NAMIBIA

INVESTMENT CLIMATE STATEMENT

2015

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Executive Summary

Namibia is a stable, democratic country, and the Government of the Republic of Namibia (GRN) is committed to stimulating economic growth and employment through foreign investment. The Ministry of Industrialization, Trade and SME Development is the governmental authority primarily responsible for carrying out the provisions of the Foreign Investment Act. The GRN is increasingly emphasizing the need for investors to partner with Namibian-owned companies and/or have a majority of local employees in order to operate in the country.

The Foreign Investment Act calls for equal treatment of foreign investors and Namibian firms, including the possibility of fair compensation in the event of expropriation, international arbitration of disputes between investors and the government, the right to remit profits and access to foreign exchange.

There are large Chinese foreign investments in Namibia, particularly in the uranium mining sector (over USD 3 billion since 2012, and a projected USD 6 billion by 2016). Australia is another important investor in the uranium mining sector. South Africa has considerable investments in the diamond mining and banking sectors while the United Kingdom has investment in zinc and copper mines. Foreign investors from Brazil, Spain, the U.K, Netherlands, the U.S. and other countries have expressed increased interest in oil exploration off the Namibian coast. European and Chinese companies are investing in the fisheries sector.

Namibia has a relatively small domestic market, high transport costs, high energy prices, and limited access to skilled labor. These disadvantages are offset by the main factors facilitating Namibia's inward Foreign Direct Investment (FDI): political stability; a favorable macroeconomic environment; an independent judicial system; protection of property and contractual rights; good quality of infrastructure; and easy access to South Africa. Namibia also has access to the Southern African Customs Union (SACU); the Southern African Development Community's (SADC) Free Trade Area; and markets in Europe. The investment climate is generally positive.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

The GRN welcomes and encourages foreign investment to help develop the national economy and benefit its population. The Foreign Investment Act guarantees equal treatment for foreign investors and Namibian firms, including the possibility of fair compensation in the event of expropriation, international arbitration of disputes between investors and the government, the right to remit profits and access to foreign exchange. Investment incentives and special tax incentives are also available for the manufacturing sector.

Other Investment Policy Reviews

In June 2014, the Institute of Public Policy Research (IPPR) released a study on Easing the Way for Investment in Namibia identifying 17 policy recommendations. The study is available online

at the following link:
http://www.ippr.org.na/sites/default/files/IPPR%20Investment%20Book%20web.pdf

The study identified a recent decline in Namibia's reputation as a business-friendly country based on the country's stagnant position in some well-known international rankings. The IPPR study pointed out some of the positive aspects of the investment climate in Namibia including, "… that the country has institutions that function relatively well, the rule of law and an independent judiciary, protection of property rights, and its much vaunted peace and stability. Transport infrastructure is regarded as reasonably good by regional standards. Namibia’s financial markets are developing and there is confidence in the country’s financial institutions."

Laws/Regulations of Foreign Direct Investment

The Foreign Investment Act (FIA) of 1990 is the primary legislation that governs foreign direct investment in Namibia. It calls for granting a Certificate of Status Investment (CSI) and special incentives to manufacturers and exporters. The FIA provides for liberal foreign investment conditions and equal treatment of foreign and local investors. With limited exceptions, all sectors of the economy are open to foreign investment. There is no local participation requirement, but the Namibian government is increasingly emphasizing the need for investors to partner with Namibian-owned companies and/or have a majority of local employees in order to operate in the country.

The FIA reiterates the protection of investment and property provided for in the Namibian constitution. It also provides for equal treatment of foreign investors and Namibian firms, including the possibility of fair compensation in the event of expropriation, international arbitration of disputes between investors and the government, the right to remit profits and access to foreign exchange.

Under the FIA, the Ministry of Industrialization, Trade, and SME Development established the Namibia Investment Center (NIC), which serves as Namibia’s official investment promotion and facilitation office. The NIC is often the first point of contact for potential investors. It is designed to offer comprehensive services from the initial inquiry stage through to operational stages. The NIC also provides general information packages and advice on investment opportunities, incentives and procedures. The NIC is tasked with assisting investors in minimizing bureaucratic red tape, including obtaining work visas for foreign investors, by coordinating work with government ministries as well as regulatory bodies.

The Competition Act of 2003 establishes the legal framework to “safeguard and promote competition in the Namibian market.” Pursuant to the Competition Act, the government has designed a legal and regulatory framework that attempts to safeguard competition while boosting the prospects for Namibian businesses as well as recognizing the role of foreign investment. The Act is intended to promote:

• The efficiency, adaptability and development of the Namibian economy;
• Competitive prices and product choices for customers;
• Employment and advancement of the social and economic welfare of Namibians;
• Expanded opportunities for Namibian participation in world markets;

• Participation of small enterprises in the economy by ensuring a level playing field; and
• Greater enterprise ownership particularly among the historically disadvantaged.

The Competition Act established the Namibia Competition Commission (NaCC), which was officially launched in December 2009. The NaCC has the mandate to review any potential mergers and acquisitions that might limit the competitive landscape or adversely impact the Namibian economy. The Minister of Industrialization, Trade and SME Development is the final arbiter on merger decisions and may accept or reject a NaCC decision. Any investor can file an appeal with the ministry but no formal process is prescribed for doing so. In 2010, the NaCC approved some mergers by foreign buyers but rejected the merger of two cement companies. In 2011, the respective authorities of the minister and the NaCC were addressed by the Namibian courts in connection with the proposed merger between Walmart and South Africa's Massmart. In 2012, the Namibian Supreme Court ruled that the minister had ultimate authority regarding approval of the merger.

Relatively effective and transparent regulatory systems have been established in many sectors. In 2000, the government established the Electricity Control Board (ECB) to regulate electricity generation, transmission, distribution, supply, import and export within the country. The ECB is also mandated to recommend to the Minister of Mines and Energy which companies or entities should receive licenses. The ECB's vision is for Namibia to have a competitive and transparent electricity market, but the Namibian parastatal responsible for providing electricity, NamPower, currently enjoys a virtual monopoly. Although procedures for the establishment of Independent Power Producers (IPP) exist, to date only one power purchasing agreement with a licensed IPP has been signed.

In October 2009, President Pohamba signed into law a new Communications Act replacing the Communications Commission Act of 1992. The 2009 law also amended certain sections of the Posts and Telecommunications Act of 1992. The government's aim in drafting this legislation was to level the playing field for all telecommunication operators and improve competition, but many implementing regulations are not yet in place.

Under the 2009 act, the Communications Regulatory Authority of Namibia (CRAN) replaced the Namibian Communication Commission (NCC), which had limited regulatory authority. The state-owned Namibian Broadcasting Corporation (NBC), which transmits TV and radio services, is exempted from the licensing procedures enumerated in the act. The 2009 act also contains intelligence gathering (intercept) provisions which civil society groups have argued violate civil liberties and the Namibian constitution.

The Bank of Namibia (BoN), the country's central bank, regulates the banking sector. In 2010, the BoN rejected a bid by South Africa's ABSA Group to acquire a 70 percent stake in Capricorn Holdings, the parent company of Bank Windhoek. The BoN argued that the ABSA's acquisition would make all banks foreign-owned, as Bank Windhoek is the only bank in Namibia that has majority domestic ownership. As all other banks in Namibia are South African-owned, the BoN also argued that permitting the merger would have exposed Namibia to "single country risk" and would make the "banking system more susceptible to cross-border shocks through the risk of contagion." In December 2012, the BoN granted a license to SME Bank Namibia

Limited, a majority government-owned banking institution that is mandated to provide access to financial services for small and medium Namibian enterprises.

The Namibia Financial Institutions Supervisory Authority (NAMFISA) regulates non-banking financial institutions. NAMFISA aims to reduce financial crime through developing and implementing effective regulatory systems.

Industrial Promotion

In 2013 the Ministry of Trade and Industry launched its "growth at home" strategy to promote job creation through the manufacture of products with added value.

Limits on Foreign Control

Foreigners must pay a 10 percent non-resident shareholders tax on dividends. There are no capital gains or marketable securities taxes, although certain capital gains are taxed as normal income. As a member of the Common Monetary Area, the Namibian Dollar (NAD) is pegged one-to-one with the South African Rand.

Privatization Program

Namibia does not currently have a privatization program.

Screening of FDI

The Namibia Investment Center (NIC) is responsible for screening all potential foreign investments. It does not follow a formal review process, but does evaluate the credibility of potential investors and their business presentations and gauges the potential economic benefit to the country. The NIC's decisions are forwarded to the Minister of Industrialization, Trade and SME Development for final approval/rejection.

Competition Law

The Namibian Competition Commission (NaCC), established in 2009 under the Competition Act of 2003, is responsible for reviewing mergers (foreign and domestic) to safeguard and promote competition in the Namibian market. See the section on Transparency of the Regulatory system for more information on the NaCC.

Investment Trends

China is increasing its foreign investments in Namibia, particularly in the uranium mining (over USD 3 billion since 2012, and USD 6 billion by 2016) and the telecommunications sectors. Australia is another important investor in the uranium mining sector, but it continues to try to sell its Namibian operations. South Africa has considerable investments in the diamond mining industry and the banking sector while the United Kingdom has investment in zinc and copper mines. Foreign investors from Brazil, Spain, the U.K, Netherlands, the U.S. and other countries have expressed increased interest in oil exploration off the Namibian coast. European and Chinese companies are investing in the fisheries sector.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	55 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	88 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	108 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 5,870	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Millennium Challenge Corporation Country Scorecard

The Millennium Challenge Corporation (MCC) concluded its operations in Namibia in September 2014 at the end of its first compact. Namibia's World Bank rating as an upper middle income country made it ineligible for additional MCC assistance.

2. Conversion and Transfer Policies

Foreign Exchange

The Namibian Dollar is pegged at parity to the South African Rand, and Rand are accepted as legal tender in Namibia. The Foreign Investment Act of 1990 offers investors meeting certain eligibility criteria the opportunity to obtain a Certificate of Status Investment (CSI). A "status investor" is entitled to:

- Preferential access to foreign exchange to repay foreign debt, pay royalties and similar charges, and remit branch profits and dividends;
- Preferential access to foreign currency in order to repatriate proceeds from the sale of an enterprise to a Namibian resident;
- Exemption from regulations which might restrict certain business or categories of business to Namibian participation;
- Right to international arbitration in the event of a dispute with the government; and
- Payment of just compensation without undue delay and in freely convertible currency in the event of expropriation.

Remittance Policies

According to World Bank Development Indicators, data remittances to Namibia are less than 0.15 percent of GDP. The majority of remittances are processed through commercial banks.

3. Expropriation and Compensation

The Namibian constitution enshrines the right to private property but allows the state to expropriate property in the public interest "subject to the payment of just compensation." Possibly influenced by the land invasions in Zimbabwe, the GRN resorted in 2005 to expropriation of commercial farmland in response to growing frustration with the slow pace of land reform under the "willing buyer willing seller" approach. The GRN has always paid market rates of compensation determined by the courts. The pace of land reform has hardly accelerated since 2005. By the end of 2013, arguably only three farms had been appropriated. Importantly, the constitution makes pragmatic provision for different types of economic activity and a "mixed economy" (Article 98), accepts the importance of foreign investment (Article 99), and enshrines the principle that the ownership of natural resources is vested in the Namibian state (Article 100). Section 11 of the Foreign Investment Act reiterates the commitment to market compensation in the case of expropriation in terms of Article 16 of the Constitution. Holders of a Certificate of Status Investment must be compensated in foreign currency and can opt for international arbitration if any disputes arise.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

The Foreign Investment Act allows for the settlement of disputes by international arbitration for investors that have obtained a Certificate of Status Investment (CSI) that includes a provision for international arbitration. The Act stipulates that arbitration "shall be in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law in force at the time when the Certificate was issued" unless the CSI stipulated another form of dispute resolution.

There is no domestic arbitration body in Namibia. Investors without a CSI that encounter a dispute have to address their dispute in the Namibian courts or in the court system which has jurisdiction according to the investor's contract. The Namibian court system is independent and is largely perceived to be free from government interference. Namibia's legal system, based on Roman Dutch law, is similar to South Africa's legal system. The system provides effective means to enforce property and contractual rights, but the speed of justice is generally very slow.

Bankruptcy

The Companies Act of 1973, amended in 2004, governs company and corporate liquidations while the Insolvency Act 12 of 1936, as amended by the Insolvency Amendment Act of 2005, governs insolvent individuals and their estates. The Insolvency Act details sequestration procedures and the rights of creditors. Through the law, all debtors (whether foreign or domestic) may file for both liquidation and reorganization, and a creditor may file for both liquidation and reorganization.

Investment Disputes

As the "one-stop-shop" for investors, the Namibia Investment Centre (NIC) should be the body that first learns of an investment dispute between a foreign investor and a domestic enterprise. The NIC has not yet received a report of an investment dispute. Investment disputes can be handled by the courts.

International Arbitration

Namibia signed but has not ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States.

ICSID Convention and New York Convention

Not applicable.

Duration of Dispute Resolution

Dispute resolutions in Namibian courts routinely take multiple years.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Namibia does not impose performance requirements on foreign investors as a condition for establishing, maintaining or expanding investments. The requirements in place are mostly imposed as a condition to access tax and investment incentives. For example, to benefit from incentives in a planned export processing zone, investors are required to export a certain percentage of finished products. There is no legal requirement for investors to purchase from local sources. However, for certain industries, there are local content requirements to exempt final products from duties under the Southern African Customs Union (SACU).

Investment Incentives

Incentives are mainly aimed at stimulating manufacturing, attracting foreign investment to Namibia and promoting exports. To take advantage of the incentives, companies must be registered with the Ministry of Industrialization, Trade and SME Development and the Ministry of Finance. Tax and non-tax incentives are accessible to both existing and new manufacturers. The Ministry of Industrialization has produced a brochure on Special Incentives for Manufacturers and Exporters which is available from the Namibia Investment Centre (NIC).

Namibia has an Export Processing Zone (EPZ) regime that offers favorable conditions for companies wishing to manufacture and export products for regional and international. By the end of 2013, there were some 20 EPZ companies in operation, most of which were closely linked to minerals beneficiation, including Namzinc (which produces Special High Grade zinc at Skorpion zinc mine), Namibia Custom Smelters (which produces blister copper from imported copper concentrates) and a variety of diamond cutting and polishing operations (which cut and polish locally and internationally sourced rough diamonds).

Research and Development

Foreign firms are able to participate in government financed or subsidized research and development programs. The government is increasingly insisting that foreign firms work in joint ventures with Namibian owned companies and have large percentage of Namibian employees.

Performance Requirements

The government actively encourages partnerships with historically disadvantaged Namibians. Although the government does not have a codified Black Economic Empowerment (BEE) program, the Ministry of Labor and Social Welfare's Equity Commission requires all firms to develop an affirmative action plan for management positions and to report annually on its implementation. Namibia's Affirmative Action Act strives to create equal employment opportunities, improve conditions for the historically disadvantaged, and eliminate discrimination. The commission facilitates training programs, provides technical and other assistance, and offers expert advice, information, and guidance on implementing affirmative action in the work place.

In certain industries the government has employed techniques to increase Namibian participation. In the fishing sector, companies pay lower quota fees if they operate Namibian-flagged vessels based in Namibia with crews that are predominantly Namibian. The Ministry of Mines and Energy has made clear that mining companies must "indicate and show commitment to empower previously disadvantaged Namibians" in their applications for exploration and mining licenses.

The lengthy and administratively burdensome process of obtaining work permits is among investors' greatest complaints in Namibia. Although the government cites the country's high unemployment rate as its motivation for a strict policy on work permits, Namibia does not yet have the available skills capacity to fill many of the jobs that foreigners currently hold.

Data Storage

The GRN does not have "forced localization" requirements for data storage. Domestic content is encouraged. State owned enterprises are including local ownership/participation requirements in procurement actions.

6. Right to Private Ownership and Establishment

The Namibian constitution guarantees all persons the right to acquire, own and dispose of all forms of property throughout Namibia, but also allows parliament to make laws concerning expropriation of property (see Expropriation and Compensation Section) and to regulate the right of foreign nationals to own or buy property in Namibia. There are no restrictions on the establishment of private businesses, size of investment, sources of funds, marketing of products, source of technology, or training in Namibia.

7. Protection of Property Rights

Real Property

All deeds of sales are registered with the Deeds Office. Property is usually purchased through real estate agents and most banks provide credit through mortgages. The Namibian constitution prohibits expropriation without just compensation.

Intellectual Property Rights

Namibia is a party to the World Intellectual Property Organization (WIPO) Convention, the Berne Convention for the Protection of Literary and Artistic Works, and the Paris Convention for the Protection of Industrial Property. Namibia is also a party to the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks and the Patent Cooperation Treaty. Namibia is a signatory to the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty.

The responsibility for IPR protection is divided among three government ministries. The Ministry of Industrialization, Trade and SME Development oversees industrial property and is responsible for the registration of companies, private corporations, patents, trademarks, and designs through its Business and Intellectual Property Authority (BIPA). The Ministry of Information and Communication Technology manages copyright protection, while the Ministry of Environment and Tourism protects indigenous plant varieties and any associated traditional knowledge of these plants.

Two copyright organizations, the Namibian Society of Composers and Authors of Music (NASCAM) and the Namibian Reproduction Rights Organization (NAMRRO), are the driving forces behind the government’s anti-piracy campaigns. NASCAM administers intellectual property rights for authors, composers and publishers of music. NAMRRO protects all other intellectual property rights including literary, artistic, broadcasting, satellite, traditional knowledge and folklore.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO’s country profiles at http://www.wipo.int/directory/en.

Resources for Rights Holders

Contact at the U.S. Embassy Windhoek:

Ivan Rios
Economic / Commercial Officer
14 Lossen Street, Windhoek, Namibia
+264-61-295-8500
Econ_Comm_Windhoek@state.gov

A list of local lawyers can be found at:
http://windhoek.usembassy.gov/doctors_and_lawyers.html

8. Transparency of the Regulatory System

The Competition Act of 2003 establishes the legal framework to "safeguard and promote competition in the Namibian market." The government, through the Competition Act, has designed a legal and regulatory framework that attempts to safeguard competition while boosting the prospects for Namibian businesses as well as recognizing the role of foreign investment. The act is intended to promote:

- The efficiency, adaptability and development of the Namibian economy;
- Competitive prices and product choices for customers;
- Employment and advancement of the social and economic welfare of Namibians;
- Expanded opportunities for Namibian participation in world markets;
- Participation of small enterprises in the economy by ensuring a level playing field; and
- Greater enterprise ownership particularly among the historically disadvantaged.

The act established the Namibia Competition Commission (NaCC), which was officially launched in December 2009. The NaCC has the mandate to review any potential mergers and acquisitions that might limit the competitive landscape or adversely impact the Namibian economy. The Minister of Industrialization, Trade, and SME development is the final arbiter on merger decisions and may accept or reject a NaCC decision. Any investor can file an appeal with the ministry, though no formal process for doing so has been established.

Draft bills and proposed legislation are normally not available for public comment. Bills are customarily drafted within the relevant ministry without consulting stakeholders or the public and then presented to the parliament for debate.

9. Efficient Capital Markets and Portfolio Investment

There is a free flow of financial resources within Namibia and throughout the Common Monetary Area (CMA) countries of the South African Customs Union (SACU), which include Namibia, Botswana, Swaziland, South Africa and Lesotho. Capital flows with the rest of the world are relatively free, subject to the South African currency exchange rate. The Namibia Financial Institutions Supervisory Authority (NAMFISA) registers portfolio managers and supervises the actions of the Namibian Stock Exchange (NSX) and other non-banking financial institutions.

Although the NSX is the second-largest stock exchange in Africa, this ranking is largely because many South African firms listed on the Johannesburg exchange are also listed (dual listed) on the NSX. The government has introduced investment incentives to attract mutual funds and foreign portfolio investors that have energized emerging stock markets elsewhere in the developing world. By law, Namibia's government pension fund and other Namibian funds are required to allocate a certain percentage of their holdings to Namibian investments. Namibia has a worldclass banking system that offers all the services needed by a large company. Foreign investors are able to get credit on local market terms.

There are no laws or practices by private firms in Namibia enabling incorporations to prohibit foreign investment, participation or control; nor are there any laws or practices by private firms or government precluding foreign participation in industry standards-setting consortia.

Money and Banking System, Hostile Takeovers

Namibia has a highly sophisticated and developed commercial banking sector that is comparable with the best in Africa. There are four commercial banks, Standard Bank, Nedbank Namibia, Bank Windhoek, and FNB Namibia; one micro-finance bank (Trustco - formerly known as FIDES Bank); and one branchless bank (E-Bank). Bank Windhoek is the only locally-owned bank; the others are subsidiaries of South African institutions. A significant proportion of bank loans come in the form of bonds or mortgages to individuals. There is little or no investment banking activity.

Namibia's central bank, the Bank of Namibia, regulates the banking sector.

There are no restrictions on foreigners to open bank accounts. However, a non-resident must open a "non-resident" account at a Namibian commercial bank to facilitate loan repayments. This account would normally be funded from abroad or from rentals received on the property purchased, subject to the bank holding the account being provided with a copy of any rental. Non-residents who are in possession of a valid Namibian work permit/permanent residency are considered to be residents for the duration of their work permit and are therefore not subject to borrowing restrictions placed on non-residents without the necessary permits.

10. Competition from State-Owned Enterprises

While Namibian companies are generally open to foreign investment, government-owned enterprises have to date generally been closed to all investors (Namibian and foreign), with the exception of joint ventures discussed below. State Owned Enterprises (SOEs, also known as parastatals) include a wide variety of commercial companies, financial institutions, regulatory bodies, educational institutions, boards and agencies. Generally, employment at SOEs is highly sought after because their remuneration packages are not bound by public service constraints. Parastatals provide most of the essential services such as telecommunications, transport, water and electricity. The following are the most prominent SOEs:

Air Namibia (Air carrier)
Namibia Airports Company (Airport management company)
Namibia Wildlife Resorts (Tourism)
Namport (Maritime Port Authority)
Nampost (Postal and courier services)
Namwater (Water sanitation and provisioning)
Roads Contractor Company
Telecom Namibia (primarily fixed-line) and MTC (mobile communications)
TransNamib (Rail company)

NamPower (Energy generation and transmission)
Namcor (National Petroleum Company)
Epangelo (Mining)

The government owns numerous other enterprises, from media ventures to a fishing company. In December 2009, the Minister of Mines and Energy inaugurated Epangelo Mining, a wholly government-owned mining company that owns 7 to 10 percent of each extractive industry operation established since 2009 through new investments or mergers and acquisitions. Parastatals own assets worth approximately 40% of GDP and most receive subsidies from government. In certain industries, SOEs have been perennially unprofitable and have only managed to stay solvent because of government subsidies. In industries where private companies compete with SOEs (e.g., tourism and fishing), SOEs are sometimes perceived to receive favorable concessions from the government. Foreign investors have participated in joint ventures with the government in a number of sectors, including mobile telecommunications and mining.

OECD Guidelines on Corporate Governance of SOEs

Namibia does not follow the OECD guidelines on governance of SOEs. The 2006 State Owned Enterprises Governance Act, which has yet to be fully implemented, requires each SOE to submit an annual business and financial report to its portfolio minister at least three months prior to the beginning of each financial year (Namibia's financial year is from April 1 through March 31). With important exceptions, few SOEs have consistently provided such annual reports. In 2015, the President created a new Ministry of Public Enterprises with the mission to improve the management and performance of SOEs.

While disputes with SOEs are generally difficult to resolve, in some cases individuals have been successful in taking SOEs to court. The majority of those cases were labor disputes brought from employees or former employees.

Sovereign Wealth Funds

Namibia does not have a Sovereign Wealth Fund (SWF). The Government Institution Pension Fund (GIPF) provides retirement and benefits for employees in the service of the Namibian government as well as institutions established by an act of the Namibian parliament. According to the GIPF, it represents 61% of the Namibian retirement fund industry.

11. Corporate Social Responsibility

Most large firms, including SOEs, have well defined (and publicized) social responsibility programs that provide assistance in areas such as education, health, environmental management, sports, and small and medium enterprise (SME) development. Many firms include their Black Economic Empowerment (BEE) programs within their larger Corporate Social Responsibility (CSR) programs. Firms operating in the mining sector – Namibia's most important industry – generally have visible CSR programs that focus on education, community resource management and environmental sustainability, health, and BEE. Many Namibian firms have HIV/AIDS workplace programs to educate their employees about how to prevent contracting and spreading the virus/disease. Some firms also provide anti-retroviral treatment programs beyond what may be covered through government and private insurance systems.

OECD Guidelines for Multinational Enterprises

The Namibian government encourages foreign and local enterprises to follow generally accepted CSR principles such as the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

12. Political Violence

Namibia is a stable multiparty and multiracial democracy. The protection of human rights is enshrined in the Namibian constitution, and the government generally respects those rights. Political violence is rare and damage to commercial projects and/or installations as a result of political violence is considered unlikely. The State Department's Human Rights report for Namibia provides additional information.

13. Corruption

The Namibian government passed the Anti-Corruption Act in May 2003, appointed the director and deputy director of the resulting Anti-Corruption Commission (ACC) in October 2005, and launched the opening of the office in 2006. The ACC attempts to complement civil society's anti-corruption programs and support existing institutions such as the Ombudsman's Office and the Attorney General. Anti-corruption legislation is in place to combat public corruption. In a nationwide survey commissioned by the ACC and released in December 2011, corruption was listed at the second-most important development challenge facing Namibia (12.8 percent, after unemployment at 39.6 percent). Over half (54 percent) of survey respondents rated corruption as "very high", although relatively few professed a personal experience with corruption.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Namibia has signed and ratified the UN Convention against Corruption and the African Union's African Convention on Preventing and Combating Corruption. Namibia has signed the Southern African Development Community's Protocol against Corruption.

Resources to Report Corruption

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anticorruption@accnamibia.org

14. Bilateral Investment Agreements

Namibia has ratified Reciprocal Promotion and Protection of Investment Agreements (RIPPA) with Switzerland, Malaysia, France, Germany, the Netherlands, Cuba, Finland, Spain, Austria, Angola, Vietnam and Italy. China and the Russian Federation have signed investment agreements with Namibia, but the agreements have yet to be ratified. There is no bilateral investment agreement between the United States and Namibia. In 2008, SACU (of which Namibia is a member) signed a Trade, Investment and Development Cooperation Agreement (TIDCA) with the United States.

Bilateral Taxation Treaties

There is no bilateral taxation treaty between Namibia and the U.S.

15. OPIC and Other Investment Insurance Programs

The United States Government has had an Investment Incentive Agreement with the Government of the Republic of Namibia since 1990. Under the agreement, the Overseas Private Investment Corporation (OPIC) is the USG entity that provides political risk insurance and credit facilities to qualified U.S. investors in Namibia. Namibia is also a member of the World Bank’s Multilateral Investment Guarantee Agency (MIGA).

16. Labor

The Namibian constitution allows for the formation of independent trade unions to protect workers’ rights and to promote sound labor relations and fair employment practices, however, the labor law prohibits workers in “essential services” from joining unions and does not specifically provide for the right of trade unions or federations of trade unions to establish or join confederations. Although the law provides for the right to conduct legal strikes, and the right to bargain collectively, there are several provisions that limit or restrict these rights. Certain sectors such as certain civil service and public service employees, armed forces, and police are excluded from collective bargaining. Legal strike actions may occur only after a period of 30 days have lapsed from the date the dispute was referred to conciliation, a further 48 hours' notice have been given, and the conciliator has determined the dispute cannot be resolved by conciliation. The law only allows strike actions related to disputes of interest. Economic and social issues, political, and sympathy strikes are prohibited.

Namibia has ratified all of the International Labor Organization’s fundamental conventions. Businesses operating within export processing zones are required to adhere to the Labor Act.

The 2007 Labor Act, which entered into force in November 2008, contained a provision that prohibited the hiring of temporary or contract workers (“labor hire”), but the provision was ruled unconstitutional by the Supreme Court. The Labor Amendment Act of 2012 introduced strict regulations with respect to the use of temporary workers, according to which temporary workers must generally receive equal compensation and benefits as non-temporary workers.

Child labor in Namibia takes place mainly in agriculture on communal farms. Livestock herding is conducted by primarily by boys. Cattle are included on the U.S. government's List of Goods Produced by Child Labor or Forced Labor. Although Namibia has ratified all key international convention concerning child labor, there continue to be gaps in Namibia's legal framework.

There is a shortage of specialized skilled labor in Namibia. Employers often cite labor productivity and the shortage of skilled labor as one of the biggest obstacles to business growth. The 2013-14 Global Competitiveness Report ranked Namibia 90th out of 148 economies. The report identifies deficiencies in the Namibian health and education sectors as significant factors affecting competitiveness.

The government offers manufacturing companies special tax deductions of up to 25 percent if they provide technical training to employees. The government will also reimburse companies for costs directly related to employee training under approved conditions.

As of April 1, 2014, the Namibian government implemented a Vocational Education and Training (VET) levy to facilitate and encourage vocational education and training. The levy, which is payable to the Namibia Training Authority (NTA), is imposed on every employer with an annual payroll of at least NAD 1,000,000 (approximately USD 100,000), at the rate of 1% of the employer's total annual payroll. The NTA will collect and administer the levy and will use the funds to provide financial and technical assistance to employers, vocational training providers, employees, students, and other bodies to promote vocational education and training.

17. Foreign Trade Zones/Free Ports/Trade Facilitation

Companies with Export Processing Zone (EPZ) status can set up operations anywhere in Namibia. There are no restrictions on the industrial sector provided that the exports are destined for markets outside the SACU region, earn foreign exchange, and employ Namibians. EPZ benefits include no corporate tax, no import duties on the importation of capital equipment or raw materials, and no VAT, sales tax, stamp or transfer duties on goods and services required for EPZ activities. Non-residents operating in an EPZ may hold foreign currency accounts in local banks. The government also provides grants to EPZ companies for training programs to improve Namibian workers' skills and productivity.

The Offshore Development Company (ODC) administers the country's EPZ regime. Further information available at: http://www.mti.gov.na/odc.html. Information on Namibia's Port of Walvis Bay EPZ, managed by the Walvis Bay EPZ Management Company, is available at http://www.wbepzmc.iway.na

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		**USG or international statistical source**		**USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other**
Economic Data	**Year**	**Amount**	**Year**	**Amount**	
Host Country Gross Domestic Product (GDP) ($M USD)	2013	13,110	2012	12,400	www.worldbank.org/en/country

Foreign Direct Investment	**Host Country Statistical source***		**USG or international statistical source**		**USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other**
U.S. FDI in partner country ($M USD, stock positions)	N/A	N/A	2013	8	http://bea.gov/international/factsheet/factsheet.cfm?Area=437
Host country's FDI in the United States ($M USD, stock positions)	N/A	N/A	2013	-9	http://bea.gov/international/factsheet/factsheet.cfm?Area=437
Total inbound stock of FDI as % host GDP	2013	N/A	2013	35%*	UNCTAD

*UNCTAD, International Monetary Fund, International Financial Statistics and Balance of Payments databases, World Bank, International Debt Statistics, and World Bank and OECD GDP estimates, and Bank of Namibia Annual Report 2013.

Table 3: Sources and Destination of FDI

There is very limited data available for Namibia. The main countries with FDI in Namibia are South Africa and China. The main destination of Namibian FDI is South Africa. Namibian FDI figures for 2013, the latest year available, show that the country had around USD 699 million in total inward direct investment, and USD -8 million total outward direct investment.

Information Source: UNCTAD, Bank of Namibia Annual Report 2013.

Table 4: Sources of Portfolio Investment

Limited data is available for Namibia from the Bank of Namibia Annual Report 2013. In 2013, Namibia had USD 467 million in total portfolio investment assets, with USD 187 million in equity securities, and USD 270 million in total debt securities.

19. Contact for More Information

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