Namibia

RISK & COMPLIANCE REPORT

DATE: January 2017

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Executive Summary - Namibia	
Sanctions:	None
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	Non - Compliance with FATF 40 + 9 Recommendations Not on EU White list equivalent jurisdictions
Medium Risk Areas:	Corruption Index (Transparency International & W.G.I.) Weakness in Government Legislation to combat Money Laundering World Governance Indicators (Average Score) Failed States Index (Political Issues)(Average Score)

Major Investment Areas:

Agriculture - products:

millet, sorghum, peanuts, grapes; livestock; fish

Industries:

meatpacking, fish processing, dairy products, pasta and beverages; mining (diamonds, lead, zinc, tin, silver, tungsten, uranium, copper)

Exports - commodities:

diamonds, copper, gold, zinc, lead, uranium; cattle, processed fish, karakul skins

Imports - commodities:

foodstuffs; petroleum products and fuel, machinery and equipment, chemicals

Investment Restrictions:

The Government of the Republic of Namibia (GRN) is committed to stimulating economic growth and employment through attracting foreign investment.

The government requires local participation before issuing licenses to exploit natural resources and has implemented additional restrictions in the case of certain “strategic minerals”.

In 2011, the Namibian government declared uranium, diamonds, gold, copper, and rare earth metals to be strategic minerals.

No foreign national is allowed to acquire agricultural land without the prior consent of the Minister of Lands.

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Section 1 - Background

South Africa occupied the German colony of South-West Africa during World War I and administered it as a mandate until after World War II, when it annexed the territory. In 1966 the Marxist South-West Africa People's Organization (SWAPO) guerrilla group launched a war of independence for the area that became Namibia, but it was not until 1988 that South Africa agreed to end its administration in accordance with a UN peace plan for the entire region. Namibia has been governed by SWAPO since the country won independence in 1990. Hifikepunye POHAMBA was elected president in November 2004 in a landslide victory replacing Sam NUJOMA who led the country during its first 14 years of self rule. POHAMBA was reelected in November 2009.

Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Namibia is no longer on the FATF List of Countries that have been identified as having strategic AML deficiencies

Latest FATF Statement - 25 February 2015

The FATF welcomes Namibia's significant progress in improving its AML/CFT regime and notes that Namibia has established the legal and regulatory framework to meet its commitments in its action plan regarding the strategic deficiencies that the FATF had identified in June 2011. Namibia is therefore no longer subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. Namibia will work with ESAAMLG as it continues to address the full range of AML/CFT issues identified in its mutual evaluation report.

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Namibia was undertaken by the Financial Action Task Force (FATF) in 2009. According to that Evaluation, Namibia was deemed Compliant for 2 and Largely Compliant for 5 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for all 6 of the Core Recommendations.

US Department of State Money Laundering assessment (INCSR)

Namibia was deemed a 'Monitored' Jurisdiction by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

Namibia is not a regional financial center, although it has one of the most highly developed financial systems in Africa. Both regional and domestic criminal activities give rise to proceeds that are laundered in Namibia. Falsification or misuse of identity documents, customs violations, trafficking of precious metals and gems, and trafficking in wildlife, illegal drugs, and stolen vehicles, mostly from South Africa, are regional problems that affect the level of money laundering in Namibia. Organized criminal groups involved in smuggling activities generally use Namibia as a transit point. Domestically, real estate as well as minerals and gems are suspected of being used as vehicles for money laundering. Namibian authorities believe the proceeds of criminal activities are laundered through Namibian financial institutions, but on a small scale.

The Namibian government has set up Export Processing Zones (EPZs). Companies with EPZ status can set up operations anywhere in Namibia. There are no restrictions on the industrial sector provided the exports are destined for markets outside the South Africa Customs Union 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 value added tax, sales tax, or stamp or transfer duties on goods and services required for EPZ activities. There is at least one EPZ at the port of Walvis Bay. The Offshore Development Company (ODC) administers the EPZ regime. The ODC develops and leases multi-purpose industrial parks in four locations where companies can establish operations, including as EPZs.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:
"All serious crimes" approach or "list" approach to predicate crimes: All serious crimes
Are legal persons covered: criminally: YES civilly: YES

KNOW-YOUR-CUSTOMER (KYC) RULES:
Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: YES
KYC covered entities: Banks and microfinance entities; pension funds, asset managers, and trust companies; casinos and gaming institutions; exchange houses, stock brokerages, and cash couriers; dealers in jewels and precious metals; insurance companies; pawn shops and dealers in high-value art and vehicles; realtors and auctioneers, to include livestock and real estate; lawyers, accountants, and notaries

REPORTING REQUIREMENTS:
Number of STRs received and time frame: 515 in 2015
Number of CTRs received and time frame: Not available
STR covered entities: Banks and microfinance entities; pension funds, asset managers, and trust companies; exchange houses, stock brokerages, and cash couriers; casinos; dealers in jewels and precious metals; insurance companies; pawn shops and dealers in high-value art and vehicles; realtors and auctioneers, to include livestock and real estate; lawyers, accountants, and notaries

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:
Prosecutions: Not available
Convictions: Not available

RECORDS EXCHANGE MECHANISM:
With U.S.: MLAT: NO Other mechanism: YES
With other governments/jurisdictions: YES

Namibia is a member of the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), a FATF-style regional body.

ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:

The Government of Namibia has taken steps to implement its AML/CFT National Strategy. The Financial Intelligence Centre (FIC), Namibia's financial intelligence unit, has AML/CFT regulatory responsibilities.

In 2014 the FIC issued nine intervention orders restricting the movement of $N8.7 million (approximately $564,000) while relevant authorities determined the legitimacy of the funds and whether additional legal actions were in order. There is no information on whether those determinations have been completed or whether they resulted in any prosecutions.

On January 28, 2015, the Namibian government published regulations under the Financial Intelligence Act of 2012 that set cash transaction reporting requirements. Section 23 of the regulations sets reporting thresholds of N$24,999.99 (approximately $1,620) for casinos and N$99,999.99 (approximately $6,485) for any other business or institution. Section 31 of the regulations also requires declaration of the cross-border movement of cash and negotiable instruments, but Namibia has yet to establish a reporting threshold or implement this area of its law. Section 32 of the regulations requires the reporting of all electronic transfers, irrespective of amount, to, from, and within Namibia.

Namibia should continue implementing its legislation and ensure sufficient resources and training are provided to supervisory, analytical, investigative, prosecutorial, and judicial entities. The informal banking and trading sectors need additional focus. The government also should continue its efforts to improve control of Namibia's long and porous borders. Statistics on the numbers of prosecutions and convictions, as well as the number of currency transaction reports (CTRs) received, should be made available as they reflect the effectiveness of a country's AML/CFT regime.

Current Weaknesses in Government Legislation (INCRS Comparative Tables):

According to the US State Department, Namibia does not conform with regard to the following government legislation: -

Record Large Transactions - By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.

Arrangements for Asset Sharing - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

International Transportation of Currency - By law or regulation, the jurisdiction, in cooperation with banks, controls or monitors the flow of currency and monetary

Ability to freeze assets without delay - The government has an independent national system and mechanism for freezing terrorist assets in a timely manner (including but not limited to bank accounts, other financial assets, airplanes, autos, residences, and/or other property belonging to terrorists or terrorist organizations)

EU White list of Equivalent Jurisdictions

Namibia is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

To view historic Governance Indicators Ctrl + Click here and then select country

Failed States Index

To view Failed States Index Ctrl + Click here

Offshore Financial Centre

Namibia is not considered to be an Offshore Financial Centre

Reports

US State Dept Narcotics Report 2013 (introduction):

No report available

US State Dept Trafficking in Persons Report 2014 (introduction):

Namibia is classified a Tier 2 (watch list) country - a country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Namibia is predominantly a country of origin and destination for children and, to a lesser extent, women subjected to forced labor and sex trafficking. Some victims are initially offered legitimate work for adequate wages, but eventually experience forced labor in urban centers and on commercial farms. Traffickers exploit Namibian children within the country in forced labor in agriculture, cattle herding, and domestic service, as well as prostitution in Windhoek and Walvis Bay. Foreign nationals from southern Africa and Europe are among the clientele of children in prostitution. Namibians commonly house and care for children of distant relatives in order to provide expanded educational opportunities; however, in some instances, these children are exploited by their relatives in forced labor. Among Namibia's ethnic groups, San girls are particularly vulnerable to forced labor on farms or in homes, and to a lesser extent, are exploited in prostitution. Children from Angola, Zambia, and Zimbabwe are subjected to prostitution, forced labor in the fishing sector, or forced labor in organized street vending in Windhoek and other cities. In particular, Angolan children may be brought to Namibia for forced labor in cattle herding or forced to sell drugs. During the year, there were reports of Angolan women in forced prostitution in Namibia and a Namibian national was identified as a trafficking victim in South Africa. There were reports of exploitative labor—perhaps including forced labor—involving foreign adults and Namibian adults and children in Chinese-owned retail, construction, and fishing operations.

The Government of Namibia does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. The government has not shown evidence of increasing efforts to address human trafficking compared to the previous year; therefore, Namibia is placed on Tier 2 Watch List for a third consecutive year. Namibia was granted a waiver from an otherwise required downgrade to Tier 3 because its government has a written plan that, if implemented, would constitute making significant efforts to bring itself into compliance with the minimum standards for the elimination of trafficking and it has committed to devoting sufficient resources to implement that plan. In 2013, the government investigated four suspected trafficking cases, continued prosecution of two suspected sex trafficking offenders initiated in the previous reporting period, and developed an initial draft of anti-trafficking legislation. Officials discovered 14 potential victims, provided shelter for two, and provided financial assistance to an NGO that assisted two others. The government, however, failed to initiate any new prosecutions during the year and has never convicted a trafficking offender. Some Namibian officials continued to demonstrate a reluctance to acknowledge trafficking and incorrectly insist that transnational movement is a defining element of trafficking crimes. The government failed to fully institute formal victim identification and referral processes, leading to the possible penalization and deportation of potential victims in 2013. In addition, despite its efforts to renovate buildings and designate places of safety in each province for victims of gender-based violence, including trafficking, the government left such facilities understaffed and under capacitated to fulfill their intended mission. Lack of effective inter-ministerial coordination in the development and implementation of anti-trafficking programming remained a key concern.

US State Dept Terrorism Report

No report available

International Sanctions

None applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	52
World Governance Indicator – Control of Corruption	65

US State Department

Transparency International's 2013 Corruption Perception Index ranked Namibia 57 out of 177 countries, tied with the Czech Republic, Croatia, and Bahrain and ahead of neighbors including Angola, South Africa, Swaziland, Zambia, and Zimbabwe. There are no international or regional "watchdog" organizations operating in the country.

The Namibian Government passed the Anti-Corruption Act in May 2003 and the Anti-Corruption Commission came into existence in 2006. The Commission complements civil society's anti-corruption programs, supports existing institutions such as the Ombudsman's Office and Attorney General, and has the authority to investigate allegations of corrupt practices. 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. Over half (54 percent) of survey respondents rated corruption as "very high", although relatively few said that they had had a personal experience with corruption.

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.

Corruption and Government Transparency - Report by Global Security

Political Climate

Namibia is often highlighted as an example of successful democratisation and corruption control on a continent infamous for its fragile political climate. The clear division of powers between the executive, legislative and judicial branches is yet another sign of a functional state with an independent judicial system that can uphold citizens' rights. Despite the positive developments, politics in Namibia suffers from a range of deficiencies that hamper accountability and transparency. For instance, Namibian law does require that politicians disclose their assets, yet these have only been disclosed twice since independence, in 2003 and 2009, furthermore politicians are not restricted from entering the private sector after leaving the government. Likewise, no law obliges political parties to account for their use of the public funding they receive annually. According to several observers, the dominance of the South West Africa People's Organization (SWAPO), initially formed as an independence movement against South African rule in the 1960s, poses a threat to Parliament's role in exerting checks and balances on the government. SWAPO has enjoyed massive popular support and continued to prove its dominance by receiving more than 75% of the vote in the November 2009 presidential and parliamentary elections, while the opposition has remained fragmented and weak. Hifikepunye Pohamba, who succeeded Sam Nujoma as President in 2004, was re-elected in the 2009 presidential elections with the majority of the vote.

Namibia is often described as a patronage state by sources, with power and resources distributed along channels of ethnicity, family, friends and political allies spreading out from the President's Office. The New York Times reported in a November 2009 article that Namibian newspapers revealed how the Chinese government had awarded scholarships to the children of Namibian top officials, including the daughter of the President as well as children of the ministers of Defence, Home Affairs and Immigration and Mines and Energy. Critics see the grants as a Chinese attempt to buy influence with the political elite to gain access to mineral resources and favourable business contracts. Holders of high offices and their family members have been involved in cases of grand corruption, often in relation to public procurement and extractive industry. The legislative and institutional framework to combat corruption is largely in place, and is supported by the media, which functions as an important control mechanism in Namibia. Nevertheless, corruption remains a problem at the political and higher administrative levels as well as in parastatal organisations. President Pohamba launched a zero tolerance for corruption campaign in 2006 and installed the officers of the Anti-Corruption Commission (ACC), which is answerable only to the National Assembly and can recommend cases to the prosecutor-general. However, the country lacks a national anti-corruption strategy, and, according to a July 2010 article by AllAfrica, political leadership in the fight against corruption had been limited to the President's speeches and among the elected political representatives at executive and legislative levels there is insufficient political will to tackle corruption. To add assault to injury, a 2011 study released by the World Bank reports that government corruption in Namibia has become a problem even bigger than organised crime and fraud, and embezzlement of public funds and misuse of public money have increased dramatically in recent years. For instance, the Government Institutions Pension Fund (GIPF) is being investigated by the Namibia Financial Institutions Supervisory Authority and the Auditor General for corruption. According to the report, about NAD 600 million were distributed to 21 Namibian companies in the form of loans through the Development Capital Portfolio (DCP) scheme between the years 1994 and 2006. These companies failed to pay back the money and the GIPF wrote off the loans as bad debt. According to a February 2011 article by The Namibian, a member of the SWAPO had promised to make the full forensic audit into the DCP public once those responsible for losing millions of Namibian dollars through irregular investment were identified and charged. Moreover, as reported in a 2012 article by the Namibia Economist, there has been a sharp increase in the number of activities related to money laundering and terrorism financing in the country in recent years. According to the article, the Financial Intelligence Centre reports that in 2011, 148 suspicious transaction reports were received, while in 2010 only 88 were received, representing a 68% increase in reported suspicious activities.

According to the aforementioned World Bank report, observers perceive the main reasons behind corruption in Namibia to be the influential role of one party as well as the unclear distinction between corrupt and unethical or abusive activity. Nevertheless, opinions differ on how efficient the fight against corruption in Namibia is. According to Afrobarometer 2008, 54% of households perceive the current government fights corruption 'fairly well' or 'very well', whereas 41% think the government does a 'very bad' or 'fairly bad' job. Of the households surveyed, 46% think 'none' or 'some' of the government officials are involved in corruption while 49% think that 'most' or 'all' of them are involved in corruption. In addition, while 34% of households believed that it is 'somewhat' likely that the Anti-Corruption Commission (ACC) will be effective in reducing corruption in Namibia, 33% were more optimistic and believed that it is 'very' likely. According to a 2011 report released by the ACC, which reveals a list of the government offices, ministries and agencies perceived to be the most corrupt in Namibia, with the top three being the Ministry of Finance, the Ministry of Home Affairs and Immigration and the Ministry of Safety and Security, while the three least corrupt were the Office of the Auditor General, the Namibia Central Intelligence Service and the Office of the President. Respondents in the survey regard poverty and poor pay as some of the reasons behind corruption. Nevertheless, 55% of the respondents perceive that the ACC's current initiatives in fighting corruption to be effective and almost 25% of the respondents believe that the level of corruption in the country has decreased. However, Bertelsmann Foundation 2012 reports that despite repeatedly announced anti-corruption campaigns, political and bureaucratic corruption is a common practice in Namibia, the expectations placed on the ACC and the President Pohamba were too high in the previous years and could not be fulfilled. Furthermore, a neopatrimonial system allows for high-ranking government officials to privatise public benefits and use them for personal enrichment.

Business and Corruption

According to the US Department of State 2012, the government is committed to stimulating economic growth through attracting foreign investment. The country has considerable growth potential due to mineral wealth and its geographical position between two major economies of the region. The private sector is regarded as the principal source of economic production and as a catalyst for growth. However, despite the government's initiatives to spur growth, corruption continues to be one of the most problematic factors for doing business in Namibia, as pointed out in the World Economic Forum Global Competitiveness Report 2012-2013. The surveyed companies from the same report consider the occurrence of irregular payments and bribes in Namibia as fairly common. According to Bertelsmann Foundation 2012, there has been criticism that the investigations in major corruption deals in business-government relations are dragged out and tend to focus on lower-level officials. According to the same report, it is not unusual for government officials to privatise public benefits and use them for their personal gain. Furthermore, the existing close contacts between the government and the private sector give rise to suspicions of corruption. Indeed, the World Bank 2011 report notes that the relationship between the political elite and the business class has strengthened due to privatisation and that many Black Economic Empowerment (BEE) managers have become business tycoons and are influencing parliamentary decisions and lobbying for legislation that will ultimately secure their personal gain.

Also the World Bank & IFC Enterprise Surveys 2006 reveals that companies operating in Namibia encounter corruption and that they consider corruption to be an obstacle to their business operations: 10% of companies cite corruption as the primary obstacle for business activities, 19% of companies identify corruption as a major constraint and 11% report that they expect to make unofficial payments to 'get things done'. The survey also reveals that corruption primarily affects the operations of small and medium-sized companies. It is also reported that 7% of companies cite anti-competitive or informal practices as the main constraint to doing business in Namibia. A 2009 Executive Opinion Survey conducted by Old

Mutual Namibia and the Namibian Stock Exchange shows that corruption continues to constitute an obstacle to companies operating in Namibia. According to a 2010 article by The Namibian, 60% of the surveyed Namibian business executives perceive corruption as a 'serious problem', while 18% perceive it as a 'very serious problem' and 72% believe that corruption is increasing. Most of the respondents speak from experience as 43% reveal to have encountered corruption 'a few times' in 2009 while 11% have experienced it 'often'. The interface between government institutions and companies is hampered by corruption and companies face difficulties in getting access to government services unless they pay bribes to government officials, according to the Namibia Institute for Democracy Tackling Corruption 2007.

Actual Instances of Corruption 2008-2009 report by the Namibia Institute for Democracy also finds that abuse of office and embezzlement of funds are the two most frequent forms of corruption and that they are especially prevalent in private companies. However, according to the report, prevalence of corruption in the private sector during the time under review was lower compared to previous years and parastatals became the prime location for corruption in the country. In fact, according to the aforementioned World Bank report, investigations into cases of fraud and corruption have revealed the recurrence of a similar pattern; scammers make use of insider information and shell companies, collusion between insiders and outsiders, the use of family and social ties, weak management and weak internal and operational control. In fact, some of the same individuals have been detected in several cases of the same nature, which indicates a degree of specialisation in these schemes. Namibia's extractive industry attracts major foreign investments, and this offers huge opportunities for illegal enrichment for holders of high offices. Observers report that bribes are paid in return for the concessions and licences necessary to run companies in the extractive sector. The same World Bank report notes that high-level corruption can most commonly be detected in tendering, the irregular issuing of licences, procurement and investment schemes. The report also notes that kickbacks and non-declaration of conflict of interest is a common feature in corruption allegations. The Namibian economy is still characterised by a range of parastatals, although the government has continually stated its intention to continue its privatisation policy, of which the Bertelsmann Foundation 2012 characterises the implementation process as ineffectual and partly non-transparent. Many of these parastatals, such as Air Namibia, the Namibia Airports Authority, the Namibia Water Corporation, the Social Security Commission and TransNamib, are occasionally mentioned as sites of corrupt activities and mismanagement.

Regulatory Environment

The regulatory environment in Namibia is generally viewed as business-friendly and uncomplicated. However, the government aims at further clarifying and simplifying the procedures governing foreign investment in Namibia, as the current regulatory and incentives system has not attracted the desired level of foreign investments. Companies generally spend little time dealing with requirements of government regulation compared to both regional and world average figures. According to the World Bank & IFC Doing Business 2013, starting a company takes an average of 66 days and involves 10 procedures. Despite the Namibian government's commitment to creating a liberal regulatory regime, a policy that has made it into one of the least bureaucratic places to do business in the region, administrative procedures are still considerably more time-consuming, costly and complex than in OECD countries. According to the same report, Namibia performs well regarding the number of steps and days it takes for a company to obtain necessary licences to build a warehouse. However, it struggles with a complex, time-consuming and costly bureaucracy in the fields of registering property and trading across borders. Bertelsmann Foundation 2012 reports that Namibian administrative channels are long, and corruption is common without being excessive. Red tape is also singled out as an impediment to investment by the Namibian administration. Business executives surveyed in the World Economic Forum Global Competitiveness Report 2012-2013 give complying with administrative requirements (permits, regulations, reporting) a score of 3.4 on a 7-point scale (1 'extremely burdensome' and 7 'not burdensome at all'). Moreover, companies identify inefficient government bureaucracy as one of the three most problematic factors for doing business in Namibia.

In order to minimise the bureaucratic burden on foreign investors, the Government of Namibia has established an Investment Centre under the Ministry of Trade and Industry. The centre was established to act as a one-stop shop to assist foreign investors and is often investors' first point of contact in the country where companies can obtain advice on investment opportunities, incentives and procedures. In addition, the centre is tasked with assisting investors in minimising bureaucratic red tape by coordinating work with government ministries as well as various regulatory bodies. This has led the government to pass business-friendly legislation, and several observers assess the business climate in Namibia as attractive compared to some of its neighbours. Namibia has a range of tax and other fiscal incentives to attract foreign investors, but these have been introduced over a prolonged period of time, leaving Namibia with a somewhat complex set of investment incentives. Companies exporting at least 80% of their production outside the Southern African Customs Union (SACU) may apply for Export Processing Zone (EPZ) status, and there are also specific incentives for manufacturing and export-oriented production. The parastatal Offshore Development Company (ODC) is in charge of the EPZ programme, but has itself been at the epicentre of a major corruption scandal involving NAD millions. All information on EPZ incentives can be found at the website of the Ministry of Trade and Industry.

The government strongly supports Black Economic Empowerment (BEE) measures, which improves the opportunities for previously disadvantaged groups to establish themselves in the private sector. However, the government has so far failed to deliver a long-awaited policy on BEE. In the meantime, some companies have drafted their own BEE guidelines. Observers expect that it will become increasingly necessary for foreign investors to form partnerships with local BEE companies. In addition, the government's investment and development programmes focus on less developed regions. However, recent support to local BEE projects has reportedly failed due to fraud and mismanagement of funds. This has led some observers to argue that the BEE programme is in danger of benefiting only the black elite with ties to the ruling party. Investors are strongly recommended to develop, implement and strengthen integrity systems and to conduct extensive due diligence before committing funds and when already doing business in Namibia.

The protection of property rights is secured in the Constitution of Namibia 1990. Foreign investors can purchase and own land in Namibia, the only legal restriction being that of foreign ownership of agricultural farmland. However, foreign investors should note that land reform is a growing political issue. No expropriations have occurred to date without appropriate compensation. There is little government interference in the judicial system and it is generally reported that Namibian courts provide effective enforcement of property and contractual rights. The Foreign Investment Act 1990 also allows for settlement of commercial disputes by international arbitration for investors that have obtained a Certificate of Status Investment (CSI). Namibia has signed, but not yet ratified the International Centre for

Settlement of Investment Disputes (ICSID) Convention. The Professional Arbitration and Mediation Association of Namibia (PAMAN) has been established to function as the facilitating hub of arbitration in the labour, commercial and construction fields but there are currently few reports of its performance. Access the Lexadin World Law Guide for a collection of legislation in Namibia.

Section 3 - Economy

The economy is heavily dependent on the extraction and processing of minerals for export. Mining accounts for 11.5% of GDP, but provides more than 50% of foreign exchange earnings. Rich alluvial diamond deposits make Namibia a primary source for gem-quality diamonds. Marine diamond mining is becoming increasingly important as the terrestrial diamond supply has dwindled. Namibia is the world's fourth-largest producer of uranium. It also produces large quantities of zinc and is a small producer of gold and other minerals. The mining and quarrying sectors employs only about 1.8% of the population. Namibia normally imports about 50% of its cereal requirements; in drought years food shortages are a major problem in rural areas. A high per capita GDP, relative to the region, hides one of the world's most unequal income distributions, as shown by Namibia's 59.7 GINI coefficient. The Namibian economy is closely linked to South Africa with the Namibian dollar pegged one-to-one to the South African rand. Namibia receives 30%-40% of its revenues from the Southern African Customs Union (SACU). Volatility in the size of Namibia's annual SACU allotment complicates budget planning. Namibia's economy remains vulnerable to volatility in the price of uranium and other commodities. The rising cost of mining diamonds, increasingly from the sea, has reduced profit margins. Namibian authorities recognize these issues and have emphasized the need to increase higher value raw materials, manufacturing, and services, especially in the logistics and transportation sectors.

Agriculture - products:

millet, sorghum, peanuts, grapes; livestock; fish

Industries:

meatpacking, fish processing, dairy products, pasta and beverages; mining (diamonds, lead, zinc, tin, silver, tungsten, uranium, copper)

Exports - commodities:

diamonds, copper, gold, zinc, lead, uranium; cattle, processed fish, karakul skins

Imports - commodities:

foodstuffs; petroleum products and fuel, machinery and equipment, chemicals

Banking

The Bank of Namibia regulates commercial banks and the government regulates publicly owned banks. Commercial banks are part of the Common Monetary Area (CMA) governed by monetary policy set by the South African Reserve Bank. Automated Teller Machines (ATMs) and Internet banking are readily available in Windhoek and throughout major towns in Namibia. Cell phone banking is becoming more widespread and popular.

The banking system is modern and closely tied to the South African system. Three of the four local commercial banks are subsidiaries of South African banks. All local commercial banks handle international transactions and trade financing. Banking fees and charges are among the highest in the world.

Stock Exchange

Although the Namibian Stock Exchange is the second largest stock exchange in Africa, this distinction is largely because many South African firms listed on the Johannesburg exchange are also listed (dual listed) on the NSX. The government has also 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.

Section 4 - Investment Climate

Executive Summary

Political stability, good infrastructure, and modern banking and financial systems are some of the factors making Namibia an attractive destination for Foreign Direct Investment (FDI). Namibia itself is a small market with a population of about 2.3 million, but port, rail, and road connections to South Africa, Angola, Zambia, Botswana, and other countries in the region give access to a much larger market. The World Bank ranks Namibia as an upper middle income country, but the country has one of the largest levels of income inequality in the world.

Namibia ranked 98 of 189 countries in the World Bank's 2013 Ease of Doing Business report. The ranking has remained almost the same for the last few years. The need to do most bureaucratic transactions in person, plus the time it takes to process such transactions, and the slow pace of justice are some of the factors to consider before making investment decisions. There is corruption in Namibia, but Namibia scores better than most neighboring countries in terms of corruption perception, ranking the same as the Czech Republic, Croatia, and Bahrain.

The Government of the Republic of Namibia (GRN) is actively seeking foreign investors particularly in value-added job generating ventures in order to address unemployment and inequality. Investments opportunities exist in oil exploration, mining, logistics, agriculture, tourism, construction, retail, manufacturing, and many other sectors. The Namibia Investment Center (NIC) serves as Namibia's official investment promotion and facilitation office.

1. Openness To, and Restrictions Upon, Foreign Investment

The Government of the Republic of Namibia (GRN) is committed to stimulating economic growth and employment through foreign investment. The Foreign Investment Act of 1990 is the primary legislation that governs foreign direct investment in Namibia. The Ministry of Trade and Industry (MTI) is the governmental authority with primary responsibility for carrying out the provisions of the Foreign Investment Act.

The Foreign Investment Act calls for equal treatment of foreign investors and Namibian firms, including 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 Foreign Investment Act, the Ministry established the Namibia Investment Center (NIC). The NIC serves as Namibia's official investment promotion and facilitation office. It is often the first point of contact for potential investors. The NIC offers comprehensive services that range 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 NIC is responsible for screening all potential foreign investments. The NIC does not follow a formal review process, but it does evaluate the credibility of potential investors and their business presentations and gauges the potential economic benefit to the country primarily in terms of job creation. The NIC's decisions are forwarded to the Minister of Trade and Industry for final approval/rejection.

Competition Law

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

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 Trade and Industry is the final arbiter on merger decisions and may accept or reject a NaCC decision. Any investor can file an appeal with the MTI but there is no formal process. In 2010 the NaCC approved some mergers by foreign buyers and rejected the merger of two cement companies. In 2011, the authority of the Minister of Trade and Industry vis-à-vis that of the NaCC was one of the central questions addressed by the Namibian courts in the proposed merger between Walmart and South Africa's Massmart. In 2012, the Supreme Court ruled that the Minister of Trade and Industry had the authority to make the final decision on the merger. Following this ruling, the Minister approved the merger with conditions agreed to by both Walmart and Massmart.

Industrial Strategy

The Namibian government issued its industrial policy in 2012. Based on Vision 2030, the government's long-term strategic plan, the industrial policy outlines plans to revise the country's production structure and export policies and to increase the size of the small and medium enterprise (SME) sector. 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.

The Registrar of Companies in the Ministry of Trade and Industry is responsible for managing, regulating, and facilitating the formation of businesses. The Registrar's office encourages investors to seek professional advice from legal practitioners, auditors, accounting officers, or secretarial firms when registering their businesses. The Namibian Embassy in Washington provides a guide to registering a business which can be found at: http://www.namibianembassyusa.org/sites/default/files/documents/how_to_register_a_business_in_namibia.pdf Other laws that impact foreign investors include the 2004 Companies Act and the 1998 Close Corporation Act. These laws provide the legal framework for the establishment of business entities. The 2004 Companies Act entered into force on November 1, 2010.

Limits on Foreign Control

Foreigners must pay a 10% 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 Namibia Dollar (denoted as N$) is pegged one-to-one with the South African Rand.

Investment Trends

There are large Chinese foreign investments in Namibia, particularly in the uranium mining sector (over $3 billion since 2012). There are additional Chinese investments in textiles, and infrastructure sector. Australia is another important investor in the uranium mining sector. South Africa has considerable investments in the diamond mining, retail, and services industries while the United Kingdom has investment in gold, 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. There are U.S. investments in diamond processing, retail sales and services, among other sectors.

TABLE 1: The following chart summarizes several well-regarded indices and rankings.

Measure	**Year**	**Rank or value**	**Website Address**
TI Corruption Perceptions index	2013	57 of 177	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom index	2014	94 of 178	http://www.heritage.org/index/ranking
World Bank's Doing Business Report "Ease of Doing Business"	2013	98 of 189	http//doingbusiness.org/rankings
Global Innovation Index	2013	109 of 142	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	USD 5610	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

2. Conversion and Transfer Policies

The South African Rand is accepted as currency 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.

Non-status investors are subject to exchange controls under South African regulations applicable to the Common Monetary Area (CMA), which includes South Africa, Lesotho, Swaziland and Namibia.

There is no limit on investment transfers by corporations to other countries. The Bank of Namibia (BoN), Namibia's central bank, processes applications. Non-residents may access local credit in the amount of up to 200 percent of their total shareholders' investment to finance foreign direct investments in Namibia. The banking system is modern and closely tied to the South African system. Three of the four local commercial banks are subsidiaries of South African banks. All local commercial banks handle international transactions and trade financing. Banking fees and charges are high by international standards.

The Bank of Namibia must approve all loans originating from foreign lenders no matter how the loan is denominated. To approve a loan the BoN reviews the loan agreement between the two (foreign and local) parties. The documentation is provided by the local commercial bank in which the loan funds will be deposited. The BoN usually responds within three days.

Loans may be denominated in local or foreign currency. However, interest rate caps on foreign loans depend on the currency denomination. The South African Rand (ZAR) is viewed as local currency.

3. Expropriation and Compensation

Government expropriations are rare. According to the Foreign Investment Act, foreign investors who have received a Certificate of Status Investment (CSI) are entitled to "just compensation without undue delay and in freely convertible currency" if the government expropriates the investor's property. Furthermore, the courts are generally independent and uphold contracts.

The Agricultural (Commercial) Land Reform Act of 1995 allows the government to expropriate privately owned agricultural land under certain conditions for redistribution to previously disadvantaged Namibians. The government has generally preferred to operate under a "willing buyer, willing seller policy, but on a few occasions has attempted the expropriation of "unproductive" agricultural land from both domestic and overseas (primarily German) landowners. In 2005, the only year in which the Government took such action, the GRN expropriated four farms. The High Court of Namibia on March 6, 2008 made its first ruling on the legality of expropriation under the land reform program. The Court ruled the program was constitutional but found that the Ministry of Lands and Resettlement's administration of the expropriation process had violated Namibian law on several grounds. As a result of the ruling, two farms were returned to their owners, while the GRN compensated in full the absentee owners of the other two farms.

4. Dispute Settlement

The Namibian court system is independent and is largely perceived to be free from government interference. However, the judicial process is slow, with court cases often taking several years to be resolved.

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. The Companies Act of 1973 governs company and corporate liquidations while the Insolvency Act 61 of 1936 governs insolvent individuals and their estates. These are South African laws that remained in effect after Namibia became independent in 1990. The Insolvency Act details sequestration procedures and the rights of creditors. An Insolvency Amendment Bill was passed in 2005 but has not yet been signed into law.

As the "one-stop-shop" for investors, the NIC is designated as the first point of contact in case of an investment dispute between a foreign investor and a domestic enterprise. The NIC has never received a report of an investment dispute.

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

5. Performance Requirements and Investment Incentives

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 the finished product. There is no legal requirement for investors to purchase from local sources except in food retail establishments such as supermarkets. However, for certain industries, there are local content requirements to exempt final products from duties under the Southern African Customs Union (SACU).

Incentives

Incentives are mainly aimed at stimulating manufacturing and attracting foreign investment to Namibia and promoting exports. To take advantage of the incentives, companies must be registered with the Ministry of Trade and Industry (MTI) and the Ministry of Finance. Tax and non-tax incentives are accessible to both existing and new manufacturers. The MTI has published a brochure titled *Special Incentives for Manufacturers and Exporters* which is available from the Namibia Investment Centre (NIC). Namibia has also established an Export Processing Zone (EPZ) regime that offers favorable conditions for companies wishing to manufacture and export products for regional and international markets (see section Foreign-Trade Zones/Free Ports).

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.

Black Economic Empowerment and Affirmative Action

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, for example, companies pay lower quota fees if they operate Namibian-flagged vessels that are based in Namibia, with crews that are predominantly Namibian. The Minister of Mining 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.

Work Permits

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

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

The Namibian legal system protects and facilitates acquisition and disposition of property such as land, buildings, and mortgages. 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.

Foreign investors can purchase and own land in Namibia. There is an exception related to agricultural land. Due to Namibia's ongoing land reform and resettlement process, legislation restricts non-resident foreigners from purchasing agricultural farmland.

Intellectual Property Rights

Legal structures for IP protection generally have not been tested as infringements and theft are not common or are not commonly reported. Actions to confiscate merchandise have focused on pirated or fake cigarettes.

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, the Patent Cooperation Treaty, and the Hague Agreement Concerning the International Registration of Industrial Designs.

Responsibility for IPR protection is divided among three government ministries. The Ministry of Trade and Industry oversees industrial property and is responsible for the registration of companies, private corporations, patents, trademarks, and designs. 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. The two most prominent private organizations in the area of intellectual property rights are the Namibian Society of Composers and Authors of Music (NASCAM) and the Namibian Reproduction Rights Organization (NAMRRO). 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/.

Embassy point of contact:

- **Economic and Commercial Section**
- **TELEPHONE NUMBER +264-61-295-8500**
- **EMAIL ADDRESS: Econ_Comm_Windhoek@state.gov**

Local lawyers list: http://windhoek.usembassy.gov/doctors_and_lawyers.html

8. Transparency of the Regulatory System

In many sectors, a relatively effective and transparent regulatory system exists. Enforcement of regulatory systems tends to be inconsistent in part due to lack of personnel and capacity to ensure compliance with existing legislation.

9. Efficient Capital Markets and Portfolio Investment

There is a free flow of financial resources within Namibia and throughout the Common Monetary Area (CMA) of the South African Customs Union (SACU), which include Namibia, Swaziland, South Africa and Lesotho. Capital flows with the rest of the world are relatively free, subject to South African exchange controls (discussed above in Conversion and Transfer Policies). 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.

The government has introduced investment incentives to attract mutual funds and foreign investment portfolios. 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 world-class banking system that offers all the services needed by a large company. Foreign investors are able to get credit on local market terms.

10. Competition from State-Owned Enterprises

While Namibian companies are generally open to foreign investment, government owned enterprises have generally been closed to all investors (Namibian and foreign), with the exception of a number of joint ventures in areas including mobile telecommunications, oil exploration, and mining. Namibia does not follow Organization for Economic Cooperation and Development (OECD) Guidelines on Corporate Governance of State Owned Enterprises (SOE). State Owned Enterprises (SOE – also known as parastatals) include a wide variety of commercial companies, financial institutions, 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 government owns numerous 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 with a mandate to implement the GRN's mining policy regarding joint ventures, marketing, job creation, and other related aspects. This essentially translates to a negotiated percentage (normally 10%) ownership by Epangelo of any mining operations established after Epangelo's inauguration including those resulting from mergers and acquisitions. The 1991 Petroleum Exploration and Production Act gives the National Petroleum Company, Namcor, the right to explore and get involved with oil exploration either on its own or in partnership with other organizations. The net result has been Namcor ownership of 10 percent of each oil exploration block. Parastatals own assets worth approximately 40% of GDP and most receive subsidies from government. Some SOEs have been perennially unprofitable and have only managed to stay solvent because of government subsidies. In industries where private companies compete with SOEs such as tourism, fishing, communications, etc., SOEs are sometimes perceived to receive favorable concessions from government.

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. With important exceptions, few SOEs have consistently provided such annual reports. The act established a cabinet committee called the SOE Governance Council consisting of the Prime Minister, the Minister of Finance, the Minister of Trade and Industry, the Attorney General and the Director General of the National Planning Commission, which is tasked with developing common principles of good governance and a common policy framework. This Council is responsible for approving the appointment of SOE board members. Chief Executive Officers (CEO) of SOEs report to the board. In most cases, SOE's can make business decisions without consulting government. In May 2010, Parliament approved the Governance Policy Framework on SOEs. This framework requires that performance agreements be signed between all SOEs and the Government. All chief executives and chairpersons of boards will be required to enter into five-year performance agreements with Government. As of May 2014, this process was not yet complete.

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 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 (ARV) treatment programs beyond what may be covered through government and private insurance systems.

12. Political Violence

Namibia is a stable multi-party and multi-racial democracy. The protection of human rights is enshrined in the Namibian constitution, and the government generally respected 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

Transparency International's 2013 Corruption Perception Index ranked Namibia 57 out of 177 countries, tied with the Czech Republic, Croatia, and Bahrain and ahead of neighbors including Angola, South Africa, Swaziland, Zambia, and Zimbabwe. There are no international or regional "watchdog" organizations operating in the country.

The Namibian Government passed the Anti-Corruption Act in May 2003 and the Anti-Corruption Commission came into existence in 2006. The Commission complements civil society's anti-corruption programs, supports existing institutions such as the Ombudsman's

Office and Attorney General, and has the authority to investigate allegations of corrupt practices. 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. Over half (54 percent) of survey respondents rated corruption as “very high”, although relatively few said that they had had a personal experience with corruption.

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.

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 and no bilateral tax treaty 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 of America.

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. The Overseas Private Investment Corporation (OPIC) provides political risk insurance and credit facilities to qualified U.S. investors in Namibia. In 2013, Africa Energy Corporation was awarded $475,000 as part of OPIC’s U.S. - Africa Clean Energy Finance Initiative to support a number of projects in Namibia. In 2005, OPIC approved a $25.2 million credit facility for Lazare Kaplan International Inc. (LKI) to enhance the operations of NamGem Diamond Manufacturing Company Ltd. (NamGem). OPIC also has invested in Helios Sub-Saharan Africa Fund which in turn invested in Africatel Holdings (“Africatel”), which in turn is part owner of one of Namibia’s largest cell providers, MTC. The Government of Namibia owns 66% of MTC.

Namibia is also a member of the World Bank’s Multilateral Investment Guarantee Agency (MIGA). MIGA has so far not issued any guarantees for investments in Namibia, but Namibia has been an active beneficiary of MIGA's technical assistance services.

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. 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.

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 90^{th} out of 148 economies. The report identifies deficiencies in the Namibian health and educational sectors as significant factors affecting competitiveness.

The Labor Amendment Act of 2012 introduced strict regulations with respect to the use of temporary workers. Essentially temporary workers must receive compensation and benefits equal to that of non-temporary workers.

On April 1 2014, the Namibian government implemented the Vocational Education and Training Levy (VET) 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 one million Namibia dollars ($100,000, at N$10 per $1), 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

Export processing Zones (EPZ)

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 Export Processing Zone (EPZ) regime. Further information available at: http://www.mti.gov.na/nic.html.

Information on Namibia's Walvis Bay port 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

The Bank of Namibia (BoN) maintains statistics on foreign direct investment in Namibia which it shares with the United Nations Conference on Trade and Development (UNCTAD). The BoN does not keep FDI data on U.S. investments in Namibia. UNCTAD estimates that in 2012, FDI stock was equivalent to 46.6 percent of GDP, and FDI inflows represented 10.5 percent of gross fixed capital formation.

Value of FDI Inflows

Year	USD (Millions)	FDI as Percent of Gross Fixed Capital Formation
2010	793	27.8
2011	816	23.4

2012	357	10.5

Value of FDI Stocks

Year	**USD (Millions)**	**FDI as Percent of Gross Domestic Product**
2010	5334	28.1
2011	4048	32.0
2012	3491	46.6

Source: UNCTAD (http://unctad.org/sections/dite_dir/docs/wir2013/wir13_fs_na_en.pdf)

TABLE 2: 2012 GDP data

Economic Data (World Bank)	Year	Amount	Source
Host Country Gross Domestic Product (GDP) (*Millions U.S. Dollars)*	2012	13,072	http://www.worldbank.org/en/country

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments]

Legal system:

Mixed legal system of uncodified civil law based on Roman-Dutch law and customary law

International organization participation:

ACP, AfDB, AU, C, CD, FAO, G-77, IAEA, IBRD, ICAO, ICRM, IDA, IFAD, IFC, IFRCS, ILO, IMF, IMO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, NAM, OPCW, SACU, SADC, UN, UNAMID, UNCTAD, UNESCO, UNHCR, UNIDO, UNISFA, UNMIL, UNMISS, UNOCI, UNWTO, UPU, WCO, WHO, WIPO, WMO, WTO

Exchange control

Exchange controls apply in Namibia.

Treaty and non-treaty withholding tax rates

The treaty withholding rates are made as follows:

	Dividends		*Interest*	*Royalties*
	Individuals/ companies	*Qualifying companies*		
	(%)	*(%)*	*(%)*	*(%)*
Treaty countries:				
Botswana	10	10	10	10
France	15	5	10	10
Germany	15	10	x	10
India	10	10	10	10
Malaysia	10	5	10	5
Mauritius	10	5	10	5
Romania	15	15	15	15
Russia	10	5	10	5
South Africa	15	5	10	10
Sweden	15	5	10	5/15
United Kingdom	15	5	20	5

X - Taxable only in the state of residence of the recipient.

Methodology and Sources

Section 1 - General Background Report and Map

(Source: CIA World Factbook)

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: CIA World Factbook)

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: US State Department)

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: CIA World Factbook / https://www.cia.gov/library/publications/world-leaders-1/index.html)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: OECD Global Forum on Transparency and Exchange of Information for Tax Purposes PKF International)

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