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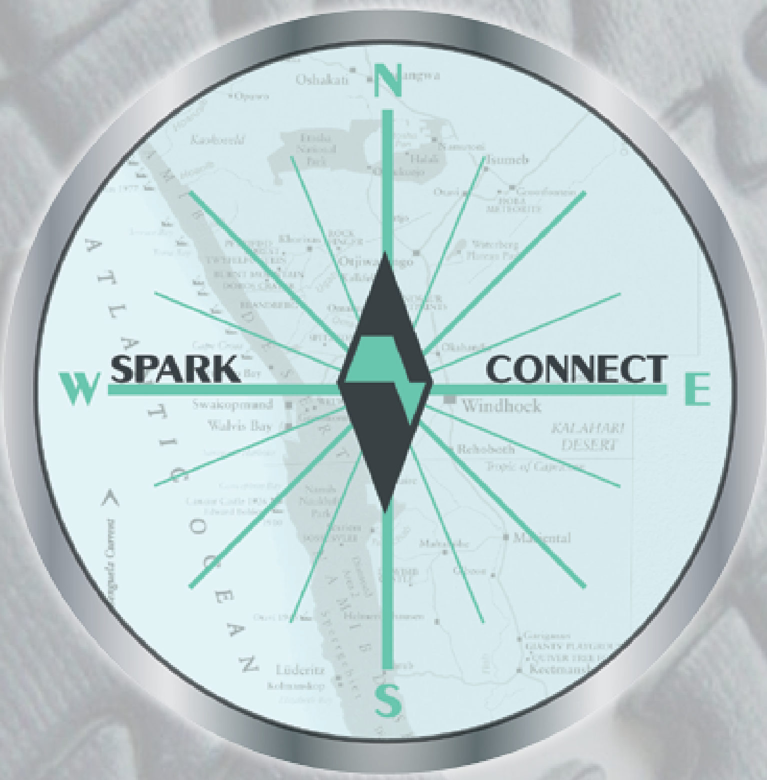

ADDVENTURE

explore namibian business

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BUSINESS – THE KEY TO PROSPERITY

The ultimatum *"give me liberty or give me death"*, credited to Patrick Henry as part of a speech inciting troops into a revolutionary war highlights the fundamental human desire for liberty.

The 2009/2010 Namibia Household Index Survey published by the Namibia Statistics Agency reports that 28.7% of households continue to live below the upper poverty line, surviving on N$377.96 per month, while the predominantly youth unemployment rate sits at 28.1%. Our Gini-Coefficient (the gap between rich and poor) is 0.597. Interpreted, this means that for every six (6) Namibians who do not have, four (4) have.

An economic recipe for social revolt is the combination of extreme inequality, unemployment and youth. All three of which are regrettably attributable and to a consistently high degree, to our economic profile. I share this information not with critical intent, only to heighten our sensitivity to the urgency of the need at hand.

Business Namibia is the key role player and partner to Government. There are many areas requiring reform and innovation and no government can solve these challenges on its own. The onus is on business to create the opportunities for economic participation, inclusion and productivity.

In this edition of NBJ we feature, as our Cover Focus, the debuted 'ADDVENTURE business matchmaking event', a facilitated capacity building intervention. Both Team Namibia and NCCI have prioritised the agenda to facilitate procurement and market access, as we believe these to be catalysts for growth.

A democracy that is not creating economic opportunities is vulnerable, while the combination of high political freedom, yet low economic freedom remains unsustainable. Living standard improvements are the fruit of democracy and as our NCCI President Sven Thieme has often been quoted saying "if you do not take the people off the streets, they will pull you onto the streets."

At ***Namibia Business Journal*** we remain committed to stimulating dialogue on pertinent matters that will transform Namibia and unlock her fullest potential.

In this edition of NBJ, we also take a look inside President Geingob's "Economic Transformation Agenda" which aims to create sustainable economic growth, diversify the economy, improve service delivery and create more jobs. We look at some of the highlights in the 2015-2016 Budget and bring you some perspectives from analysts.

The contentious urban land issue is also tackled once again in this issue and we bring you details of the new public-private partnership policy, as well as NamPower's grand plans to avert a looming energy crisis.

Pleasant reading!

Daisry Mathias,
Editor

ADDVENTURE business matchmaking - a first for Namibia

ADDVENTURE business matchmaking panelists

Team Namibia, FABlab and the University of Science and Technology's (transforming from the Polytechnic of Namibia) successfully premiered another Namibian first - ADDVENTURE business matchmaking events. The concept is a local adaptation of the internationally acclaimed "Dragon's Den" concept.

The debut event held on May 6 was hosted under the theme "Explore Namibian Business". It was attended by key industry stakeholders and Team Namibia members, representatives of Government, industry, retail and private sector buyers.

The platform has been created in response to a business need expressed by local entrepreneurs, who require and request for facilitated access to business support facilities and consumer markets.

Namibia Chamber of Commerce and Industry (NCCI) President Sven Thieme said the ultimate objective of the ADDVENTURE initiative was to facilitate growth and develop industry, through the vehicle that is our Small-to-Medium Enterprises.

"It is our desire at the NCCI and Team Namibia, to witness the eventual graduation of business, from small to medium to large enterprises. These plans are important as income inequality is self-defeating and threatens our peace and stability of our country, which are key ingredients to a conducive business and trade environment. We see local procurement to be a means to an end," said Thieme.

He added that promoting the SME sector through increased local sourcing would go a long way in narrowing the income inequality gap, as this sector is

NCCI President Sven Thieme

capable of creating significant employment opportunities.

"The Ministry of Industrialisation, Trade and SME Development has introduced the Intensive Product Development Programme, under the Directorate of Industrial Development and implemented by the FABlab. This IPD programme is a three-month mentorship and immersion programme, at the end of which mentees will graduate with a full business financial plan, marketing plan and a product prototype," he said.

Prof. Tjama Tjivikua, Rector of the University of Science and Technology, applauded the partnership that created ADDVENTURE, saying the multi-helix partnerships were paramount if Namib was to accelerate the innovation landscape.

"The ADDVENTURE platform offers local entrepreneurs the opportunity to pitch their innovative and locally developed products to potential investors and business support organisations, in a bid to secure funding, access to facilities, equity or shareholding and other support services that will stimulate business growth. Through this event potential ADDVENTURER'S are invited to explore local Namibian business opportunities and engage on this facilitated platform, aimed at capacitating local business, in line with the National Development Plan and Vision 2030," said Tjivikua.

PARTICIPANTS

A total of eight SPARKS (start-up innovators) and four CONNECTS (growth oriented SMEs) participated in this first event. Each participant delivered a 5-minute pitch explaining their business idea for growth, which was followed by a 10-minute question and answer session. The pitches were directed to local hard-hitting representatives ranging from venture capitalists to Governmental support agents otherwise known as ADDVENTURER'S.

The selected innovators and SME businesses were picked according to priority sectors for economic development, as outlined by the National Development Plan (NDP4). Participants represented the following sectors and industries: agro-processing, agriculture, cosmetic and garment manufacturing, jewellery, interior décor, green industry/waste management and community development.

Four (4) CONNECTS

Growth oriented Team Namibia members who demonstrate greatest potential to develop the markets that they operate within and graduate from Small to Medium to Large enterprises.

- Dinapama Manufacturing
- Desert Secrets, Cosmetic Manufacturing
- Black Gold Compost
- Kadhikwa Poultry.

Eight (8) SPARKS

The start-up participants are entrepreneurs who have completed the Intensive Product Development (IPD) Programme at FABlab in partnership with the Ministry of Industrialisation, Trade and SME Development. Through the IPD Programme these innovators have completed their product prototype alongside a business, marketing, financial and manufacturing plan.

- BIA Investments for MyNature
- Ynneb Solutions for MemeTate
- Oshuulo Trading for Oma
- M&O Décor
- Eden Manufacturers
- DMI for African Goddess
- Heatherdale
- Nuevo Investments for Lulu-O.

Seven (7) ADDVENTURERS:

- Agra
- Business Partners
- Stimulus Investments
- Namibia Trade Forum (NTF)
- Environmental Investment Fund (EIF)
- Ministry of Industrialisation, Trade and SME Development (MISTD)
- Namibia Commission for Research, Science and Technology (NCRST)

PITCH OUTCOMES - CONNECT

Black Gold Compost secured a preliminary retail shelving contract with AGRA and N$1 million committed by business partners which is supplemented with a N$300,000 technical facility. While the Namibia Trade Forum committed Export-Readiness Training via its ACCESS! Programme. The Ministry of Industrialisation, Trade and SME Development has offered technical onsite assessment. NCRST rendered control planning support.

Dinapama Manufacturing secured funding to purchase machinery to the value of N$4.2 million from business partners and further financial support to resource certified technical training valued at N$1.2 million also from business partners. The MITSD pledged technical expertise to develop staff.

Desert Secrets business partners pledged an offer to finance the purchase of premises at a rate of 100% and to assist the financing for ISO Standard certification. The Namibia Trade Forum committed Export-Readiness Training via its ACCESS! Programme and international market exhibition platforms (Germany).

Kadhikwa Poultry secured technical advice from Agra.

PITCH OUTCOMES – SPARK

Bia Investment for MyNature

Stimulus Investments pledged provisional support to Bia Investments, which will be further pursued, on inspection of BIA's business plan. Agra also pledged support to BIA Investments, again provisionally basing it on the business plan.

Nuevo Investments for Lulu-O

Agra offered to facilitate a meeting between the Omba Arts Trust and Nuevo Investments to discuss the possibility of Nuevo's Lulu-O brand falling under the Omba product line-up. EIF requested Nuevo to apply to him for an EIF grant, giving Nuevo a good chance to help finance the venture.

Eden Manufacturers

The SPARK received constructive feedback towards starting her innovative business and will meet with the MITSD for further support and assistance. Eden can apply for support from the Equipment Aid Scheme to try and acquire the necessary equipment to begin manufacturing her feminine pharmaceutical product.

Y-NEBB Investment Solutions for MemeTate

Stimulus committed mentoring to Y-NEBB to address the concerns relayed, including the safety, usability and costing aspects. MITSD invited Y-NEBB to apply at the Equipment Aid Scheme to try and acquire the necessary equipment for manufacturing of the product. Agra conveyed interest in potentially commissioning some stalls.

Heatherdale Trading Enterprises

EIF will provide access to a previously conducted feasibility study that it funded for a similar project. MITSD offered to help promote the project and help find investors for the project. Stimulus expressed interest in the second round of investment, once the project has progressed further.

Oshuulo Trading for Oma

Stimulus offered to provisionally support a trial phase whereby the market could be thoroughly tested, contingent on FABlab Namibia's continued support and facilitation of such a trial. MISTD invited Oshuulo to apply to the Equipment Aid Scheme to try and procure the equipment required, contingent on the equipment be specifically for the processing and value addition of the raw material. EIF invited Oshuulo to apply for a grant, which includes knowledge transfer, surrounding the cultivation of crops adapted for the climate in Namibia.

DMI for African Goddess

Agra invited DMI for further discussion of possible support and market access, contingent on the business plan. Stimulus expressed interest in supporting the project, once the business is ready to expand. MISTD offered promotion of the product at local and international events. MISTD invited DMI to apply at the Equipment Aid Scheme to try and acquire the necessary equipment for manufacturing of the product.

M&O Décor Enterprise

Stimulus offered a personal deal to M&O to design a custom product for a residence, based provisionally on the proposed design and cost. MISTD invited M&O to apply for the Equipment Aid Scheme to procure the equipment required. EIF invited M&O to apply for a grant, based on the fact that the business is based on the use of recycled materials and promoting recycling locally.

ADDVENTURE will be hosted on a quarterly basis, with three more events scheduled for 2015.

New govt embarks on economic transformation agenda

President Hage Geingob

"To redress the imbalances of the past, we have adopted the model of a pro-developmental state – the State will play a more active role in the economy," President Hage Geingob

Namibia's new government under President Hage Geingob made it clear that sustainable economic growth, diversification of the economy, improved service delivery, job creation and poverty reduction will be the main targets in the coming five years. The State will play a more active role in the economy.

In his inaugural speech on 21 March, President Hage Geingob declared "war on poverty".

The creation of two new ministries, the Ministry of State-owned Enterprises and the Ministry of Poverty Alleviation are strong indications that parastatals are required to step up their performance and that job creation will be a key issue. In his paper on the new government structure released two days before his inauguration, President Geingob noted that SOEs will have to be well managed and should not be a financial burden. "The benefits derived from well managed and profitable SOEs that deliver on their mandate will outweigh the costs of running the (SOE) Ministry."

Geingob further renamed the Trade & Industry Ministry to Ministry of Industrialisation, Trade and SME Development. In another move the National Planning Commission (NPC) has been attached even more importance, with its Director General Tom Alweendo elevated to 'Minister in the Presidency responsible for National Planning'.

The Labour Ministry was renamed to Ministry of Labour, Industrial Relations and Job Creation to "underscore the importance that this Ministry should play in Government's job creation efforts."

The Ministry of Land Reform (formerly 'Lands and Resettlement') is to also focus on urban areas and "on the entire value chain of land reform in commercial, communal, rural and urban centres," according to the concept paper.

Economic transformation of Namibia must be achieved through diversifying the country's economy and boosting Namibia's competitiveness regionally and internationally, the new Prime Minister, Saara Kuugongelwa-Amadhila stated. At the first-ever induction seminar for Cabinet Ministers, regional Governors and permanent secretaries in April, the Prime Minister said Namibia's economic transformation agenda meant increased productivity, an increase in manufacturing and more sophisticated technology. "Such transformation will ensure that growth improves human wellbeing by providing more productive jobs and higher incomes and thus has everyone share in the new prosperity," she explained. "We need growth with depth, we must do way with the business-as-usual style and we must think outside the box," she added.

In his State of the Nation address in April, President Geingob noted that efforts to transform the "production structure" of Namibia's economy, ownership structures would also be transformed.

"To redress the imbalances of the past, we have adopted the model of a pro-developmental state – the State will play a more active role in the economy," the president explained. "This is not to compete with the private sector but to acknowledge that the 'invisible hand' of the market does not always work as it should," Geingob outlined. "Restriction of ownership over our natural resources will also be explored and enforced".

The draft policy broad-based economic empowerment policy, also known as Tesef, was long overdue and should be revived through a consultation process, he said. Geingob also called upon the private sector to allow their workers co-ownership of business and companies. "I want to appeal to the business community to introduce new co-ownership practices in which workers are able to own shares in the companies they dedicate their labour. This will help them to feel part of the business while at the same time also assist them to begin creating real and long term wealth," Geingob emphasised. "These are the principles included in the draft policy framework on Broad-Based Economic Empowerment. The finalisation of this policy is overdue and it is time to re-imitate the consultation process on this long outstanding policy framework."

Under the new government land – both in rural and urban areas - and housing will be addressed. "Land reform remains one of the areas of transformation that is critical towards social justice, inclusion and poverty alleviation, Geingob said. He announced that soon a national dialogue on "wealth re-distribution" would be organised by the Ministry of Poverty Alleviation. Topics like urban and rural land reform, expropriation of urban and rural land and housing would be discussed.

Furthermore the cost of servicing land in towns is to be reduced by "cutting out the middlemen" and – if necessary – subsidise municipalities to directly service land", Geingob announced. Criteria for land and property valuations were not precise, leading to anomalities in pricing, thus criteria for land and property valuations will be re-assessed.

The new government will also look into the use of local materials in the construction sector. "The use of local materials should be promoted as much as possible together with more local manufacturing of building materials," Geingob announced in his State of the Nation address.

The Procurement Bill, which was introduced to Parliament in 2013, but withdrawn, will be tabled again, as soon as possible, as this would favour local businesses and especially previously disadvantaged Namibia, said Geingob. Lastly the Retail Charter, which will stipulate that more local products must be offered in retail shops would be fast-tracked and finalised before the end of this year, Geingob promised.

NCCI blasts Windhoek land policy

Windhoek Mayor Muesee Kazapua

Namibia Chamber of Commerce and Industry (NCCI) Chief Executive Officer Tarah Shaanika has criticised the City of Windhoek's slow pace in delivering serviced land to needy residents while giving more land to those already having several other parcels that they cannot afford to develop leading to numerous idle ervens.

Shaanika said this in response to a recent City of Windhoek management committee proposal to impose penalty rate in line with Section 76 (1) of the Local Authorities Act of 1992 (Act 23 of 1992) to fine owners of properties that have been lying idle for the past two years and more. According to minutes of a City Council meeting dated March 26, the Council chaired by Mayor Muesee Kazapua made a resolution to punish such property owners in order to accelerate growth in property market to improve the city's economy.

"The reason why these lands are not developed within a given time is because the city continues to allocate land to people who already have such that they are financially strained to develop two or more land at the same time," Shaanika said.

He supports City's move to penalise idle land owners while advising them to look into long term solution involving allocating land to people who really need them, saying, "It's only fair and proper that the city penalises such idle land owners who have failed to develop given lands within a specified time frame and accelerate land delivery to first-time land owners who can develop the land quickly. "The fact is there is plenty of land in Windhoek that the city unfortunately takes too long to survey and service so that people can acquire the land.

"They (City) should involve private sector and look into making more serviced land available to those who don't have especially first-time buyers who will be committed to developing the land quickly than people already having several properties," NCCI boss said.

City mayor Kazapua indicated the implementation of the said penalty after line ministerial approval as indicated in the said act that Ministerial approval is needed before implementation of the penalty rate, hence the need to seek full support from the Ministry of Region and Local Government to realise its objective.

"At this point in time, the City is implementing (not consistently) a penalty rate on properties which remained unimproved for a period of two years or more, while no penalty rate is implemented on a similar other property which remained unimproved for a period of two years.

"There are also cases where a penalty rate is implemented on a property which remained unimproved for a period of two years or more, but once that property is sub-divided, the penalty is removed again on new portions created.

The purpose of this item is therefore to seek approval for the imposition of penalty rates and to similarly garner support for a request to obtain Ministerial approval as indicated in the Local Authorities Act. The penalty rate could then be implemented as applicable to all properties sold after the year 2000.

The Acts reads: "Rates levied on rateable property: Subject to the provisions of this part, there shall be levied and paid by the owner of any rateable property in a local authority area, for the benefit of the funds of the local authority council, in respect of each financial year a rate on the basis of the valuation, as shown on the main valuation roll, of (a) the whole of such rateable property, to be known as general rate; (b) the land of such rateable property only to be known as a site value rate; (c) the improvements on such land only to be known as an improvement rate; or (c) such land and such improvements only to be known as a site and improvement rate, calculated at such rate, expressed in cent per rand on such valuation per annum, as may from time to time determined by a local authority council by notice in the gazette in respect of any financial year.

On levying of a penalty rate: 76A (I) (as promulgated in 2000) of the Land Authorities Act 1992) refers as follows to the levying of penalty rates: "A local Authority Council shall levy in addition to any rate referred to in section 73 (I), for any financial year and with the prior approval of the Minister, a penalty (a) not exceeding two times the rate levied under section 73 (I) on rateable property which has remained unimproved for a period of two years or more reckoned from the date of commencement of this section or in the case of rateable property which is situated in an area which has been declared an approved township upon or after the date of commencement, reckoned from the date of first alienation of such property by the township owner; (b) not exceeding four times the rate levied under section 73 91), on rateable property which has remained unimproved for a period of five years or more reckoned from the date of commencement of this section or in the case of rateable property which is situated in an area which has been declared an approved township upon or after the date of commencement, reckoned from the date of alienation of such property by the township owner.

NCCI CEO Tarah Shaanika


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There's a time to be bold. And a time to be cautious.
TITANIC
If there's one thing we can learn from the Titanic, it's that boldness and success don't always go hand in hand. When it comes to investing, we don't believe in a blanket approach either. We weigh up the pros and cons, methodically scrutinise the details and, above all, utilise one of the most widely ignored skills in modern investing – the power of restraint. Because knowing when to be bold, and when to be cautious, makes all the difference. And that's what makes us Wealthsmiths™.
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Budget focuses on tax relief and strategic projects

The N$67 billion national budget for 2015-16 tabled by Finance Minister Calle Schlettwein and adopted by Parliament in May brought tax relief for the business community with corporate tax reduced from 33 to 32% - except for mining companies – and shifting the Value-Added Tax (VAT) threshold for registration from N$200,000 to N$500,000 annual income.

SMEs and self-employed persons need only pay VAT when their yearly income is higher than N$500,000. However, Government wants to introduce criteria for voluntary VAT registration and VAT import accounts as well as mandatory security requirements for the deferral of VAT goods.

"This is a pro-poor, pro-growth budget, with deliberate scaled-up resource allocations to the targeted programmes for broad-based economic growth, job creation and poverty eradication over time," Minister Schlettwein said.

An investigation into the equity and effectiveness of Namibia's tax system will be commissioned soon to broaden and deepen the tax base, improve the fairness of sharing the tax burden, while keeping in check the efficiency and competitiveness of the system and the taxpayers' ability to pay.

Another welcome relief is the reduction of the withholding tax on services rendered by non-residents from 25 percent to 10 percent.

The long awaited environmental taxes will be phased in this year, starting with a carbon dioxide emission tax on motor vehicles, conventional light bulbs and car tyres. The Finance Ministry is yet to announce the exact details on the enviro taxes. Namibia's economy is estimated to have grown by 6.2 percent in 2014 and will have a projected lower growth of 5.7 percent this year. The budget deficit will be about 5.3 percent of GDP in the 2015-16 financial year.

Another positive development will be online filing of tax returns and online payment of taxes and the introduction of taxation of restraint of trade payments. In addition, income generated from the sale of a petroleum licences or rights to explore, develop and produce petroleum will now be taxed.

During this financial year, Government will slap a transfer duty on the sale of shares in companies and membership

RELIEF HELP

interest in close corporations owning residential property like townhouses, commercial property and land. The same goes for mineral licences for which transfer duty must be paid when they change ownership.

For companies involved in imports and exports it will be of interest that a Customs and Excise Bill is currently being drafted. "This was necessary as Namibia has to follow regional harmonisation within the SADC region", Schlettwein explained. In the same vein, the new Bill will bring about modernisation of customs and excise procedures.

The Ministry will introduce taxes to promote domestic value-addition in the primary commodity and natural resources sectors, but details have not yet been disclosed.

A massive amount of N$11 billion of the budget will be set aside for development projects in addition to the development budget allocation in the form of transfers to State-owned Enterprises (SOEs) for infrastructure projects. These are the Kudu Gas-to-Power project, railway and road network rehabilitation, the Walvis Bay port expansion and the mass housing programme.

Government further provides guarantees for construction of the dual carriage between Windhoek and Okahandja; the construction of the national fuel storage facility, fuel pipeline and the fuel offloading jetty at Walvis Bay and guarantees to NAMCOR and NamPower for the Kudu gas-to-power project.

Over the three-year medium-term expenditure framework (MTEF) from April 2015 to March 2018, the total amount for development projects funded by Government will be N$36,8 billion. The largest chunk, about 30% (N$12bn) is allocated to the Khomas Region, followed by the Karas Region (8%). There, key projects, such as upgrading and rehabilitation of the southern railway line to Lüderitz and upgrading of roads to bitumen standards, including tarring the road from Noordoewer to Rosh Pinah are underway. The construction of Neckartal Dam east of Keetmanshoop has started.

Third in line is the Erongo Region, which will receive some N$2,6 billion (7%). At a recent post-budget event at Walvis Bay, organised by the NCCI, Schlettwein noted that several projects are lined up, among others a new road between Swakopmund and Walvis Bay (N$1,3bn), land purchase in Erongo for land reform (N$592 m), upgrade of the existing Swakopmund-Walvis Bay road (N$537 m), upgrade of the Walvis Bay airport (N$447 m), servicing residential plots at Swakopmund (N$386 m), servicing residential plots at Walvis Bay (N$157 m), servicing residential plots at Henties Bay (N$124 m), a testing and inspection centre for the National Standards Institute (NSI) at Walvis Bay (N$137 m) and upgrading the railway network in Erongo (N$123 m).

EPZ

Government is currently reviewing the existing regime for Export Processing Zones (EPZ) and - if required - might replace it with more effective and less costly alternatives. The Ministry of Industrialisation, Trade and SME Development and the Finance Ministry are working jointly on a customised incentive regime that will stimulate Namibia's economy "in the most effective way," Schlettwein said. Consultations with the private sector will be held in this regard.

2015/16 Budget gets thumbs up

Simonis Storm Securities head of research James Cumming

A leading financial security firm Simonis Storm Securities Namibia (SSS) continues to take stock of the recently announced budget, describing it as "safe and uncontroversial" and remained in line with Medium Term Expenditure Framework (MTEF) expectations.

In an analysis report, SSS head of research, James Cumming said that the budget was cautiously expansive, with the aim of enhancing broad based, sustainable economic growth, job creation and poverty eradication over time.

The budget, he said focused on four clearly defined priority areas that include bringing about an inclusive economic growth through diversification and industrialisation, reduction of poverty and improvement of social welfare, to achieve prosperity and wealth creation through affordable and sustainable access to financial and other support for SMEs and accountable, performance-orientated service delivery by the public sector.

According to the SSS global output is expected to average 3.5% in 2015 as global demand eases. In the developed markets, the recovery of output to pre-crisis levels continues at a moderate pace, while the US Fed successfully ended its quantitative easing programme due to its recovering labour market and improved GDP growth figures.

Cumming said: "Europe faces several risks to its economy as production output from its key economies remains low and as deflation remains entrenched within the market. Euro area specifically has commenced a process of repurchasing government debt with the hope of increasing output and boosting prices.

"Asia remains marred with geopolitical risks across Russia, Yemen and Iran which will invariably add to volatility within the commodity market, specifically the price of oil. Coupled with slower growth in China, the outlook for the region is expected to come in lower than previous years."

The major theme therefore seems to be increased borrowing to foster economic growth. This can be seen in a quick comparison of public debt to GDP, he said.

He regrets that within sub-Saharan Africa, government borrowing remains contentious. The general arguments that governments need to improve infrastructure and provide basic utilities have grown weary in the sight of rating agencies. Moody ratings in sub-Saharan Africa have particularly focused on governments diversifying their economies while generating sustainable employment opportunities.

"This can clearly be seen when comparing the debt-to-GDP ratios to Moody's long term sovereign debt ratings. Compared to its peers, Namibia fares exceptionally well in terms of good governance, political stability and financial efficiency.

"Despite this, Namibia stands just one notch above junk grade with a stable outlook -the main arguments being that the country's social deficits (high unemployment and income inequality) and external vulnerability through trade reliance, weigh negatively on its economy," he said.

He noted that Botswana stands out with the highest rating amongst sub-Saharan countries, despite their reliance on the mining sector. Botswana has managed to raise its skill capacity, improve and maintain infrastructure development in an environment of sound policy framework and prudent fiscal measures, all while maintaining a budget surplus.

Neighbouring South Africa, he noted, was recently downgraded to Baa2 due to its high debt to GDP ratios, electricity constraints, low performance of its mining sector and a disgruntled labour force.

Angolan and Zambian long term government bonds are currently of a "speculative" grade. In Zambia's case, the small and relatively undiversified economy makes it susceptible to changes in the agriculture sector and volatility in global copper prices.

While in Angola's case, the country is on the right trajectory for further improvements but the current overreliance on oil and further lack of diversity heightens risk for their long term debt.

Namibia the document states is a small country with a population of about 2.3mn people (last recorded in 2013), and a GDP of about N$144bn (US$12bn). GDP growth rate since independence in 1990 has averaged around 4.4%, however the unemployment rate has remained stubbornly high, recorded at 28.1% in 2014, and has become one of the government's priorities to tackle.

"Namibia is a resource rich country which is heavily dependent on its mining sector -diamonds being its largest resource contributing up to 60% of total mineral exports. This is followed by uranium mining, but is currently constrained by the low uranium price and may potentially cause mines to close down if prices do not recover soon.

On the bright side, new mines are opening in Namibia like the new Otjikoto gold mine, owned by Vancouver-based B2Gold, who already started producing gold at the end of 2014."

South Africa is Namibia's largest trading partner by far, and is supported by the currency peg to the South African rand that contributes to financial and price stability despite the rand's recent volatility.

"Our expectation on the Namibian economy is for GDP to grow by 5.5% in 2015, down from the expected 6.5% in 2014 due to lower investment and subdued commodity prices negatively impacting GDP growth.

"Inflation is expected to average around 5.6% in 2015 with food inflation offsetting the lower oil price effect and also on the back of a low statistical base during 2014. We expect the exchange rate to average at ZAR11.47 against the USD over 2015 with volatility remaining high for most of the year," said Cumming.

NCCI condemns SA xenophobic attacks

The Namibia Chamber of Commerce and Industry cancelled a business exploratory mission to South Africa which was scheduled for May because of xenophobic attacks on Africans living in South Africa.

The week-long business mission was planned to include South Africa-Namibia Business Forum meetings in Johannesburg, East London and Durban to explore business opportunities for Namibian businesses in South Africa and push for increased investments by South African companies in key sectors of manufacturing, tourism and logistics.

"We cannot continue organising a business mission to South Africa while South Africans are telling us that they do not want to do business with foreigners. Those who went to set up legal businesses in South Africa from a number of African countries have been killed in cold blood during the past week and we cannot tolerate that," said NCCI CEO Tarah Shaanika.

The NCCI strongly condemned the xenophobic killings and displacement of many foreigners in South Africa and calls on the international community to take serious actions to force the South African government to guarantee the safety of foreigners living in that country.

Schlettwein addresses NCCI Walvis Bay branch

Finance Minister Calle Schlettwein has told the Walvis Bay Chamber branch that the Erongo Region will see the development and upgrading of key infrastructure over the next three years.

The infrastructure development will be partially funded through the government's medium-term expenditure framework (MTEF) to the amount of N$2,6 billion.

Schlettwein also spoke about the 'growth at home' strategy stating that significant strides have been made in materialising these interventions by government.

The growth at home strategy reinforces the importance of accelerating economic growth, reducing income inequality and increasing employment. It was adopted by government for implementing Namibia's first industrial policy and for attaining the strategic objectives for manufacturing as outlined in NDP4. Three strategic intervention areas serve as a holistic frame for the policy.

FROM THE WOMEN'S DESK: Sarah Molinga, one of the participants in a two week workshop in Keetmanshoop which was organized and directed by the NCCI Women's Desk, shows Joyce Nauyoma one of her finished projects. Following this training Molinga was accepted into a three year programme at the College of the Arts.

Chamber leader urges businesspeople to pay taxes

The chairperson of the NCCI northern branch, Tomas Iindji, has urged business people to pay their taxes on time to avoid incurring penalties and also to contribute to the growth of the economy. Iindji made these remarks during the national budget review dinner held at Ongwediva under the theme "The Budget and Business Prosperity."

"You must pay your taxes if you want to see improvement in your towns. You cannot demand improved services if you are not contributing anything to the economy," said Iindji. He said the NCCI is building a national procurement network to facilitate connections between buyers and sellers.

Breaking down the new public, private partnership policy

The Namibian government has in the past two years drawn attention to a new policy approach planned with regard to cooperation with the private sector. The Public-private Partnership Policy (PPP) document has now been drawn up by the Ministry of Industrial Relations, Trade & SME Development. NBJ had an opportunity to view it.

CRITERIA

The objectives of the PPP Policy are to encourage private sector investment, development, innovation, ensure poverty and inequality reduction in Namibia.

PPP projects will serve as an engine for achieving social and economic objectives of the Namibian government to achieve job creation, pro-poor development, inequality reduction, development of SMEs and in particular Transformation Economic and Social Empowerment Framework (TESEF). These considerations will be included during project conceptualisation and design, feasibility study, value assessment, bid document preparation and tender stage followed by close monitoring of outcomes during a contract management phase.

The evaluation criteria for all PPP projects will set a 10 percent preferential score for TESEF, SMEs and other national objectives. "Each PPP project will identify and set a TESEF score card with targets for the private party towards ensuring equity-ownership, management and employment, and subcontracting," the document outlines. "Where the required project skills are not available among the designated groups, the conditions may be relaxed with provision of sufficient training to enable stronger participation over the life of the PPP Project."

The Policy will apply to projects involving a transfer of a ministerial function to the private party that "will help a ministry perform better or offer enhanced services and which will involve private investment," the PPP document stated.

Such PPP projects will include economic assets and related services in the sectors roads, railway, ports, airports, power, communication, tourism infrastructure and amenities, among others. It will also apply to social services like health care, education, accommodation, public housing, court and correctional facilities, municipal assets and related services. These include water supply, sanitation, refuse collection, sewage disposal, water treatment plants, municipal markets, rural roads and bus stations. Industrial infrastructure, common laboratory and testing facilities for industries, and industrial parks are also included.

PPP will primarily apply to projects above N$10 million though projects below N$10m may be considered provided they can be sufficiently justified through the value for money drivers. The Policy will apply to the central government and to regional and local authorities. Application of the Policy to State Owned Enterprises (SOEs) will be determined by individual jurisdictions.

PPPs in will be woven into Vision 2030 and the National Development Plans (NDPs). Sector plans and policies will be developed to map out sector specific PPP models. Ministries and Line Agencies will prepare a range of potential PPP projects for each NDP period. The National PPP Plan will be integrated into the overall planning process and dovetailed into the medium term expenditure frameworks of Government.

The PPP will be based on three essential elements – a contractual arrangement, substantial risk transfer, and outcome-based financial rewards to the private sector. "It is defined as a medium to long term contractual relationship between the public sector and other private partners in the sharing and transferring of risks and rewards and in the provision of infrastructure and/or services in the performance of a Government function," according to the document.

Benefits will arise from the quality of services and the construction of infrastructure as PPPs draw upon the best available skills, knowledge and resources, bring

down infrastructure expenditure, generate efficiencies and cost-effectiveness in the delivery of infrastructure and related services through innovative and specialist expertise, and thereby deliver value for money.

The Policy is the first part of the PPP Framework and will form the basis for the development of the remaining components of the PPP Framework, which include the PPP Regulation, institutional arrangements, legal and regulatory framework and implementing guidelines.

WHO RUNS IT

The Finance Ministry will regulate the implementation of the Policy; provide overarching guidance and regulatory oversight; guide and regulate the functioning of the PPP Committee and the PPP Unit; provide approvals where the Line Ministry acts as the Line Agency; and provide approvals for all PPPs that have a contract value in excess of N$150 million.

The term Line Agencies referred to in the Policy covers all national, regional and local authorities and entities mandated to deliver Government's services, which can benefit from partnerships with the private sector. The PPP Committee and Unit will report to the Government on the performance of parties against the PPP Policy.

The PPP Committee will consist of:

i) The Permanent Secretary of Finance Ministry (Chairperson)
ii) Representative of the Ministry of Trade and Industry;
iii) Representative of the Ministry of Works;
iv) Representative of the Ministry responsible for the specific PPP Project;
v) Representative from the National Planning Commission;
vi) Representative of the Attorney-General's Office; and
vii) At least 2 representatives from the lead industry bodies, and/or multilateral agencies, and/or eminent persons with specialist skills in required fields.

CONTRACTS

The forms of PPP arrangements recommended by the Policy will include service contracts, management contracts, Lease contracts as well as, Build Lease Transfer (BLT) or Build-Own-Lease-Transfer (BOLT) contracts, among others. Area concessions, Design-build-operate (DBO); Build-operate-transfer (BOT)/ Design-Build-Finance-Operate-Transfer (DBFOT); Build-operate-transfer (BOT) Annuity; Build-own-operate-transfer (BOOT) or DBOOT; Build-own-operate (BOO) possibilities are also considered.

The PPP project cycle and its associated primary stages will comprise of project inception, project feasibility, project procurement and development, project operation, exit and transfer.

Community-based PPPs will form an important aspect of the pro-poor approach, especially while designing PPP projects at the local government level.

Request for proposal documents will be comprehensive and provide all details. The evaluation of bids will be based on a Quality cum Cost Based Selection (QCBS) approach where technical proposals will be allotted a weight between 50% to 70%, TESEF a preference of 5%, SME or other national policy priority consideration a preference of 5% and the financial/price proposal between 20% to 40%.

Twenty percent weight for financial proposal will be given for large projects of N$700 million and above, where price becomes less of a concern and more significant is sustainability and quality. Forty percent weight for financial proposal will be preferred for simple projects and for those of value lower than N$200m. Projects valued between N$200 million and N$700 million will be given a weight of 30% for the financial proposal.

Regional trade favours Namibia: Schlettwein

Finance Minister Calle Schlettwein is confident that Namibia is well positioned to benefit from trade with neighbouring countries and continue to reap fruits of its membership with both Southern Africa Customs Union (SACU) and Southern Africa Development Community (SADC).

Namibia believes in the relevance of SACU as the engine of regional integration and industrialisation, he said at the post budget debate held in the capital, singling out South Africa as a trade partner and the benefits of having the Namibian Dollar pegged to the Rand.

"South Africa is a stable economy with vast investments opportunities than Namibia or any other SADC country. The stability of the Rand over years is something we can admire and learn from and its association with Namibian Dollar is a great idea.

Asked whether any instability in SA could trickle down to Namibia hence could be both punished economically; and instead shouldn't Namibia be independent like the Botswana Pula that's doing well without being pegged to any currency, Schlettwein answered, "At the moment and in the long term we are at an advantage position and we don't intend to change that anytime soon. We are benefiting and both our economies are steady and growing, no need to panic."

The South African economy, which is closely linked to Namibia through strong trade and financial ties, is projected to remain subdued, having only registered an estimated 1.4 percent growth in 2014 and projected to grow by an average of 2.5 over the MTEF, mainly due to the effects of electricity supply shortages.

The prolonged low growth spell for the South African economy poses inescapable consequences for Namibia, particularly in regard to export growth and revenue accruing from SACU.

The minister believes that SACU revenue is currently broadly shared in a manner that reflects the realities of the SACU economies and the proportional benefits accruing from the market share of the member states in the Customs Union.

He said that there is a drag on the SACU Revenue Sharing Formula and the perceived dependence on SACU receipts, "Our stance is that revenue matters cannot be seen in isolation. Associated trade and balance of payment benefits, rebates, duty drawdowns and industrial/agricultural development policies must be considered as well. A more balanced view on the revenue sharing formula through which all member states of SACU can grow should, therefore, be our aim."

In regard to SADC, Schlettwein said, the Tripartite Free Trade Agreement between the Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC) and SADC is envisaged for launching in June this year.

This promises for a larger market of some 625 million people and representing about 58% of the continent's GDP. However, to optimise trading opportunities, "Namibia needs to significantly improve her productive capacity and avoid the trap of becoming a captive market for those countries with an ability to trade in finished goods."

He said that global economy is projected to grow, but at a weaker pace of 3.5 percent in 2015 and marginally improving to 3.6 percent in 2016. With the exception of the United States of America, the growth outlook is weaker for other major economies, such as the Euro zone, China and Japan.

Sub-Saharan Africa is also not spared, with growth projected to remain relatively flat at 5 percent over the MTEF.

With regard to developments in the domestic economy, growth is estimated at 6.2 percent in 2014, an acceleration from the growth rate of 5.1 percent recorded in 2013, according to the 2015/16 budget statement.

Growth in 2014 was anchored by the strong expansion of output in secondary industries, on the back of a booming construction activity and the recovery in the primary industry sector as well as associated increased investment in the mining sector, a strong surge in the retail sector and strong public consumption expenditure. Looking ahead, a stronger economic expansion could benefit from increased value chain developments in agriculture, agro processing, minerals beneficiation and stronger output from the services sector.

Inflation remained relatively low, having been declining since 2012 to reach 3.6 percent by February 2015, thanks to lower oil and transport prices. After a sustained period of accommodative monetary policy, the repo rate increased by a cumulative 75 basis points since June 2014, from 5.50 percent in May 2014 to 6.25 percent by February 2015, mainly as a measure to contain the rapid rise in household credit extension.

The exchange rate has been depreciating against all major currencies in the recent years which, coupled with low inflation, augurs well for the competitiveness of the export industry, but comes with a higher import bill and increased debt servicing costs. This, together with improved market access into Africa and other major markets, such as the EU, offers a competitive opportunity for Namibia to further expand her exports.

Government's borrowing strategy continues to promote domestic capital market development, with about 90 percent of borrowing sourced from the domestic capital market during the 2014/15 financial year.

VISION

To be a leading energy company in Africa, which excels in customer service, people development and technological innovation.

MISSION

To provide for the energy needs of our customers, fulfill the aspirations of our staff and satisfy the expectations of our stakeholders.

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- Teamwork
- Accountability
- Integrity
- Employee Empowerment
- Safety, Health, Environment and Wellness (SHEW)

Powering the Nation and beyond

Through the power of strong leadership and a committed workforce
Through the progressive implementation of our strategic plans
Through a sophisticated infrastructure and systems
Through harmonising engineering and logistics of planning

Nigeria optimistic about Nam trade

Nigeria plans to enhance its trade with Namibia this year, and the West African country will continue to build upon progress made in 2014.

Speaking in a recent interview, Nigerian High Commissioner to Namibia, Dr Biodun Nathaniel Olorunfemi said that he saw the same trading trends between Nigeria and other countries continuing, especially in light of the peaceful elections held in February this year.

"The fear that Nigeria would experience a crisis over the elections, has come and gone, and Nigeria has been able to surprise the world through this example of a very peaceful election. This has given a lot more of confidence to international investors and the African private sector, in general. The same inflow of investments has continued the same way as before," Olorunfemi said.

"The trade between Namibia and Nigeria will continue as planned," he continued. "We have already planned the Investment Conference for July, between the NCCI, the Nigerian High Commission in Windhoek, the High Commission of Namibia in Nigeria, and other leadership bodies from the two countries. The aim is to bring businesspeople from both countries together and build upon the MoUs that were signed last year," the ambassador said.

Last year, Namibia and Nigeria signed 12 agreements during former president Goodluck Johnathan's visit to Windhoek. These included a Memorandum of Understanding (MoU) on the establishment of the long-awaited oil refinery at Walvis Bay at a cost of US$3.5 billion.

According to Olorunfemi, the project is still in the pipeline. Last year, sources close to the project said that one of the major sticking points of this agreement would be that Nigeria would supply oil to the Namibian refinery under concessionary pricing- an undisclosed percentage that would be much lower than the international rate.

However, since talks of this MoU early last year, crude oil prices have plummeted rapidly. From a high of US$115 per barrel in June 2014, Brent was trading at under US$50 per barrel at the beginning of this year. At the end of April 2015, it had recovered slightly to US$65 per barrel. While this has been good news for oil-importing countries, it has not been the case for oil-producing countries- not to mention the knock oil majors have taken. Oil giant BP recently announced a 39 percent slide in first quarter profits, on the back of the slump in oil prices.

Oil exports make up almost 90 percent of Nigeria's GDP, and experts predict that a prolonged drop in oil prices will see the country face a reduction in foreign exchange and government revenue. The country will likely be forced to focus on other areas to make up for the shortfall.

Olorunfemi remained optimistic that Nigeria would carefully navigate this period without its economy taking too hard a hit. He attributed this to the country's focus on food production and agribusiness. "This has somehow lowered our food import bill and allowed us to cope with the price drops to some extent. Our agricultural sector has been fully effective during this period. We are mass producing so that we can export more than we import. For example, we were importing rice from Thailand, but we are now becoming a net exporter of rice. Interestingly, the price of food commodities has

Nigerian High Commissioner to Namibia Dr Biodun Nathaniel Olorunfemi

not increased in Nigeria, but has remained very stable. We dropped the cost of crude oil supply to the pump price of fuel so that Nigerians could also benefit a little from the drop in the oil price," he said.

However, he said that the country would be prepared in the event that prices remained low for a prolonged period of time.

"We are looking at other alternatives of revenue generating areas in non-oil sectors; agriculture, mining, manufacturing and textiles. This allows us to really begin to put more priority on those areas and that way it is hoped that those areas will continue to generate more revenue, through prudent management".

From left: Conference Link owner and founder Marelise Serfontein, Team Namibia CEO Daisry Mathias and HP-GSB Director Grafton Whyte

Customer Service key to competitiveness

Business leaders continue to reiterate the importance of service delivery as a major differentiator for competitive advantage. Namibia therefore needs to improve its service delivery levels across a wide variety of industries in order for the country to compete regionally and internationally.

While customer service remains an undervalued concept in Namibia, disgruntled members of the public continue to place complaints in the media about their dissatisfaction with the levels of service they receive. Speaking at the recent launch of the

Second Customer Service Management Africa Awards and Conference (CSMA) in Windhoek recently, Team Namibia CEO Daisry Mathias noted that the business community at large needed to ask itself whether the country was competitive.

"Is our service proposition competitive- not just domestically, but within the region? It's a good time in Africa for us to raise our profile because of the increasing intra-African trade. That is the narrative that we have at Team Namibia and that is why we felt it was very relevant and important for us to throw our weight behind the Customer Service Awards, to start this conversation and to inspire a movement," Mathias said.

The CSMA is the initiative of the Harold Pupkewitz Graduate School of Business (HP-GSB) at the Polytechnic of Namibia (transforming into the Namibia University of Science and Technology). The event is being planned and managed in partnership with Conference Link.

According to HP-GSB Director Grafton Whyte, the aims of the project are to start a conversation in Namibia about the importance of excellent customer service. The initiative also has the objective of raising awareness about the opportunities and benefits that a culture of excellent customer service could bring to Namibia, he said. The overall agenda is to initiate a customer service movement, and not just a once-off event, Whyte explained.

"This year's theme will be Expecting Better: Delivering More. That means we want to bridge the gap between customers and suppliers, by creating informed customers and motivated suppliers," Whyte said at the launch.

As was last year, when the project was initiated, approximately 1500 households nationwide will be targeted and their occupants interviewed on their experience of customer service in key industries that have a major impact on the daily lives of Namibians.

2014's National Customer Service Survey collected 7,258 responses and a similar number is envisaged for 2015, according to Whyte.

"Whereas in 2014 twelve sectors were targeted, this year the number of categories has risen to 13, with the addition of three new industries and the removal of two," he said.

The areas that will be surveyed are: supermarkets, banks, health services, municipal services, electricity supply, telecommunications, Home Affairs, insurance, post office services, education, car dealerships, convenience foods and leisure resorts.

Mathias added that Team Namibia's consumer behavior research indicated consumers were not only concerned with the price of the product but also with the value that was created in the economy.

"The challenge at Team Namibia is that we are unable to influence the preferred behaviour even though we have the relevant amount of awareness. So we want to look at the best case scenarios; we are interested in the data that is going to come from this survey [conducted by HP-GSB]. Who are the leaders, what are they doing and how can we role model those positive case studies? How can those success stories inspire further action? Team Namibia's ethos is that it is consumption that will create more consumers and we believe that we have to create this [customer service] movement to inspire the action. But, where there is a substandard service offering it will be very difficult for us to influence the change and that is why we are driving this narrative collectively," Mathias said.

The HP-GSB will also formally launch the Customer Service Association of Namibia (CSAN) in May 2015. Among the initiatives the association will undertake are two forums -Professional and Research- that will bring together major industry players and provide practical solutions to customer service issues.

The CSMA will aim to promote a strong culture of customer service delivery in Namibia, as well as enhance related research expertise in Africa.

"The mission of the CSAN is to promote highly effective practices for achieving customer service excellence, particularly among customer service professionals," Whyte concluded.

While the focus of the CSMA is mainly on Namibia, especially for data collection, a host of speakers and experts from various African countries will be invited to contribute to a pool of research with a view to create an Africa-wide movement, with Namibia as the hub.

This year's event will take place on the 14th and 15th of September 2015, at the Namibia Institute of Public Administration and Management (NIPAM).

Namibian research company Business Intelligence Africa (BIA) has been contracted by the HP-GSB to carry out the fieldwork of the National Customer Service Household Survey.


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Pick n Pay Namibia supports 'Growth at Home'

Pick n Pay Namibia – a subsidiary of the Ohlthaver & List (O&L) Group of Companies – has reiterated the importance of supporting Government's 'Growth at Home' strategy and its commitment to support the Ministry of Trade and Industry to reinforce the importance of accelerating economic growth, reducing income inequality and increasing employment.

Pick n Pay Managing Director, Norbert Wurm says: "In order to attain the strategic objectives for manufacturing as outlined in the 4th National Development Plan, it is extremely important that we all stand together, remain committed and continue the journey of achieving the goals and objectives of Vision 2030 in order to realize a sustainable economy for ourselves and future generations to come. I also always maintain that a dollar spent on imports is gone, we can't get it back. A dollar spent on locally produced goods stays in the economy and keeps on being spent, thereby keeping the cash earned on value addition in the Namibian economy."

Wurm adds: "As part of the O&L Group, we are totally committed to this strategy as all our endeavors are aimed towards encouraging 'Growth at Home' and living up to our purpose of 'Creating a future, enhancing life' for Namibians. That is why we stock a variety of Namibian products that range from edible groceries such as cookies and maize meal to fresh produce; charcoal; wood, and hardware such as local steel cups in our stores. We are proud of the fact that we play a role in boosting Namibian products which in turn contributes to Namibian employment and the economy as a whole."

He further advises that while local products were bought and supported by Namibians and the sales of these products were satisfactory, there is opportunity for creating further awareness of local products and services as not everyone is familiar with what Namibians and the country at large have to offer.

"I believe that we (all stakeholders) can do much better – therefore we should do much more to educate our consumers to get to know all available local products which are advertised through branding, in-store merchandising as well as promotions and to ensure they understand the value of and what it means to buy local." Wurm added that people were generally under the impression that local products should be cheaper but that it was not always possible: "In my opinion local products should not necessarily be lower priced – but it must rather be competitive. In order to sustain ourselves in Namibia, we must in certain cases be prepared to pay a bit more so that we build local capacity, sustainability of local suppliers and our country in general," says the Pick n Pay boss.

Wurm says his supermarket chain's door was always open for local suppliers to contact them should they wish to secure product-space on its shelves.

Pick n Pay Namibia MD Norbert Wurm

"PnP has an internal quality assurance system & process done by an external company by which suppliers who produce edible goods are compliant to. However, no need to panic as we will provide support to especially local suppliers at all times." He continued to explain: "The process is quite simple - be a producer of a product; have your product available with all requirements (for example, bar codes); contact PnP and get listed through our internal local support; and ensure your product is available on the shelf all the times for the consumers. PnP will assist in promoting your product – and together we will ensure that we all contribute to the future success and sustainability of Namibia," he says.

Revamped Oshakati Pick n Pay

NamPost's investment products a cut above the rest...

as investment clocks N$4bn

Bertie Reyneke, NamPost Savings Bank GM

NamPost has opened investment opportunities for individuals and corporates looking for low risk and better returns investment products. This is aimed at relieving the burden for those dealing with cash, and keeping cash under mattresses.

An array of client centred investment products for both corporate and individual clients are in the offing, and are aimed at giving clients peace of mind and great returns. The rest is up to the clients to optimise the opportunities by taking on those products which talk to their needs.

Whether it is about creating an "egg nest" when one retires or simply to get better returns than they are currently getting, that answer now lies firmly in the clients' hands.

"We have our corporate book and we have grown our corporate book for the last couple of years. We have large corporations investing with us as well as individuals. There is a lot of trust that we have built with our clients and more and more people are investing with us," says Bertie Reyneke, NamPost Savings Bank General Manager.

Currently NamPost's investments stand at N$4b; of this its corporate book has the lion's share of about N$3b while the retail book is in excess of N$1b. This is a substantial amount justifying the confidence and growth in the investment products.

"We have had good growth in the past six years; we have increased our books about five times over the last six years. You can see that people are becoming more and more and more aware of our products. I am sure in the next two to three years we will come much stronger".

According to Reyneke, with NamPost investment products clients often get more than they bargained for. Some of the benefits are that all their products have a low the risk profiles since NamPost does not lend money out. In addition with NamPost being a parastatal, it has an obligation to give the low risk profile to clients thus ensuring security and low risk investments.

"Our investments are tax free, so there is no 10% tax withholding and also at the end of the year there is no tax on the interest and then of course there are no fees that we charge on the interest that you have earned. Our mandate is primarily to provide affordable banking especially to all Namibians especially to those in the lower spectrum of the economy, periphery of the economy, the lower and middle income class," he said.

Initiating the investments process is very simple as it depends on the amount of money one has and Reyneke's call for people to invest in what he calls a 'rainy day' in view of the spectrum of a large variety of investment products being offered.

However he says the most important factor is for individuals or corporates to define their purpose for their investment. The reasons for investment often precede the type of money one would want to pursue.

"If you know you want to use your money in three months you cannot open a 12 months investment plan," he stresses.

He adds, "The products range includes, the call account, the 32-day investment plan and fixed deposit and then we have two investment accounts where the customer determines the term of investment, if someone wants money for a certain period of time so that it can't coincide with a specific date. The other one is the investment plan aimed at lower income group, this is the save as you earn product. Currently we are driving this one through what is known as the big save campaign. There we make it easy for people to invest on a monthly basis."

NamPost also has products aimed at businesspeople or entrepreneurs who do not have a lot of money which allows them the flexibility to invest according to how much they have.

"We find that a lot of companies are making group schemes for their staff for the save as you earn. The farmers' associations which previously belonged to the retirement funds are investing with us, for the group schemes, for the pension schemes for the farm workers".

Reyneke says the aim is to ensure that all people from all walks of life in Namibia are catered for. NamPost's presence throughout the country through 140 post offices makes it easy for anyone to invest and to withdraw money as well.

"We also comply with the Bank of Namibia's regulations, we do have good governance in place, we do have various committees where decision making is taking place. So it's not a one man show, it's a whole process of people who are involved in terms of putting regulations and controls in place," he elaborates.

Despite stiff competition from commercial banks prudent marketing through among others social media, which Reyneke considers as "very important" nowadays, newspapers, and word of mouth is enabling NamPost to carve a place in the sun. In addition the company conducts meetings with clients in various towns.

"You can make your money grow and make money much easier," says Reyneke.

DBN announces 2015 Quarter 1 approvals

DBN CEO Martin Inkumbi

The Development Bank of Namibia (DBN) approved loans to the value N$ 189.1 million in the first quarter of 2015, CEO Martin Inkumbi revealed. The approvals are projected to affect 1,539 jobs. Of these, 499 are expected to be new jobs, 643 temporary jobs and 397 retained jobs.

Of the approvals, 89.1 per cent was allocated to previously disadvantaged Namibians. Allocations to enterprises owned by women amounted to 33 per cent, and allocations to youth enterprise made up 19.7 per cent of the approvals.

Inkumbi said that construction led approvals in the first quarter of 2015 with approvals of N$72.9 million, followed by education with N$37.1 million in approvals.

The approval distribution by sector was as follows:

Sector	Amount in N$ million	% of total
Agriculture and forestry	3.0	1.6
Construction	72.9	38.6
Education	37.1	19.6
Financial intermediation	17.0	9.0
Health	5.2	2.8
Hotels and restaurants	4.5	2.4
Manufacturing	11.8	6.3
Real estate and business services	14.4	7.6
Public administration	0.2	0.1
Transport and communication	6.1	3.2
Wholesale & retail trade and repairs	17.0	9.0

Approvals with national impact amounted to N$15,7 million. Khomas received the greatest amount of regional approvals, totaling N$ 74.0 million, followed by Erongo with N$21.3 million and Oshikoto with N$ 15.1 million. The regional spread of approvals was as follows:

Region	Amount in N$ million	% of total
Erongo	21.3	11.3
Hardap	6.3	3.3
//Karas	5.5	2.9
Kavango East	10.7	5.7
Kavango West	0.0	0.0

Khomas	74.0	39.2
Kunene	2.2	1.2
National	15.7	8.3
Ohangwena	2.6	1.4
Omaheke	9.2	4.9
Omusati	4.8	2.5
Oshana	7.8	4.1
Oshikoto	15.1	8.0
Otjozondjupa	2.9	1.6
Zambezi	10.7	5.7

N$89.9 million was approved for secondary industry and N$96.2 million for tertiary industry. A loan of N$3 million was approved for primary industry.

2014 results

Talking about the DBN's preliminary results for 2014, Inkumbi said the bank approved N$1,4 billion in finance for 343 enterprises, creating 2,874 new jobs, 4,040 temporary jobs and retaining 4,201 existing jobs.

He said that the bank's loan and investment portfolio grew by 30 per cent. He went on to say that total assets rose by 22 per cent to N$ 2.91 billion.

Jobs were created as follows:

Sector	New	Retained	Temporary	Total
Agriculture & forestry	2	2	2	6
Mining & quarrying	14	2	2	18
Construction	1286	989	2831	5,106
Electricity & water	32	712	384	1,128
Manufacturing	725	1298	340	2,363
Real estate & business services	278	548	207	1,033
Wholesale, retail trade & repairs	234	314	72	620
Community, social & personal services	4	4	0	8
Education	4	19	3	26
Financial intermediation	20	58	10	88
Health	25	1	3	29
Hotels & restaurants *	125	3	76	204
Transport & communication	125	251	110	486
Total	**2,874**	**4,201**	**4,040**	**11,115**
* Tourism				
(Included in Hotels and Restaurants)	34	3	2	39

He said enterprises owned by previously disadvantaged Namibians received 49,4 per cent of loans to private enterprises. Enterprises owned by young entrepreneurs (from 18 to 35 years of age) received 8.6 per cent of the Bank's allocations, and female entrepreneurs received 10.2 per cent.

Inkumbi said 56 per cent (N$805.5 million) of the Bank's approvals were allocated to nine large-scale projects in power generation, meat processing, power distribution infrastructure, construction projects, printing and financial services.

Large-scale and infrastructure assets made up 83 per cent of the Bank's loan book at the end of 2014. Manufacturing amounted to 21% of the Bank's loan book. SMEs received 17 per cent of total approvals.

The approval distribution by sector was as follows:

Sector	Amount in N$ million	% of total
Agriculture & forestry	0.5	0.03%
Community, social & personal services	0.4	0.02%
Construction	342.2	23.83%
Education	7.3	0.51%
Electricity & water	391.6	27.27%
Financial intermediation	103.7	7.22%
Health	4.9	0.34%
Hotels & restaurants	16.6	1.16%
Manufacturing	298.4	20.78%
Mining & quarrying	1.0	0.07%
Public administration	-	0.00%
Real estate & business services	109.1	7.60%
Transport & communications	64.1	4.46%
Wholesale, retail trade & repairs	96.2	6.70%

Talking about regional impact, Inkumbi said economic activities remained comparatively more intense in Khomas, Erongo, Oshana and Otjozondjupa regions, resulting in relatively high demand for capital from these regions.

Approvals with national impact amounted to N$ 355.4 million. Erongo received the greatest amount of regional approvals, totaling N$ 447.4 million, followed by Khomas with N$ 253.9 million and Omusati with N$ 123.0 million.

Namibia poverty decreased by 40%, says Alweendo

NPC Director General Tom Alweendo

Absolute poverty in Namibia for the past 17 years or so has decreased by 40% from unprecedented high levels of around 70% to around 28% according to statistics from the Namibia Household Income and Expenditure Survey. While the decrease in poverty levels is worth celebrating, the current levels and unevenness of these declines in regions and constituencies is something to be worried about, National Planning Commission Director General Tom Alweendo said.

Alweendo who was presenting a poverty report in Windhoek recently said that Namibia registered a general decline in the incidence of poverty of 11% points over the 2001 to 2011 period, with the national incidence of poverty declining from 37.9% to 26.9% over this period. Currently about 568 418 people are estimated to be poor. This indicates a total number of 125 277 fewer people living in poverty at the end of this period of 10 years than would have been the case if the poverty rate had remained unchanged.

The greatest declines were registered in the northern regions of Ohangwena, Omusati, Kunene and Oshikoto, as well the eastern region of Omaheke. However, two regions including Zambezi and Khomas, registered increases of 7.2% and 1.2%, respectively. In 2011, out of the 13 regions, seven regions namely Otjozondjupa, Oshikoto, Omusati, Ohangwena, Kunene, Zambezi and Kavango had poverty incidences that were above the national rate of 26.9 percent.

Understanding the magnitude, the severity, and the spread of poverty, Alweendo said, is the first and important step in addressing this social evil that threatens the unity of families and communities and the country.

Living conditions for thousands of low-earning citizens remain deplorable

"Indeed poverty is a multi-dimensional phenomenon and therefore there is no single solution to address it however I am convinced that it can be addressed through domestic policies and localised targeted programmes and projects according to peculiars of particular area of project," he said.

At the national level, there was a decline of 11 percentage points in the poverty headcount over the 2001 to 2011 period, with the greatest declines being registered in the northern regions of Ohangwena, Omusati, Kunene and Oshikoto, as well as the eastern region of Omaheke. However, the decline in poverty headcount was not uniform across the 13 regions.

"While 11 out of the 13 regions reported declines in the poverty headcount, two regions (Zambezi and Khomas) recorded increases in the incidence of poverty over the same period.

"At the constituency level, the biggest percentage point reduction in the poverty headcount was registered in the northern regions of Ohangwena and Omusati, while the biggest increase occurred in the north-eastern Zambezi region," the report states.

Eenhana, Endola, Engela, Okongo and Ongenga constituencies in Ohangwena region and Oshikuku constituency in Omusati region all registered a reduction in poverty headcount of more than 30 percentage points, while Katima Mulilo Urban

and Kongola constituencies in the Zambezi region had an increase in poverty headcount of more than 10 percentage points over this period.

At the constituency level, the greatest decline, in terms of percentage points, in the incidence of severe poverty was recorded in Okongo constituency in Ohangwena region, followed by Engela, Ongenga and Endola constituencies in Ohangwena region, as well as Sesfontein constituency in Kunene.

All of these registered reductions of more than 25 percentage points. On the other hand, the greatest increase in the incidence of severe poverty, of 7 percentage points or higher, was registered in Sibbinda, Linyanti and Kongola, all in Zambezi region, as well as in Kapako in Kavango region, Alweendo said.

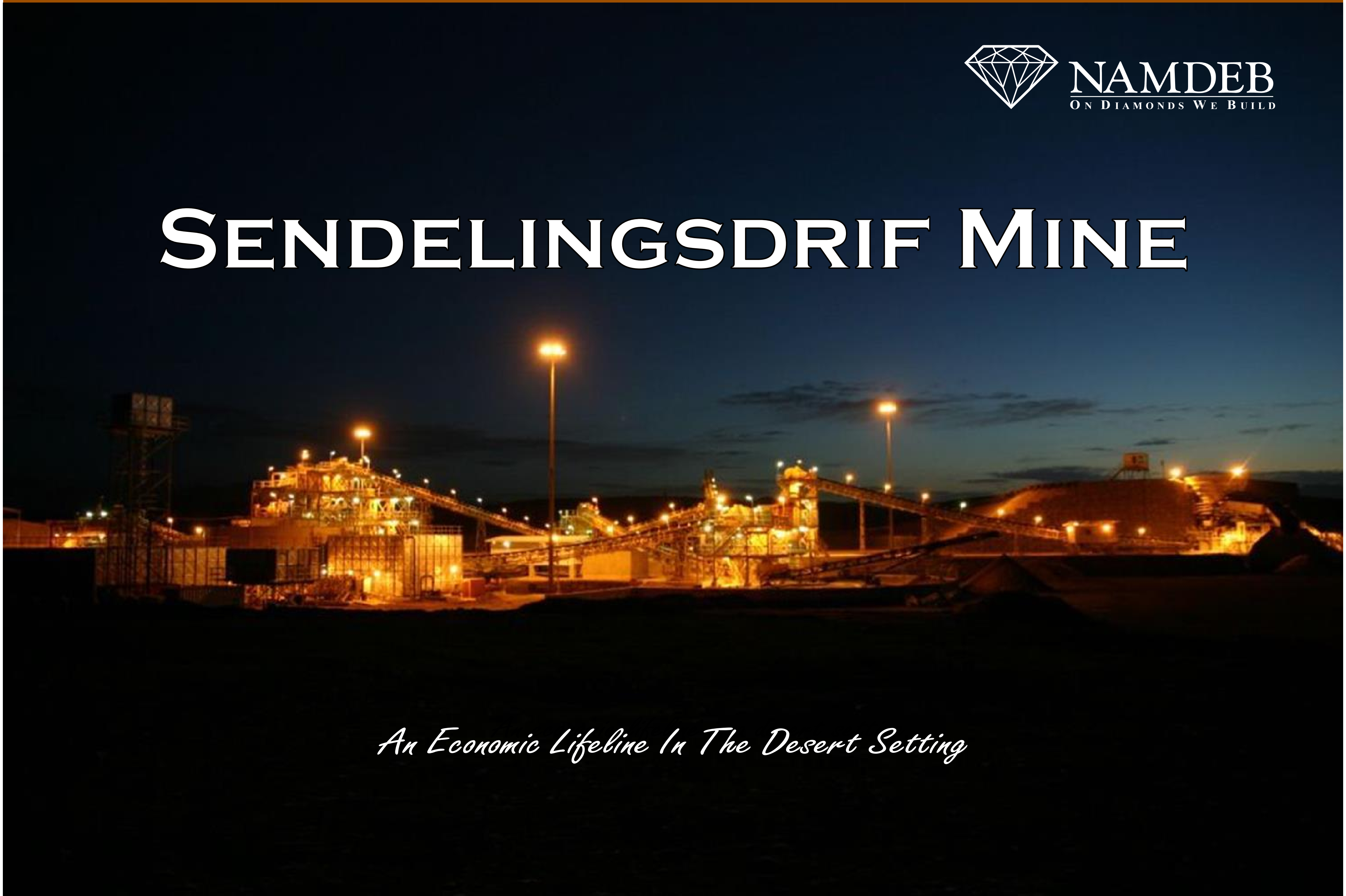
Over the past decade, poverty in Namibia continued to exhibit an urban-rural divide. The seven poorest regions – Kavango, Oshikoto, Zambezi, Kunene, Ohangwena, Omusati and Otjozondjupa – had poverty incidences above the national average of 26.9 percent.

These are regions where the majority of the population lives in rural areas, while the less poor regions of Khomas and Erongo, the economic hubs of the country with relatively more employment opportunities, have largely urban populations.

In 2011, Kavango was the poorest region in the country and Khomas was the least poor region, while Epupa was the poorest constituency in the country, and Windhoek East the least poor constituency.

The report endorsed policy recommendations that include having located where the poor are, there is a need for targeted interventions in terms of; resource allocation, public/private investment and service delivery.

"Therefore, it is important that, as a long term strategy, investment in; education is used to reduce poverty. However, short term service delivery is also crucial for poverty reduction. This will have the effect of also addressing migration which has been an increasing contributor to poverty in urban areas," Alweendo said.



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It doesn't take much exploration to discover Namibia is the best place to mine.

Namdeb receives African World Heritage Excellence Award

Namdeb has been awarded the African World Heritage Fund for excellence, in recognition of the company's commitment and exemplary contribution to the conservation and management of the Oranjemund Shipwreck discovery of 2008.

This award is presented to companies that have contributed significantly to the protection of natural and cultural heritage on the African continent.

Namdeb CEO; Inge Zaamwani-Kamwi received the award at a breakfast meeting hosted by the Patron of the African World Heritage Fund Phuthuma Nhleko and the Chairperson of the African Union Dr Nkosazana Dlamini Zuma in Midrand, South Africa on 6 May 2015.

The shipwreck is believed to be the remains of a Portuguese ship which was sailing to India when it sank on the Namibian coast. According to the October 2006 issue of the National Geographic magazine; Portuguese maritime archaeologists concluded that the wreck is probably that of the Bom Jesus – the 'Good Jesus' – which was part of a fleet of trading ships sent from Portugal to India in 1533. The Bom Jesus, which according to the article was owned by Portugal's King João III, was part of the fleet.

The shipwreck was discovered in Namdeb's Mining Area 1 (MA1), some 18 km north of Oranjemund, by Kapaandu Shatika a dozer operator at Namdeb. Shatika unintentionally; in the cause of his mining excavation work, exposed the shipwreck material in the form of wood, copper ingots and two cannons on the morning of the 1st April 2008.

Some 5438 artefacts of immense cultural, scientific and intrinsic value were recovered. These include 2159 gold coins, 1845 copper ingots, 109 silver coins, 67 elephant tusks, 14 cannonballs, eight bronze cannons, five anchors, three astrolabes, three navigational dividers and part of the ship's compass, as well as pewter tableware, copper cooking utensils, swords, muskets and chain mail.

The copper alone weighed about 20 tons, and there also were about three and a half tons of tin. Several wrought iron cannons, swords, muskets and a box of sword blades – all of which were locked in concretions - were left in situ (as is), as were the wooden structural remains of the ship that had been exposed.

Mrs Inge Zaamwani-Kamwi receiving the award

Coins found on the shipwreck

Namdeb donated one of its engineering workshops to serve as the holding place for the artefacts, where they are being preserved under the auspices of the Ministry of Youth, Culture and Sports.

Namdeb CEO, Ms Inge Zaamwani commenting on the award said: "We are delighted to be the recipient of this prestigious award. Whilst this award is in recognition for the outstanding job we did in managing the shipwreck find and its preservation, we pride ourselves for our over-all track-record on environmental management and conversation programmes."

****The African World Heritage Fund is a Category II Centre under the auspices of UNESCO***

The Gammas Water Reclamation Plant

N$4 bn to avert Windhoek water crisis in 2016

National water utility NamWater and City of Windhoek (CoW) are collaborating to prevent a possible occurrence of water shortage in the city and the country at large after CoW said its water demand requires urgent intermediate and long term interventions.

Should Windhoek not receive sufficient rain inflow during the year, the city cautions that by July next year it will run out of water for its ever bulging residents, according to city water expert Pierre van Rensburg. Windhoek currently hosts an estimated population of about 350,000 residents.

The total estimate to resolve the water shortage in the short term is N$1,4 billion while the long term will require a whooping N$4 billion.

However, to prevent such critical water shortage in the city and in the country remedies would include recharging of the underground aquifer, and increasing of boreholes in order to pump more water from underground.

Other recommended strategies include increasing the capacity of WINGOC so that more semi purified water from Gammas Recycling plant can be treated and thus increase the purified water output.

The Von Bach Dam outside Okahandja

Further, experts suggest commercial industries to refrain from causing pollution to water sources such as river beds, dams and underground aquifers, and that NamWater issue water discharge permits to the commercial sector and carry out regular inspection to help safeguard environment and water sources.

In its efforts to support the city's endeavour to resolve the issue, national main supplier of water, NamWater has employed measures aimed at reducing water pollution to the Swakop Port Dam so that the water from the dam can get to acceptable levels of purification.

NamWater also identified that pumping of water volume from Grootfontein can be increased should extra boreholes and water pumps be set up.

Van Rensburg explains that Windhoek receives water from three sources. The city water sources are domestic sewerage reclaimed water that's processed first by the Gammams Water Reclamation Plant then forwarded further for final purification to the WINGOC water reclamation plant on the Westside of Goreangab Dam.

The city also obtains water from soaring boreholes while the rest of the water is supplied by NamWater from the Von Bach Dam. Some of the Von Bach Dam water is further obtained via the Grootfontein water pipeline.

Fears of possible water shortage are not new. Recently growing concerns were rife as both CoW and NamWater expressed concern that some areas, especially Windhoek, could run dry by July next year if the major dams do not receive sufficient inflow of water.

The concerns were raised when total water storage in the three central area dams plummeted to 36.6%, compared to 91% in February 2012 and 63.3 % in February 2013.

Further NamWater's dam bulletin figures confirmed such fears with the exception of the Naute Dam (1.583%) and the Daan Viljoen Dam (0.0024% increase), yet all others have not received any water inflow. The Hardap Dam was only 37.1 percent full, after the level dropped by a further 1.343 percent in recent weeks.

Fears of Windhoek, which is the economic hub of the country, running dry, mounted when recent modelling predicted shortfalls in water supply by 2020, based on the median scenario, and this could be much earlier if Namibia experiences more poor rainy seasons, independent experts have warned.

Both NamWater and the City have been mounting campaigns for the residents to save water at least by 10%, to ease pressure on the city's low water reservoirs.

NamPower moves to avoid SADC power crisis

NamPower MD Paulinus Shilamba

NamPower Managing Director Paulinus Shilamba says the power supply shortage in the SADC region has prompted most power utilities to implement demand side management (DSM) programmes and that in some instances load shedding became necessary. These measures have to some extent succeeded in restraining overall electricity consumption in many SADC countries. Load shedding, however, has also had a negative impact on the socio-economic development in those countries, a situation that NamPower shall do its utmost to avoid.

In the long term, however, there is hope that regional and domestic power supply shortages will be alleviated when capital intensive power plants will be commissioned to enable the generation of sufficient capacity to meet and to hopefully exceed future demand, Shilamba said.

Commenting on the current power supply situation in Namibia, Shilamba said the peak demand recorded on 5 March 2015 was 524 MW (excluding Skorpion Zinc Mine) against a peak supply of 300 MW recorded from local generation sources, therefore; "The shortfall between demand and supply continues to be supplemented by imports from various power utilities in the region as part of standing power purchase agreements (PPAs)".

"Despite the number of challenges including the expiry of agreements with Eskom and Aggreko, our ageing power supply infrastructure and associated high maintenance costs and difficulties in accommodating IPPs in the absence of government guarantees, I would like to reassure our stakeholders that we do not foresee an imminent threat to our power supply security– at least not before August 2016."

This was, as explained by Shilamba, mainly attributable to the re-commissioning of the Van Eck power station from the middle of this year, the rolling out of the DSM programme (including the free distribution of 1 million bulbs and the

subsidised installation of 20,000 solar water heaters) later this year and the commencement, with effect from 01 April 2015, of the 80 MW PPA between NamPower and ZPC (Zimbabwe) which was signed by the two utilities at the end of last year.

Going forward, said Shilamba, the most critical period would be after August 2016 when an enormous strain will be placed on the system and when an additional generation capacity of at least 250 MW will be needed to ensure security of supply for the country. Amongst the challenges during that period will be the expiry of the bilateral agreement with Eskom in 2016, lower output from Ruacana (due to lower water level), step loads (including Skorpion when its contract with Eskom expires in 2017) and general higher economic growth.

With the delay in commissioning some of the key power generation projects coupled with the ongoing power supply challenges in the region, affordable firm imports are no longer available to Namibia.

Said Shilamba: "It is therefore important that we change our strategy of heavy reliance on imports to that of building of our own power stations in the country to become the main source of supply and use imports to fill gaps only. This new power supply strategy will also enable NamPower to retain part of the N$10 billion spending on imports over the next three years into the creation of assets in the country, and thus stimulating socio-economic development through investments and job creation."

He added that this was why the procurement of the 250 MW gas power project in the Erongo region was so critical and beneficial to the national economy.

"The commissioning of this plant will give us the breathing space and confidence in overcoming the challenges and difficulties prior to the commissioning of Kudu in 2018.

The plant will operate in base load mode before Kudu and in mid-merit mode post Kudu."

Namibia currently does not have a proper peaking plant in its power supply mix, apart from the small 22,5 MW Anixas power station at the coast, which has become inadequate. The 250 MW plant will therefore also run as a proper peaking plant when required, and be readily available when the Kudu, Van Eck or Ruacana power stations are out of service for maintenance, planned or forced outages in future.

The successful commissioning of both the Kudu and 250 MW projects will not only ensure security of supply and long term power tariff stability, but will also transform Namibia from being a net importer to a net exporter of electricity

NamPower will continue with the implementation of the DSM project as approved by Cabinet in December 2013. Specific DSM campaigns include the 1 million LED tender, the 20,000 Solar Water Heater project, Time of Use Tariffs and a Public Awareness Campaign under the theme "Power of Knowing", advocating energy saving initiatives. Procurement for the 1 million LED bulbs and preparation for the 20,000 solar water heaters are at an advanced stage and the rolling out of these programmes will happen by the second quarter of 2015."

NamPower appeals to all customers to support the new power supply strategies and programmes, and to meet the company half way by reducing their electricity usage by a minimum of 10 percent, especially during peak hours - from 06h00 to 09h00 in the morning and from 18h00 to 21h00 in the evenings.

06 MAY 2015

MEDIA STATEMENT

NAMPOWER TARIFF ADJUSTMENT FOR THE FINANCIAL PERIOD 2015/2016

MEMBERS OF THE MEDIA,
COLLEAGUES,
LADIES & GENTLEMEN

It is my honour to announce that the Board of Directors of the Electricity Control Board (ECB) approved NamPower tariffs for the financial period 2015/2016.

1. TARIFF APPLICATION

NamPower made an application to the ECB in terms of section 27 of the Electricity Act, (Act 4 of 2007). In its application, NamPower requested for an effective bulk tariff increase of 13.20%, an increase from N$ 1.17 to N$ 1.32 per kWh (inclusive of generation and transmission) for the financial period 2015/2016, to meet its service delivery costs and for the tariff to remain cost reflective.

The tariff review process conducted by the ECB, leading to the approval of the tariff adjustment entails the following:

2. NAMPOWER'S JUSTIFICATION

The following reasons were provided by NamPower to justify the requested tariff increase:

- To cover incremental costs of electricity supply from imports and local generating thermal power stations (Van Eck, Paratus and Anixas).
- Not to breach NamPower's Debt Service Cover Ratio and Net Debt to Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) minimum thresholds and ultimately avoiding defaulting on its loan covenants.
- The proposed tariff increase makes provision for the year on year revenue requirement of NamPower, taking only actual costs and losses into account.

3. PRINCIPAL FACTORS CONSIDERED BY THE ECB

The tariff application review process included the following:

1. Analysing NamPower's submission in accordance with the approved ECB Cost- Plus Tariff Methodology rules and Policies;
2. Considering provisions of relevant documentations such as the White Paper on Energy Policy of 1998 and the National Integrated Resource Plan 2013 (NIRP);
3. Considering Cabinet decision number 21/20.09.05/006, which resolved that NamPower tariffs should reach and remain cost reflective by the financial period 2010/2011. This decision was revised in 2009 and the agreed target date for reaching cost reflectivity was the financial period 2011/2012.

   In terms of this Cabinet decision the ECB has been granting NamPower real tariff increases from 2005 onwards to ensure that cost reflective tariff levels were reached by 2011/2012 and subsequently sustained beyond that period;
4. Conducting information sharing sessions. The purpose of these sessions was to share information and solicit stakeholders' input on the NamPower application;
5. Taking into consideration expectations of key stakeholders including Government and the possible tariff impact on the consumers and the Namibian economy;
6. The need to create and maintain a conducive environment to attract investment in the energy sector and to stimulate economic growth;

7. The need for NamPower to sustain its operations and service delivery in the short, medium and long term, enhance greater efficiency and seek innovative solutions;

8. The challenge posed by volatile import electricity prices and the impact of these on cost reflectivity.

4. ELECTRICITY SUPPLY FUTURE OUTLOOK

Namibia remains a net importer of electricity, at times importing up to 70% of its requirements from the region depending on the availability of water at the Ruacana Power Station. In order to address the situation several generation projects are planned in line with the National Integrated Resource Plan (NIRP). Most of these plants will only start generating after 2016 due to construction lead times.

The substantial shortage of energy in the Southern Africa region at this stage is putting pressure on energy tariffs not only in Namibia but in all of the countries in the SADC region. This situation will prevail until enough new generation capacity has been built.

The key challenge of Regulators all over the world has been and still remains balancing the interest and protection of the producers / suppliers on the one hand and the consumers on the other. The ECB is cognisant of the fact that a stable supply of electricity and the security of that supply is crucial to power the economic growth going into the future, but it is also aware that tariff increases has an impact that is felt by all.

Tariff increases means rise in the cost of living and production, and a potential to jeopardise job creation and poverty alleviation. It is therefore important that the ECB, as the Regulator, takes a long term view and ensures that its decisions are made on the backdrop of tough conditions prevailing in the economy at all times.

The Cabinet decision referred to earlier on implies that NamPower should remain cost reflective and it is the ECB's responsibility to ensure that tariffs comply with the directive to ensure a viable and sustainable electricity supply industry.

5. TARIFF REVIEW OUTCOME

Based on the facts, regulatory rules and policies, the ECB analysed and reviewed the NamPower tariff application, considered feedback from other stakeholders and decided that a 9.53% tariff increase would suffice for NamPower to cover its allowed operating costs, keep the lights on and fulfil its financial obligations. This means an effective bulk tariff increase from N$ 1.17 to N$ 1.28 per kWh.

The approved tariff adjustment is effective 01 July 2015.

6. CONCLUDING REMARKS

As mentioned above, electricity tariffs in Namibia, just like in most other Southern African Development Community (SADC) countries, will continue to rise until enough generation capacity is available. However, the Electricity Control Board in consultation with Government embarked on two studies; National Electricity Support Mechanism and a study to improve electrification of Peri-Urban and Rural Areas. These studies are aimed at;

1. Addressing the issue of affordability of electricity to low consuming households. Final consultations for the implementation of the mechanism are underway with Government, and

2. Improving the electrification of peri-urban and rural areas in Namibia, This project is ongoing with recommendations expected to be made to the Government during the last quarter of this year (2015). Consultations with different stakeholder are ongoing.

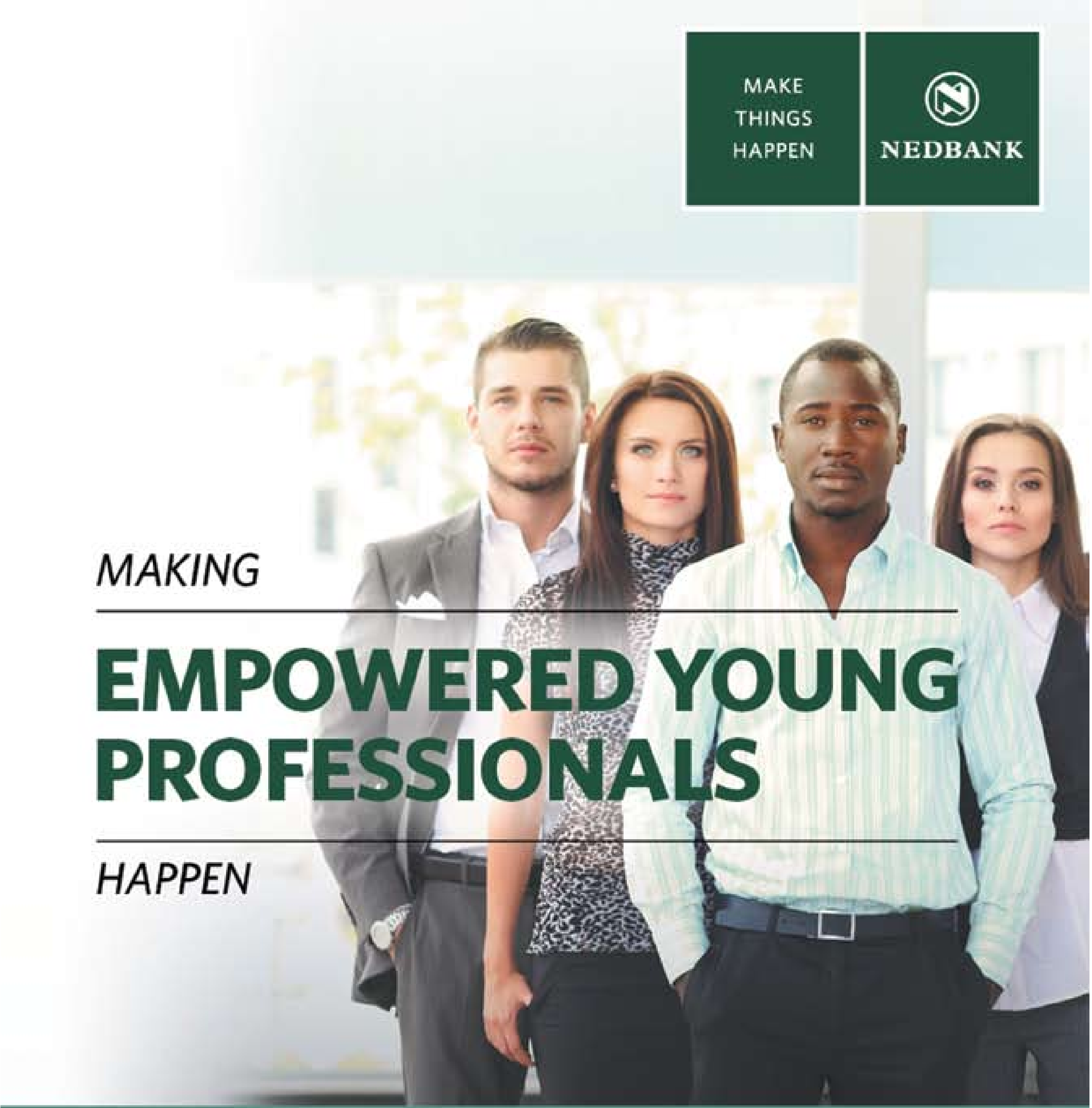
   The ECB is optimistic that both projects will bring about positive development-related prospects and opportunities, and will contribute to our quest of poverty eradication.

   The approved effective tariff adjustment of 9.53% for the financial year 2015/2016 is intended to ensure that NamPower can sustainably provide for the future electricity needs of the nation. The increase is applicable to NamPower bulk customers i.e. Regional Electricity Distributors (REDs), Local Authorities, Regional Councils and Mines. Respective bulk customers (Distributors) will individually apply to the ECB for tariff increases that will be applicable to end consumers.

The Regulator intends to widen the scope of public participation in the tariff review process.

I THANK YOU

Foibe L Namene
Chief Executive Officer



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Otavi Investment Expo grows in leaps and bounds

After humble beginnings in 2013, the third annual Otavi Investment Expo & Festival has conquered its rightful place in the annual economic calendar and has attracted 5,025 visitors and 115 exhibitors. The Expo ran from 22 to 25 April at the rural town's sport complex.

According to Rino Muranda, Chairperson of the Expo, the amount of visitors doubled from last year, when 2,500 visitors were recorded.

Muranda hails from Otavi and he said the idea behind the Otavi Expo was to create an event for the small town, the businesses, the community and to plough back into his hometown. "The support has grown and the cooperation with the Otavi municipality is very good," Muranda said.

Founding President Sam Nujoma is the patron of the Expo.

Several State owned enterprises were represented at the Otavi Expo, as well as SMEs and traditional food providers. Sponsors were among others the large mining houses like Dundee Precious Metals, a commercial bank and MTC.

Like in 2014, a half-day business seminar was offered on 25 April. "The topic dealt with tendering and procurement and how to ethically ensure your bid meets the necessary requirements. These are very important aspects for businesses," Muranda emphasised.

Officially opening the Otavi Investment Expo & Festival, the Minister of Industrialisation, Trade and SME Development Immanuel Ngatjizeko said more locally produced goods should be displayed at trade fairs in all regions of Namibia.

"We will make sure we stop the importing of food and other goods, and start to import crucial industrial skills and technical experts that will help us achieve our own industrialisation and food production plans," Minister Ngatjizeko said.

All products marketed by Namibians at trade fairs would ideally be locally manufactured with value added inside Namibia and sold locally before exported, said the Minister, adding that Namibia had an abundance of natural resources. The Ministry would engage with owners of retail outlets who refuse to stock locally produced goods, Ngatjizeko noted.

The newly appointed Governor of the Otjozondjupa Region Otto Ipinge was also at the official opening. He urged the Otavi municipality to provide free business plots to investors. In this way Otavi could to promote itself as an investment hub, he proposed.

Participants at the procurement conference offered by the Otavi Expo pose for a group photo. Photo by: Otavi Expo

A total of 115 exhibitors took part in the third Otavi Investment Expo & Festival this year. Photo by: Otavi Expo

"Invite real business investors to this town and give them free plots with conditions attached. Don't sell the land to them, just give it for free so that they can come and invest and create jobs for the local people," Ipinge said. It should not be impossible to attract serious investors once proper planning and business strategies were mapped out. In this way, Otavi might even attract investors to construct a shopping mall. Otavi is situated along an important north-south route and directly at the turn off to the northeast towards Grootfontein. Other town councils in the region such as Okakarara, Otjiwarongo, Grootfontein and Okahandja should support each other's annual trade fairs, the Governor proposed.

Who wants to be a Billionaire?

Malcolm Husselmann is Portfolio Manager at Old Mutual Investment Group Namibia

By Malcolm Husselmann

Warren Buffett, also known as the Oracle of Omaha, is a folksy investing superhero and has gathered the respect of many an investor – and rightly so. He has managed to amass a US$72.3 billion fortune making him the third richest person in the world (2015 – Forbes Magazine). His story has inspired many to follow the Value Investing principles that he credits to his success as an investor. The world of finance has been quick to latch onto his cult-like personality and has promoted him to being the poster child for investing globally. On the online store Amazon if one were to search for "Warren Buffett Biography" you are met with a staggering 167 matches and there are countless more books with references to Warren Buffett and his "secret recipe". Strangely enough Warren Buffett has never published a book himself despite so much being written about him.

Despite all of this information many people misunderstand the way in which Warren Buffet became so wealthy. And although there is much to learn from his approach to investing unfortunately I will not be able to replicate his success and neither will the vast majority of investors. Most people think that Buffett is a frugal, regular guy who uses a value investing approach to pick stocks and then holds them for a really long time and with little emotion and tinkering he achieves massive success. However, Buffett is more of a sophisticated businessman than he is an ordinary value investor. He started out in 1956 with one of the world's first hedge funds and charged as much as 25% of profits exceeding the 6% hurdle rate. And he was one of the first activist investors wherein he would invest in a company and then install his own management team. He did this with the now famous Berkshire Hathaway holding company when he took control of the textile manufacturing firm in 1962. He started moving the firm more into the insurance sector and by 1985 he closed down the last of the textile mills which were part of the original Berkshire. What is brilliant about his move into insurance is that he uses the premiums and cash flow from the insurance businesses to invest in other businesses. His deals are often cutthroat, require large sums of money to pull off and he uses complex financial tools to structure the deals – tools that are not available to the average value investor.

We have entered the seventh year of a great bull rally on the JSE that has rewarded investors with an annual return of 22.96% (JSE Shareholder Weighted Index, or SWIX, total return) from the trough in March 2009. Tongue-in-cheek I will sometimes say to my colleagues that I will become a billionaire one day and inflation will definitely play a large part of the equation if I ever do achieve it. But some investors may feel that with the returns we have achieved over the last few years that we could all become incredibly rich if we extrapolate the last few years of returns into the foreseeable future. Hypothetically if you were to achieve the returns that the JSE SWIX has achieved over the last six years you very well could become incredibly rich over a decent time frame.

Purely as an academic exercise and for its entertainment value let us assume that:

- You invest N$10 000 per month for the next 30 years (typical working life span)
- You increase your monthly contribution by 6% per annum to keep up with inflation
- You earn 23% per annum for those 30 years

At this rate your monthly contributions will collectively be N$9.5 million and your portfolio would have grown to an extraordinary N$383 million at the end of the 30 year period. This is a large sum of money by anyone's standards but before you stop reading this article to invest everything into the Old Mutual Growth Fund please note that it is a wholly unrealistic scenario. Given that inflation has averaged about 6.6% for the last 20 years the real return for the last 20 years for South African Equities has been 9%. The real return for the last six years has been in excess of 17% given that inflation has been an average of 5.5% over the same period. However, going forward we believe that equity returns will not be able to match what has been achieved over the last 20 years and certainly not what has been achieved over the last six years. The reason for this is mostly due to the outlook for the foreseeable future not being as supportive of growth in equity prices. We have seen a period over the last six years of very accommodative policy rates and large stimulus which has had a direct result in inflating asset prices. The Federal Reserve is now starting to talk about increasing rates in the US and the SARB has already begun their hiking cycle. Therefore our long term forecast real return for South African equity is about 5%.

Therein lays a warning to our investors to temper expectations of returns going forward and to realise that all markets go through cycles – bond markets, equity markets, and even residential property markets. The important thing is to look at your whole portfolio and in the context of your investment goals and your risk tolerance to come up with an investment strategy that helps you achieve those goals.

Please note that in no way am I trying to dissuade our investors from investing in equity. Equity still provides investors with the best chance of beating inflation over the long term as well as being able to meet long term goals such as a comfortable retirement or a university fund for your children. As can be seen in Table 1, equities, whether offshore or local, has been the top performing asset class over most periods. Therefore they are still your best chance of investment success. And although it is unlikely that any of us will have Warren Buffett like success, if we invest correctly we can still have plenty of success if we keep the long term in perspective.

50 Years	40 Years	30 Years	25 Years	20 Years	15 Years	10 Years	5 Years	2010	2011	2012	2013	2014
SA Equities 17.9%	SA Equities 19.1%	Global Equities 18.5%	SA Equities 16.4%	SA Property 15.8%	SA Property 23.2%	SA Property 23.2%	Global Equities 23.3%	Gold 31.9%	SA Equities 24.6%	Gold 32.5%	Global Equities 44.6%	Global Equities 34.3%
Global Equities 15.4%	Global Equities 18.5%	SA Equities 18.0%	SA Property 14.8%	SA Equities 15.6%	SA Equities 17.9%	SA Equities 21.0%	SA Equities 21.6%	SA Property 29.0%	SA Property 20.5%	SA Property 26.3%	SA Property 24.0%	SA Equities 32.7%
Gold 13.5%	Global Bonds 15.7%	Global Bonds 15.9%	SA Bonds 14.1%	Global Equities 13.6%	Gold 16.1%	Gold 19.1%	SA Property 20.9%	SA Equities 21.8%	Global Equities 15.7%	Global Bonds 24.7%	SA Equities 21.0%	Gold 16.6%
Global Bonds 13.0%	Gold 13.3%	SA Bonds 14.2%	Global Equities 13.5%	SA Bonds 12.9%	SA Bonds 11.9%	Global Equities 13.8%	Gold 14.0%	Global Equities 10.1%	SA Bonds 11.3%	Global Equities 15.1%	Global Bonds 15.2%	Global Bonds 14.7%
SA Cash 10.9%	SA Bonds 12.4%	SA Property 14.0%	Global Bonds 12.5%	Gold 12.4%	Global Bonds 9.7%	Global Bonds 10.8%	Global Bonds 10.7%	SA Bonds 9.9%	Gold 7.2%	SA Bonds 14.6%	SA Bonds 6.3%	SA CPI 6.4%
SA Bonds 10.4%	SA Cash 12.1%	SA Cash 12.3%	SA Cash 11.7%	Global Bonds 11.7%	Global Equities 8.7%	SA Bonds 9.4%	SA Bonds 9.5%	SA Cash 7.5%	SA Cash 6.2%	SA Equities 9.2%	SA CPI 5.5%	SA Property 6.0%
SA CPI 9.0%	SA CPI 9.9%	Gold 11.9%	Gold 10.9%	SA Cash 10.5%	SA Cash 8.7%	SA Cash 7.5%	SA Cash 6.1%	SA CPI 4.2%	SA CPI 5.0%	SA Cash 5.7%	SA Cash 5.3%	SA Bonds 5.4%
SA Property -	SA Property -	SA CPI 9.2%	SA CPI 7.9%	SA CPI 6.6%	SA CPI 6.3%	SA CPI 6.0%	SA CPI 5.3%	Global Bonds 3.7%	Global Bonds -2.9%	SA CPI 5.5%	Gold -11.7%	SA Cash 5.4%


how can we help you?
be ready to make the most out of life.
It's one of nature's greatest spectacles. Every year the beautiful Monarch butterfly journeys in countless numbers across North America to escape winter. Seeing them is a matter of timing your trip right. Which is entirely possible if you're invested in a 7 Day Notice Deposit from FNB. You can access your money in 7 days so you won't miss out on any life-changing opportunity. Plus you earn two interest increases, the longer you stay invested.
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