

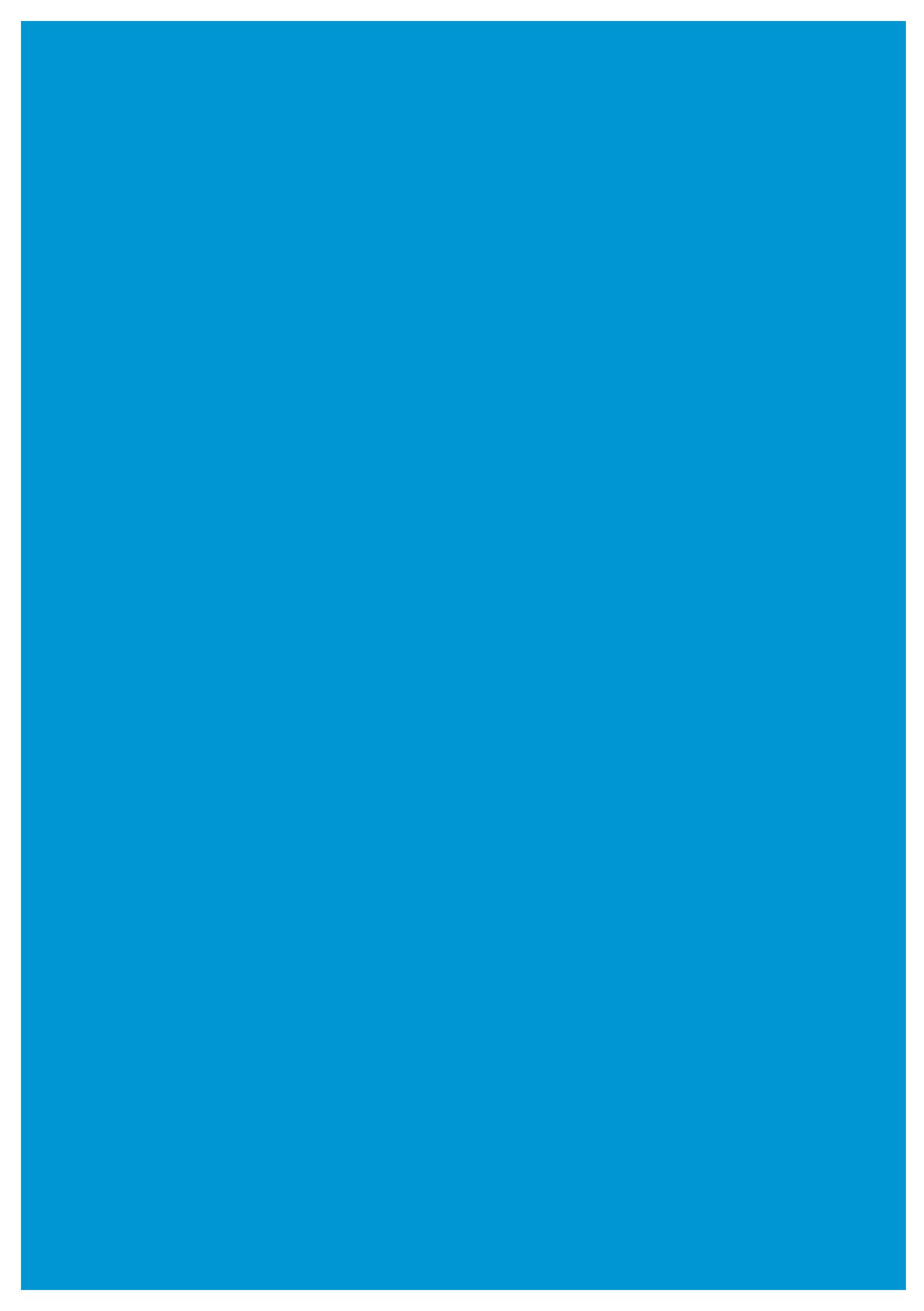


# Namibia

2010 and beyond



PRICEWATERHOUSECOOPERS



# Foreword

A land of wide open spaces, exquisite flora and fauna and a diversity of peoples from unique cultures, Namibia stands tall as we celebrate 20 years of independence.

As a proud Namibian I wish to introduce you to the first PwC Namibia mobile-enabled ebook publication, which has been compiled to bring together fun and interesting facts about our beautiful country. Topics covered include economics, governance and politics, tourism, infrastructure and one of the most historic events to be showcased in Africa, the 2010 FIFA World Cup™.

The management and staff of PricewaterhouseCoopers Namibia wish all our fellow Namibians a sensational 20 years of independence celebration.

Thanks to the following persons for compiling this ebook:

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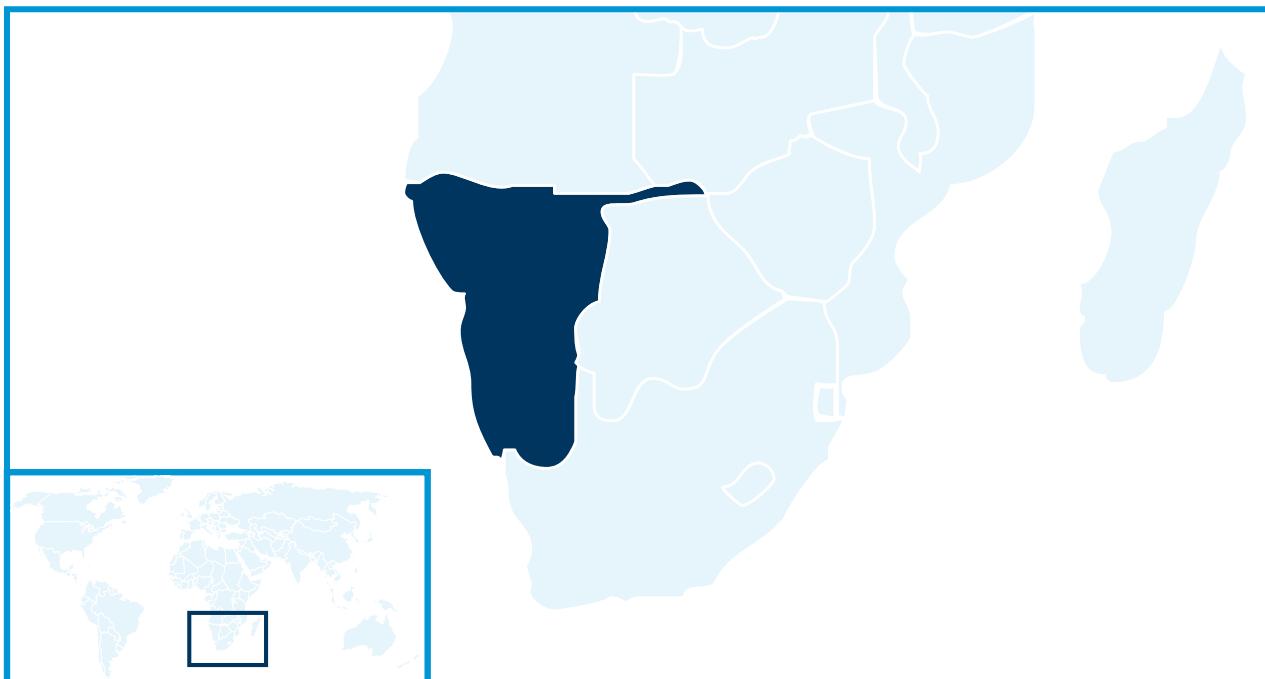
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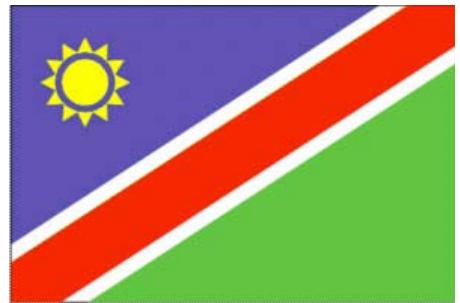
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# Our Namibia

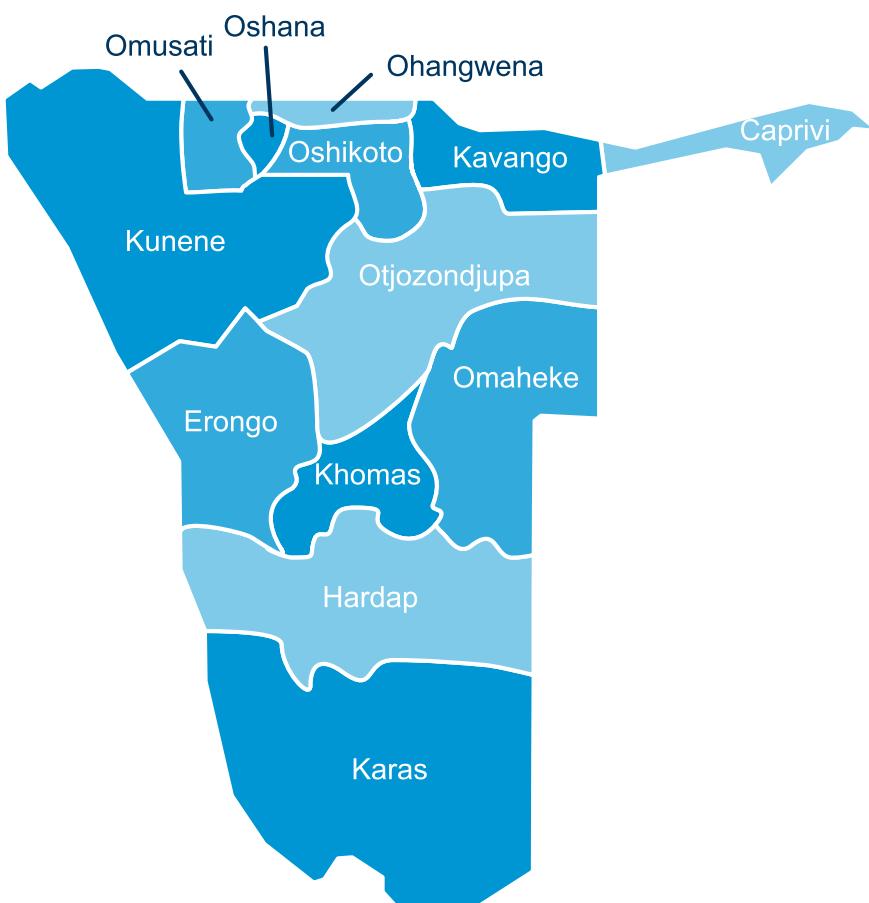
|                               |   |
|-------------------------------|---|
| <b>Area</b>                   | 825,115 million sq km   |
| <b>Population</b>             | 2.1 million   |
| <b>Currency</b>               | N\$ 1 = 100 cents (Namibian dollar – NAD)   |
| <b>Timezone</b>               | GMT + 2 hours from the 1 <sup>st</sup> Sunday in September to the 1 <sup>st</sup> Sunday in April<br>GMT + 1 hour from the 1 <sup>st</sup> Sunday in April to the 1 <sup>st</sup> Sunday in September |
| <b>Capital</b>                | Windhoek (22°33'S 17°15'E)  |
| <b>Head of State</b>          | President Hifikepunye Pohamba   |
| <b>Main languages</b>         | English (official)<br>Afrikaans, Oshiwambo, German  |
| <b>Religion</b>               | Predominantly Christian. Freedom of worship guaranteed by Constitution  |
| <b>Legal system</b>           | Based on Roman Dutch Law and Constitution   |
| <b>Total GDP (2008)</b>       | N\$ 73,222 million  |
| <b>Per capita GDP (2008)</b>  | N\$ 35,459  |
| <b>Real GDP growth (2008)</b> | 2.9% (2009 estimate: -1.1%)   |
| <b>Inflation (Sept 2009)</b>  | 7.4%  |
| <b>Exports</b>                | Diamonds, copper, gold, zinc, lead, uranium; cattle, processed fish, karakul skins  |
| <b>Main trading partners</b>  | South Africa, China, US, Angola, Germany  |
| <b>Public holidays</b>        | 1 January, 21 March, Good Friday, Easter Monday, 1 May, 4 May, Ascension Day, 25 May, 26 August, 10 December, 25 December, 26 December.   |





Namibia is divided into 13 administrative regions:

| #     | Region              | Capital       | Population (est) | Area km <sup>2</sup> | Population density / km <sup>2</sup> |
|-------|---------------------|---------------|------------------|----------------------|--------------------------------------|
| 1     | Caprivi Region      | Katima Mulilo | 91 900           | 14 528               | 6.3                                  |
| 2     | Erongo Region       | Swakopmund    | 115 900          | 63 579               | 1.8                                  |
| 3     | Hardap Region       | Mariental     | 78 600           | 109 651              | 0.7                                  |
| 4     | Karas Region        | Keetmanshoop  | 79 900           | 161 215              | 0.5                                  |
| 5     | Kavango Region      | Rundu         | 233 500          | 48 463               | 4.8                                  |
| 6     | Khomas Region       | Windhoek      | 288 200          | 37 007               | 7.8                                  |
| 7     | Kunene Region       | Outjo         | 79 200           | 115 293              | 0.7                                  |
| 8     | Ohangwena Region    | Eenhana       | 263 000          | 10 703               | 24.6                                 |
| 9     | Omaheke Region      | Gobabis       | 78 400           | 84 612               | 0.9                                  |
| 10    | Omusati Region      | Oshakati      | 263 600          | 26 573               | 9.9                                  |
| 11    | Oshana Region       | Etosha        | 186 500          | 8 653                | 21.6                                 |
| 12    | Oshikoto Region     | Omuthiya      | 185 400          | 38 653               | 4.8                                  |
| 13    | Otjozondjupa Region | Otjiwarongo   | 155 900          | 105 185              | 1.5                                  |
| Total |                     |               | 2 100 000        | 824,115              | 2.5                                  |



# General facts

After Mongolia, Namibia is the least densely populated country in the world (2.5 inhabitants per square kilometre [6.5 /sq mi]). The Namibian population consists of eleven ethnic groups.

The Namibian landscape consists generally of five geographical areas, each with characteristic abiotic conditions and vegetation with some variation within and overlap between them: the Central Plateau, the Namib Desert, the Escarpment, the Bushveld, and the Kalahari Desert. Although the climate is generally extremely dry, there are a few exceptions. The cold, north-flowing Benguela current of the Atlantic Ocean accounts for some of the low precipitation.

Namibia is the only country in the world to specifically address conservation and protection of natural resources in its constitution. Article 95 states, "The State shall actively promote and maintain the welfare of the people by adopting international policies aimed at the following: maintenance of ecosystems, essential ecological processes, biological diversity of Namibia, and utilisation of living natural resources on a sustainable basis for the benefit of all Namibians, both present and future".

Namibia's economy consists primarily of mining (12.4% of the gross domestic product), agriculture (5.5%), and manufacturing (15.4%). Namibia is the fourth largest exporter of non-fuel minerals in Africa and the world's fourth largest producer of uranium. There has been significant investment in uranium mining and Namibia is set to become the largest exporter of uranium by 2015. Rich alluvial diamond deposits make Namibia a primary source for gem-quality diamonds. Namibia also produces lead, zinc, tin, silver and tungsten.

## Physical Infrastructure

- 5,450km – tarred roads
- 37,000km – gravel roads
- Main harbours: Walvis Bay and Lüderitz
- Rail network: 2,615km narrow gauge
- Telephone lines: 6.2 per 100 inhabitants
- Mobile subscribers: 1.6 million
- Direct dialling facilities to 240 countries
- Mobile communication system: GSM
- Roaming agreements with 142 countries

# Governance and legislation

A constitutional democracy, the president of Namibia is elected to a five-year term and is both the head of state and the head of government within a multiparty electoral system. Executive power is exercised by the government. Legislative power is vested in both the government and the bicameral Parliament, made up of the National Assembly and the National Council. The judiciary is independent of the executive and the legislature. The management of the rule of law and the observance of basic human rights in Namibia are constantly scrutinised.

In 2009, Namibia ranked 6th on the Ibrahim Index of African Governance, out of 53 African countries. The Ibrahim Index is a comprehensive measure of African governance, based on a number of different variables that reflect the success with which governments deliver essential political goods to their citizens.

The Reporters Without Borders' Worldwide Press Freedom Index 2009 ranks Namibia as 35<sup>th</sup> out of 175 countries, as compared with 56<sup>th</sup> out of 166 in 2003.

# For the tourist

Namibia is known for its contrasting landscapes. The desolate Namib Desert is said to be the oldest in the world, with its high dunes and awe-inspiring sense of space. Along its entire length, the vast shifting sand dunes of the Namib Desert spread inland for 80 to 130km (50 to 80 miles). In the interior, the escarpment of the north-south plateau slopes away to the east and north into the vast interior sand basin of the Kalahari. In the far northwest, the 66,000 sq km (25,500 sq miles) Kaokoland Mountains run along the coast, while further inland lies the Etosha Pan (a dried-out saline lake), surrounded by grasslands and bush which supports a large number and variety of wildlife. The Etosha National Park and Game Reserve is one of the finest in Africa since it remains, to a large extent, free of human influence.

Namibia generally attracts ecotourists with the majority visiting to experience the different climates and natural geographical landscapes such as the great eastern desert and plains. There are many lodges and reserves to accommodate visitors. In addition, extreme sports such as sandboarding and 4x4ing have become popular, and many towns have companies that provide tours.

The most visited places include Sossusvlei, Etosha Pan, the Caprivi Strip, Fish River Canyon, the Skeleton Coast Park and the coastal towns of Swakopmund, Walvis Bay and Lüderitz.

## Visa requirements for foreigners travelling to Namibia

Nationals from the countries listed below do not require visas to enter Namibia for non-business visits shorter than three months:

- Angola
- Australia
- Austria
- Belgium
- Botswana
- Brazil
- Canada
- Cuba
- Denmark
- Finland
- France
- Germany
- Hong Kong (SAR)
- Iceland
- Ireland
- Italy
- Japan
- Kenya
- Lesotho
- Liechtenstein
- Luxembourg
- Macau (SAR)
- Malaysia
- Malawi
- Mozambique
- New Zealand
- Netherlands
- Norway
- Portugal
- Russian Federation
- Commonwealth of Independent States of the former USSR
- South Africa
- Singapore
- Spain
- Swaziland
- Sweden
- Switzerland
- Tanzania
- United Kingdom
- United States of America
- Zambia
- Zimbabwe

## Winter (May-September)

Temperatures in the interior range from 18-25 degrees Celsius during the day. Subzero temperatures and ground frost are common at night.

## Summer (October-April)

Average interior temperatures range from 20-34 degrees Celsius during the day. Temperatures above 40 degrees Celsius are often recorded in the extreme north and south of the country. Influenced by the cold Benguela current, the coastal belt boasts a relatively stable temperature range of 15-25 degrees Celsius. Heavy fog is fairly common at night.

## Distance chart

The chart below shows the distances in kilometres between the major towns in Namibia.

### Ariamsvlei / Nakop

1118 Buitepos / Mamuno

1003 115 Gobabis

1250 772 657 Grootfontein

1223 745 630 645 Hentiesbay

1261 783 668 425 345 Kamanjab

333 802 687 934 907 945 Keetmanshoop

579 1136 1021 1268 923 1279 334 Lüderitzbucht

537 581 466 713 686 724 221 555 Mariental

1331 853 738 167 677 506 1015 1349 794 Namutoni

306 1106 991 1238 1211 1249 304 609 525 1319 Noordoewer / Vioolsdrif

1233 755 640 397 579 262 917 1253 696 123 1221 Okaukuejo

1471 993 878 307 817 646 1155 1489 934 210 1459 333 Ondangwa

1043 565 450 207 389 218 727 1061 506 288 1031 190 428 Otjiwarongo

1658 1180 1065 494 1143 272 1342 1676 1121 469 1646 534 187 615 Ruacana

1498 1020 905 248 893 645 1182 1516 961 415 1486 617 555 455 742 Rundu

1156 678 563 578 67 412 840 731 619 659 1144 561 799 371 684 826 Swakopmund

1224 746 631 60 570 399 907 1242 687 107 1241 345 247 181 434 308 552 Tsumeb

798 320 205 452 466 463 482 816 261 533 786 435 673 245 860 700 356 426 Windhoek

# The economy

Namibia is in transition from an economy based purely on natural resources to a more diversified economy with some processing of natural materials (for example diamonds and marble) and other value-added activities (for example food products), a stronger contribution of the services sector – notably the tourism and financial service sectors – and emerging diversification into marine and freshwater fish farming, exploitation of indigenous natural plants and fruits, and high-value irrigation production (for example grapes and dates).

Challenges identified are high unemployment due to labour market rigidities and an extreme skills deficit, widespread poverty and high prevalence of HIV/Aids. In the public sphere, there is a need for a stronger commitment to reduce spending – through public service reform and reform of the management of state-owned enterprises – and to strengthen revenue collection.

Measures have been implemented to redress economic disparities, in particular (broad-based) black economic empowerment ([B]BEE). No guidelines have been enacted, but policies are in place which are mainly enforced through tender preferences.

Various industries have agreed to and signed black economic empowerment charters, which guide members in their business decision making and confirm their commitment to implement agreed policies. Most charters include guidelines on ownership, management, employment, procurement, skills development, business development and corporate social responsibility.

Monetary and exchange rate policy in Namibia is influenced by Namibia's membership of the Common Monetary Area. Under the agreement, the Namibian dollar is pegged on par with the South African rand and capital flows freely between Namibia and other Common Monetary Area (CMA) countries.

South Africa is Namibia's major trading partner, accounting for at least 85% of imports and 25% of exports. Other main destinations for exports are the UK, Spain, Japan and Germany. The one-to-one parity between the South African rand and the Namibian dollar eliminates exchange rate uncertainty and promotes trade and investment flows between the two countries. Namibia has embarked upon a continuous programme of exchange control relaxation. This momentum started with the abolition of the financial rand system in the CMA in 1995 and recently culminated in the accession of Namibia to Article VIII of the IMF's Articles of Agreement. International investors can invest in Namibia with the confidence that they will not be affected by any exchange control measures. Repatriation of capital and dividends occurs freely. Membership in these arrangements further deepens Namibia's financial integration into the world financial markets.

Namibia's balance of payments yielded surpluses for most years of the 1990s, with strong current account surpluses outweighing net capital outflows. A current account surplus on Namibia's balance of payment of around 2% of GDP was maintained during that decade. This was mainly due to the strong performance of primary exports and through the Southern African Customs Union's (SACU) revenue sharing formula. SACU contributes a large proportion of roughly 44% to the Namibian Government's annual revenues.

# Economic sectors (Industries)

## Agriculture

### Overview and statistics

The Namibian agricultural sector is the second largest primary industry after mining, with a 5.4% (N\$ 3,961 million) contribution to GDP during 2008. With the inclusion of the meat processing industry, agriculture is the 7<sup>th</sup> largest contributor to GDP after mining, wholesale and retail trade, real estate and business services, education, government services and other manufacturing activities. Nominal growth within the agricultural sector averaged approximately 12% per annum since 2000, compared to the overall average nominal annual GDP growth of 13% during the same period.

According to the Namibian Labour Force Survey (2004), the agricultural sector employed 102,636 employees during 2004, which constitutes 27% of the country's active workforce. Of these, 95,240 (93%) operate in rural areas, whilst 37,645 (37%) constitute women actively employed within the agricultural sector. The 2003/4 Household Income and Expenditure Survey indicated that 48% of rural households (106,145) obtain their main source of income from subsistence farming.

The Namibian agricultural sector is primarily divided into livestock and agronomic production. The Veterinary Cordon Fence in the north of the country ensures that Namibia maintains a foot-and-mouth disease-free status, which is the underlying requirement for any meat exports into the EU. Within the existing sanitary and phytosanitary requirements of the EU, Namibia is only allowed to export deboned meat products to Union Member States. Subject to renewed trade negotiations with the EU under the controversial SADC Economic Partnership Agreement, Namibia currently has a maximum export quota of 13,000 tonnes of beef and veal meat into the EU.

The Namibian agronomic sector (governed by the Namibian Agronomic Board) implements protective measures with regards to the import of white maize and wheat, whilst the import of maize and wheat meal into Namibia is entirely prohibited. These measures are aimed at protecting and strengthening the domestic production and milling capacity of the country.

## Key stakeholders

| Organisation                                       | Function  | Website  |
|--|---|--|
| Ministry of Agriculture, Water and Forestry (MAWF) | The Ministry which is responsible for setting and implementing agriculture policy in Namibia.             | <a href="http://www.mawf.gov.na">www.mawf.gov.na</a>               |
| Agricultural Bank of Namibia                       | A state-owned enterprise which provides long-term finance to the commercial and communal farming sectors. | <a href="http://www.agribank.com.na">www.agribank.com.na</a>       |
| Namibia Agricultural Union (NAU)                   | Industry body representing commercial farmers.  | <a href="http://www.agrinamibia.com.na">www.agrinamibia.com.na</a> |
| Namibia National Farmers Union (NNFU)              | Industry body representing communal farmers.  | <a href="http://www.nnfu.org.na">www.nnfu.org.na</a>               |
| Namibia Agronomic Board                            | Government agency established to promote the agronomic industry.  | <a href="http://www.nab.com.na">www.nab.com.na</a>                 |
| Meat Board of Namibia                              | Government agency established to promote the meat industry.   | <a href="http://www.nammic.com.na">www.nammic.com.na</a>           |
| Meatco (Meat Corporation of Namibia)               | Commercial membership organisation for meat producers.  | <a href="http://www.meatco.com.na">www.meatco.com.na</a>           |
| Agricultural Trade Forum                           | Forum assisting the Government with international trade negotiations relating to the agricultural sector. |  |

## Legislation

- Meat Industry Act 12 of 1981
- Agronomic Industry Act 20 of 1992
- Agricultural (Commercial) Land Reform Act 6 of 1995
- Prevention of Undesirable Residue in Meat Act 21 of 1991

## Recent and upcoming changes

Landownership and redistribution of land remains a key topic on the national development agenda with a subsequent effect on the agricultural sector.

The Economic Partnership Agreement with the EU will have a significant impact on Namibia's agricultural sector which is significantly dependent on the EU market for meat and table grape exports.

Food security remains an issue of concern as the majority of food is imported from neighbouring countries. Therefore, the Government has implemented various initiatives and policies to raise Namibia's level of food security and self-sufficiency, such as the Green Scheme.

# Banking

## Overview and statistics

The banking industry contributed 3.9% (N\$ 2,889 million) to GDP in 2008.

Several large financial services organisations have in recent years established a strong and viable foothold in Namibia, as a step in the direction of Africa. In the financial services industry, these range from insurance companies in short term, long term and bancassurance fields, to large corporate banks.

Many market participants believe that the banking sector in Namibia is supported by a stable environment and that the close regulatory supervision by Bank of Namibia has proven to be one of the stabilising factors supporting a strong banking environment in Namibia.

## Key stakeholders

| Organisation                    | Function   | Website  |
|---------------------------------|--|--|
| Bank of Namibia                 | Regulator / central bank   | <a href="http://www.bon.com.na">www.bon.com.na</a> |
| Bankers Association             | Trade association for the banking sector   |  |
| Institute of Bankers in Namibia | National association devoted exclusively to representing and advancing the interests of the banking community throughout Namibia | <a href="http://www.iobnam.com">www.iobnam.com</a> |

## Legislation

The banking industry is regulated by the following legislation:

- Banking Institutions Act 2 of 1998
- Bank of Namibia Act 15 of 1997
- Inspection of Financial Institutions Act 38 of 1984
- Usury Act 73 of 1968
- Bills of Exchange Act
- Financial Intelligence Act
- Stamp Duty Act
- Payment System Management Act of 2003
- Banking Institutions Amendment Bill

## Recent and upcoming changes

As from 1 January 2010, Basel II is effective. Basel II is an international standard which regulators in different territories can use to prescribe the level of capital a bank should set aside as a shield against the financial and operational risks they face. In a nutshell, the greater the risks facing a bank, the more capital is required.

There are three pillars supporting Basel II:

- Minimum capital requirements, which establish minimum standards for management of capital on a more risk sensitive basis;
- Supervisory review process, which increases the responsibilities and levels of discretion for supervisory review and control by the central bank; and
- Market discipline, which expands the content and improves the transparency of financial disclosures to the market.

The other topic is the calculation of risk, which can be done using a standardised approach (adopted in Namibia), or the IRB (internal ratings based) approach. The IRB approach is very complex and may be applied by South African banks if they obtain approval from SARB. The advantage of IRB is that the capital risk charge may be reduced.

# Fishing

## Overview and statistics

Fishing contributed 4.7% (N\$ 3,410 million) of GDP in 2008. The fishing industry consists of marine fishing and aquaculture.

The main types of marine fisheries are:

- Line fish – targeting kabeljou, steenbras and snoek;
- Demersal (*Bodem vis*) – targeting of hake and monkfish with kingklip and sole as by-catch;
- Small pelagic – targeting pilchards, anchovies and horse mackerel for reduction into fish meal;
- Large pelagic – targeting sword fish and tuna;
- Midwater trawling – targeting horse mackerel; and
- Rock lobster and spider crab.

Aquaculture includes the cultivation of freshwater fish species such as tilapia as well as shellfish like oysters, abalone, mussels and rock lobster.

Namibian marine resources were over-exploited by South African rights holders and some foreign countries. After independence, the Namibian Government started regulating the industry and introduced quotas to ensure sustainable fishing levels.

## KEY STAKEHOLDERS

| Organisation                                 | Function   | Website  |
|--|--|--|
| Ministry of Fisheries and Marine Resources   | Ministry   | <a href="http://www.mfmr.gov.na">www.mfmr.gov.na</a> |
| Midwater Trawling Association of Namibia     | Association serving as a forum for communication among members and with government on all issues pertaining to the midwater trawling industry.   | <a href="http://www.nfi.com.na">www.nfi.com.na</a>   |
| Namibia Hake Association                     | Association to protect and further the interests of the Namibian Hake Industry   | <a href="http://www.nfi.com.na">www.nfi.com.na</a>   |
| Namibia Monk and Sole Association            | The association actively participates in local and international projects to achieve optimum sustainable utilization of the monk and sole resource                                       | <a href="http://www.nfi.com.na">www.nfi.com.na</a>   |
| Namibia Tuna and Hake Longlining Association | The association co-operates closely with the government to obtain a reasonable share of the quota on migratory and straddling fish stocks appearing in Namibian and international waters | <a href="http://www.nfi.com.na">www.nfi.com.na</a>   |
| Pelagic Fishing Association of Namibia       | The association members actively participate in research surveys aimed at rebuilding the pilchard resource and ensuring its optimum sustainable utilization                              | <a href="http://www.nfi.com.na">www.nfi.com.na</a>   |
| Namibian Deepwater Fishing Association       | The association acts for all holders of Namibian fishing rights for orange roughy  | <a href="http://www.nfi.com.na">www.nfi.com.na</a>   |
| Namibia Maritime and Fisheries Institute     | The institute is providing high quality maritime and fisheries training in accordance with international standards   | <a href="http://www.namfi.net">www.namfi.net</a>     |

## Legislation

The fishing industry is regulated by the following legislation:

- Marine Resources Act, 2000 (Act 27 of 2000) and its regulations;
- Inland Fisheries Resources Act, 2003 (Act 1 of 2003) and its amendments; and
- Aquaculture Act, 2000 (Act 18 of 2000)

## Recent and upcoming changes

Namibia has limited freshwater fishing and aquaculture but the Ministry is very supportive of any initiatives in this regard in order to grow the industry.

Namibian marine waters, similar to many other countries, have previously been subject to illegal, unreported and unregulated fishing. The European Union has recently taken the decision to implement rules in an attempt to prevent, deter and eliminate illegal fishing.

Certification requirements are being implemented for the fishing industry, which will also effect the Namibian fishing industry.

# Insurance

## Overview and statistics

The insurance and pension sector recorded growth of 21.5% in 2008 and contributed 4% (N\$ 2,929 million) to GDP.

Business is predominantly distributed through brokers and agents. In 2007, 103 long-term insurance brokers and 1,667 long-term insurance agents were registered in Namibia. Some of these are agents for only one company, while others are multi-agents. Brokers and reinsurance brokers may not have shareholdings in insurance and reinsurance companies. Furthermore, they have to belong to the Namibian Insurance Brokers Association (NIBA). The Association of Insurance Marketers (AIM) is another association of Namibian brokers. To protect, promote and advance the common interest of underwriters to all classes of short-term insurance business in Namibia, the Namibian Insurance Association (NIA) was established. It is a legal voluntary entity, consisting of a legislative body made up of representatives from primary firms in the sector. The NIA is able to institute legal proceedings in its own right.

## Key stakeholders

| Organisation  | Function  | Website  |
|---|---|--|
| Namibian Insurance Brokers Association                | Trade association for insurance broking sector    | <a href="http://www.niba.cc">www.niba.cc</a>               |
| Namibian Insurance Association                        | Association for short-term insurance underwriters |  |
| Namibian Financial Institutions Supervisory Authority | Regulator of non-banking financial institutions   | <a href="http://www.namfisa.com.na">www.namfisa.com.na</a> |

## Legislation

- The Long-term Insurance Act 5 of 1998
- Commencement of the Long-term Insurance Act & Long-term Insurance Regulations Act 145 of 1998
- Namibia Financial Institutions Supervisory Authority Act 3 of 2001
- Short-Term Insurance Act 4 of 1998
- Namibia Financial Institutions Supervisory Act (NAMFISA Act 3 of 2001)

## Recent and upcoming changes

The Financial Services Board (FSB) in South Africa is in the process of developing a new solvency regime for the South African long-term and short-term insurance industries by way of implementation of a new Solvency Assessment and Management (SAM) regime. The basis of the SAM regime will be the principles of the Solvency II Directives, but adapted to South Africa-specific circumstances where necessary. The FSB aims to promote the soundness of insurance companies through the effective application of international regulatory and supervisory standards. A similar regime could be expected in Namibia in future.

# Mining

## Overview and statistics

Mining contributed 15.8% (N\$ 11,556 million) of GDP in 2008.

The current global economic turmoil has had an adverse impact on several Namibian industries, mining being one of them. In Namibia, the mining industry was harshly affected by declining demand and falling commodity prices. On the positive side, the economic crisis did bring some beneficial influences. Mining companies had lower operational costs as oil prices tumbled, while exports generated higher than anticipated revenues due to favourable exchange rates.

Major mining operations that are currently being conducted in Namibia include Diamond Fields International, Langer Heinrich Uranium, Namdeb Diamond Corporation, Navachab Gold Mine, Okorusu Mine, Weatherly Mining International, Rosh Pinah Zinc Corporation, Rössing Uranium, Sakawe Mining Corporation and Skorpion Mine; as well as the cement plant recently established at Ohorongo. A number of new prospects are currently being developed.

## Key stakeholders

| Organisation                 | Function        | Website  |
|------------------------------|-----------------|--|
| Ministry of Mines and Energy | Regulatory body | <a href="http://www.mme.gov.na">www.mme.gov.na</a> |

## Legislation

- Prospecting and Mining Act of 1992

## Recent and upcoming changes

The mining industry can play a far greater role within the Namibian economy and make a significant contribution towards the nation's development. Gradually, a shift from mining to manufacturing/processing should occur. Most minerals leave Namibia as unprocessed raw materials on which the economy loses out on potential beneficiation incomes. Far more value would be created by processing these raw materials locally, making a significant contribution to the Namibian economy. Therefore, it is important to attract specialised manufacturing companies to Namibia that would introduce the skills and technologies necessary.

A major challenge for the mining companies at the moment is to secure sufficient amounts of water and electricity to sustain their operations. Namibia is heavily dependent on electricity imports from neighbouring countries like South Africa.

Due to the electricity shortages experienced throughout the southern African region over recent years, the supply of electricity is not guaranteed. As Namibia is an arid country, it is difficult for mines to ensure that adequate water supplies are at their disposal. This places local mining companies under severe pressure and could hamper further investments into the sector.

The construction of a desalination plant by Erongo Desalination Company is however in the final stages. This plant situated at Wlotzkasbaken on the Namibian coastline is expected to start production in 2010 and will at its current capacity produce 20 million cubic meters of water per year.

# Retail

## Overview and statistics

Namibia's economy and the retail sector rely heavily on international trade with imports and exports totalling more than half of the GDP. Retail contributed 10.5% (N\$ 7,358 million) to GDP in 2008.

Recent sales growth was influenced by clothing, vehicle sales and supermarkets which grew by 10.5 percent, 22.0 percent and 2.0 percent respectively. A decline in furniture sales at the end of 2009 may be attributed to the aftermath of the global economic crisis with households prioritising more basic needs.

## Key stakeholders

| Organisation                   | Function | Website  |
|--------------------------------|----------|--|
| Ministry of Trade and Industry | Ministry | <a href="http://www.mti.gov.na">www.mti.gov.na</a> |

## Legislation

- Namibian Standards Act 18 of 2005
- Price Control Act 25 of 1964
- Customs and Excise Act 20 of 1998
- Credit Agreement Act 75 of 1981
- Value Added Tax Act 12 of 2004

## Recent and upcoming changes

The Inland Revenue Department's computerised tax system was eventually linked to that of Customs and Excise (called the Asycuda system), which means that Inland Revenue now has read-only access to imports recorded on taxpayers' VAT import account numbers.

Only import VAT paid, for which the registered person has invoices and documents stamped by Customs, may be claimed back as input tax in the normal VAT returns.

According to Inland Revenue, which is yet to amend the Practice Note in this regard, direct exports from Namibia may only be zero rated if the Namibian exporter has arranged and paid for the transport. Import documents stamped by the Customs authorities of the client's country are also required to substantiate the zero rating, together with consignment invoices and export entries stamped by Namibian Customs.

The VAT zero rating for milk and sugar (as announced by the Finance Minister during her March 2009 Budget Speech) has been formulated in a VAT Bill and will be introduced during 2010.

There is also talk of a proposed levy on the use of plastic bags as in South Africa. Participating retail outlets will introduce a levy for the use of plastic shopping bags.

# Telecommunication

## Overview and statistics

The telecommunications sector in Namibia contributed 2.9% (N\$2,125 million) to the Namibian GDP in 2008. However, the sector was the scene of popular public debate throughout 2009 due to the drastic amendments planned with the implementation of the proposed Information Communications Bill. Telecommunication services in Namibia are primarily provided by three companies: Telecom Namibia (Telecom), the Mobile Telecommunications Company (MTC) and Orascom Telecom trading as Leo.

Telecom as the main provider of basic telecommunication in Namibia is owned by the Government. MTC is the leading cellular services provider in Namibia and has a Namibian customer base of well over one million. Leo is the new name of the former Cell One which entered the market in 2007.

The number of employees for each of the companies is:

- Telecom – 117;
- MTC – 397; and
- Leo – 150.

## Key stakeholders

| Organisation   | Function  | Website  |
|--|-----------|--|
| Ministry of Information and Communication Technology | Ministry  |  |
| Namibian Communications Commission                   | Regulator | <a href="http://www.ncc.org.na">www.ncc.org.na</a> |

## Legislation

- Namibian Communications Commission Act 4 of 1992
- Telecommunications Act 19 of 1992

## Recent and upcoming changes

Namibian Communications Commission Act 4 of 1992 will be replaced by the passing of the Information Communications Bill, which was tabled during June 2009 in Parliament. The Information Communications Bill will also amend relevant sections under the Posts and Telecommunications Act 19 of 1992, among others. The Ministry of Information and Communication Technology has stated that the reason behind the drafting and introduction of the new bill is to level the playing field for all telecommunications operators.

Namibia will be a party to the West Africa Cable System (WACS). The system (WACS) has been set up by a consortium of multinational telecoms companies and will see networking firm Alcatel-Lucent provide a 14,000km submarine fibre-optic cable system that will link countries in southern Africa, west Africa and Europe. The entire installation is expected to cost about U\$600million (N\$4,2 billion) and should be ready for service by 2011. The consortium includes Angola Telecom, Broadband Infraco, Cable & Wireless, MTN, Telecom Namibia, Portugal Telecom, Sotelco, Tata Communications, Telkom SA, Togo Telecom and Vodacom.

# Tourism

## Overview and statistics

The Namibian tourism industry GDP increased by 1.3% in 2008, standing at N\$ 1,269 million (1.7%) of the total GDP.

Namibia is recognised worldwide as a complete tourist destination as it offers a wide variety of tourist attractions in one country. Namibia's tourism industry consists largely of tour operators (tour agents), lodges, game farms, conservation areas, concessions and parks.

It is expected that the 2010 FIFA World Cup™ to be hosted in neighbouring South Africa, will energise the tourism industry in the region (SADC) for years to come.

## Key stakeholders

| Organisation                                | Function   | Website  |
|---|--|--|
| Ministry of Environment and Tourism         | Ministry   | <a href="http://www.met.gov.na">www.met.gov.na</a>                     |
| Namibia Tourism Board                       | Implementing the national policy on tourism                            | <a href="http://www.namibiaturism.com.na">www.namibiaturism.com.na</a> |
| Federation of Namibian Tourism Associations | Represents the interests of the private sector of the tourism industry |  |

## Legislation

- Namibia Tourism Board Act, 2000
- Environmental management Act, 2007
- The National Heritage Act, 2004
- Draft Policy for Prospecting and Mining in Protected Areas and National Monuments

## Recent and upcoming changes

The tourism industry in Namibia is set to benefit from the exposure Southern Africa receives from the 2010 FIFA World Cup™ in South Africa. An increase in visitors to the country is expected before and after the competition, but long-term benefits are also expected.

# Doing business in Namibia

## Tax rates

Corporate income tax 34%

Value Added Tax 15%

## Individual income tax

### Tax tables 2009/2010

| Taxable income    | Tax rate                                 |
|-------------------|--|
| 0 – 40,000        | Not taxable                              |
| 40,001 – 80,000   | 27% for each N\$ above 40,001            |
| 80,001 – 200,000  | 10,800 + 32% for each N\$ above 80,001   |
| 200,001 – 750,000 | 49,200 + 34% for each N\$ above 200,001  |
| Over 750,000      | 236,200 + 37% for each N\$ above 750,001 |

## Transfer duty<sup>‡</sup>

### Natural Person: Non-Agricultural

| Value of property N\$ | Rate  |
|-----------------------|---|
| 0 – 400,000           | Nil   |
| 400,001 – 800,000     | 1% of value exceeding N\$ 400,000                   |
| 800,001 – 1,500,000   | N\$ 8,00 plus 5% of value exceeding N\$ 800,000     |
| 1,500,001 and above   | N\$ 11,000 plus 8% of value exceeding N\$ 1,500,000 |

### Other person

| Value of property N\$ | Rate |
|-----------------------|------|
| Any value             | 12%  |

These tax rates are as per bill tabled with government during March 2010.

<sup>‡</sup>Rates are expected to be implemented in 2010.

## Tax changes for 2010

To be announced subsequent to the release of the 2010 budget by the Minister of Finance.

## Forms of entities

Legal entities for businesses in Namibia include:

- Public company;
- Private company;
- Branch;
- Close corporation;
- Partnership;
- Joint venture; and
- Sole proprietorship.

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