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Editorial

An African, with a Namibian passport

As we prepare to tackle the year 2014, it is vital to look at 2013 in retrospect and plan ahead for bigger and better things in the New Year.

I had the privilegeto attend the 2013 Conference of Pan African Chamber of Commerce and Industry (PACCI), held in Addis Ababa, Ethiopia, at the end of November, under the apt and topical theme of "The Continental Free Trade Area".

At this forum Africa's top brass; private sector leaders, international development partners and Government representatives came together to share information and updates on the progress of the legal frameworks being developed, as the continent gears up to achieve a Continental Free Trade Area (CFTA) by 2017.

The challenges limiting trade between Namibia and regional markets are not unique to us alone; the pattern is visible across the continent. Africa's private sector isdetermined to fast track developmental interventions, so as to turn the challenges into opportunitiesand in so doing, create prosperity for fellow Africans. It boosts confidence to note that our national strategies, particularly 'Growth at Home', are directly aligned to the continental blueprint to achieving economic integration.

What role is expected from Namibia's private sector then?

The opportunity areas are in national infrastructural development and adding value to the economic chain. In any economy, it is the private sector that drives entrepreneurial innovation through research and development, employment creation and ultimately, sustainable economic growth.

What will it take? In this edition of ***NBJ*** we speak to the new man at the helm of the Development Bank of Namibia (DBN), Martin Inkumbi, who shares thestrategic secrets behind the Bank's success in fulfilling its mandate of aiding the development of Namibian entrepreneurs.

We look at the Chamber's Advocacy Agenda for 2014, outlining the NCCI's plan to improve market access for its members who are exporters and improve procurement and targeted support for local producers, among other things.

NBJ also takes a look at efforts being made to boost industrialisation in Namibia, with increased calls for local value-addition to Namibian raw materials prior to their being exported, and also Government's plan review the Export Processing Zone (EPZ) regime which has seen some companies benefit from tax exemptions.

As the leading finance and economics, business publication, ***NBJ*** will continue to lead in 2014 by giving the private sector a voice and platform to engage their relevant stakeholders. To do this effectively, we are interested in engaging you in an interactive and meaningful dialogue.

The NCCI's presence is growing in the digital world of social media and I invite you to connect with us on those platforms, which we will use primarily to share success stories and case studies as well as to share findings from special reports and keep you updated on current business news and events.

Do checkout our very first social media page on page 13 of this issue.

Namibians believe in themselves and in their country! May this attitude take us into the New Year and ensure that we finish strong, far beyond 2014.

Editor,
Daisry Dumeni

Export Processing Zone regime under review

Three years after Government revealed that the Export Processing Zone (EPZ) regime would be reviewed, a consultant commissioned by the Ministry of Trade and Industry has recommended some changes to the regime which has seen about 20 companies, mainly from the mining sector, benefit from tax exemptions.

Companies operating under the scheme are exempted from paying corporate tax, import duties and value-added tax (VAT) on machinery, equipment and raw materials imported into the country for manufacturing purposes. Furthermore, companies enjoying EPZ status are allowed to hold foreign currency accounts at commercial banks.

According to Trade and Industry Deputy Minister Tjekero Tweya, 11 of the 20 companies currently enjoying EPZ status are from the mining sector.

The review of the export processing zone regime has been on the cards since 2010 after Government realised that the EPZ Act of 1995 which set up the export processing zones to spur growth in the manufacturing sector through value addition to raw materials, is somehow flawed.

Although the companies had been granted fiscal incentives to ensure that they increase the country's exports, create employment, ensure technology transfer and wealth for the country, Government is convinced that this has not happened.

Trade and Industry Minister Calle Schlettwein said recently findings contained in a draft report produced by the unnamed consultant shows that the value addition and job creation envisaged by Government has not really taken off, resulting in a net loss to the country because of the foregone tax revenue.

"The regime was designed for manufacturing entities to add value to raw materials. That value addition was supposed to translate into jobs and wealth creation because companies would set up business here," Schlettwein said.

These companies would also generate a multiplier effect by sourcing services and materials locally in their manufacturing process.

"It is for this type of entity that the EPZ regime was originally de-

NO BENEFIT: The now defunct Ramatex Textiles in Otjomuise was one of the biggest beneficiaries of the EPZ regime

signed, but if you look at which entities received this status the most, they are those in the extraction industry. Now the extraction industry is typically one that is mechanised so it doesn't create jobs, it doesn't add value, it exports raw materials and it exports wealth so the economic gains that were targeted did not happen and I think will not happen in future with the extraction type of industries that have benefited from the regime," he said.

The Trade and Industry Minister said the legal framework that set up the EPZ was very general in nature as it does not clearly define which sectors should benefit from the tax incentives, resulting in companies across the different sectors of the economy legitimately applying.

"The reason for that was the overall want to have an investor-friendly environment conducive for foreign direct investment. That part did work. We received very significant foreign direct investment in the extraction sector so it was not all in vain," Schlettwein said.

He said there were quite significant benefits, "but the fact remains that we did not manage to create and reap all the multiplier effects, and most importantly, our economic growth and our foreign direct investment did not translate that growth into growth on the job market or into the creation and redistribution of wealth in a more equitable way to the extent that it could have happened."

The minister, however, assured investors that all existing EPZ status agreements will be respected and honoured as failure to do so will create uncertainty amongst foreign investors. "We are very much aware that certainty in the regulatory framework is crucial for investors when they consider investment, so we want to give them that assurance," he said, adding that they would however like to engage those companies to see whether they can renegotiate.

The minister said under the envisaged new EPZ regime, incentives will be retained and even added if the economic gains agreed upon have been realised, while failure to achieve the anticipated gains will result in the reversal of the incentives.

"As an argument, if the incentive is targeting employment creation, but the employment is not happening, then we must have the ability, legally, to withdraw that incentive or if a company has employed more people than envisaged then we should reward more. That is the principle we are looking at to move away from this very generous approach where companies get a complete tax holiday regardless of performance," he said.

Consultations are expected to begin before the end of this year, although no concrete date has been given for the new EPZ regime to kick in as various laws such as the EPZ Act and the Investment Act need to be amended first.

Geingob joins chorus on local value addition

***LOCAL BENEFICIATION CALL:** Prime Minister Hage Geingob wants to see value addition to local minerals before they are exported in order to create wealth and jobs in the country.*

As the 'Growth at Home' strategy continues to gain momentum by the day, Prime Minister Hage Geingob has joined the fray by calling for the beneficiation of the country's minerals before they are exported in order to create wealth and jobs in the country.

Geingob said carefully crafted policies can result in value being added to the mineral resources as shown by the success of Government's intervention in the fisheries sector, where value is being added to some of the fish products before they are exported to Europe.

The premier said this while addressing a one-day Growth at Home conference organised by the Ministry of Trade and Industry recently. He said the rhetoric being advanced that Namibia consumes what it does not produce, and produces what it does not consume, will only be laid to rest through deliberate national policies and interventions designed to encourage value addition to natural resources.

"... We have gone some way in trying to liberate the fishing industry through Namibianisation and value addition. Prior to Independence, all our fish used to be owned by foreigners and exported unprocessed to Spain and the rest of Europe. At least today following Government interventions in this sector a lot of onshore fish processing is taking place, and Namibians have become co-owners of the fishing resources. It is a good start on which we should continue to build in the other sectors too," Geingob said.

He said while some gains have been made in the fisheries sector, the picture is, however, different when it comes to the country's mineral resources.

"Even though mineral beneficiation contributes 14% of the manufacturing output, the sector can play a much larger and pivotal role in the industrialisation process. Instead, it continues to export seemingly ad infinitum resources such as dimension stones, manganese, fluorspar uranium, gold, zinc, lead, copper, diamonds, and others in either the most basic forms of processing or none at all."

Geingob attributed the huge trade deficit of N$14 billion recorded last year to commodities which are being exported in raw form. He said for Namibia to register positive trade balances with other countries, exports of raw materials such as diamonds, copper, zinc, gold, semi-precious stones and others, must come to an end.

"It is a matter of sensible development economics for us to increase value addition in the mining sector, and thereby stop exporting the jobs and the capital which are directly needed for an employment generating economy.

"Our resource rich neighbours, for example Angola, have extensively used their natural resources to create infrastructure such as highways, bridges and even residential areas as a way of ensuring that the proceeds from minerals are invested in the country and its people.

"In Namibia, the situation is dissimilar, our minerals are in foreign hands, and even though Government tries to correct this by allocating Exclusive Prospecting Licences (EPLs) to Namibians to foster economic empowerment, our people, perhaps due to ignorance, have been selling these EPLs cheaply to foreigners," he said.

Speaking at the same conference, Trade and Industry Minister Calle Schlettwein said the Namibian economy is suffering from the raw material endowment curse, which is typical for many colonial economies. He said because of the continued reliance on exports of raw materials, Namibia remains a price taker for its export commodities as well as for its imported finished consumer goods.

"The economy remains prone to external shocks and price volatility in the global market. We are perpetually forfeiting economic opportunities to those who beneficiate the raw materials imported from Namibia and we are continuously exporting jobs that are created in value chains based on our raw material supply, " the minister said.

He said solutions to the persistent and perpetual problems of high unemployment, skewed income distribution and poverty may be found by innovative strategies that make the most of Namibia's comparative and competitive advantages.

"The natural endowment in raw materials like minerals, precious and semi-precious stones, agricultural produce, marine resources and fish, to mention but a few, should not remain a curse. This endowment must be turned into our competitive advantage. Our economy has to be transformed from one that relies on trading in raw materials only, to a diversified economy that produces value added and finished goods," Schlettwein said.

The minister said Namibia has allowed too much of the value chains associated with its precious and mostly non-renewable resources to extend beyond the country's borders

"I firmly believe that we should, as a matter of priority in the coming year, consolidate policy initiatives and make an all-out effort to generate the incremental value locked up in raw materials ourselves. If we can achieve this with our Growth at Home concept I would be very pleased indeed," he said.

Namibia shifts into industrialisation gear

One year after Government published its Industrial Policy, the Implementation and Strategic Framework to go along with it is in its final stages.

Along with it will be a totally new programme, the Special Industrialisation Programme (SIP), Trade and Industry Minister Calle Schlettwein announced at the Ministry's 'Growth at Home' conference held in Windhoek on 28 November.

"Details of some planned targeted interventions to stimulate Namibia's industrialisation are contained in the Industrial Policy Implementation Framework and the new SIP we have just drafted and are refining in consultation with other Government institutions and the private sector," said Schlettwein.

He said the ministry has a relative abundance of raw materials that lend themselves to beneficiation to advance industrialisation.

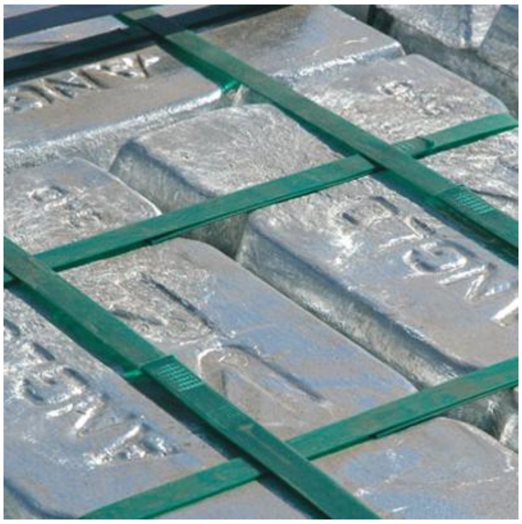
It is expected that the implementation and strategic framework of the Industrial Policy will be made public in early 2014.

At a recent Ministry of Trade and Industry (MTI) workshop on the drafting of the framework, it was revealed that Namibia's industrialisation will be driven by value addition of natural resources such as beef, game meat (venison), fish, debushing areas to produce bio-mass like pellets for energy and – where possible – beneficiation of the country's mineral resources, apart from diamonds.

About 15 industrial priority sectors will soon be shortlisted. Of these 15 sectors, about three to four sectors will receive priority attention for one year, followed by three to four others of the 15 selected sectors the following year or on a rotational basis.

The possibility of setting up a meat and beef export facility at Walvis Bay is also on the drawing board. In Windhoek, a trade hub is to be constructed. It will amongst others things provide office space, a hotel and exhibition space especially for small and medium enterprises (SMEs) to display their goods and services under one roof. Total costs are estimated at N$471,1 million.

The Ministry of Trade and Industry will establish a designated National Industrial Development Agency (NIDA), which will flow out of a merger of the




RAW MATERIALS: Namibia plans to centre its industrialisation on value addition to natural resources such as beef, game meat (venison), fish and beneficiation of the country's mineral resources, apart from diamonds

Offshore Development Company (ODC) and the Namibia Development Corporation (NDC). Mukela Mabakeng, principal economist in the MTI's Directorate for Industrial Development, said NIDA will have a Board of Directors where the private sector will also be represented. NIDA will be run by a chief executive officer.

It will, amongst other things, integrate and realign selected functions of State-owned enterprises (SOEs) and the MTI. This requires, inter alia, the amendment of the Export Processing Zone (EPZ) Act.

The new agency will also have a research and development department. "It will however take time to draft a Bill for the envisaged NIDA to be tabled in Parliament so it is envisaged that an interim structure be set up in the meantime," said Mabakeng.

The envisaged Business and Intellectual Property Authority (BIPA) will become the Ministry's one-stop-shop for the registration of a business and intellectual property. A relevant Bill has been drafted and will be tabled in Parliament. Application forms for business registration will be downloadable at www.bipa.na soon, and will be available on Facebook (facebook.com/BIPA.Namibia) and Twitter (twitter.com/@bipa_nam.)

The online service will be rolled out in phases.

BIPA should reduce bureaucracy and red tape considerably.

The MTI will continue pursuing the drafting of a Retail Charter which would promote local products and goods to be sold in Namibian shops and supermarkets. Schlettwein earlier this year tasked Namibia's retailers with coming up with a draft charter.

A regular high-level public-private dialogue platform will also be established. During such dialogue meetings private sector organisations and ministries, the National Planning Commission (NPC) and other Government entities can then jointly develop economic reform proposals and discuss relevant issues.

The strategic framework of the Industrial Policy will provide for the expansion of industrial parks in Namibia.

Industry-specific enhancement schemes to increase Namibia's competitiveness will also be implemented. The details will however still have to be mapped out. In addition, project teams for priority actions with relevant stakeholders will be set up to drive industrialisation in various sectors.

In order to monitor and evaluate these various undertakings towards Namibia's industrialisation, a monitoring system which is sound and easy to use will be developed. "There will be regular progress reports on how resources are used, where flexibility is required and adjustments to programmes will be done according to lessons learned," said Mabakeng.

The possibility of establishing a National Sovereign Wealth Fund is also on the cards. Such a fund is a useful financing and investment vehicle for infrastructure and industrial development in many countries. One possibility to raise funds for it – apart from seed capital from Government – is to issue bonds. Monies borrowed from Sovereign Wealth Funds for economically projects are paid back with interest, thus providing capital for new projects if the fund is managed properly.

Cross-border trade barriers will be looked at and – where possible – reduced under the Industrial Policy.

The MTI plans to establish trade centres and logistical facilities in neighbouring countries as a springboard for Namibian businesses to obtain market access. Feasibility studies for setting up such centres will cover locations in Angola and South Africa.

NCCI sets Advocacy Agenda for 2014

The Namibia Chamber of Commerce and Industry (NCCI) wants to improve market access for its members who are exporters and improve procurement and targeted support for local producers in 2014.

Setting the Advocacy Agenda for 2014, the NCCI's Head of Advocacy and Research, Leonard K. Kamwi said the chamber also wants to set up platforms for local producers and wholesalers.

Some of the key issues raised by businesses of all sizes (micro, small, medium and large) in 2013 were access to land, access to financing, and the cost of financing.

Kamwi said the NCCI aims to lobby for the availability of serviced land at reasonable costs, as well as preferential access for Namibian citizens.

He said the lapsed moratorium on land tax and harmonisation of legislation should be extended, while land rights should be aligned in order to allow for collateral position to be a common standard across the country.

NCCI members expressed concern over tax rates in Namibia which they said were too

The NCCI's Head of Advocacy and Research, Leonard K. Kamwi

high and prohibitive for business. They were also concerned about cumbersome border procedures on the Namibian side.

In 2014, the NCCI will also pay particular attention to the following issues;

- Practical training
- National Skills Development Plan
- Bursary allocation
- Work permits
- Facilitation of movement of business persons and;
- Review of the incentive regime

In 2013, the NCCI gave priority to engagement with Government, while also enhancing enterprise development.

Chamber's digital presence growing

As the National Chamber we lead business by giving private sector a voice and platform to engage relevant stakeholders.

To do this effectively, we are interested in engaging you in an interactive and meaningful dialogue. The NCCI's presence is growing in the digital world of social media and we invite you to connect with us on those platforms, which we will use primarily to share success stories and case studies as well as to share findings from special reports and keep you updated on current business news and events.

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NCCI to undergo rebranding

The year 2014 is set to be a year of refreshment for the Chamber, which plans to undergo a public rebranding exercise in the first quarter of the year.

Marketing and PR Manager for the NCCI, Daisry Dumeni, explained that conducting a brand review (every few years) is necessary, to ensure a brand remains relevant and competitive.

"We found in our recently concluded brand review that the NCCI has lived up to its current vision and purpose statement, of being the 'premier voice of Business Namibia'. We realized the time has come for brand NCCI to graduate to its next level and so we embarked on a brand repositioning exercise".

To ensure you do not miss out on these significant and exciting developments, do keep your eyes on this space…

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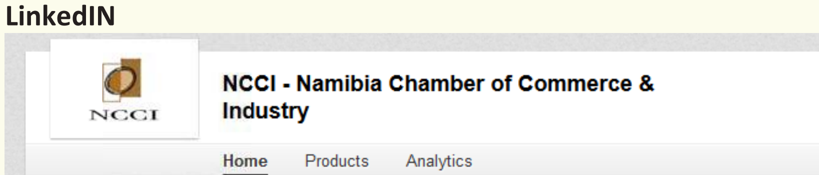

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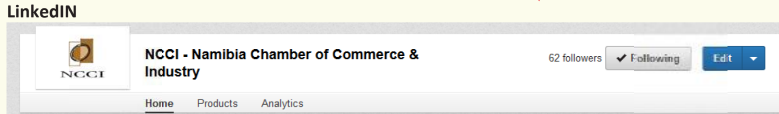

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Business Personality Profile:

DBN CEO Martin Inkumbi leads a new breed of young Namibian executives

FRESH IDEAS: Development Bank of Namibia Chief Executive Officer Martin Inkumbi

A game changer is someone whose very presence signals change and impacts the world they operate in. There is a new breed of young executives emerging in Namibia. Industrious, young Namibians in their early 30s and early 40s are at the helm of several state-owned enterprises and private entities.

Recently-appointed Development Bank of Namibia (DBN) Chief Executive Officer Martin Inkumbi is one of the young CEOs who are proving that age is but a number. This game changer is passionate about development and changing the face of poverty in Namibia, through sustainable business funding.

Inkumbi was born at Elim village, in the Omusati Region in northern Namibia, just over four decades ago. In 1993 he completed his secondary school at the Deutsche Höhere Privatschule Windhoek (a German private school in the capital) and was one of the first 20 learners to be enrolled in the English-medium stream of the school.

"I was born in a village, but I pretty much grew up as town boy, initially in Oshakati where I started my primary education and later in Windhoek where I continued with my primary education and also completed my secondary school. I have generally been a well-behaved boy and a bit of a book worm, but I could have fun when presented an opportunity," Inkumbi tells ***NBJ***.

He adds that as a teenager growing up in the pre-independence era, things were a bit harder than in independent Namibia.

"My childhood, during the pre-independence era, was a bit different from what is prevailing nowadays. We had limited exposure to information, but we were mature enough to observe the political changing climate and were excited about the prospects for the future. Those experiences

FINANCIAL SUSTAINABILITY: Inkumbi believes that DBN's decision to make financial sustainability a pillar in its strategy is key to the Bank's success

somewhat help me appreciate where we came from as a country and it has influenced my views and approach to life in many ways," the DBN head says.

The rise of Inkumbi can be attributed to hard work, focus and a solid educational foundation, which have certainly prepared him for his challenging role. Inkumbi enrolled for a Bachelor of Commerce degree at the University of Cape Town (UCT) in 1994, where he later graduated before pursuing a postgraduate diploma in Finance and Banking from the University of Natal, also in South Africa.

He also possesses a Master's degree in Financial Economics from the University of London, in the United Kingdom.

"Since 1998 I have been working in the banking sector and have worked at the Bank of Namibia in both economic research and financial market areas and the corporate banking space with First National Bank before joining DBN. My experience is therefore primarily in economics, finance, banking and development finance," he says.

Inkumbi credits the late Lazarus Ipangelwa, FNB Namibia's first black CEO and former DBN CEO David Nuyoma, as some of the people that have influenced and mentored him professionally.

"Lazarus Ipangelwa was a great corporate strategist. David Nuyoma has exceptional leadership qualities to inspire people, even when faced with challenges. I am also inspired by people I have not met, such as the founders of Ecobank in the early 1980s. This group of Africans started a truly pan-African bank, with its headquarters in Lomé, Togo and it has since grown and expanded into many countries in west, central and now eastern Africa," Inkumbi says.

Nigerian businessman, Aliko Dangote, an African industrialist with interest in cement, food processing and now eying venturing into an oil refinery, also features on the list of Inkumbi's inspirers.

"What strikes me about him in particular is that it's not just about business - it's also about Africans taking ownership of the African economy and making a difference. I am a firm believer that for Africa to truly develop, Africans have to take centre stage. It's about the choices and the decisions we make," says the youthful DBN CEO.

DBN milestones

Inkumbi pays tribute to the Namibian Government for its vision in establishing the DBN, an institution aimed at assisting Namibian entrepreneurs and also former and current DBN directors for their effective leadership.

"For the Bank to have grown in terms of assets from a zero base in 2004 to N$2.5 billion balance sheet (currently) and the capacity it has built up over the past 9 years is a remarkable milestone in its own.

"We are also proud of the contribution we have made to the establishment and growth of many small scale enterprises across the country and creating jobs. DBN has advanced a total of N$450 million to SME businesses as at end December 2013," he says.

Key to the DBN's success, Inkumbi says, is the bank's decision to make financial sustainability a pillar in its strategy.

"This automatically requires that management exercise prudent financial management, credit appraisal and lending decisions. This is critical in development finance, where often the success of the business project you invest in, is all you have to rely on.

"Secondly, the bank tried to grow organically and only engaged in certain lending and investment activities once it has built up the necessary capacity. For example, it started dealing with small value but high volume credit (SME loans) only after it has built in-house capacity to do so in 2009/2010. This approach has helped the DBN to grow slowly, but with some degree of stability. We are now at a stage where we can gear up our balance sheet by raising funds from the market to finance economic projects. We should be testing the market in 2014," says a confident Inkumbi.

Black Empowerment views

Black economic empowerment is a key topic of discussion in Namibian business and economic circles. *NBJ* sounded out Inkumbi's views on empowering the previously disadvantaged Namibians.

"The empowerment of previously disadvantaged Namibians is appropriate and necessary for the building of a harmonious Namibian nation. Namibia's skewed socio-economic structure did not come about naturally. It was aided by some legal statues and deliberate discriminating programmes that did not offer equal opportunities for all.

"We all know, for example, that the apartheid administration spent hugely disproportionate amounts on the education of different racial groups in Namibia. Only after independence did we see blacks entering some professions, not to mention a wide range of business areas. How many blacks were involved in fishing, road construction etc, before independence? Although I was still a teenager, I only knew a handful of black owned private medical and legal practices before 1990, now you can select your service provider of choice. This is all happening because of opportunities availed," says the DBN CEO.

He however cautions that Black Economic Empowerment should not be misunderstood by the beneficiaries as an entitlement, but that high performance standards are not negotiable and that one should not ride on the back of being a PDI (previously disadvantaged individual) forever.

PREDECESSOR & INCUMBENT: Former DBN CEO David Nuyoma with current CEO Inkumbi

KEEPING THE TRADITION: Inkumbi with Deputy Permanent Secretary of Finance Mr I-Ben Nashandi sampling some traditional drink during the 2013 Good Business Awards

OLD TIME FAVOURITE: Inkumbi tasting the irresistible kapana at Xwama Traditional Restaurant

NaCC Throws A Bird's Eye on It's Existence

Since 1990, the Namibian economy is highly developmental and faces challenges on an enclaved economic structure which is primarily commodity driven and highly concentrated on few sectors such as agriculture, retail, mining and fishing.

The Namibian Competition Commission (NaCC) is in existence for close to four years and will be celebrating its fourth anniversary on the 9th December 2013. The staff of the NaCC has grown from one (1) in 2009 to 8 in 2010, and now close to 30 staff professionals administering and implementing the competition law.

Broadly, in terms of its Competition Act 2 of 2003, the Commission is entrusted as a principal institution to promote and safeguard fair competition in Namibia. This it does by promoting the efficiency, adaptability and development of the Namibian economy. The Act is specific on consumer protection and is for the promotion of broader employment, small business development and previously disadvantaged Namibians and is positive on increased domestic and foreign direct investment. The Commission was established to promote a culture of fair competition, which allows all players in the market arena to have a fair chance of establishing businesses and growing their businesses, and in so doing contribute to the overall economic development of the country.

In line with the relevant provisions of the Act, the Commission is a competition advisor to the Ministry of Trade and Industry. The Commission also assists the reporting the line Ministry on their mandate with regard to domestic trade competitiveness and effective internal market regulation. Towards that end, the Commission is conducting research in prioritized sectors such as retail, automotive, franchising and manufacturing with a view to lend support towards understanding those sectors and to ensure market intelligence on those sectors.

The Commission notes that there is an abundance of South African retail giants across Southern Africa, and in particular, in Namibia. As a result of the Wall-Mart Supreme Court challenge won in March 2012, the Commission has decided to launch a research study to be well-acquainted with the issues and challenges facing the retail sector and how it relates to the overall commercial environment, taking into account automotive sales, food, manufactured produce, etc.

The Commission views its developmental agenda to NDP4 and Vision 2030 as one where competition not only thrives but that some local manufactured produce getting a fair opportunity of supplying retailers broadly in Namibia. Commission notes that the competition law also caters for small businesses like SMEs should they be unfairly competitive treated by large firms in Namibia.

In terms of its price mandate, the Commission is putting in place price monitoring mechanisms to understand the retailers pricing strategies and also to understand the pricing trends of sensitive but economically protected sectors such as cement, diary, meat, and poultry.

The Commission aims to conclude memorandum of understanding with the Tender Board to ensure regulatory consistency on tender issues such as bid rigging in Namibia. Commission views that in terms of its contribution to the developmental agenda, the relationship with sectoral regulators are important to concurrently execute the work on competition functions and mandates. In light of this, the Commission held two workshops on sectoral regulation and collusive tendering, respectively, in September 2013.

There has been a marked interest on the issue of collusive tendering and how it relates to the Competition Act 2 of 2003. There is a need to elucidate this topic within the Namibian context and inform the stakeholders on the contraventions on tender rigging in relation to the Act with relevance to the recently discussed procurement legislation in Namibia.

Since inception in 2009, the Namibian Competition Commission has handled a total of 213 mergers on a range of areas of minerals, agro business, retail, manufacturing, commerce and information technology services. Out of 213 mergers handled, 188 were approved; 19 were approved with conditions; 2 were prohibited; and 4 withdrawn.

The Commission also faced litigation successfully up to the Supreme Court and has received close to 20 cases of an anti competitive nature especially in the primary sectors of the economy which could be of a cartel or collusive nature.

MERGERS UPDATE

Following are determinations on proposed mergers filed with the Commission. The Commission has the authority in terms of Section 48(1) of the Act to revoke a decision approving the implementation of a proposed merger if (a) the decision was based on materially incorrect or misleading information for which a party to the merger is responsible for; or (b) any condition attached to the approval of the merger that is material to the implementation is not complied with. The determinations can be obtained from Government Gazette number 5325.

Case Number	Primary Acquiring Firm	Primary Target Firm	Initial Date Filed	Status
2013JULY0027MER	Bidvest Group Limited	Mvelaserve Limited	02/7/2013	Approved without conditions
2013JULY0034MER	Newshelf 1261 Proprietary LTD	Rocla Pipes (Namibia) Proprietary LTD and Snip Investments (Proprietary) LTD	23/8/2013	Approved without conditions
2013JULY0029MER	Apollo Tyres Limited	Cooper Tire and Rubber Company	11/7/2013	Approved without conditions
2013JULY0035MER	Grace Investments Thirty Four Proprietary LTD	Murray & Roberts (Namibia) LTD	31/7/2013	Approved without conditions
2013AUG0036MER	Graham Peter Louw (Rossmund Golf Course CC)	Willem Arie Van De Plas	09/8/2013	Approved without conditions
2013JULY0032MER	Oryx Properties Limited	Tuinweg Property Investment (PTY) Ltd	19/7/2013	Approved without conditions
2013JULY0031MER	Aspen Pharmacare Holdings LTD	Merck Sharp & Dohme B.V	17/7/2013	Approved without conditions

All the above-mentioned mergers were approved based on the grounds that the proposed transaction is not likely to substantially prevent or lessen competition in Namibia, as envisaged by Section 47(2) of the Competition Act 2 of 2003.

Currently, Namibia is the 2nd country to implement the competition law after South Africa in SACU followed by Swaziland and Botswana. Namibia is the 6th country to do so within SADC following the leading economies such as RSA, Malawi, Tanzania, Zambia and Zimbabwe.

Commission recognises that the most important strategic challenge for 2014, is to ensure effective public outreach though its visibility and communication efforts. To that regard the Corporate Communications Unit has been established at the Commission and currently is busy drafting a Communications Policy to strengthen communication efforts with the public and broader stakeholders.

The Commission remains committed and steadfast to ensure that not only do we have a Competition Act being enforced and implemented, but that Namibia has a Competition Commission that is ready to assist the businesses and the public to take on any case involving restrictive supplier agreements, price predation, price fixing and tender rigging amongst others, resourcefully and responsively. These are all in the interest of ensuring that the Commission carries out its work in enforcing the Competition Act responsibly and effectively and to ensure that its role and impact is felt towards conditioning the Namibian developmental economy for a fair and leveled playing competition field.

Manufacturing sector key to Namibia's economic growth

BEAT THE 'NATURAL RESOURCE CURSE': Trade and Industry Minister Calle Schlettwein

Unless Namibia strengthens and expands manufacturing and supply side capacity, the economy will continue to face limited growth prospects and will remain vulnerable to external shocks, adverse changes in terms of trade, and the challenges of avoiding the 'natural resource curse' when commodity prices move on a boom bust curve.

This was the view expressed by Trade and Industry Minister Calle Schlettwein when he addressed the Namibia Manufacturers Association (NMA) annual general meeting.

He said the manufacturing sector has proven to be an important source of innovation, which along with technology, is crucial for economic development. Research and development activities by manufacturing firms give rise to technological advancement and the diffusion of new technologies into other sectors of the economy.

Furthermore, a well-developed manufacturing sector has positive linkage and spill-over effects to other sectors as this sector is a critical source of demand for input and services from other sectors. Manufacturing firms, even in Namibia, are important consumers of power, banking, transport, communications and insurance services. Additionally, manufacturing provides demand stimulus for growth of input sectors such as agriculture, forestry, fisheries, and mining, and in the process contributes greatly to overall domestic investment, employment creation and output.

With regards to employment, this sector has a higher potential for employment creation when compared to agriculture and the traditional services sector.

Manufacturing also offers significant opportunities for growth in exports and merchandise trade.

"A successful manufacturing strategy and meaningful industrialisation, as we seek to attain through our fourth National Development Plan (NDP4) and as envisaged in Vision 2030, will require structural transformation of our economy which is overly primary sector dominated into a modern economy where high-productivity activities in manufacturing assume an important role. Such a process calls for greater emphasis to be given to manufacturing, innovation and the development of value chains and upgrading within the value chains," Schlettwein said.

The minister said in order to guide and shape such structural transformation, there is a general recognition of the role of the State by way of designing well-coordinated and appropriate industrial policies. "It is pleasing to note that we have designed our national Industrial Policy and we are in the process of finalising the policy implementation strategies, and we have just held a stakeholders' consultation," he said.

The minister stated that the successful transformation of the Namibian economy and the development of a dynamic manufacturing sector require a common strategy and coordination between private entrepreneurship and the Government. Increasingly, governments in developing countries like Namibia are expected to perform a strategic and coordinating role in the productive sphere of the economy beyond simply ensuring macro-economic stability, contract enforcement and property rights.

Schlettwein said as Namibia seeks to develop and expand the manufacturing and industrial base, it faces a number of challenges that require joint attention. Developing economies face the challenge of achieving industrialisation in a highly unequal and globalised world economy, dominated by large multinational companies and characterised by fragmented global value chains. The emergence of global value chains is largely driven by improvements in transport, freight, information and communication technologies, as well as the liberalisation of trade, but leaves developing economies at the bottom of the value chain.

A related challenge, the minister said, was that while strategic integration into world trade requires active Government policies and the establishment of public private partnerships to fill institutional voids in this regard, countries like Namibia that are still at the beginning of their industrialisation process are threatened by a loss of policy space.

"The other challenge which I am sure you can attest to is the accelerating rate of technological change in manufacturing. The increasing automation of production, while necessary to advance efficiency gains, is on the other hand increasingly affecting the comparative advantages that developing countries may have, in that it is making labour less important. This is a problem given the very high rates of unemployment in our country," Schlettwein said.

This, he said, also results in jobless growth in the manufacturing sector. In many countries, the growth of employment in manufacturing has been slowing down to increasing capital intensity and labour saving technological change. Therefore, industrial development is no longer able to absorb large increases in labour supply.

The minister said another challenge being faced by the manufacturing sector was the great emphasis that is increasingly placed on environmental issues such as low-carbon industrialisation, which calls for innovation and use of environmentally sustainable technologies. As much as they are needed, these result in an increase in the costs of industrialisation.

Schlettwein said the Government will continue to play a leading role in addressing the various developmental challenges facing the country, including those highlighted in the 2013 Global Competitiveness Report and the 2014 World Bank Doing Business Report (wherein Namibia has dropped four places to 98th position).

Some of the measures and strategies Government has embarked upon to address developmental challenges include;

- Improving company and intellectual property registry through the implementation of the Business and Intellectual Property Authority (BIPA)
- Reviewing small and medium enterprise (SME) and investment policies
- Reviewing and creating agencies for industrialisation – combining the Namibia Development Corporation (NDC) and the Offshore Development Company (ODC) into a National Industrial Development Agency (NIDA)
- Streamlining the process of starting a business through amongst others the development of a parallel online registration system, establishment of a one-stop-shop investors' services centre, as well as the creation of the BIPA
- Targeted support to boost manufacturing and value chain industrial activities – under the Industrial Policy and Growth at Home Implementation Strategies (such as the IUMP that has already been rolled out and the conceptualisation of a new Special Industrialisation Programme)
- Improved access to business infrastructure and finance (start-ups) – through the creation of appropriate industrial development agencies (NIDA) and SME Bank, the acquisition and servicing of industrial land, provision of production equipment and the development of industrial and multipurpose parks for leasing to and in some cases, in partnership with, the private sector.
- Increased support to local exporters and cross-border trade facilitation – Through targeted market (domestic and export markets) and product development and diversification support as well as the creation of "Single Window Facility"
- Promotion of technology diffusion and innovation (IPR) – in partnership with the business sector and the academia; and
- Increased consultation and dialogue with the private sector and business associations such as the Namibia Manufacturers Association.

NamPort loan deal paves way for new N$3,3b Walvis Bay container terminal

MEGA DEAL: Finance Minister Saara Kuugongelwa-Amadhila (right) signs the loan guarantee and grant agreements on behalf the Namibian Government with Ebrima Faal, Regional Director of the AfDB's Southern Africa Resource Centre (SARC), who represented the Bank

NEW TERMINAL: NamPort Chief Executive Officer Bisey Uirab with a representative of China Harbour Engineering Company (CHEC), the company appointed to construct the new terminal

The much-anticipated new container terminal at the port of Walvis Bay will soon take off after the Namibia Ports Authority (NamPort) sealed a US$338 million (about N$3,38 billion) loan deal with the African Development Bank Group (AfDB) to finance the construction.

The container terminal project represents the single largest investment, of any nature, in Namibia since Independence in 1990.

In line with its Ten Year Strategy and focus on infrastructure development and regional integration, the AfDB Group approved the construction of the New Port of Walvis Bay Container Terminal Project in July 2013. The Bank also provided US$2,3 million to the government of Namibia for logistics and capacity building complementing the port project loan.

Finance Minister Saara Kuugongelwa-Amadhila signed the loan guarantee and grant agreements on behalf the Namibian Government. NamPort Chief Executive Officer (CEO) Bisey Uirab signed on behalf of Namport, while Ebrima Faal, Regional Director of the AfDB's Southern Africa Resource Centre (SARC), represented the Bank.

Both Kuugongelwa-Amadhila and Faal emphasised the importance of the project and its contribution to one of the key development goals of the National Development Plan, which aims to position Namibia as a regional logistics hub by 2017.

"This project is important for Namibia and for the Southern African Development Community (SADC) region. It is critical to fulfilling Namibia's aspirations to become a world-class logistics hub in the SADC region," said Faal, adding that the project will enhance international and inter-regional trade and regional integration, and that Namibia will be able to fully exploit its unique geographical location to facilitate trade to and from the region.

NamPort CEO Uirab said the plan of an expanded port facility at Walvis Bay has been considered for many years, but it was not until Namibia and all the countries in the region achieved full democratic status that this vision was able to gather momentum. He said upon transfer of the assets of Walvis Bay to Namibia in 1994, the Port of Walvis Bay was identified as a gateway to the SADC region due to its locality, natural harbour and port efficiencies.

The number of containers handled by the port of Walvis Bay has skyrocketed from a mere 20 000 per annum in 2000, to 350 000 at present. The new container terminal is expected to bring the number to about one million per annum.

"At N$3,38 billion, which in isolation is equivalent to about 3% of our GDP, this investment in infrastructure represents the faith that our Government has in NamPort, Namibia and its role as a logistics hub. We are cognisant of the responsibility that this places upon our shoulders, but I am also confident that our own resources are quite capable of handling this task. The transport sector in Namibia contributes more than 2.6% to the Namibian GDP. This terminal will triple our capacity, leading to a direct improvement in throughput for this industry unleashing another N$500m per year as value-added to our economy," said Uirab.

It is envisaged that the resultant additional capacity will bring down the transport cost element of goods purchased in Namibia and neighbouring countries. At present, the transport element represents some 14% of the total cost versus an international standard of only 5%.

The NamPort CEO said the new container terminal project had exceeded all international standards of transparency, governance, financial prudence and good engineering practice.

The tender process has been administered by Burmeister and Partners with many other national and international professionals who worked closely with them.

"An additional oversight was provided by the international company of Egis Ports Harbour and Coastal Engineering. The technical analysis has been sound and thorough and we are pleased with the pedigree of the appointed contractor, Messrs. China Harbour Engineering Company (CHEC). Quite simply, amongst their other projects, they have built the world's busiest container terminal, the Port of Shanghai, and the 32 kilometre-long Donghai Bridge. I have complete faith that our new container terminal will be a facility that will make Namibians proud for decades to come," he said.

HOW IT WILL LOOK:* *An artist's impression of the new Walvis Bay Container Terminal

Deputy NamPort Chairman, Andrew Kanime, said the Board had applied the highest standards of deliberation on the new Walvis Bay terminal matter and fully support the AfDB and China Harbour Engineering Company.

"Namport operates in an international environment with some 2 500 ports around the world. The strong economic growth of Sub-Saharan Africa and – in particular – the SADC region in the past decade has placed the regional infrastructure of all these countries under pressure. In a challenged world economy of limited growth, there are strong cost pressures on all participants in the global supply chain. Ports are one important element of that supply chain and their efficiencies always come under international scrutiny," Kanime said.

Today, by virtue of its geographical positioning and proximity to SADC countries, the port of Walvis Bay acts as the preferred access to the sub-region inland countries. Over 25% of all NamPort's cargo volumes comprise imports to and exports from those countries.

NCCI in direct trade agreement with Zimbabwe

NEW AVENUES: NCCI Marketing and Public Relations Manager Daisry Dumeni

The Namibia Chamber of Commerce and Industry (NCCI) has signed a Memorandum of Understanding (MoU) for a direct trade agreement with the Zimbabwe National Chamber of Commerce which will guide the two parties' trade promotional activities.

The local chamber signed the MoU during a recent visit to Zimbabwe by a 14-member business delegation led by NCCI Chief Executive Officer Tarah Shaanika.

The NCCI said the agreement to formulate a direct trade agreement will enable the two countries to import and export directly, thereby reducing the cost of doing business. While Namibia currently imports Zimbabwean products these were, however, imported via other country agents which inflates their cost considerably.

The NCCI's Marketing and Public Relations Manager, Daisry Dumeni said the formal document will be signed at a follow-up mission scheduled for the first quarter of 2014.

The NCCI believes Zimbabwe offers numerous opportunities in various economic sectors which Namibian businesses can take advantage of.

During the visit to Zimbabwe, various areas of mutual interest were identified in the areas of agri and agro-processing, fish farming, mining and tourism.

"Having held peaceful, democratic presidential and parliamentary elections… Zimbabwe is set to reclaim its position as a regional economic powerhouse. We expect businesses from all over the world to set their eyes on Zimbabwe and to grab opportunities created by the improved political and economic climate in Zimbabwe and we do not want Namibian businesses to be left out," the NCCI said.

The visit to Zimbabwe comes at a time when Zimbabwean companies have become sitting ducks for takeovers by foreign investors, despite concern over the country's indigenisation law compelling foreigners to

limit their shareholding in domestic companies to 49%. Analysts said the dire economic situation in the country, characterised largely by a liquidity crunch, could force government to give up stringent indigenisation demands to allow struggling companies to restart by courting foreign capital.

Already, many banking institutions are in talks with potential suitors from outside the country for cash injections, a situation that has been replicated in all sectors across Zimbabwe's frail economy.

Dumeni pointed out that the issue of Zimbabwe's controversial indigenisation legislation dominated discussions at the Namibia-Zimbabwe Business Forum which was held during same mission.

She said the intention is good for Zimbabwe as the objective is to ensure that a significant portion of the Zimbabwean economy is in the hands of Zimbabweans.

"However, there is a possibility that some investors will shy away because of this legislation because one is expected to make a 100% investment for 49% ownership and control. It can make sense in resource-based businesses, but it would be better if it was not applied to all sectors," Dumeni said.

She said the Zimbabwean authorities have explained that the local ownership is subject to negotiations between the investor and the authorities.

"But it is not clear how far one can go in terms of reducing local ownership and control for new businesses, especially in non-resource based businesses," she said.

The NCCI said horse mackerel, meat, salt, beverages and building materials are eligible for export to Zimbabwe, and the chamber believes there is room for increased export volumes to match Zimbabwe's domestic consumption. Zimbabwe has a population of around 14 million people.

It is one of many Southern African Development Community (SADC) countries on the NCCI priority list, as the chamber focuses its trade promotion activities on regional level.

Before the Zimbabwean mission, Shaanika who also serves on the Board of Directors of the Association of SADC Chambers of Commerce and Industry (ASCCI), travelled to the Democratic Republic of Congo (DRC) in September to engage that country's chamber, as well as president Joseph Kabila.

The NCCI said the mission in Kinshasa was to engage key Congolese decision-makers, including that country's president, to bring to his attention to matters of trade concern between Namibia and the DRC. The visit was organised following an invitation by the president of the DRC Chamber of Commerce and Industry, Albert Yuma who visited Namibia in June 2013.

Some of the areas of concern that were under discussion included the establishment of a bilateral commission on trade and economic cooperation, reduction and/or removal of duties, implementation of the SADC protocol on trade, removal of visa requirements, clearance of trucks at borders, and the promotion of investment flow between the two countries.

Nam engages China on beef exports

GOING EAST: Namibian prime beef could soon be readily available in China following engagements between the Ministry of Agriculture and the Chinese government

Namibia should be exporting beef to China on a large scale soon thanks to a recent engagement between the Ministry of Agriculture, Water and Forestry and the Chinese government.

The visit by the Ministry of Agriculture experts to China was a reciprocal move after the Chinese sent a safety and supervision board to Namibia this year to assess the country's production capabilities.

The health supervision team from China was also in Namibia to help meat producers measure up to standards which are expected to be met before actual exporting can commence.

China is currently one of the top export markets for Namibian products, although Chinese concentration is largely focused on mineral products.

Other countries Namibia exports products to on a reasonably high level are South Africa, Angola, Switzerland, Denmark and Botswana.

The bid to export to China could also strengthen trade between the two countries, which has been increasing over the past few years.

Minister of Agriculture, Water and Forestry, John Mutorwa confirmed that the country sent a high powered delegation headed by Agriculture Deputy Minister Lempy Lucas to China to engage that country's government on the possibility of Namibia exporting its beef there on a large scale.

The delegation, which included a few directors from within the ministry, also took the opportunity to investigate possibilities for cooperation between Namibia and China in the field of agriculture.

"Although at this moment there is not much detail about the trip in the public domain, the Deputy Minister should be able to shed more light at an appropriate time," Mutorwa said.

Although it is not clear whether China has given clearance for Namibian beef products to enter that market, the country appeared eager to have disease-free, high quality and well harvested beef shipped to China earlier in the year.

The minister added that part of the engagements between the two countries will also see Namibian fish products finding their way to China in the long run.

However, despite formal engagements being in motion between the two countries, it is not yet clear when the actual exporting of meat will commence.

Meanwhile, there are also no clear indications on the quantity of beef China would be interested in shipping from Namibia.

Mutorwa said the engagement with the Chinese was meant to consolidate cooperation and business engagement between the two countries.

The Chinese enjoy wide market access to the Namibian retail sector where they trade mostly substandard goods at lower cost.

They are also big beneficiaries in the Namibian construction sector, although not much has been done to create a fair trade balance between the two countries by encouraging Namibian businesses and producers to also access the Chinese market.

In the past, the Chinese market has not been very receptive to Namibia, a situation which did not sit well with the local business community, with Namibia Chamber of Commerce and Industry (NCCI) Chief Executive Officer Tarah Shaanika asking for better ways of engagement.

Namibia currently exports most of its beef to Norway and other parts of Europe, and the negotiations with China could broaden market accessibility for the country at a time when China is the world's fastest growing economy.

Although Namibia is experiencing a crippling drought, beef remains a major foreign currency earner and production has not slowed down.

No decision on Navachab anytime soon

AngloGold Ashanti is not eager to make a quick decision on the sale of its Navachab Gold Mine, the company's Media Relations and Communications Specialist Chris Nthite has said from AngloGold's head office in South Africa.

This is despite growing speculation that the mine might be sold to a local company by the end of this year.

Nthite said although AngloGold has received various bids for the acquisition of Navachab, they are not yet certain when the sale of the mine will go through.

"We have been in constant engagement with various stakeholders, including Giyani Gold, but we are still not decided on who will eventually take over the mine. It's a complicated issue but as soon as the decision has been taken, we will be glad to communicate it officially," he said.

The company has in the meantime been concentrating on its overall financial results, which have been convincing.

"After that the management will have to make a decision on the issue of Navachab because it is a very important issue that needs to be tackled," he said.

Nthite also said the sale of Navachab has nothing to do with financial constraints.

"AngloGold values all its assets and for the time being, Navachab is also one of our core assets. I would like to put it on record that Navachab is a very profitable venture. The decision to sell it off was only arrived at because the whole group is streamlining its business in line with future investments and markets," he said.

The sale of Navachab was expected to have gone through by mid-August after the announcement of the group's financial results.

AngloGold Ashanti announced their intention to sell their Namibian assets a few months ago after the mine experienced a number of problems emanating from both labour disputes and operational challenges.

Nthite said the company is no longer in a hurry to announce the successful bidder and the decision could even go beyond the end of the year.

While there have been international companies vying for Navachab in past months, the strongest bid was posed by a joint venture between the Canadian Stock Exchange and Namibian Stock Exchange-listed company Giyani Gold and South African resource firm Pan African Resources.

NO HURRY: Navachab Gold Mine is an open-pit mine situated near Karibib, in the Erongo Region, and is operated by mining giant AngloGold Ashanti

Giyani Gold has operations in South Africa and Canada and also specialises in buying old mines.

Pan African Resources is one of the major black economic empowerment mining firms in South Africa, and is closely linked to business mogul Cyril Ramaphosa.

Nthite could however not reveal whether the current bidders already have portfolios on the African continent, or whether the company will eventually settle for an outside investor.

Navachab is situated about 170 kilometres outside Windhoek.

It has of late been experiencing a plethora of problems emanating from financial and labour unrest, which is believed to have led to mother company AngloGold Ashanti deciding to let go of their Namibian investment should they find a prepared buyer.

Last year, the mine was crippled by a two-week strike that halted operations before employees were granted a marginal salary and benefit increase.

On average, Navachab handles 120 000 metric tonnes of ore per month and reached its peak in the last financial year when it produced 74 000 ounces of gold.

Considerations for the sale of the mine gathered momentum in the early days of April this year, and considerations in relation to the company's production targets and financial capabilities have since been completed in the past few months.

Although Navachab is not among the top producers of gold in the world, its sale comes at a time when the price of the precious mineral have reached record highs because of increasing demand from the traditional markets, while China has also weighed in on the hunt for the precious mineral.

Govt reveals another policy to create jobs, support NDP4

NEW DIRECTION: President Hifikepunye Pohamba has launched the National Employment Policy (NEP), which will be the core tool for achieving the objectives of NDP4

Government has created another policy aimed at accelerating economic growth and employment creation – two years after creating TIPEEG, and just after the fourth National Development Plan (NDP4) was launched last year.

On 22 October, President Hifikepunye Pohamba officially launched the National Employment Policy (NEP), which is to be "the core tool for achieving the objectives of NDP4" to reduce poverty and unemployment. The new NEP replaces the first such policy of 1997, which "was hampered by the absence of a clear implementation strategy as well as reporting mechanisms," Labour Minister Doreen Sioka said in the foreword to the 58-page document.

The NEP was drafted over two years with assistance from the International Labour Organisation (ILO). It is part of the ILO's Decent Work Counter Programme (2010-2014) with Namibia, and input from various stakeholders was received.

TIPEEG TOO SLOW

The Targeted Intervention Programme for Employment Growth (TIPEEG) of 2011 had a budget of N$14,7 billion and was supposed to create 104 000 jobs between April 2011 and March 2014. "TIPEEG is unlikely to lead to 104 000 new jobs by 2014," the NEP document states. To date, only some 26 000 jobs have however been created under the programme.

NDP4 states that 90 615 jobs are to be created between 2012 and 2017.

The National Employment Policy will dovetail into the NDP4 by targeting:

- *industrialisation in the agriculture sector through value addition,
- *job creation through Government's mass housing programme,
- *formalisation of the informal economy,
- *job creation in renewable energies (solar, wind, biomass),
- *tourism, and
- *strengthening the social grant system; possibly cash transfers to increase purchasing power.

Other focus areas will be value addition of raw materials, gender equality and equity in employment by promoting women, and reducing unemployment amongst the youth. "Unemployment amongst the youth aged between 20 and 24 years stands at 48.5 percent. In all age groups, the percentage of unemployed women is higher than that of men. This is a source of serious concern," said President Pohamba during the launch of the policy. The NEP is also linked to the Industrial Policy of the Ministry of Trade and Industry (MTI).

The NEP aims to create greater access to micro-finances for rural youth so they can start their own small and medium enterprises (SMEs); boost production of subsistence farmers through selective subsidisation, and create local supply chain linkages for local producers to retailers.

INFORMAL ECONOMY

In order to formalise the economic activities of entrepreneurs and micro enterprises, it is envisaged that easy, simple and cheap ways be found for them to register as formal business with incentives. Such incentives could be free basic business training, management courses and technical courses, according to the policy document.

"Informal businesses must be encouraged and convinced to comply with decent work requirements [for employees], including provisions of the Labour Act, social security schemes and occupational safety and health standards," the NEP notes.

The Social Security Commission (SSC) in cooperation with the ILO is currently working on setting up a national pension fund and a national medical benefit. The SSC also plans to expand its reach by including the informal sector by developing a scheme that will be appropriate for the informal economy.

Additionally it plans a 'return to work programme' for people affected by accidents or sickness. The aim is to enable employees to return to their workplaces timeously after recovery, and to encourage modifications at the workplace to allow such returns.

An unemployment insurance scheme is also in the pipeline and is currently being explored by the SSC, which will include certain short-term benefits, plus training and job placement services.

According to the NEP document, the SSC also wants to expand its current coverage and intends to develop a scheme appropriate for the informal economy.

Further plans include strengthening the existing social grant system and revising its current regulations "to allow for full coverage of vulnerable groups". As a result, more citizens would receive social grants, which would also increase their purchasing power. "Other forms of cash transfers should be explored to supplement existing ones; cash transfers of this nature will create effective local demand for the goods and services produced by small businesses."

The NEP document further notes that this is an important aspect of sustainable employment creation.

RENEWABLE ENERGY

With regards to renewable energy, the policy expects investments in solar, wind and biomass projects and energy efficient technologies to result in long-term energy price stability, lessen dependency on energy imports, and create new jobs locally. This could include setting up decentralised solar plants, local production of solar panels, de-bushing areas, and converting the biomass from debushing into energy. The production of biogas from landfill sites is regarded as another possibility for the production of energy.

In addition, the envisaged Employment Creation Commission (ECC) is to be established in due course. A Bill to create such a commission is yet to reach Parliament. Once set up, the ECC will be responsible for the research, analysis and coordination of policies and programmes focusing on employment creation.

ONE VOICE: Pan African Chamber of Commerce and Industry (PACCI) member chambers representatives in Addis Ababa, Ethiopia

Can Africa Trade its way out of Poverty?

Breaking down the barriers to trade in Africa

The African continent is being transformed at a pace the world is yet to fully grasp. The growth in trade is having and will continue to have a profound effect on people's lives. The realization that trade has a far reaching impact in propelling Africa's growth was evidenced in the African Union's (AU) decision to make establishing a "Continental Free Trade Area" by 2017, one of the key objectives for Africa.

Even the die-hard nay-sayers who only a decade ago dubbed Africa "a hopeless continent" have come a long way to swallow their pride and call it "the rising continent." 13 African countries already have a higher GDP per capita than China and 22 countries have a GDP per capita higher than India.

Capital flows into Africa are higher than three of the four BRIC countries. Africa is ahead of Brazil, India and Russia. It's second only to China. While Sub-Saharan Africa is the fastest growing region in the world and if current trends are something to go by, Africa is going to be another economic power to be reckoned with and the next important pole in its own right.

According to the president of the African Development Bank (AfDB), Donald Kaberuka, research points to the major megatrends powering Africa's development to include population growth, rapid urbanization and an emerging middle class.

Africa's population has grown rapidly since 1950 to over one billion, now twice as many people as Europe. This growth is expected to continue, primarily in sub-Saharan Africa. That simply means easily trainable young populations.

The average age of sub- Saharan Africa is 19 compared to 32 for the BRIC countries. By 2050,

it is expected that there will be 1.2 billion Africans of working age. And it is a population that is increasingly literate and increasingly urbanized. Four out of every ten Africans currently live in urban areas and this number is rising rapidly. It is estimated that by 2050, in 14 African countries, including Angola and South Africa, over 80% of the population will be living in cities. This means they will have greater market access, better access to infrastructure and technological advances and will be well placed to generate further economic growth.

The rise of the middle class is also fuelling consumer demand, particularly in the manufacturing and services sectors. In addition massive technology and telecom sector growth have transformed societies, spread market information, liberated capital and boosted economics. There are now estimated to be over 600 million mobile phones users in Africa.

What then is prohibiting trade and limiting Africa's growth in trade? The degree of growth varies across the nations and creating sustainable streams remain a challenge amongst the nations. A third of Africa's growth is due to the export of commodities, supplemented by broad –based growth across sectors including finance, retail, telecommunications and infrastructure over the past 10 years.

"Africa exports all it produces and imports all it consumes"

There evidently are opportunities, but Africa can be and often is, a challenging environment to work within. Overt trade barriers such as tariffs, border constraints and major infrastructure bottlenecks add to the cost of doing business across borders. Our economies are also far less integrated than should have been the case.

Today, just 12% of African trade is with other African nations, a tiny proportion of the overall trade volumes enjoyed with the rest of the world. Colonial era infrastructure never factored in the interest of the locals to enable bilateral trade, the priority has always been to export resources to the European base. Our colonial era infrastructure must give way to more enhanced intra-African trade and the sooner the better.

Only 30% of Africa's road network is paved and transport costs are more than double those in other regions. And while in Singapore, it takes five days and costs about US$500 to export a standard container, in Angola it takes 52 day and costs four times as much. An African free trade area could increase GDP across the continent by an estimated US$62 billion a year. That's US$20 billion more than the world gives sub-Saharan Africa in aid.

The AU has an existing vision to create an African Economic Community by 2028 and has already obtained endorsement for continental Free Trade Area by 2017. Achieving Intra - African trade will be the real motor behind Africa's growth.

In East and Southern Africa, 26 countries are already working to establish a single Free Trade Area covering half the continent, while in West Africa, 15 Countries are preparing to implement a customs union with a common external tariff.

The business case is there, we just need to seize it for our own benefit and development.

TEAMING UP: PACCI signed a memorandum of understanding (MoU) with the European Commission (EC) to fast track initiatives towards CFTA by 2017

Second stock exchange for Namibia on the cards

NEW BOURSE: Former Finance Minister Helmut Angula says new stock exchange for Namibia is on the cards

A new stock exchange is being established in Namibia depending on approval from the regulatory authorities, former Finance Minister Helmut Angula says.

Angula, who also headed the National Planning Commission (NPC) for a while, is now a business man who is involved in the offshore oil exploration sector.

The new bourse will be solely a financial stock exchange and will be called Namibia Financial Exchange (NamFin-X) (Pty) Ltd. Angula is currently chairman of the NamFin-X company Board.

"NamFin-X is a truly Namibian endeavour, and fundamentally Namibian in its philosophy," said Angula, "60% of the ownership is Namibian."

At this stage, 10 persons and entities have embarked on the endeavour and are shareholders - five Namibian corporate entities, four individuals, and one international corporate investor. Although Angula did not reveal the identity of the other Namibian shareholders or the international investor, the South African website MoneyWeb has reported that the Cape Town-based Quota Africa Group (QAG) is the international partner. QAG is also establishing a stock exchange in the Seychelles, called Trop-X. The group is waiting for approval to set up a rival bourse to the Johannesburg Stock Exchange (JSE) in South Africa, to be known as the South African Financial Exchange (Safe).

It is expected that Quote Africa Group will provide the necessary stock exchange services, including experienced management, rules and listing requirements, as well as Information Technology (IT).

In September 2012, NamFin-X had already received approval from the Minister of Finance, Saara Kuugongelwa-Amadhila for an association of 10 persons to apply for and be issued with a licence to operate a stock exchange.

Since October 2012, the NamFin-X promoters have been engaged in the review process with the regulator, which is the Namibia Financial Institutions Supervisory Authority (Namfisa). Namfisa is also the registrar of stock exchanges. So far, Namibia has one stock exchange, the Namibian Stock Exchange (NSX) which has

been in operation for 22 years.

In May 2013, a notice was published in the Government Gazette that the application of NamFin-X and its rules for Namibia's second stock exchange were open for inspection. The regulator (Namfisa) advertised this notice in two local daily newspapers over the course of three weeks, requesting comments from the public. This process was completed on 28 June 2013. Namfisa is still reviewing the application of NamFin-X and possible objections that might have been raised during the period when comments were requested.

Pending approval from Namfisa, the new stock exchange could be up and running in a due course, making financial history in the country.

It is clear from the media statement issued by NamFin-X that black economic empowerment (BEE) will be key in its operations.

"Transformation is central to NamFin-X's philosophy, and the new exchange will benefit Namibia and Namibians at both micro and macroeconomic level," Angula said. "The initiative [to establish a second bourse] is aligned with, and supports Namibian government policy, including investment in job creation, investment in financial services education, new enterprises and socio-economic transformation."

The broader Namibian public will also have the opportunity to participate in ownership of the new exchange. "This would be in line with Government's policy of indigenous ownership of financial institutions, which is also contained in Namibia's Financial Sector Strategy (NFSS)," said Angula. The NFSS sets out guidelines for the future of Namibia's finance sector over the next 20 years.

Envisaged benefits of a second bourse in the country include:

- Enhancing financial inclusivity and reducing the barriers of access to capital markets
- Increasing local entrepreneurs' access to financing through via NamFin-X through its envisaged innovative VCAP (venture capital action plan) and small and medium enterprise (SME) boards
- Greater social and economic empowerment by increasing the participation of Namibians in financial markets.
- Job creation - directly and indirectly - in Namibia's financial sector and beyond.

With regards to jobs, Angula pointed out that 80% of all employment in emerging markets is estimated to be provided by SMEs.

"NamFin-X will widen the economic participation in the market, empower issuers and investors to realise their economic freedom and more importantly, fill a much needed funding gap allowing many new ventures and SME businesses to realise their economic potential," he said.

NamFin-X said it would not only provide sources of finance for these businesses, but also access to the expertise and experience of investment companies, the investment community and a "nominated advisor". This would occur within a regulated framework.

"The general public as well as companies looking to raise capital will benefit from the proposed new exchange because of the competition and increased liquidity that an alternative bourse will provide," the NamFin-X Board chairman said.

The statement further said NamFin-X will provide Namibia with world class financial services and regulators, and membership of the World Federation of Exchanges, which will provide a footprint onto the world stage and will lead to a more competitive, more liquid financial sector.

New drill results show resource increase potential at B2Gold's Otjikoto

New drilling results at the Otjikoto Gold Mine is expected to help increase the economics of the project by potentially decreasing operating costs by increasing the average head grade.

The mine is 90% owned by Canadian mid-tier gold producer B2Gold.

The Namibian Stock Exchange (NSX) listed B2Gold recently released additional results from their 134 hole, 23 500 metre (m) 2013 drill campaign at the Wolfshag zone located immediately east and northeast of the planned open pit for the project. The company said results from the Wolfshag zone highlight the potential to significantly increase resource grades which could lead to project expansion, both in throughput and mine life.

The company had budgeted US$7 million (about N$71 million) in 2013 for exploration with a view toward increasing the current mineral resource. The current mine plan is based on probable mineral reserves of 29,4 million tonnes at a grade of 1.42 grams per tonne (g/t) containing 1.341 million ounces of gold at a stripping ratio of 5.59:1 to be mined over an initial 12-year period.

The current average annual production for the first five years is estimated to be approximately 141 000 ounces of gold per year at an average cash operating cost of US$524 (about N$5 380) per ounce, while approximately 112 000 ounces of gold per year will be produced at an average cash operating cost of US$689 per ounce thereafter.

Highlights from the new drilling results include: Hole WH13-098: 30.10m of 6.02g/t gold, including 15.85m of 10.55g/t

GOOD PROSPECT: Evaluating core samples on site at B2Gold's Otjikoto project ***Photo: Mining News***

gold and Hole WH13-103: 16.2m of 9.39g/t gold, including 12.8m of 11.27g/t gold.

Construction of the mine started at the beginning of 2013 and will continue into the fourth quarter of 2014. It is anticipated that the first gold at the mine, Namibia's second gold mine after AngloGold Ashanti's Navachab, will be produced during the fourth quarter of 2014 with a ramp-up to full production in early 2015.

The developer of the Otjikoto Gold Mine has proposed the setting up of a power plant and landfill on site which will cater for non-hazardous waste during the construction and operational phase. The proposed power plant will operate on heavy fuel oil (HFO) as the primary fuel, with diesel fuel oil as the secondary fuel. Approximately 22 000 tonnes of HFO and 500 tonnes of diesel fuel oil will be used per annum.

The power plant, to be located in the process plant area, will have an output capacity of approximately 25 megawatt (MW). It will be operated 24 hours per day, seven days a week.

All mining equipment for the initial stages of mine development has arrived on site and strip mining has already begun. Mining has removed more than 1,6 million cubic meters of material and includes the first successful blast in July 2013. All mining is being completed by a B2Gold workforce.

The company said work at the mill has focused on development of the necessary infrastructure needed to complete the mill erection and stockpiling of the necessary sand and aggregate for concrete and engineered fill material.

Total pre-production capital costs are estimated to be US$244,2 million, excluding finance lease equipment purchases and pre-production stripping costs. Already pre-production expenditures for the nine months ended September 30, 2013 have totalled approximately US$121,6 million, including mobile equipment purchases of US$41,2 million, power plant costs of US$15,5 million and pre-stripping costs of US$4,1 million.

Earlier in the year, B2Gold secured a US$150 million revolving loan facility from a syndicate of banks. The loan, which has an interest rate of London Interbank Offered Rate (LIBOR) plus a margin of 3.5%, will be partly used to finance construction of the gold mine near Otavi.

The loan facility is underwritten by Macquarie Bank Limited. The syndicate includes HSBC Securities (USA) Inc. as a Lead Arranger with HSBC Bank USA, and National Association who committed to fund US$50 million of the facility. Rand Merchant Bank committed to fund US$25 million.

The facility comprises three tranches of US$50 million each for a total of US$150 million and replaces the existing US$25 million revolving credit facility with Macquarie Bank. The term of the facility is for a period of four years, with a final repayment date of 28 March 2017.

The Otjikoto Gold Mine is 90% owned by B2Gold while the black economic empowerment group, EVI, led by Black Economic Empowerment (BEE) magnate Dr Leake Hangala of the Hangala Group has a 10% interest in the project.

B2Gold Namibia currently employs more than 150 people, but the number is expected to increase to more than 600 before the end of 2013.

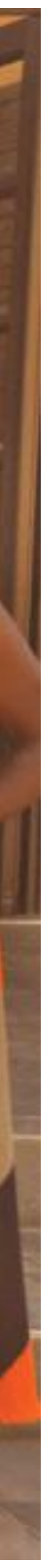
***ENTREPRENUER SUPPORT:** The Rector of the Polytechnic of Namibia (centre, front row) is flanked by Margaret Bennett, CED Director and Bernadette Artivor of the Namibia Investment Centre with graduates who completed their SME courses at the CED. Photo: Polytechnic*

More entrepreneurs complete business training at Poly

Another group of over 30 entrepreneurs successfully completed a two-year business support programme at the Polytechnic of Namibia in November.

The Business Support Services Programme (BSSP) run at the Polytechnic for small and medium enterprises (SMEs) was started in early 2011. Since then, 108 SME entrepreneurs have enrolled for the courses and 72 of the entrepreneurs have received certificates. The training and mentorship courses are run by the Polytechnic's Centre for Enterprise Development (CED) – the implementing agency which develops and conducts the programmes.

The BSSP falls under the Directorate of Industrial Development in the Ministry of Trade and Industry (MTI).



Courses include bookkeeping and record keeping, business skills, costing and pricing, how to tender, management skills and costumer care, amongst others.

"It is commendable that the graduates managed to juggle their schedules between their enterprises and the training courses, which run after business hours," CED Director Margaret Bennett said while handing over certificates to the entrepreneurs at a ceremony.

The successful graduates are small business owners in the //Karas and Khomas regions. The BSSP training and mentorship programme will now be rolled out in the Hardap and Omaheke Regions, while further decentralised training measures are also in the pipeline.

In February 2013, the Polytechnic and the Ministry of Trade and Industry signed a memorandum of agreement to renew and extend their existing collaboration. As part of the agreement, both parties committed to continue addressing the needs of, and providing business support to, SMEs in Namibia.

One of the successful graduates, Innocent Ekandjo said her business leadership and management skills have improved substantially since she started receiving the training.

"I am now also able to manage finances much better and can do my costing with a better understanding of what I need to take into consideration," Ekandjo said at the ceremony.

She said her marketing skills have greatly improved and this has helped her gain a bigger client base.

"I expanded my business and have started a new shop, selling basic necessities in addition to [my] existing three shops. I am also running an accommodation establishment, which has greatly benefited from the new skills I gained," she added.

According to a recent study, SMEs account for 20% of employment in Namibia and contribute approximately 12% to the annual gross domestic product (GDP) of the country. "There are however, well-known factors that hinder the growth of the SME sector, such as access to financial resources, inadequate business skills, technologies and business linkages. I am convinced that when support systems to address these challenges are in place, such challenges will be surmountable," Professor Tjama Tjivikua, the Rector of the Polytechnic said during the event.

Obtaining and improving business skills is very important, Tjivikua said.

"Considering the current uncertainties in the global economic conditions that impact our economy, coupled with retrenchments in large, global corporations, it is inevitable that many people will turn to SME businesses as an alternative or a last resort. Most of these people are ill prepared to run own businesses and therefore need to be trained in the most important aspects of running a business," he said.

ICT TRAINING

The Polytechnic plans to integrate ICT training into its courses for SMEs. This will be done as soon as the tertiary institution completes its transformation into the University of Science and Technology. "ICT knowledge will empower our small businesses to become better linked to global markets. ICT is the tool that will create access to diverse markets, thus providing better logistics and access to alternative and cheaper suppliers," Tjivikua said.

The Centre for Enterprise Development within the Polytechnic was established in 2000 to facilitate capacity building initiatives for the public and private sectors, as well as for non-governmental organisations. The CED contracts services from experienced and qualified staff from the Polytechnic and experts from the public and private sectors to conduct full-time or part-time capacity building programmes and training.

The course duration varies. Certificates are issued based on certain criteria such as attendance, completion and competence. Besides the standard training products, tailor-made courses can be developed to address the specific needs of different trainees.

The BSSP commenced in November 2009 when the CED was appointed as a consultant by the Ministry of Trade and Industry to offer training, mentorship and support to SMEs. Under the BSSP, marketing services and facilitation of linkages between established businesses and SMEs are also offered, Trade and Industry Minister Calle Schlettwein said.

"I urge entrepreneurs to make use of these services to further establish their presence in the Namibian market," Schlettwein said. He also called on the graduates to make use of a new internet portal created by the MTI for SMEs to showcase their products. "Make use of this platform to get your products known to the rest of the country and to the world," the minister said.

Average rating for Namibia in 'Doing Business' 2014 report

Namibia has dropped four notches - from being ranked 98th to position number 94 - within one year, according to the latest 'Doing Business' report released by the World Bank at the end of October.

In the Southern African Development Community (SADC) region, Namibia ranks sixth after Mauritius, South Africa, Botswana, Seychelles and Zambia.

This year's report is titled 'Doing Business 2014: Understanding Regulations for Small and Medium-Size Enterprises'. This is the 11th year the report, which was jointly released by the World Bank and International Finance Corporation (IFC) which belongs to the World Bank Group, is published.

The report looked at how easy or difficult it is for a local entrepreneur to open and run a small to medium-sized business in 189 countries – including industrialised economies - when complying with relevant regulations. It measured and tracked changes in regulations affecting the following areas in the life cycle of a business:

- starting a business,
- dealing with construction permits,
- getting an electricity connection,
- registering property,
- getting credit,
- protecting investors,
- paying taxes,
- trading across borders,
- enforcing contracts,
- resolving insolvency, and
- employing workers.

For each economy, the index is calculated as the ranking on the simple average of its percentile rankings on each of the topics.

The report assumes that the average small and medium enterprise (SME) in Namibia would have between 10 to 50 employees, and in some cases up to 100 workers.

According to data collected for the report, starting a business in Namibia requires 10 procedures and takes 66 days. Namibia ranks 132nd in the ranking of 189 economies on the ease of starting a business.

Dealing with construction permits requires 12 procedures and 123 days. Also assessed was how long it takes for an entrepreneur in Namibia to complete all procedures to legally build a warehouse in Windhoek for about N$2 million. In this category, Namibia landed in 31st position. Information was collected from experts in construction licensing, including architects, civil engineers, construction lawyers, construction firms, utility service providers and public officials who deal with building regulations.

Getting an electricity connection for an SME entrepreneur requires six procedures and takes 37 days, according to the report. Namibia is ranked 72nd in this category. Amongst other things, entrepreneurs must hire a licensed and registered electrician, submit applications to the Windhoek Municipality, and await an estimate. The application form is free of charge, and has be to submitted along with an on-scale site plan, clearly indicating where the main electricity box will be situated in the warehouse.

Globally, Namibia ranks 178th amongst 189 countries on the ease of registering a property like a warehouse, or transferring property. Since about two years back, a building compliance certificate must be obtained by the building owner prior to a property transfer in Windhoek. This delays the transfer.

With regards to ease of obtaining credit, Namibia ranks 55th. According to the DB2014 report, Namibia has not made access to credit for SMEs easier in the past four years – since 2009.

Namibia ranks 80th on the strength of the investor protection index. While the indicator does not measure all aspects related to the protection of minority investors, a higher ranking does indicate that an economy's regulations offer stronger investor protections against self-dealing in the areas measured.

When it comes to paying taxes, the report noted that on average, firms in Namibia make 37 tax payments a year and spend 314 hours a year filing, preparing and paying taxes. Namibia is ranked 114th on the ease of paying taxes.

Although Finance Minister Saara Kuugongelwa-Amadhila in this year's budget speech announced lower company taxes for the financial years 2013-14 and

NAMIBIA	DB 2014 Rank	DB 2013 Rank	Change in Rank
Starting a Business	132	132	No change
Dealing with Construction Permits	31	32	1
Getting Electricity	72	74	2
Registering Property	178	172	-6
Getting Credit	55	52	-3
Protecting Investors	80	80	No change
Paying Taxes	114	110	-4
Trading Across Borders	141	142	1
Enforcing Contracts	69	74	5
Resolving Insolvency	85	85	No change

***Source: Doing Business (DB) 2014**

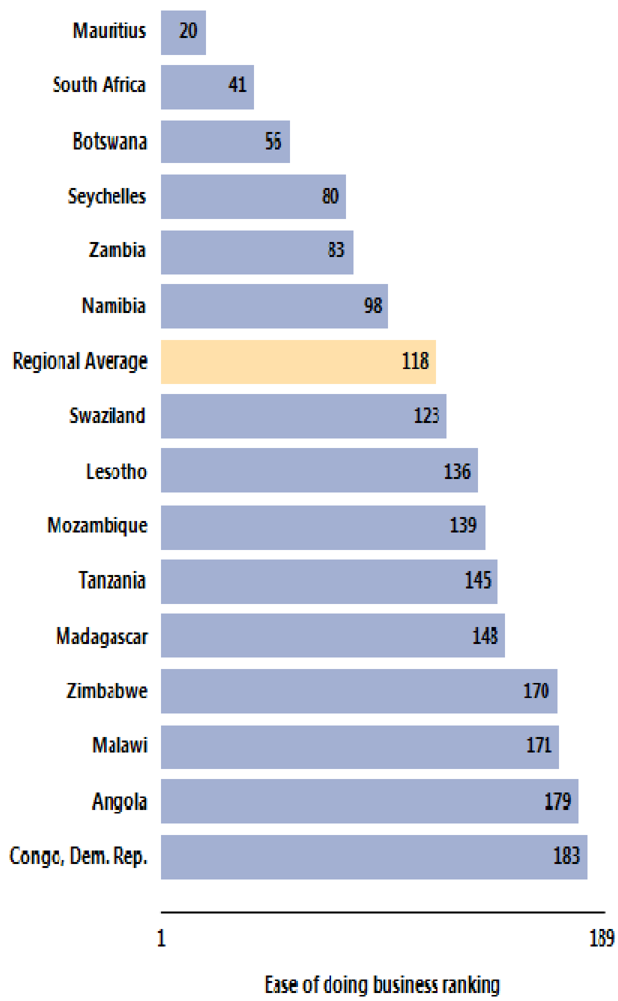
2014-15, it appears as if the DB2014 Report did not factor this tax relief into its analysis.

Exporting a standard 20-foot container of goods requires eight documents, takes 25 days and costs US$1 750 (about N$17 500).

Importing the same container of goods requires seven documents, takes 20 days and costs US$1 905 (about N$19 000). Namibia ranks rather lowly in this category, being at 141 on the ease of trading across borders. However, the average for all 15 SADC countries is the same, ranking 141st.

Enforcing contracts and the efficiency of the judicial system to resolve a commercial dispute with regards to the breach of a sales contract between two domestic businesses before a court in Namibia, the country holds ranking of 69 out of 189 countries. According to data collected, contract enforcement takes 460 days (over a year), costs about 35.8% of the value of the claim, and requires 33 procedures.

On insolvency procedures - the last criterion for this report - Namibia holds 85th position. It takes about 2.5 years on average to complete an insolvency process and it costs 15% of the debtor's estate. "The most likely outcome [will be] that the company will be sold as piecemeal sale. The average recovery rate is 34.9 cents on the dollar," the report noted.



Ranking of the 16 SADC countries *Source: DB 2014

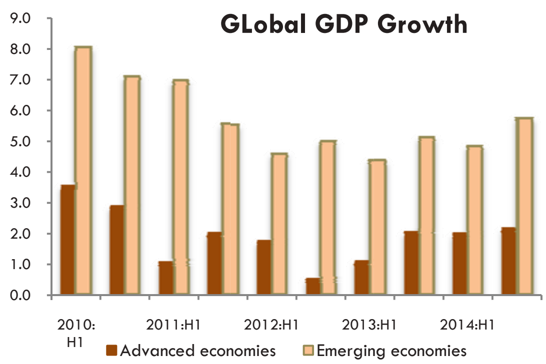
2013 Fourth Quarter Economic Update

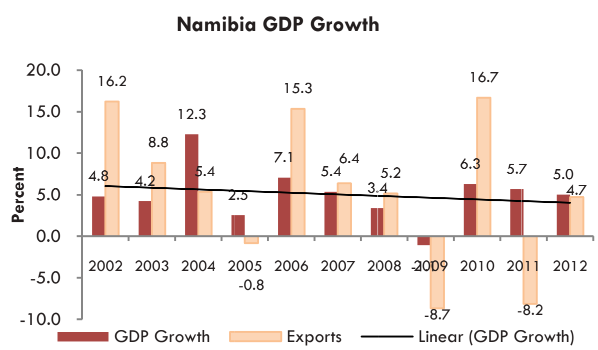
By Leonard Kamwi

Separating true signals from the noise in economic data is hard let alone trying to predict the future. Yet economists often pose as prognosticators even though they are often blunt than right. In that context, I won't even try to say what 2014 will bring. But I do believe there are strong underlying signals of fundamental changes that will shape the future over the next couple of years.

Global growth

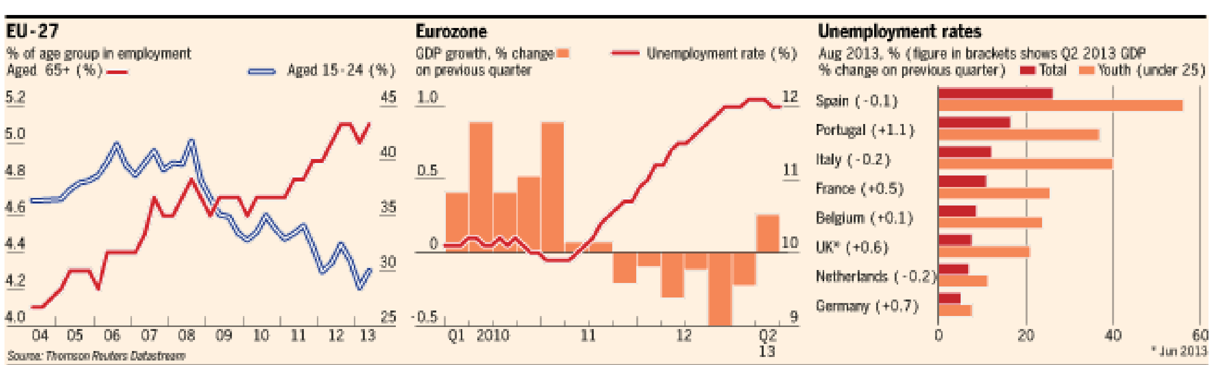
"Global growth is in low gear, and the drivers of activity are changing. These dynamics raise new policy challenges. Advanced economies are growing again but must continue financial sector repair, pursue fiscal consolidation, and spur job growth. Emerging market economies face the dual challenges of slowing growth and tighter global financial conditions…" IMF WEO Oct 2013





Source: IMF, NCCI Research

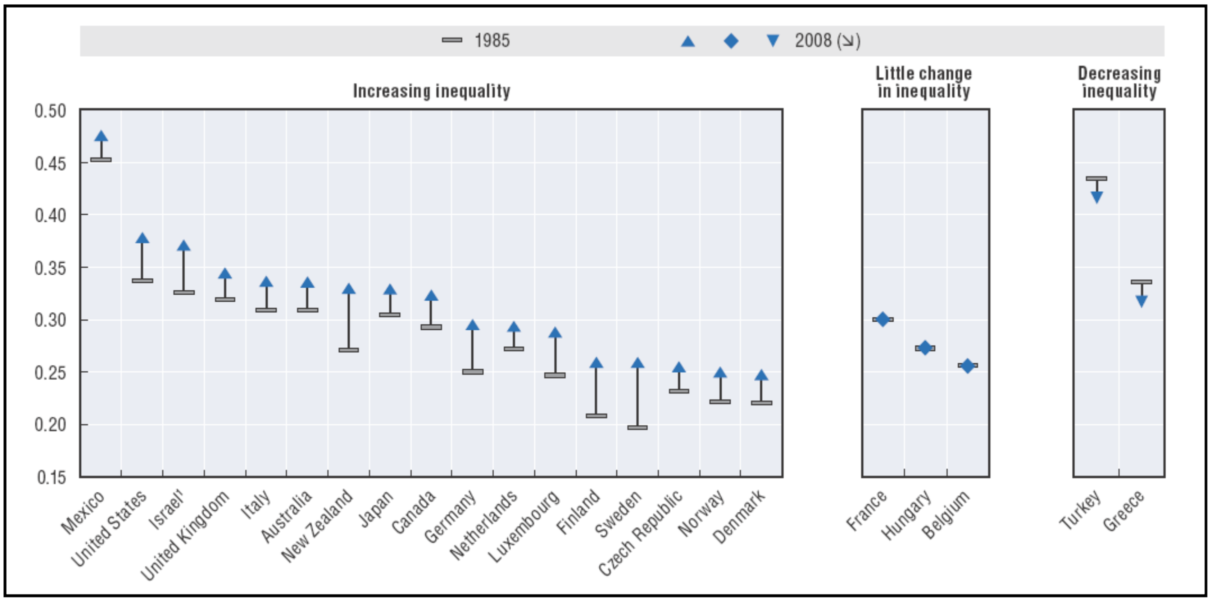
My friends from IJG Securities in their latest elephant book notes that global macroeconomic indicators are painting an interesting picture as well. Growth is rising, business confidence is increasing, employment is improving and interest rates are still low (easy monetary policy). Upon hearing this, we might conclude that we are heading for "economic yuppiehood", especially after considering from where we are coming from. However, this picture from financial times put some soberness in my interpretation of the data though. People are increasingly choosing to work post retirement age, the share of young people in employment is shrinking while youth unemployment in countries like Spain is above 50%. Suffice to say youth unemployment in most countries is more than double the official aggregate rate.



Source: Financial Times

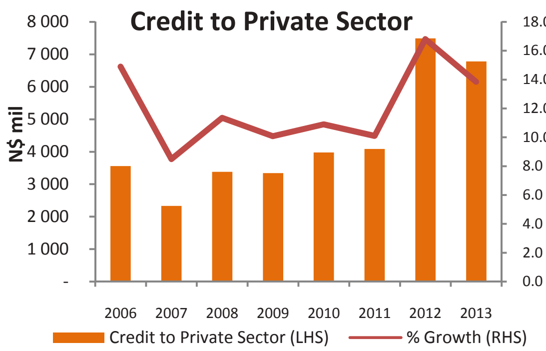
I am akin to thinking that stepping back from the edge of collapse is not the same as solving the problem. While activity and business confidence is rebounding, financial and fiscal repair required. This may be like an undertow which may grasp activity for some time. Being carried by the surf of confidence is not a long-term solution, but it may be the only achievable option for a while, whether that calls for some celebration is another thing at all. On the positive side, I realize we are not at the end of very hard choices, so I suggest, lets chill for now!

If the IMF is correct that in cautioning that advanced economies must continue financial sector repair, pursue fiscal consolidation, and spur job growth, then I will also extend that emerging markets will remain the engines of global growth over time. But "economic yuppiehood" in emerging economies is not entirely correct. In theory hundreds of millions of people are being lifted from poverty into the middle class, creating a brighter future for the next generation. However, as Dr. Wilfried Lütkenhorst who presented at the recent conference on the industrial Policy Implementation notes, inequality is not improving but rather worsening. If policy makers notice this, they will respond with policy engineering whose impact I will not prognosticate.

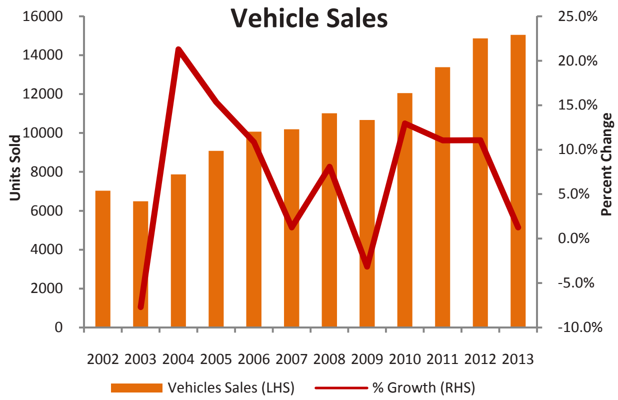


Source: Dr. Wilfried Lütkenhorst

The IMF characterization of the stance of the global economy partly describes Namibia as well. Our economy has grown above trend for the past three years albeit at a marginally declining rate. MoF expects it to grow by 4.5% in 2013. The central bank is even a bit optmistic, seeing economic growth at 4.7% for this year and 5.0% for the coming year. However, at odds with conditions in emerging economies, credit growth is improving in Namibia, the Bank of Namibia even says it will monitor it. Personally, I am on the optimistic side, despite my concerns for the inevitable bumps along the way. Some stats concerns me though, especially the 12 month values of completed buildings in Windhoek which has a 90% correlation with fixed capital formation in economy, was down 2.2% compared to the 2012 calendar year. 12 months cumulative vehicles sales to August 2013 are also only marginally up at 1.3% compared to 2012 calendar year. This could be a signal that growth in investment spending may not be a driver of overall economic growth in 2013. Similary, government cash balances remain steady at some N$6.0 bn, compared to N$7.0bn. From this perspective, government spending may not be a significant driver as well. Although the central bank is happy with credit growth rates, the cumulative dollars extended during the 12 months to August is less than that extended in 2012, albeit marginally. Judged against the past couple of years, 2013 credit extension figure tall and handsome, yet if it doesn't increase much as it did in 2012, that is reassurance that there is no irrational exuberance from the bankers.



Source: Bank of Namibia, NCCI Research



Source: Bank of Namibia, NCCI Research

Inflation outlook

The Bank of Namibia's inflation forecasts average of 6.1% in 2013 and 6.2% for 2014. This is in line with the SARB's forecasts as well (5.9% in 2014 and 5.4% for 2015). More importantly, both Centrals Banks sees no demand-pull price pressure. There is a concern though about upside risks from the exchange rate, wages settlements and inflation expectations at or above the 6.0% target ceiling. Thus the single variable that is of corncern to Reserve Bank of South Africa is the exchange rate, which is in turn sensitive to US "tapering" of Quantitative Easing (QE).

Interest rate outlook

Our monetary policy is anchored to that of South Africa so it is critical to watch what the South African Reserve Bank (SARB) says. For now, they forecast economic growth in South Africa at 2.0% for 2013, 3.3% for 2014 and 3.6% for 2015. That is below trend growth. A host of factors are at play including the pressure on consumers from high debt levels, slower credit growth, sharp petrol and electricity price increases, and slow employment creation. This is counteracted by positive wealth effects and high wage increases. Other positive signals include strong PMI, improving capacity utilisation amid the continued weakness in business confidence. Weak business confidence is weighing on the strength of private sector fixed investment and employment growth. This assessment, combined with inflation hovering around the upper band of tollerance and the South African Reserve Bank raising concerns about upside risks to inflation, is a signal that the next interest rate move will be up, however with weak growth its timing is clear. A trigger could be the US "tapering" of QE, which give the trend in macroeconomic data, might begin in the first quarter of 2014.

Old Mutual Africa Operations MD Johannes !Gawaxab gives an Economic Outlook for 2014

CHALLENGING MILESTONES: Old Mutual Africa Operations MD Johannes !Gawaxab

In 2014, global growth will probably be around 4%. The key issues facing the global economy in 2014 will be all about growth and policy.

We do expect a stronger, more synchronised growth in the developed world initially which will be led by the manufacturing sector. The US is expected to lead this recovery. There are no inflation concerns in the global economy as yet, commodity prices are not set for significant strength and policy is expected to remain growth supportive.

Advanced economies are expected to play their part and emerging markets need come to the party.

On the policy front, the US tapering is expected to start slowly on the back of an improving economy. US interest rate increases are still a long way off. The lag between nominal GDP acceleration and rate increases is long and the first increase in rates in the US is forecast in 2015. The US tapering will however boost American interest rates and the dollar, attracting capital back to American shores. It is expected that money will fly out of emerging market assets back to where sufficient growth and yield can be found. This creates a vicious circle of weakening emerging market currencies, which in turn, creates growth challenges for economies that have become dependent on capital flows financing current account deficits.

The gross domestic product in the Eurozone is expected to pick up in 2014 and policy will be expansionary for the foreseeable future. In Europe the overall picture looks more positive with government deficits reducing significantly, productivity improving, unit labour costs falling and current account deficits becoming more manageable.

Japan will also continue with its policy of accommodation. Japan is expected to raise its consumption tax, their VAT equivalent, which at 5% is the lowest in the rich world.

In China reforms aimed at shifting from an investment-led to a consumption-led growth are being introduced. The country is expected to implement the Third Plenum reform agenda which will benefit growth outlook. A question one might be asking is: –; are we potentially going to see a banking crisis of some sort in 2014 in China? It is a known fact that too many loans have been made to different branches of the bureaucracy and crony companies.

Local Economic Outlook

Back to home territory, Namibia in 2014 will be dominated by growth, employment, the Namibian Dollar and national elections. Reaching the NDP 4 growth targets for 2014 will be a challenging milestone to reach. We also anticipate that the Namibia Dollar will stabilise in the short term but its weaker medium trend remains intact.

Inflation is expected to be within the 'acceptable' band and interest rates are likely to be flat in 2014 with a moderate up cycle in 2015. The Bank of Namibia will continue to talk tough, but slow growth and high unemployment will limit any hike potential. However for this to play out as predicted the N$ and inflation must behave.

The high unemployment and labour challenges will continue to be rogue players in the Namibian market, whilst electricity shortages, if not managed proactively, could impact growth potential and investor sentiment.

Namibia has improved its overall ranking by two places in the Global Competitiveness ranking to 90 out of 148 countries in 2013 from 92 in 2012. Property rights, independent judiciary, transport infrastructure and a generally good financial services sector are things the country needs to further build on whilst driving efficiency in the local economy remains critical.

Namibia also has to improve its health services delivery and educational systems which were ranked 123 out of 148 countries and 124 out of 148 respectively in the global competitiveness index last year.

Asset Class Outlook

Cash: We do not expect a change in interest rates and believe the Bank of Namibia is dovish. We therefore expect no real returns from cash. Whilst cash is king, it remains unattractive from an investment perspective over the next six months.

Offshore equity: On a risk-adjusted basis this is the preferred asset class and, in a low return world, we can see few alternatives to delivering on client returns.

Local equity: We have reduced our real return forecast due to expected long-term growth. This is a function of lower dividend cover, meaning companies have less income retained for future investment. The end of the resource super cycle will put pressure on margins as well.

So while the prognosis for 2014 is not that of gloom, recovery is strongly linked to conscious decision making by governments across all continents. The word that should accompany all discussions will be policy, as it will either restrict or enable intended outcomes. Debates about the new global developmental agenda and how to attract investments and infrastructure for Africa will continue.

Let us hope the election season which will hit Africa's four biggest economies – South Africa, Nigeria, Egypt and Algeria – in 2014 won't derail economic prospects for the continent.

To continue the conversation with Old Mutual, email nam-markinfo@oldmutual.com or call us on +26461 299 3999, or log on to www.oldmutual.com.na

How some Namibian Executives will be spending this Festive Season

Sara Naanda – CEO Trans Namib

The holiday season is meant to offer time off from the work routine. I will be spending my holidays mostly with family. I prefer to explore Namibia's own unique holiday destinations. The year 2013 was a very challenging yet interesting year. I would have certainly liked to achieve more of the goals which I have set to achieve, but I am quite content with progress thus far, both personally and professionally.

Tertius Stears – MD Sanlam Namibia

I will be travelling to Swakopmund with my family for the holiday season. Once there we just want to unwind from the past years rush by doing relaxing things such as reading, walking, cycling, and keeping the children entertained with no specific pre-planned arrangements.

The past year was a tough year but at the end of the year it is rewarding to look back and reflect on the achievements made. By saying this, I do not take the credit for myself as Sanlam Namibia Holdings' success would not be possible without each and every employee's contribution and determination, working as a team to achieve our mutual goal. Yes, I do believe that I accomplished my personal and professional goals. One can however never stop growing, exploring and planning in this fast forward world of ours.
I wish every fellow Namibian a Happy Holiday Season and a New Year of health, happiness and prosperity.

Rosalia Martins-Hausiku – CEO MVA Fund

Holidays are usually a time for family and thanks giving. I will do a bit of travelling with my family, enjoying the beauty of Namibia. However Christmas is best with the parents, so we will definitely be sitting around a big table, with lots of food and drinks and laughter in Rundu.

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Road Safety is everyone's responsibility.
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Drive Safely.

Vivo Energy Namibia is committed to reducing road fatalities and incidents on Namibian roads. Road safety affects individuals and business which is why Vivo Energy Namibia has teamed up with government, the private sector and NGO's to encourage responsible road usage.

Never drink and drive.

Holidaymakers will be out in numbers on the road – be courteous and have patience.

Never take a call or text while driving.

Always make sure that you are well rested before taking on the long road.

Make sure your vehicle is road worthy (tyres, brakes and lights ect).

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