpile ready by the second quarter of 2015. Permanent power and water supply should be available in the third quarter of 2015, and the cold commissioning of the plant is also expected to be completed in the same quarter, with production of uranium oxide expected to start in the following quarter of the same year.

There are currently about 1400 construction workers on site, of which 89% are Namibians. At peak, the project is expected to employ between 4 000 and 6 000 people. Swakop Uranium has also started filling permanent positions well in advance of the opening of the mine as part of the Operational Readiness Programme. The positions are being filled in phases.

Swakop Uranium is poised to become a substantial contributor to the Namibian economy and its local communities. Marais said at a spot price of US$65/ pound, a production rate of 15.5 million pounds per annum and an exchange rate of N$10 to the US dollar, Swakop Uranium will have an annual turnover of US$1billion.

The Husab mine will furthermore contribute 5% to the Namibian Gross Domestic Product and 20% to the country's merchandise exports, and generate up to N$1.7 billion per year in Government revenue.

The project will also create more than 6 000 temporary jobs during construction and about 1 800 permanent operational job opportunities. This will increase the number of people employed in the mining sector by approximately 17%.

"According to a socio-economic study done on the Husab project, eight to 10 spin-off jobs will be created per permanent employee, which means that up to 16 000 permanent jobs will be created by and as a result of the Husab Project," Marais said.

Swakop Uranium has furthermore committed itself to social and empowerment aspects such as local procurement where possible, local recruitment, involvement in social responsibility programmes, training, education and sound environmental management practices.

The Swakop Uranium Foundation has, among others, provided funding to Ellie's Vegetable and Flower Garden, based in the town of Arandis near the Husab mine; and pledged support towards the construction of a girls' dormitory at the Tears of Hope orphanage in Swakopmund.

Swakop Uranium also helped to acquire land for a new school which will open its doors in Swakopmund in 2015,from the Swakopmund Municipality.

Namcor shortlists potential partners for Kudu

SEARCH FOR GAS MARKET: Namcor MD Obeth Kandjoze

Despite previous false starts to the development of the long delayed N$10 billion Kudu Gas to Power Project, the National Petroleum Corporation of Namibia (Namcor) says it is confident that the project will become a reality as planned in 2017.

Discovered in 1974 by energy giant Chevron and partners, the Kudu gas field has previously been owned by several companies including Royal Dutch Shell and Energy Africa.

Plans to develop the field, estimated to contain 1.6 trillion cubic feet mid-case of gas to feed a planned 800 megawatt (MW) power plant at Oranjemund through a 170 kilometre (km) pipeline, has however stalled due to several factors.

Namcor Managing Director Obeth Kandjoze attributes the delay in bringing the project on stream to difficulties in finding a ready market for gas. "You must realise that gas was not viewed as an alternative source of energy. Gas prices back then were much divorced from international crude prices and gas was a commodity that did not command the same demand and supply footprint as it does today," Kandjoze told Namibia Business Journal.

Reports also suggest that disagreements over gas prices and the absence of an off-take agreement for power from the plant, led to the project stalling.

Namcor, which currently holds a 54% interest in the gas field, has been looking for a new investment partner to develop the offshore Kudu gas field after Russian state company Gazprom pulled out of the project in 2011. Brought into the project through a bilateral agreement between Windhoek and Moscow, Kandjoze said Gazprom withdrew from the agreement after unsuccessful attempts to incorporate terms in the agreement that were not in Namibia's interest.

"When that realisation dawned on Gazprom it automatically knew that it did not have a place at the negotiating table and it withdrew from the project, leaving Namcor in a stronger position today," he said.

Despite having the ability to generate sufficient own power, Namibia remains a net importer of electricity and relies on South

Africa, Mozambique and Zimbabwe for more than half of its power needs. The Kudu Gas to Power Project is seen as a panacea to the country's growing energy problem, and also offers the cheapest source of energy.

After years of no commitment by the Government, last year Cabinet committed itself to the success of the Kudu project, instructing power utilityNamPower to prioritise it.

Currently, Namcor is one of three players involved in the Kudu project alongside Tullow Oilwith a 31% interest and Japanese company Itochu with a 15% interest. Tullow Oil is the operator of the project.

Speaking at a media briefing in September, Kandjoze said they had appointed Deloitte from London to help look for a strategic partner who will finance Namcor's interest in the project. The farmout process was expected to take five to seven months to complete.

If successful, the farmout process will leave Namcor with a carried interest of 16.2% from the previous 54%. Once secured, the investment partner is expected to finance the State-owned petroleum company's share of capital in the upstream development of the Kudu gas field until gas starts flowing and Namcor is in a position to start paying back the loan.

The Namcor boss says the objective of the farmout process is to ensure that they cast their net as wide as possible in order to secure success.

Manfred Muundjua, Namcor's Kudu Project Manager, told NBJthe national oil company has now shortlisted several companies that have been approved by the company's Board. He said Namcor had already prepared a teaser document, which is a high level summary of the opportunities to be realised through the project to be presented to the potential partners.

He, however, declined to give the names of the companies that have been shortlisted, saying the information was sensitive.

Muundjua said the process to find a suitable partner is expected to be completed by the first quarter of 2014.

Asked what will happen to the project if no suitable partner is found, he said the implications were unimaginable, but they were positive that a suitable partner will be found.

"Deloitte &Touche does this [looking for strategic partners] all the time. From the many contacts they have across the globe, they screened the companies they had and they presented the names to the Board," he said.

Muundjua indicated that the company they are looking for will become a majority partner in the upstream project so it will be almost impossible to go ahead with the project if they do not find a suitable partner.

"But we don't expect that to happen.In fact, there is no reason for the project not to go ahead. Technically there is no reason for failure. This is a proven resource to be developed using proven technology. The only challenge is the commercial aspect of the project, but I don't believe we will fail," he said.

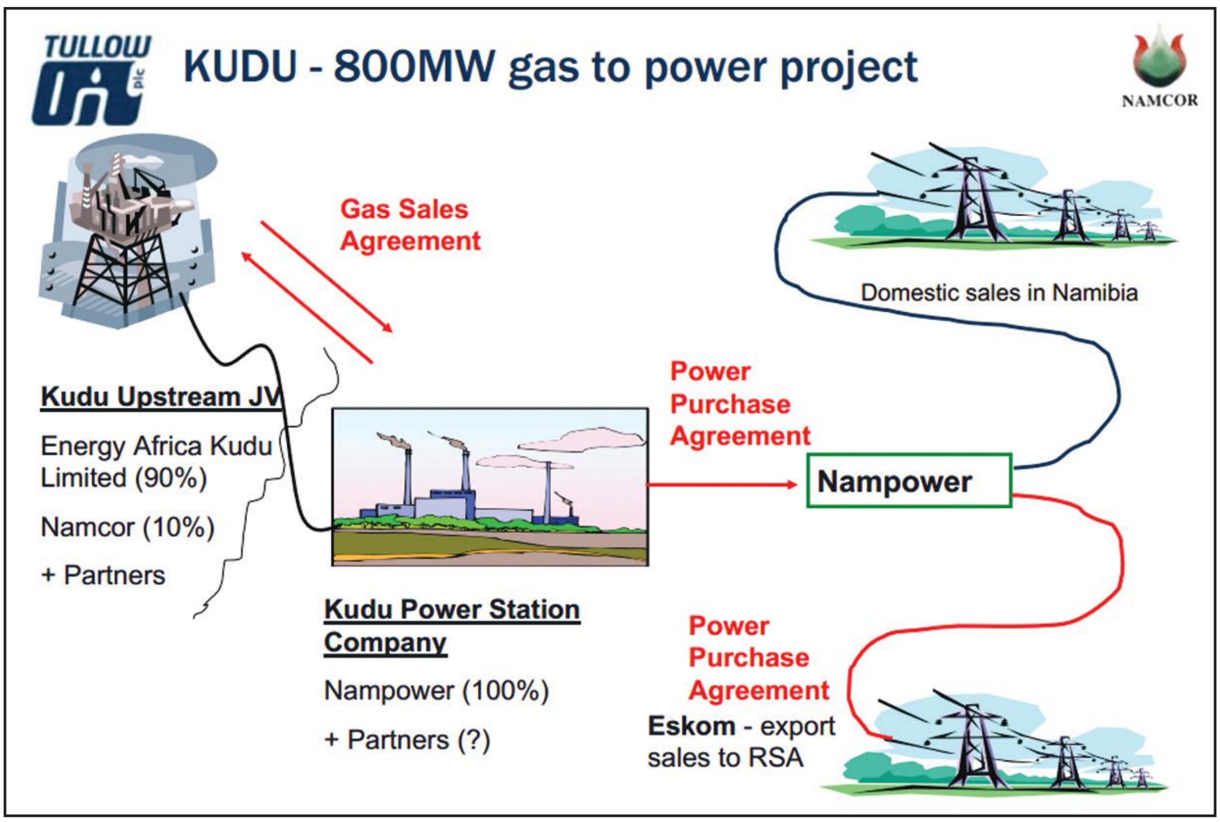


Illustration of the 800MW Kudu gas-to-power project

Construction of gigantic N$1bln mass fuel storage facility at Walvis Bay to start soon

Government is planning to developa huge bulk fuel storage depot at the Port of Walvis Bayfor about N$1 billion. The plan for around 75 million litres of total storage for unleaded petrol, diesel, heavy fuel oil (HFO), illuminating paraffin and Jet A1 aviation fuel has been declared a government project, with a special steering committee on which Tom Alweendo, Director General of the Namibia Planning Commission (NPC) and representatives of the Ministry of Mines and Energy are serving.

This strategic project is also part of the fourth National Development Plan (NDP4). "Namcor proffered advice with regard to the scope of the project and its terms of reference," the Managing Director (MD) of the State-owned enterprise, Obeth Kandjoze, says.

The National Petroleum Corporation (Namcor) will operate the new fuel depot. The site where the 75-million-litre fuel storage facility will be constructed at the port belongs to Namcor, and it is situated close to the existing fuel depots of private companies. Once completed towards the end of 2015, Namcor will operate the depot. It will hand over ownership of the site to Government.

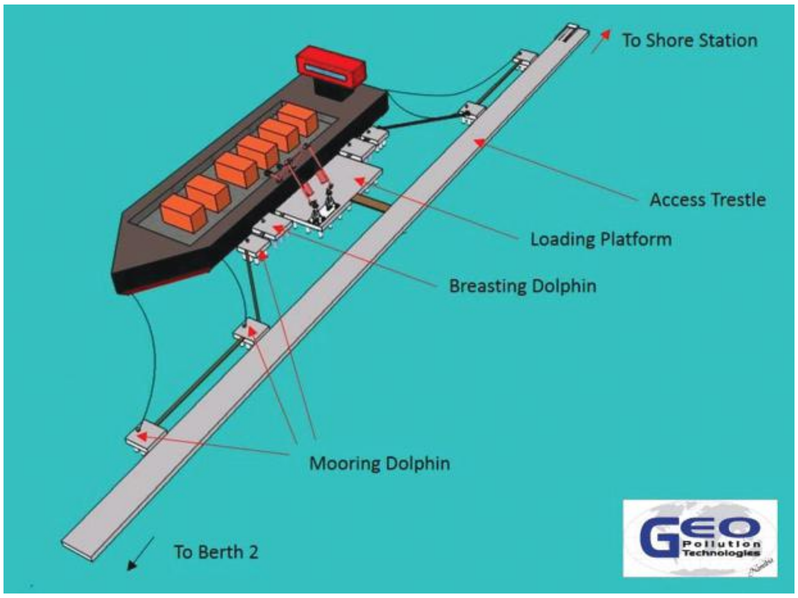
The first public hearing for the officially titled 'National Petroleum Product Storage Facility and Marine Import/Export Terminal' with pipelines was conducted in early October.

Project details

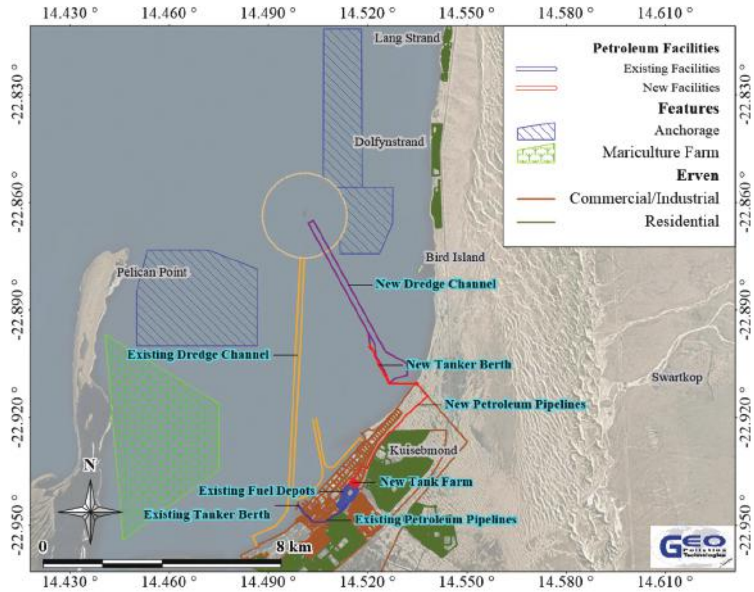
As part of this national strategic project, two new tanker berths of lengths of 1,5 kilometresare to be built just north of the existing port between Kuisebmond and Bird Island, within the port limits. It will be the first phase of the overall massive expansion for the future Walvis Bay Southern African Development Community (SADC) Gateway Port.

The tanker berths will be linked to the shore by an above water trestle on which the different petroleum product pipelines will run to the shore and through the harbour town to the new fuel storage. The new fuel depot is to be constructed adjacent to the existing fuel depots.

The storage project has several strategic goals: to ensure Namibia has a reliable strategic storage of petroleum products of six months,



Example of a typical dolphin type berth



Proposed site for the new petroleum facilities (Source: Geo Pollution Technologies)

to replace existing ageing infrastructure and an old tanker jetty of over 50 years, and to create additional capacity for increased imports and exports of petroleum products to and from Namibia and other SADC countries.

Once all environmental and other clearances are obtained, construction is envisaged to start early next year, according to Pierre Botha of GEO Pollution Technologies, the company conducting the Environmental Impact Assessment (EIA) for the project. "It will also mean Namibia can buy bulk fuels in larger volumes, and for export to other SADC countries," he added.

It will further allow the Port of Walvis Bay to receive and handle more than one tanker ship simultaneously, and of a larger size than currently possible. "The new fuel offloading and reticulation infrastructure will furthermore increase offloading volumes, efficiency and safety," Botha says.

The project consists of two main components: the construction of two tanker berths, an access trestle and onshore station, and dredging the harbour channel; as well as reticulation for the transport of petroleum products to the planned new petroleum products bulk storage facility in the Walvis Bay industrial area. A small craft jetty for tug boats will be constructed on the shore side of the berths.

Onshore, a tanker berth station consisting of a fire pump station control room, radar tower, security and operators' offices, mess and ablution facilities, weather station, a pollution equipment storage building and parking will be constructed. Construction will be done on a platform created with concrete blocks.

In order for the new tanker berths to receive large tanker ships, a new 4.7km entrance channel will be dredged at minus16.25 metre (m) depth. The tanker berth basin and a turning area, with a minimum radius of 295m, will also be dredged. Dredged material will be disposed of at the existing disposal site utilised during capital and maintenance dredging of the Walvis Bay port, according to the project's background information paper.

Underground pipelines for the transport of landed petroleum products will be installed from the onshore station at the tanker berths to the petroleum bulk fuel depot in the industrial area of Walvis Bay. The water table in its vicinity is shallow and as such, the pipes may have to be installed aboveground on a concrete slab. Should aboveground installation be deemed necessary, it would only take place within the industrial area itself and not at the Kuisebmond residential area. The different fuels must be pumped from the tanker berths to the depot.

Economic benefits

"Government expects to publish tenders for companies interested to set up the fuel storage facility soon," Namcor Board chairperson Johannes !Gawaxab told reporters in September while announcing Namcor's financial results for 2012.

Apart from direct capital investment into Walvis Bay, the construction, operation, maintenance and support of the fuel storage facility is set to expose local artisans and industries to new job opportunities and the transfer of skills.

It is hoped that the project will stimulate the economic development of the Erongo Region and benefit the national economy.

Walvis Bay Corridors reaching greater heights

Prior to the establishment of the Walvis Bay Corridor Group (WBCG) in the year 2000, all trade was routed via South Africa. There were no other connections to our neighbouring countries in terms of efficient flow of trade across borders. Our neighbouring countries had limited knowledge about Namibia and Namibia limited knowledge about Southern Africa in terms of trading opportunities.

During the first decade of Namibia's independence Government placed much emphasis on enhancing infrastructure of the port of Walvis Bay, including the infrastructure for the Walvis Bay corridors, realising the benefits of corridor development to accelerate the growth of the SADC region's economy. Subsequent to the completion of the infrastructural developments, there was a need to improve cross border facilitation and trade which would link Namibia to our neighbouring countries via the Walvis Bay corridors, hence enhancing Namibia's economic growth and gearing her towards regional integration through transport.

The WBCG, a Public Private Partnership (PPP), was established in the year 2000 as a service and facilitation centre to promote the benefits of using the Walvis Bay corridors through the port of Walvis Bay to and from southern Africa by emphasising on the short transit times compared to the costs of the complete logistics supply chain; to facilitate the removal of trade barriers along the Walvis Bay corridors; to enhance the utilisation of the Walvis Bay corridors through projects such as the Spatial Development Initiatives and striving for Namibia to become the Logistics Hub for southern Africa.

We have to continuously identify opportunities, plan, coordinate, market, advocate for infrastructure development, and trade facilitation. It is therefore apparent that this unique institutional arrangement as a PPP is a perfect example of how government and the private sector work together to create an improved relationship to integrate business potential and utilise transport and trade opportunities to create wealth in the region and beyond.

Namibia's role as a gateway to the rest of SADC has become more prominent and has created more interest from the regional as well as the international market. With more direct shipping calls to Walvis Bay, high efficiencies, short transit times and strategic partnerships, the Walvis Bay Corridor routes are now in a robust position to serve the SADC market to the rest of the world. Volumes along the Walvis Bay Corridors have grown the past ten years from zero up to more than 700 000 tonnes per annum.

One of the significant milestones is the development of Namibia into a Logistics Hub for the southern African region. Namibia has realised that the role of transport and logistics has become increasingly important to accelerate the growth of the region's economy. With the rapid growth in cargo volumes along the Walvis Bay corridors through the port of Walvis Bay and the benefits that the trade routes have to offer, Walvis Bay has been identified to become the logistics hub for Southern Africa. The port of Walvis Bay, with its deep water depth and stable weather conditions, is strategically located to accelerate the growth of the SADC region as a whole by providing a good option of gateway for Southern Africa, hence costs and time savings are achieved along the Walvis Bay corridors by offering the shortest possible regional route on the west coast.

This has been supported by the National Development Plan 4 (NDP4) that has made provision for the development of a logistics hub, hence the NDP4 has prioritised the creation of a Logistics Hub.

Already, the port of Walvis Bay is gearing itself to accommodate the increased capacity through the port expansion project which will commence in 2014 and increase port capacity from the current 350 000 TEU per year to 1,000,000 TEU's per annum.

The export of minerals such as copper and coal from Zambia, the DRC and Botswana has resulted in economic development that will see an increase in demand for consumer goods, through logistics.

In an effort to support the acceleration of corridor development, the Ministry of Trade and Industry with the support of the Department of Trade in South Africa has mandated the WBCG to identify ways of attracting investment along the Walvis Bay corridors through the Spatial Development Initiative (SDI) programme. The SDI programme aims to increase the scale of economic activity and improve the diversity of economic activity along these corridors, thereby enhancing the economic growth of the region. The initial focus in terms of economic activities will be on the mining, tourism, manufacturing, agriculture, fisheries and logistics sectors.

Thus far the WBCG is carrying out the Diagnostic and Scoping Study for the Namibia Spatial Development Initiatives Programme, through the assistance of Aurecon, a consultant firm, aimed at developing a master plan for the TransKalahari, the TransCunene and the Walvis Bay-Ndola-Lubumbashi Development corridors. This study aims at identifying spatial development initiatives that can be rolled out in the short to medium term with the support of government agencies in the infrastructure sectors (such as roads, power and water) as well as other areas.

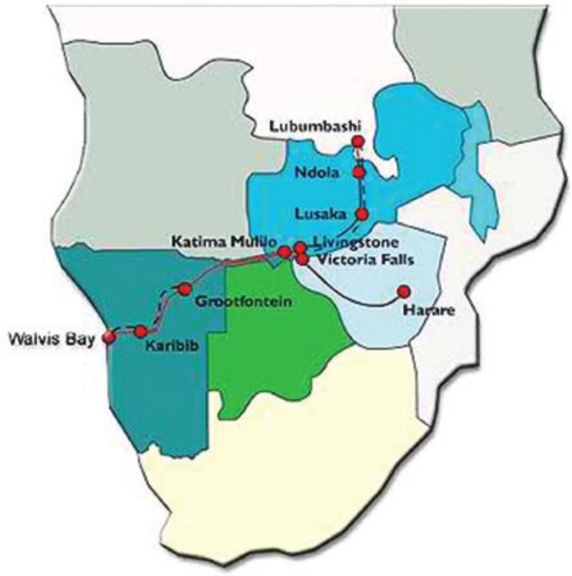
Theincrease in the number of shipping connections to Walvis Bay has also enhanced the status of the port and also ensured a more competitive tariff structure for the importers and exporters in the region. These linkages have opened up the international corridors and in the long term will reduce the cost of doing business in the region.

The Walvis Bay Corridors are now linked to international destinations via direct shipping routes from North America, South America, the Far East, Europe as well as the Middle East. This is further boosted by the commencement of the Northern Railway Extension project from Tsumeb to Oshikango at the border with Angola; the evolvement of the TransCaprivi Corridor Cluster into the Walvis Bay-Ndola-Lubumbashi Corridor Committee; reducing the cost of doing business in the region, as a result of cargo spending less time on the road due to the short transit times; launching of One Stop Border Post studies along the borders of Namibia and Angola and Namibia and Zambia; amongst others.

Developments along the TransKalahari Corridor (TKC) regarding the railway lines along the TKC which continue up until Gobabis from the Port of Walvis Bay and then from Lobatse, in Botswana, include the application for funding of the pre-feasibility study has been submitted to potential investment agencies to extend the railway line from Gobabis. The railway line along the TcuC extends from the Port of Walvis Bay to Ondangwa and the construction of the line from Ondangwa to Oshikango is progressing. And along the TCC the railway line extend from the Port of Walvis Bay to Grootfontein and then resumes in Livingstone, Zambia.

The Namibian government is in the process of conducting a feasibility to extend the railway line from Grootfontein to Katima Mulilo, connecting to Zambia.

Regarding the One Stop Border Post between Trans Kalahari & Mamuno Border Posts, a feasibility study has been conducted and presented to the governments



and private sectors in Botswana and Namibia. Also, a proposal of a sustainable system has been identified in terms of the establishment of a Corridor Performance Management System.

The upgrading of the Kavango River/Divundu Bridge has been completed along the WBNLDC. The proposed works included the increasing the carrying capacity of the bridge from its present 60tons and also widen it from a single to double lane bridge. This significant milestone will clearly improve Walvis Bay's chances as a viable shipping alternative to importers and exporters wishing to move heavy duty cargo. Furthermore, construction of the Sesheke-Mulobezi-Kaoma-Copperbelt road in Zambia, which once completed will reduce the distance of the road from 1200km to 800km between Sesheke and the Copperbelt in Zambia, which forms part of the WBNLDC linking Walvis Bay to Zambia and the DRC.

This significant infrastructure milestone will lead to even shorter transit times which will result in the reduction of costs and ultimately an increase in trade.

A fact finding mission on the Trans Cunene Corridor was embarked upon to identify concerns that affect cross-border trading in terms of transport with the aim of establishing a transport forum to oversee the operational issues of this corridor, which will comprise of members from the public and private sector from Namibia and Angola.

Namibia has an important role to play in that we are strategically located on the West Coast of Africa serving as a strategic link to southern Africa to more than 350 million consumers. With Walvis Bay now firmly established as one of the major entry and exit point to and from Southern Africa, the WBCG is continuously seeking ways to take the corridors to greater heights to maximise the socio-economic benefits for Namibia and for the entire Southern Africa.

Resurgent Air Namibia banks on latest young fleet

KEEPING UP WITH THE MODERN TIMES: Namibian Ambassador to France Nangula Ithete receives a model of the Airbus A330-200 from a senior Airbus official in Toulouse, France

The delivery of a second brand new Airbus A330-200 in November this year will make Air Namibia's fleet the youngest in the region with an average age of six years, down from 18 years in December 2010 before the national carrier embarked upon its fleet modernisation programme.

Air Namibia says the fleet modernisation programme, which enters its last phase with the delivery of the two brand new Airbus A330-200 being leased from United States-based Intrepid, is a key component of its five-year business plan adopted in July 2011 in which the airline expects to become profitable by the year 2016.

The brand new aircraft are expected to reduce Air Namibia's fuel costs by 13%, and the airline said it expects to save up to N$8.5 million monthly as fuel constitutes over 40% of its operating costs.

The lease of the two A330-200 aircraft comes nine months after the airline received the first of its two brand new A319-100 aircraft bought from Airbus in December, bringing to four the number of A319-100 aircraft operated by Air Namibia on its regional routes covering flights between Windhoek, Johannesburg, Cape Town, Luanda and Accra.

Air Namibia also operates four Embraer ERJ 135 Jets on some of its domestic and regional routes. The Embraer Jets, leased from Regional Airline, a subsidiary of Air France, entered Air Namibia's fleet in 2011, and has been credited with the growth in passenger numbers seen on some of the domestic routes such as Ondangwa, and regional routes such as Harare.

Speaking in Toulouse, France at the handover ceremony of Air Namibia's brand new A330-200, Namibian Ambassador to that country, Nangula Ithete said Government is proud of the positive steps the airline has taken in its fleet upgrade programme.

"I would like to congratulate the Air Namibia Board of Directors and management for taking this bold step to bring its fleet on par with its many competitors," the ambassador said.

NEW BIRD: The first of Air Namibia's two Airbus A330-200 aircraft

Ithete said the monthly cost savings is a welcome relief as Government would like to see a reduction of taxpayers' resources being continually channelled towards sustain Air Namibia.

In the past, the airline operated aircraft that were not deemedsuitable to Air Namibia's operations and market. However, Air Namibia Managing Director Theo Namasessaid the airline had done its homework and consulted "broadly"with other stakeholders before the decision to acquire new aircraft was made.

She said the key difference and advantage the A330-200's, powered by two Rolls Royce engines, have over previously used aircraft include a combination of cost efficiency, reliability, cabin appeal for passengers and improved technology.

The A330-200 offers a much improved in-flight product compared to the current Airbus A340 which will leave Air Namibia's fleet at the end of this year. It offers an improved overall cabin appearance which is more spacious,as well as having more headroom and shoulder clearance for window seats, and improved illumination.

The A330-200 offers individual personal video screens for each seat, with 'video on demand' in both business and economy class.

The decision by Air Namibia to buy two new Airbus A319-100 aircraft has begun to reap dividends for the airline on some of its regional routes as the national carrier is seeing a steady increase in customer satisfaction levels, as well as passenger numbers.

Passengers are particularly happy with the much improved level of reliability as these aircraft are new and technically fit to operate with minimal break-downs. The inside of the planes is also clean and very neat, and legroom is adequate in both business and economy class.

Growth on routes such as Ondangwa, Lusaka, Harare, and Victoria Falls hasgiven the airline headachesand management is contemplating use a bigger aircraft for these markets instead of the 37-seater Embraer Jet.

With these increased passenger numbers, Air Namibia spokesperson Paulus Nakawa said more than 15 000 passengers have registered for the airline's frequent flyer programme since it was relaunched some three years ago.

Nakawa said membership has been steadily growing at an average of 400 members per month since the promotion was relaunched three-and-a-half years ago.

In addition to the fleet modernisation programme, Air Namibia entered into a strategic alliance with model African airline, Kenya Airways in a deal that will see the two airlines share passengers between Windhoek, Nairobi and beyond.

The agreement, which went live in June 2013, sees Air Namibia selling seats under its own name on Kenya Airways operated flights and vice versa. The arrangement will also allow Air Namibia to provide its clients with worldwide services through an extensive network of convenient flight connections as Kenya Airways has a route network covering 59 destinations worldwide.

Air Namibia also entered into a partnership with the ProteaHotel Group in Namibia. As part of the deal, passengers qualify for a 50% discount on hotel accommodation for a maximum of three nights until December 31.

Nakawa said the partnership with the hotel group is creating great value for the airline's clients as it helps them reduce the total cost of their trips. The discount applies to passengers arriving via Air Namibia at Ondangwa, Oshakati, Lüderitz, Walvis Bay, Swakopmund and Katima Mulilo, who book themselves into a Protea Hotel.

Namibia's Trade and Investment Agreements, where are we?

Leonard Kamwi NCCI Head: Advocacy & Research

Tripartite Market Integration Negotiations

Introduction

The Eighth Meeting of the Tripartite Trade Negotiation Forum (TTNF) took place on 4 - 8 October 2013 in Entebbe, Uganda and considered among others things tariff offers from the Member/Partner States.The TTNF agreed to exchange offers on a bilateral basis and encourage States that are ready to exchange their tariff offers to do so. Those that had not finalised their tariff offers were requested to notify the Tripartite Task Force of their readiness to exchange by 30 November 2013.The following is a summary ofMember/Partner States/customs territories presentations of their tariff offers and status of preparation.

i. East African Community

EAC reported that it has prepared tariff offers to the Tripartite FTA Member States; the Non FTA Member States; and SACU member states. The offers took into consideration the various trade regimes under which the EAC Partner States are committed in (COMESA: Burundi, Kenya, Uganda, Rwanda), (SADC: Tanzania). Four of the EAC Partner States namely Burundi, Kenya, Uganda and Rwanda prepared a separate tariff offer for the SACU Countries. The United Republic of Tanzania will maintain its tariff offer to the SADC Member States as it is in the existing trading arrangements, and will further make a tariff offer to Egypt, Libya, Sudan and Djibouti. The details of these offers will be provided during the actual exchange of offers with all the parties.

ii. SACU

SACU reported it would be making offers based on the agreed modalities to the non SADC Tripartite Member/Partner States, EAC, Egypt and COMESA. In line with the "acquis", existing offers currently implemented under the SADC Protocol will not be re-opened. 60% of the tariff lines will be liberalized upon establishment of the FTA; 25% over 5-8 years and the remaining 15% will be subject to negotiations based on reciprocity. SACU further recommended that there be simultaneous exchange of offers when all the Member/Partner States/ customs territories are ready to submit their offers.

iii. Angola

Angola reported that the preparation of its tariff offers was almost complete and will soon be submitted to the Cabinet of Angola for approval before being presented to SADC and the TTNF. Angola reported that it was not able to give an indicative date on when the offers will be ready.

iv. Comoros

Comoros reported that it would offer 100% for all member/partner states in the COMESA FTA without any negotiations. For member/partner states with no FTA trade relations with Comoros, it will offer 80%. For the remaining 20% Comoros shall negotiate in the next 8 years. All tariff offers shall be on reciprocity basis.

v. DR Congo

DRC reported that it is a member of both COMESA and SADC. However, it has put in place a framework to join membership of the FTA of one of these RECs by end of 2013. DRC reiterated its commitment to joining the Tripartite FTA.

vi. Djibouti

Djibouti was not represented at the Meeting.

vii. Egypt

Egypt reported that it had finalised its tariff offer after consulting with relevant stakeholders. The offer has been submitted to the Minister for final approval but the approval has not yet been received. However, the initial offer is ready. For COMESA FTA member states Egypt will offer 100% tariff liberalization. For non FTA COMESA members states Egypt will offer 100% tariff liberalization subject to reciprocity. For EAC because 4 partner states are members of the COMESA FTA Egypt will offer 100% tariff liberalization subject to reciprocity. There will be a differentiated offer to the SACU group, starting with 60% and 25% within the time frame agreed upon in the modalities. The offer to Angola and Mozambique will be based on 60%.

viii. Eritrea

Eritrea was not represented at the Meeting.

ix. Ethiopia

Ethiopia was not represented at the Meeting.

x. Libya

Libya was not represented at the Meeting.

xi. Madagascar

Madagascar reported that its tariff offers are being finalised and will be approved by the Cabinet. The time frame for submission of the offer should be end of this year before the next TTNF.

xii. Malawi

Malawi reported that it would not be submitting any tariff offer at this meeting as it was waiting for the finalization and approval from the relevant authorities. Malawi informed the meeting that it is a member of both COMESA and SADC FTAs and is also trading at 86% trade liberalization with RSA and 100% with the rest of SADC while in COMESA there is a move towards 100% tariff reduction. Its tariff offer will, therefore, address the reduction of the remaining tariff lines to RSA and COMESA. Malawi is likely going to extend the trade liberalization applicable to the COMESA FTA member states to the Non FTA COMESA member states on reciprocal basis.

xiii. Mauritius

Mauritius reported that her tariff offer will be targeted to the following countries: Angola, Democratic Republic of Congo, Ethiopia and Eritrea. Mauritius will offer 90% tariff reduction to the above countries in the context of the TFTA negotiations, subject to reciprocity. The offer made to FTA members of SADC and COMESA will remain the same (based on acqui) provided that in the process of negotiations the FTA members of SADC and COMESA do not change their offers.

xiv. Mozambique

Mozambique reported that it was still preparing the tariff offer which will be made according to the modalities agreed. The 10 countries implementing SADC FTA will receive an offer without negotiations. Mozambique further reported that it will negotiate with EAC, Seychelles, Sudan, Egypt and DRC. Further details on Mozambique tariff offer will be provided at the 9th Meeting of the TTNF.

xv. Seychelles

Seychelles reported that it has prepared its tariff offers based on the modalities but was not in a position to give more details on the offer as it was presently being discussed by the Cabinet of Ministers. The expected timeline for submission of the offer is a month's time (by 5th November 2013).

xvi. Sudan

Sudan reported that it was on a consultation process with the office in Sudan and when the offer is ready it shall be submitted to the Tripartite Task Force.

xvii. Zambia

Zambia reported that it was still in the process of finalising consultations and getting its tariff offer approved. Zambia further reported that it will inform the Tripartite Task Force once the offers are ready.

xviii. Zimbabwe

Zimbabwe reported that it will maintain its acquis in SADC and COMESA and its offer will be in accordance with the agreed TFTA modalities. The offer will be to non-FTA members of COMESA and SADC. However, it is still undertaking internal processes which include a Study to guide Zimbabwe on the way forward before the tariff offer can be finalised. It envisages the tariff offer to be ready by the second quarter of 2014.

Competition Law a necessary tool for Regional Integration

Mihe Gaomab II is the Chief Executive Officer of the Namibian Competition Commission

Mihe Gaomab II

Competition laws and policies have long been present in industrialised economies, but only started to take root in non-industrialised and emerging economies since the 1990s.

It has been estimated that since the year 2000, only half of the 54 Member States of Africa have enacted competition laws in their countries. The adoption of competition laws in Africa have largely been as a motive for African economies to comply with regional trade agreements, especially within southern Africa, as a result of being members of the Southern African Customs Union (SACU) and the Southern African Development Community (SADC). SACU has a legal annex on competition law which has been developed but is not enforced, and the SADC has a cooperation model on competition across its member states.

A major milestone for acceleration of the competition regime in Africa has beena result of the Tripartite arrangement where the regional blocs in Eastern and Southern Africa compromising members states of SADC (that comprises Member States of SACU), East African Community (EAC) and Common Market for Easter and Southern Africa (COMESA) have focussed on the enactment and harmonisation of competition policies and laws amongst and between its member states.

The COMESA Competition Authority was also recently established to implement competition enforcement within its member states.

Having to enact and operationalise competition policies and laws for an African economy is essential if it wants to manage its economy through a regulatory system that fosters economic growth, innovation and development. Anecdotal and researched literature shows that competition law do discipline market competition in any economy. It fosters competitiveness of markets and businesses. Competitive markets are good for an economy as it creates efficiency which ensures the best allocation of resources, but also realising thereby in best possible terms the quality of products and service for the African consumers. These efficiencies result in overall economic and consumer welfare where the economic development is fostered in a most efficient manner and where consumers get the best products for the least prices. Competition laws do condition and heal market failures, such as the private sector sometimes not doing what it ought to do in terms of proper and orderly competitive conduct in the marketplace.

Competition laws assist in fostering innovation. In order to maintain their position in the market and to keep rivals in check, it is only logical that firms are compelled to constantly improve, bringing in new equipment and producing products which are competitive and offering wide range of choice for consumers. The competitive dynamics ensure that new firms come into the market and prosper if they perform well in the marketplace and less efficient firms become unprofitable and are forced out or close down. These have implications for the industrialisation efforts in an economy and industrial growth in general for Africa.

Competition protects consumers and Small and Medium

Enterprises (SMEs),especially in Africa, which has economies at lower levels of economic development. It wants to ensure inclusivity and ensure consumerists and small businesses growth within the mainstream of the African economies. Consumer protection is important for economic democracy where the consumers, who form a large economic agent in the social and productive process of an economy, has a voice on consumer issues and also ensures proper behavioural conduct of firms in the African economies.

It is also welldocumented that small and big firms alike which are well regulated and are protected in a sense from anti-competitive practices, are able to perform better in a competition space, and they are known to be more entrepreneurial in the sense of assisting SMEs. Small firms can be harmed as much as individual consumers by the actions of bigger firms on which they rely for input.

Mergers and Acquisitionsin African economies have potential implications for changing the competition landscaping in any economy because they inadvertently reduce the number of market players. Merger review allows the competition law to examine the positive and negative implications of any merger and does look at criteriawhether it lessens competition, promote abuse of dominance, stifles SMEs, or dislocates regional or industrial sector or leads to unemployment or has efficiency gains.

Competition Policy and Law can assist in securing gains from trade liberalisation and market opening. The reduction of barriers to trade and the removal of barriers to entry for domestic and foreign investment can actually assist African economies to access its regional and continental markets and can spur competition for the production of goods and services unique to Africa through free trade, efficient production and industrial processes and proper market access.

Regional integration is about deepening the areas of cooperation amongst a group of member states (including improving and adapting existing structures), as well as widening integration, through expansion and involvement in arrangements with other states. These objectives can only be met if there is a shared vision and joint programme of action. It is upon such a premise that SACU, SADC and COMESA were built and is currently being maintained as a regional bloc. In Africa, regional integration is also mandated and executed by the African Union (AU).

Regional integration is a process and a means to an end, and requires certain discipline for Africa to succeed. Successful regional integration is always characterised by free movement of goods amongst Member States, albeit with a recognition to ensure protection of its sensitive and economically necessary local productive and industrial capacities.

It requires adherence to compliance measures which facilitate trade. This may include simplified customs procedures, one stop border posts, harmonised rules and proper documentation on trade standards at borders and converged tariff setting and import and export charging rules.

Regional Integration is important for developing industrial capacity. It can provide agreed sectoral and product growth points amongst its Member States and strengthen regional value chains, and can provide a higher scaleof regional industries that have a high potential for backward and forward linkages on sectors such as pharmaceuticals, agro-business processing, mineral beneficiation and natural indigenous resource products.

It is also the important basis for enforcing regional competition policies and laws. It is a well-know fact that firms and business, especially multinationals, tend to acquire significant market power and influence pricing and volume of supply through either monopolistic or pricing behavioural strategies. They ultimately determine the scope and volume of business transactions and tend to capture the regional markets through cross border commercial market power.

If competition laws are fostered at the regional level, it would have the potential to ensure such cross-border competition behaviour is disciplined to the best regional interest of growing the economies through trade. Regional competition policies and laws can assist in enforcing anti-competitive behaviour right across the regions and on the African continent. It can also ensure uniform market discipline through curbing substantial abuse of market power or dominant position or monopoly situation.

Even though regional competition policies and laws may not need to be convergent to take national jurisdiction assessment issues into account, a harmonised and cooperative regional competition policy can assist greatly in timely and consistent application of control on mergers and acquisitions that involves multinational corporations.

The above shows that regional competition policies and laws can serve as a useful complement to policy initiatives on trade and industry. Regional integration can only be successful on any given continent if it not only fosters free trade, but also protects its national industries and enhances market access. But it can also remove obstacles for free and spirited competition that are trade restrictive such as import and export cartels, cross border monopolistic practices, price abuse, and market capturing.

The above shows that the importance of competition law as a tool to regional integration, especially on the business conduct and the competitive markets in Africa, cannot be underemphasised and should be pitched at regional, continental and international agendas such as SACU, SADC,COMESA, AU, and the World Trade Organisation (WTO).

Development Bank of Namibia

2013 'Good Business Awards'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66 million customers
Tanzania
43.7 million customers
Angola
18.5 million customers
Zambia
12.9 million customers
Mozambique
22.9 million customers
Malawi
15.2 million customers
Zimbabwe
12.5 million customers
Botswana
1.95 million customers
Namibia
2.1 million customers
South Africa
49.3 million customers
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FREE
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