

OPIC/AID INVESTMENT MISSION



NAMIBIA
APRIL 21-26, 1991

PN-IBM-267

Overseas Private Investment Corporation
U.S. Agency for International Development

Investment Mission to Southern Africa

NAMIBIA

April 21-26, 1991

BRIEFING BOOK

6809

TABLE OF CONTENTS

1. INVESTMENT MISSION SCHEDULE

The final mission schedule as well as individual business appointments will be available on arrival in Windhoek.

2. MAPS, TRAVEL NOTES AND GENERAL INFORMATION

- General Information
- Travel Notes
- Map of Southern Africa
- Map of Namibia
- Map of Windhoek
- Map of Roads, Rail and Air Services

3. KEY U.S. GOVERNMENT CONTACTS

- U.S. Government Officials in the United States
- U.S. Government Officials in Namibia

4. KEY GOVERNMENT OF NAMIBIA CONTACTS

- Officials of the Government of Namibia
- Republic of Namibia Government Officials in the United States

Table of Contents (continued)

5. U.S. GOVERNMENT PUBLICATIONS

- U.S. Department of Commerce, International Trade Administration, Foreign Economic Trends and Their Implications for the United States: Namibia, (May 1990), 10 pp.
- U.S. Department of Commerce, International Trade Administration, Africa: Guide to Business Finance for U.S. Firms, (May 1990), 88 pp.
- Overseas Private Investment Corporation, Investor Information Service, Country Information for Namibia, (November 1990), 11 pp.
- IMF Survey, "Namibia Strives to Reduce Income Disparities," January 7, 1991, 3pp.

6. REPUBLIC OF NAMIBIA DOCUMENTS AND PUBLICATIONS

- Republic of Namibia, Department of Economic Affairs, EconInfo 1990, (1990), 42 pp.
- Republic of Namibia, Code on Foreign Investment Policy Statement, (May 1990), 8 pp.
- General Policy Statement of the Namibian Government, (June 1990), 24 pp.
- Republic of Namibia, National Assembly, Foreign Investments Bill, 1991
- Namibian Fish Concessions and Implemented Levies/Royalties, 1991.
- Republic of Namibia, Background Document, Namibia Private Sector Investment Conference, 3-6 February 1991, 14pp.

Table of Contents (continued)

7. INVESTMENT RELATED PUBLICATIONS

- "Namibia," A Special Supplement to Euromoney, (April 1990), 4pp.
- "Neglected Namibia Marks Anniversary," The Washington Post, March 22, 1991, p. A18.
- Namibia: Challenging the Future, The Namibia Donors Conference New York, (1990), 25pp.
- U.S. Department of State, Unclassified Cable, "The Foreign Investments Act -- A Step in the Right Direction," (December 1990), 2pp.
- The Commercial Bank of Namibia, Ltd., Namibia's Own Currency and the Financial Rand, (January 1991) 2pp.

Back Pocket:

- Namibia Brief, The Namibia Foundation, (November 1990), 44pp.

8. LIST OF U.S. COMPANIES IN NAMIBIA

9. BIOGRAPHIC INFORMATION ON INVESTMENT MISSION PARTICIPANTS

OPIC/A.I.D. INVESTMENT MISSION TO NAMIBIA

SCHEDULE

Friday, April 19th

- AM** Mission participants arrive in Windhoek from Harare.
- 1530** Check-in at the Kalahari Sands Hotel.
- (Optional) Charter flight to Mokuti Lodge arranged by Namib Travel Shop.

Saturday, April 20th

- (Optional) Tour of Etosha National Park.

Sunday, April 21st

- Afternoon** Return from Etosha to Windhoek (via Eros Airport) and check-in at Kalahari Sands Hotel.
- 1800** Opening briefing by OPIC/A.I.D. staff at Kalahari Sands Moringa Room.
- 1900** Opening by Ambassador Genta Hawkins Holmes and briefing by the Embassy and A.I.D. mission officers.

Monday, April 22nd

- 0815** Assemble in the Kalahari Sands Moringa Room.
- 0830** **THE NAMIBIAN INVESTMENT CLIMATE:**
- Summary of the information presented at the February 1991 Private Sector Investment Conference by former National Coordinator Hans-Gunther Stier (Price Waterhouse partnership).
- 0930** **LEGAL ASPECTS OF DOING BUSINESS IN NAMIBIA:**
- Briefing by lawyer Peter Koep on investment, immigration, & labor law and Michael Stievert (Ernst & Young partner) on the tax regime.
- 1030** **BREAK**

Monday, April 22nd

- 1045 **BANKING AND FINANCE IN NAMIBIA:**
Briefing by Bank of Namibia Director of Supervision, Edward Nolan, on banking facilities, credit availability, exchange control regime, the Common Monetary Area, and introduction of a Namibian currency.
- 1130 **THE INVESTMENT CENTER:**
Briefing on the services of the Investment Center and the status investment certification process by Ismael Namaseb, Deputy Director for Investment Promotion, Ministry of Trade and Industry.
- 1200 **LUNCH:** Reservations at downtown restaurants will be arranged through the mission control room.
- 1400 **THE NAMIBIAN LABOR CODE:**
A briefing by David Smuts of the Legal Assistance Centre.
- 1430 **DOING BUSINESS IN NAMIBIA:**
A panel discussion with members of the Namibian private sector: Kevin Davidow (Nakara), Werner List (Ohlthaver & List Group), Martin Dentlinger (Sentra Stores and Vice President, Namibia National Chamber of Commerce and Industry), and John Van Zyl (Commercial Investment Corporation).
- 1645 **BREAK**
- 1700 **NAMIBIA'S ENABLING ENVIRONMENT:**
Briefing by Minister of Finance, Otto Herrigel.
- 1900 **RECEPTION:** Ambassador's Residence in Eros Park.

Tuesday, April 23rd

Individual business appointments at Kalahari Sands Hotel and company offices.

Wednesday, April 24

Individual business appointments at Kalahari Sands Hotel and company offices.

Calls on senior government officials by mission participants.

Thursday, April 25th

Individual business appointments and trips to investment sites.

Friday, April 26th

Individual business appointments and trips to investment sites.

MISSION CONCLUDES

CONTACTS

U.S. Embassy

14 Lossen Street
Ausspannplatz
[264] (61) 11-1601
[264] (61) 22-9792 FAX

David Nolan
Economic/Commercial Officer

Kalahari Sands Hotel

Independence Street
[264] (61) 3-6900
[264] (61) 22-2260 FAX

GENERAL INFORMATION

Size and Location

Namibia is situated in south-western Africa. It shares borders with Angola to the north, Botswana to the east and South Africa to the south. The country is surrounded by several rivers: the Orange River to the south and the Kunene, Kavongo, Zambezi and Kwando-Linyanti Rivers to the north. The infrastructure of roads, rail and telecommunications is modern but limited.

People

The population of Namibia consists of 11 ethnic groups including Bantu, Caucasian, Khoisan and Negro descent. The majority of the population lives in rural areas. The only major city, Windhoek, has 115,000 people.

Date of Independence

March 21, 1990. Namibia gained its independence from South African colonial rule following a United Nations-supervised election in November 1989, and upon completion of its constitution.

Government

Type: Multi-party democracy

Constitution: February 9, 1990

Branches:

Executive: Elected by direct popular vote for a term of five years and can only be re-elected for a total of two terms.

Legislative: The Namibian legislature is bicameral. It consists of the 72-member National Assembly which is elected for a term of five years, and the National Council, consisting of two members from each geographical region as defined by an Act of Parliament. The National Council reviews bills passed by the National Assembly and recommends legislation on matters of regional concern. Members of the National Council are elected for six years from members of the various Regional Councils.

General Information (continued)

Judiciary: Independent and subject only to the Constitution and the law. A Supreme Court, a High Court and a number of Magistrate and Lower Courts share the judicial power. Justices are appointed by recommendation of the Judicial Service Commission to guard all fundamental rights of the Constitution. An Ombudsman reports to the executive and the judiciary on any irregularity or violation of a fundamental right by an organ of the state or private institution.

Major Political Parties

South-West Africa People's Organization (SWAPO), the National Party, Democratic Turnhalle Alliance (DTA), and the South-West Africa National Union (SWANU).

Suffrage

Universal adult.

People

The indigenous Africans are linguistically and ethnically diverse. The principal groups are the Ovambo, Europeans, Damara, Herero, Okavango, Nama, Colored (mixed race), East Caprivian, Bushmen, Rehoboth Baster, Kzokovelder, and Tswana. In 1985, Namibia's population was estimated at more than 1 million. The Ovambo comprise nearly 50% of the total population. German colonial rule destroyed the war-making ability of the tribes but did not erase their identity with traditional organization. Considerable peaceful interaction among the groups has occurred in recent decades as a result of urbanization, industrialization and the demand for labor.

General Information (continued)

The modern mining, farming and industrial sectors have affected the traditional African society without transforming it. Africans living in urban areas and many migratory workers have adopted Western ways, but the rural areas remain fairly traditional.

Most Namibians have converted to Christianity. Missionary activity, which began in the 1800's, comprises several denominations, including Lutheran, Roman Catholic, Methodist, Anglican, and Dutch Reformed. The main Namibian religion is Lutheran.

Modern education and medical care have been extended in varying degrees. The ratio of one medical doctor to every 4,450 inhabitants is the sixth best in Africa while the ratio of 166 people per hospital bed is the third best. A system of regional hospitals and clinics put health care within reach of even the remote parts of the country. The Windhoek State Hospital, where advanced diagnostic and therapeutic services are available, is the only specialist hospital.

History

The earliest inhabitants of Namibia are generally assumed to have been the Bushmen. Later inhabitants included the Nama and the Damara or Berg Dama. The Bantu-speaking Ovambo and Herero migrated from the region to the north of Namibia. The first recorded encounter between Europeans and the inhabitants of Namibia took place near Walvis Bay in 1670. Although there were occasional expeditions into Namibia over the next two centuries, it was not until the second half of the 19th century that European traders and missionaries began to arrive in significant numbers. The 1870s and 80s saw a growing colonial influence. In 1878, the United Kingdom annexed Walvis Bay on behalf of the Cape Colony, and the area was incorporated into the Cape of Good Hope in 1884. In 1883, a German trader claimed the rest of the coastal region from the Orange River to 26 south latitude after negotiations with a local chief. Negotiations between the United Kingdom and Germany resulted in the annexation of the coastal region except for Walvis Bay. German administration ended during World War I, when the territory was occupied by South African forces.

General Information (continued)

From the middle 1950s two new social forces emerged. The first, formed when a small group of students and intellectuals united with white-collar workers and urban youth to become the South West African National Union (SWANU) in 1969. The second group expressed the growing militancy of the contract workers organization, the Ovamboland People's Organization (OPO), whose main objective was the end of the contract labor system. In 1960, recognising that the end of the contract system meant the overthrow of colonialism itself, the OPO reconstituted itself into a national liberation movement, the South West Africa Peoples Organization (SWAPO).

On March 21, 1990, Namibia gained its independence from South African colonial rule. SWAPO won the majority of votes and now enjoys the leadership of the Republic of Namibia.

TRAVEL NOTES

Entering Namibia

Each visitor to Namibia is required to present a valid passport. U.S. citizens do not require a visa, but visitors must have a return ticket.

Language

The official language is English. However, Afrikaans, German and various Bantu languages are also spoken. Namibians normally speak English, and often they speak all three.

Climate and Dress

The rainy season ends in February. To be on the safe side, one should bring a light rain coat and umbrella. Business attire in Namibia is similar to that worn in the United States during the warmer months. Dress at social events and most restaurants is semi-casual: no tie for men; slacks are permissible for women although most local women dine in dresses or skirts. Nights are cool.

Currency

The Rand is the official currency of Namibia. The Rand is divided into one hundred cents. There are no restrictions on bringing funds into or out of the country. International credit cards are accepted in many shops and restaurants in Windhoek. For February 1991 the official exchange rate was:

US\$1.00 = R2.6

Electricity

All appliances run on 220/240 volts, 50 cycles. Outlets are the round, three-pronged, 15 amp. type.

Travel Notes (continued)

Health

No vaccinations are required for travel to Namibia. However, malarial prophylactics are recommended, but not required. All water from taps is purified and visitors should have no hesitation in drinking it. However, visitors should not swim in lakes or rivers because they contain bilharzia.

Hours of Business

Government and Business: M-F, 8:00-4:30 p.m.
Shops: M-F, 8:00-6:00 p.m.

Communications

Overseas phone calls may be dialed directly to many countries including the U.S.. Connections are quick and generally high quality. The country code is 264; the city code is 61.

Namibian time zone is GMT +2. Windhoek is 7 hours ahead of Eastern Standard Time except during Daylight Savings when it is 6 hours.

Transportation

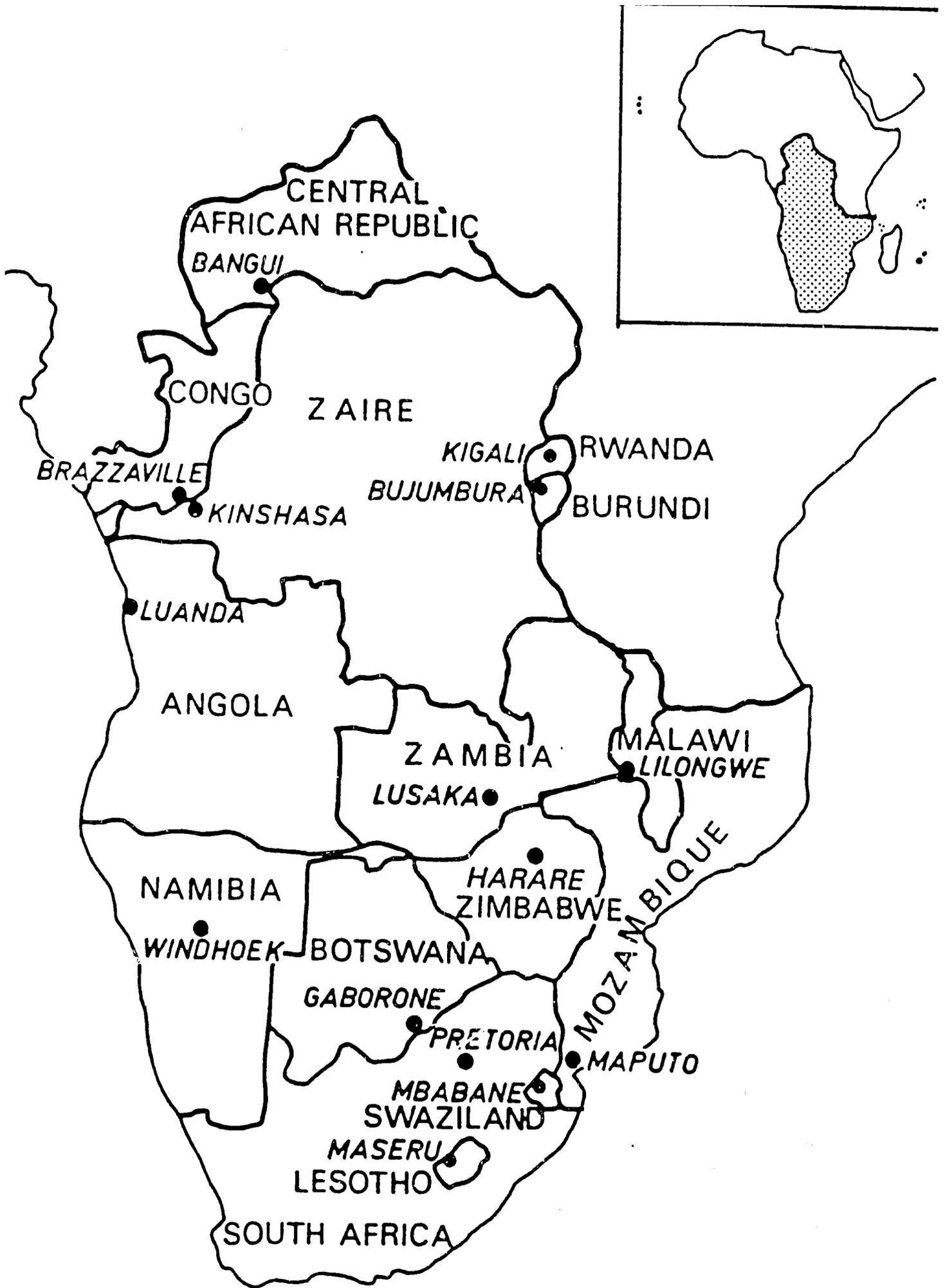
Taxi: Taxis are available in Windhoek, but it is not usual to hail them on the street. There is a taxi stand on the corner of Independence and Peter Muller streets, across from the Namib Sun Hotel.

Buses: Not recommended.

Airport: The Windhoek Airport is 30 kilometers outside the city and handles international flights, including flights to Frankfurt. A smaller airport in Windhoek, Eros, serves as the operational base for NamibAir.

Taxes and Gratuities

A general sales tax of 10 percent is levied on goods and services. Foreign visitors are exempt from luxury tax on goods such as jewellery and furs. Restaurants generally do not levy a service charge. In restaurants a tip of 5-10 percent of the bill is recommended. For porters or baggage handlers R1.00 or R2.00 is sufficient.



AIR SERVICES

Daily flights by Namib Air, the national carrier, and South African Airways link Windhoek with all major centres in South Africa via the modern international airport some 42 km east of the capital. South African Airways operates two weekly flights to Europe (to /from Frankfurt). TransNamib Limited also offers additional air services through Namib Air, operating scheduled services from the Eros suburban airport in Windhoek to Oshakati, Tsumeb, Katima Mulilo, Rundu, Walvis Bay, Swakopmund, Lüderitz, Keetmanshoop, Cape Town and Johannesburg. A charter service is available to provide for the special needs of clients.

Flights to and from Botswana and Zimbabwe were introduced in April 1989. Flights between Namibia and Angola and Zambia are also under discussion. Air Cape's scheduled flights link Walvis Bay to Cape Town via Alexander Bay, which also serves nearby Oranjemund. An average of 128 119 air passengers travel by aircraft to South Africa annually and 62 098 to Frankfurt.¹

In 1988 there were 220 registered aircraft in Namibia.

ROAD TRANSPORT SERVICES

TransNamib Limited provides an auxiliary road transport service from railheads to 27 towns and communities country wide over a total distance of 32 760 km. Some 4,4 million road vehicle km were undertaken during the 1987/88 financial year, transporting 180 000 tons of goods and 50 000 passengers.

Private hauliers also operate road transport services internally and to neighbouring territories.

Return services by luxury coach are offered between Windhoek, Walvis Bay, Swakopmund, Johannesburg, Cape Town and Upington as well as the main centres in Namibia.

POSTS AND TELECOMMUNICATIONS

The country has 72 post offices and 16 postal agencies. At present there are 77 615 telephone and 795 telex subscribers. The annual growth rate as regards telephone subscribers is about 6%. There are 18 automatic exchanges, of which 3 are electronic, and 42 manual telephone exchanges, 81 theoretical exchanges, 11 telephone agencies and an automatic telex exchange in Windhoek.

To provide good communications between all these subscribers an extensive microwave network spans the country from Nakop in the south to Tsumeb in the north and Swakopmund in the west. A total of 1,59 million km of voice channels are provided over 35 repeater sections and this is further extended all over the country by a further 440 700 km of carrier channels over open wire routes.

Altogether 71 fixed and 487 mobile radio stations are linked to the Department of Posts and Telecommunications network to provide communication facilities to even the most remote areas of the country. All subscribers are linked to 78 foreign countries by way of direct dialling (automatic exchanges) or indirectly through the international telephone exchange in Windhoek. In 1988 a total of 40 465 post boxes and 1 015 private bags were rented out by the Post Office.

Electronic data transmission services are supplied to 379 subscribers. The telephone/telegraph landline linking Rundu and Katima Mulilo (522 km) is one of the longest of its kind in the world.

Altogether 4 030 solar voltaic panels at 112 different stations, which collectively generate 173,276 kW, are utilised at present. The international data packet switching service is available from most major centres.

ELECTRICITY

The South West African Water and Electricity Corporation generates and distributes electricity countrywide. The grid is linked to the South African network, from which an additional 200 MW can be drawn. Consumers thus have access to a reliable power source with a total peak capacity of about 560 MW via a 7 900 km grid of high tension power lines, 64 major substations and 1 585 000 kVA of transformer capacity. SWAWEC supplied almost all of the total electricity consumption in 1988/89 of 1 659 million kW-hours (1987/8 1 582).²

Electricity generated is among the cheapest in the world as shown by the following comparative costs in US cents/kW-hour³

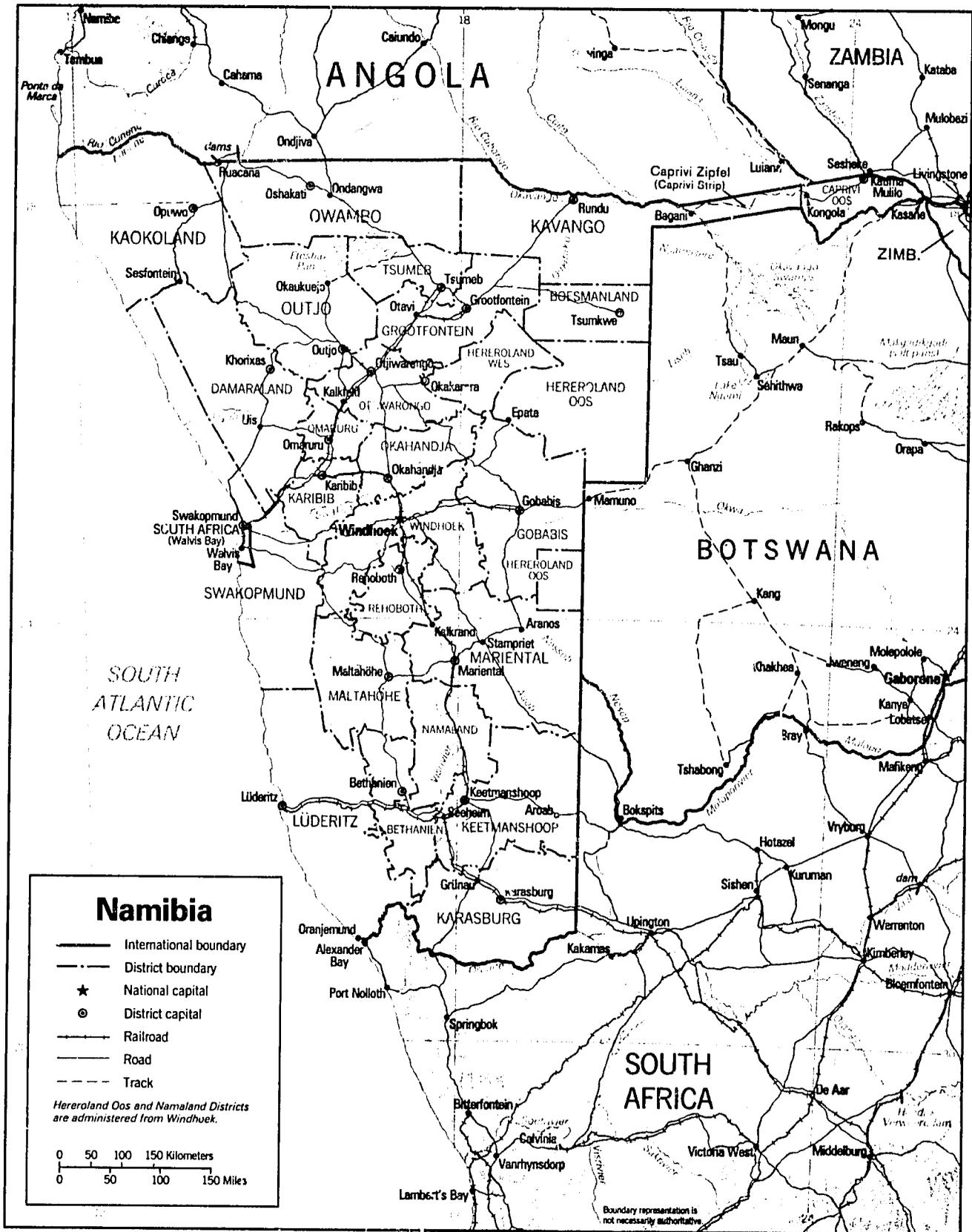
Germany	8,43	United Kingdom	6,81
United States	6,25	Sweden	4,22
Australia	4,66	South Africa	2,93
Namibia	2,88		

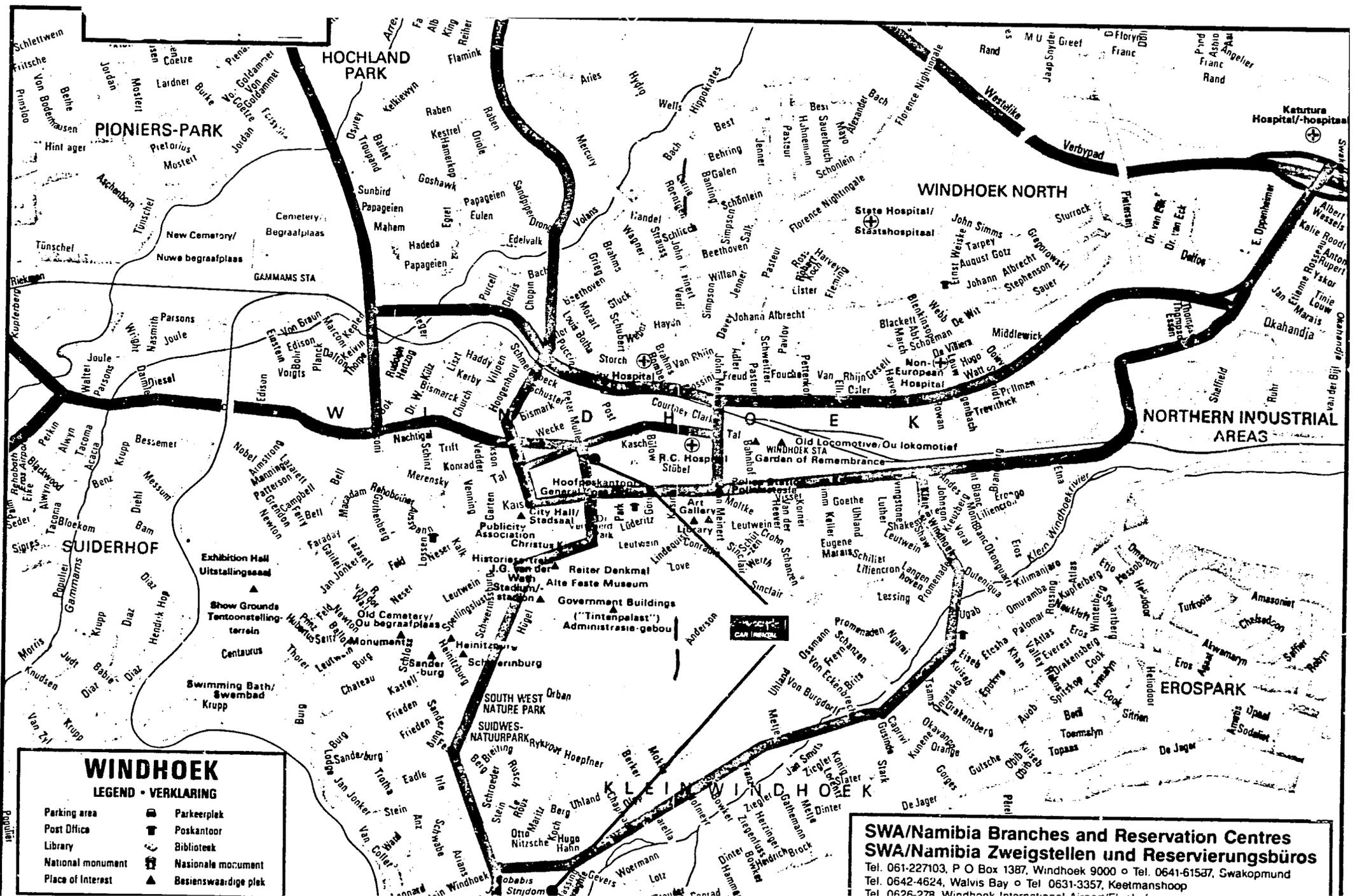
1) Namibia Today 1989

2) SWAWEC Annual Report 1989

3) Landbou Financial Times April 1989 (Exchange rate US \$ 1 = R2,68)

15





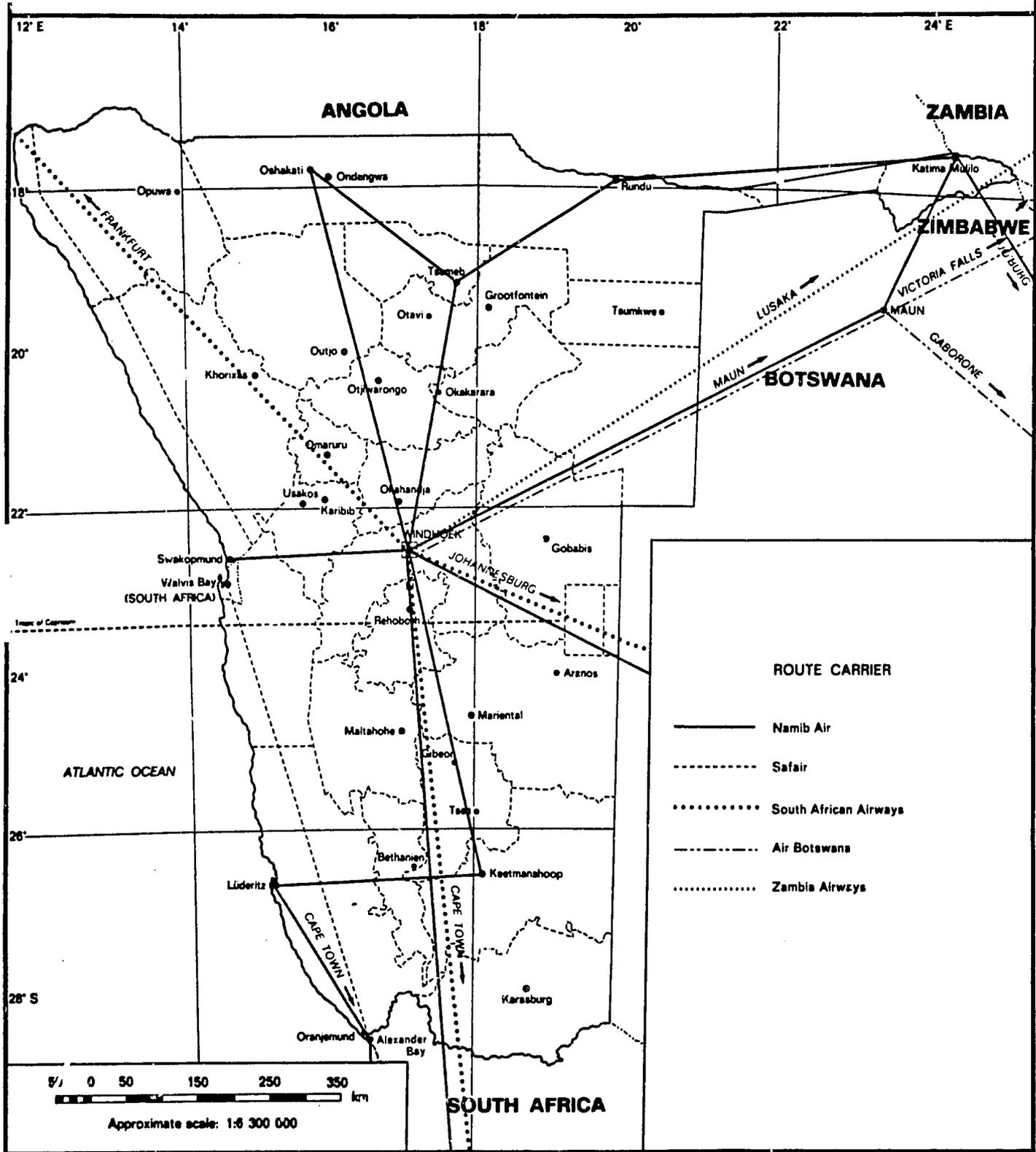
WINDHOEK

LEGEND - VERKLARING

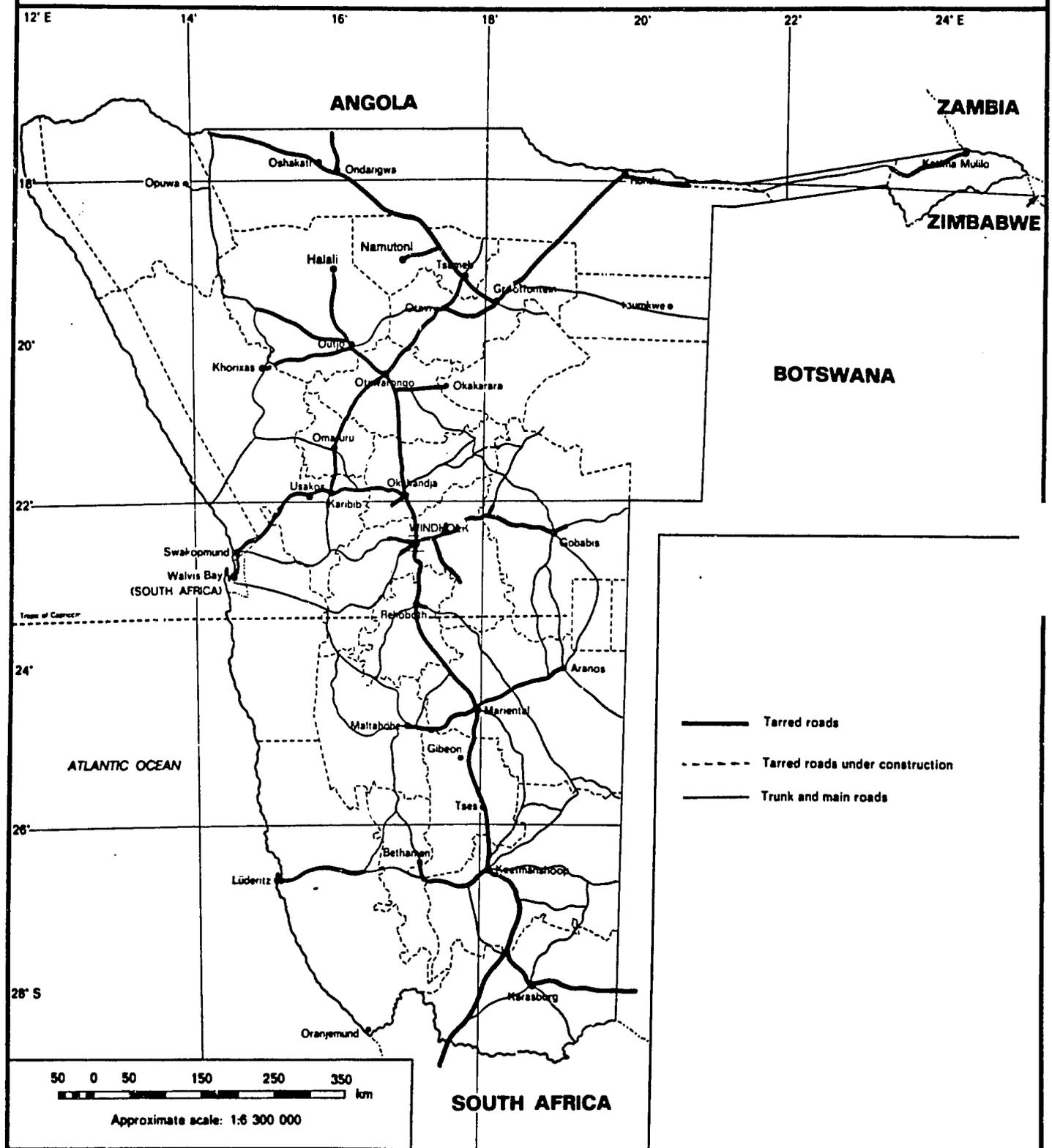
- | | |
|-------------------|----------------------|
| Parking area | Parkeerplek |
| Post Office | Poskantoor |
| Library | Biblioteek |
| National monument | Nasionale monument |
| Place of Interest | Besienswaardige plek |

SWA/Namibia Branches and Reservation Centres
SWA/Namibia Zweigstellen und Reservierungsbüros
 Tel. 061-227103, P O Box 1387, Windhoek 9000 • Tel. 0641-61537, Swakopmund
 Tel. 0642-4624, Walvis Bay • Tel. 0631-3357, Keetmanshoop
 Tel. 0626-278, Windhoek International

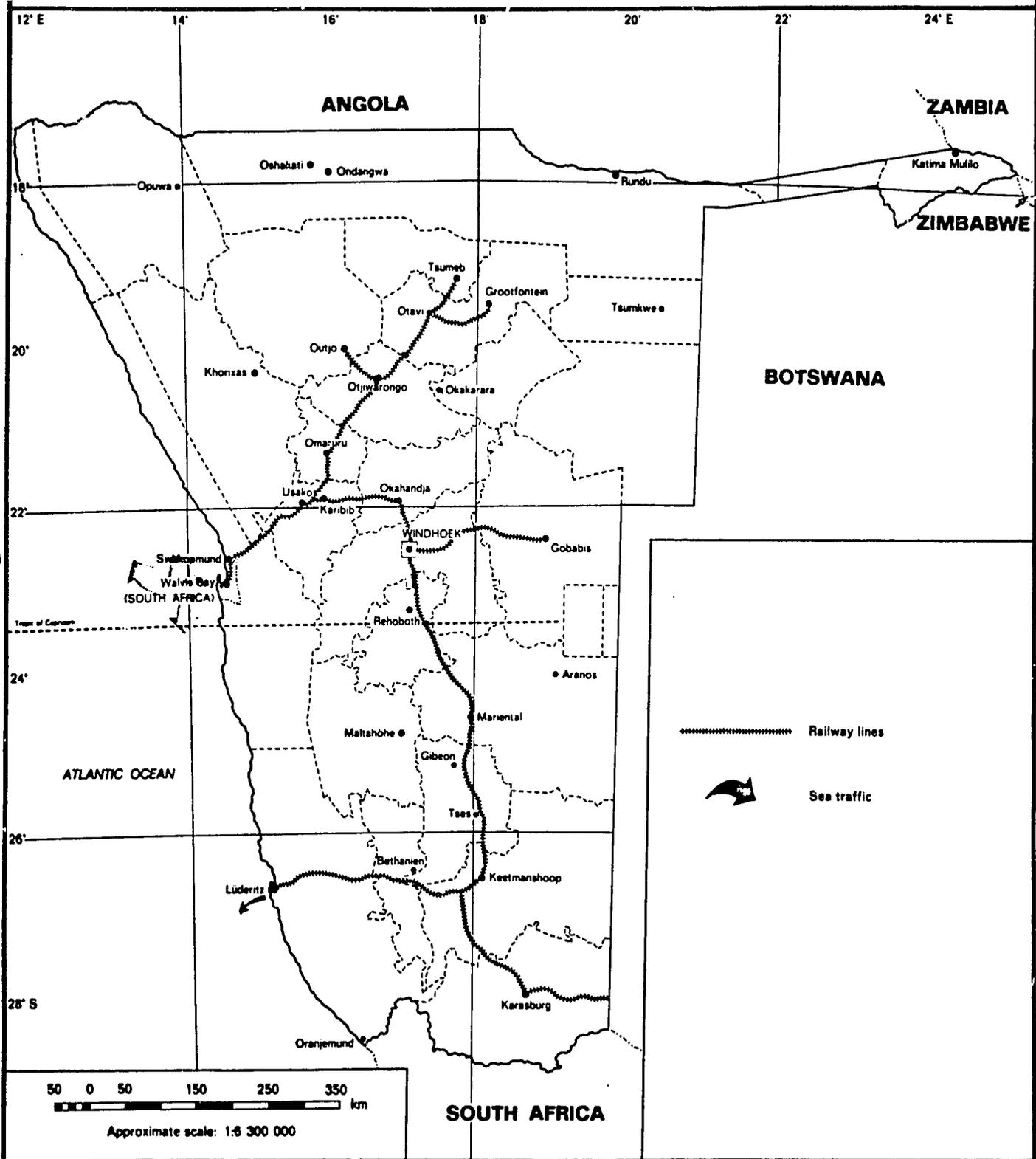
AIR SERVICES



ROADS



RAILWAYS AND HARBOURS



70

U.S. GOVERNMENT OFFICIALS IN THE UNITED STATES

STATE DEPARTMENT

U.S. Department of State
Washington, D.C. 20520

Earl Irving
Desk Officer for Namibia

Tel: (202) 647-9429
Fax: (202) 647-5007

Marc Carlisle
Office of Investment Affairs
Bureau of Economic and Business
Affairs

Tel: (202) 647-1448

COMMERCE DEPARTMENT

U.S. Department of Commerce
Washington, D.C. 20230

Emily Solomon
Desk Officer for Namibia
Office of Africa

Tel: (202) 377-2175
Fax: (202) 377-5330

A.I.D.

U.S. Agency for International Development
Washington, D.C. 20523

Dr. Warren Weinstein
Assistant Associate Administrator
Office of Market Development
and Investment (MDI)
Bureau for Africa (AFR)

Tel: (202) 647-7614
Fax: (202) 647-7430

Raymond Malley
Office of Market Development
and Investment (MDI)

Tel: (202) 647-7626
Fax: (202) 647-7430

Jonathan Conly
Desk Officer for Namibia

Tel: (202) 647-5572

U.S. Government Officials in the United States (continued)

TRADE AND DEVELOPMENT PROGRAM (TDP)

U.S. Trade and Development Program
Washington, D.C. 20523-1602

Fred Eberhart
Regional Director for Africa

Tel: (703) 875-4357
Fax: (703) 875-4009

EX-IM BANK

Export-Import Bank of the United States
811 Vermont Avenue, N.W.
Washington, D.C. 20571

Annmarie Emmet
Loan Officer for Africa

Tel: (202) 566-8008

USDA

U.S. Department of Agriculture
Private Sector Relations
Room 342, McGregor Building
Washington, D.C. 20250

Tel: (202) 653-7873

SBA

U.S. Small Business Administration
309 4th Street, S.W.
Washington, D.C. 20416

Antony Korenstein
Director
Office of International Trade

Tel: (202) 205-6720
Fax: (202) 205-7272

U.S. Government Officials in the United States (continued)

OPIC

**Overseas Private Investment
Corporation
1615 M Street, N.W.
Washington, D.C. 20527**

**Tel: (202) 457-7200
(800) 424-OPIC
Fax: (202) 331-4234
Telex: 493-8219**

**Peter Ballinger
Senior Associate
Investment Development**

**Tel: (202) 457-7039
Fax: (202) 223-3514**

**David H. Miller
Senior Associate for Africa
Investment Development**

**Tel: (202) 457-7107
Fax: (202) 223-3514**

**Anna M. Crabtree
Associate for Africa
Investment Development**

**Tel: (202) 457-7024
Fax: (202) 223-3514**

**Maurice Johnson
Investment Insurance Officer**

**Tel: (202) 457-7052
Fax: (202) 872-9306**

**Michael Delia
Investment Finance Officer**

**Tel: (202) 457-7116
Fax: (202) 223-3824**

**Graham Williams
Manager, Special Projects
(Africa Growth Fund)**

**Tel: (202) 457-7105
Fax: (202) 223-3824**

**William P. Bush
Director
Investment Missions Program**

**Tel: (202) 457-7121
Fax: (202) 223-3514**

**Daniel Riordan
Director
Investor Services**

**Tel: (202) 457-7091
Fax: (202) 223-3514**

UNITED STATES GOVERNMENT OFFICIALS IN NAMIBIA

Embassy of the United States of America

**Ausplan Building
14 Lossen Street
P.O. Box 9890
Windhoek 9000
Namibia**

**Tel: (264) 61--229-791, 222-675, 222-680
Telefax: (264) 61-229-792**

Mailing Address from the U.S.:

**United States Embassy Namibia
U. S. Department of State
Washington, D.C. 20521-2540**

American Ambassador

Genta Hawkins Holmes

Deputy Chief of Mission

Howard Jeter

Political Officer

Robin Renee Sanders

Economic Officer

David Nolan

Public Affairs Officer

Helen Picard

OFFICIALS OF THE GOVERNMENT OF THE REPUBLIC OF NAMIBIA

President	Sam Nujoma
Prime Minister	Hage Geingob
Minister of Agriculture, Rural and Water Development	Gerhardt Hanekom
Minister of Fisheries and Marine Resources	Helmut Angula
Minister of Education and Culture	Nahas Angula
Minister of Youth and Sports	Pendukeni Ithana Hon. Reggie Diergaardl (Deputy Minister)
Minister of Wildlife, Conservation and Tourism	Hon. Niko Bessinger Hon. Ben Ulenga (Deputy Minister)
Minister of Trade and Industry	Hon. Ben Amathila Hon. Anton Von Wietersheim (Deputy Minister)
Minister of Mines and Energy	Hon. Andimba Toivo Yo Toivo Jesaya Nyamu (Deputy Minister)
Minister of Health and Social Services	Hon. Nickey Iyambo Iyambo Indongo (Deputy Minister)

Namibian Government Officials (continued)

Minster of Finance	Hon. Otto Herrigel Barinas Rick Kukurri (Deputy Minister)
Minister of Defense	Peter Muesihange
Minister of Home Affairs	Hifikepunye Pohamba
Minister of Information and Broadcasting	Hidipo Hamutenya
Minister of Foreign Affairs	Tho Ben Gurirat
Minister of Justice	Ingaraiku Tjiriange
Minister of Labor, Public Service and Manpower Development	Hendrik Witbooi
Minister of Lands, Resettlement and Rehabilitation	Markus Hausiku
Minister of Local Government and Housing	Dr. Amathila Libertine
Deputy Minister of State Security	Peter Tsheehama

REPUBLIC OF NAMIBIA

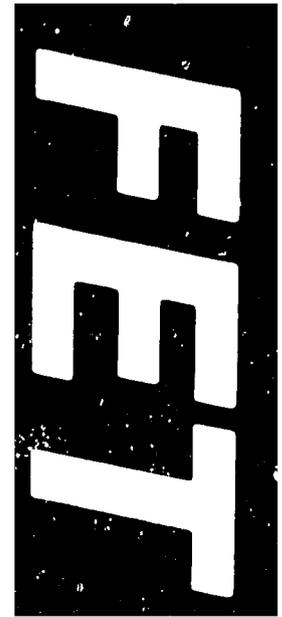
GOVERNMENT OFFICIALS IN THE UNITED STATES

Embassy of the Republic of Namibia

1413 K Street, N.W.
Seventh Floor
Washington, D.C. 20005

(202) 289-3871

Ambassador	Hinyangerwa P. Asheeke
Charge d'Affaires (acting)	Hinyangerwa P. Asheeke
First Secretary	Veiccoh Nghiwete



Foreign Economic Trends and Their Implications for the United States

May 1990

NAMIBIA

FET 90-57

Frequency: Annual

PREPARED BY
OFFICE OF AFRICA



**U.S. DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230**

Available by subscription from the Superintendent of Documents, GPO, Washington, D.C. 20402. Annual subscription, \$55.00. Foreign mailing \$13.75 additional. Single copies, \$1.00, available from Publications Sales Branch, Room 1617, U.S. Department of Commerce, Washington, D.C. 20230.

KEY ECONOMIC INDICATORS
(millions of U.S. dollars unless noted)

	<u>1987</u>	<u>1988</u>	<u>Estimated 1989</u>
<u>Domestic Economy</u>			
GDP (current)	1,516	1,655	1,765
GDP (real, 1980 Prices)	614	975	1,004
Growth Rate, real (%)	2.8	2.3	3.0
GDP, Per Capita	976	1,035	1,071
Population (millions)	1.2	1.4	1.6
Population Growth Rate (%)	2.4	3.0	3.0
Inflation	12.6	12.9	14.0
<u>Production and Employment</u>			
Labor Force (persons)	500,000	500,000	500,000
Unemployment (%), est.	30	30	30
Real Growth by Sector (%)			
Agriculture	27	2	NA
Mining	-2	1	NA
Manufacturing	2	-2	NA
Government Deficit as percent of GDP	10	6.1	10.1
<u>Balance of Payments and Foreign Investment</u>			
Exports (fob)	890	940	1,006
Imports (fob)	888	861	918
Trade Balance	2	79	89
Current Account Balance	26	-37	-50
Foreign Exchange Reserves	148	143	76
External Debt	341	341	349
Debt-Service Ratio (%)	NA	8.0	9.0
Average Exchange Rate (US\$/Rand)	.49	.44	.38
U.S. Exports to Namibia (fas)	1.4	2.1	12.7
U.S. Imports from Namibia (cif)	8.3	5.1	14.7

Sources: U.S. Department of Commerce, United Nations, South Africa

21

Summary

Namibia, the world community's newest independent member, covers an area of 320,000 square miles, about twice the size of California, along the southwest coast of Africa, north of the Orange River. Its terrain consists mostly a high, semiarid plateau bounded in the west by a coastal desert, the Namib, and in the east by portions of the Kalahari desert.

Since 1986, Namibia's economy has grown an average of 2.7 percent annually. In 1988, the country's gross domestic product (GDP) amounted to \$1.66 billion, giving the 1.3 million inhabitants a per capita income of \$1,189: the third highest in Africa. However, this per capita figure obscures the problem of an unemployment rate that exceeds 30 percent and the fact that the white minority accounts for a disproportionate share.

Namibia's economy is heavily dependent on a few primary commodity exports: diamonds, uranium, copper, silver, tin, lead, livestock, and fish. Mining, agriculture, and fishing will therefore continue to be the stimulus of growth for independent Namibia. These three sectors generate an estimated 45 percent of GDP and account for 89 percent of total exports. However, their potential to generate greater employment is limited.

Namibia's economy remains highly integrated with its southern neighbor, the Republic of South Africa. Namibia's infrastructure of roads, railways, telecommunications, and electrical power were originally designed for linkage with South Africa. An estimated 75 percent of its imports come from South Africa and an additional 19 percent pass through South Africa on its way to Namibia. Walvis Bay, the only deepwater port serving Namibia, remains under the administration of South Africa. The new independent government will maintain the South African Rand (R) as the country's official currency and will remain in the Southern African Customs Union for the next two or three years.

The new government in Windhoek, the country's capital and largest city, is preparing an ambitious development program to reorient an economy distorted by a history of South African domination. Development priorities are in agriculture, fisheries, job creation, vocational training, infrastructure, industrial development, and public services such as health, education and housing. The government expects to execute these programs through aid from bilateral and multilateral donors. The government eagerly seeks the participation of foreign investors and is in the process of reviewing existing regulations governing private investment. It is expected that a new investment code and regulations will be enacted later in 1990.

Recent Economic Trends

Namibia's economy has experienced steady growth since 1986, although real GDP increased by only 2.3 percent in 1988 following a rise of 2.9 percent in 1987. This slight reduction in growth results from a slowdown in the expansion of the primary sector, which accounts for 41 percent of total GDP. Despite continued economic growth, real per capita income levels have declined as the Namibian population growth rate of 3 percent exceeds GDP growth. Gross domestic expenditure increased by 7.6 percent in 1978 with a notable increase in private consumption. In 1988, this growth continued at 9 percent, attributed to an increase in real inventory and investment levels. Financial policy will focus on reversing the country's traditional capital outflows and encouraging financial inflows.

The new government faces a revenue shortfall resulting from reductions in subsidies from South Africa. The budget of the Windhoek central administration for 1990 projects a deficit of \$185 million. A large portion of the budget will go to public expenditure in the areas of health, housing, education, and infrastructure. Debt repayments account for the biggest expenditure. A budget surplus in 1989, short-term borrowing, increased tax receipts, and higher profitability of the mining industry will help enable Namibia to make up for its revenue shortfall.

Inflation averaged 14 percent during 1989. The South African economy greatly influences Namibia's inflation rate as Namibia continues to be a part of the Rand Monetary Area (South Africa, Lesotho, and Swaziland) using the South African Rand as currency. Monetary policy is therefore determined by Pretoria, and inflation and interest rates reflect the prevailing trends in South Africa. In addition, foreign exchange transactions are subject to the controls of the South African Reserve Bank, which acts as the central bank of Namibia. The Namibian government is setting up a central bank and expects to leave the Rand Monetary Area in about two years.

The current account showed a deficit of \$37 million in 1988; this was the first such deficit in seven years. However, Namibia's merchandise trade balance fluctuated widely throughout the 1980s reflecting changes in world mineral prices and the value of the Rand against the U.S. dollar. By 1988, Namibia's external trade position had substantially improved. Exports increased 17 percent to \$935 million due to a sharp rise in commodity prices, although actual volumes dropped slightly. The value of 1988 imports rose 8 percent to \$856 million.

Namibia's traditional merchandise trade surplus, which results from its valuable mineral exports, obscures the country's need to import 95 percent of its total consumption and investment goods. Roughly three-quarters of all imports come from South Africa, including most foodstuffs and refined petroleum products. Namibia's other major trading partners are Switzerland, West Germany, the United States, and Japan.

Sectoral Developments

Mining -- Mining plays a dominant role in Namibia's economy. It generates 25 percent of GDP, 85 percent of export earnings, and about 25 percent of government revenue. The sector employs over 18,000 workers in 46 mining operations. About 34 different minerals are currently produced in Namibia. Almost all are exported in unprocessed form. The industry's major contributors are diamonds, uranium, and copper.

The sole diamond producer is Consolidated Diamond Mines (CDM), a wholly owned De Beers(South Africa) subsidiary. Although output fluctuated in the late 1980s around 1 million carats annually (of which 95-97 percent are gem quality), CDM's after-tax profits continue to increase. The company expects to spend \$80 million to develop two more diamond deposits at Auchs and Elizabeth Bay, which together should generate 300,000 carats of additional output by 1991.

Rossing Uranium Limited, 46 percent owned by United Kingdom-based RTZ, is the country's sole producer of uranium ore. The Rossing mine, the largest open-pit uranium mine in the world, contributes 17 percent to Namibia's GDP and produces 35 percent of Namibia's total export earnings. Weak world uranium prices have kept the mine's output 1,500 tons below its rated capacity of 5,000 tons per year. Rossing's market is based on long-term sales contracts to countries such as France, Japan, West Germany, Spain, and Taiwan.

The South African controlled Tsumeb Corporation operates the only copper smelter and lead refinery in Namibia. Tsumeb also produces zinc, gold, silver, cadmium, pyrite, and arsenic trioxide. The South African Iron and Steel Corporation (ISCOR), a parastatal, produces lead, zinc, and tin at two mines in Namibia.

Overmining is a current concern for the Windhoek administration. The Thirion Commission, headed by the Natal supreme court judge P.W. Thirion, published a report in 1986 calling for stricter regulatory power, including a more efficacious Department of Mines and the enforcement of minimum exploration performance criteria.

32

Adequate diamond and uranium reserves exist to maintain present production levels through the next decade. However, low grades and dwindling copper resources are hampering copper production, and low prices threaten the viability of tin output. Thus, the potential for expansion of existing mining operations is limited. Diamonds, uranium, and base metals will continue to be the backbone of Namibia's economy for the foreseeable future, and the potential exists for additional discoveries. The government is expected to promote more value-added projects such as refining base metals and manufacturing alloys. The government also encourages prospecting investment with the aim of uncovering new deposits of minerals, oil, and gas.

Agriculture -- Agriculture employs half of Namibia's labor force and generates about 15 percent of export earnings and GDP. Livestock farming of cattle and karakul sheep for meat, dairy products, and pelts dominates the agricultural sector. Millet and sorghum are extensively grown by subsistence farmers. The commercial agricultural sector is dominated by 4,000, almost exclusively white farmers (mostly cattlemen) on almost one-half the country's agricultural land. On the "other side of the fence" are more than 800,000 black Namibian farmers, mostly subsistence, on communal lands. Inadequate rainfall in many areas limits crop production. Favorable results from irrigation projects in the north that have relied upon water from the Okavango, Kunene, and Zambezi rivers indicate good potential for future endeavors. The new government will encourage greater small-scale food production and hopes that new food crops such as vegetables, cereals, oil seeds, fruit, cotton, sisal, and cash crops such as sugar cane and tobacco can be developed.

In recent years, commercial fishing has accounted for as much as 5 percent of GDP and 20 percent of export earnings. The sea off the Namibian coast is one of the world's most fertile fishing grounds with a plentiful supply of sardines, anchovies, mackerel, hake, and others. Walvis Bay serves as Namibia's primary fishing port and location for the fish processing industry. Unfortunately, overfishing has negatively affected traditional stocks. Namibian officials report that foreign fleets are taking about 2 million tons of fish each year from Namibian territorial waters, while only paying fees on quotas totaling 800,000 tons. At R1,000 per ton, this represents a loss in revenue of over R1 billion annually (\$350 million). The government is expected to tighten fishing regulations by negotiating bilateral fleet agreements, setting catch quotas, and proclaiming a 200-mile Exclusive Economic Zone for Namibia, under the Law of the Sea Convention.

Manufacturing -- Manufacturing employs 5.1 percent of the formal sector work force and contributes 7 percent of Namibia's GDP. About 400 industrial enterprises operate in Namibia, more than half of which are located in Windhoek. Food processing businesses (primarily fish and meat) constitute the largest share of the sector. Other significant industries include textiles, wood working, furniture manufacturing, transportation equipment, metal products, chemical products, printing, and publishing.

While the sector enjoys a well-developed infrastructure and financial institutions, the domestic market for manufactured goods is small, and the labor is largely unskilled. The new government of Namibia is expected to encourage increased local value added to manufactures through greater processing of Namibian raw materials. Potential for development exists in industries linked to Namibia's primary sector activities (mining, agriculture, and fishing). These may include processing of minerals, transportation of minerals, manufacture of mining and agricultural equipment, and processing of beef for export. The First National Development Corporation, run by the Namibian Government, will aid private investment in manufacturing activities.

Services -- South African companies dominate Namibia's banking and real estate industries. The two biggest commercial banks are First National Bank (formerly Barclays Bank) and Standard Bank. The SWA Building Society (SWABS), established by seven South African building societies, finances upper and middle income housing projects. The National Building and Investment Corporation (NBIC) finances low-income housing. Both SWABS and NBIC operate predominantly in the main urban centers.

Namibia is home to some of Africa's most spectacular landscapes, yet its tourist sector is relatively underdeveloped. Conservation areas and recreation resorts cover 12 percent of the country's total surface area. The government is eager to develop the sector with private sector cooperation and investment. Preserving the fragile ecology will be an important component of tourism policy. Development of the sector will require creation of hotels and small safari camps, and investment in local air transport. High-cost, low-volume tours, with minimum disturbance, are likely to be favored.

Infrastructure -- Namibia's transport and communications infrastructure were developed to meet the strategic and economic needs of South Africa. Transport linkages with neighboring Angola, Zambia, and Botswana remain limited. The country's roads, railways, power, and communications are connected to corresponding systems in South Africa. Future expansion of these systems to

link up with other neighboring countries will be a priority for the new independent government.

The railway network comprises 2,349 km of track and can carry 2 million tons of freight annually. The South African-administered Walvis Bay handles 900 vessels per year and Luderitz can serve 70 annually. International air service is provided by Namib Air and South African Airways between Windhoek, Johannesburg, and Cape Town. Other international air carriers are in the process of negotiating arrangements for flights from Windhoek to destinations in Africa and Europe. The Department of Posts and Telecommunications operates an international exchange in Windhoek and also an automatic telex exchange. Communication to rural areas is provided by 65 fixed radio stations and 500 mobile stations. A highway connects South Africa's Cape Province to the Namibian city of Oshakati in Ovamboland and Rundu in Kavangoland. Transport linkage with Angola, Zambia, and Botswana remains limited but should improve with the entry of Namibia as a full member of the Southern African Development Coordination Conference (SADCC).

In July 1988, a Namibian parastatal, the National Transport Corporation, now called TransNamib, took over the operation of the road haulage, railway services, and the port of Luderitz. TransNamib also controls Namib Air, the national airline which currently offers international service to Frankfurt, Johannesburg, and Cape town.

Trade and Investment Climate

Namibia is expected to maintain an economic growth rate of 2-2.5 percent for 1990. Since the economy virtually exports 90 percent of total production, Namibia's economic growth is heavily dependent upon world market prices for Namibia's products. The government's international trade policy will focus on diversifying trading partners and finding new markets for nonmining and processed goods.

Namibia will become a member of the Lome Convention -- an agreement that gives Africa, Caribbean, and Pacific countries preferential access to European Community markets. Namibia's membership in SADCC may help build intraregional trading relationships with neighboring states.

The government's development priorities are: expand smallholder farming with a view towards national self-sufficiency in food production; develop infrastructure and related services (electricity, water, and communications) throughout the country;

25

and improve public services in health and education. The government expects to execute these programs through grant aid from bilateral and multilateral donors. The United Nations Development Program is coordinating most aid flows to Namibia.

President Sam Nujoma views private business as the government's partner in economic reconstruction and nation-building. Foreign investor participation in Namibia's economic recovery is most welcome. The new independent government is reviewing its regulations towards private and foreign investment and is expected to release a new investment code by the fall of 1990. Presently, the legal instrument of corporate regulations in Namibia is the South Africa's Companies Act of 1973. The new government has announced that it will publish a separate regulatory and investment code for the mining sector, and possibly for the energy sector as well.

Investment possibilities are in agriculture, mining, and processing industries. The First National Development Corporation (FNDC) assists in the identification of investor projects and in the coordination of local and foreign investors, development agencies, and financing. The FNDC has compiled a significant list of projects seeking investor participation, most of which are in the area of processing industries for primary commodities.

Implications for the United States

Upon Namibia's independence on March 21, 1990, the United States granted Namibia most favored nation (MFN) trade status and removed Namibia from the sanctions that had been imposed on it under the Comprehensive Anti-Apartheid Act (CAAA) of 1986.

In 1989, U.S. exports to Namibia totaled \$12.7 million, and U.S. imports from Namibia totaled \$14.7 million. Principal U.S. exports to Namibia are aircraft and associated equipment and parts, mining equipment, chemicals, vehicle parts, and radio equipment. Principal U.S. imports from Namibia are minerals, oil, and fish. The profile of the trade between the two countries will change significantly with the lifting of CAAA sanctions on U.S. trade with and investment in Namibia.

The best prospects for U.S. exports are in goods that are not obtainable within the Southern African Customs Union or in product areas where the United States has technological superiority such as mining, agriculture, communications, and construction.

35

U.S. exporters will find stiff competition in Namibia from European and South African suppliers. Approximately 70 percent of Namibia's total imports come from South Africa, and about 90 percent of Namibia's food and consumer products from South Africa. The members of the European Community will also be actively establishing their presence in Namibia, with the assistance of significant aid packages.

Firms seeking to learn more about the prospects for trading with and investing in Namibia should contact the American Embassy in Windhoek, Ausplan Building, 14 Lossen Street, Telephone 264-61-229-791, Fax 264-61-229-792; or the Namibian Desk Officer at the U.S. Department of Commerce, Telephone 202-377-5148, Fax 202-377-5330

AFRICA:
GUIDE TO BUSINESS FINANCE
FOR U.S. FIRMS

U.S. DEPARTMENT OF COMMERCE
International Trade Administration
May 1990

TABLE OF CONTENTS

	PAGE
Foreword	v
Preface	vii
U.S. Programs	
Africa Growth Fund	3
Export-Import Bank of the United States	5
Foreign Credit Insurance Agency	8
Overseas Private Investment Corporation	10
Private Export Funding Corporation	14
Small Business Administration	15
U.S. Agency for International Development	16
U.S. Department of Agriculture	18
U.S. Trade and Development Program	20
Multilateral Programs	
African Development Bank Group	25
African Regional Development Banks	27
East Africa Development Bank	27
West Africa Development Bank	27
Arab Multilateral Banks	28
Arab Bank for Economic Development in Africa	28
Arab Fund for Economic and Social Development	28
Islamic Development Bank	29
International Finance Corporation	30
Multilateral Investment Guarantee Agency	34
United Nations Organizations	36
United Nations Development Program	36
United Nations Industrial Development Organization	37
World Bank	39
Foreign Bilateral Programs	
Bilateral Official Development Assistance	45
Japan	45
Belgium	48
Canada	48
Denmark	48
Federal Republic of Germany	49
France	49
Kuwait	49
The Netherlands	50
Norway	50
Sweden	50

Foreign Bilateral Programs (cont'd)	
Foreign Development/Investment Corporations	51
Denmark	51
Federal Republic of Germany	51
Japan	51
The Netherlands	52
Sweden	52
United Kingdom	52
Foreign Export Credit Insurance	53
Belgium	53
Canada	53
Denmark	53
Federal Republic of Germany	53
Finland	54
France	54
Italy	54
Japan	54
Norway	54
Sweden	55
United Kingdom	55
African Development Corporations	59
Botswana	60
Cameroon	60
Cote D'Ivoire	60
Gabon	60
Lesotho	60
Malawi	61
Mauritius	61
Namibia	61
Nigeria	61
Seychelles	62
Sierra Leone	62
Swaziland	62
Tanzania	62
Togo	62
Zambia	63
Zimbabwe	63
Commercial Banks	67
Appendices:	
I. Procurement Notice Subscription Information	71
II. Export Assistance for U.S. Firms	73
Index	79

FOREWORD

There is significant business for American companies in Africa. Unfortunately, too few companies realize this, partly because of a misconception that finance is not available for African trade and investment. This is not the case, and I hope this guide will not only lead you to sources of finance, but also convince you as an exporter or investor to give the African market a serious look.

The 47 countries of Sub-Saharan Africa imported a total of \$56 billion in 1988. They purchased about 1 percent of America's worldwide exports, approximately \$3.78 billion; at the same time these countries purchased 2.3 percent of West Germany's exports, about \$5.8 billion; and 3.5 percent of the United Kingdom's exports, about \$4.5 billion.

The potential for U.S. export growth can be seen from these comparative figures. What should also be noted is the additional growth potential stemming from economic and political reforms taking root in Africa. The introduction of market pricing and the privatization of many state enterprises should cause African governments to turn increasingly to Western technology, management and investment.

Our competitiveness as an exporting nation rests with those American companies that aggressively export on a global basis. Africa, while modest by comparison with some other markets, nonetheless deserves to become part of the export global strategy of more American companies.

The Commerce Department offers several services to the American businesses interested in Africa and other global markets. These are described in the guide, and I hope you will consider using them as you explore business opportunities in Africa.

Don DeMarino
Deputy Assistant Secretary
Africa, Near East, and
South Asia

PREFACE

To demystify doing business in Africa, the International Trade Administration's Office of Africa has prepared this guide to summarize financing options for U.S. exporters and investors in Africa.

My approach in writing this guide is for it to serve the U.S. business community as a ready reference, consolidating in one volume, succinct descriptions of the various sources of finance offered by U.S. Government agencies, multilateral bodies, international bilateral programs and African development agencies. A functional (quick) index is provided so that the reader can focus on his/her particular contemplated transaction [i.e., consultancy funding, debt finance (investment or export), equity finance, feasibility study funding, insurance and guarantees (export or investment), project procurements, etc.] The appendix also provides project procurement notice publication information and U.S. Department of Commerce services for the exporter.

The Office of Africa assists U.S. firms to identify markets for their products, services, and investments in Africa. The country desk officers maintain up-to-date information on trade regulations, tariffs, business practices, economic and political developments, trade data and trends, and market size on each sub-Saharan African country. This information is made available to the business community through the Department of Commerce's publications, Foreign Economic Trends Report and the Overseas Business Report, or by individual consultations.

In addition, the Office of Africa develops and recommends trade and investment policy positions for the Department of Commerce and participates in negotiations on trade and investment agreements with African governments.

Jeffrey L. Greenblum
Director,
Office of Africa

AFRICA:

**GUIDE TO BUSINESS FINANCE
FOR U.S. FIRMS**

U.S. PROGRAMS

THE AFRICA GROWTH FUND

Purpose

The Africa Growth Fund (AGF) is designed to provide equity capital (for its own account) in start-up, expanding, or rehabilitating productive private enterprises in any of the 40 sub-Saharan African countries in which the Overseas Private Investment Corporation (OPIC) is authorized to do business.

Investment Criteria

AGF assets may be invested in a full range of businesses, i.e., manufacturing, agribusiness, construction, mining, finance, chemicals, services, privatization of parastatals, etc.

The investment should indicate an achievable potential for: high projected returns; significant levels of locally added value; short project development cycles (i.e., less than 7 years from start-up to full operating profitability); and some export earnings or access to convertible currency resources. The investment will usually be in the form of equity or equity-related securities (convertible subordinated debentures) that can provide current return and long-term appreciation.

Since AGF is supported by OPIC, the project must involve some significant U.S. interest, i.e., U.S. private sector equity investor, technical partnership agreement or technical management contract, or significant imports of U.S. source equipment, raw material, or product components. Further, the AGF investment must be supported by OPIC political risk insurance or similar risk mitigation structures. AGF does not participate in day-to-day operations, but it expects to be involved in board membership.

Investment Parameters

AGF's typical commitment will range in size from \$500,000 to \$3 million, using no more than 15 percent of AGF's total assets in any one company. Typically, total project capital cost will be between \$5 million and \$50 million. AGF seeks to own 20 to 45 percent of the company's total equity capital, when compatible with size of the project.

Structure

AGF is a limited partnership having currently 10 limited partners, all U.S. corporate investors. Total capital is \$30 million, \$10 million being equity (10 limited partnership units) and \$20 million being in the form of debt. The debt has been sold to U.S. private lending institutions in the form of promissory notes guaranteed by OPIC.

Equator Bank serves as AGF's manager and general partner. It is a merchant bank and trading company with offices in Hartford, Connecticut; Washington, DC; Naussau, Bahamas; Hong Kong; Nairobi, Kenya; London, United Kingdom; Lusaka, Zambia; and Luanda, Angola.

OPIC will participate in the oversight of AGF's investment operations. Many of OPIC's services may also be available to companies in which AGF invests.

Citicorp Investment Bank is AGF's financial advisor and agency for the sale of its securities.

Contact

Kenneth R. Locklin, Manager
The Africa Growth Fund, L.P.
1850 K Street, N.W., Suite 309
Washington, DC 20006
Telephone: (202)293-1860
Fax: (202)872-1521

THE EXPORT-IMPORT BANK OF THE UNITED STATES

Purpose

The Export-Import Bank of the United States (Eximbank) is the U.S. Government agency that facilitates export sales of American goods and services through its various financing programs. In its 56 years of operation, Eximbank has used loan, guarantee, and insurance programs to support \$200 billion in U.S. exports.

Programs

(A) Preliminary Commitment

The preliminary commitment is an offer from Eximbank detailing, in advance of a particular transaction, the terms and conditions for an Eximbank loan or guarantee support. An Eximbank preliminary commitment enables the exporter, borrower, lender, or other responsible party to establish terms of financing for effective planning and marketing. There is a \$100 processing fee due with the application, which is generally valid for 180 days but may be renewed at the discretion of Eximbank.

(B) Guarantee Program

Eximbank provides guarantees of repayment of fixed or floating rate loans from U.S. or foreign lenders to foreign buyers of U.S. exports. The guarantee covers U.S. capital equipment and services eligible for medium- or long-term financing. For U.S. export items containing foreign-made components, Eximbank will cover up to 100 percent of U.S. content, provided the total amount covered does not exceed 85 percent of the contract price of the item and the total U.S. content is not less than 50 percent of the contract price.

Principal cover is 100 percent of the financed portion. On medium-term loans (\$10 million or less and repayment term of 1-7 years), the exporter or lender must counter-guarantee Eximbank 2 percent of commercial risk. Guarantees are unconditional and freely transferable, based on pre-approval of documents and may be combined with an intermediary loan. Eximbank's Master Guarantee Agreement permits a lender to fund multiple transactions without entering into a separate agreement for each transaction. Coverage for political risks only is also available.

Eximbank charges a processing fee of \$100 (due with application); an up-front exposure fee based on term, country risk, and category of borrower or guarantor; and a commitment

fee of 1/8 percent per annum on undisbursed balances. If a medium-term intermediary loan is combined with a guarantee, the commitment fee is 1/2 percent per annum on the guaranteed loan.

(C) Direct Loan Program

Foreign buyers can obtain medium- and long-term loans at the Organization for Economic Cooperation and Development (OECD) minimum fixed interest rate from Eximbank for the purchase of U.S. capital equipment and services that face officially subsidized foreign competition. The maximum loan is 85 percent of contract price. Lending for U.S. export items containing foreign-made components is subject to the same conditions as discussed in Part B on page 5. Evidence of foreign competition is not required for exports produced by small businesses where the loan amount is \$2.5 million or less and the repayment period 7 years or less. Preliminary commitments are available. Fees include a \$100 processing fee, an exposure fee, and a 0.5 percent commitment fee on the undisbursed balance.

(D) Intermediary Loan Program

Fixed interest rate loans are available to lenders that extend OECD minimum fixed rate loans to buyers of U.S. capital equipment and services that face officially subsidized foreign competition for transactions eligible for medium- or long-term financing. (Lending conditions for U.S. export items containing foreign-made components are similar to those described in Part B on page 5.)

Coverage is provided not in excess of the outstanding balance of the lender's export loan, or more than 85 percent of the contract price. The loan is structured as a "stand-by" loan (may be drawn down any time during the life of the original lender's loan) if terms are less than \$10 million and 7 years. Evidence of foreign competition is required except for exports produced by small businesses where the loan amount is \$2.5 million or less. Preliminary commitments are available. Fees are somewhat similar as described in Part C above.

(E) Working Capital Guarantee Program

Repayment guarantees are provided to lenders extending loans to small- to medium-sized U.S. companies seeking to expand exports for their working capital needs related to export production and marketing activities. The lender must certify that the loan would not be made without Eximbank's guarantee.

The loan is secured on a first lien basis (not to exceed 90 percent of the value of collateral), with recourse to the exporter, to be repaid within 12 months. Eximbank's guarantee

will cover up to 90 percent of the principal amount of the loan and interest up to the date of claim at the lesser of the loan's stated rate or 1 percent over U.S. Treasury rate for a comparable maturity. Preliminary commitments are available; processing, facility, and usage fees are charged. The facility may be combined with the Small Business Administration's Export Revolving Line of Credit Program.

Contact

Export-Import Bank of the United States
Marketing and Program Development Division
811 Vermont Avenue, N.W.
Washington, DC 20571
Telephone: (202)566-4490
Toll Free Business Advisory Hotline: (800)424-5201

FOREIGN CREDIT INSURANCE ASSOCIATION

Purpose

The Foreign Credit Insurance Association (FCIA) is an association of leading insurance companies that provides export credit insurance policies protecting U.S. exporters against the risk of nonpayment by foreign debtors. It operates in cooperation with, and as an agent of, the Export-Import Bank of the United States (Eximbank). Its coverage protects against commercial and political risks. FCIA coverage enables the exporter to: (1) offer competitive credit terms; (2) arrange more favorable financing; and (3) penetrate higher risk foreign markets on a more prudent basis.

Insurance Policies

(A) New-to-Export Policy

FCIA's new-to-export policy provides enhanced protection for short-term sales of U.S. products by U.S. firms with minimal export credit experience. Applicants should not have had export credit sales over \$750,000, or have held an FCIA insurance policy in the past 2 years. This policy includes 95 percent commercial coverage and 100 percent political coverage with no deductible for the first 2 years.

(B) Multibuyer Policy

FCIA's multibuyer policy provides regular coverage for exporter's short-term, medium-term, or combined short- and medium-term sales to numerous buyers. For short-term sales, the exporter may choose to cover 90 percent of commercial risks and 100 percent of political risks, or choose equal cover at 95 percent for both commercial and political risk. The exporter may extend credit to each buyer based on favorable credit information and up to an amount specified in the policy.

(C) Short-Term Single-Buyer Policy

FCIA's short-term single-buyer policy provides coverage for single or multiple sales to one buyer on credit terms up to 180 days (can be extended to 360 days for agricultural commodities, and capital and quasi-capital equipment). Coverage is also available for export letters of credit opened by a foreign issuing bank. Coverage varies from 90 to 100 percent depending on the transaction and debtor.

(D) Medium-Term Single-Buyer Policy

FCIA's medium-term single-buyer policy provides coverage for U.S. manufactured capital and quasi-capital equipment sold on terms from 6 months to 5 years for either single sale or

repetitive sales to the single buyer. This policy is especially tailored to protect exporters in transactions with overseas dealers and distributors. The buyer is required to make a 15 percent cash down payment, and the policy covers 90 percent of a commercial and 100 percent of a political loss.

(E) Services and Leasing Coverage

(1) Coverage is available for progress payments under a contract for various professional services (i.e., management consultants, engineering service firms, etc.) due from foreign customers.

(2) Coverage is also available for defaulted operating and finance lease payments and lease assets.

(F) Special Coverage:

For an additional premium, preshipment coverage is available from date of execution of contract rather than date of shipping (appropriate for specially fabricated goods or long lead time for manufacturing).

Contact

Sharyn Hess, Manager
Marketing Communications
Foreign Credit Insurance Association
40 Rector Street, 11th Floor
New York, NY 10006
Telephone: (212)306-5000

OVERSEAS PRIVATE INVESTMENT CORPORATION

Purpose

The Overseas Private Investment Corporation (OPIC), a self-sustaining U.S. Government agency, promotes economic growth in "less developed friendly" countries by encouraging U.S. private investment in those nations. There are 40 eligible African countries that have entered into agreements with the United States so as to benefit from OPIC's programs. OPIC assists U.S. investors through two principal programs among its other services: (1) insuring investments against political risks and (2) financing investment projects through direct loans and/or loan guarantees. From FY 1981 to 1988, OPIC assisted 75 projects in Africa with investment value at \$4.37 billion.

Political Risk Insurance

Political risk insurance is provided to alleviate a firm's hesitancy to undertake medium- and long-term investments in developing countries because of potential political uncertainties. All of OPIC's insurance obligations are backed by the full faith and credit of the United States. Premiums range from \$0.30 to \$1.95 per \$100 of coverage depending on coverages chosen.

The following types of coverage are available:

- o Inconvertibility: Protects U.S. investors unable to convert into U.S. dollars the local currency received as principal, interest, profits, earnings, or return of capital on investment. This coverage also protects against discriminatory exchange rates but not against devaluation.
- o Expropriation: Protects against confiscation or nationalization of investment without fair compensation. "Creeping expropriation" is also covered, i.e., a set of actions whose cumulative effect is to deprive investors of their fundamental rights in the investment.
- o Political Violence: Protects against losses due to war (declared or not), revolution, insurrection, and civil strife. The investor may elect to cover loss of business income, loss of tangible assets, or both.

Finance

Medium- to long-term financing is available to U.S. investors through two programs: direct loans and loan guarantees.

(A) Direct Loans

(1) Criteria: The venture (minimum 25 percent U.S. ownership) must be sponsored by a U.S. small business. A small business is defined as an industrial company with annual sales of less than \$142 million and nonindustrial companies with stockholders' equity of less than \$48 million.

(2) Parameters: Loans range from \$500,000 to \$6 million. The interest rate parallels commercial rates depending on the project's financial and political risks. OPIC may consider convertible debentures.

(B) Loan Guarantees

(1) Criteria: OPIC issues financial guarantees under which funding can be obtained from or through qualified U.S. financial institutions. The guarantee covers both commercial and political risk.

(2) Parameters: Typical guarantees range from \$5 million to \$25 million but can be as large as \$50 million. Interest rates are comparable to other similar U.S. Government-guaranteed issues. The fee schedule includes an exposure fee, which averages 2 percent, depending on commercial and political risk; as well as facility and commitment fees. Following a suitable grace period, maturity ranges from 5 to 12 years.

Other Services

(A) Opportunity Bank

OPIC offers a computer data system that can match an investor's interest with specific overseas opportunities. American firms seeking joint-venture projects overseas submit a description of their company, the type of investment sought, and the developing country or countries of interest. Upon request, the information is "matched" against corresponding information submitted by foreign businesses seeking American investors. Registration is free, with a modest fee charged for matched requests.

(B) Investor Information Service

OPIC provides a clearinghouse service of information commonly sought by U.S. companies considering overseas investment. This information includes basic economic, business, and political information on 110 developing countries and 16 geographical regions. The information is packaged in country-specific and region-specific kits, available for a nominal fee.

(C) Investment Missions

OPIC conducts investment missions to developing countries offering excellent investment opportunities for American businesses. These missions are designed to introduce senior U.S. business executives to key business leaders, potential joint-venture partners, and high-ranking government officials in the host country. Mission participants pay their own travel and accommodation expenses, as well as a pro-rata share of the administrative costs. A mission was recently taken to Botswana and Lesotho where turn-around time from the mission to executing the final paperwork to commence project operations occurred in 6 months.

(D) Contractors and Exporters Insurance Program

OPIC insures against arbitrary drawings of bid, performance, or advance payment guarantees and other guarantees usually issued in the form of bank stand-by letters of credit. This insurance is also available to subcontractors and others who are not the prime contractors, but who must post a guarantee in respect of a particular project.

OPIC also provides suppliers of goods and services with political risk protection against inconvertibility, expropriation, war, revolution, insurrection, civil strife, loss of or damage to physical assets, and protection against unresolved contractual disputes with the foreign government buyer.

(E) Small Contractors' Guarantee Program

OPIC also offers a finance program to assist small business contractors (as described on page 11) who have difficulty getting a financial institution to issue stand-by letters of credit or other instruments used as performance and advance payment guarantees for projects overseas. Under this program, OPIC will guarantee an eligible bank or other financial institution against all risk for up to 75 percent of the letter of credit used on behalf of the contractor.

(F) Energy Programs

OPIC offers special insurance and finance programs for U.S. investors involved in oil and gas, oil shale, geothermal, mineral, solar, and other energy projects, as well as for investors supplying support services or goods for such commercial projects. Political risk insurance coverage is available to energy investors for currency inconvertibility, expropriation, war, revolution, insurrection, and civil strife. In addition, coverage against "interference with

operations" (cessation of operations due to political violence) is also available. OPIC can also provide up to \$50 million to finance as much as 50 percent of the cost of new energy projects, or 75 percent of the expansion of an existing project.

(G) International Leasing

OPIC offers political risk insurance coverage for cross-border operating and capital lease transactions with terms of at least 36 months (asset and payment stream). Coverage is also available for equity or debt investments in offshore leasing companies and management maintenance agreements involving leasing firms.

Contact

B. Thomas Mansbach
Managing Director
Africa, Middle East
South Asia
Insurance Department
Overseas Private Investment Corporation
1615 M Street, N.W.
Washington, DC 20527
Telephone: (202)457-7045 or (800)424-6742

Joseph Fisher
Business Development Officer
Finance Department
Overseas Private Investment Corporation
1615 M Street, N.W.
Washington, DC 20527
Telephone: (202)457-7073 or (800)424-6742

PRIVATE EXPORT FUNDING CORPORATION

Purpose

The Private Export Funding Corporation (PEFCO) finances the exports of U.S. goods and services. It makes medium- and long-term fixed interest rate loans, mostly to borrowers in developing countries for their purchases pertaining to capital projects, i.e., aircraft, power generation equipment, mining projects, and industrial plants. Since its establishment in 1971, PEFCO has made export loan commitments aggregating \$4.3 billion.

Programs

(A) Loan Program

PEFCO's terms are generally not available from private sector lenders. Loans must carry the unconditional guarantee of the Export-Import Bank of the United States (Eximbank).

Individual loans have ranged from \$1 million to \$225 million, averaging about \$21 million per loan. Loans are also available to lessors in lease transactions. PEFCO may join a lending group that includes commercial banks and Eximbank. PEFCO's portion of such loan is repaid after maturities due to commercial bank(s) and but before those due to Eximbank (if included).

PEFCO charges a commitment fee, being 0.5 percent of the undisbursed balance, and Eximbank charges guarantee and availability fees.

(B) Export Loan Participation Program

PEFCO will purchase from commercial banks and acceptable financial institutions the obligations of foreign buyers (typically notes or drafts of three months to two years in maturity and exceeding \$250,000). The purchased loans must be guaranteed by Eximbank or insured by Foreign Credit Insurance Association (FCIA). PEFCO has implemented this program to provide market liquidity. The original lender will continue servicing the loan for a fee paid by PEFCO.

Contact

John A. Deuchler
Executive Vice President
Private Export Funding Corporation
280 Park Avenue
New York, NY 10017
Telephone: (212)557-3100

THE SMALL BUSINESS ADMINISTRATION

Purpose

The Small Business Administration (SBA) assists small U.S. companies with counseling, loans, and loan guarantees.

Services

Services fall into two categories: financial assistance and business development assistance.

(A) Financial Assistance

Financial assistance includes direct loans and loan guarantees. Loan guarantees are limited to 85 percent of the total loan and a \$750,000 maximum. Loans under \$155,000 are guaranteed at 90 percent of the total loan amount. Loan rates generally cannot exceed 2 1/4 percent over the prime rate for loans under 7 years. For longer term loans, the rate cannot exceed 2 3/4 percent. There are three loan categories:

(1) Regular Business Loan Guarantee Program (RBLP): Guarantees bank loans to small companies that are developing foreign markets. Loans may not exceed \$750,000 and can be made with maximum maturities of 7 years. Fixed asset acquisition loans may have a maximum maturity of 25 years.

(2) The Export Revolving Line of Credit (ERLC): Provides unlimited withdrawals and paybacks up to the maximum amount of the credit to assist small business exports. Loan maturity is based on the business cycle of each borrower.

(3) Small Business Investment Company Financing: Provides venture capital through SBA-licensed Small Business Investment Companies.

(B) Business Development Assistance

Business development assistance includes individual counseling, courses, conferences, and workshops on business planning, finance, management, and marketing.

Contact

Anthony Korenstein
Director of International Trade
Small Business Administration
1441 L Street, N.W., Room 501A
Washington, DC 20416
Telephone: (202) 653-7794
Fax: (202) 254-6429

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Purpose

The United States Agency for International Development (USAID), the agency that administers most of the foreign economic assistance programs of the U.S. Government, allocated approximately \$678 million to Africa in 1989.

Programs

Two programs exist to financially facilitate a firm's exports to Africa: Project Procurements and Commodity Import Programs.

(A) Project Procurements

(1) Purpose: USAID provides to various African countries project loans or grants to finance specific facilities or undertakings. The projects include construction of irrigation systems, expanding rural health programs, equipping small farms with appropriate tools and machinery, and reorganizing various public facilities. The USAID funds are thereby available to facilitate the dollar exchange to pay the U.S. exporter supplying the goods and materials required for the project.

(2) Procurement: The recipient country's government is responsible for procuring the requisite goods and materials through formal bidding procedures. The supplier deals only with the recipient foreign government (appropriate ministry) or the procurement services agent. Generally, procurement notices are listed in Commerce Business Daily and USAID Procurement Information Bulletin.^{*} However, the procurement process must comply with the provisions of USAID Handbook 11, Chapter 3, in order to be eligible for payment from such USAID funds.

(3) Payment: Payment can be made by the recipient government through a letter of credit confirmed by a U.S. bank or by USAID under a U.S. Government letter of commitment. Exporters receive payment after presenting the paying authority with appropriate shipping documents.

(4) Contact:

Betty Briscoe
Senior Business Specialist
Office of Small and Disadvantaged Business Utilization
U.S. Agency for International Development
U.S. Department of State
Washington, DC 20523
Telephone: (703)875-1590

* See Appendix I for subscription information.

(B) Commodity Import Programs

(1) Purpose: USAID also provides non-project assistance to selected African countries, on a loan or grant basis, to finance essential commodity imports from the United States. Goods that qualify for Commodity Import Programs (CIP) funds include agricultural machinery, construction and transportation equipment, telecommunications devices, fertilizers, chemicals, raw materials, semifinished products, and foodstuffs. USAID does not finance such items as military and police equipment or luxury goods. In 1989, CIP funded approximately \$79 million in sub-Saharan Africa.

(2) Procurement: The foreign government may allocate the CIP funds to either its public or private sectors. Public sector procurements are normally conducted using formal bidding procedures while purchases by private importers are conducted through established commercial relationships. Many public and private CIP procurement notices are announced in Commerce Business Daily* and USAID Procurement Information Bulletin.* Transactions are handled directly between the American supplier and the foreign importer (public or private). However, in order to receive payment from USAID funds, USAID Regulation I must be complied with during the CIP Procurement process.

(3) Payment: For public sector CIP shipments, payment is generally made directly from USAID through a letter of commitment. For private sector CIP shipments, payment is made through a letter of credit, drawn on and confirmed by, a U.S. correspondent bank.

(4) Contact:

Jack E. Warner
Commodity Management Officer
Commodity Import Programs
U.S. Agency for International Development
U.S. Department of State
Washington, DC 20523
Telephone: (703)875-1058

* See Appendix I for subscription information.

U.S. DEPARTMENT OF AGRICULTURE

Purpose

The U.S. Department of Agriculture (USDA) provides a variety of services to assist in financing U.S. exports of agricultural commodities.

Programs

Three programs exist to help finance agricultural exports. These programs are: Targeted Export Assistance Program, Food for Peace Program (Public Law 480), and Commodity Credit Corporation Commercial Financing.

(A) Targeted Export Assistance Program (TEA)

(1) Purpose: TEA provides funds to promote products that have encountered unfair foreign trade barriers or competition in other countries, i.e., export subsidies. Market development activities are approved by the Foreign Agricultural Service (FAS) of USDA, and cost sharing for the approved programs is required.

(2) Contact:

Dale Miller
High Value Products Division, Room 4951-S
Foreign Agricultural Service
U.S. Department of Agriculture
Washington, DC 20250-1000
Telephone: (202)447-3031

(B) Food for Peace Program (Public Law 480)

(1) Purpose: Titles I and III of the Public Law 480 Program authorize USDA to provide financing for sales of U.S. agricultural commodities to friendly developing countries on concessional terms.

Title I concessional sales provide low-interest, long-term credit to foreign governments. Payment is made in U.S. dollars to suppliers upon delivery of the commodities on board vessels at U.S. ports. Recipient countries resell the commodities internally and use the proceeds for agricultural and economic development projects. In the FAS, the P.L. 480 Operations Division oversees the purchasing and shipping of commodities by recipient countries.

Title III, known as Food for Development, permits forgiveness of Title I debt, provided the recipient country

undertakes specific agricultural and economic development activities with the proceeds from local sales of the commodities obtained under Title I agreements.

Under Title II of P.L. 480, the Agricultural Stabilization and Conservation Service procures U.S. agricultural commodities for direct donations to foreign countries in cases of natural disasters or other crises and in support of nutritional feeding programs. The Program Analysis Division of USDA coordinates this program with the U.S. Agency for International Development, the administering agency.

(2) Contact:

Marvin Lehrer
Director
P.L. 480 Operations Division
Foreign Agricultural Service
U.S. Department of Agriculture
Washington, DC 20250-1000
Telephone: (202)447-3664

(C) Commodity Credit Corporation Commercial Financing (CCC)

(1) Purpose: The Export Credit Guarantee Program (GSM-102) and the Intermediate Export Credit Guarantee Program (GSM-103) of the CCC allow foreign buyers to purchase U.S. farm commodities from private U.S. exporters, with U.S. banks providing the financing at commercial rates of interest for up to 3 years under GSM-102 and in excess of 3 years, but not more than 10 years under GSM-103. CCC's guarantee covers the risk that the foreign buyer's bank might fail to pay under a letter of credit.

The programs operate in cases where credit is necessary to increase or maintain U.S. exports to foreign markets and where private financing institutions would be unwilling to provide financing without CCC's guarantee.

(2) Contact:

Lawrence McElvain
Director
CCC Operations Division
Foreign Agricultural Service, Room 4503
U.S. Department of Agriculture
Washington, DC 20250-1000
Telephone: (202)447-6211

U.S. TRADE AND DEVELOPMENT PROGRAM

Purpose

The Trade and Development Program (TDP) is an independent agency of the U.S. International Development Cooperation Agency which promotes economic growth and U.S. export potential to developing countries by funding feasibility studies (Africa Public Sector Grants and Investor Assistance Program), consultancies, training programs, and other project planning services. TDP's activities cover a wide range of sectors that include, but are not limited to the following: minerals and energy development, food production, industry, transportation, communications, and technical training.

Services

(A) African Public Sector Grant Financing

(1) Procedure for U.S. Firm Applications: TDP invites African governments (grantee) to apply for grant assistance for planning studies of major public sector projects. The grantee (rather than TDP) selects the U.S. firm to conduct the study under approved competitive bidding procedures. Normally, this includes advertisement of the study or consultancy in Commerce Business Daily.*

The U.S. firm then: (a) submits its qualification form (available from TDP) to the grantee; (b) is short-listed by the grantee; (c) if shortlisted, submits its detailed proposal; and (d) enters into final negotiations with the grantee.

(2) Criteria For Grant: TDP normally conducts a preliminary internal review of the proposal to determine: (a) that the project represents a development priority for the sponsoring country; (b) that project financing has been identified and is likely if the study suggests project feasibility (non-USAID/U.S. bilateral financing would be available); (c) that the potential for U.S. exports is significant; and (d) that TDP has a facilitative role to play, without which the project would not move forward with U.S. exports.

(3) Payment: The U.S. contactor submits its invoices to the grantee, which approves and forwards them to the host-country U.S. Embassy/Consulate for transmittal to TDP in Washington. TDP then makes payment directly to the contractor.

* See Appendix I for subscription information.

(B) Investor Assistance Program

TDP offers direct financing to U.S. companies for feasibility studies connected with their potential investments in African countries. The proposed project must have significant potential for exports of U.S. goods and services. TDP will finance up to 50 percent of the cost of the study in the form of a 4-year interest-free note, which is repayable regardless of the outcome of the study.

The criteria for such TDP assistance is the same as discussed for Public Sector Grants. Also, approval by the host country government is required.

(C) Development Bank Trust Funds

TDP has made grants to the World Bank (see page 39), International Finance Corporation (see page 30), and the African Development Bank (AFDB) (see page 25) for U.S. consultant trust funds for studies specifically in Africa. Under these programs, U.S. consultants may be recruited for bank studies that hold potential for projects involving significant U.S. exports. Interested U.S. consultants must be registered with the development banks and should inquire with the banks' specific country desk officer concerning consulting opportunities.

(D) Training and Other Activities

TDP provides funding for technical seminars in either the United States or Africa and for orientation visits to the United States by key African decision-makers. TDP also funds training programs for TDP public sector projects.

Contact

Fred Eberhart
Regional Manager - West Africa
Trade and Development Program
Room 309 - State Annex 16
Washington, DC 20523-1602
Telephone: (703) 875-4357
Fax: (703) 875-4009

Geoff Jackson
Regional Manager - Eastern and Southern Africa
Trade and Development Program
Room 309 - State Annex 16
Washington, DC 20523-1602
Telephone: (703) 875-4357
Fax: (703) 875-4009

AFRICA:

**GUIDE TO BUSINESS FINANCE
FOR U.S. FIRMS**

MULTILATERAL PROGRAMS

AFRICAN DEVELOPMENT BANK GROUP

Purpose

The African Development Bank Group (AFDB) lends funds and provides technical assistance to its 50 member countries in Africa for development projects and economic adjustment programs. The bank is located in Abidjan, Cote d'Ivoire. The AFDB lending budget for 1990 is anticipated to be approximately \$2 billion. In 1988, the AFDB made 84 loans totaling nearly \$2.2 billion. Project lending accounted for 73 percent of AFDB's loans in 1988, in the following sectors: public utilities, agriculture, industry, and transport.

Procurement Opportunities for U.S. Suppliers

U.S. suppliers may bid on tenders for procurement of goods and services necessary for AFDB-funded projects and programs. Project proposals are submitted to AFDB's board; approval usually takes approximately 1 to 2 months. Project procurements and the Quarterly Operational Summary, which lists projects in the AFDB pipeline, appear in Development Business.^{*} Project documentation is available at the U.S. Department of Commerce, Major Projects Reference Room, Room 2203, 14th Street and Constitution Avenue, N.W., Washington, DC, 20230

Bids are open and subject to international competitive bidding procedures. However, bidding procedures may be altered in specific cases to permit an advantage to local African suppliers, or for other reasons that must be approved by the AFDB at the time a loan is approved. When projects are co-financed with other lending institutions, bids may be restricted to nationals of the co-financing country.

Disbursements for purchases of goods and services may be made directly from the AFDB upon endorsement of the borrowing country, or from the borrower. Suppliers of goods may wish to register with the AFDB as the AFDB frequently forwards its list of registered companies to the recipient countries.

U.S. Consultancies

The AFDB maintains a register of consultants to prepare feasibility studies. Consultants must be registered with the bank in order to be considered for work on AFDB assessments and projects. The U.S. Trade and Development Program has established a \$1.5 million Trust Fund for Consultants at the AFDB to provide feasibility study funds for U.S. consultants.

^{*} See Appendix I for subscription information.

Structure

The African Development Bank Group consists of the African Development Bank, the Africa Development Fund (its concessionary loan affiliate), and the Nigeria Trust Fund. Along with 50 African countries, 26 non-African countries are members of the AFDB. (The United States is a member and provides 5.8 percent of AFDB's capital.) Each member country has an Executive Director assigned to the AFDB Board whose function is to set general Bank policies and vote on project applications from member countries. The U.S. Executive Director works with the U.S. Department of Commerce Foreign Commercial Service Officer in Abidjan and Department of Commerce officials in Washington, D.C. to facilitate U.S. procurements.

Contact

Mima S. Nedelcovych
U.S. Executive Director
African Development Bank/Fund
01 B.P. 1387
Ave. Joseph Anoma
Abidjan 01, Cote D'Ivoire
Telephone: (225)33-14-34
Fax: (225)44-45-96
Telex: 3717, 3498, 3263, 3282

Robert Thibeault
Director, International Major Projects
International Trade Administration, Room 2015B
U.S. Department of Commerce
14th St. & Constitution Ave., NW
Washington, DC 20230
Telephone: (202)377-5225

Jeffrey L. Greenblum
Director, Office of Africa
International Trade Administration, Room 3317
U.S. Department of Commerce
14th St. & Constitution Ave., NW
Washington, DC 20230
Telephone: (202)377-2175

Gene Harris
Commercial Attache
U.S. Embassy
5 Rue Jesse Owens; 01 B.P. 1712
Abidjan, Cote d'Ivoire
Telephone: (225)21-09-79 or 21-46-72
Telex: 23660
Fax: (225)22-32-59

AFRICAN REGIONAL DEVELOPMENT BANKS

Purpose

The development banks listed below provide grants and loans for infrastructure, manufacturing, and agricultural projects in specific African regions. These banks are capitalized by member countries and by grants from multilateral and bilateral agencies.

Procurement

Goods and services for bank projects financed through grants from World Bank (see page 39) and African Development Bank (AFDB) (see page 25) are procured through international competitive bidding in accordance with World Bank or AFDB procedures. Procurement announcements appear in Development Business or in the International Business Opportunities Service*.

Contacts

East African Development Bank
P.O. Box 7128
EADB Building
4 Nile Avenue
Kampala, Uganda
Telephone: (256)230021
Telex: 61074
Members: Kenya, Tanzania, Uganda

West Africa Development Bank
Banque Ouest Africaine de Developpement (BOAD)
B.P. 1172
Lome, Togo
Telephone: (228)21 59 06
Telex: 5289
Members: Benin, Burkina Faso, Cote d'Ivoire, Mali, Niger, Senegal, Togo

* See Appendix I for subscription information.

ARAB MULTILATERAL BANKS

Arab Bank for Economic Development in Africa

Purpose

The Arab Bank for Economic Development in Africa (BADEA) was established in 1973 by most of the members of the League of Arab States to provide economic development assistance to all the members of the Organization of African Unity (OAU) (that do not belong to the Arab League). BADEA's assistance is usually in the form of lending (some concessional) to specific infrastructure projects (i.e., transport and power), agriculture, and industrial development. BADEA also provides technical assistance and funding for feasibility studies.

Procurement

Procurement for BADEA-financed projects is on the basis of international competitive bidding, but a margin of up to 10 percent is allowed to enterprises fully or partially owned by Arab or African interests. Enterprises that are on the boycott lists of the Arab League or the Organization of African Unity (OAU) are excluded from submitting tenders. BADEA generally finances only the foreign exchange component of a project. BADEA's share of financing for a project is limited to 40 percent of the total cost of a project and not more than \$10 million.

Contact

Arab Bank for Economic Development in Africa
Baladia Road
P.O. Box 2640
Khartoum, Sudan
Telephone: 73645/6/7
Telex: 248 KM
Cable: BADEA KHARTUM

Arab Fund for Economic and Social Development

Purpose

The Arab Fund for Economic and Social Development (AFESD) provides lending facilities similar to BADEA. Approximately one-third of its total funding commitments are for sub-Saharan Africa.

Contact

Arab Fund for Economic and Social Development
P.O. Box 21923
Safat 13080, Kuwait
Telephone: (965) 451580
Telex: INMARAB 22153 KT
Cable: INMARAB KUWAIT

The Islamic Development Bank

Purpose

The Islamic Development Bank (IDB) provides project funding for procurement similar to BADEA. It also provides equity capital for economic projects in member countries (15 sub-Saharan countries are members).

Contact

Islamic Development Bank
P.O. Box 5925
Jeddah 21432, Saudi Arabia
Telephone: (966)(02) 636 1400
Fax: (966)(02) 636 6871
Telex: 601137; 601407 ISDB SJ
Cable: BANKISLAMI

THE INTERNATIONAL FINANCE CORPORATION

Purpose

The International Finance Corporation (IFC), affiliated with the World Bank, is the world's largest multilateral organization that provides financial assistance in the form of debt and equity to the private sector of developing countries that can contribute to the economic development of such country. The country must be a member of the World Bank. Currently 41 sub-Saharan African countries are members of the IFC (151 total members). The IFC also provides various other advisory and technical services.

Programs

(A) Investments

(1) Criteria: IFC invests in most types of productive enterprises in its developing member countries. The investments include agribusiness, financial institutions, gold and diamond mining, oil and gas exploration, hotels, pulp and paper, textiles and telecommunications, etc.

The debt and equity investments that the IFC uses for its own account are usually limited to 25 percent of project cost. The venture should cost at least \$4 million to \$6 million. The largest IFC investment for its own account is around \$70 million.

(2) Equity: IFC will invest up to 25 percent of the share capital for a venture. It expects its investment partners to provide management. IFC prefers to participate with a mix of equity and lending, but may provide one or the other.

(3) Debt: IFC usually provides fixed rate loans denominated in U.S. dollars or major currencies; or variable rate loans in U.S. dollars. Rates are determined on a commercial basis (no subsidy). Terms are flexible depending on cash flow needs, to be serviced over 7 to 12 years.

(4) Application for Financing: After review of the preliminary project and corporate information, IFC will require a detailed feasibility study or business plan to determine whether to appraise the project.

(B) Financial Services

(1) Financial Packages: IFC will solicit proposals from other lenders and shareholders and coordinate financing from foreign and local banks, export credit agencies, and other institutions.

(2) Syndication: IFC has developed a participation instrument to facilitate the syndication of large loans. The instrument serves as a master agreement being subject to the conditions of the IFC and the participating lenders. The participating banks accept their portion of the risk, but any default is construed as a direct default to the IFC. The agreement helps to facilitate projects in countries experiencing foreign exchange problems.

(3) Financial Instruments: Each project's financing requirements can be tailor-made by providing "senior" loans, subordinated and convertible loans, income notes or equity in various combinations.

(4) Underwriting and Contingent Financing: IFC can arrange underwriting agreements in support of public offerings or private placements on a sole or participating basis. It can also provide contingent financing, full or partial guarantees of other sources of financing, and assistance in arranging debt for equity/debt/asset swaps.

(C) Other Services

(1) Restructuring and Privatization: IFC offers advisory services for restructuring of sound companies experiencing difficulties and for governments or private businesses wishing to privatize parastatal enterprises.

(2) Capital Markets: IFC provides advisory and technical assistance to help member countries improve the environment and operations of their financial markets. It may invest (via debt or equity) in start-up or expansion of financial institutions. Such financial institutions include mutual funds, housing finance (primary and secondary mortgage markets), leasing companies, commercial banks, venture capital companies, agency arrangements, export finance mechanisms, and insurance companies. IFC also underwrites securities issued in the international capital markets and makes information available on these markets through its Emerging Markets Data Base (an information bank on stock markets in developing countries).

Special African IFC Initiatives

(A) Africa Enterprise Fund (AEF)

(1) Purpose: AEF has been established by IFC to assist small- and medium-sized enterprises. Its objective is to stimulate growth and employment on the continent.

(2) Investment Criteria: It will support projects with total capital costs between \$250,000 to \$5 million. The projects may be new, expansion, or rehabilitation.

(3) Investment Parameters:

- o AEF will provide 40 percent of project financing in the form of debt or equity capital. Debt will be funded in a major convertible currency and on commercial terms. Equity investments seldom exceed 30 percent of share capital, and AEF is never the largest shareholder in the project.
- o AEF normally invests between \$200,000 and \$750,000.
- o AEF funds may be used for project-related expenses including fixed assets, working capital, and pre-operating costs.
- o Projects must be majority privately owned.
- o An appropriate amount of equity is required.
- o Projects must be co-financed by local investment partners, i.e., bank, other financial institution, or development agency.

(4) Contact:

Guy C. Antoine
Coordinator
Africa Enterprise Fund
International Finance Corporation
1818 H Street, N.W.
Washington, DC 20433
Telephone: (202) 473-0733
Fax: (202) 676-9000

(B) African Project Development Facility (APDF)

(1) Purpose: The APDF is a joint effort of the IFC, the African Development Bank, and the United Nations Development Program which helps African entrepreneurs identify viable projects, obtain financing and capital, and acquire technical and managerial assistance. The APDF targets projects for medium-sized businesses with capital requirements ranging from \$0.5 million to \$5.0 million. APDF brings foreign investors and local partners together with assistance in negotiating fair and equitable terms of cooperation.

(2) Contact:

African Project Development Facility
Immeuble C.C.I.A., 17th Floor
01-B.P. 8669
Abidjan 01, Cote d'Ivoire
Telephone: (225) 21-96-97
Telex: 22264
Fax: (225) 21-61-51

African Project Development Facility
International House
P.O. Box 46534
Nairobi, Kenya
Telephone: (254) 722200
Telex: 25303
Fax: (254) 339121

(C) African Management Services Company (AMSCO)

(1) Purpose: AMSCO is designed to improve management in private businesses and commercially operated public corporations. AMSCO specialists will train local managers and conduct management interventions to improve long-term viability of African companies. AMSCO is funded by equity capital from a number of bilateral and multilateral development institutions. Operating costs are recovered by management fees.

(2) Contact:

Tener R. Eckelberry
President
AMSCO B.V.
World Trade Center
Strawinskylaan 301
1077 XX Amsterdam, The Netherlands
Telephone: (31)(20) 575-2101
Telex: 18512 AMSCO
Fax: (31)(20) 575-2116

General IFC Contact

Edward Jaycox
Regional Vice President, Africa
International Finance Corporation
1818 H Street, N.W.
Washington, DC 20433
Telephone: (202) 473-4000
Telex: ITT 440098
Fax: (202) 477-6391

THE MULTILATERAL INVESTMENT GUARANTEE AGENCY

Purpose

The Multilateral Investment Guarantee Agency (MIGA) was established in 1988, as a member of the World Bank Group, to encourage the flow of foreign investment in developing countries by providing a range of political risk insurance and advisory services. MIGA anticipates that its participation in a project through its guarantees program should enhance confidence that an investor's rights will be respected by the host country.

Insurance Services

MIGA can insure up to 90 percent of an investment with coverage limited to \$50 million per project. Coverage can be issued for a term of up to 15 years unless a specific project can justify 20 years against the following risk categories:

- o Currency Transfer and Nonconvertibility: Guarantees foreign investment against losses caused by an inability to remit profits or convert local currency.
- o Expropriation: Protects against losses caused by host government action that deprives the investor of ownership or control of his investment. Both direct and "creeping" expropriation are covered.
- o War, Revolution, and Civil Disturbance: Protects against losses to tangible assets and business interruption due to civil unrest in the host country.
- o Breach of Contract: Protects against cases of host government repudiation or breach of contract in which the investor is denied justice.

(A) Eligibility Requirements

Investors must be nationals of a member country other than the country in which the investment is made. The actual projects must be located in a developing country. Guarantees can be issued to either new investments or increases in capital or capacity of existing enterprises. Investments must obtain approval of the host government.

(B) Cost

Premium rates are determined on the basis of each project and range from 0.3 to 1.5 percent of the amount guaranteed per year.

(C) Application Procedure

Submit preliminary application to MIGA prior to the investment being funded or irrevocably committed. MIGA will determine provisional eligibility and forward a Notice of Registration and Definitive Application for Guarantee to the investor.

When completed, the Definitive Application is used to determine: full eligibility; types of guarantees desired; economic and development benefits of the project to the host country; and viability of the project. If approved, MIGA will request host government approval and issue the guarantee.

Contact

Leigh Hollywood
Vice President, Guarantees
Multilateral Investment Guarantee Agency
1818 H Street, N.W.
Washington, DC 20433 USA
Telephone: (202)473-6168 or 477-1234
Telex: ITT 440098
Fax: (202)334-0265

UNITED NATIONS ORGANIZATIONS

Purpose

The United Nations (UN) "system of organizations" is comprised of various entities that fund a variety of projects, programs, and studies in the developing world. Annual procurement by the UN system exceeds \$750 million (total estimated value including loans from international lending institutions -- \$20 billion). Two UN entities that provide significant opportunities for U.S. firms are: the United Nations Development Program (UNDP) and United Nations Industrial and Development Organization (UNIDO).

United Nations Development Program

Purpose

UNDP is the central coordinating arm of the UN system for development assistance. It provides financial and technical assistance to the following types of projects: agriculture, industry, education, energy, transport, communications, public administration, health, and housing, etc. Procurement opportunities exist for the projects' equipment requirements and specialized technical consultancy services.

The African Development Bank (see page 25) often acts as UNDP's "executing agency."

Procurement

Procurement for the UNDP and other UN agencies is coordinated by the Intra-Agency Procurement Services Office (IAPSO). Procurements are transmitted to IAPSO for publication in Development Business.* IAPSO also publishes General Business Guide for Potential Suppliers of Goods and Services to the UN System which is available from the following address.

Contact

United Nations Development Program
Norre Voldgade 94
DK-1358
Copenhagen K, Denmark

* See Appendix I for subscription information.

United Nations Industrial Development Organization

Purpose

The objective of the United Nations Industrial Development Organization (UNIDO) is to promote and accelerate industrialization in developing countries. UNIDO technical cooperation projects have included the following industries: chemical, textiles, leather, woodworking, plastics processing and packaging, cement, ceramics, glass, instrumentation, audiovisual equipment, and computers. UNIDO's equipment and services procurement for 1988 was \$57.6 million.

Procurement

(A) Consultancy

UNIDO contracts with consultants to provide services for its technical cooperation projects. The services required include general surveys and studies; project identification, preparation, evaluation, design and implementation; manufacturing technologies; management services; and establishment of pilot plants. Consultants short-listed to submit bids are usually registered with UNIDO's Roster of Industrial Consulting Organizations.

(B) Equipment

Supplies of equipment for UNIDO's technical cooperation projects are selected from the UNIDO Roster of Vendors. After short-listing qualified suppliers, procurement is usually on the basis of international competitive bidding procedures. Orders are placed with the lowest bidder offering technically acceptable equipment, due consideration being given to standardization, warranties, servicing and spare parts facilities available in country of destination, delivery time, and training facilities for operational and maintenance personnel.

Services

(A) Industrial Development Decade for Africa

(1) Purpose: UNIDO locates foreign partners, financiers, and associates for industrial projects in Africa. (Assistance in developing Namibia's industrial policies will be a priority as Namibia is a new entrant to the community of sovereign nations.)

(B) Investment Promotion Services (IPS)

(1) Purpose: IPS serves to provide information on investment prospects in developing countries. IPS activities include: locating appropriate technologies for investment projects, exchanging information on business opportunities, and promoting contacts between business people. IPS maintains an office in Washington, DC

(2) Contact:

Investment Promotion Service Office
UNIDO
1660 L Street, NW
Washington, DC 20036
Telephone: (202) 659-5165
Telex: 3730475 IPS WSH
Fax: (202) 659-7674

Contact

For Contractual Services: Chief, Contracts Section
For Purchases of Equipment: Chief, Purchase Section

General Services Division
Department of Administration
UNIDO
P.O. Box 300
A-1400 Vienna, Austria
Telephone: (43)(1) 21 131
Telex: 13121818 PAC A
Fax: (43)(1) 230 78 40

THE WORLD BANK

Purpose

The World Bank is a multilateral development finance institution, owned by more than 150 governments, that provides both financial and technical assistance to developing countries to stimulate economic growth and development. The World Bank's primary funding affiliates are the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). IBRD loans are made to governments or entities that can secure government guarantees. IDA provides concessional credits to governments only, of whose countries are considered the poorest -- per capita income of less than \$400 per year. World Bank provided sub-Saharan Africa \$3.9 billion in 1989 -- 18 percent of its total lending commitment.

The World Bank's lending programs support the following projects: agriculture, roads, dams, power stations, small-scale industry, urban development, water supply, health, and telecommunications, etc. World Bank lending is intended primarily to help meet the projects' foreign exchange costs. Each World Bank project passes through a project cycle (identification, preparation, appraisal, negotiation, approval, and implementation). The project is first announced during the identification stage in the World Bank's Monthly Operational Summary.* The key to obtaining business opportunities with the World Bank lies with a firm's ability to monitor the different stages of this cycle.

Procurement

Procurement of goods and services for projects occurs after the bank's final approval during the implementation stage. U.S. firms are generally eligible to compete for any contract. The recipient country announces tenders and awards contracts.

(A) Bidding Guidelines

Except in cases where procurement follows local or limited bidding guidelines, the procurement process must comply with international competitive bidding procedures. The World Bank monitors compliance.

(B) Procurement Information

Procurement announcements are published in Development Business* and in local African and international newspapers. Procurement information is also published through World Bank's International Business Opportunities Service (IBOS)*.

* See Appendix I for subscription information.

(C) Payment

The World Bank disburses funds after the recipient country indicates that goods have been procured or services performed by submitting completed invoices. Suppliers may negotiate to be paid by the recipient country or the World Bank. Payment is generally made through a letter of credit opened by the payer (the World Bank or the recipient country) in favor of the supplier at the supplier's bank.

Consultancies

Consulting services are procured during the first two stages of the project cycle (identification and preparation) when a project is chosen and its proposal is drafted. Consulting firms are responsible for preparing feasibility studies and other project-related services. The borrowing country is responsible for procuring consulting services.

(A) Advertisement

Consultants are chosen from a short list drawn from the World Bank's Database of Consultants (DACON). Consultants can register with DACON.

DACON Center
1818 H Street, N.W.
World Bank
Washington, DC 20433
Telephone:: (202) 477-4763.

(B) Payment

Payment is made in the same manner as described for procurements.

Information Sources

(A) Publications

The World Bank publishes the following pamphlets (free of charge) for guidance: The Project Cycle, Guidelines for Procurement Under IBRD Loans and IDA Credits, Bidding for Contracts in World Bank Financed Projects, Guidelines for the Withdrawal of Loan/Credit Proceeds, and Guidelines for Use of Consultants by World Bank Borrowers.

(1) Request by mail

The World Bank Publications Unit
P.O. Box 7247-8619
Philadelphia, PA 19170-8619
Telephone: (201) 225-2165

(2) Walk-in

The World Bank Book Store
701 18th Street, N.W.
Washington, DC 20433

(B) Supplemental Details on Specific Projects

Janice Mazur
Office of International Major Projects, Room 2015A
International Trade Administration
U.S. Department of Commerce
Washington, DC 20230
Telephone: (202)377-5225

(C) World Bank Business Seminar

Carol Stitt
Office of Business Affairs
World Bank
1818 H Street, N.W.
Washington, DC 20433
Tel: (202)477-5322

AFRICA:

**GUIDE TO BUSINESS FINANCE
FOR U.S. FIRMS**

FOREIGN BILATERAL PROGRAMS

BILATERAL OFFICIAL DEVELOPMENT ASSISTANCE

Purpose

Many developed countries administer programs, similar to USAID (see page 16), to provide official development assistance (ODA) (project and nonproject grants and loans, technical assistance, and training services) to countries in the developing world. This ODA is made available for the following sectors: agriculture, forestry, fishing, public health, housing, telecommunications, transportation, mining, manufacturing, etc.

Those programs that allocate a significant amount of untied ODA (procurement of products from companies in the lending country is not required) are listed on the following pages.

Japan

Japanese ODA provides approximately \$1 billion in assistance to Africa (10 percent of ODA budget) for project and nonproject procurements, feasibility studies, and investments. A significant portion of such ODA is in the form of untied aid. Therefore, access to this financing should exist for U.S. firms.

Japanese ODA Process

The recipient country usually relies upon the private sector and development planning agencies to organize and design the projects. Japanese trading companies, which help to identify projects and work with the recipient government throughout subsequent phases, can facilitate business development for U.S. firms. Once the request is approved by the appropriate Japanese ministry, the recipient country bears responsibility for organizing competitive bidding on project contracts.

The three main Japanese aid-implementing agencies that could offer opportunities for U.S. firms are the Japan International Cooperation Agency (JICA), the Overseas Economic Cooperation Fund (OECF), and the Export-Import Bank of Japan (JEXIM).

JAPAN INTERNATIONAL COOPERATION AGENCY

JICA finances about \$150 million in prefeasibility and feasibility studies for projects in such sectors as transportation, communications, public health, agriculture,

forestry, mining, and the environment. It maintains offices in Ethiopia, Ghana, Kenya, Malawi, Tanzania, and Zambia. Non-Japanese companies may participate in JICA projects but only as members of a consulting team consisting of at least 75 percent Japanese nationals.

Contact

Teivo Igarashi
Resident Representative
JICA
2020 K St., N.W., Suite 435
Washington, DC 20006
Telephone: (202)457-0412

OVERSEAS ECONOMIC COOPERATION FUND

The OECF disburses approximately \$4.3 billion in Japanese bilateral aid through concessionary loans to foreign governments, equity investments in corporations, and grants for development projects. Current spending is highest in the following sectors: power generation and transmission, road and railway construction, telecommunications, manufacturing industries, and water resource management.

Although it usually relies upon the recipient government, the OECF uses several foreign procurement agencies (the British Crown Agent, JGS of Switzerland, and the United Nations Development Program) to manage its untied aid program in Africa. U.S. firms can supply goods and services utilizing the untied funds as long as they meet the procurement guidelines established by the recipient government or executing agency. Approximately 75 percent of OECF's total funds are untied.

Contact

Takeo Takamatsu
OECF
2100 Pennsylvania Ave., N.W., Suite 535
Washington, DC 20037
Telephone: (202) 463-7492

EXPORT IMPORT BANK OF JAPAN

In addition to its export financing facilities for Japanese services and goods, JEXIM provides untied loans (approximately \$20 million a year) to developing countries through bilateral

programs and multilateral development banks. It encourages borrowers to use international competitive bidding procedures and to disseminate procurement invitations through local newspapers, embassies, and the United Nations publication Development Business.*

Contact

Makato Sanagawa
Chief Representative
Export-Import Bank of Japan
2000 Pennsylvania Ave., N.W., Suite 3350
Washington, DC 20006
Telephone: (202)331-8547

U.S. Government Contacts for Japanese ODA

For additional information concerning Japanese ODA process or developing contacts with Japanese consulting firms or trading houses:

Bob Lurensky
Office of International Major Projects
Room 2015A
International Trade Administration
U.S. Department of Commerce
Washington, DC 20230
Telephone: (202)377-4002

Nancy K. Ellis or Traci L. Smith
Office of International Trade and Investment Promotion
Agency for International Development, Room 5752 N5
U. S. Department of State
Washington, DC 20523-0061
Telephone: (202) 647-3805

Alan Turley
United States and Foreign Commercial Service
U.S. Department of Commerce

Street Address

U.S. Embassy
10-1, Akasaka 1-chome
Minato-ku (107)
Tokyo, Japan
Telephone: (81) (3) 224-5069
Fax: (81) (3) 589-4235

Mailing Address

American Embassy, Tokyo
APO
San Francisco, CA 96503

* See Appendix I for subscription information

Belgium

GENERAL ADMINISTRATION FOR DEVELOPMENT COOPERATION

Belgium's General Administration for Development Cooperation (AGCD) provided almost \$600 million in bilateral ODA to developing countries in 1988, concentrating on sub-Saharan Africa. Almost 40 percent of this bilateral ODA is untied.

Contact

General Administration for Development Cooperation
Marszeld 5, Box 57
1050 Brussels, Belgium
Telephone: (32)(2) 519 02 11

Canada

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

The Canadian International Development Agency (CIDA) disbursed over \$2.3 billion in grants and loans in 1988 through multilateral and bilateral programs. Approximately 45 percent of bilateral CIDA grants or loans are untied to the purchase of Canadian goods and services. CIDA tied assistance may contain one-third U.S. content.

Contact

Canadian International Development Agency
200 Promenade du Portage Hull
Ottawa, Ontario,
Canada K1A0G4
Telephone: (819)997-5456
Telex: 053-4140

Denmark

DEPARTMENT OF INTERNATIONAL DEVELOPMENT COOPERATION

Denmark's Department of International Development Cooperation (DANIDA) provided over \$300 million in bilateral ODA to sub-Saharan Africa in 1988. Approximately 50 percent of this bilateral ODA is untied.

Contact

DANIDA
2, Asiatisk Plads
DK-1448 Copenhagen K,
Denmark
Telephone: (45)(31) 01 92 00 00

Federal Republic of Germany

BUNDESMINISTERIUM FEUR WIRTSCHAFTLICHE ZUSAMMENARBEIT

The Bundesministerium feur Wirtschaftliche Zusammenarbeit (BMZ) provided almost \$1 billion in bilateral ODA to sub-Saharan Africa in 1988. Approximately 50 percent of this bilateral ODA is untied.

Contact

BMZ
Karl-Marx Strasse #6
5300 Bonn 1, Federal Republic of Germany
Telephone: (49) 228 5351

France

CAISSE CENTRALE DE COOPERATION ECONOMIQUE

The Caisse Centrale de Cooperation Economique (CCCE) provided approximately \$6.9 billion of bilateral ODA to developing countries in 1988, the majority going to sub-Saharan Africa. Approximately 50 percent of this bilateral ODA was untied.

Contact

CCCE
Cite du Retiro 35-37
Rue Boissy-d'Anglas
75379 Paris, France
Telephone: (33)(1) 40 06 31 31
Telex: 212632
Fax: (33)(1) 42 66 03 31

Kuwait

KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT

The Kuwait Fund for Arab Economic Development provided approximately \$250 million in bilateral ODA to sub-Saharan Africa in 1988. Most of this bilateral ODA was untied.

Contact

Kuwait Fund for Arab Economic Development
P.O. Box 2921
Safat 13030, Kuwait
Telephone: (965) 246 8800

The Netherlands

NETHERLANDS MINISTRY OF DEVELOPMENT COOPERATION

The Netherlands Ministry of Development Cooperation provided \$1.6 billion in bilateral ODA to developing countries in 1988. Approximately 40 percent of this bilateral ODA was untied.

Contact

Netherlands Ministry of Development Cooperation
P.O. Box 20061
2500 EB, The Hague
The Netherlands
Telephone: (31)(20) 486 486

Norway

NORWEGIAN AGENCY FOR INTERNATIONAL DEVELOPMENT

The Norwegian Agency for International Development (NORAD) provided about \$100 million in bilateral ODA to sub-Saharan Africa in 1988. Approximately 60 percent of this bilateral ODA was untied.

Contact

Norwegian Agency for International Development
P.O. Box 8034 DEP.
N-0030 Oslo 1,
Norway
Telephone: (47)(2) 314400
Fax: (47)(2) 314401

Sweden

SWEDEN INTERNATIONAL DEVELOPMENT AUTHORITY

The Sweden International Development Authority (SIDA) provided approximately \$600 million in bilateral ODA, almost exclusively in grant form, to sub-Saharan Africa in 1988. Approximately two-thirds of this bilateral ODA was untied.

Contact

Sweden International Development Authority
S-105 25,
Stockholm, Sweden
Telephone: (46)(8) 15 01 00
Telex: 11450 SIDA S

FOREIGN DEVELOPMENT/INVESTMENT AGENCIES

Purpose

Many developed countries maintain agencies that promote economic growth and industrial investment in developing countries by providing equity and debt finance, feasibility study funding, and guarantees to African companies and joint ventures (primarily start-ups). Projects include transportation, mining, power, hotels, housing, etc. Equity participation ranges from 10 to 49 percent.

U.S. firms may participate, in partnerships/joint ven_____ , in developing country projects) with either the investment agency or a company domiciled in the agency's country, with the agencies listed below.

Country Contact

Denmark

Industrialization Fund for Developing Countries

4 Bremeholm

DK-1069 Copenhagen K.

Denmark

Telephone: (45) (31) 142575

Telex: 15493 IFU DK

Services Offered:

Equity Finance

Debt Finance

Feasibility Funding

Federal Republic of Germany

Deutsche Gesellschaft fur wirtschaftliche

Zusammenarbeit (DEG)

D-5000 Koln 41

Federal Republic of Germany

Telephone: (221) 49861

Telex: 8881949

Services Offered:

Equity Finance

Debt Finance

Debt Guarantees

Japan

Japan International Cooperation Agency;

Overseas Economic Cooperation Fund

(see pages 45-46)

The Netherlands

Nederlandse Financierings Maatschappij voor
Ontwikkelingslanden
(Netherlands Development Finance Company)
Africa Division

P.O. Box 93060

The Hague, The Netherlands

Telephone: (31)(20)641 9641

Fax: (31)(20)347 1733

Services Offered:

Equity Finance

Debt Finance

Feasibility Funding

Sweden

SWEDFUND

Jacobs Torg 3

Box 16360

S-10327 Stockholm, Sweden

Telephone: (46)(8)231740

Telex: 14135 Swefund S.

Services Offered:

Equity Finance

Debt Finance

Debt Guarantees

Feasibility Funding

United Kingdom

Commonwealth Development Corporation

33 Hill Street

London W1A 3AR,

United Kingdom

Telephone: (44)(1) 629 8484

Telex: 21431

Services Offered:

Equity Finance

Debt Finance

Debt Guarantees

Feasibility Funding

FOREIGN EXPORT CREDIT INSURANCE

Purpose

Most developed countries maintain export credit insurance facilities (similar to Eximbank and FICA -- see pages 5 and 8, respectively) that provide coverage for their exporters against political and commercial risk.

The foreign facilities that will extend export credit insurance for goods and services with U.S. components are listed below. The U.S.-sourced portion of an export contract would account for no more than 10 to 50 percent of its value, or not be in direct competition with the facility's domestic firms.

Country Contacts

Belgium

Office National du Ducroire
Square de Meeus 40
1040 Brussels, Belgium
Telephone: (32)(2) 512 3800
Fax: (32)(2) 513 5059

Canada

Export Development Corporation
151 O'Connor Street
Ottawa, Ontario,
Canada K1P5T9
Telephone: (613)598-2500
Telex: 053-4136

Denmark

Eksportkreditradet (EKR)
Codanhus, Gl. Kongevej 60
1850 Frederiksberg C
Copenhagen, Denmark
Telephone: (45)(1) 31 38 35
Fax: (45)(1) 31 24 25

Federal Republic of Germany

Hermes Kreditversicherungs-Aktiengesellschaft
Postfach 50 07 40
D-2000 Hamburg 50
Federal Republic of Germany
Telephone: (49)(40) 887 1000
Fax: (49)(40) 887 9175

Finland

Vientitakuulaitos (VTL)
P.O. Box 187
SF-00131, Helsinki, Finland
Telephone: (358)(90) 661 811
Fax: (358)(90) 651 181

France

Compagnie Francaise d'Assurance pour le Commerce
Exterieur (COFACE)
12 Cours Michelet La Defense 10
92800 Puteaux
Paris, France
Telephone: (33)(1) 49022000
Telex: 614884

Italy

Sezione Speciale per l'Assicurazione de Crediti
all'Esportazione (SACE)
Piazza Poli 36
00100 Rome, Italy
Telephone: (39)(6) 67381
Telex: 613160 SACE 1

Japan

Export Insurance Division
Ministry of International Trade and Industry
1-3-1 Kasumigaseki
Chiyoda-ku
Tokyo, Japan
Telephone: (81)(3) 501-1665
Fax: (81)(3) 501-2081

Norway

A/S Eksportfinans
Dronning Mauds Gate 15
0250 Oslo 1, Norway
Telephone: (47)(2) 425960
Telex: 78213
Fax: (47)(2) 419201

Sweden

Exportkreditnamnden-EKN
Box 7334
S-103 90 Stockholm, Sweden
Telephone: (46)(8) 23 58 30
Telex: EKN S 17657
Fax: (46)(8) 11 81 49

United Kingdom

Export Credit Guarantee Department
Aldermanbury House
P.O. Box 272
London EC2P 2EL,
United Kingdom
Telephone: (44)(1) 606 6699
Telex: 883601

AFRICA:

**GUIDE TO BUSINESS FINANCE
FOR U.S. FIRMS**

AFRICAN DEVELOPMENT CORPORATIONS

AFRICAN DEVELOPMENT CORPORATIONS

Purpose

Many African governments operate finance and development corporations that promote and finance domestic and foreign investment in their countries. These corporations usually participate in new ventures that create jobs, transfer technology, or generate foreign exchange. Depending on the country, these corporations emphasize projects that develop industries in their "priority" sectors such as manufacturing, agribusiness, mining, or tourism.

Services

(A) Finance

Typically, development corporations provide equity and debt capital, and debt guarantees for joint venture projects with U.S. partners. In addition, many also finance feasibility studies, seminars, or other pre-project services.

When investing on their own behalf, the development corporations often retain a minority interest (between 5 and 40 percent) in the project; in cases in which the "national interest" is deemed to be paramount, the government or the corporation may supply a major share of capital.

(B) Investment Assistance

Some of these development corporations also advise and assist investors in many aspects of a proposed venture by:

- o Identifying and marketing investment opportunities.
- o Providing information on investment, regulatory, and commercial codes; foreign exchange regulations; tax matters; and appropriate finance vehicles.
- o Obtaining licenses and permits from appropriate government ministries, including housing and work permits for expatriate personnel.
- o Identifying (and possibly leasing) sites and locations for industrial and business operations.
- o Recruiting employees.

Country Contacts

Following is a partial listing of the financial and development corporations that offer finance for U.S. investors in Africa. For information on other development corporations or parastatals which may act as a joint venture partner for U.S. firms, please contact the appropriate U.S. Department of Commerce country desk officer on (202) 377-2175.

Botswana

Botswana Development Corporation
Madirelo House, Mmanaka Road
P.O. Box 438
Gaborone, Botswana
Telephone: (267) 351811
Telex: 2251 DEVCO BD
Fax: (267) 373539

Cameroon

Societi Nationale D'Investissement
B.P. Box 423
Yaounde, Cameroon
Telephone: (237) 23-34-99/22-44-22
Telex: 8205 KN
Fax: (237) 22-39-64

Cote D'Ivoire

Centre de Commerce International D'Abidjan
B.P. V 68
Abidjan, Cote D'Ivoire
Telephone: (255) 21-81-69
Telex: 23460
Fax: (225) 22-71-12

Gabon

Banque Gabonaise de Developpement
B.P. 5
Libreville, Gabon
Telephone: (241) 762429/761/663
Telex: 5430

Lesotho

Lesotho National Development Corporation
Development House, Kingsway
Private Bag A96
Maseru 100, Lesotho
Telephone: (266) 312012
Telex: 4341 LO
Fax: (266) 310038

Malawi

Investment and Development Bank of Malawi
Delamere House, Victoria Avenue
P.O. Box 358
Blantyre, Malawi
Telephone: (265) 620-055
Telex: 44735
Fax: (265) 635-703

Malawi Development Corporation
Development House, Victoria Avenue
P.O. Box 566
Blantyre, Malawi
Telephone: (265) 620-100
Telex: 4146
Fax: (265) 620-584, x33

Mauritius

Development Bank of Mauritius
Chaussee
Port Louis, Mauritius
Telephone: (230) 080241
Telex: 4248 DEVBANK IW
Fax: (230) 088498

State Investment Corporation
Fon Sing Building, 2nd Floor
12 Edith Cavell Street
Port Louis, Mauritius
Telephone: (230) 081577/8
Telex: 4635 SI CORP IW

Namibia

General Manager, Development
First National Development Corporation
Private Bag 13252
Windhoek 9000, Namibia
Telephone: (061) 36740

Nigeria

Nigerian Industrial Development Bank Ltd.
NIDB House (14th Floor)
63-71 Broad Street
Lagos, Nigeria
Telephone: (234) (1) 663470/662534
Telex: 21701/21708

Seychelles

Seychelles Industrial Development Corporation
Huteau Lane
Victoria, Mahe
Republic of Seychelles
Telephone: (248) 24941
Fax: (248) 25121

Sierra Leone

National Development Bank
Leone Building
21/23 Siaka Stevens Street
Freetown, Sierra Leone
Telephone: 26791
Telex: 3589

National Industrial Development and Financial Organization
Reliance Building
16 Charlotte Street
Freetown, Sierra Leone
Telephone: 22626

Swaziland

Managing Director
Swaziland Industrial Development Company
Dhlan'ubeka House
5th Floor
P.O. Box 866
Mbabane, Swaziland
Telephone: (268) 43391
Telex: 2052 WD

Tanzania

National Development Corporation
P.O. Box 2669
Dar es Salaam, Tanzania
Telephone: (255)(51) 23806/26271
Telex: 41068 NATDEV TZ
Fax: (255)(51) 26277

Togo

Societe Nationale D'Investissement et Fonds Annexes
B.P. Box 2682
Lome, Togo
Telephone: (228) 21-62-21/21-62-25
Telex: 5265

Zambia

Development Bank of Zambia
P.O. Box 33955
Lusaka, Zambia
Telephone: (260)(1)214884/216881
Telex: ZA 45040

Industrial Development Corporation, Ltd
P.O. Box 31935
Lusaka, Zambia
Telephone: (260)(1)214555
Telex: ZA 41821

Zambia Agricultural Development Bank
P.O. Box 30847
Lusaka, Zambia
Telephone: (260)(1)219251
Telex: ZA 40126

Zimbabwe

Industrial Development Corporation
93 Park Lane
P.O. Box 8531, Causeway
Harare, Zimbabwe
Telephone: (263)(4) 706971/794805
Telex: 24409 IDC ZW

Zimbabwe Development Bank
6th Floor, Fidelity House
P.O. Box 1720
Harare, Zimbabwe
Telephone: (263)(4) 721008/9
Telex: 26279 ZDB ZW

Zimbabwe Investment Centre
1 Union Avenue
P.O. Box 5950
Harare, Zimbabwe
Telephone: (263)(4) 790991/4
Telex: 26644 RESZIM ZW
Fax: (263)(4) 708976

df

AFRICA:

**GUIDE TO BUSINESS FINANCE
FOR U.S. FIRMS**

COMMERCIAL BANKS

COMMERCIAL BANKS

Many commercial banks offer financial services for trade with, and investment in, sub-Saharan Africa through African branches, subsidiaries, agents, or correspondent relationships with African banks.

Typically, these banks offer the following mix of trade finance: export, import, stand-by, and back-to-back letters of credit (confirmed, unconfirmed, or advised); bankers' acceptances (documentary, clean); performance bonds; forfaiting and purchase of trade acceptances; and sight and time drafts.

Many of these banks also provide foreign exchange services, debt and interest conversions and swaps, and co-financing and guarantees with Eximbank (see page 5), SBA (see page 15), and the IFC (see page 30).

Following is a list of commercial banks which are known to do business in Africa. This list is neither comprehensive nor is it an endorsement of these firms by the U.S. Department of Commerce.

- Barclays
- Bank of America
- Bank of Credit and Commerce International
- Bankers Trust
- Banque Paribas
- Citibank
- Credit Lyonnaise
- Credit Suisse
- Deutsche Bank AG
- Dresdner Bank AG
- Equator Bank
- Fidelity Bank
- First Chicago
- Grindlays
- Manufacturers Hanover
- Morgan Guaranty Trust Company
- National Westminster
- Standard Chartered

AFRICA:

**GUIDE TO BUSINESS FINANCE
FOR U.S. FIRMS**

APPENDICES

APPENDIX I

SUBSCRIPTION INFORMATION FOR
PUBLICATIONS CONTAINING
PROJECT/PROCUREMENT NOTICES

Project/Procurement Bulletins

Commerce Business Daily

Superintendent of Documents
Government Printing Office
Washington, DC 20402
Telephone: (202) 783-3238
Annual subscription: \$261
Announcements for:
. USAID
. TDP

Development Business

United Nations
One UN Plaza
G.C.P.O. Box 5850
New York, NY 10163-5850
Telephone: (212) 963-1515
Annual subscription: \$295
Announcements for:
. United Nations organizations
. World Bank
. AFDB
. Foreign government tenders

International Business Opportunities Service (IBOS)
(including Monthly Operational Summary)

World Bank Publications
P.O. Box 7247-8619
Philadelphia, PA 19170-8619
Telephone: (201) 225-6165
Fax: (201) 417-0482
Annual subscription: IBOS: \$250
Monthly Operational Summary: \$95
Announcements for:
. World Bank

USAID Procurement Information Bulletin

Office of Small and Disadvantaged Business
Minority Resource Center
U.S. Agency for International Development
U.S. Department of State
Washington, DC 20523
Telephone: (703) 875-1590
Annual Subscription: Free

World Bank Watch

P.O. Box 30240
Bethesda, MD 20814
Telephone: (301) 654-5580
(800) 367-0839
Annual subscription: \$500
Announcements for:
. World Bank
. African Development Bank

Periodicals

Journal of Commerce

110 Wall Street
New York, NY 10005
Telephone: (212) 425-1616
Annual subscription: \$225
Announcements for:
. USAID
. TDP
. Foreign government tenders

Financial Times

14 East 60th Street PH
New York, NY 10022
Telephone: (800) 344-1144
Annual subscription: \$300
Announcements for:
. Foreign government tenders
. World Bank
. AFDB
. United Nations organizations

Exporters and consultants should also monitor local African and other newspapers for procurements opportunities relating to specific bilateral programs.

Where to Get Export Assistance

Atremendous amount of export information and counseling is available for U.S. exporters—for free or at very little cost. Unfortunately, many small- and medium-sized companies that consider overseas marketing too complicated don't even know it is there for the asking.

Business America seeks to remedy this problem by periodically publishing an export assistance guide, complete with telephone numbers. We update the guide now in this 1989 World Trade Week issue.

The chief source of export assistance is the U.S. Government, led by the U.S. Department of Commerce's International Trade Administration (ITA). ITA's export services are especially useful to small- and medium-sized companies that lack elaborate export organizations. The services are practical, focused on securing foreign customers for an American company's products and services.

The President of a two-year-old Malibu, Calif., export trading company which anticipates \$3 million in foreign sales this year, said, "We can trace half of our overseas customers to U.S. Commerce Department services."

ITA operates its export development program through three major units. The U.S. and Foreign Commercial Service (US&FCS) hunts for commercial oppor-

tunities overseas and counsels exporters throughout the nation. International Economic Policy's country desk officers keep track of economic and commercial developments in particular countries. Trade Development industry specialists are knowledgeable about the problems and the prospects of particular industries. (A fourth ITA unit—Import Administration—provides a process by which American manufacturers or workers can ask the government to determine whether they are the victims of unfair trade practices and to prescribe a remedy for them.)

Additional export services are offered by other Commerce Department agencies and by other federal agencies.

But export assistance does not stop with the federal government. State governments are becoming more and more involved in encouraging exports as an integral part of local economic development. See box on page 18 for a list of export offices in all 50 states. Also see Feb. 27 *Business America* for the article, "State See Exports as a Tool for Local Business Expansion," page 7.

An increasing number and variety of private groups also are getting involved in helping firms get started in exporting, including state and local chambers of commerce and local and national industry associations.

International Trade Administration

The best starting place for getting information about export programs is a district office of the Commerce Department's International Trade Administration (ITA). See page 32 for a list of the district offices, which form the domestic arm of ITA's U.S. and Foreign Commercial Service (US&FCS). Through a district office, a company has access to all assistance available in the Commerce Department: practical information about overseas market opportunities, developed by commercial officers abroad and by industry and country desk officers in Washington, D.C. The district offices also can direct companies toward other government and private sector export services.

The ITA District Offices

Forty-seven ITA district offices and 21 branch offices in cities throughout the United States and in Puerto Rico provide information and professional export counseling to business people. Each office is headed by a director, supported by trade specialists and other staff. These professionals can help a company's decision makers gain a basic understanding of profitable opportunities in exporting and assist them in evaluating the company's market potential overseas.

Each district office can give information about:

- Trade and investment opportunities abroad
- Foreign markets for U.S. products and services

(Listing of industry sectors at right is only partial; for others not listed, call 202-377-1461.)

Country Desk Organization

Headquarters	(202) 377-3022
GATT Division	(202) 377-3681
International Organizations	(202) 377-3227
U.S. Trade by Region	
Africa	(202) 377-2175
Canada	(202) 377-3101
Caribbean Basin & Mexico	(202) 377-5327
Eastern Europe	(202) 377-2645
European Community	(202) 377-5278
Israel Information Center	(202) 377-4652
Japan	(202) 377-4527
Near East	(202) 377-4441
Pacific Basin	(202) 377-4008
PRC, Hong Kong	(202) 377-3583
South America	(202) 377-2436
South Asia	(202) 377-2954
U.S.S.R.	(202) 377-4655
Western Europe	(202) 377-5341

Industry Organization

Headquarters	(202) 377-1461
Aerospace	(202) 377-8228
Automotive	(202) 377-0823
Chemicals and Allied Products	(202) 377-0128
Consumer Goods	(202) 377-0337
Computer and Business Equipment	(202) 377-0572
Energy	(202) 377-1466
Export Trading Companies	(202) 377-5131
Forest Products and Domestic Construction	(202) 377-0384
General Industrial Machinery	(202) 377-5455
Instrumentation	(202) 377-5466
Medical Services	(202) 377-0550
Major Projects and International Construction	(202) 377-5225
Metals, Minerals, and Commodities	(202) 377-0575
Microelectronics & Instrumentation	(202) 377-2587
Services Industries	(202) 377-3575
Special Industrial Machinery	(202) 377-0302
Telecommunications	(202) 377-4466
Textiles	(202) 377-5078
Trade Information Analysis	(202) 377-1316
Export Statistics and Trade Data (Foreign)	(202) 377-4211
Export Statistics and Trade Data (Domestic)	(202) 377-4211

- Services to locate and evaluate overseas buyers and representatives
- Financing aid for exporters
- International trade exhibitions
- Export documentation requirements
- Foreign economic statistics
- U.S. export licensing and foreign nation import requirements

- Export seminars and conferences

Most district offices maintain an extensive business library containing the Department's latest reports.

The district offices work closely with 51 District Export Councils (DECs), comprised of nearly 1,800 business and trade experts who volunteer to help U.S. firms enter the export field. (See article on DECs in April 24 *Business America*, page 2.)

The Overseas Posts

Much of the information about trends and actual trade leads in foreign countries is gathered on-site by the commercial officers of the US&FCS. About half of the approximately 175 American officers working in 65 countries (with 122 offices) have been hired directly from the private sector, many with international trade experience. All understand firsthand the problems encountered by U.S. companies in their efforts to trade abroad. In addition, a valued asset of the US&FCS is a group of about 500 foreign nationals who provide continuity in commercial programs. Commercial Service staff provide a range of services to help companies sell overseas. These include background information on foreign companies, agency-finding services, market research, business counseling, assistance in making appointments with key buyers and government officials, and representations on behalf of companies victimized by trade barriers.

The overseas posts seek trade/investment opportunities to benefit U.S. firms.

Country Desk Officers

Country desk officers, in ITA's International Economic Policy unit, are another excellent source of information on trade potential in specific countries. Every country in the world has a country desk officer assigned to it. These specialists can look at the needs of an individual U.S. firm wishing to sell in a particular country in the full context of that country's overall economy, trade policies, and political situation, and also in light of U.S. policies toward that country.

Desk officers keep up-to-date on the economic and commercial conditions in their assigned countries. Each collects information on the country's regulations, tariffs, business practices, economic and political developments, trade data and trends, market size, and growth. In this way, each keeps tabs on the country's potential as a market for U.S. products, services, and investments.

Trade Development Industry Officers

ITA's Trade Development unit promotes the trade interests of industry sectors and offers information on markets and trade practices worldwide. The organization is grouped

into seven sectoral units: Aerospace, Automotive Affairs and Consumer Goods, Basic Industries, Capital Goods and International Construction, Science and Electronics, Services, and Textiles and Apparel. A cross-sectoral unit—Trade Information and Analysis—provides data and analyses useful in export promotion.

The industry specialists promote exports of their industries through marketing seminars, foreign buyer groups, executive trade missions, business counseling, and information on market opportunities. They work directly with their industries, trade associations, and state development agencies.

For major projects abroad, the International Construction unit assists U.S. planning, engineering, and construction firms with bids and contracts.

The Major Projects Reference Room in the Commerce Department headquarters in Washington, D.C., keeps detailed project documents on multilateral bank and U.S. Government foreign assistance projects.

Export Trading Companies

The Office of Export Trading Company Affairs promotes the formation of export trading companies (ETCs) and export management companies (EMCs) by sponsoring conferences and legal seminars, and by working with U.S. trade associations. It provides a program for registering suppliers and ETCs and EMCs to help registrants identify and contact potential business partners. The office also administers the Export Trade Certificate of Review process under Title III of the Export Trading Company Act, which extends antitrust protection for joint exporting ventures. Telephone: (202) 377-5131.

Travel and Tourism

The U.S. Travel and Tourism Administration (USTTA) promotes U.S. export earnings through trade in tourism. USTTA stimulates foreign demand, helps to remove barriers, increases the number of small- and medium-size travel businesses participating in the export market, provides timely data, and forms marketing partnerships with private industry and with state and local governments.

To maintain its programs in international markets, USTTA has offices in Toronto, Montreal, Vancouver, Mexico City, Tokyo, London, Paris, Amsterdam, Milan, Frankfurt, and Sydney, as well as in Miami, to serve South America. The International Congress Office in Paris promotes the United States as a site for international meetings and conventions.

Travel development activities in countries without direct USTTA representation are carried out under the direction of USTTA regional directors, who cooperate with "Visit USA" committees, comprised of representatives of the U.S. and foreign travel industry in those countries, and also with the Commerce Department's U.S. and Foreign Commercial Service.

U.S. destinations and suppliers of tourism services interested in the overseas promotion of travel to the United States should call (202) 377-4003.

Other Commerce Export Services

In addition to ITA, five other Commerce Department agencies offer export services.

Export Licensing Assistance

Expanded export licensing services information are available to America's business community from the U.S. Commerce Department's new Bureau of Export Administration (BXA). BXA provides high-level direction for national export control policy and administration, strong enforcement of export laws, and improved service to business. U.S. export control laws prevent unauthorized transfer of high technology would harm America's national security.

Among improved business services are:

- Electronic licensing by ELAIN: (202) 377-4811;

- Instant status updates on license applications via STELA: (202) 377-2752;

- Information on the status of applications in addition to STELA, (202) 377-2753;

- Export licensing education seminars offered by the Export Seminar Staff: (202) 377-8731;

- Expert detailed guidance on preparing license documents provided by the Export Assistance Office: (202) 377-4811.

- Western region exporters (Alaska, Arizona, California, Hawaii, Idaho, New Mexico, Nevada, Oregon, Utah, Washington, Guam) should contact the BXA West Regional Office, 3300 Irvine Ave., 345 Newport Beach, Calif. 92660. Office hours are 8:30 a.m. to 5:00 p.m. phone (714) 660-0144.

Foreign Requirements for U.S. Products and Services

For information about foreign standards and certification systems, write: NCSC, National Institute of Standards and Technology (NIST), Administration Building, At Gaithersburg, Md. 20899. The telephone number is (301) 975-4040.

NIST maintains a GATT Hotline with recording that reports on the latest notification of proposed foreign regulations that affect trade. Hotline number: (301) 975-4040.

Exporters can get information from non-governmental American National Standards Institute, telephone (212) 354-3300.

Minority Business Development

Minority-owned businesses can receive special assistance from the Minority Business Development Agency (MBDA), Commerce Department's Minority Business Development Agency, U.S. Department of Commerce, Washington, D.C., 20230, telephone (202) 377-2414.

Foreign Metric Regulation

The Office of Metric Programs provides exporters with guidance and assists with foreign metric import regulations and matters relating to U.S. transition to the metric system; it can give referrals to state

contacts. The office's telephone number: (202) 377-3036. A non-governmental source of information on foreign metric import regulations: American National Metric Council, telephone (202) 628-5757.

Fishery Product Exports

The National Oceanic and Atmospheric Administration (NOAA) assists seafood exporters by facilitating access to foreign markets. The National Marine Fisheries Service (NMFS) provides inspection services for fishery exports and issues official U.S. Government certification attesting to the findings.

Contact:

Office of Trade and Industry Services
National Marine Fisheries Service
Room 6490

1335 East-West Highway
Silver Spring, Md. 20910

Telephone: Trade Matters

(301) 427-2379 or 2383

Export Inspection

(301) 427-2355

Fisheries Promotion

(202) 377-3922

State Export Offices

Following are telephone numbers for the export development contact in each state: Alabama, (205) 263-0048; Alaska, (907) 561-5585; Arizona, (602) 542-4927; Arkansas, (501) 682-7781; California, (916) 324-5511; Colorado, (303) 892-3840; Connecticut, (203) 566-3842; Delaware, (302) 736-4271; Florida, (904) 488-6124; Georgia, (404) 656-0633; Hawaii, (808) 548-3048; Idaho, (208) 234-2470; Illinois, (312) 353-4450; Indiana, (317) 232-8846; Iowa, (515) 281-3581; Kansas, (913) 296-4027; Kentucky, (502) 564-2170; Louisiana, (504) 342-5891; Maine, (207) 622-0234; Maryland, (301) 333-4295; Massachusetts, (617) 367-1830; Michigan, (517) 373-9709; Minnesota, (612) 297-4222; Mississippi, (601) 359-3444; Missouri, (314) 751-4855; Montana, (406) 444-4380; Nebraska, (402) 471-4668; Nevada, (702) 885-4325; New Hampshire, (603) 271-2591; New Jersey, (201) 648-3518; New Mexico, (505) 827-0307; New York, (212) 827-6100; North Carolina, (919) 733-7193; North Dakota, (701) 224-2810; Ohio, (614) 466-2480; Oklahoma, (405) 231-5302 or 843-9770; Oregon, (503) 229-5625 (ask for International Trade Division) or 1-800-233-3306 (inside state) or 1-800-547-7892 (outside state); Pennsylvania, (717) 787-7190; Rhode Island, (401) 277-2601; South Carolina, (803) 734-1400; South Dakota, (605) 773-5735; Tennessee, (615) 741-5870; Texas, (512) 472-5059; Utah, (801) 538-3052; Vermont, (802) 828-3221; Virginia, (804) 683-2849; Washington, (206) 464-6282; West Virginia, (304) 348-0400; Wisconsin, (608) 266-1018; Wyoming, (307) 777-6412.

Export Services of Commerce's ITA

Export counseling. Trade specialists are available at ITA district and branch offices.
Agent Distributor Service. A customized search for interested and qualified foreign representatives will identify up to six foreign prospects.

Commercial News U.S.A. A monthly magazine that promotes the products or services of U.S. firms to more than 110,000 overseas agents, distributors, government officials, and end-users.

Comparison Shopping. A custom-tailored service that provides firms with key marketing and foreign representation information about their specific products.

Foreign Buyer Program. Exporters can meet qualified foreign purchasers for their product of service at trade shows in the United States.

Trade Opportunities Program. Provides companies with current sales leads from overseas firms seeking to buy or represent their product or service. These leads are available electronically.

World Traders Data Report. Custom reports that evaluate potential trading partners.

Overseas Catalog and Video-Catalog Shows. Companies can gain market exposure for their product or service without the cost of traveling overseas.

Overseas Trade Missions. Officials of U.S. firms can participate in a trade mission which will give them an opportunity to confer with influential foreign business and government representatives.

Overseas Trade Fairs. U.S. exporters may participate in overseas trade fairs which will enable them to meet customers face-to-face and also to assess the competition. The Commerce Department selects international trade fairs for special endorsement, called certification. This cooperation with the private show organizers enables U.S. exhibitors to receive special services. There is a service charge.

Matchmaker Events. Matchmaker Trade Delegations offer introductions to new markets through short, inexpensive overseas visits with a limited objective to match the U.S. firm with a representative or prospective joint venture/licensee partner.

To take advantage of these export services, contact the Commerce Department (ITA) district office nearest you.

SUBSCRIPTION INFORMATION FOR BUSINESS AMERICA

SUBSCRIPTIONS:

Superintendent of Documents
U.S. Government Printing Office
Washington, DC 20402
Telephone: (202) 783-3238
Cost: \$40/year

BACK COPIES:

Publications Sales Branch
Room 1617
International Trade Administration
U.S. Department of Commerce
Washington, DC 20230
Cost: \$1.75/issue

106

AFRICA:

**GUIDE TO BUSINESS FINANCE
FOR U.S. FIRMS**

INDEX

FUNCTIONAL INDEX

FUNCTION	PAGE
Consultancy Funding	
African Development Bank	25
African Development Corporations	59
African Regional Development Banks	27
Arab Multilateral Banks	28
Bilateral Official Development Assistance	45
International Finance Corporation	30
Foreign Development/Investment Corporations	51
United Nations Organizations	36
U.S. Agency for International Development	16
U.S. Trade and Development Program	20
World Bank	39
Debt Finance (Exports)	
Commercial Banks	67
Export-Import Bank of the United States	5
Private Export Funding Corporation	14
Small Business Administration	15
U.S. Department of Agriculture	18
Debt Finance (Investments)	
Africa Growth Fund	3
African Development Corporations	59
Commercial Banks	67
Foreign Development/Investment Corporations	51
International Finance Corporation	30
Overseas Private Investment Corporation	10
Small Business Administration	15
Equity Finance	
African Development Corporations	59
Africa Growth Fund	3
Arab Multilateral Banks	28
Foreign Development/Investment Corporations	51
International Finance Corporation	30
Overseas Private Investment Corporation	10
Small Business Administration	15
United Nations Organizations	36
Feasibility Study Funding	
African Development Bank	25
African Development Corporations	59
African Regional Development Banks	27
Arab Multilateral Banks	28
Bilateral Official Development Assistance	45
Foreign Development/Investment Corporations	51
International Finance Corporation	30

108

INDEX

Function	Page
Feasibility Study Funding (cont'd)	
United Nations Organizations	26
U.S. Agency for International Development	16
U.S. Trade and Development Program	20
World Bank	39
Insurance and Guarantees (Exports)	
Export-Import Bank of the United States	5
Foreign Credit Insurance Agency	8
Foreign Export Credit Insurance	53
Overseas Private Investment Corporation	10
Small Business Administration	15
Insurance and Guarantees (Investments)	
Foreign Development/Investment Corporations	51
International Finance Corporation	30
Multilateral Insurance Guarantee Agency	34
Overseas Private Investment Corporation	10
Nonproject Procurements	
Bilateral Official Development Assistance	45
U.S. Agency for International Development	16
U.S. Department of Agriculture	18
Project Procurements	
African Development Bank	25
African Regional Development Banks	27
Arab Multilateral Banks	28
Bilateral Official Development Assistance	45
United Nations Organizations	36
U.S. Agency for International Development	16
U.S. Department of Agriculture	18
World Bank	39
Training Funding	
African Development Bank	25
Arab Multilateral Banks	28
Bilateral Official Development Assistance	45
International Finance Corporation	30
United Nations Organizations	36
U.S. Agency for International Development	16
U.S. Trade and Development Program	20
World Bank	39

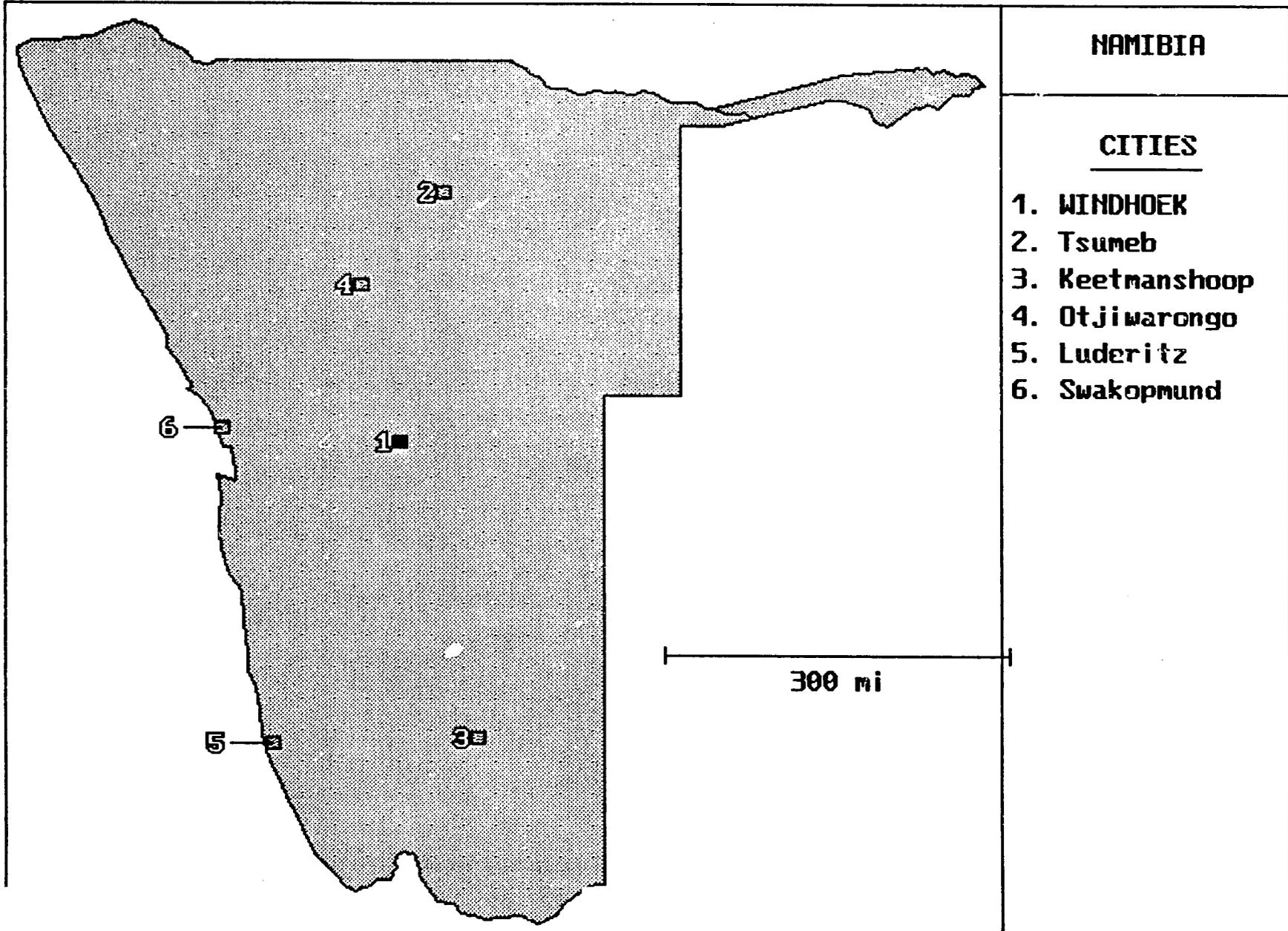
COUNTRY INFORMATION

FOR

NAMIBIA

This information packet was produced by the OPIC Investor Information Service using the PC Globe 3.0[®] computerized atlas with the kind permission of PC Globe, Inc. All information copyright. 1990 PC Globe, Inc. All rights reserved.

For more information about the PC Globe[®] software, or to order a demo disk (indicate disk size: 5-1/4" or 3-1/2"), please contact PC Globe, Inc., 4700 South McClintock, Tempe, Arizona 85282. Phone: 1-800-255-2789 or 602-730-9000. Fax: 602-968-7196.



GENERAL PROFILE

Area	318,261 sq mi
Population 1988	1,302,000
Population Growth	5.30 %
Population Density	4 /sq mi
GNP 1988 (millions)	\$354
GNP per Capita	\$272
Capital City	WINDHOEK

NAMIBIA - DEMOGRAPHICS

Population 1975	665,000
Population 1988	1,302,000
Population 1989	1,371,000
Population 1990	1,444,000
Population 2000	2,420,000
Population Growth	5.30 %
Population Density	4 /sq mi
Pop'n Doubling Time	13 years

! Distribution:

% Under 15	44.3 %
% 15-65	50.5 %
% Over 65	5.2 %

Literacy Rate	30 %
Urbanization	51.3 %

NAMIBIA - MAJOR CITIES

	Population	Latitude, Longitude	Internat'l Phone Code
WINDHOEK	100,000	22.34S, 17.06E	264-61
Tsumeb	13,000	19.13S, 17.42E	264-671
Keetmanshoop	11,000	26.36S, 18.06E	264-631
Otjiwarongo	9,000	20.29S, 16.36E	264-651
Luderitz	8,000	26.38S, 15.10E	264-6331
Swakopmund	7,000	22.40S, 14.34E	264-641
Telex Access Code(s)	964		
Ham Radio Prefix(es)	ZS3		

NAMIBIA - HEALTH STATISTICS

Life Expectancy (M)	49.0 years
Life Expectancy (F)	49.0 years
Crude Birth Rate	45.0 /1000
Crude Death Rate	16.6 /1000
Infant Mortality	111.0 /1000
No. of Hospitals	66
Population/Hospital	19,727
No. of Hospital Beds	6,905
Population/Hosp. Bed	189
No. of Physicians	0 or N/A
Population/Physician	0 or N/A
No. of Dentists	0 or N/A
Population/Dentist	0 or N/A
No. of Pharmacists	0 or N/A
Population/Pharmacist	0 or N/A
Nursing Personnel	0 or N/A
Population/Nurse	0 or N/A

NAMIBIA - GOVERNMENT

Type of Government Transitional (Ex-South African Dependency)

Government Leaders PRESIDENT Sam NUJOMA (1990)

Major Parties The National Party
 Democratic Turnhalle Alliance
 Etc.

NAMIBIA - LANGUAGES, ETHNIC GROUPS & RELIGIONS

Languages Afrikaans
 German
 English
 African Languages

Ethnic Groups Black 86 %
 White 7 %
 Mixed 7 %

Religions Christian 60 %
 Indigenous Beliefs 40 %

NAMIBIA - GROSS NATIONAL PRODUCT (GNP)

GNP 1987 (millions)	\$350
GNP 1988 (millions)	\$354
GNP 1989 (millions)	\$357
Annual GNP Growth	1.0 %
GNP per Capita	\$272
%GNP for Agriculture	19 %
%GNP for Industry	32 %
%GNP for Services	49 %
%GNP for Defense	8.3 %

NAMIBIA - IMPORTS & EXPORTS

Major Imports	Building Materials
	Chemicals
	Machinery
	Transport Equipment
	Consumer Goods
Major Exports	Diamonds
	Lead
	Uranium
	Zinc
	Livestock
Balance of Trade	\$226,000,000 (1986)

MIBIA - NATURAL RESOURCES, AGRICULTURE, INDUSTRIES

Natural Resources	Diamonds
	Copper
	Uranium
	Lead
	Tin
	Zinc
	Salt
	Vanadium
	Fish
Agriculture	Beef
	Karakul Pelts
	Wool
Major Industries	Mining
	Manufacturing
	Food Processing

 NAMIBIA - COMMODITY PRODUCTION

Aluminum	0 or N/A
Barley	0 or N/A
Bauxite	0 or N/A
Beer	130 1000s of hectoliters
Butter	0 or N/A
Cement	0 or N/A
Cheese	0 or N/A
Cigarettes	0 or N/A
Coffee	0 or N/A
Copper	43.3 1000s of metric tons
Corn	48 1000s of metric tons
Cotton	0 or N/A
Crude Oil	0 or N/A
Diamonds	910 1000s of carats
Eggs	0 or N/A
Electricity	0 or N/A
Gold	194 kilograms
Hard Coal	0 or N/A
Iron Ore	0 or N/A
Lead	38.5 1000s of metric tons
Magnesium	0 or N/A
Meat	63 1000s of metric tons
Merchant Ships	0 or N/A
Milk	69 1000s of metric tons
Natural Gas	0 or N/A
Natural Rubber	0 or N/A
Newsprint	0 or N/A
Oats	0 or N/A
Paper	0 or N/A
Passenger Cars	0 or N/A
Phosphates	0 or N/A
Potatoes	0 or N/A
Radios	0 or N/A
Rice	0 or N/A
Silver	106 metric tons
Soybeans	0 or N/A
Sugar	0 or N/A
Tea	0 or N/A
Televisions	0 or N/A
Tin	0 or N/A
Tobacco	0 or N/A
Uranium	3,300 metric tons
Wheat	0 or N/A
Wine	0 or N/A
Wool	0 or N/A
Zinc	0 or N/A

NAMIBIA - CULTURE & TOURISM

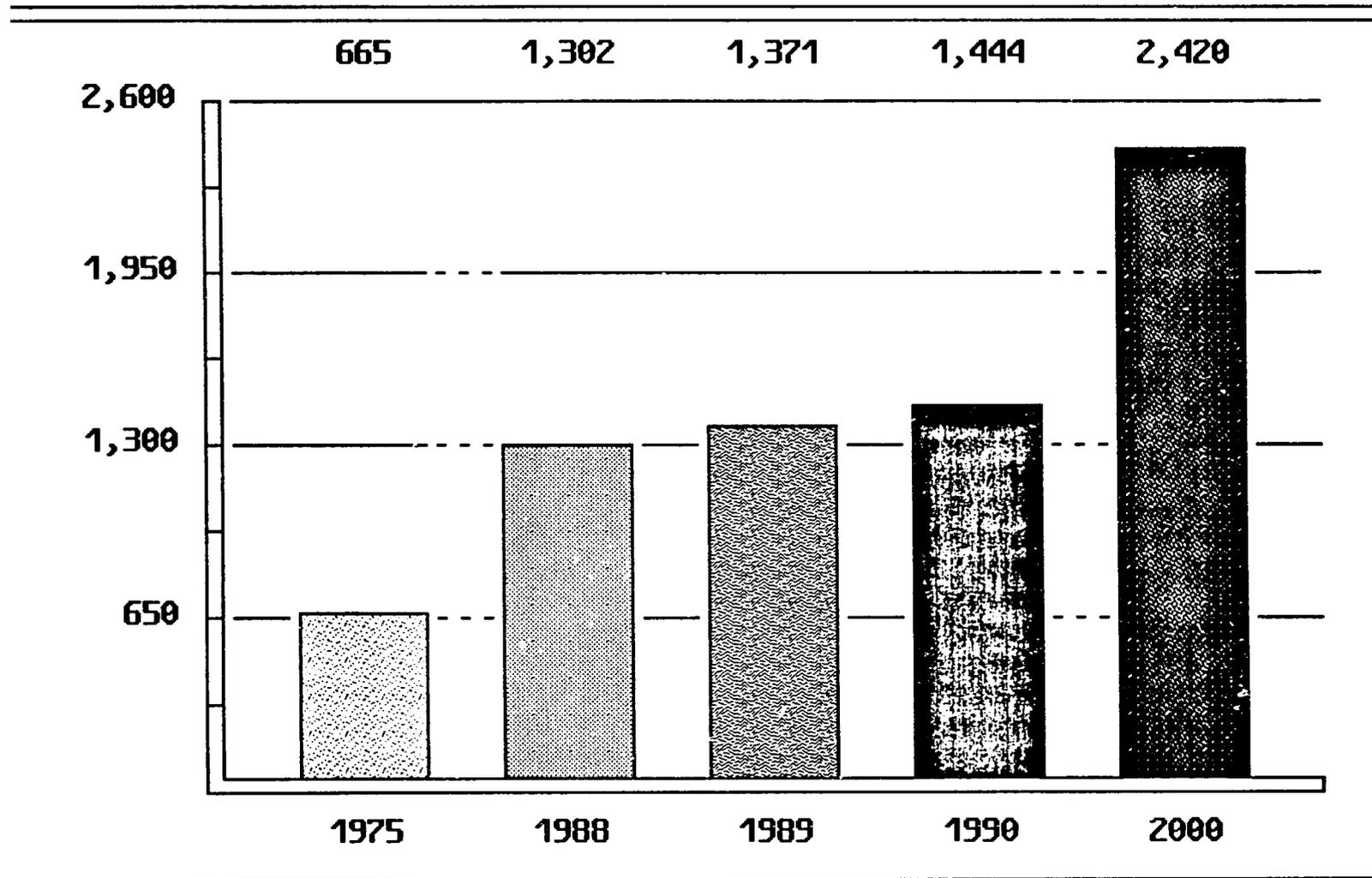
- Principal Languages: Afrikaans, German, English and various Bantu languages.
- Martial law in effect in northern areas.
- Under the administrative control of South Africa and ruled by a white minority government.
- Visa: Required. Return or onward ticket also required.
- Health: Check with Embassy for latest requirements.
- Sights: Etosha Nat'l Park, Skeleton Coast Park, Namib-Naukluft Park.
- Climate: Hot and dry.

Currency: Rand (Jan. 1990: 2.57 = \$1US).

Tourist Statistics:

Arrivals (1000s)	0 or N/A
Receipts (million \$)	0 or N/A

NAMIBIA
Population (in thousands)



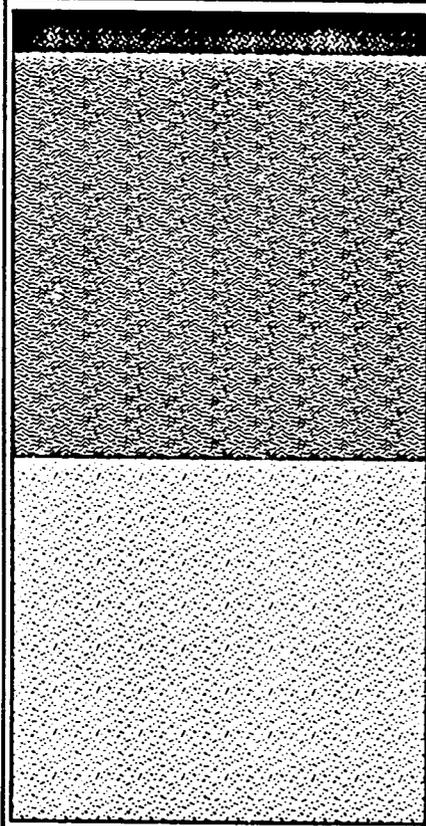
■ Annual Pop'n Growth: 5.30%
■ Pop'n Density: 4 inhabitants/s

■ Pop'n Doubling Time: 13 years

119

NAMIBIA

Age Distribution

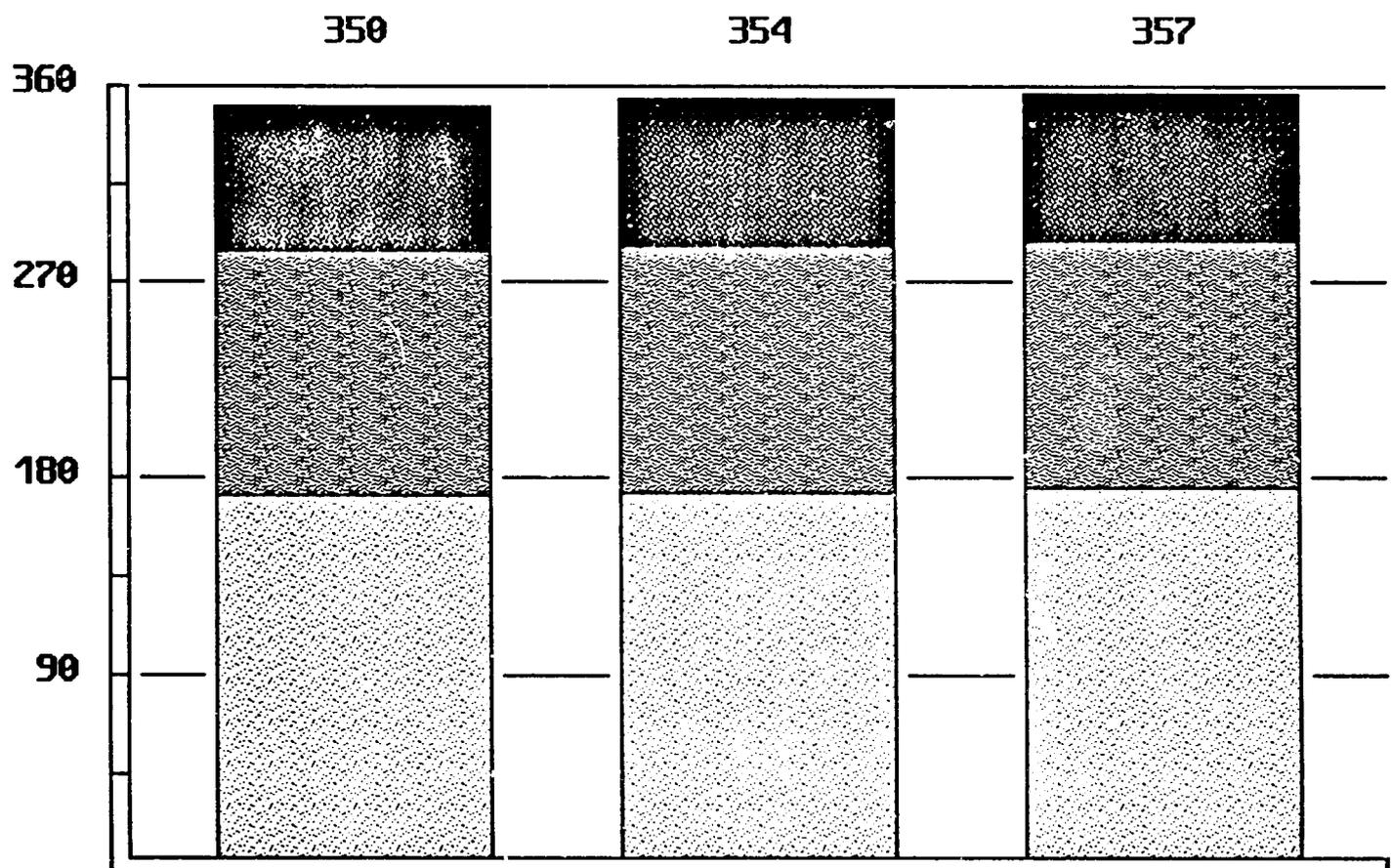


Age Group	% of Population	Number
■ Over 65	5.2%	67,000
■ 15-65	50.5%	657,000
■ Under 15	44.3%	578,000

- Total Population: 1,302,000
- Literacy Rate: 30%
- Urbanization: 51.3%

120

NAMIBIA
Gross National Product (in millions of \$US)



1987	1988	1989
<ul style="list-style-type: none"> ■ Agriculture: 19% ■ Industry: 32% ■ Services: 49% 		<ul style="list-style-type: none"> ■ Annual GNP Growth: 1.0% ■ GNP per Capita: \$272 ■ GNP for Defense: 8.3%

12/

NATIONAL ECONOMIES

Namibia Strives to Reduce Income Disparities

The Republic of Namibia became independent on March 21, 1990 after an armed conflict that had lasted more than twenty years. It joined the IMF on September 25, 1990 with a quota of SDR 70 million. The structure of the Namibian economy has been influenced by historical and political links with South Africa and its proximity to that country. The Government is working toward creating an economic framework within which it can increase Namibia's independence in economic and financial management. Among the challenges that the nation faces are the reactivation of the economy and a reduction of income disparities. The following article is based on an IMF staff report prepared in connection with Namibia's application for IMF membership.

Recent Developments

The Namibian economy grew rapidly in the 1960s, fueled by the expansion of agricultural and mining activity. Real GNP increased at an average annual rate of 9 percent. However, growth began to stagnate in the 1970s and continued to falter in the 1980s.

Economic performance has been adversely affected since 1980 by the imposition of economic sanctions against South Africa and by political uncertainty surrounding Namibia's moves toward independence, which inhibited private sector investment. Real GDP fell in 1980-85 at an average annual rate of about 1.5 percent, largely reflecting a serious drought in 1981-84 and a drop in world diamond prices. A

sharp expansion in agricultural output helped to boost real growth to an average annual rate of 3 percent in 1986-87, but real growth slowed appreciably in 1988-89 and, in 1989, the level of output was only marginally higher than at the beginning of the decade.

During the 1980s, the Government's share of GDP increased dramatically, to 30 percent in 1988-89 from 16.5 percent in 1980. At the same time, gross fixed investment fell to 15 percent of GDP in 1989 from 28 percent in 1980.

The population, which has been growing by about 3 percent a year, is estimated, perhaps conservatively, at about 1.3 million; around one third is urban. Living standards declined sharply in the 1980s; real per capita GNP fell by an average of 2.5 percent annually. Income distribution is highly skewed, and nearly 60 percent of households live in absolute poverty.

On the basis of the consumer price index in the nation's capital of Windhoek, inflation increased to a peak of 16.8 percent in the second quarter of 1989, compared with an average rate of about 13 percent in 1980-88. The depreciation of the rand, increased levies on motor fuels, and higher import surcharges were partly responsible for the surge in prices. After monetary policy was tightened, inflation in the first quarter of 1990 eased back to 13.6 percent although food prices continued to rise at an annual rate of 21.0 percent.

Public Finance

On July 6, 1990, in the nation's first budget speech, the Government iden-

Growth Faltered in the Late 1980s

	1985	1986	1987	1988	1989
	(percent change, unless otherwise noted)				
Real GDP ¹	-0.1	3.3	3.0	1.7	0.2
Consumer price index ²	12.0	13.4	12.6	12.9	15.1
Exports, f.o.b. (in SDRs)	-4.1	4.6	-8.9	3.2	14.4
Imports, f.o.b. (in SDRs)	-28.3	2.0	18.7	-1.3	2.1
Terms of trade ³	95.1	87.8	79.4	84.6	91.4
	(million SDRs)				
Trade balance	144.4	166.0	-8.9	20.9	107.8
Exports, f.o.b.	716.2	749.3	682.6	704.3	805.5
Imports, f.o.b.	571.9	583.4	692.5	683.4	697.7
Net services	-251.9	-240.3	-220.9	-251.6	-228.0
Unrequited transfers	262.1	285.0	234.2	180.0	158.5
Current account	154.6	210.7	3.4	-50.7	38.3
	(ratios to GDP)				
Current account, excluding transfers	-0.08	-0.06	-0.18	-0.16	-0.08
Current account, including transfers	0.13	0.18	0.01	-0.04	0.03

¹1980 prices.
²For Windhoek.
³Index, 1980 = 100.

Data: Namibian Government

The authorities projected that the national government budget would run at a deficit equivalent to 6.5 percent of GDP in 1990-91. In comparison, it is estimated that the overall fiscal position in 1989-90 was broadly in balance. The proceeds of foreign assistance made at a donors meeting in New York in June 1990 are expected to finance part of the government deficit.

Money and Banking

The Namibian financial system comprises five commercial banks, two building societies, several insurance companies, and four government-owned financial institutions. The financial system essentially reaches only to the urban areas. In addition, the South African Reserve Bank maintained a branch in Windhoek until July 1990, when the newly established central bank, the Bank of Namibia, began operations.

Commercial banks dominate the financial sector, constituting 90 percent of the combined balance sheet of the financial system in 1988. They operate with a strong emphasis on short-term finance. Nearly three fourths of their investments have tradi-

tionally consisted of loans, while the remainder of the banks' liquid assets portfolio has been held almost entirely in South Africa. The channeling of domestic saving abroad has largely reflected the absence of suitable domestic money and capital market instruments and the banks' close connections with the South African financial system.

The establishment of the Bank of Namibia represented an important step in the development of an independent financial system. Within the next two years, the Government plans to introduce its own currency. Upon independence, Namibia entered into a bilateral monetary agreement with South Africa to establish a joint monetary area between the two countries. Namibia has applied for membership in the Common Monetary Area (CMA), in which Lesotho, South Africa, and Swaziland are also members, and has acceded to membership in the SACU, to which Botswana, Lesotho, South Africa, and Swaziland also belong.

Balance of Payments

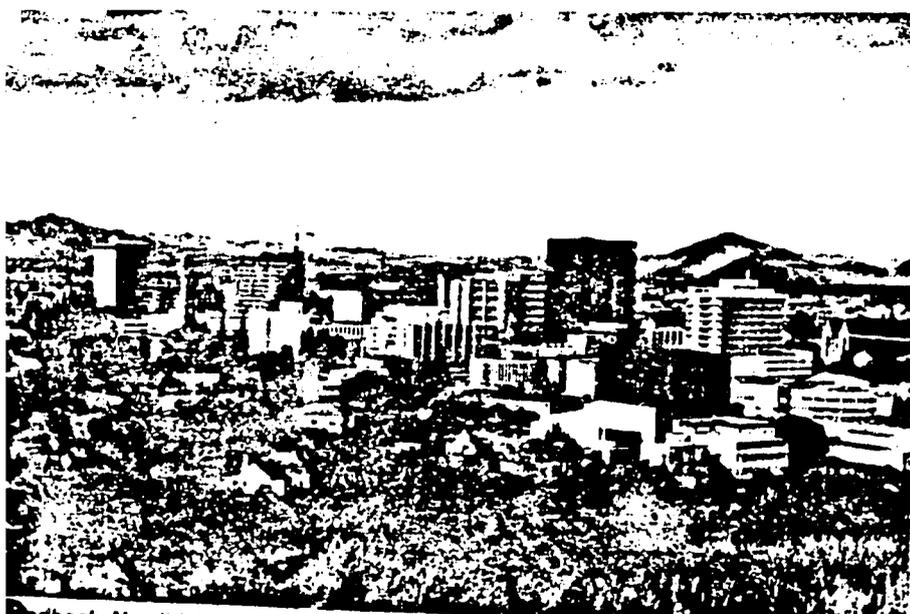
Namibia's economy is open; during 1985-89, exports averaged the equivalent of 56 percent of GDP. Minerals—

including diamonds and uranium—provide nearly three fourths of the country's exports. Other important exports include beef, karkul pelts, fish products, and certain agricultural products. About three fourths of Namibian exports have traditionally been sold to countries outside the SACU area, including Germany, Switzerland, the United Kingdom, and the United States. Roughly 70 percent of Namibia's imports come from South Africa.

Until recently, Namibia has depended heavily on budgetary transfers from South Africa. In 1982-84 and 1987, the current account excluding transfers registered deficits of nearly 20 percent of GDP, owing largely to freight and insurance payments and dividends remitted to foreign investors. Nonetheless, the current account balance with official transfers was in surplus during all of the 1980s, except for 1980-81 and 1988. In short, the balance of payments and the economy are highly vulnerable to external developments, particularly those in South Africa. The nation's external debt owed by the public sector totaled R 727 million in 1989, or about 15 percent of GDP.

Conclusion

Overall, Namibia is well placed for economic development, in part because of the extensive physical infrastructure that it has inherited. The nation also has a strong resource base that offers substantial economic potential. The lifting of economic sanctions after Namibia became independent also provides important new growth opportunities. At the same time, prudent fiscal policies and policies conducive to boosting investment will be critical to the nation's aim of reactivating its economy.



Windhoek, Namibia's capital: about one third of the nation's population is urban.



DEPARTMENT OF ECONOMIC AFFAIRS

125

ECON INFO

PAGE

CONTENTS

1	Infrastructure - Map
2	Population
3	Manpower in Namibia : 1988
4	Occupations by Industry : 1988
5	Number of Pupils by Year and Standard : 1989
6	Number of Schools by Type and Authority : 1989
7	Number of Pupils as Percentage of Population Group : 1989
7	Ratio of Pupils per Teacher : 1985 - 1989
8	Income of and Expenditure by the Central Government
9	Expenditure Distribution between the Government Departments
10	Gross Domestic Product
11	Gross Domestic Product by Kind of Activity
12	Trade Balance
12	Trend of Foreign Trade
13	Main Destinations for Exports in 1988
13	Main Origins of Imports in 1988
14	Exports by Commodity

ECON INFO

PREFACE

This publication contains general information that should be of interest to prospective investors and business persons. It does not attempt to cover the entire spectrum, but intends to give a brief overview of the Namibian economy in order to facilitate contacts for would-be investors and other interested parties.



.....
G.J.F. Gous
Secretary: Economic Affairs

Department of Economic Affairs
Subdivision Statistics
Private Bag 13297
WINDHOEK
9000

Telephone Number : (061) 3082063

52.1

POPULATION

	1970	1981	1989	1990
TOTAL	739832	1033198	1288000	1326000
BUSHMAN	22784	29443	37000	38000
CAPRIVIAN	25578	38594	48000	50000
COLOURED	25342	42254	52000	54000
DAMARA	647444	78179	97000	100000
HERERO	58829	76298	97000	100000
KAVANGO	49830	95055	120000	124000
NAMA	32780	48541	62000	64000
REHOBOTH BASTER	15988	25181	32000	33000
TSWANA	3805	6706	8000	8000
WAMBO	346103	506114	641000	660000
WHITE	82566	76430	82000	83000
OTHER	13293	12403	12000	12000

* A projected annual growth rate of 3% was used for all population groups (except WHITE and OTHER).
 For WHITE and OTHER groups projected growth rates of 1,5% and 0% respectively, were used.

MANPOWER IN NAMIBIA : 1988

OCCUPATION GROUPS	PRESENT PERSONNEL		PRESENT VACANCIES	EXPECTED INCREASE		
	MALE	FEMALE	1988	1989	1991	1993
TOTAL	124 307	60 486	6 974	6 657	7 100	8 332
Professional, Technical and Related workers	10 729	12 228	1 746	1 776	2 563	3 711
Administrative and Managerial Workers:	1 876	228	88	127	88	43
Administrative, Clerical and Related workers	6 414	10 209	1 060	773	688	718
Sales Workers	5 743	4 306	208	276	235	243
Service Workers	9 237	27 949	776	1 197	1 211	1 390
Farm and Forestry Workers, Fishermen and Hunters	36 503	1 885	345	254	149	154
Production and Construction Workers	17 764	640	1 049	918	615	633
Stationary Engine, Material Handling and Transport Equipment Operators	7 793	738	530	342	275	220
General Labourers	28 248	2 107	1 172	994	1 276	1 220

Uniformed personnel of the SWA Territory Force and the SWA Police are excluded, as well as persons working in the informal and the subsistence farming sector.

130

151

OCCUPATIONS BY INDUSTRY : 1988

OCCUPATIONS	TOTAL	INDUSTRIAL MAIN GROUPS								
		Agriculture, Hunting, Forestry and Fishing	Mining and Quarrying	Manufacturing	Electricity and Water	Construction	Wholesale and Retail Trade, Catering and Accommodation	Transport and Communication	Financing, Insurance, Real Estate, Business Services	Community, Social and Personal Services
TOTAL	184798	36071	10062	9642	1273	12657	29394	7880	4327	73887
Professional, Technical and Related workers	22956	205	787	195	66	98	274	282	776	20272
Administrative and Managerial Workers	2102	17	195	327	13	159	349	150	305	587
Administrative, Clerical and Related workers	16823	62	1000	863	121	306	6079	1835	2379	4978
Sales Workers	10049	4	94	452	3	59	8695	28	506	210
Service Workers	37188	3671	621	436	59	98	3937	177	303	27884
Farm and Forestry Workers, Fishermen and Hunters	36388	30230	150			8	141		12	7847
Production and Construction Workers	18604	832	5101	3312	227	4374	2455	931	10	1382
Stationary Engine, Material Handling and Transport Equipment Operators	8531	362	624	1596	292	680	2184	1060	7	1728
General Labourers	30355	688	1490	2261	492	6875	6280	3419	29	8821

NUMBER OF PUPILS BY YEAR AND STANDARD

	1969		1968	1967	1966	1965	1964	
	TOTAL	BOYS						GIRLS
TOTAL	372572	176280	196292	374269	364404	350080	335802	317876
ORDINARY SCHOOLS								
Project Year	343	146	197	561	0	0	0	0
Pre-Primary	4756	2319	2437	4727	3224	4588	4213	3779
Sub A	69009	34447	34562	67809	69902	68895	69842	70231
Sub B	49939	25381	24578	51997	50356	49171	49374	48525
St. 1	44407	22007	22400	45721	45177	44807	44164	42328
2	44580	21320	23260	46304	45408	43619	40703	38768
3	37882	17310	20572	38520	37433	35302	33388	29972
4	35758	15582	20176	38485	29735	27442	24793	22557
5	25832	11152	14680	24809	30791	25749	24143	22390
6 (Ordinary)	21359	9121	12238	21220	17385	18860	16140	14764
7 (Ordinary)	16819	7229	9590	14735	14063	12082	11591	9990
8 (Ordinary)	12803	5438	7365	12048	11970	11112	9298	7979
9 (Ordinary)	4502	2328	2174	4958	4623	4198	4421	3159
10 (Ordinary)	3249	1594	1655	3020	3140	3108	2307	2185
After St. 10	37	23	14	62	46	59	41	33
Special Classes	304	210	94	327	309	346	336	348
Auxiliary Classes	158	98	60	128	140	113	164	150
St. 9 (Practical)	0	0	0	0	0	0	32	87
St. 10 (Practical)	0	0	0	0	0	28	40	84
Spec. Education	264	153	131	280	263	256	261	239
TECHNICAL INSTITUTES								
1st Year (ETC)	122	122	0	115	60	41	53	41
2nd Year (NTC1)	121	121	0	150	83	71	70	133
3rd Year (NTC2)	58	58	0	47	45	39	43	30
4th Year (NTC3)	3	3	0	0	6	3	0	2
SPECIAL SCHOOLS								
Year Level 1	14	0	14	13	12	7	11	12
Year Level 2	46	22	24	39	35	38	29	38
Year Level 3	67	47	20	65	65	63	67	61
Year Level 4	20	11	9	27	40	33	20	39
Year Level 5	27	19	8	40	35	22	36	38
NTC 1	73	39	34	62	61	50	22	14

122

NUMBER OF SCHOOLS BY TYPE AND AUTHORITY: 1989

107

AUTHORITY	TYPE OF SCHOOL								
	TOTAL	Pre-Primary School	Ordinary School	Technical School	Agricultural School	Technical Institute	Special School	Specialised Education	Industrial School
TOTAL	1 171	26	1 134	1	2	3	2	3	1
Administration for Caprivians	74		74						
Administration for Coloureds	35	7	28						
Administration for Damaras	23		22		1				
Administration for Hereros	42		41			1			
Administration for Kavangos	239	10	228			1			
Administration for Namas	38		38						
Administration for Owambos	510		507		1	1		1	
Administration for Tewanas	2		2						
Administration for Whites	65	3	58	1			2	1	
Government of Rehoboth	39	1	38						
National Education	104	4	98					1	1

NUMBER OF PUPILS AS PERCENTAGE OF POPULATION GROUP

1989

	PUPILS	ESTIMATED POPULATION	PUPILS AS % OF POPULATION GROUP
TOTAL	372 572	1 294 000	29
Bushman	1 942	37 000	5
Caprivian	22 289	49 000	45
Coloured	15 543	54 000	29
Damara	26 951	97 000	28
Herero	29 658	97 000	31
Kavango	33 389	120 000	28
Nama	15 087	61 000	26
Rehoboth Baster	8 430	32 000	26
Tswana	1 932	8 000	24
Wambo	198 271	641 000	31
White	17 402	86 000	20
Other	3 678	12 000	31

RATIO OF PUPILS PER TEACHER

YEAR	PUPILS	PUPILS AS % OF POPULATION	TEACHERS	PUPILS PER TEACHER
1985	336 000	28,6	10 372	32,4
1986	350 000	30,0	11 121	31,5
1987	364 000	30,0	11 945	30,5
1988	374 269	30,0	12 525	29,8
1989	372 572	29,0	12 665	28,9

1/10

521

INCOME OF AND EXPENDITURE BY THE CENTRAL GOVERNMENT
In R (000)

FINANCIAL YEAR	INCOME *	EXPENDITURE
1983/84	1055617	1020761
1984/85	1221600	1147148
1985/86	1398482	1374018
1986/87	1696709	1547274
1987/88	1683191	1831827
1988/89	2085598	2058458
1989/90 **	1855320	2234607

Source: Department of Finance

* Resulting budget deficits are financed by means of overdraft facilities at the SA RESERVE BANK.

** Budgeted Income and Expenditure

EXPENDITURE DISTRIBUTION BETWEEN THE GOVERNMENT DEPARTMENTS (R'000)

DEPARTMENTS	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90
Governmental Affairs	39868	46223	48815	52658	59044	79868	70471
Finance	155176	246750	336585	332147	325770	286003	500168
Civic Affairs and Manpower	41784	81217	95662	92625	114881	117944	113474
National Education	41839	55581	64699	77895	99268	122813	142615
Economic Affairs	28745	14830	23912	29785	102727	25071	16406
Justice	6929	8136	8225	10549	12550	16805	21317
Agriculture and Nature Conservation	70122	46004	36020	43159	49245	50442	61761
National Health and Welfare	31531	13682	24507	64726	79840	94617	116607
Water Affairs	56167	55999	65021	66359	76696	86139	90730
Central Personnel Institution	5823	6080	8895	7698	8676	10590	14665
Post and Telecommunication	51619	59342	66795	68943	74754	78990	102608
Transport	91210	96716	85027	84273	103219	143290	157402
Defence	71760	76884	141961	160604	191974	219784	125626
Police	52669	57591	66881	120535	136000	147494	165665
Auditor General	743	812	960	1084	1410	1628	2640
Assistance to Authorities	284869	305840	313683	314445	387564	447452	534733
Improvement of Service Conditions	5000	5000	5000	18000	68260	10000	17500
TOTAL	1035884	1176687	1392448	1545285	1892078	1940930	2234607

Source : Department of Finance

1/2

17

GROSS DOMESTIC PRODUCT

(At Current Prices in R/million)

YEAR	BY KIND OF SECTOR			BY KIND OF FACTOR INCOME		BY KIND OF ORGANISATION				TOTAL GROSS DOMESTIC PRODUCT
	Primary Sector	Secondary Sector	Tertiary Sector	Remuneration of Employees	Gross Operating Surplus	Public Authorities			Private Business Enterprises	AT FACTOR COST
						General Departments	Public Business Enterprises	Public Corporations Aug		
1978	683,3	106,1	393,5	455,9	682,0	91,7	71,0	15,2	960,0	1197,9
1979	696,9	124,1	453,0	516,5	757,5	103,2	79,2	23,2	1068,4	1274,0
1980	796,3	133,4	514,4	610,8	833,3	138,8	72,5	31,6	1201,2	1444,1
1981	671,7	170,9	663,5	800,2	705,9	227,1	88,0	48,8	1144,2	1506,1
1982	670,2	190,8	818,6	951,9	777,7	316,3	99,6	51,5	1212,2	1679,6
1983	639,7	210,1	929,1	1069,8	709,2	368,8	122,2	69,3	1220,7	1770,0
1984	677,8	213,1	1078,7	1181,3	788,3	427,3	149,1	68,0	1325,2	1909,6
1985	1106,8	233,8	1199,8	1311,5	1228,9	479,3	146,9	77,9	1636,3	2540,4
1986	1289,9	252,8	1383,8	1467,6	1458,9	558,5	179,3	89,8	2100,9	2926,5
1987	1158,3	287,2	1638,1	1709,3	1374,3	697,9	205,1	113,6	2067,0	3083,6
1988	1621,1	351,9	1870,3	1933,6	1809,7	745,9	244,4	146,4	2606,6	3743,3

GROSS DOMESTIC PRODUCT BY KIND OF ACTIVITY

(At Current Prices in R millions)

YEAR	TOTAL	Agriculture and Fishing	Mining and Quarrying	Manufacturing	Electricity and Water	Construction (Contractors)	Trade Catering Accommodation	Transport and Communication	Financing Real Estate Business Services	Community Social Personal Services	General Government	Other Producers
1978	1137,9	107,0	531,3	44,5	17,4	44,2	120,3	62,0	74,7	15,3	91,7	29,5
1979	1274,3	112,6	584,3	53,9	21,3	48,9	149,1	71,8	79,6	16,5	103,2	32,8
1980	1444,1	168,3	630,0	56,5	28,3	50,6	166,3	76,7	77,0	18,6	138,8	37,0
1981	1506,1	217,3	454,4	67,2	36,4	67,3	204,9	78,3	88,2	24,1	227,1	40,9
1982	1679,6	204,6	465,6	82,7	36,5	69,6	228,4	83,8	111,8	28,8	316,3	49,5
1983	1779,0	166,4	473,3	93,5	52,1	64,5	234,9	107,6	127,5	36,1	366,8	56,3
1984	1969,6	167,4	510,4	102,6	48,6	61,9	255,5	107,2	153,0	41,3	427,3	64,4
1985	2540,4	196,7	908,1	113,2	49,5	71,1	282,8	139,5	176,9	46,9	479,3	74,4
1986	2926,5	226,7	1061,2	132,0	53,9	66,9	328,4	174,2	186,5	53,8	556,5	84,4
1987	3063,6	379,6	757,2	157,3	53,0	76,9	382,7	204,0	217,2	62,1	697,9	95,7
1988	3743,3	460,3	1051,8	174,3	62,8	94,8	449,4	249,5	250,8	68,7	745,9	106,0

138

131

TRADE BALANCE

Exports and imports (of goods and non-factor services) as percentage of GDP and GDE (Gross Domestic Expenditure) respectively at current prices.

	1980	1981	1982	1983	1984	1985	1986	1987	1988	Avg
GDP (R mn)	1 444	1 506	1 680	1 779	1 970	2 540	2 927	3 084	3 743	
Exports (R mn)	1 149	984	1 062	980	1 145	1 622	2 028	1 843	2 126	
% of GDP	78	68	63	55	58	64	69	60	58	63%
GDE (R mn)	1 493	1 919	2 055	2 155	2 389	2 676	3 052	3 750	4 511	
Imports (R mn)	1 080	1 293	1 363	1 255	1 421	1 556	1 895	2 220	2 390	
% of GDE	72	67	65	58	59	58	62	59	53	60%

TREND OF FOREIGN TRADE
(merchandise only)

	1980	1981	1982	1983	1984	1985	1986	1987	1988
Exports (R mn)	1 138	947	1 009	941	1 101	1 594	1 994	1 812	2 126
Imports (R mn)	902	1 083	1 124	1 024	1 176	1 267	1 543	1 808	1 946
Trade Balance	236	-136	-115	-83	-75	327	451	4	180

MAIN DESTINATIONS FOR EXPORTS IN 1988**MAIN ORIGINS OF IMPORTS IN 1988**

Switzerland	31%	Republic of South Africa	75%
Republic of South Africa	25%	West Germany	10%
West Germany	15%	USA	5%
USA	5%	Switzerland	5%
UK	5%	Others	5%
Others	19%		

PRINCIPAL IMPORTS IN 1988 (R mn)

Food and Beverages	255
Clothing and Footwear	425
Industrial and Non-industrial Chemicals	391
Machinery and Equipment	109
Vehicles and Transport Equipment	93
Basic Metals and Minerals	372
Manufactured Products	285
Others	445
TOTAL	2355

131

EXPORTS BY COMMODITY (R mn)

	1980	1981	1982	1983	1984	1985	1986	1987	1988
Minerals	909	657	755	715	851	1285	1646	1322	1543
Diamonds	447	231	218	235	231	409	616	431	654
Other	462	426	537	480	620	876	1030	891	889
Agricultural Products	132	174	120	77	95	128	156	242	257
Cattle	72	119	74	48	52	65	83	139	148
Karakul Pelts	43	20	13	10	16	20	18	35	35
Other	17	35	33	19	27	43	55	68	74
Fish Products (unprocessed)	13	23	31	32	25	44	39	63	93
Manufactures	53	52	59	68	68	74	80	98	120
Other	31	41	44	49	62	62	73	86	113
TOTAL	1138	947	1009	941	1101	1593	1994	1811	2126
% Share of Minerals	80	69	75	76	77	81	83	73	73

METALS AND MINERALS MINED AND PRODUCED IN NAMIBIA

	UNIT	1987	1988	1989
PRECIOUS METALS				
Gold	kg	172	240	372
Silver	t	95	108	108
Diamonds	ct	1037261	974565	899776
SEMI-PRECIOUS METALS				
Agate	t	100	99	93
Amethyst	t	189	175	149
Beryl	t	1	0	0
Chrysocolla	kg	8250	4000	8000
Diopase	kg	60	130	190
Rose Quartz	t	385	2225	602
Quartz (Crystal)	kg	0	0	7000
Tourmaline	kg	1709	41	937
METAL AND MINERAL CONCENTRATE				
Arsenic Trioxide (75% AS)	t	1864	2984	2399
Cadmium (Refined Metal)	t	51	108	88
Copper Conc. (30% CU)	t	118908	131610	102852
Copper Blister (99% CU)	t	37653	42163	37978
Lead Conc. (30% PB)	t	75498	80619	79854
Lead (Refined Metal)	t	40634	44447	44183
Pyrite Conc. (50% S)	t	120260	226882	198531
Sodium Antimonate	t	51	156	73
Tantalite (16% TA)	kg	13809	6905	8000
Tin Conc. (67% SN)	t	1637	1772	1519
Zinc Conc. (52% ZN)	t	75722	71955	78805
INDUSTRIAL MINERALS				
Amblygonite (8,6% LI2O)	t	108	134	131
Granite	t	730	12698	6496
Lepidolite (4% LI2O)	t	61	19	41
Marble	t	4215	4149	11663
Petalite (4% LI2O)	t	749	1405	1226
Salt (Common)	t	123571	141848	132357
Salt (Table)	t	470	570	750
Salt (Rock)	t	990	7263	7210
Silica (99% SiO2)	t	2190	0	0
Silica (96% SiO2)	t	2812	0	0
Wollastonite	t	500	396	0

142

471

CONSUMER PRICE INDEX

All Items

WINDHOEK

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
1971	38,8	38,8	38,9	39,5	39,6	39,8	40,0	40,4	40,6	40,7	40,8	40,9	39,9
1972	40,8	41,1	41,4	41,4	41,7	41,8	42,1	42,4	42,6	42,8	43,0	43,1	42,0
1973	43,5	43,9	44,2	44,5	45,0	45,2	45,5	45,7	46,2	46,5	47,0	46,9	45,3
1974	47,2	47,9	48,4	48,7	49,0	49,4	50,0	50,9	51,4	51,9	52,2	52,8	50,0
1975	53,1	53,8	54,4	55,1	55,7	56,2	56,7	57,4	57,6	58,3	59,1	59,3	56,4
1976	59,5	60,2	60,7	61,6	62,4	62,9	63,5	64,4	64,9	65,4	65,6	65,8	63,1
1977	66,3	67,5	68,5	69,4	70,1	70,8	71,3	72,4	72,9	73,3	74,1	74,6	70,9
1978	75,1	75,4	75,8	76,3	76,4	76,9	79,8	80,2	80,7	81,1	81,7	82,2	78,5
1979	83,1	83,4	85,1	85,7	86,1	86,5	90,9	92,0	92,8	93,1	93,7	94,2	88,9
1980	94,6	96,1	96,2	97,0	98,3	99,5	100,6	101,7	102,6	103,3	104,6	105,7	100,0
1981	107,5	109,2	110,4	111,4	112,3	113,6	116,0	116,5	117,8	119,2	121,4	122,2	114,8
1982	123,4	125,5	126,6	129,2	130,5	131,8	133,6	134,6	136,5	138,0	139,5	140,3	132,6
1983	140,8	143,1	145,5	146,5	147,6	148,6	149,5	150,6	150,9	151,7	153,6	153,8	148,5
1984	154,4	154,8	157,1	158,8	159,6	160,5	164,9	165,5	166,0	166,6	167,4	168,9	162,0
1985	169,8	175,6	176,3	177,5	178,6	180,0	181,6	182,8	184,2	186,4	189,4	194,6	181,4
1986	196,8	197,6	200,1	202,0	201,0	202,8	204,9	206,5	209,2	211,4	218,0	217,8	205,7
1987	218,3	220,5	223,5	224,5	226,0	227,9	234,2	239,1	240,9	241,1	241,4	242,1	231,6
1988	244,3	246,3	249,2	251,6	253,5	258,2	261,0	266,0	274,9	274,6	277,4	279,7	261,4
1989	282,5	286,2	291,0	293,6	296,2	301,5	303,9	304,9	308,1	310,4	314,4	316,5	300,9

1980 = 100 Base

CONSUMER PRICE INDEX

Food Only

WINDHOEK

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
1971	34,7	34,7	34,3	34,3	33,9	34,4	35,0	35,4	35,5	35,9	35,9	36,1	35,0
1972	35,8	36,3	36,8	36,7	37,1	37,4	38,0	38,1	39,4	39,6	39,9	39,9	37,9
1973	40,3	41,8	41,9	42,6	43,1	44,0	44,6	45,0	46,5	46,7	47,5	46,6	44,2
1974	47,1	47,1	47,4	48,0	48,5	48,8	49,8	51,5	52,2	52,8	53,1	53,7	50,0
1975	55,7	54,2	55,6	55,5	55,5	56,1	57,2	57,4	57,5	58,3	57,5	57,1	56,5
1976	57,2	57,3	57,4	58,5	59,2	59,5	60,8	61,6	62,2	63,5	63,2	63,0	60,3
1977	62,9	64,0	66,0	65,7	67,2	68,9	69,1	69,9	70,3	70,7	72,7	73,6	68,4
1978	74,8	75,6	75,3	75,8	75,4	75,3	78,3	79,6	80,0	81,2	81,8	82,8	78,0
1979	83,8	83,6	84,6	85,0	85,0	85,6	88,4	89,9	90,4	91,2	91,4	92,5	87,6
1980	93,0	94,5	90,9	92,2	94,7	96,9	100,6	102,3	104,2	105,9	110,9	113,6	100,0
1981	121,3	121,5	122,6	123,3	122,7	126,4	128,2	123,9	126,0	128,9	136,1	136,1	126,6
1982	140,4	144,7	145,7	143,0	143,6	145,2	147,6	147,0	149,4	153,2	167,8	159,2	148,1
1983	160,0	163,1	166,2	166,6	166,1	167,8	169,9	169,9	170,5	172,3	176,6	174,5	168,6
1984	175,6	176,4	181,2	184,6	184,9	186,1	191,2	193,8	192,0	190,7	191,6	193,5	186,8
1985	195,9	192,5	193,2	191,4	191,8	192,8	192,7	196,0	198,3	201,7	207,4	222,1	196,0
1986	216,8	212,2	220,5	220,6	219,1	223,0	220,9	226,7	228,1	234,4	252,0	249,5	227,2
1987	249,5	255,1	258,5	260,3	258,0	262,3	269,3	276,2	279,4	278,6	278,8	275,3	266,1
1988	281,1	288,9	287,1	293,6	295,1	300,0	299,4	312,5	318,0	313,2	321,4	322,9	302,8
1989	322,3	330,8	335,3	338,9	343,2	357,3	356,9	316,6	369,8	372,6	386,7	401,7	356,3

1980 = 100 Base

144

5/1

INFLATION RATE

WINDHOEK

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
1971	6,8	6,0	5,7	5,3	5,0	5,8	5,8	6,0	5,7	5,7	5,7	6,0	5,7
1972	5,7	5,9	6,4	4,8	5,3	5,0	5,3	5,0	4,9	5,2	5,4	5,4	5,3
1973	6,6	6,8	6,8	7,5	7,9	8,1	8,1	7,8	8,5	8,6	9,3	8,8	7,9
1974	8,5	9,1	9,5	9,4	8,9	9,3	9,9	11,4	11,3	11,6	11,1	12,6	10,2
1975	12,5	12,3	12,4	13,1	13,7	13,8	13,4	12,8	12,1	12,3	13,2	12,3	12,8
1976	12,1	11,9	11,6	11,8	12,0	11,9	12,0	12,2	12,7	12,2	11,0	11,0	11,9
1977	11,4	12,1	12,9	12,7	12,3	12,6	12,3	12,4	12,3	12,1	13,0	13,4	12,5
1978	13,3	11,7	10,7	9,9	9,0	8,8	11,9	10,8	10,7	10,6	10,3	10,2	10,6
1979	10,7	10,6	12,3	12,3	12,7	12,5	13,9	14,7	15,0	14,8	14,7	14,6	13,3
1980	13,8	15,2	13,0	13,2	14,2	15,0	10,7	10,5	10,6	11,0	11,6	12,2	12,6
1981	13,6	13,6	14,8	14,8	14,2	14,2	15,3	14,6	14,8	15,4	16,1	15,6	14,8
1982	14,8	14,9	16,5	16,0	16,2	16,0	15,2	15,5	15,9	15,8	14,9	14,8	15,5
1983	14,1	14,0	13,1	13,4	13,1	12,7	11,9	11,9	10,5	9,9	10,1	9,6	12,0
1984	9,7	8,2	8,0	8,4	8,1	8,0	10,3	9,9	10,0	9,8	9,0	9,8	9,1
1985	10,0	13,4	12,2	11,8	11,9	12,1	10,1	10,5	11,0	11,9	13,1	15,2	11,9
1986	15,9	12,5	13,5	13,8	12,5	12,7	12,8	13,0	13,6	13,4	15,1	11,9	13,4
1987	10,9	11,6	11,7	11,1	12,4	12,4	14,3	15,8	15,2	14,0	10,7	11,2	12,6
1988	11,9	11,7	11,5	12,1	12,2	13,3	11,4	11,3	14,1	13,9	14,9	15,5	12,9
1989	15,8	16,2	16,8	16,7	16,8	16,8	16,4	14,6	12,1	13,0	13,3	13,9	15,1

COMPANY REGISTRATIONS AND LIQUIDATIONS IN NAMIBIA

YEAR	REGISTRATIONS			TOTAL	DEREGIS- TRATIONS	LIQUIDA- TIONS	TOTAL DEREGIS- TRATIONS
	DOMESTIC		INTER- NATIONAL COMPANY				
	New	Second					
1979	223	1723	184	2110	29	5	34
1980	155	1	10	166	10	8	18
1981	124	2	20	146	47	4	51
1982	127	2	14	143	42	10	52
1983	105	3	8	116	41	8	49
1984	89	1	8	98	49	9	58
1985	103	0	10	113	183	18	201
1986	173	0	14	187	53	4	57
1987	247	1	24	272	25	7	32
1988	280	1	17	298	129	24	153
1989	558	14	14	584	123	9	132
TOTAL	2182	1745	303	4233	731	106	837

14/0

BUILDING PLANS PASSED
(At Current Prices R'000)

1968

TYPE OF BUILDING	TOTAL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Residential	136130	10765	9957	10686	8793	11536	20197	7975	10837	13570	15143	13120	3571
Institutional	36812	1020	4558	340	8500	2485	6325	7822	6539	115	348	1712	50
Industrial	10657	1106	343	3933	83	320	754	297	1739	430	620	462	580
Commercial	19082	2448	579	666	1584	1544	1038	2480	1237	266	4452	1677	1091
Changes/Ext.	40468	1675	3066	4491	2602	4545	3085	4790	5334	3013	2765	3437	1695
TOTAL	246169	17014	18501	20096	21662	20430	31399	23364	25686	17394	23328	20408	6987

1969

TYPE OF BUILDING		TOTAL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Residential	Value	66091	4374	7318	8146	3605	7259	4158	3958	4218	5211	3781	3445	638
	Number	2258	101	218	277	69	637	47	249	218	109	232	88	13
Flat	Value	9253	222	1860	0	700	4010	421	0	1800	0	240	0	0
	Number	16	2	4	0	1	2	4	0	1	0	2	0	0
Institutional	Value	18311	50	7693	3170	315	0	127	190	3021	745	2800	260	0
	Number	48	1	13	7	2	0	1	2	7	5	7	3	0
Industrial	Value	3658	20	1809	200	188	334	61	40	624	149	95	338	0
	Number	32	1	6	1	4	3	5	1	4	2	2	3	0
Commercial	Value	28428	186	1421	898	2517	1405	465	2749	1477	910	13965	1634	803
	Number	80	3	9	14	9	5	7	7	9	6	4	4	3
Changes/Ext.	Value	83749	1857	2566	2832	6314	2458	5379	4062	6351	2708	3183	6545	9494
	Number	1373	63	98	121	104	118	122	113	137	143	154	144	56
TOTAL	Value	186690	6706	22687	15244	13639	15466	10611	10999	17491	9723	24044	12102	10935
	Number	3807	171	348	420	189	765	186	572	578	265	401	242	72

141

BUILDINGS COMPLETED
(At Current Prices R'000)

1988

TYPE OF BUILDING	TOTAL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Residential	67600	7883	2216	4093	5593	5380	3641	3920	9200	5678	7103	4400	5553
Institutional	31586	282	408	11626	252	267	549	900	1237	1018	11871	2078	1066
Industrial	1673	284	57	100	8	250	25	0	166	458	145	180	0
Commercial	7550	1505	0	209	1262	370	292	610	186	1006	278	310	1520
Changes/Ext	20966	1869	701	1095	1953	1230	3214	1458	1942	997	978	4578	951
TOTAL	129456	11843	3362	17123	9066	7497	7721	6886	12733	12167	20375	11646	9122

1989

TYPE OF BUILDING		TOTAL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Residential	Value	61467	3581	7017	7648	19116	5626	9042	8276	9124	4199	3294	2882	1660
	Number	2196	55	70	155	319	74	201	768	229	68	104	92	61
Flat	Value	12824	195	0	820	1170	1014	0	1522	3640	1807	300	2216	140
	Number	44	3	0	3	3	18	0	4	3	3	1	4	2
Institutional	Value	40919	50	450	5202	6505	4550	140	7875	8480	689	1369	2109	3500
	Number	75	1	3	14	2	9	4	11	14	5	7	4	1
Industrial	Value	7861	1754	1336	500	1131	1055	302	121	200	1119	38	250	55
	Number	48	7	3	3	7	7	4	2	2	9	2	1	1
Commercial	Value	20344	817	70	96	4265	3400	4526	302	291	2891	1145	600	1942
	Number	65	4	1	2	6	8	4	4	6	14	11	2	3
Changes/Ext	Value	41656	646	790	3528	4429	4412	7913	2617	3001	2370	1443	4948	5358
	Number	1392	50	36	147	214	159	142	60	113	143	78	146	104
TOTAL	Value	205070	7243	9663	17794	36616	20057	21922	20716	24736	13075	7569	13005	12655
	Number	3820	120	113	324	651	275	855	849	367	242	203	249	172

148

5-31

NEW AND USED VEHICLE REGISTRATIONS : 1969

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
TOTAL	New	1348	244	330	1818	423	612	1820	1318	2216	1562	268	214	11973
	Used	1309	908	1060	1975	523	735	2180	2071	1458	1758	555	608	16154
Motor Cycle and Tricycle	New	53	2	12	34	5	1	17	17	35	18	1	4	199
	Used	74	28	52	81	19	13	70	78	108	49	15	11	598
Motor Car and Station Wagon	New	730	72	93	997	222	332	876	682	1025	643	71	46	6789
	Used	377	430	929	1096	223	301	1232	1112	392	1036	257	271	7658
L D V and Panel Van	New	155	113	168	143	137	194	120	125	149	164	139	102	1712
	Used	221	273	437	264	217	303	214	243	216	225	207	213	3033
Lorry, Truck and Truck-Tractor	New	265	2		475	9	11	457	352	737	628	7	9	2953
	Used	433	98	322	412	17	22	529	462	624	316	13	13	3261
Bus	New	4			29			23	33	109	24			222
	Used	31	5	12	22	1	1	26	38	19	18	2	1	178
Minibus	New	15	13	15	30	21	24	14	12	14	14	9	7	188
	Used	31	43	54	27	23	44	26	34	20	28	16	21	365
Tractor	New	1	2	4	2	1	1	1	2	3		4		21
	Used		4	5	3	5	6	2	4	3	6	3	4	41
Agricultural Machinery	New	4			1									5
	Used				1									1
Construction Machinery	New	3					2	2	3	5	1			18
	Used		7	1	1	1	2	12	6		6		2	38
Industrial Machinery	New		1	1			2		1			1		6
	Used	4	1	3							1			9
Trailer, Semi-Trailer, Caravan	New	112	38	38	105	28	36	108	90	138	72	38	45	844
	Used	187	77	142	68	17	36	69	83	75	74	42	63	939
Other	New		1	1	2		9	2	1	1			1	18
	Used	11		3			7		13	1			1	36

BED, ROOM AND UNIT NIGHTS SOLD : 1989

PRIVATE	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Bed	2870	36391	50563	47394	42818	42092	50375	45211	42337	47982	40049	31037	504950
%	32.5	40.7	49.2	48.7	4242.6	43.3	50.1	45.5	44	48.3	41.7	31.2	
Room	20194	26325	33519	31803	30742	30134	33984	32292	30412	33274	30391	21027	354087
%	42.2	55.9	62.7	62	58	58.8	64.1	61	59.3	62.8	59.3	39.7	
PUBLIC	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Government													
Units	4804	4500	9214	7808	9079	9890	11094	10686	10789	9407	5272	4799	97342
%	53.2	54.1	70.7	68.4	73.3	71.1	81	70.6	70.9	62.6	48.1	46.7	
Swakopmund													
Bed	11482	9575	10246	9386	7146	6497	10360	7129	10001	7262	7349	23197	119630
%	41.2	38	36.7	34.8	25.6	24.1	37.1	25.6	37	28	27.2	83.1	
Units	2836	3939	2370	3694	2603	2656	2856	2686	3434	2557	2547	5675	38053
%	45.7	70.3	38.2	61.6	42	47.4	43.3	40.7	57.2	38.7	42.5	86	
Rehoboth													
Bed	1135	683	2423	1479	1514	1621	1573	1032	1269	1668	1310	1636	17345
%	33.3	24.4	78.3	49.3	48	57.5	71.7	33.3	42.3	52.2	42.4	51.3	
Units	274	239	390	336	528	578	523	278	553	545	505	480	5229
%	38.4	37.1	54.7	53	74	83.8	73.4	38.9	80.1	76.4	73.2	67.3	
Khorixas													
Bed	591	683	1668	1226	1705	1807	2105	1798	1380	1196	718	948	15823
%	22	28	55	48	63	55	66	58	44	33	22	26.3	
Units	295	339	684	542	740	875	828	862	685	503	471	492	7118
%	23	30	56	45	60	58	67	72	57	42	40	37.3	
TOTAL UNITS	8209	9017	12853	12380	12960	13999	15301	14512	15481	13012	8795	11446	147740

150

151

TOTAL ELECTRICITY CONSUMPTION IN NAMIBIA IN KW-HOURS (000)

The South West African Water and Electricity Corporation (SWAWEC)
is responsible for generating and distributing electricity countrywide.
SWAWEC supplies almost 99% of electricity consumed in Namibia.
Electricity rates are available from local authorities.

	1967	1968	1969
January	98,776,000	96,718,000	100,699,276
February	103,121,000	113,963,000	111,490,739
March	94,199,000	103,738,000	101,721,596
April	103,783,000	105,420,000	114,407,725
May	96,068,000	110,633,000	103,747,638
June	107,572,000	115,938,000	121,049,244
July	102,862,000	109,798,000	117,871,077
August	107,233,000	120,617,000	117,822,649
September	104,581,000	117,739,000	112,183,390
October	102,999,000	94,240,000	116,740,182
November	108,285,000	110,452,000	121,335,429
December	107,113,000	101,648,000	104,183,016
TOTAL	1,236,572,000	1,300,902,000	1,343,251,961

MUNICIPAL INDUSTRIAL SITES AVAILABLE IN NAMIBIA: 1/3/1990

	NUMBER OF SITES	SQUARE METERS	WATER	ELEC.	SEWERAGE SYSTEM	RAILWAY SIDING	ROAD	COST / M x M
Gobabis	none							
Grootfontein	none							
Karibib	none							
Katima Mulilo	none							
Keetmanshoop	40	2000 - 9000	yes	yes	yes	no	gravel	R 0,50
Lüderitz	none							
Mariental	none							
Okahandja	30 ha	on demand	yes	yes	no	no	gravel	o.d.
Ondangwa	none							
Oshanaati	none							
Otjiwarongo	16	2000 - 4000	no	no	no	no	gravel	o.d.
Rehoboth	none							
Rundu	none							
Swakopmund	6	1180 - 7800	no	no	no	no	gravel	R 5,50
Teumeb	none							
Usakos	5	2000 - 3000	yes	yes	no	no	no	R 1,00
Windhoek	26	1200 - 3,9 ha	yes	no	yes	no	gravel	o.d.

Source: Local Authorities

(this table does not include privately owned sites)

152

REGISTERED COMMERCIAL BANKS

	ADDRESS	TELEPHONE
BANK WINDHOEK LTD	P.O. BOX 2121 WINDHOEK	(061) 31850
BOLAND BANK LTD	P.O. BOX 1516 WINDHOEK	(061) 36600
NEDBANK LTD	P.O. BOX 370 WINDHOEK	(061) 225948
STANDARD BANK NAMIBIA LTD	P.O. BOX 13177 WINDHOEK	(061) 37630
BANK OF NAMIBIA LTD	P.O. BOX 1 WINDHOEK	(061) 3039111
TRUST BANK OF AFRICA LTD	P.O. BOX 223 WINDHOEK	(061) 32111
FIRST NATIONAL BANK OF NAMIBIA LTD	P.O. BOX 285 WINDHOEK	(061) 229618

CHAMBERS OF COMMERCE / MINES

	ADDRESS	TELEPHONE
CHAMBER OF COMMERCE AND INDUSTRIES OF NAMIBIA	P.O. Box 191 Windhoek	(051) 222-000
DIE AFRIKAANSE SAKEKAMER VAN NAMIBIA	P.O.Box 22643 Windhoek	(061) 38990
NAMIBIA CHAMBER OF COMMERCE AND INDUSTRY	P.O. Box 7005 Windhoek	(061) 61751
CHAMBER OF MINES OF NAMIBIA	P.O. Box 2895 Windhoek	(061) 37925

551

ADVERTISING MEDIA

	FREQUENCY	LANGUAGE (mainly)	ADDRESS	TELEPHONE
ALLGEMEINE ZEITUNG	Daily (M-F)	German	P.O. Box 2127 Windhoek	(061)225411
DIE REPUBLIKEN	Daily (M-F)	Afrikaans	P.O. Box 3436 Windhoek	(061) 33111
THE NAMIBIAN	Daily (M-F)	English	P.O. Box 20783 Windhoek	(061) 36970
THE TIMES OF NAMIBIA	Daily (M-F)	English	P.O. Box 1794 Windhoek	(061)225822
WINDHOEK ADVERTISER	Daily (M-F)	English	P.O.Box 56 Windhoek	(061)225411
DIE SUIDWESTER	Weekly (Fri)	Afrikaans	P.O. Box 2196 Windhoek	(061) 34141
NAMIBIA NACHRICHTEN	Weekly (Sun)	German	P.O. Box 1825 Windhoek	(061) 37824
SONDAG PUBLIKEN	Weekly (Sun)	Afrikaans	P.O. Box 3436 Windhoek	(061) 33111
WINDHOEK OBSERVER	Weekly (Sat)	English	P.O. Box 3717 Windhoek	(061)224511
NAMIBIA TODAY	Wed/Sat	English	P.O. Box 1071 Windhoek	(061) 38364
NAMIB TIMES	Tue/Fri	English	P.O. Box 706 Walvis Bay 9190	(0642) 5854

P R O D U C T S / S E R V I C E S

The Product Listings and Company Information sections cover those companies currently inviting foreign trade enquiries and does not reflect Namibia's complete production and export potential. Should there be any product required that is not listed in this publication, please contact the Namibia Department of Economic Affairs, Private Bag 13297, Windhoek 9000, Namibia.

Air Transport, Freight and Passengers
Airfreight
Alternators, 220 - 380 Volts
Amethysts
Analytical Monitoring Equipment
Animal Feeds and Licks
Aquamarines
Aragonite
Arc Welding
Armature Rewinding
Auto Electrical Products

Transnamib Ltd
Woker Freight Services (Namibia) (Pty) Ltd
Mindeco (Pty) Ltd
Canto
SWE (Pty) Ltd
Namib Mills (Pty) Ltd
Salomon Goldschmied
Erongo Gems & Minerals
Swachrome (Pty) Ltd
SWE (Pty) Ltd
Gobabis Auto Electric

Bakery Products
Baby Nappies (Diapers)
Batteries
Beef Carcasses
Beef and Lamb from Free Ranging Animals

Hansa Bäckerei
H.H. Promoters
SWE (Pty) Ltd
Swameat Corporation Ltd
Hartlief Continental Meat Products (Pty) Ltd
Windhoek Wild
Swameat Corporation Ltd
Swameat Corporation Ltd

Beef, Canned
Beef, Canned Meat
Beef, Fillet
Beef, Offal
Beef, Pet
Beef, Rump
Beef, Striploin
Beef, Vacuumpacked Primal Beef Cuts

Beer, Draught
Beer, Hansa Pilsner
Beer, Kaliber Light
Beer, Maibock
Beer, Tafel Lager
Beer, Windhoek Export
Beer, Windhoek Lager
Beer, Windhoek Light
Beer, Windhoek Special
Bell Mining Equipment
Blankets
Bleach
Blood Meal
Blouses
Bomag Compacting Equipment
Bond Storage
Bone & Meat Meal
Bone Meal
Braids
Brickmaking
Brooms
Brown Bread Meal
Brushes
Building Products

Cables
Cake Flour
Car Hire
Carcass Meal
Carpet Cleaner
Carpets, Karakul

Chain
Chain Accessories
Chandling and Procurement

The South West Breweries Ltd
Mindeco (Pty) Ltd
H.H. Promoters
H.H. Promoters
Swameat Corporation Ltd
Saran
Mindeco (Pty) Ltd
Woker Freight Services (Namibia) (Pty) Ltd
Swameat Corporation Ltd
Swameat Corporation Ltd
African Wire Ropes (Pty) Ltd
Woker Freight services (Namibia) (Pty) Ltd
H.H. Promoters
Namib Mills (Pty) Ltd
H.H. Promoters
Wispeco (SWA) (Pty) Ltd

SWE (Pty) Ltd
Namib Mills (Pty) Ltd
Avis
Swameat Corporation Ltd
H.H. Promoters
Karakulia
Weberei Krafft
African Wire Ropes (Pty) Ltd
African Wire Ropes (Pty) Ltd
Woker Freight Services (Namibia) (Pty) Ltd

Chemicals from Seaweed
Chlorinators
Chocolate Assortments
Coats

Coats, Reversible
Coats, Swakara
Cold Storage
Collections
Container Depot
Container Park
Container Terminal
Container Transport Services, Rail and Road
Conveyors
Cooldrinks
Corned Beef and Meat
Cosmetics
Couriers
Cracked Wheat
Crankshaft Grinding
Crushed Wheat
Curios
Curios, Minerals
Curios, Semi-Precious Stone
Curtains
Customs Clearing

Dehydrated Stews
Deodorant Blocks
Deutz Diesel Engines
Development
Diamond Mining
Diamonds

Diesel Driven Generating Sets

Taurus Chemicals
SWE (Pty) Ltd
Springer Schokoladenfabrik (Pty) Ltd
Nakara Manufacturing Furriers and Fur Processors
Saran
Nakara Manufacturing Furriers and Fur Processors
Nakara Manufacturing Furriers and Fur Processors
Woker Freight Services (Namibia) (Pty) Ltd
Standard Bank SWA Ltd
Woker Freight Services (Namibia) (Pty) Ltd
Woker Freight Services (Namibia) (Pty) Ltd
Woker Freight Services (Namibia) (Pty) Ltd
Transnamib Ltd
SWE (Pty) Ltd
Swakoma
Swameat Corporation Ltd
H.H. Promoters
Woker Freight Services (Namibia) (Pty) Ltd
Namib Mills (Pty) Ltd
Swachrome (Pty) Ltd
Namib Mills (Pty) Ltd
Erongo Gems & Minerals
Erongo Gems & Minerals
Erongo Gems & Minerals
H.H. Promoters
Woker Freight Services (Namibia) (Pty) Ltd

Swakoma
H.H. Promoters
Mindeco (Pty) Ltd
First National Development Corp. Ltd
CDM (Pty) Ltd
Canto
CDM (Pty) Ltd
Salomon Goldschmied
SWE (Pty) Ltd

Diesel Engines, Maintenance
Diesel Engines, Repair
Discounting Facilities
Dishwashing Liquid
Dishwashing Soaps
Disinfectant
Documentary Credits
Domestic Services
Drain Cleaner
Draught Beer
Dresses
Dripping
Dynometer Testing

E

ELC Electrical Line Components
Easter Bunnies, Chocolate
Easter Eggs, Chocolate
Electric Motors
Embroidered Tablecloths
Engineering Repairs
Establishment
Exchange Control Advice
Exports

F

Fabric Softener
Father Christmas, Chocolate
Financial Services

Financing
Fire Protection
Fish
Fish Meal
Fish Oil

SWE (Pty) Ltd
SWE (Pty) Ltd
Standard Bank SWA Ltd
H.H. Promoters
H.H. Promoters
H.H. Promoters
Standard Bank SWA Ltd
Namib Air (Pty) Ltd
H.H. Promoters
The South West Breweries Ltd
Saran
Swameat Corporation Ltd
SWE (Pty) Ltd

Mindeco (Pty) Ltd
Springer Schokoladenfabrik (Pty) Ltd
Springer Schokoladenfabrik (Pty) Ltd
SWE (Pty) Ltd
Dama Handarbeiten
Swachrome (Pty) Ltd
First National Development Corp. Ltd
Standard Bank SWA Ltd
Woker Freight Services (Namibia) (Pty) Ltd

H.H. Promoters
Springer Schokoladenfabrik (Pty) Ltd
Bank Windhoek Ltd
Standard Bank SWA Ltd
First National Development Corp. Ltd
SWE (Pty) Ltd
Atlantic Canned Fish Sales (Pty) Ltd
Atlantic Canned Fish Sales (Pty) Ltd
Atlantic Canned Fish Sales (Pty) Ltd

Fittings, PVC
Foreign Business Development

Forwarding
Frozen Boxed Beef
Full Cream Milk Powder
Fur & Leather Garments
Fur Coats, Swakara, Leather
Fur Jackets, Swakara, Leather
Fur Skins

Furniture
Furniture, Domestic
Furniture, Industrial
Furniture, Wooden
Furriers

Gameskin, Cured
Garage Wipes
Garments, Fur & Leather
Garnets

Gemstones

Gensets
Gold Jewellery
Golden Syrup
Granite

HT and LT Switchgear
Hand Soaps
Handcrafted Jewellery
Handmade Jewellery
Handspun Karakul Wool
Hardchrome Repairs

Namibia Plastic Converters (Pty) Ltd
Bank Windhoek Ltd
First National Bank of S.W.A. Namibia Ltd
Standard Bank SWA Ltd
Woker Freight Services (Namibia) (Pty) Ltd
Swameat Corporation Ltd
Swakoma
Nakara Manufacturing Furriers and Fur Processors
Seelenbinder Pelzparadies
Seelenbinder Pelzparadies
Karakul Board of Namibia
Swakara
H.H. Promoters
MKU Enterprises (Pty) Ltd
MKU Enterprises (Pty) Ltd
MKU Enterprises (Pty) Ltd
Nakara Manufacturing Furriers and Fur Processors

Swakopmund Tannery (Pty) Ltd
H.H. Promoters
Nakara Manufacturing Furriers and Fur Processors
Canto
Salomon Goldschmied
Canto
Salomon Goldschmied
African Gemstone Exchange
SWE (Pty) Ltd
Canto
Swakoma
Erongo Gems & Minerals

SWE (Pty) Ltd
H.H. Promoters
Canto
Salomon Goldschmied
Karakulia
Swachrome (Pty) Ltd

160

Herbs
Hire Vehicles, 4 Wheel Drive
Hotels
Hydraulic Cylinder Manufacture
Hydraulic Cylinder Repairs
Hydraulic Installation

Identification
Imports
Incontinence Products
Industrial Furniture
Instant Mash Potato Flakes
Instrumentation
International Flights
International Payments

International Services
International Trading

International Transfer

Jackets

Jackets, Leather
Jackets, Leather & Swakara
Jackets, Swakara
Jewellery Handcrafted
Jewellery, Handmade

Harpago (Pty) Ltd
Avis
Namib-Sun Hotels
Swachrome (Pty) Ltd
Swachrome (Pty) Ltd
SWE (Pty) Ltd

First National Development Corp. Ltd
Woker Freight Services (Namibia) (Pty) Ltd
H.H. Promoters
MKU Enterprises (Pty) Ltd
Swakoma
SWE (Pty) Ltd
Namib Air (Pty) Ltd
Bank Windhoek Ltd
First National Bank of S.W.A. Namibia Ltd
Standard Bank SWA Ltd
First National Bank of S.W.A. Namibia Ltd
Bank Windhoek Ltd
First National Bank of S.W.A. Namibia Ltd
Standard Bank SWA Ltd
Standard Bank SWA Ltd

Nakara Manufacturing Furriers and Fur Processors
Saran
Nakara Manufacturing Furriers and Fur Processors
Nakara Manufacturing Furriers and Fur Processors
Nakara Manufacturing Furriers and Fur Processors
Canto
Salomon Goldschmied
Immo Boehlke Goldschmiede

Karakul Carpets
Karakul Wall Hangings
Karakul Weaving
Kitchen Pride Dried Beans

L

Ladies Garments
Leather & Fur Garments
Leather Coats
Leather Jackets

Leather, Kudu
Leather, Vegetable Tanned
Liqueur Filled Chocolates
Lloyds Agency
Local Haulage, Delivery

Maize Flour
Maize Grits
Maize Rice
Maize Samp
Management
Maps
Marble
Marble Products
Marine Insurance
Marine Services
Marine Surveying
Marzipan
Mattresses
Mcgraw Edison
Meat
Mechanical Installation
Mild Steel Chain
Milk Powder

Karakulia
Karakulia
Karakulia
Swakoma

Saran
Nakara Manufacturing Furriers And Fur Processors
Seelenbinder Pelzparadies
Scelenbinder Pelzparadies
Swakopmund Tannery (Pty) Ltd
Swakopmund Tannery (Pty) Ltd
Swakopmund Tannery (Pty) Ltd
Springer Schokoladenfabrik (Pty) Ltd
Woker Freight Services (Namibia) (Pty) Ltd
Woker Freight Services (Namibia) (Pty) Ltd

Namib Mills (Pty) Ltd
Namib Mills (Pty) Ltd
Namib Mills (Pty) Ltd
Namib Mills (Pty) Ltd
First National Development Corp. Ltd
H.H. Promoters
Erongo Gems & Minerals
Marmorwerke Karibib
Woker Freight Services (Namibia) (Pty) Ltd
Woker Freight Services (Namibia) (Pty) Ltd
Woker Freight Services (Namibia) (Pty) Ltd
Springer Schokoladenfabrik (Pty) Ltd
H.H. Promoters
Mindeco (Pty) Ltd
Swameat Corporation Ltd
SWE (Pty) Ltd
African Wire Ropes (Pty) Ltd
H.H. Promoters

162

Mindeco and Other Valves
Mineral Curios
Mining Plant
Mining, Diamonds
Modern Woodcarvings
Moutabert Rock Breakers
Multi-Purpose Cleaners
Mutton & Lamb, Carcasses
Mutton Cuts
Mutton Offal

N

Natural Fibre

O

O-Line Wiring and Cable Support
Systems
Offshore Facilities

Oysters

P

PVC Fittings
PVC Pipe
Packaging
Paper
Paper Products
Paper Products, Cash Register rolls
Paper Products, Fax Rolls
Paper Products, Multiple Ply Telex Rolls
Paper Products, Photocopy Paper
Paper Products, Printing Paper
Paramount Engineers Specialized Gears

Mindeco (Pty) Ltd
Erongo Gems & Minerals
SWE (Pty) Ltd
CDM (Pty) Ltd
Kavango Curios
Mindeco (Pty) Ltd
H.H. Promoters
Swameat Corporation Ltd
Swameat Corporation Ltd
Swameat Corporation Ltd

African Wire Ropes (Pty) Ltd

Mindeco (Pty) Ltd
Bank Windhoek Ltd
First National Bank of S.W.A Namibia Ltd
Standard Bank SWA Ltd
Taurus Rotag Farming (Pty) Ltd

Namibia Plastic Converters (Pty) Ltd
Namibia Plastic Converters (Pty) Ltd
Plastic Packaging
Paperworld (Pty) Ltd
H.H. Promoters
Paperworld (Pty) Ltd
Mindeco (Pty) Ltd

12/1

Passenger Transport, Rail and Road
Peanut Butter

Pilchards, Chilli
Pilchards, Glenryck
Pilchards, Lucky Star
Pilchards, Mince
Pilchards, Namibia
Pilchards, Tomato
Pipe PVC

Pipe Polyethylene
Plate and Chute Work
Polish

Polyethylene pipe
Pumps: Centrifugal, Submersible
Printing
Processed Meat, Biltong (Jerky)

Processed Meat, Canned Meat
Processed Meat, Cold Meats
Processed Meat, Hams
Processed Meat, Salsamis
Processed Meat, Smoked Beef/ Game
Processed Meat, Traditional German Colonies
Projects
Promotion

R

Rail Transport Services
Raroma Ground Coffee
Raroma Ground Coffee Beans
Raw Fur Skins

Raw Peanuts
Rhondo Beans
Rice
Roadfreight
Roasted Peanuts
Rock Lobster

Transnamib Ltd
Swakoma

Atlantic Canned Fish Sales (Pty) Ltd
Namibia Plastic Converters (Pty) Ltd
Namibia Plastic Converters (Pty) Ltd
SWE (Pty) Ltd
H.H. Promoters
Namibia Plastic Converters (Pty) Ltd
SWE (Pty) Ltd
H.H. Promoters

Closwa Biltong (Pty) Ltd
Hartlief Continental Meat Products (Pty) Ltd, Windhoek Wild
Woker Freight Services (Namibia) (Pty) Ltd
First National Development Corp. Ltd

Transnamib Ltd

Swakoma
Swakoma
Karakul Board of Namibia
Swakara
Swakoma
Swakoma
Swakoma
Woker Freight Services (Namibia) (Pty) Ltd
Swakoma
Seaflower Investments

Solar Equipment
Soup Powders
Special Maize Meal
Speckled Sugar Beans
Split Peas
Stationery
Steel Contracting
Steel Fabrication
Steel Framed Structures, Erection
Steel Framed Structures, Fabrication
Steel Wire Ropes
Stevedoring
Super Maize Meal
Swakara Coats
Swakara Fur Garments, Reversible
Swakara Fur Skins, Raw

Swakara Jackets
Switchboards
Switchgear
Synthetic Ropes

T

Tablecloths, Embroidered
Tachographs
Tallow
Tanks
Tanning, Fur & Gameskins

Temperature Monitoring
Time Clocks
Textiles
Time Clocks
Tin
Toilet Cleaner
Toilet Paper

SWE (Pty) Ltd
Swakoma
Namib Mills (Pty) Ltd
Swakoma
Swakoma
H.H. Promoters
SWE (Pty) Ltd
SWE (Pty) Ltd
SWE (Pty) Ltd
SWE (Pty) Ltd
African Wire Ropes (Pty) Ltd
Woker Freight Services (Namibia) (Pty) Ltd
Namib Mills (Pty) Ltd
Seelenbinder Pelzparadies
Nakara Manufacturing Furriers And Fur Processors
Karakul Board of Namibia
Swakara
Seelenbinder Pelzparadies
SWE (Pty) Ltd
SWE (Pty) Ltd
African Wire Ropes (Pty) Ltd

Dama Handarbeiten
SWE (Pty) Ltd
Swameat Corporation Ltd
SWE (Pty) Ltd
Nakara Manufacturing Furriers and Fur Processors
Rehoboth Tannery
SWE (Pty) Ltd
SWE (Pty) Ltd
H.H. Promoters
SWE (Pty) Ltd
Imkor Tin (Pty) Ltd
H.H. Promoters
H.H. Promoters

167

Topaz

**Tourism
Tour Operators**

Tourmalines

**Trade
Traders**

Traditional Woodcarvings

Transformers

Transport Hire

Transportation, Rail and Road, Bulk Commodities

Transportation, Rail and Road, Containers

Transportation, Rail and Road, Freight

Transportation, Rail and Road, General Freight

Transportation, Rail and Road, Imports and Exports

Transportation, Rail and Road, Livestock

Transportation, Rail and Road, Ores and Minerals

Travel

Truck Hire

Truffel (Vegetable)

Twines

Canto

Salomon Goldschmied

Department of Economic Affairs

Namib Wilderness Safaris & Travel Shop

Historical Sightseeing Tours

Skeleton Coast Fly-in Safaris

Oryx Tours of Namibia

SWA Safaris & Southern Cross Safaris

Toko Safaris

Lüderitz Safaris & Tours

Etosha Fly-in Safaris

Charly's Desert Tours

Desert Adventure Safaris

Gloriosa Safaris

Canto

Salomon Goldschmied

Department of Economic Affairs

Taeuber & Corssen (SWA)

M. Pupkewitz & Sons

Kavango Curios

SWE (Pty) Ltd

Avis

Transnamib Ltd

Woker Freight Services (Namibia) (Pty) Ltd

Woker Freight Services (Namibia) (Pty) Ltd

H.J. Pack

African Wire Ropes (Pty) Ltd

H.H. Promoters

U

Unsifted Maize Meal

Namib Mills (Pty) Ltd

Urea
Uranium

H.H. Promoters
Rossing Uranium Ltd

V

Venison, Impala

Hartlief Continental Meat Products (Pty) Ltd
Windhoek Wild

Venison, Kudu

Hartlief Continental Meat Products (Pty) Ltd
Windhoek Wild

Venison, Oryx

Hartlief Continental Meat Products (Pty) Ltd
Windhoek Wild

Venison, Springbok

Hartlief Continental Meat Products (Pty) Ltd
Windhoek Wild

Venison, Vacuumpacked Springbok Cuts

Swameat Corporation Ltd

Venison, Zebra

Hartlief Continental Meat Products (Pty) Ltd
Windhoek Wild

W

Wagner Mining Equipment

Mindeco (Pty) Ltd

Wall Hangings, Karakul

Karakulia

Warehousing

Woker Freight Services (Namibia) (Pty) Ltd

Weavings, Karakul

Karakulia

Wet Salted Hides and Skins

Swameat Corporation Ltd

Wheels

Avis

White Bread Flour

Namib Mills (Pty) Ltd

White Harricot Beans

Swakoma

Whole Wheat Flour

Namib Mills (Pty) Ltd

Window Cleaner

H.H. Promoters

Window Frames

Wispeco (SWA) (Pty) Ltd

Winget Concrete Mixers

Mindeco (Pty) Ltd

Woodcarvings

Kavango Curios

Woodcarvings, Modern

Kavango Curios

Woodcarvings, Traditional

Kavango Curios

Wooden Furniture

MKU Enterprises (Pty) Ltd

Wool Karakul, Handspun

Karakulia

Z

Zinc

Inkor Zinc (Pty) Ltd

COMMENT ON REPORT

169

Name

Position

Firm / Organisation

Address

Tel. No.

Purpose for which this publication was used

Comments

Reliability

Presentation

Shortcomings

Suggestions

Any other

Republic of Namibia



**CODE ON FOREIGN INVESTMENT
POLICY STATEMENT**

Windhoek, May 1990

170.

CODE ON FOREIGN INVESTMENT

POLICY STATEMENT

Windhoek, May 1990

**Published by the Ministry of Trade and Industry,
Private Bag 13340, Windhoek 9000
Tel.: (061) 220241 - Fax: (061) 220227
R28,60**

171

EXECUTIVE SUMMARY

It is the intention of the Namibian Government to pass through Parliament in the very near future a Foreign Investment Code. As of the date of the Donors Conference, the Namibian Parliament will not have yet enacted the Code. However, the Government believes that it is useful at this stage to at least make available to the Conference a Statement of Policy on foreign investment.

The following are the salient features raised in the Policy Statement.

Most importantly it points out that the Government welcomes foreign investment and that it will take active steps to stimulate investor interest.

The Policy does not, subject to a few minor qualifications only, suggest any restrictions on the range of activities in which foreign investors may engage.

Although joint ventures with local investors will be actively encouraged, the Code itself will not require foreign investors to offer an equity stake either to the State or to the Namibian private sector. However, the Government recognizes that natural resource projects may have to be regarded as a special case and that, accordingly, some requirement that Government, or a Government agency, should have a participating share in the equity may have to be considered.

The Policy Statement indicates that the Code will establish two categories of foreign investors:

- (i) foreign investors not eligible for, or not seeking, the status of Approved Investment,
- (ii) foreign investors holding a Certificate of Approved Investment.

The former will not be subject to any process of scrutiny or appraisal and will not be accorded any special treatment. They will therefore be subject to regulation under the generally applicable laws of Namibia. The latter category of investments will be scrutinized for approval against certain broad criteria set out in the Statement and will enjoy a protective regime of guarantees and incentives.

These guarantees and incentives focus on two principal concerns which, experience shows, are critical for investment decisions. They are:

- (i) security of title and, in particular, the possibility that investment assets may be expropriated without a guarantee of any, or any, sufficient compensation,

NAMIBIA

THE CODE FOR FOREIGN INVESTMENT A STATEMENT OF POLICY

i) restrictions on foreign exchange transactions and the availability of foreign exchange to meet essential investor requirements

the case of concerns related to security of title, the Statement indicates that the Code will provide that

i) in the event of expropriation, just compensation would be paid without undue delay, and

i) disputes between investors and the State about compensation for expropriated assets could be referred to international arbitration.

the case of foreign exchange transactions, the Statement sets out certain basic undertakings that the Code will provide to ensure that foreign exchange will be readily available

the Statement envisages that the holder of a Certificate of Approved Investment will have certain reciprocal obligations. These are described in the Statement

the Statement of Policy sets out a broad outline of the institutional arrangements for handling foreign investments. The following points should be noted

i) the Minister for Trade and Industry will be responsible for administering the Code.

ii) the Code will establish an Investment Centre. The Centre will have three main functions

(a) investment promotion,

(b) co-ordinating the response of the various Government departments to investment proposals,

(c) analysis and appraisal of applications for Approved Investment Status

ii) After analyzing and appraising the investors' proposals, the Centre will prepare a brief for an Interministerial Committee which will make the final recommendation to the Minister that a Certificate of Approved Investment should be granted or, as the case may be, withheld

1 Namibia has important development goals but local resources, public and private, may not, on their own be adequate to ensure the new investments necessary to create a more just and prosperous society. The Government recognizes that, if development objectives are to be achieved, Namibia needs foreign capital, sophisticated technology, an influx of management skills and access to foreign markets. Foreign investment is therefore welcome in Namibia. Broad political consensus to that effect is reflected in Article 99 of the Constitution, which provides

"Foreign investment shall be encouraged within Namibia subject to the provisions of an Investment Code to be adopted by Parliament"

2 Namibia is an open society and Government does not propose to establish in the Code any restrictions on the range of business activities in which foreign investors may engage. Where an activity would be open to Namibian private sector investment, it will be open to foreign investment. Under the existing law, the Government or a Government agency has in respect of certain activities — for example, the generation and distribution of electricity — a statutory monopoly. Unless the existing law is amended, there would, of course, in respect of those activities, be a restriction on foreign investment in the same way that there is already a restriction on local private sector investment

3 While, in principle, all sectors of the economy now open to local private investment will be open to foreign investment, Government will be taking active steps to stimulate investor interest in the petroleum, mining, fisheries, agro-business and manufacturing sectors. On the other hand, there are certain business activities in which foreign investment will not be encouraged. These are small-scale businesses engaged primarily in the provision of services which could be performed by Namibians. Hairdressing or small retail trade are examples. It may also be the case that restrictions on dealings in certain categories of land, for example, land held under customary tenure, will impose practical limitations, particularly in the agricultural sector, on the range of activities in which foreign investors may engage.

4 Two further aspects of the open character of the investment regime should be noted

- (i) The Code will not impose on foreign investors any requirement that there should be a local stake in the equity of a foreign investment. The Government will actively encourage foreign investors to seek local equity participation in joint ventures with the Namibian private sector companies. However, the Investment Code will not impose on foreign investors any requirement to that effect, or contain any provision for future divestment in favour of Namibian nationals. With regard to a public sector equity stake, again the Code will not require foreign investors to offer equity participation to Government or a Government agency. However, as in the case of the private sector, foreign investors may, in particular projects, establish by agreement joint ventures with the State or with public sector entities. Moreover, in natural resource projects consideration of State participation in the equity of major investments has a special dimension. Article 100 of the Constitution establishes very clearly the principle that Namibia has sovereignty over its natural resources. Those resources, whether on or under the land, including the resources of the territorial sea, its bed and subsoil, the Continental Shelf and the exclusive economic zone belong to the State. An investor cannot acquire rights over them unless there is a grant by the State of a lease or licence under applicable legislation. Government anticipates that in the case of new investments in major natural resource projects, investors are likely to seek a comprehensive agreement with Government about the terms and conditions on which exploration for and exploitation of resources may take place. Government has currently under review the existing fiscal and other conditions for mining, petroleum and fishing projects. In that context, pending completion of the review, Government wishes to keep open the possibility that agreements with investors for the grant of rights over natural resources may contain mandatory provisions which will ensure that the Government, or a Government agency, has or can have a participating share in the equity of the project.
- (ii) Foreign investors not eligible for or not seeking the status of "Approved Investment" described below will not be required under the Code to obtain a prior authorization and accordingly their investments will not be assessed for approval against any specified criteria. They will, of course, be subject to the applicable laws of Namibia in force from time to time. This means, for example, that a foreign investor in this category may have to incorporate and register a company in accordance with Namibia's company law or set up a partnership. A licence or permit will have to be obtained if that is required under the law for the business activity which

the foreign investor intends to undertake. All foreign exchange transactions, including the remission of dividends and the service of debt, will be subject to whatever exchange control regime there may be in force at the time, and employment of expatriates in Namibia will not be permitted as of right where there are available citizens of Namibia with the necessary qualifications and experience.

STATUS OF APPROVED INVESTMENT

- 5 Although it is proposed to establish a relatively open regime for foreign investment generally, Namibia has very specific development objectives and hopes that foreign investment will play a dynamic role in helping to realize some of them. With that in mind, the Investment Code will create a category of "Approved Investments" to which the Code will extend a special protective regime of guarantees and incentives.
- 6 In order to be eligible for Approved Investment status, an investment will have to fall within a definition of "eligible foreign investment" to be set out in the Code. In that context, it should be noted that:
 - (i) It is not the intention of the Government that the Code should apply to portfolio investments where the foreign investor has acquired an equity interest in a Namibian enterprise without any intention of participating in its management. However, in order to avoid the application of imprecise or subjective criteria, it is envisaged that exclusion of portfolio investments will be effected in the Code by excluding from the category of eligible foreign investments the acquisition of shares in a Namibian company if at least 90 per cent of the remaining equity is held by citizens of Namibia, or by companies which are controlled either, directly or indirectly, by citizens of Namibia. A similar test would apply to the acquisition of an undivided participating share in an unincorporated joint venture of the kind commonly used for investment in petroleum and mining projects. However, the Code will provide for some measure of flexibility so that an investor who can show that he will be playing an active role in management may be treated as "eligible" notwithstanding that the foreign element in the investment falls below 10%.
 - (ii) Constraints on manpower within the Namibian Government will necessitate the exclusion from the category of eligible foreign investments of very small projects. Whatever the intrinsic merits of a particular

investment, it would be hard to justify the use of scarce resources to appraise a project if the foreign investment proposed was less than US \$200 000 or its equivalent in other currencies. Although the exclusion of these very small projects from the definition of eligible foreign investment means that they cannot be admitted to the special category of Approved Investments, it is not the intention of Government to discourage small-scale investment which, in many cases, can make a real contribution to the Namibian economy. As indicated in paragraph 4 above, foreign investors not eligible to apply for the status of Approved Investment will nevertheless be able to make their investments under the terms and conditions provided for in applicable laws of Namibia, and will enjoy the protection afforded to investors under those laws including, of course, the guarantees set forth in the Constitution itself.

An investor whose proposed investment falls within the definition in the Code of an eligible foreign investment, will be entitled to apply for the status of Approved Investment. Appraising a proposal in order to decide whether approved status should be accorded, will involve measuring the investment against certain broad criteria which will be set out in the Code. Some of the basic criteria against which the merits of an investment will be assessed would be the following:

- (a) the extent to which the investment will contribute to Namibia's development goals,
- (b) the efficiency of the investment in making use of Namibian resources, including labour, natural resources and foreign exchange to contribute to Namibia's national product by
 - (i) increasing employment opportunities in Namibia for Namibians. All projects accorded the status of Approved Investment will, as described below, have reciprocal obligations relating to localization and training and the contribution which an investment will make to employment opportunities will be assessed (*inter alia*) in the light of the proposals made by the investor for training and localization,
 - (ii) earning or saving foreign exchange,
 - (iii) making or generating development in the less developed areas in Namibia
- (c) the impact of the investment on the environment and the willingness of the investor in co-operation with the appropriate authorities in Namibia to design and finance effective measures to minimize adverse environmental consequences.

GUARANTEES AND INCENTIVES

- 8 The most effective action which the Government in Namibia can take to encourage foreign investment is to offer to investors enjoying Approved status some basic guarantees. The experience of other developing countries and extensive discussions with the private sector in Namibia establish very clearly that the concerns of prospective investors focus mainly on two issues:
- (a) Concerns related to security of title and, in particular, the possibility that investment assets may be expropriated without a guarantee of any, or any, sufficient compensation.
 - (b) Concerns related to restrictions on foreign exchange transactions and on the availability of foreign exchange to meet essential investor requirements.

(a) Security of Title

- 9 It is not the intention of the Namibian Government to expropriate private sector business, whether domestic or foreign. Article 98 of the Constitution envisages an economic order based on a mixed economy and nationalization is not part of the Government's strategy for development.
- 10 While expropriation of private sector assets is not Government policy, all governments in the complex conditions of modern society require rights of eminent domain and nationalization must always remain a special option to meet special circumstances. That is the broad framework established by Article 16(2) of the Constitution, which provides:
- "The State or a competent body or organ authorised by law may expropriate property in the public interest subject to the payment of just compensation, in accordance with requirements and procedures to be determined by Act of Parliament"
- 11 With regard to Approved Investments, it is, however, envisaged that the Code will extend and amplify the protection afforded generally by Article 16 of the Constitution. Although against the background of Article 16 of the Constitution it would not be appropriate to offer in the Code an unqualified undertaking that no Approved Investment will be expropriated, significant assurances can be given about the payment of compensation. Accordingly, the Code will provide that the payment of compensation for expropriated assets will be made without undue delay and in convertible currency. While

foreign investors in common with Namibian nationals will have access to the Namibian courts to establish and protect their rights. In the event of a dispute arising about the compensation due to an investor, the Code will further provide for referral to international arbitration. Namibia has at present under review the possibility of adhering to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States. Should Namibia decide to adhere to the Convention arbitration under the auspices of the Centre for the Settlement of Investment Disputes (ICSID) established pursuant to the Convention would be an available option. Alternatively, arbitration pursuant to the Rules adopted by the United Nations Commission on International Trade Law (UNCITRAL) would also be acceptable to the Government. Where in the context of nationalization a dispute arises on the quantum of compensation, it is envisaged that the Code would require an arbitrator to assess the compensation due to the investor by applying established International Law standards.

(b) Foreign Exchange Transactions

12 In many developing countries, including many in Africa, foreign exchange constraints have been a major obstacle impeding the flow of new foreign investment and making it difficult to induce existing enterprises to reinvest profits in new ventures. Against that background, Namibia recognizes that it must be prepared to offer meaningful guarantees if new investment is to be attracted and some of the profits retained within the country. Accordingly the Code will, in the case of Approved Investments, give an undertaking that convertible foreign exchange will be made available

- (a) to enable the investor in the case of loans in foreign exchange approved by the Central Bank to repay the principal sum due in accordance with an agreed schedule and to pay (without prejudice to the tax treatment of such payments) interest and service charges on such loans as they fall due,
- (b) to pay licence fees and royalties due to persons resident outside Namibia, where such payments are made pursuant to agreements which have been approved under any rules which may be in force from time to time relating to the transfer of technology,
- (c) to transfer after tax profits, or in the case of companies, to pay dividends out of after-tax profits to shareholders resident outside Namibia, and in the case of registered companies carrying on branch operations in Namibia, to make remittances to head office out of funds representing after-tax branch profits.

13 In addition to the basic guarantees set out above, there would be, in respect of Approved Investments, two further undertakings in the Code in relation to foreign exchange transactions

Where

- (i) the investment or part of the investment has been sold to a resident of Namibia, or
- (ii) there has been a reduction of capital authorized (to the extent necessary) by the Court, foreign exchange would be made available to repatriate the proceeds. However, in such a case, where amounts are large, the Central Bank would reserve the right to require that transfers should be scheduled over a period of time in order to avoid significant balance of payment difficulties. Where an investor has sold the investment or part of the investment to a person resident outside Namibia for foreign exchange, there would be no exchange control restrictions on the disposition of the proceeds of sale.

14 Foreign investors in Namibia will appreciate that Namibia is at present part of the Rand Currency Area. A decision, in principle, has been taken to establish a Central Bank and issue Namibian currency. However, careful preparation will be required before that decision can be fully implemented and, in the meantime, Namibia will remain subject to the existing foreign exchange restrictions administered in the Rand Currency Area by the Reserve Bank of South Africa. It follows that until Namibia establishes its own Central Bank and currency, the Government may not be able to guarantee full compliance with the foreign exchange regime for Approved Investments set out above.

15 While the basic repatriation and retention rights described above are recognized by Government as a precondition for a sustained flow of new foreign investment, it remains the policy of Government to encourage foreign investors to reinvest part of their profits in Namibia. Given firm assurances that after-tax profits can be remitted, Government believes that many investors will show their faith in Namibia by using some of their available cash to take on new ventures.

FISCAL INCENTIVES

16 Namibia intends to offer all investors an incentive in the form of a generally applicable rate of income tax that is reasonable and attractive. Against that background, Government has considered whether Namibia, following the practice in some other developing countries, should also provide in the Code for other special fiscal incentives such as tax holidays, import duty concessions or the like. It has been decided not to do so. There are a number of reasons:

- (a) In order to create stable conditions for economic growth, Namibia needs a broad revenue base which is not continuously eroded by piecemeal concessions.
- (b) Tax concessions could be wasteful since in many cases, if other conditions are satisfactory, tax concessions will not be required to attract foreign investment.
- (c) Double Taxation Treaties and the unilateral double taxation relief offered by many capital exporting countries, mean that the practical effect of tax holidays is often uncertain.
- (d) A number of fiscal incentives already exist in the tax law of Namibia in relation to particular sectors, for example, mining. Where in a particular sector, or in connection with some particular activity, it is adjudged that a fiscal concession is required in order to attract foreign investment, appropriate provision will be made by amendment to the existing law.

INVESTORS RECIPROCAL OBLIGATIONS

17 Where an investor has applied for and been granted the Status of Approved Investment, the Code will provide that the Certificate given to the investor will remain in force only so long as the investor complies with certain reciprocal obligations to which every holder of an Approved Investment will be subject. It is envisaged that there will be two basic requirements:

- (a) Every investor will be required to make specific proposals acceptable to the Government for training and localization. The proposals of the investor in that regard will be reviewed at the time when application for Approved Investment status is made and may be the subject of negotiation. In reviewing the investor's proposals, the Government will be entitled to take into account the commitment to affirmative action implied

by Article 23 of the Constitution. Once an investor's proposals dealing with training and localization have been agreed with Government, they will be incorporated into the Certificate of Approved Investment, subject to such amendments as may be agreed from time to time. Implementation of those proposals will be a condition of the continued validity of the Certificate.

- (b) The proposals of the investor relating to the investment itself will also be incorporated into the Certificate. Accordingly, where an investor has undertaken to bring into Namibia a specified sum in foreign exchange or specified goods or services financed in foreign exchange, the continued validity of the Certificate will depend on the investor honouring that commitment in accordance with an agreed time-table.

THE INSTITUTIONAL FRAMEWORK

- 18 The Code for Foreign Investment will be an important instrument of policy and should play a dynamic role in Namibia's development strategy. However, to be sure that the Code operates in practice to encourage foreign investment, the Government is conscious of the need to create an appropriate institutional setting.
- 19 The Minister for Trade and Industry will be responsible for administering the Code, and the Code itself will provide for the establishment of an Investment Centre.
- 20 The Investment Centre will have three distinct but interconnected functions:

- (a) It will be responsible for initiating and co-ordinating the investment promotion activities of the Government. This will involve identifying a range of investment opportunities and making sure that relevant information about them is available in Namibia and abroad. In this capacity the Centre will be the focal point for all enquiries by prospective investors.
- (b) Where application is made for a Certificate of Approved Investment, the Centre will be responsible for co-ordinating the activities of the various departments of Government contributing to the appraisal of the investment proposal.

(c) The Centre will undertake, using its own specialist staff and the expertise available from technical ministries, an economic appraisal and analysis of investment proposals. In that capacity it will prepare briefs for, and make recommendations to, the Interministerial Committee whose role in processing applications for Approved Investment status is described below.

21 The Code will provide that a Certificate of Approved Investment be issued under the hand of the Minister for Trade and Industry, but in any case where the investment is to be made in a sector (for example, mining or agriculture) which is the responsibility of another Minister, the issue of the Certificate will require the concurrence of the Minister concerned.

22 It is envisaged that the Code will lay down a procedure to be followed whenever an application is made seeking Approved Investment status. In that context:

(a) All applications will be made to the Investment Centre.

(b) The Centre will be responsible for ensuring that the investor provides sufficient information to enable a judgement to be made on the merits of the investment in the light of the criteria set out in the Code. This will involve consultation with departments directly concerned, for example, in mining or petroleum projects the Ministry of Mining and Energy will be consulted on work programmes and other technical aspects of the proposed investment.

(c) When the Investment Centre is satisfied that the information necessary to assess the merits of the investment is available, and the Centre, using its own and other expert staff, has appraised and analyzed the economics of the investment proposal, the application will be referred to an Interministerial Committee on Approved Investments.

(d) The Interministerial Committee on Approved Investments will be established as a standing Committee of Senior Officials from the departments most concerned with foreign investment issues. The Committee would be presided over by an official from the Ministry directly concerned with the proposed investment under review.

(e) The Interministerial Committee would be responsible for reviewing the proposed investment and, after considering the brief and appraisal submitted by the Investment Centre, would make a recommendation to the Minister (or Ministers) concerned that a Certificate of Approved Investment should be granted or withheld. Where negotiations with an investor are necessary before any recommendations can be made, they would be conducted by the Interministerial Committee or, as appropriate, by a duly authorized sub-committee.

DISPUTE SETTLEMENT

3 Namibia has a well-established legal system and courts whose integrity and independence are guaranteed by the Constitution. As mentioned already, foreign investors in common with Namibian nationals will have access to the courts to establish and protect their rights. Some foreign investors, particularly those making major investments in the natural resources sector, may enter into comprehensive agreements with the State which will provide, in the event of a dispute, for reference to international arbitration. In the case of Approved Investments, the Code will supplement these arrangements in two respects:

(a) As indicated in paragraph 11, if the investment is nationalized, any dispute between the investor and the Government about compensation will be referred for settlement to international arbitration.

(b) In the event a dispute arises between the Government and an investor about the status of an Approved Investment, or about the continued validity of a Certificate of Approved Investment, the matter in dispute, if it cannot be resolved by agreement, may, at the instance of the investor, be referred for settlement to international arbitration.

MB

INTERNATIONAL DONOR PLEDGING CONFERENCE FOR THE RECONSTRUCTION
AND DEVELOPMENT OF NAMIBIA

(25 - 27 JUNE 1990)

General Policy Statement of the Namibian Government

I Introduction

After achieving her independence, Namibia is now confronted with the challenging task of nation building and economic and social development. It will be greatly appreciated if the international solidarity shown during the fight for independence could be maintained, especially during the difficult transitional period of restructuring of old institutions, policies and infrastructures.

In order to ensure that such transition is achieved for the benefit and with the full participation of all Namibians, priority issues for cooperation with donor countries are addressed in this policy statement with a view to identifying actions required during the transitional period (1990 - 1992).

Committed to the promotion of the welfare of the people the Namibian Government highlights in this general policy statement the priority areas which will integrate so far neglected majority of people in the development process. The priority sectors identified are agriculture and rural development, education, health and housing. In addition to this statement a provisional medium term investment programme will be presented as a separate document.

II Fundamental Political, Social and Economic Objectives

While the people of Namibia have emerged victorious in the struggle against colonialism, and apartheid, it is now determined to strive towards achieving national reconciliation and fostering of peace and unity.

According to the Namibian Constitution every Namibian should have the right to inherent dignity and life, liberty and the pursuit of happiness. Fundamental human rights and freedoms will not be violated. Economic development and growth will now be the main focus of the Government.

The legislative and executive powers in Namibia are derived from free and fair elections. The first National Assembly contains several political parties, which, however, adopted the Constitution and elected the first President of the Republic unanimously... Democracy based on multi-party system and human rights will be the cornerstone in nation building and in social progress in Namibia. The economic system will be based on the principles of mixed economy, joint and private initiatives, and decentralization of economic power.

The Government of Namibia is committed to the promotion of the welfare of the people adopting, inter alia, policies aimed at the following:

- to ensure that every citizen has a right to fair and reasonable access to public facilities and services;
- that consistent planning is undertaken to raise and maintain an acceptable level of nutrition and standard of living of the Namibian people and the improvement of the public health;

- to ensure equal opportunity for women to enable them to participate fully in all spheres of society;
- that the ecosystems, essential ecological processes and biological diversity of Namibia are maintained and living natural resources are utilized on a sustainable level for the benefit of all Namibians, both present and future.

Cooperation between the private and the public sector has the objective of securing economic growth, prosperity and a life of human dignity for all Namibians. Public as well as private, mixed private and public, co-operatives, and small-scale family forms of ownership are allowed and encouraged. Foreign investments are welcome within Namibia subject to the regulations of an Investment Code to be adopted by Parliament.

A strong and democratic state is necessary to initiate economic growth and development, foster social justice, and establish security for the Namibian people. A dynamic private sector and well functioning markets are, on the other hand, safeguards against stagnation, which would otherwise result from extraordinary centralization and bureaucracy. It is of vital importance that the wealth creating sector is in balance with the wealth distributing sector.

III Institutional Framework

The Government of Namibia has inherited an unusually expensive, skewed and unbalanced public administration. In 1988 Namibia had a total government expenditure as high as 56 per cent of the gross national product. Part of the excessive public sector was due to the

establishment of the ethnic administrations including the fragmentation of essential services such as agricultural extension, education and health.

Through the restructuring of the central, regional, and local administrations the Government of Namibia will abolish forever all forms of discrimination in public services and benefits.

The abolition of second tier authorities will take place on the first hand via centralization, which will, however be followed by decentralization once the new structures of regional and local governments have been completed.

The restructuring of public administration will be based the policy of the Government, in a spirit of reconciliation as defined in the Constitution, that any person holding office at independence shall continue to hold such office until he or she resigns or is retired, transferred or removed from the office in accordance with law. Many of the people affected by the restructuring can be absorbed by the unified regional and district administration. During the transition period, however, it is unavoidable that the redeployment of the civil servants of the eliminated administrative structures will place a financial burden for the Namibian Government.

During the period of South African rule part of the costs of public administration was covered by direct budget aid from the South African Government. At the maximum this amounted to 469 million rands, or 30 percent of Central Government expenditure. After independence this direct budget support will be discontinued immediately while elimination of the administrative fat take a somewhat longer time.

The Namibian Government is committed to the establishment of a public administration which is effective and proportionate to the level of development in the country, and is capable of serving all Namibians. To this effect it will, however, need both technical assistance as well as financial support from the international donor community.

In regard to monetary and trade administration and policies Namibia is still short of some basic institutions and infrastructures. The government has inter alia decided to establish an independent Central Bank and to join the South African Customs Union (SACU), of which Namibia already has been a de facto member.

The first step to establish a Central Bank will take the form of taking over the branch of the Reserve Bank of South Africa in Windhoek. An experienced governor and other members of the board will under the auspices of the Parliament, take charge of the Central Bank and oversee and plan the implementation of a Namibian currency and monetary policies. By establishing a Central Bank with its own currency and giving its board great autonomy in monetary matters so as to enable the Namibian Government to cope with external financial shocks. It is envisaged that within two years the new Namibian currency should be established and emerge as a strong and stable currency both internally and externally within a context of relatively liberal capital movements.

About 75 per cent of Namibia's exports go outside SACU while more than 90 per cent of imports come through member countries of SACU, particularly South Africa. Independent Namibia will formalize in the near future the de facto membership of SACU as the only practical

alternative available. After two or three years the costs and benefits of the membership will be reconsidered. Since Namibia lacks comprehensive trade statistics and Customs Administration, the share of the common revenue pool allocated to Namibia is arbitrary. As a first step towards improving the situation the Namibian Government has introduced customs border posts between Namibia and South Africa and will negotiate with RSA a new scheme for allocating customs revenues based on actual trade figures. Namibia may need some external technical assistance.

In addition to joining SACU the Republic of Namibia will also take full advantage of the existing sub-regional economic co-operation arrangements, particularly the Southern African Development Co-ordination Conference (SADCC) and the Preferential Trade Area for Eastern and Southern Africa by joining their memberships. Also as a member of the Organization of African Unity, Namibia will contribute to the achievement of the objectives contained in the Lagos Plan of Action and the Final Act of Lagos for the establishment of an African Economic Community. In the same spirit, the Government of Namibia is fully committed to international economic co-operation in the framework of the United Nations System and is prepared to join its various agencies as well as the International Monetary Fund, the World Bank and the General Agreement on Tariffs and Trade (GATT).

While joining the family of independent nations Namibia is expecting to get development aid for a considerable time from the international donor community. She is fully aware of the importance of development planning, aid co-ordination, and debt management. To this effect the Government has established a National Planning Commission, whose task is to plan the priorities and

directions of national development. In her infancy as an independent nation Namibia invites the donor countries and international aid organization to close co-operation in order to establish a well functioning aid coordination mechanism within the National Planning Commission. Clear directives must be drawn up to control and co-ordinate grants, loans and direct investments for the benefit of the nation.

IV Development Challenges

As reconciliation and unity are the driving forces of independent Namibia, it is important to underscore the main socio-economic problems of Namibia so that the immediate task of restructuring and rehabilitation could focus on the most salient issues. First, the dualistic nature of the Namibian economy and society has led to a lopsided development in various sectors, resulting inter alia in (i) glaring poverty among the majority of the population, (ii) widespread unemployment, (iii) a high illiteracy rate, (iv) inadequate health care, and (v) poor housing conditions. Indeed, while the overall per-capita income of Namibia of US\$1,044 in 1988 (UNSO estimate) is comparable to that of a middle-income developing country, its lopsided development pattern is such that per-capita income of 55 per cent of the population supported by traditional economy was only US\$63. Such an indicator, together with the high illiteracy rate and the meagre contribution of the manufacturing sector to Gross Domestic Product (less than 5 per cent in 1988) would as such qualify Namibia among the United Nations Least Developed Countries (LLDCs). Also, it should be noted that despite the low population density of Namibia, the carrying capacity of land has not kept

pace with population growth. The main social and economic problems need therefore to be urgently addressed, in a global perspective.

Secondly, the structure of production of the Namibian economy is characterized by the relatively low contribution of the agricultural sector. Over 70 per cent of the population is involved in agricultural activities but, the commercial agricultural sector accounted for only about 10 per cent of Gross Domestic Product in 1988. Such a disparity clearly points to the urgency of not only ensuring an equitable and more productive land tenure system, but also raising substantially agricultural production and productivity.

Thirdly, while domestic saving has, in the past, been adequate to cover total domestic investment, capital formation has been adequate only for a growth rate of production less than population growth. In other words, per capita income has been stagnant or declining. In view of the necessity to substantially increase domestic investment, in order to generate employment opportunities and incomes, the need for increased external capital inflow cannot be over-emphasized. At the same time, efforts will also need to be directed to increasing public and corporate savings which, in 1988, accounted for about 39 per cent and 28 per cent of total gross domestic saving respectively. An important aspect of such efforts will include policies aimed at promoting efficient use of the public sector resources which could be achieved, inter alia, through the restructuring of government services resulting in reduced and more productive public expenditures. Private saving will also need to be promoted in various forms, including establishing sound financial institutions and instruments.

Fourthly, the Namibian economy is heavily dependent on international trade. It is estimated that about 80 per cent of Namibia's physical output (derived mostly from mining, livestock and fishing) is exported. In value terms, exports of goods and services accounted for 58 per cent of GDP in 1988. On the other hand, the share of imports in total GDP in 1988 was as high as 60 per cent or about two thirds of total domestic consumption (public and private).

While recognizing the importance of the external sector, particularly export-earnings as an engine of growth, it is equally important to increase the domestic supply capacity of the economy, especially through agricultural development and the promotion of small and medium-scale industries, thus increasing employment opportunities.

Although the information available is scanty and unreliable to a certain extent, the Namibian economy has traditionally enjoyed a substantial external trade surplus, which should be used as leverage for accelerated growth. However, the large deficits of factor and non-factor services accounts and, more importantly, the high level of capital outflows are of particular concern. Overall, Namibia is faced with a balance of payments instability, which might constitute a serious handicap in the restructuring and rehabilitation period. Indeed, a conducive environment, which the Government is committed to establish with respect to foreign investment, must be accompanied by the reduction of net capital outflows.

In view of the relatively unstable situation of Namibia's external sector, the confidence in her monetary and foreign exchange rate policies would be essential for sustained growth and development. It is

only through the control over fiscal and monetary matters that Namibia could take full advantage of its participation in international, subregional or regional economic co-operation and development institutions as well as in international agreements such as the Lomé Convention. An independent monetary policy is also essential to control the inflation rate, which is now mostly induced from South Africa, and which was officially 13.9 per cent at the end of 1989, but is considered far higher in reality.

Fifthly and finally, the recent trend of slow growth rate of real gross domestic product, 3.2 per cent in 1986, 2.8 per cent in 1987 and 2.3 per cent in 1988, is of particular concern, especially in view of the pressing needs of poverty alleviation and satisfaction of the basic needs of the so far neglected majority of the Namibian population. On the basis of available population estimates and taking into account the return of a large number of exiled Namibians before and after the independence, the continuation of the present growth trend of the Namibian economy of 2 to 3 per cent per annum will result in a continued deterioration of the average per-capita income by almost 1 per cent a year. Actually, such trend will mostly affect the large population which was, so far, marginalized in the development process.

It is clear that the above trend will have to be reversed and that the combined efforts of the Government of Namibia and the international community during the reconstruction period, should concentrate on the identification and promotion of other sources of economic growth that would lead to the improvement of the living conditions of all Namibians. To that

155

end, there is a need to review the major priority areas of focus with a view to identifying the immediate and medium-term requirements.

V Policies on Growth and Employment

Both the stagnation of economic activity and increased supply of labour due to returnees and demilitarization have led to alarming rate of unemployment. Some 30 percent of economically active population are out of work. In addition there is considerable underemployment in the traditional sector.

During the second half of the 1980s employment increased in Namibia more than production, i.e. productivity declined. This anomaly was not unrelated to the expansion of the public sector. In the future production has to grow faster than employment. An annual GDP growth rate of 4 to 5 percent would increase employment by some twenty thousand persons in three years. With an additional vocational training scheme for unemployed, labour intensive public works, and self-help affordable housing programme another twenty thousand of unemployed will be absorbed to productive activities. This would lead to an unemployment rate around 10 percent by 1992, if the newly created employment and training opportunities would not increase labour supply from the traditional sector to the modern sectors.

4 to 5 percent GDP growth rate is not unrealistic in coming years when taking into account the effect of the lifting of the sanctions, and great potentials for private investments in agriculture, agro-industries, fisheries, mining, construction and tourism. Government will on its own part encourage private investments

1989

through fair taxation and other economic legislations including the Investment Code. Even though inherited the budget deficit does not allow generally expansive fiscal policy, the fiscal stance will be neutral due to envisaged external assistance.

The employment outlook has been so far bleak, but with decisive growth oriented economic policies and special programmes targeted at unemployed the Government can improve the employment situation considerably in a few years time.

VI Priority Sectors and Programmes

In the spirit of maintaining peace and reconciliation, and given the present socio-economic structure and characteristics briefly outlined in this statement, it is clear that the main focus of the priority programmes during the transitional period should be the promotion of popular participation in the development process. To this end, the following sectors will receive special attention of the Government:

1. agricultural and rural development, on which the livelihood of the majority of the Namibian people depends;
2. education and training to give an opportunity to all Namibians to participate fully in the development process;
3. health care for the so far neglected majority of the population; and
4. affordable housing for the less advantaged.

1. Agriculture and Rural Development

The majority of Namibia's population (70 per cent) lives in the rural areas and depends partly or wholly on subsistence or commercial agriculture. Two important features characterize the

agricultural sector of Namibia namely the skewed distribution and unequal development of land, on the one hand and, on the other the predominance of livestock and the relatively minor role played by crop production, in terms of food security. Such a situation, in a context of a rising rate of unemployment and increasing hunger in the rural areas, needs to be urgently addressed.

The available information shows that the agricultural sector has registered a very dismal performance in 1988 growing by about only 2 per cent, which is below the already low overall growth of the economy. Investment in the sector increased by only 2.5 million rands in 1988, or declined in real terms. Indeed, real capital stock in the agricultural and fishing sector has consistently declined since 1980. In 1989 in addition part of agriculture suffered from a drought.

There is an obvious need to devise policies aimed at increasing agricultural production, through increased investment and improved productivity. In spite of a harsh natural environment in parts of the country, the existing viable agricultural areas in Namibia have potential for both pastures and crop production. It is an established fact that the northern part of Namibia has the potential for growing most of the country's crops particularly millet which accounts for more than 50 per cent of the staple food of Namibia, but also other crops such as maize, groundnuts, sorghum, beans and cassava. However, water supply is a crucial constraining factor that must be addressed. The main focus, particularly during the reconstruction and rehabilitation period,

would therefore be the increase and diversification of crop production, so as to improve the country's food self-sufficiency ratio which is presently particularly low.

It should also be noted that the dichotomy between commercial and communal farming is the result of the concentration of modern inputs and finance on commercial farms. Many peasants had thus been deprived of incentives with the consequence of confining most of communal farming to subsistence production. A major agricultural policy shift is therefore the removal of the existing gap between communal and commercial farms. In doing so, due attention will be given to the need for expanding the existing commercial farming with a view to increasing its foreign exchange earning capacity and cater for domestic consumption. In this regard, expropriation of land without full compensation is excluded as unconstitutional. Instead natural progress towards transforming communal farming into commercial farming as well as improved use of less optimally cultivated areas is favoured. In this respects, systems must be devised whereby commercial rights of farmers within communal areas can be established and maintained. Individual successful farmers in the present communal areas will as far as possible be assisted to buy existing commercial farms through the more general application of agricultural credit schemes.

Immediately after independence Namibia has taken full control of her 200 nautical mile fishing zone. All foreign fishing has stopped until a

192

detailed survey of the stocks is made available. After the renewal of resources ample opportunities will emerge for investing in local fishing fleets.

Another key element of the agricultural policy is the linking of the sector to processing industries especially in the livestock and fisheries sub-sectors. In addition to bringing about economic diversification, through the processing of local raw materials, such a policy will greatly contribute to reducing the high rate of unemployment.

Fodder production and supply of feedlots could increase the carrying capacity of the land and hence improve self-sufficiency.

In view of the above policy orientations, the main elements of a priority programme in the agricultural sector should include:

- (a) getting into use new, under-utilized and unutilized lands to be identified for livestock production and especially in the northern region - for dry land crop production and irrigation programmes in some areas where economical;
- (b) the devising of a financing scheme to enable existing communal farmers to embark on commercial farming;
- (c) the encouragement of commercial farmers to expand into production for domestic consumption;
- (d) rehabilitation and expansion of agricultural training facilities for teachers, extension workers and farmers.

- (e) development of farmer support programmes including applied research to improve seed varieties, provision of low cost basic inputs, extension services, marketing infrastructures, credit facilities etc.;
- (f) the promotion of agro-industries especially in the small-scale sector;
- (g) the development of alternative sources of energy with a view to preserving sustainable growth of forest resources.

2. Education and Training

The salient features of Namibia's education system has been that between 30 to 40 per cent of school-age children do not attend classes, and that 60 per cent of the teachers are unqualified while 30 per cent are under-qualified. Such a situation was the result of an education system subdivided into 11 authorities, each responsible for providing education to members of its ethnic population; for training teachers for primary school under its jurisdiction; for building and administering schools, training colleges, hostels and other institutions related to education.

The previous education structure has also resulted in a discriminatory allocation of resources. It was estimated by UNESCO that the resources allocated to the 10 ethnic authorities for blacks represented only one tenth of those devoted to white education, in per-capita terms. Thus, over 99 per cent of the untrained teachers and over 80 per cent of those that are underqualified are in the 10 black educational authorities. For this reason, Namibia is faced with an army of out of

... , unskilled and unemployable youth and adults, since the populations concerned represent over 90 per cent of the total population of the country.

The administrative structure of the education system is also grossly skewed with a heavily staffed central Administration not directly involved in educational activities including teaching, curriculum development, production of reading materials, etc. Obviously, such non-productive staffing structure is not commensurate to the resources allocated to education which represented about R.350 million in the FY 1988-89, or 20 percent of total expenditure of the Central Government. The school system is therefore dysfunctional with inadequate, wasteful and inefficient schools that are irrelevant to the needs of the majority of the Namibian youth.

The role of education is central to the objective of bringing about a human-centered development in Namibia, which is a basic social and economic objective of the Namibian Government. During the transitional period of reconstruction and rehabilitation, a major policy orientation will be the establishment of a uniform and universal education system, open to both children and adults, as well as a corresponding appropriate administration. - Other policies to be devised relate to the development of more adapted curricula, the upgrading of the general level of the teaching staff and the promotion of a non-formal education schemes tailored to the needs of the drop-out and the rural population, especially women.

In line with the above policies, an education and training programme for restructuring and rehabilitation would include:

- (a) the development and implementation of a comprehensive in-service training programme, involving foreign teachers as an interim arrangement while training Namibian counterparts in vital areas such as English language, mathematics;
- (b) the preparation of more adapted teaching materials especially in vital disciplines;
- (c) the launching of non-formal vocational training programmes in such areas as construction, maintenance and repair, carpentry, marketing, etc. with a view to developing income-generating skills for the drop outs and unemployed;
- (d) the devising of a financing scheme to enable the establishment of small-scale businesses in industry and trade for the newly skilled manpower;
- (e) the building of the necessary infrastructure for both formal and non-formal training institutions;
- (f) budgetary support to the restructuring of the school administration system.

3. Health

The health sector has been as adversely affected as education by the system of institutionalized apartheid in the form of second tier ethnic administrations. This has resulted in the costly duplication of facilities and services, as well as the serious weakening of the sector due to the fragmentation and competition for scarce resources inherent in the system. Rural, preventive,

primary, occupational and community health have been largely neglected. The health system has until now been biased towards urban centres and has been mostly curative in nature. Health facilities, manpower, supplies and so on are unequally distributed and technology has been acquired and used inappropriately.

Most Namibians live in poor and overcrowded houses, they use inadequate and unsafe water supplies and sanitary conditions are substandard. As a result most of them suffer from environmentally-related preventable diseases. Most blacks are poorly paid and live and work under poor conditions and are therefore victims of exposure to occupational and environmental hazards. Their low incomes affect the nutritional, housing and sanitation standards available to their families. The majority of mothers and children in Namibia have been affected by these conditions and consequently the priority health problems identified, relate to women of childbearing age and young children.

The government of the Republic of Namibia has devised a health policy based on the equitable provision of health services and has embraced WHO's social goal of Health for All by the Year 2000, making primary health care services the focal point of all health care services provided to communities in Namibia. This implies restructuring the services to comply with the principles of equity, accessibility, affordability and community involvement.

197

The key features of the health programme during the first years after independence shall consist of:

- (a) the strengthening and expansion of primary health care services provided in community health centres and clinics and by mobile services and village health workers to rural disadvantaged community;
- (b) strengthening and improving the transport services to support primary health care outreach programmes in order to achieve the goal of accessible health services for all Namibians;
- (c) the promotion of proper nutrition, adequate safe water supplies and basic sanitation;
- (d) maternal and child care, including family spacing;
- (e) immunization programmes against the major preventable infectious diseases;
- (f) the development of national control programmes against major communicable diseases such as tuberculosis, malaria, and AIDS;
- (g) the reconstruction, renovation and upgrading of key health facilities including mission hospitals, to provide a national system of referral support for primary health care services;
- (h) establishment of an assistance fund to integrate returnee health workers into the restructured health care system;
- (i) budgetary support to strengthen the provision of primary health care services free of charge to all Namibians; and
- (j) the establishment of an Institute for Health, Manpower Development and Training aimed at strengthening mid-level management and

training health workers in categories needed to achieve the policy objectives of the Government.

4. Housing

Like education and health, housing conditions in Namibia have been negatively affected by regulations related to ethnic residences, especially in urban areas. As a result there is an acute shortage of housing, particularly for workers employed in industrial centres, and there is an increasing emergence of squatters.

A similar situation prevails in the rural areas, especially among employees of commercial farmers and also for those living in the communal areas. Generally, the rural sector has so far been totally neglected in terms of support and assistance in the acquisition of decent housing.

It is estimated that, given the present shortage of decent houses and the return of a large number of returnees, an annual production of 16,000 units will be required, for both urban and rural areas. In other respects, housing is presently not affordable to the majority of Namibians because of the high cost of building materials which are imported.

In order to alleviate the pressing housing problems, the main policy options of the Government of Namibia during would be the revamping of the housing parastatal National Building and Investment Corporation (NBIC), the people participation in housing through co-operatives and greater use of local materials. The main

1999

objective is the construction of affordable but not necessarily low-standard houses. In addition priority will be given to the development of rural areas in order to prevent slums and peri-urban settlements. Such a policy would be complementary to those that would be evolved in agriculture and rural development.

The priority programme in the area of housing would therefore include:

- (a) improving regional and local spatial planning and supply of communal services, in order to facilitate new settlements;
- (b) supply of building sites for self-help house construction;
- (c) the development of locally-produced building materials including assistance to existing indigenous production units;
- (d) the promotion and training of indigenous entrepreneurship and self-help in house construction;
- (e) the devising of a public construction programme using the expertise available in the existing parastatal; and
- (f) supply of long term subsidized financing for affordable housing.

5. Other important sectors and inter-linkages

While focusing on selected priority sectors, it is important to ensure that activities in other sectors also contribute to the achievement of the immediate and short-term objectives outlined in this statement. These include inter-alia infrastructural development especially in the transport sector, agro-related industries and overall economic and financial management.

Agricultural and rural development, particularly in the northern region, would require an integrated approach including among other things the construction of an appropriate feeder road system. The immediate and short-term restructuring and rehabilitation programme should therefore also focus on improvement of roads in rural areas as well as on the improvement of links with Namibia's northern and eastern neighbours. Projects and programmes in this regard would also focus on the use of low volume road-building techniques based on labour intensive construction and maintenance methods.

Similarly, emphasis will be put on the links between the agricultural and industrial sectors. In this regard, encouragement will be given to industries processing locally produced raw materials, especially small-scale private enterprises, as well as to industries providing essential inputs to agriculture such as agricultural tools and implements and to construction industries in the rural areas.

Finally, the importance of sound financial policy and management during the transitional period cannot be over-emphasized. Prominent among the major requirements in this regard are the issues of employment generation and "balancing" the budget. Nearly all the policy orientations outlined in this statement would require increased government expenditures particularly for the financing of the new, less cumbersome and more efficient administrative structures that are essential to carry out the long term development programme. While every effort will be made on the

part of the Namibian Government to minimize the deficit in current expenditure, the assistance of the international community is of paramount importance during the transitional period.

Particularly, foreign aid will be required not only in the implementation of projects and programmes in priority areas and related sectors, but also for their recurrent costs as well as for the maintenance of inherited infrastructure.

VII Conclusion: Towards long-term sustainable development

The Government of Namibia is fully convinced that the implementation of the programme outlined in this statement will lay the foundation for long-term sustainable development. As repeatedly emphasized, the programme is primarily aimed at promoting popular participation of all Namibians in the development process with equal rights and without any form of discrimination. The success of the programme is essential for translating into concrete terms the noble objectives contained in the Constitution of Namibia, with respect to democracy, peace and welfare of all Namibians.

The Government of Namibia is equally convinced that the international community will spare no effort to provide the necessary assistance, to enable the country to implement successfully its reconstruction and development programme. Thus, the transitional period would, undoubtedly, lay foundations to a more balanced and equitable growth and development in the future.

REPUBLIC OF NAMIBIA

NATIONAL ASSEMBLY

**FOREIGN INVESTMENTS
BILL**

(As read a First Time)

(Introduced by the Minister of Trade and Industry)

[B.31 - 90]

202

BILL

To make provision for the promotion of foreign investments in Namibia.

ARRANGEMENT OF SECTIONS

Section

- 1. Interpretation**

PART I

ADMINISTRATION OF ACT AND PRINCIPLES REGARDING FOREIGN INVESTMENT

- 2. Administration of Act.**
- 3. Business activities of foreign nationals.**

PART II

STATUS INVESTMENTS

- 4. Minister's power to issue Certificate of Status Investment.**
- 5. Investments eligible for Certificate of Status Investment.**
- 6. Application for a Certificate of Status Investment.**
- 7. Grant of a Certificate of Status Investment.**

RIGHTS AND OBLIGATIONS OF HOLDERS OF CERTIFICATES

8. Availability of foreign currency for certain payments.
9. Availability of foreign currency for transfer of profits and proceeds of sale.
10. Retention of foreign currency obtained from sale of exported goods.
11. Compensation in case of expropriation.
12. Obligations of holder of Certificate.
13. Dispute settlement in respect of Special Status Investments.

AMENDMENT, TRANSFER AND CANCELLATION OF CERTIFICATE

14. Amendment and transfer of a Certificate.
15. Cancellation of a Certificate.

PART III

MISCELLANEOUS

16. Offences.
17. Regulations.
18. Temporary provision relating to foreign exchange.
19. Application.
20. Short title and commencement.

BE IT ENACTED by the National Assembly of the Republic of Namibia, as follows:-

1. (1) In this Act, unless the context otherwise indicates -

“Bank of Namibia” means the Bank of Namibia established by section 2 of the Bank of Namibia Act, 1990 (Act 8 of 1990);

"business activity" means any activity engaged in for gain or reward in any part of the economy of Namibia;

"Certificate" means a Certificate of Status Investment issued under this Act;

"company" includes any other body corporate;

"enterprise" means the business or undertaking in which foreign assets are invested and in respect of which a Certificate has been issued;

"foreign assets" includes freely convertible foreign currency, and any currency, credits, rights, benefits or property, whether corporeal or incorporeal, obtained by the expenditure of foreign currency or, except as regards currency of Namibia which has not been obtained by the expenditure of foreign currency, belonging to a foreign national, and the returns derived from such credits, rights, benefits or property;

"foreign national" means -

- (a) a person who is not a citizen of Namibia;
- (b) a company incorporated under the laws of any country other than Namibia;
- (c) a company incorporated within Namibia in which the majority of the issued share capital is beneficially owned by foreign nationals within the meaning of this definition;

"Government" means the Government of Namibia and includes any body or institution established by or under any law;

"the Minister" means the Minister of Trade and Industry;

"Namibian" means a citizen of Namibia and includes a company incorporated under the laws of Namibia in which the majority of the share capital is owned by Namibians within the meaning of this definition.

(2) At any time before a currency for Namibia has been established under section 19 of the Bank of Namibia Act, 1990 (Act 8 of 1990), an investment in Namibia by a foreign national of rand in the currency of the Republic of South Africa shall be deemed to be an investment of foreign assets notwithstanding that rand will during that period also be the currency for Namibia.

PART I

ADMINISTRATION OF ACT AND PRINCIPLES REGARDING FOREIGN INVESTMENT

Administration of Act.

2. Subject to the laws governing the public service, there shall be established in the Ministry of Trade and Industry a division, to be known as the Investment Centre, to assist the Minister in the administration of this Act.

Business activities of
foreign nationals.

3. (1) Subject to the provisions of this section and the compliance with any formalities or requirements prescribed by any law in relation to the relevant business activity, a foreign national may invest and engage in any business activity in Namibia which any Namibian may undertake.

(2) For the purposes of any law governing the establishment and carrying on of any business activity or the taxation of the income, or any other aspect, of any business activity, a foreign national shall be in no different position than any Namibian, except as may be otherwise provided by this Act.

(3) No foreign national engaged in a business activity or intending to commence a business activity in Namibia shall be required to provide for the participation of the Government or any Namibian as shareholder or as partner in such business, or for the transfer of such business to the Government or any Namibian: Provided that it may be a condition of any licence or other authorisation to or any agreement with a foreign national for the grant of rights over natural resources that the Government shall be entitled to or may acquire an interest in any enterprise to be formed for the exploitation of such rights.

107

(4) The Minister may, by notice in the *Gazette*, specify any business or category of business which, in the Minister's opinion, is engaged primarily in the provision of services or the production of goods which can be provided or produced adequately by Namibians, and, with effect from the date of such notice, no foreign national shall, subject to the provisions of section 7(3), through the investment of foreign assets, become engaged in or be permitted to become engaged in any business so specified or falling within any category of business so specified.

PART II

STATUS INVESTMENTS

Certificate of Status Investment

Minister's power to issue Certificate of Status Investments.

4. If the investment of foreign assets in Namibia is an eligible investment as defined in section 5, the Minister may, subject to the provisions of this Act, issue a Certificate of Status Investment in respect thereof and the provisions of sections 8 to 13 shall apply in relation to the enterprise in respect of which the Certificate has been issued.

Investments eligible for Certificate of Status Investment.

5. (1) For the purposes of this Act, an investment is an eligible investment -

- (a) if it is an investment, or proposed investment, in Namibia by a foreign national of foreign assets of a value of not less than the amount which the Minister may determine from time to time by notice in the *Gazette* for this purpose;
- (b) if it is a reinvestment, or proposed reinvestment, by a foreign national of the profit or proceeds of sale of an enterprise specified in a Certificate, irrespective of the amount of such reinvestment.

(2) Where the investment is for the acquisition of shares in a company incorporated in Namibia, the investment shall, notwithstanding that the value thereof is equal to or exceeds the amount determined under subsection (1)(a), qualify as an eligible investment only if -

- (a) not less than ten per cent of the share capital of the company is held or will, following the investment, be held by the foreign national making the investment; or
- (b) the Minister is satisfied that the foreign national making the investment is or will be actively involved in the management of the company.

(3) Where the investment is for the acquisition of a participating share in an unincorporated joint venture, the investment shall, notwithstanding that the value thereof is equal to or exceeds the amount determined under subsection (1)(a), qualify as an eligible investment only if -

- (a) not less than ten per cent of the participating share of the joint venture is held or will, following the investment, be held by the foreign national making the investment; or
- (b) the Minister is satisfied that the foreign national making the investment is or will be actively involved in the management of the joint venture.

Application for a Certificate of Status Investment.

6. (1) A foreign national may apply to the Minister for a Certificate of Status Investment in respect of an investment which qualifies as an eligible investment in terms of section 5.

(2) An application for a Certificate of Status Investment shall be in the prescribed form, which shall require such information from the applicant as may be necessary to enable the Minister to consider applications in accordance with subsection (3).

(3) In considering an application for a Certificate of Status Investment, the Minister shall have special regard to -

- (a) the extent to which the proposed investment is likely to contribute towards Namibia's development objectives;
- (b) the extent to which the enterprise in which the proposed investment is to be made will utilize Namibian resources, including labour and natural resources so as to contribute to the economy, by, *inter alia* -

- (i) increasing employment opportunities in Namibia;
 - (ii) providing for the training of Namibians;
 - (iii) earning or saving foreign exchange;
 - (iv) generating development in the less developed areas of Namibia;
- (c) the extent to which the enterprise in which the proposed investment is to be made will contribute to the advancement of persons within Namibia who have been socially, economically or educationally disadvantaged by past discriminatory laws and practices or will facilitate the implementation of policies and programmes aimed at redressing social, economic or educational imbalances in the Namibian society;
 - (d) the extent to which the enterprise in which the proposed investment is to be made will make provision for equal opportunities for women;
 - (e) the impact which the activities of the enterprise in which the proposed investment is to be made is likely to have on the environment and, where necessary, the measures proposed to deal with any adverse environmental consequences.

Grant of a Certificate of Status Investment.

7. (1) If the Minister is satisfied that the investment in respect of which application for a Certificate is made will promote the interests of Namibia, the Minister may issue a Certificate in respect thereof.

(2) Every Certificate shall state -

- (a) the name of the foreign national to whom it is granted;
- (b) the name of, and give a description of, the enterprise in which the investment is or is to be made;
- (c) the amount or value of, and give a description of, the foreign assets invested or to be invested and, if they have not yet been invested in the enter-

prise, the period or periods within which they shall be invested;

- (d) the proportion of the foreign assets invested or to be invested to the total assets of the enterprise, and where the investment involves the acquisition of shares in a company, particulars of the shareholding;
- (e) that the implementation of such of the proposals forming part of the application for the Certificate as are set out in the Certificate shall constitute an obligation of the holder of the Certificate and a condition of the continued validity of the Certificate; and
- (f) such other matters as the Minister may deem necessary or expedient for the purposes of this Act.

(3) A notice by the Minister under section 3(4) shall not affect the validity of any Certificate issued before the date of such notice in respect of any enterprise which is an enterprise specified in such notice or which falls in any category of business so specified, or any right, privilege or benefit accorded by this Act to the holder of such a Certificate.

Rights and Obligations of Holders of Certificates

Availability of foreign currency for certain payments.

8. (1) Notwithstanding the provisions of any other law, the Bank of Namibia shall ensure that there is available for purchase by the holder of a Certificate, at the request of that holder, freely convertible foreign currency which the holder may use without any restriction -

- (a) to repay, in accordance with a schedule approved by the Bank of Namibia, the principal sum of any loan in foreign currency, the proceeds of which formed part of the foreign assets invested in the enterprise, and to pay, subject to the prior payment or the retention of any tax which may be due thereon, the interest and service charges on such a loan as they fall due;
- (b) to pay licence fees and royalties to persons ordinarily resident outside Namibia in respect of any intellectual property which is employed in

connection with the enterprise, where such payments are due under an agreement which has been approved under any law relating to the transfer of technology or under an agreement approved by the Minister, with the concurrence of the Bank of Namibia, and specified in the Certificate.

(2) The provisions of subsection (1) shall, until the date of publication of the notice referred to in subsection (2) of section 18, have effect subject to the provisions of subsection (1) of that section.

Availability of foreign
currency for transfer of
profits and proceeds of
sale.

9. (1) Notwithstanding the provisions of any other law but subject to subsections (3) and (4) of this section, the Bank of Namibia shall ensure that there is available for purchase by the holder of a Certificate, at the request of that holder, convertible foreign currency which the holder may use without any restriction -

- (a) for the transfer out of Namibia of the profits of the enterprise or, where the enterprise is carried on as a branch operation by a company which is a foreign national, for the payment to the head office of the company of remittances out of funds representing the branch profits, after deduction or retention in either case of any tax due;
- (b) where an investment to which a Certificate relates is an investment in a company, for the payment to shareholders or stockholders ordinarily resident outside Namibia of dividends out of the profits of the enterprise, after deduction of any tax due;
- (c) where the enterprise or any part of the undertaking carried on by the enterprise is sold to any person ordinarily resident in Namibia, for the transfer out of Namibia of the proceeds of such sale;
- (d) where the enterprise is a company which has reduced its share capital in accordance with the provisions of the laws relating to companies, for the transfer out of Namibia of the sum by which the capital is so reduced.

(2) No provision of any law relating to exchange control shall apply to foreign currency which is the proceeds of the sale by the holder of a Certificate of the enterprise or any part of the undertaking carried on by the enterprise to a person not ordinarily resident in Namibia.

(3) Where, as evidenced by the Certificate, the foreign assets invested or to be invested in the enterprise constitute only a proportion of the total assets of the enterprise -

(a) the provisions of paragraphs (a), (c) and (d) of subsection (1) shall apply only to the like proportion of the profits, proceeds of sale or sum, as the case may be, referred to therein;

(b) the provisions of subsection (2) shall apply only to the like proportion of the proceeds of sale referred to therein.

(4) If, in the opinion of the Bank of Namibia, the amount of foreign currency required to give effect to paragraph (c) or (d) of subsection (1) in respect of any enterprise would have a significant adverse effect on the external payments liabilities of Namibia, the appropriate foreign currency may be made available by such number of instalments of such amounts and at such intervals as the Bank of Namibia may determine.

(5) The provisions of this section shall, until the date of publication of the notice referred to in subsection (2) of section 18, have effect subject to the provisions of subsection (1) of that section.

Retention of foreign currency obtained from sale of exported goods.

10. (1) A Certificate may, on such terms and conditions as may be prescribed therein, provide for the retention outside Namibia by the holder of the Certificate of any payment, or a proportion of any payment, in foreign currency for goods produced by the enterprise or any undertaking carried on by the enterprise which are exported from Namibia.

(2) Where a provision as contemplated in subsection (1) is made, no requirement of any law for the repatriation of the proceeds of the sale of goods exported from Namibia or for persons to offer such foreign currency to the Bank of Namibia or the Government shall apply to the foreign currency representing any payment or proportion of any payment referred to in subsection (1).

Compensation in case of expropriation.

11. (1) No enterprise, or part of an undertaking carried on by an enterprise, or interest in or right over any property forming part of such undertaking shall be expropriated except in accordance with the provisions of Article 16(2) of the Namibian Constitution

(2) Where an enterprise or any part of an undertaking carried on by an enterprise, or any interest in or right over any property forming part of such undertaking is expropriated, the Government shall pay to the holder of the Certificate just compensation for such expropriation without undue delay and in freely convertible currency.

Obligations of holder of Certificate.

12. (1) The holder of a Certificate shall -

- (a) bring to Namibia and invest in or apply for the benefit of the enterprise, the foreign assets to which the Certificate relates within the time or times provided in the Certificate;
- (b) carry out the obligations agreed between the Minister and the holder and specified in the Certificate;
- (c) carry out such other obligations of the holder as are specified in the Certificate.

(2) If the holder of the Certificate fails to carry out the obligations referred to in this section within the time or periods, if any, specified in the Certificate, the Certificate may be cancelled in accordance with the provisions of section 15.

Settlement of disputes in respect of Status Investments.

13. (1) If a person to whom a Certificate is to be issued under section 7 so elects, the Certificate shall provide that any dispute between the holder of the Certificate and the Government in respect of -

- (a) any issue relating to the amount of, or any other matter in connection with, any compensation payable in a case of an expropriation as provided in section 11;
- (b) the validity or continued validity of the Certificate,

shall be referred for settlement by international arbitration.

(2) Where a Certificate provides for the settlement of disputes by international arbitration, 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 by agreement between the Minister and the foreign national to whom the Certificate is to be issued, another method of settling the dispute has been chosen and the Certificate so provides.

(3) A Certificate which makes provision for international arbitration shall constitute the consent of the holder of the Certificate and the Government to submit to arbitration in the manner provided in the Certificate, and any award rendered in any such arbitration shall be final and binding on the holder of the Certificate and the Government.

(4) Nothing in this section shall be construed -

(a) in a case where a Certificate does not make provision for the settlement of disputes by international arbitration, as impairing or limiting the right of the holder of such Certificate, in the event of a dispute, to any remedy available to the holder in any competent court in Namibia;

(b) in a case where a Certificate does make provision for the settlement of disputes by international arbitration, as precluding the holder and the Minister from agreeing that any particular dispute shall not, as provided in the Certificate, be referred to international arbitration, but be heard and finally determined by any competent court in Namibia.

Amendment, Transfer and Cancellation of Certificate

Amendment and transfer
of a Certificate.

14. The Minister may, with the consent, or on application, of the holder of a Certificate, as the case may be, amend a Certificate issued under this Act or transfer the Certificate to any other foreign national.

Cancellation of a Certificate.

15. (1) Where -

(a) the holder of a Certificate, or any person who acted on behalf of any applicant for a Certificate, is convicted of an offence under section 16 of this Act;

(b) it is established to the satisfaction of the Minister that a Certificate was issued in consequence of incorrect information supplied by the applicant, or a person who acted on behalf of an applicant for a Certificate; or

(c) the holder of a Certificate -

(i) fails or neglects to implement the proposals forming part of the application for the Certificate, as set out in the Certificate; or

(ii) fails or neglects to comply with any other obligation referred to in section 12,

the Minister may give the holder of the Certificate written notice to show cause, within thirty days or such longer period as may be specified in the notice, why the Certificate should not be cancelled.

(2) If a person to whom notice is given under this section fails to comply with the notice, or fails to satisfy the Minister as to why the Certificate should not be cancelled, or in a case referred to in paragraph (c) of subsection (1), fails to satisfy the Minister that any past failure was not due to his or her fault and that adequate steps are being taken to comply with the requirements of the Certificate, the Minister may cancel the Certificate, but such cancellation shall not affect the right of the holder of the Certificate to refer any dispute relating to such cancellation to international arbitration or to the courts of Namibia in accordance with section 13.

PART III

MISCELLANEOUS

Offences.

16. Any person who -

(a) in or in connection with an application for a Certificate under this Act; or

(b) for the purpose of obtaining or retaining any foreign currency as provided for in this Act,

makes any statement which he or she knows to be false or does not believe to be true, or knowingly furnishes any false information, shall be guilty of an offence and liable on conviction to a fine not exceeding R100 000 or to imprisonment for a term not exceeding ten years, or to both such fine and such imprisonment.

Regulations.

17. The Minister may make regulations prescribing -

- (a) the form and manner in which applications for Certificates shall be made, the information which shall accompany such applications and any fee payable on such applications;
- (b) the form and manner in which applications for or returns relating to foreign currency shall be made and the information which shall accompany such applications or returns;
- (c) the circumstances in which reports shall be made on the progress made in implementing the obligations of the holder of a Certificate and the information to be furnished in such reports;
- (d) such other matters as the Minister may deem necessary or expedient to prescribe for the purposes of this Act.

Temporary provision relating to foreign exchange.

18. (1) Until the date of publication of the notice referred to in subsection (2), the provisions of sections 8 and 9 shall be construed as though they had been amended or modified to the extent necessary to take account of the obligations of the Government -

- (a) under the Bilateral Agreement between the Governments of the Republic of Namibia and the Republic of South Africa, dated 4 April 1990, and any amendment or modification thereof; and
- (b) in the event of Namibia becoming a party to the Multilateral Monetary Agreement existing between the Governments of the Kingdom of Lesotho, the Kingdom of Swaziland and the Republic of South Africa, also under that agreement and any amendment or modification thereof.

(2) As soon as -

(a) a currency for Namibia has been established under section 19 of the Bank of Namibia Act, 1990 (Act 8 of 1990); and

(b) the agreements referred to in subsection (1) have expired or have been terminated or are no longer in effect so as to impose on the Government of Namibia obligations relating to the management of foreign exchange transactions,

the Minister shall, by notice in the *Gazette*, declare that the provisions of subsection (1) of this section, subsection (2) of section 8 and subsection (5) of section 9 have expired and thereafter those provisions shall be of no further force or effect.

Application.

19. The provisions of this Act relating to Status Investments shall apply to any investment of foreign assets in Namibia, irrespective whether such investment was made before or after the commencement of this Act.

Short title and commencement.

20. (1) This Act shall be called the Foreign Investments Act, 1990 and shall come into operation on a date to be fixed by the President by Proclamation in the *Gazette*.

MEMORANDUM

TO WHOM IT MAY CONCERN

NAMIBIAN FISH CONCESSIONS AND IMPLEMENTED LEVIES/ROYALTIES

1. HAKE

1.1 It is anticipated that the Minister will probably set the total allowable catch (TAC) for 1990 at 55 000 tons nominal or live weight. This TAC will probably be increased to 110 000 tons for 1991 subsequent to the Department of Sea Fisheries having evaluated data to its disposal as to the strength of the resource and the hopeful sign of recovery.

1.2 The hake can be caught on the following basis:

1.2.1 by vessels which are owned by local companies registered in Namibia and where the vessels operate out of Walvis Bay or Lüderitz.

1.2.2 joint ventures - where local companies due to a lack of capital form joint ventures in order to catch the quotas extended to them.

1.2.3 by foreign vessels subsequent to negotiations which were carried out at a Government to Government level and whereby the Government which obtained quota can allocate this to an owners association or to individual owners to catch the quota.

1.2.4 by local companies who have been allocated concessions and quotas but who have no assets whatsoever and are chartering in vessels from foreign origin.

1.3 It is thus felt that the Government's objectives should be based on the following:-

1.3.1 To create the necessary climate conducive to entrepreneurs and investors in Namibia to assist in establishing Namibia's own white fish industry.

1.3.2 To maximize the employment of Namibian citizens in direct and indirect related activities associated with the catching of hake.

1.3.3 To maximize its earnings out of this natural resource by the way of taxes and/or levies to be paid by such investors who take the commercial risk to develop the industry. The establishment of taxes and levies therefore should be so structured that they are conducive to maximize the total contribution out of this natural resource.

In respect of Namibian companies operating their own vessels items 1.3.1 and 1.3.2 are not compatible with item 1.3.3 and to a certain extent levies and taxes are in direct conflict. In order to encourage the development of the Namibian fishing industry, the Namibian Government will have to decide how it is to treat the conflicting objectives i.e. taxes relative to levies.

1.4. Concessionaires capable of catching at current cpue levels:

1990 (6 months - July - December) - 23 000 tons
 1991 - 47 000 tons

<u>Concessionaires</u>	<u>No of locally owned trawlers</u>	<u>Est. tonnage per annum</u>
1. Bay Fish (Cadilu)	Nil	-
2. Benguella Sea Products	4	1750
3. Blue Angra	Nil	-
4. Caroline (Pty) Ltd	5	5000
5. Cato Fishing Co	3	1600
6. J M de Pao	1	350
7. Consortium Visserye Ltd	1	450
8. Freddie Visserye Bpk	3	650
9. Karibib & Namib Visserye	2	3000
10. Kuiseb Fish Products	8	16000
11. Overberg Fishing Co.	1	450
12. & 13. Pescanova Fishing & Skeleton Coast Trawling	4	9000
14. Pelawin Fishing	1	450
15. Sea Harvest Corporation	6	6000
		<u>44700</u>

1.5 Levies

1.5.1 In determining levies cognizance must be taken by Government of the fact that a levy is only relevant if it can be afforded by the concessionaires due to the high input cost that are relevant to the exploitation of this natural resource.

- 1.5.2 Foreign owned vessels do operate at a distinct cost advantage and should therefore bear a higher levy than that charged to local companies.
- 1.5.3 Foreign flag vessels normally enjoy huge capital and operating subsidies from their respective Governments and therefore have different fixed costs as to vessels purchased financed and owned by Namibian companies. Apart from no subsidy being available for a local owner, the owner is still faced with additional costs on acquiring a trawler from foreign destination (unfortunately no vessels are built locally or in South Africa i.e. within the Common Customs Union) and therefore such vessels purchased are still subject to 10% Customs revaluation, 10% Surcharge, 20% Duty and 10% GST on the three aforementioned elements. The total therefore amounts to some 53% on the original purchase price. The Namibian owners have further to contend with an ever weakening currency in the form of the Rand vis-a-vis foreign currency such as Pesetas, Dollars, Deutsche Mark or Pound Sterling.
- 1.5.4 Fuel costs alone account for 30% of the total operating cost of a fishing vessel and the purchase of diesel at a net price of 75 cents per litre compares to the international bunker price which is enjoyed by foreign vessels at 45 cents per litre, a difference of some 40%
- 1.5.5 Foreign vessels are not subject to GST on items such as food consumables, lub. oils etc. They are also not subject to any Surcharge or Customs duties on any of the consumables on board, such as engine room spare parts, electronic equipment, nets, trawl doors and warps etc.
- 1.5.6 Foreigners have automatic access to the high paying markets in Europe due to the presence in the area and for those who are members of the EEC have further advantages above the local Namibian trawler owner. Local markets are inadequate to make a fishing venture viable and it is therefore necessary to export at least 80% of the hake caught in Namibian waters.
- 1.5.7 Operating costs broken down per kilo hake are as follows:
- | | |
|---|-------------|
| (i) Crew wages & incentive commissions | - 27% |
| (ii) Fuel and lubrication oils | - 32% |
| (iii) Repairs and maintenance | - 16% |
| (iv) Fishing nets | - 4% |
| (v) Refrigeration, plant, packing materials and other consumables | - 14% |
| (vi) Discharge and holding cost | - 14% |
| (vii) Insurance | - 3% |
| | <u>100%</u> |
| Total | <u>100%</u> |

The average landed cost per ton of hake is R1600,00. Not included in the costs are items such as depreciation which depending on the asset utilized can vary between R50 and R400 per ton, finance cost and sundry shore related overheads R250 per ton, administration costs R100 per ton.

1.6 Composition of catches

1.6.1 Hake comprises 82% of the total catch with horse-mackerel 10% and squid 8%. The hake sizes are as follows:

hake H&G '0' and '1'	83%
hake H&G 2,3,4,5 & 6	17%

1.7 Prices currently realized on export markets for sea-frozen H&G hake:

size 0	- R1850	FOB Walvis Bay
1	- R2250	FOB Walvis Bay
2	- R2600	FOB Walvis Bay
3	- R3000	FOB Walvis Bay
4	- R3800	FOB Walvis Bay
5	- R4600	FOB Walvis Bay
6	- R5300	FOB Walvis Bay

From the aforementioned facts it can be noted that Namibian operators can only expect to make marginal profits if any in this industry.

1.8 The Government should therefore assist local owners by raising a nominal levy only.

It is important to encourage operators to produce the best product possible for export markets and therefore hake fishing and beneficiating should be carried out on board vessels in order to maximize market penetration. Only by-catches and hake destined for local markets should be beneficiated through shore based facilities.

1.9 Levies - when taking the aforementioned into account as well as the fact that in terms of the norms set by the law of the sea convention, unless the coastal state is in the process of rebuilding its fish stocks, this can be safely established and assumed in the case of Namibia, all excess fish stocks should be made available for catching by foreign nations. It is therefore proposed to maximize the contribution from foreigners and that the following system should be considered:

222

- (i) Namibian registered companies and Namibian owned trawlers should pay a nominal levy for research purposes only, maybe R50 per ton wet fish.
- (ii) Joint venture companies who have capitalized the companies sufficiently to maintain a reasonable fishing fleet consistent with the allocated quota R500 per 1000 kg.
- (iii) Chartered and/or vessels allowed to catch through bilateral arrangements on a government-to-government basis R1250 per 1000 kg. All the above should be then subject to the normal rebates as the Government deems fit and which would be consistent with creating job opportunities for Namibian citizens on vessels categorized under no 3.
- (iv) Namibian registered companies who require the necessary stimulation will suffer by the imposition of levies, which will subsequently have a negative affect on the growth of our own industry due to the low margins which will be achieved if levies are maintained. Levies should therefore be imposed by the Government on elements where the Government has a limited or small control over the end result and where no taxed revenues are being earned by the Government from these activities. These are the companies as categorized under no 3.

2. HORSE-MACKEREL (MAASBANKER)

Scientists have apparently agreed that there are substantial stocks of this specie available and that therefore concessions and quotas can be given to countries specialized in the catching methods of this specie.

2.1 Catching methods

2.1.1 Mid-water trawling is by far the most effective method. This type of operation is mainly carried out by Socialist countries such as Soviet Union, Poland, Romania, Bulgaria, German Democratic Republic, Cuba and some African countries. This type of fishing is therefore heavily state-subsidized and is being maintained mainly for the following reason:

- (i) access to protein resources for the individual country
- (ii) creation of employment

2.4 Levies

- 2.4.1 It should be the Governments intention to stimulate job opportunities on board vessels which are employed to conduct mid-water trawling and also encourage employment created in secondary industries such as ship yards, dry docks, floating docks and ancillary services, out of this resource.
- 2.4.2 The income in form of a levy out of this resource should really be secondary. This resource is not readily used by its own people, nor is it viably exploitable in a free enterprise economy. It should therefore be considered to raise a minimum levy of not more than R50 per ton wet fish on vessels operating on a chartered joint venture basis and US \$30 per ton on vessels operating on a Government-to-Government basis. Thereafter the normal rebates on levy consistent with Government's policies should be enforced enabling participants to obtain further reductions on the basic levy.
- 2.4.3. Namibia should maximize the indirect income from this resource consistent with the availability. The resource at present is estimated in excess of 4 million tons which could give a yield of 20% or 800 000 tons per annum to those countries which operate fishing fleets on a subsidized basis.

2.5 Monitoring of catches

Due to the fact that this resource is Namibia's largest single fishing specie it would require extremely close monitoring and it should be made mandatory that proper inspections are being maintained continuously throughout fishing operations in order to ensure that

- (i) the percentage of by-catches is being kept to an absolute minimum; and
- (ii) no undue harm is being caused to the overall ecology.

3. LOCAL PELAGIC FISHING INDUSTRY (BY PURSE SEINE METHODS)

3.1 Pilchards

This specie has been identified as the one that was most depleted over the years, mainly due to over fishing by land-based and mid-water trawling fleets which did not observe the then by ICSEAF agreed 25 km inshore fishing zone.

2.2 Other catching methods

Here the Government has to be forewarned that other than the by-catch to the pelagic industry (pilchards, anchovies etc), horse-mackerel is also caught as a by-catch to hake. It is imperative that the Government through its Directorate for Sea Fisheries and the Permanent Secretary ensure that the applicants for concessions and quotas for the catching of horse-mackerel employ vessels which are suitable and in fact are equipped with the necessary gear to catch horse-mackerel by means of mid-water trawling. Failing such inspection the application for concessions and quotas for the catching of horse-mackerel lend themselves to abuse where the ulterior motive is to catch hake, but the emphasis will be on beneficiating by-catches for which a minimal amount is payable and thus increase the production of hake and other valuable species. It is considered prudent that the Government should insist, that even where the proper application for mid-water trawling is applied, that by-catches are being restricted to a maximum of 10% of the TAC. This would also place the emphasis on those vessels which are equipped with mid-water trawling equipment not to use the equipment for the selective catching of hake and other protected species. It is the concern of the people of Namibia that a lack of clarity in the application and intentions of utilizing the fishing resource may result in ambiguity and subsequent loss of revenue to the State of Namibia and/or subsequent exploitation of the more sensitive resources.

2.3 Commercial viability horse-mackerel

- 2.3.1 Horse-mackerel realizes a relatively low market value of between R800 and R900 per ton of product. Concurrently with this, production costs encountered during mid-water trawling operations are very high and are estimated to be around R1000 per ton wet fish, indicating that this operation can only be carried out on a subsidized basis as explained in 2.1.1.
- 2.3.2 Any imposition of a levy therefore will have to be absorbed as a direct cost to the operator.
- 2.3.3 The production ratio on horse-mackerel is not like it may have been assumed by the Department of Sea Fisheries, namely on a 1 to 1 basis but more on a 1,43 tons of wet fish required to produce 1 ton of horse-mackerel product. The reason for this is that a certain amount of beneficiating takes place on a larger size of horse-mackerel whereas a certain size of horse-mackerel caught during mid-water trawling operations i.e. all those with the length of less than 17cm can not be marketed in any frozen form and therefore have to be converted into fishmeal on a ratio of 5 tons wet fish to 1 ton product.

With the rehabilitation of this resource it is expected that larger tonnages ought to be made available in the foreseeable future. The present method of awarding a pilchard quota needs urgent review due to the fact that the pilchard quota is being given for a fixed tonnage with the none specified species such as horse-mackerel (maasbanker) anchovies and other pelagic species not being counted as a quota fish. Due to the relative small quota made available, the method of catching the pilchard or the by-catch lends itself to abuse resulting in dumping of pilchards which have a predominance in these waters in order to stretch the pilchard quota and thus prolong the catching of non-quota pelagic fish.

- 3.2 A reasonable quota should be fixed for pilchard of say 100 000 tons which should be awarded on the basis that once all pilchard have been caught, fishing operations must cease immediately. This way proper management of the resource can be conducted and subsequently the quota can be increased always consistent the stocks available.
- 3.3 Concessionaires who enjoy the right of fishing a pilchard quota should be stringently held to employment conditions of their work force and should be encouraged to operate their factories all year round thus keeping the labour force required for canning operations employed over a 12 months period. This in essence would mean that once the pilchard quota has been converted into canned fish, the facilities and infra-structure can be made available for the importation of other fish specie, either by direct negotiations or through joint venture companies which already have then established themselves with countries who catch pelagic fish in other parts of the world and have the raw material available for this purpose.
- 3.4 The canning facilities should also be made available to transform the horse-mackerel (maasbanker) into canned fish during the off season whereby the raw material can be supplied from those mid-water trawling fleets who have obtained quotas within the Namibian 200 mile EEZ.
- 3.5 Anchovies

This specie although somewhat erratic in its presence is presently only converted into fishmeal and fish oil. Again here we believe that fishing companies who enjoy a pelagic concession and a pilchard quota should be encouraged to create additional employment by converting the anchovy into a labour intensive operation by processing the fish through salting and cleaning anchovies in small quantities on board vessels which can draw their raw material from vessels catching anchovy immediately after the catch has been secured thus avoiding deterioration of the product.

This type of operation is being successfully conducted in many parts of the world and with the assistance of some expatriate expertise an additional industry can be created to the benefit of Namibia and its people.

4. TUNA

Tuna is mainly caught by "longline" vessels operating on the fringes of the 200 mile EEZ. This is a seasonal specie and is mainly caught by fleets from the Far East i.e. Japan, China and Taiwan. The vessels utilized for this purpose have had a low intensity in Namibian waters and here we believe that the Namibian Government should limit the number of vessels for anyone season depending on scientific data available and to charge the countries applying for a concession and a quota on a fixed licence fee per vessel entering Namibian waters. This licence fee should be valid for one year. This resource gives Namibia minimum access to its overall objectives of job creation and/or the development of secondary industries such as beneficiating of fish and/or the rendering of ancillary services such as dry docking, repairs, maintenance etc.

5. DEEPSEA CRAB

This specie is caught by mainly Japanese fishing fleets and requires specialized equipment and expertise. The specie also has a fairly limited market other than the Far East and therefore should be exploited under close surveillance of the scientists with concessions and licences being issued consistent with the availability of the resource. This industry, however, lends itself to secondary beneficiating which is already taking place and the industry has absorbed Namibians as crew members thus providing job opportunities to a limited number of Namibian people. All dry docking and ancillary services are being sourced from within Namibia.

6. CRAY FISH

This resource is only being caught by land based concessionaires who process their catch on land. Commodity has an extremely high export value that is relatively low in volumes and thus does not provide the job opportunities that the other resources are able to create. The crayfish industry is a seasonal industry. Unfortunately this resource will always have to be exploited on a seasonal basis. Concessionaires will thus have to provide their employees with other off season benefits to ensure the continuity of a reasonable subsistence during that period.

NAMIBIA
PRIVATE SECTOR INVESTMENT CONFERENCE

Windhoek 3 - 6 February 1991

BACKGROUND DOCUMENT

**Presented by the Government of the
REPUBLIC OF NAMIBIA**

TABLE OF CONTENTS

- 1 BACKGROUND AND OBJECTIVES**
 - 2 THE CONFERENCE AGENDA**
 - 3 GENERAL INFORMATION**
 - 3.1 History**
 - 3.2 Political System**
 - 3.3 Geography**
 - 4 THE ECONOMY**
 - 4.1 General**
 - 4.2 Distribution of Income**
 - 4.3 Employment and Economic Growth**
 - 5 THE ECONOMIC SECTORS**
 - 5.1 Mining**
 - 5.1.1 Diamonds**
 - 5.1.2 Metals**
 - 5.1.3 Exports**
 - 5.1.4 Development**
 - 5.2 Oil and Gas**
 - 5.3 Fishing**
 - 5.4 Agriculture**
 - 5.5 Tourism**
 - 5.6 Manufacturing Industries**
 - 6 ECONOMIC DEVELOPMENT STRATEGY**
 - 7 DEVELOPMENTS SINCE INDEPENDENCE**
 - 7.1 Monetary Policy**
 - 7.2 Trade Policy and Economic Co-operation**
 - 7.3 Fiscal Policy**
 - 7.4 International Development and Aid Support**
 - 8 INFRASTRUCTURE**
 - 8.1 Roads & Rail**
 - 8.2 Ports & Shipping**
 - 8.3 Airports & Airlines**
 - 8.4 Power & Water**
 - 8.5 Communications**
- APPENDICES**
- 1 Principal Members of the Government**
 - 2 Conference Organisation**
 - 3 GDP Comparatives**

1 BACKGROUND AND OBJECTIVES OF CONFERENCE

The Government of the Republic of Namibia is convening a Private Sector Investment Conference to be held in Windhoek from 3rd to 6th February 1991.

In May 1990 the Namibian Government issued a Provisional Investment Programme and a General Policy Statement as part of its documentation for the International Donor Pledging Conference held in New York on the 21st and 22nd June 1990. These documents clearly stated that the Government welcomes foreign investment and will take active steps to stimulate investor interest. The Foreign Investments Bill was passed by the Government at the beginning of December 1990 and will be presented at the Conference.

The Government views the Private Sector Investment Conference as an important step in the implementation of its stated policies. The Conference will afford the Government, the potential international private investor and the domestic private sector the opportunity to articulate and discuss their objectives, requirements and concerns. Specifically, potential investors will be familiarised with the enabling environment and senior government officials will be available for discussions with investors.

Senior representatives of multilateral and bilateral institutions with interests and involvement in Namibia are being invited to attend.

Participation is by invitation only.

2 THE CONFERENCE AGEND

Sunday 3rd February 1991

Registration and Welcoming Functi

Monday 4th February 1991

Plenary Session :

- Global Fundamentals of the Economy
- The National Infrastructure
- Labour Policies
- The Enabling Environment :
 - The Foreign Investments Bill
 - Taxation
 - Fiscal and Monetary Policy
 - Foreign Exchange Legislation
 - SACU/SADCC

Individual presentations will be followed by question and answer sessions.

Tuesday 5th February 1990

Discussion groups on the following sectors :

- Mining & Energy
- Fishing
- Agriculture
- Tourism
- Manufacturing, Competitive Import Substitution

Field trips

Wednesday 6 February 1991

Wrap-up session ending at lunch time.

Private meetings

Spouse programme will be arranged.

231

3 GENERAL INFORMATION

3.1 HISTORY

The territory of South West Africa that subsequently became Namibia, was declared a German protectorate in 1884. It was established as a Mandate of the Union of South Africa by the League of Nations in 1920. After the Second World War South Africa refused to place the territory under United Nations trusteeship and formally applied for annexation. In 1966 the United Nations formally terminated the mandate of South Africa. A prolonged political and military struggle began as South Africa continued to govern the territory in defiance of United Nations resolutions. Namibia finally gained its independence on 21st March 1990.

3.2 POLITICAL SYSTEM

In a UN-supervised election held in November 1989, 72 members, representing 7 political parties, were elected to the Constituent Assembly. In March 1990, the Constituent Assembly, having unanimously approved the Namibian Constitution, became the National Assembly.

3.3 GEOGRAPHY

Namibia is situated on the south western African coast and covers an area of 824,269 km². It is bordered on the north by Angola, on the north-east by Zambia, on the east by Botswana and South Africa, and on the south by South Africa.

The Namib desert, stretching along the Atlantic Ocean, covers about one fifth of the country. In the north and east large areas are covered by the Kalahari Desert. The central plateau (1 000m to 2 000m above sea level) covers about one half of the country. The annual rainfall varies from about 100mm in the south to about 650mm in the north east. Due to the low rainfall and recurring periods of drought, only small parts of the country are suited to dry land agronomy, while the remainder of the country is suitable for intensive livestock production.

4 THE ECONOMY

4.1 GENERAL

Namibia has a free enterprise system which is, however, characterised by substantial direct and indirect Government involvement in key sectors of the economy. Nevertheless, the private sector is significantly involved in most areas of economic activity.

Trade is well developed, both nationally and internationally. During the nine years ending 1989, Namibia exported an average of 63% of its GDP (at current prices) while 60% of its Gross Domestic Expenditure consisted of imported goods and services. Export is largely restricted to primary commodities, with the main trading partners being South Africa, Switzerland, West Germany, Japan, the UK, Belgium, Italy, the Netherlands, Taiwan and the USA.

See Appendix 3 for detailed figures.

4.2 DISTRIBUTION OF INCOME

A per capita income of approximately US\$1 200 per annum makes Namibia one of the richest countries in sub-Saharan Africa. However, the distribution of income is uneven. A small segment of the economy generates a significant income of about US\$16 500 per capita, whereas the remainder of the population working in the modern sector averages US\$750 and those dependent on subsistence agriculture US\$85.

(Source: UNDP "Population and National Accounts in Namibia" and the Department of Finance "Statistical/Economic Review" SWA/Namibia 1989, World Bank team estimates).

4.3 EMPLOYMENT AND ECONOMIC GROWTH

The achievement of sustained economic growth and a reduction in unemployment are priorities for the Government in its development plans. The real Gross Domestic Product has remained constant since 1980 with a decline in the earlier years and a slight improvement in the latter years. 1989 showed the increase in GDP to have virtually come to a standstill. The GDP per capita has therefore decreased in real terms over the last decade as the population has grown. Unemployment is currently estimated to run at about 30%.

5 THE ECONOMIC SECTORS

5.1 MINING

Namibia's mining sector is the fifth largest in Africa and has significant resources of a variety of minerals, some of which are of strategic importance. Mining is the most important sector of the economy. It contributed 28 percent of GDP, 73 percent of visible export earnings, 27 percent of gross investment and 26 percent of Government revenue in 1988. In 1988 it employed some 13 000 people, representing 5,4 percent of formal employment. All the major producing mines are operated by foreign owned companies.

5.1.1 DIAMONDS

Despite a recent decline in production, the diamond mines, operated by CDM (Pty) Ltd., remain one of the largest contributors to Namibia's mining income. The CDM open cast mine north of the Orange River represents one of the world's most concentrated resources of gem diamonds.

5.1.2 METALS

Rössing Uranium Limited, which operates one of the largest uranium mines in the world, situated 65km east of Swakopmund, vies with CDM for the largest contribution to Namibia's mining income. Tsumeb Corporation Ltd is the third largest contributor, producing some 70 percent of Namibia's base minerals, including copper, silver, lead, gold, cadmium, arsenic trioxide and pyrite. Namibian mineral production currently includes zinc, tin, quartz, lithium, fluorspar, semi-precious stones, and industrial minerals. The country also has unexploited resources of many other minerals.

5.1.3 EXPORTS

As a result of the post-independence lifting of sanctions, exports of mining products, including uranium, are expected to grow by 9.7 percent in 1990, 3.2 percent in 1991 and 2.5 percent in 1992. Favourable metal prices have recently increased export earnings of most base metals and precious metals. The 61 percent increase in total private exploration expenditure for minerals to R63m million in 1989 from R39 million in 1988 bears witness to the confidence of investors in the mining potential of the country.

5.1.4 DEVELOPMENT

The recent commissioning of the Navachab gold mine near Karibib, which is owned 70 percent by Erongo Mining & Exploration Company Limited (in which CDM has a one-third stake), 20 percent by Metall Mining Corporation of Canada and 10 percent by Rand Mines Windhoek Exploration Company Limited, is of particular note. The project was completed on time and within budget, and the mine should contribute significantly to foreign exchange earnings. The mine is expected to yield 1 900 kg of gold per annum for a period of 13 years.

Other prospecting successes for 1989 included the development of the Auchas diamond area on the northern bank of the Orange River and the decision to proceed with the Elizabeth Bay diamond project on the coast south of Lüderitz. It is felt that there are still a number of prospects available for private sector development over and above existing mining and exploration activities.

5.2 OIL AND GAS

Natural gas was discovered offshore in April 1974 approximately 200km south-west of Lüderitz in an area now known as the Kudu Gas Field. Experts estimate the potential size of the field to be between 4 and 5 times the size of the South African Mossel Bay Field, which has a gas reserve of about 1 trillion cubic feet. It is estimated that this field could provide between 30 and 40 percent of South Africa's and Namibia's fuel requirements. Once developed, the Kudu Gas Field could be of major economic importance to Namibia, both in terms of energy supply and as a long term source of revenue and employment. The country may also have offshore oil reserves, sited near the Angolan border in the north. Seismic survey work was carried out by Exploration Consultants Limited and Halliburton Geophysical Services in 1989 under a contract to NAMCOR, the Government-owned company responsible for promotion of oil exploration. The prospects for commercial oil discoveries are viewed as promising.

5.3 FISHING

The fishing sector offers the most promising prospects for both short-term and medium-term growth. The Government proclaimed a 200 mile Exclusive Economic Zone after independence, making it possible to exercise Namibian sovereignty over one of the richest fishing grounds in the world.

The fish resources have been depleted after many years of uncontrolled foreign fishing. Catches must be restricted for some years to allow for the replenishment of the stock. Thereafter, progressively more intensive exploitation of the Exclusive Economic Zone will offer new economic and business opportunities.

The fishing resources consist of pelagic species such as Pilchard, Anchovy, Cape Horse Mackerel and substantial demersal resources further out to sea.

It is estimated that Namibia could eventually earn in excess of US\$1 billion per annum from this sector.

5.4 AGRICULTURE

The total land area of Namibia is 82,3 million hectares of which only 12,65 million hectares cannot be used for farming. It is characterised by extensive land use.

Commercial farms occupy 44 percent of the land area and are the largest employer (34 000 or 16 percent of the total labour force). The communal areas represent 41 percent of the total surface area and accommodate about 120 000 subsistence farmers.

Although the agricultural contribution to the GDP is about 10 percent, some 70 percent of the population is dependent on agricultural activities for existence.

Stock farming is the main commercial activity within the agricultural sector. Namibia is a net exporter of beef, mutton and venison, together with by-products such as wool, mohair, hides and skins. Karakul pelts are an important export commodity and are being marketed under the trade mark of Nakara in countries including Germany, Italy and Spain.

Cattle farming contributed over 65 percent of the gross value of agricultural production in 1988 and is expected to maintain this dominant share of the sector with the possibility of an EEC beef quota of 13 000 tons annually provided under the Lome Convention. EEC-approved slaughtering facilities exist and meat can be processed extensively.

Although some 80 percent of Namibia's food is imported from South Africa, the agricultural sector has the potential to replace many of the imports. It can become a source of growth in the medium term, if appropriate investments in crop farming are undertaken. With effective extension services and motivation, subsistence farmers could, on a commercial basis, reduce the dependency on agricultural imports.

Some forestry activities occur in certain communal areas in the northern part of the country. With bush encroachment on 8 million hectares in the rest of the country, the manufacturing of charcoal and bricks for export has considerable potential.

The primary agricultural sector also provides possibilities for secondary industry. Examples include the manufacturing of karakul carpets and garments, and the establishment of tanneries and shoe factories. Such added value industries would provide jobs and enhance foreign exchange earnings.

5.5 TOURISM

With its relatively unspoilt landscapes and an unusual variety of flora and fauna, Namibia is blessed with an abundance of tourism assets. In order to protect these assets conservation areas and recreation resorts covering some 99 610 km² have been proclaimed throughout the country.

Namibia has a well developed tourism infrastructure throughout the country. Approximately 100 000 tourists visited the country in 1988. Nevertheless, there is still potential for further investment in tourism without harming the environment. This applies especially in the western and northern parts of the country.

5.6 MANUFACTURING INDUSTRIES

The Namibian manufacturing sector, comprising some 259 enterprises, contributed about 4,1% to GDP in 1988 and employed 9 200 people - approximately 4% of the labour force. Most of these enterprises are small and do not employ high-level technology. More than one half of the enterprises are situated in Windhoek. The manufacturing sector is dominated by the food and beverages industries.

Most manufacturing is local-market orientated. Potential for expansion in manufacturing exists in competitive import substitution, the beneficiation of raw materials and export-orientated manufacturing.

6 ECONOMIC DEVELOPMENT STRATEGY

Since 1985 fiscal policy has had to be adjusted to the declining budgetary support from the RSA.

Post independence, the Namibian Government is committed, within a prudent fiscal policy, to providing better health, education and housing services to the majority of the people - particularly in the poorer regions.

Namibia is a member of Southern African Customs Union and the pace and direction of economic development will be influenced to a certain extent by the development of the South African economy, and also to a large extent by the developments in the larger regional context of SADCC.

The stagnation in the growth of the GDP in 1989 is substantially due to the recession currently affecting the RSA.

Consequently, it will be important for Namibia to broaden its trading relationships with other countries and to encourage investment from outside the RSA. The Conference is seen as vital in establishing these connections.

7 DEVELOPMENTS SINCE INDEPENDENCE

7.1 MONETARY POLICY

Recent monetary developments have included the adoption by the National Assembly of the Bank of Namibia Act and the establishment on 1 August 1990 of the Central Bank (The Bank of Namibia). An experienced top management team for the Bank was selected and recruited through the International Monetary Fund and, the Bank is gradually assuming the various functions of a full-fledged central bank in charge of the country's currency and monetary policies.

The Bank of Namibia has been charged with the supervision of banks and building societies. The Ministry of Finance is responsible for other financial institutions (insurance companies, pension funds, etc.). In the case of both the Bank and the Ministry the necessary organisational and legal structures are now being established.

Investigations are presently underway to determine whether Namibia's foreign trade and balance of payments position will warrant the introduction in the near future of its own currency and whether Namibia should remain in the Common Monetary Area, (CMA) like Lesotho and Swaziland, or, like Botswana, leave the CMA. The main consideration for the Government is that an independent currency should be strong and stable both internally and externally, within the context of a relatively liberal foreign exchange regime.

In September Namibia became a member of the IMF and the World Bank, with a quota of SDR 70 million. Simultaneously, the country joined a number of other International institutions associated with the World Bank.

7.2 TRADE POLICY AND ECONOMIC CO-OPERATION

Recent trade policy developments have included the Government's support for a market-orientated economy. Namibia became the fifth member of the Southern African Customs Union (SACU) on 21 March 1990. Namibia has joined the Southern African Development Co-ordination Conference (SADCC) and the fourth Lome Convention with the European Economic Community (EEC). Namibia is actively seeking external co-operation with neighbouring states and with the OECD countries to revitalise its economy. Namibia has entered into co-operation agreements with Angola, Zambia and Botswana. An agreement was recently reached for Angolan water to be pumped into Northern Namibia and for Namibia to supply Angola with power. Zambia is already providing electricity to Caprivi, and in turn is using the Namibian transport infrastructure to export copper. Under an agreement with Botswana, Namibia's roads will be utilised to enable Botswana and Zimbabwe to export beef, minerals and agricultural products through Namibia.

7.3 FISCAL POLICY

Namibia's first national budget as an independent country was announced on 6 July 1990. The Government is aiming for GDP growth of 3-4 percent per annum over the next three years, subsequently rising to 5-6 percent per annum. Expenditure for the fiscal year 1990/91 is estimated at R2 576 million, and revenues at R2 366 million, resulting in a projected budget deficit of R210 million, corresponding to 4.8 percent of GDP. This deficit will be financed by grants, loans and, possibly, an overdraft facility with the Bank of Namibia. It is expected that capital expenditure in 1990/91 will increase by 38 percent and defence spending will decrease by 9.6 percent with investment priorities being dominated by the education, health and housing sectors. Major emphasis will also be placed on the agricultural sector. Rates of taxation are currently being held at previous levels. The country's external debt repayment obligations for 1990 amount to R296 million, 11,5 percent of total government expenditure.

7.4 INTERNATIONAL DEVELOPMENT AID AND SUPPORT

Following the Donor Conference, Namibia received sizeable pledges of budgetary aid contributions. The UN Development Programme (UNDP) estimates that nearly US\$220 million in various forms was pledged by donors to Namibia for 1990, with an average of US\$160 million estimated available over each of the subsequent 3 years. Large pledges were made by Germany, Sweden, Finland, the USA and Norway. The EEC has made a substantial offer of assistance under the Lome treaty, and other contributors include France, Italy, UK, Canada and South Africa. In sectoral terms, education received the highest priority, followed by water supply, agriculture and fisheries, health and general infrastructure.

It is hoped that the Private Sector Investment Conference will, in addition to attracting private sector investment, result in further support being made available by the international donor and lending community for joint ventures between the public and private sector.

8 INFRASTRUCTURE

Namibia's infrastructure is already well developed. Its physical infrastructure is one of the best in the Southern African region, and its communications system operates efficiently.

8.1 ROADS & RAIL

Despite the vast distances and widely varying physical and climatic conditions which make road construction very costly, Namibia has more kilometres of roads per person than almost any other African country. The principal axis of the road system is a north-south highway from the Angolan border to the border with South Africa. Nearly all major centres are connected to the axis by tarred roads.

A railway links the main population centres, except for the far northern parts, with the RSA and with the ports of Walvis Bay and Lüderitz.

8.2 PORTS AND SHIPPING

The main port of entry is Walvis Bay, which is the centre of Namibia's fishing industry and has marine engineering and ship repair facilities. It is equipped to handle up to 10 million tonnes of cargo annually. In recent years it has been handling only 700 000 tonnes annually. This should increase to 1,25 million tonnes this year as a result of cargo from Zaire and Zambia. Walvis Bay's potential as an international port is significant, once the question of sovereignty is resolved.

Namibia's second harbour is at Lüderitz. With berthing and wharfage facilities inferior to those at Walvis Bay, the port handles only 50,000 tonnes of cargo annually.

8.3 AIRPORTS AND AIRLINES

Namibia is well served by air transport. International flights are operated from Windhoek's International Airport by Namib Air, South African Airways, Air Zambia, Air Zimbabwe and Air Botswana. Namib Air also operates domestic flights between major population centres in the country.

8.4 POWER AND WATER

Power supply is ample and reliable. The South West African Water and Electricity Corporation (SWAWEK) generates and distributes electricity countrywide. Namibia is linked to the South African grid, from which an additional 200mw can be drawn. The proposed construction of a 510mw hydroelectric power station at Epupa Falls on the Angolan border, together with a 600km transmission line linking it to the Namibian grid, would enable electricity to be supplied to other countries in the region.

Water is a scarce commodity. Although the economically active areas of Namibia are well supported in terms of water supply schemes, further reliable sources of water are needed for rural areas in order to support agricultural development.

8.5 COMMUNICATIONS

The Country has a well developed telecommunications system. Subscribers are linked to most foreign countries by direct dialling.

APPENDIX 1

PRINCIPAL MEMBERS OF THE GOVERNMENT

Namibia has a democratically elected multi-party Government, formed in accordance with the terms of the Namibian constitution which was unanimously adopted by the 72 member Constituent Assembly. The Constituent Assembly became the National Assembly at independence.

President	Sam Nujoma
Prime Minister	Hage Geingob
Home Affairs	Hifikepunje Pohamba
Foreign Affairs	Theo-Ben Gurirab
Defence	Peter Mueshahange
Labour, Public Service & Manpower Development	Hendrik Witbooi
Mines & Energy	Andimba Toivo ya Toivo
Information & Broadcasting	Hidipo Hamutenya
Education, Culture, Youth & Sport	Nahas Angula
Works, Transport & Communications	Richard Kapelwa
Wildlife, Conservation & Tourism	Niko Bessinger
Justice	Ngarikutuke Tjiriange
Health & Social Services	Nicky Iyambo
Local Government & Housing	Libertine Amathila
Trade & Industry	Ben Amathila
Lands, Resettlement & Rehabilitation	Marco Hausiku
Finance	Otto Herrigel
Agriculture, Fisheries, Water & Rural Development	Gerhard Hanekom
National Planning Commission	Zedekia Ngavirue (Director-General)
Attorney General	Hartmut Ruppel
State Security	Peter Tsheehama

APPENDIX 2

CONFERENCE ORGANISATION

The President of the Republic of Namibia, Mr Sam Nujoma, has appointed a Steering Committee for the Conference, which consists of the Ministers of Agriculture, Fisheries, Water and Rural Development, Finance, Foreign Affairs, Mines and Energy, Trade and Industry, Wildlife Conservation and Tourism and the National Planning Commission represented by its Director-General.

The Steering Committee appointed a Working Group consisting of representatives from the Ministries and the National Planning Commission, the National Co-ordinator, four members of the private sector, the field representative of the UNDP and the Senior Associate of the Industry Council for Development. The UNDP has enlisted the services of Morgan Grenfell Ltd and the Industry Council for Development to assist in co-ordinating foreign investor participation in the Conference.

THE ECONOMY

GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITY

R Millions at current prices

SECTORS	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Agriculture & Fishing	166,3	217,3	204,6	166,4	167,4	198,7	228,7	382,5	469,6	489,5
Mining & Quarrying	630,0	454,4	465,6	473,3	510,4	908,1	1061,2	757,2	1051,8	1258,7
Manufacturing	56,6	67,2	82,7	93,5	102,6	113,2	132,0	156,6	179,3	210,3
Electricity & Water	26,3	36,4	38,5	52,1	48,6	49,5	53,9	53,0	75,7	77,2
Construction (contractors)	50,6	67,3	69,6	64,5	61,9	71,3	69,1	83,7	99,4	111,3
Wholesale and retail trade, catering and accommodation	166,3	204,9	228,4	234,9	255,5	282,8	328,4	382,7	449,4	532,8
Transport & communication	76,7	78,3	83,8	107,6	137,2	139,5	175,2	204,1	229,7	265,0
Finance, insurance, real estate and business services *	77,0	88,2	111,8	127,5	153,0	176,9	184,8	217,3	263,7	311,2
Community, social and personal services	18,6	24,1	28,8	36,1	41,3	46,9	54,1	62,7	72,5	85,1
General government	138,8	227,1	316,3	366,8	427,3	479,3	556,5	715,1	764,3	855,7
Other producers	37,0	40,9	49,5	56,3	64,5	74,4	83,7	97,7	111,8	129,4
GROSS DOMESTIC PRODUCT AT FACTOR COST	1444,1	1506,1	1679,6	1779,0	1969,7	2540,6	2927,6	3112,6	3767,2	4326,2

* After deduction of financial service charges.

(Source: Statistical/Economic Review - Namibia 1990 - Ministry of Finance) -

242

NAMIBIA

It is the small changes that perhaps best signal Namibia's newly declared independence from South Africa: two months ago flights from South Africa's airports were switched to the international terminal; last month the country witnessed the packing of bags and the exodus of 6,000 members of the UN transition assistance force UNTAG; and it has also just been named the newest member state of the commonwealth.

Namibia's history, like many African countries, is one of white domination. Its port of Walvis Bay was annexed to the Cape by the British in 1878, and in 1884 Germany claimed the rest of South West Africa. During WW1, the country was captured from the Germans by South African forces.

African nationalism developed in the 1950s and 60s and in 1956, the South West African Peoples Organisation (SWAPO) launched its first guerilla/terrorist attack. Under severe national pressure, in 1978, South Africa accepted Namibia's independence under UN supervision. A transitional government of national unity was formed on the understanding that it would rule the country until independence. Hostilities ceased in 1988/1989 with the final agreed implementation of Resolution 435, the UN plan for peace and independence.

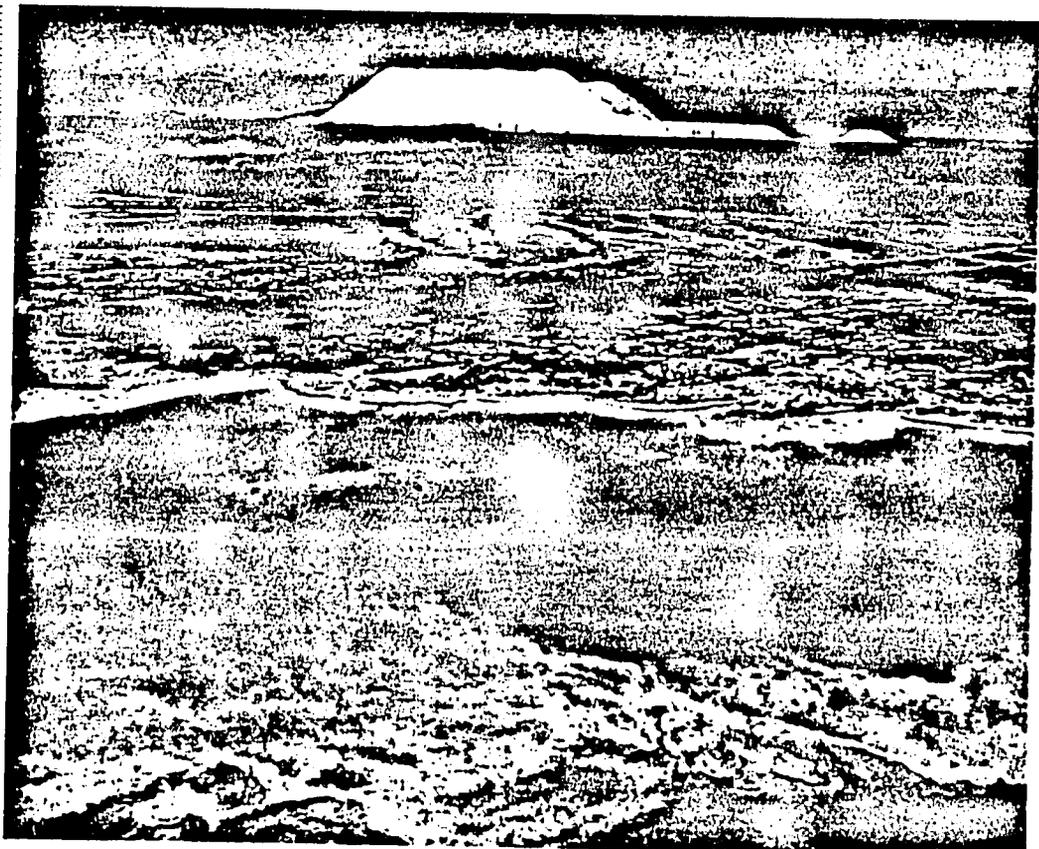
In November, SWAPO won the popular vote in the constituent assembly elections taking 41 of the 72 seats and on March 21 Namibia celebrated its formal independence from South Africa.

In Windhoek, the country's small capital city with a population of only 115,000 people, political developments have charged the air with optimism. New company registrations are on the increase and West German investment is particularly active at present. In the first half of 1989, 318 internal companies and eleven external companies registered, a marked increase from 1988 when only 276 internal companies and nine external registrations occurred during that entire year. The increase in nominal capital was even more marked by a total of R65 million from both the external and internal companies in 1989, compared with R10 million for the same period in 1988. "Independence has indeed been positively received by the business sectors," says a local businessman.

Property prices have rocketed as 6,000 embassy staff prepare to move into the area: some \$26 million has already been invested. West Germany recently spent \$1.4 million in embassy property and South African investors are developing, amongst other pro-

By Leslie Holstrom,
assistant editor
(special projects)

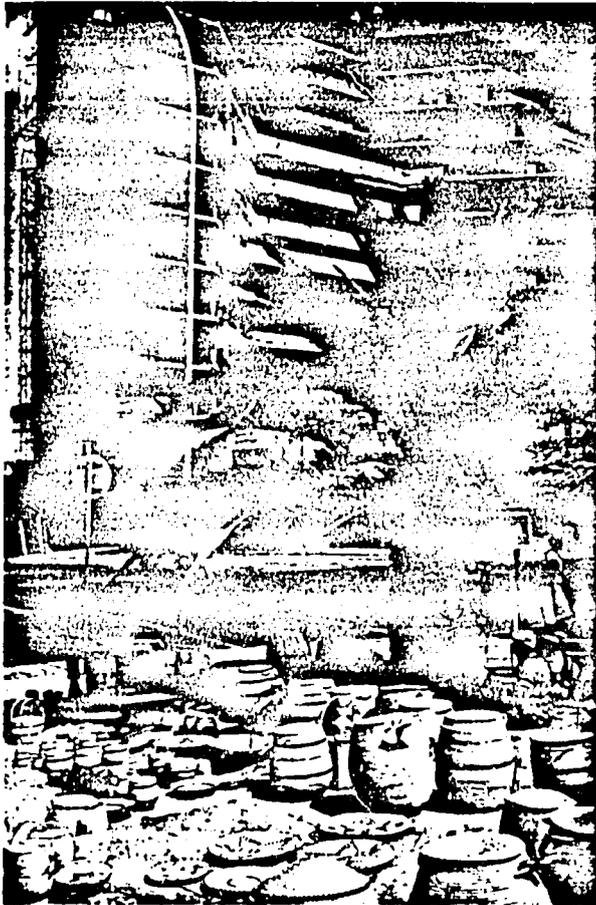
Aerial view of
Namibia



NEDBANK



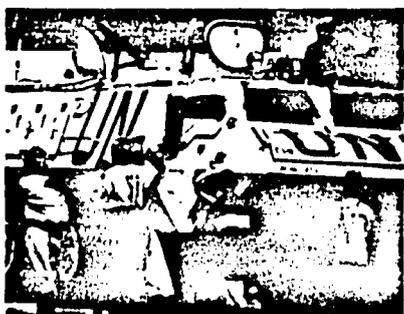
NAMIBIAN
Banking Corporation



Above: African craft work on display



Centre: Welcoming in Namibian Independence



Bottom: Farewell to Arms!

jects, a 13-floor office tower and a 10,000 square metre shopping complex worth \$37 million. Local property investors are responding: Windhoek's city council is putting up a \$11.3 million shopping complex, rental growth has had an annual increase of 20% and the return on commercial property is now an estimated 11.5%.

The positive atmosphere has been further re-inforced by the newly-elected government. Although SWAPO's manifesto is rooted in socialist philosophy, (including nationalisation), the party failed to win the necessary two-thirds majority to write their own constitution. Noises from the government now make it clear that they are seeking neither a communist state nor a free-market state, but a system best suited to sustaining economic growth and uplifting its people. "Our aim is to stop any movement of capital out of Namibia and to encourage the transfer of capital to Namibia. In order to achieve this, we need to create the economic and business conditions that encourage Namibians and foreign investors to act accordingly," says Otto Herrigel, SWAPO Finance Minister.

This approach has gone far to stem capital flight, mostly South African and German, from the country and also to foster new investment. Although some R70 million was moved from local banks to South Africa on the eve of elections, bankers say that most of it trickled back after the results were known. Despite investors' fears and anxieties which stem from other examples of independence in Africa, SWAPO has in fact come out in favour of a moderate policy. "Nationalisation itself is old-fashioned. Experience elsewhere in Africa has proven that governments should be reluctant to dabble in these things. Sooner or later the message gets through that private sector businesses are not a sinister thing," says a government official.

Foreign corporations and banks bearing past scars of nationalisation and corruption in other parts of Africa are nevertheless enthusiastic about prospects for Namibia, often comparing it to Botswana – the wealthy independent southern African nation. "Botswana is a success story that lingers on. People are still kicking themselves that they weren't in there from the start. Namibia is their second chance to grab the brass ring," says Merton Dagut of Nedbank, a South African commercial bank with interests in Namibia.

Namibia may have even more potential than Botswana because of its better balanced economy – Botswana is mainly dependent on diamond mining while Namibia's mineral resources are more varied and scope also exists for industrial development.

Namibia stretches across 823,144km², a fifth of this area being desert land. It shares its borders with South Africa, Botswana, Angola, Zambia, Zimbabwe and the south Atlantic ocean – a coastline of over 2,200km. The land is sparsely populated with a number of population groups and a present variety of languages: English, Afrikaans and German as well as many indigenous African languages.

Namibia is a paradox: third world economic and demographic characteristics are overshadowed by the vestige of South African investment structures.

Population is centred in the north, a mostly African poverty-stricken subsistence sector and a minority white commercialised sector. The official unemployment rate is in the region of 25%, but the government puts it as high as 45%. If post-independence development cannot break the present economic stagnation, (1% growth a year with 3% population growth) unemployment could rocket to as high as 60% by the end of the century, says a local economist. A labour force of about 340,000 increases annually by 11,000 workers. Corresponding job creation figures are low. Namibia is therefore more and more dependent on a net inflow of foreign capital to create employment opportunities.

And yet, Namibia may be on the brink of development. Although SWAPO has inherited an economy built on struggle, drought, sanction and recession, the potential is considerable. Mining is well-developed and securely anchored in diamond, uranium and other mineral exports which account for 85% of the country's GDP. With a current output value of R1,500 million, the mining industry (which is largely dominated by South African ownership) is the most important productive sector of Namibia's economy. Namibia is the fourth largest mineral producer in Africa with 35 active mines providing work for 15,000 people.

Although agriculture's contribution to the GDP fluctuates between 6% and 10% depending on rainfall, 70% of the workforce depends directly or indirectly on agriculture for a living. Research has shown that



*Moon Valley,
north end of
Namib Naukluft
National Park*

There is potential for the expansion of crop farming. Much of this will be dependent on outside finance for irrigation and new agriculture projects. Some 50% of Namibian beef is exported to either Europe or South Africa and so provides additional foreign earnings for the country.

Manufacturing is small scale and likely to remain so. Growth is hampered by a limited market and vast transport distances. The local market for consumer goods is small and protected because of high transport costs on imported goods. Namibia is a member of the South African Customs Union (SACU) and member state competition is fierce. Tariff protection exists against goods from countries outside the union. Three-fifths of all the goods produced are marketed for export and as such are widely susceptible to fluctuations in international and South African markets.

But the key to further development lies in tapping dormant and abundant natural resources. If the labour force can be directed towards labour intensive produce, potential for further growth exists.

It is fishing that is at the core of Namibia's future economic development. The fishing grounds are among the richest in the world, and there is hope that the territorial waters will be extended from their present 12 nautical miles to a more common 200 nautical miles.

At present the annual fishing season brings in a catch of 2100 tons. Investment and funding is sorely needed for development and for patrolling of the

sprawling coastline before Namibia can fully reap the riches of its territorial waters. According to the public finance department, an estimated R1,500 million is lost annually either in straight royalties or in tax. "We would be in budget surplus if we had the financial means to control our waters," says a spokesman from the department of fisheries.

Further development of this industry would only marginally contribute to the creation of new jobs, but would boost export earnings considerably. One other stumbling block is the disputed Walvis Bay. Walvis Bay is the only deep sea water port along this coastline and accounts for 90% of the country's sea traffic. The border sign which announces: "Welcome to South Africa" makes a mockery of Namibian independence. Walvis Bay is focal to Namibian export and import and could be of strategic importance to the south west African countries. "Giving back Walvis Bay is a top of the agenda item for both countries," says a South African government official. South Africa's President de Klerk has said that Pretoria is willing to negotiate the use of facilities at the port by an independent Namibia, but it is well known that South Africa regards Walvis Bay as "our ace in the pack and a powerful bargaining point," says the official.

Tourism may also have potential for development. Namibia has excellent weather, abundant wildlife, fishing and hunting grounds, but the desert land and steppe regions are fragile and easily damaged by influxes of people.

Nevertheless, in the Namib sands and coastline regions, development is nowhere near saturation and could attract the upper end of the market.

Namibia's economy is also well-supported by a modern and sound infrastructure. Air, road, rail and telecommunications are on par with a developed country, but link mainly with South Africa and not to other neighbours. The National Transport Corporation Ltd, Transnamib, a locally managed company, controls 2400 kms of the rail and road operation, and has been independent from the South African transport services since July 1988.

There is a wide variety of commercial banks, The First National Bank, Boland Bank, Nedbank, Namibian Banking Corporation, Standard Bank, Bank of SWA Namibia and Bank Windhoek Ltd. Some are South African subsidiaries while others are registered locally. Large South African companies are also prominent in Namibia's insurance industry: Old Mutual, Sanlam, South African Eagle, Commercial Union and IGI. There are two building societies; The SWA Building Society and The Namibia Building Society.



Diamond mining

One reason for the sound infrastructure is South Africa's domination of foreign investment and skill supply within the country. Namibia imports 90% of its merchandise from South Africa as trade routes are linked to that country. It also has a non-enforceable share in the customs and excise pool of the Southern Africa Customs Union (SACU). If the new government decides to join the customs agreement on a formal basis, more or less half of this revenue will be internalised.

Namibia's exports are closely linked to South Africa's balance of payments as Namibia is still included in the Rand Monetary Area. The projection for

Namibia's merchandise trade balance for 1989 is an improvement on the 1988 figure of R180 million (\$80 million) surplus. And indeed, if the surplus trade balance is substantial, it is possible that a further deterioration of the current account balance – which was in deficit of R83 million in 1988 – can be avoided. More likely though, with a merchandise trade surplus of R200 – 300 million, the current deficit will rise to around R150 million.

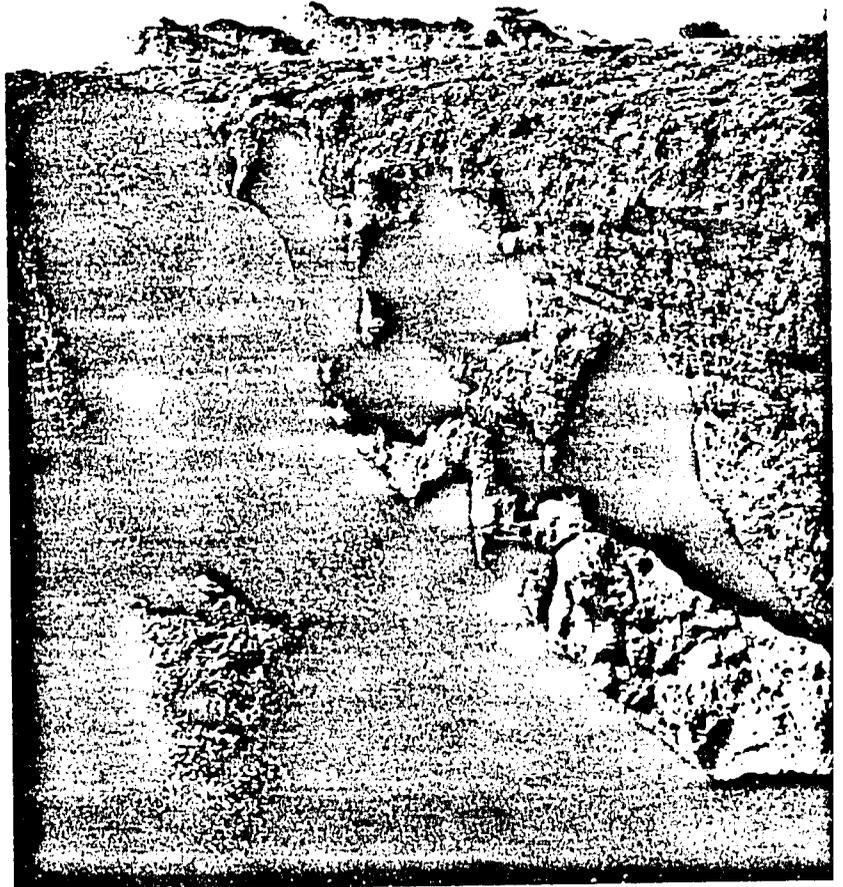
At present, South Africa's Reserve Bank has a local office in Windhoek which is responsible for monetary and banking practices. A priority of the new government will be the establishment of an independent central bank as well as new laws controlling the financial sector.

Its currency is likely to remain the rand for at least another two years during which time the finance ministry and public finance offices will be considering a number of banking and currency strategies. A likely policy, according to government officials, is the establishment of an independent currency pegged against the rand – a policy followed by several other southern African countries.

It is this economic dependency on South Africa that SWAPO will have to address in the coming year. But it is overshadowed by SWAPO's short-term budget problem. South Africa slashed budgetary aid to Namibia from R308 million in 1988/89 to R158 million in 1989/90, and in the recent 1990/91 budget, assistance was cut off in its entirety.

"I think it will be extremely difficult to carry on making contributions to the budget of Namibia, says Pik Botha, South Africa's minister of foreign affairs. Overall net transfer receipts are declining from the R548 million figure of 1988, despite a probable rise in customs and excise receipts from the common revenue pool administered by Pretoria. Initial estimates indicate a budget deficit of £500 million for the first year of independence. "Analysts do not know where the money is going to come from," says SWAPO economic adviser Elia Kaakung.

Revenue is dependent on tax and custom receipts. Further industrial taxation as a source of revenue is risky. Mining, for example, is already taxed at a hefty 60%. Any increase is likely to hamper exploration and development of the industry. "Although fiscal policy measures will be considered, due care will be taken to keep this form of



*Sesriem Canyon,
Namib-Naukluft
National Park*

*Namibian
Industrial Plant*

NEDBANK

NAMIBIAN

financing within safe limits to avoid problems," says Herrigel.

The business community and the government are pinning their hopes on foreign aid. Foreign aid however, is likely to take the form of long-term capital investment and not short-term budget subsidies. Namibia is also likely to seek membership of the United Nations Development Fund, the IMF, the World Bank, the African Development Bank, the Lome Convention and other development and assistance agencies of the United Nations such as WHO, ILO, FAO, and UNESCO.

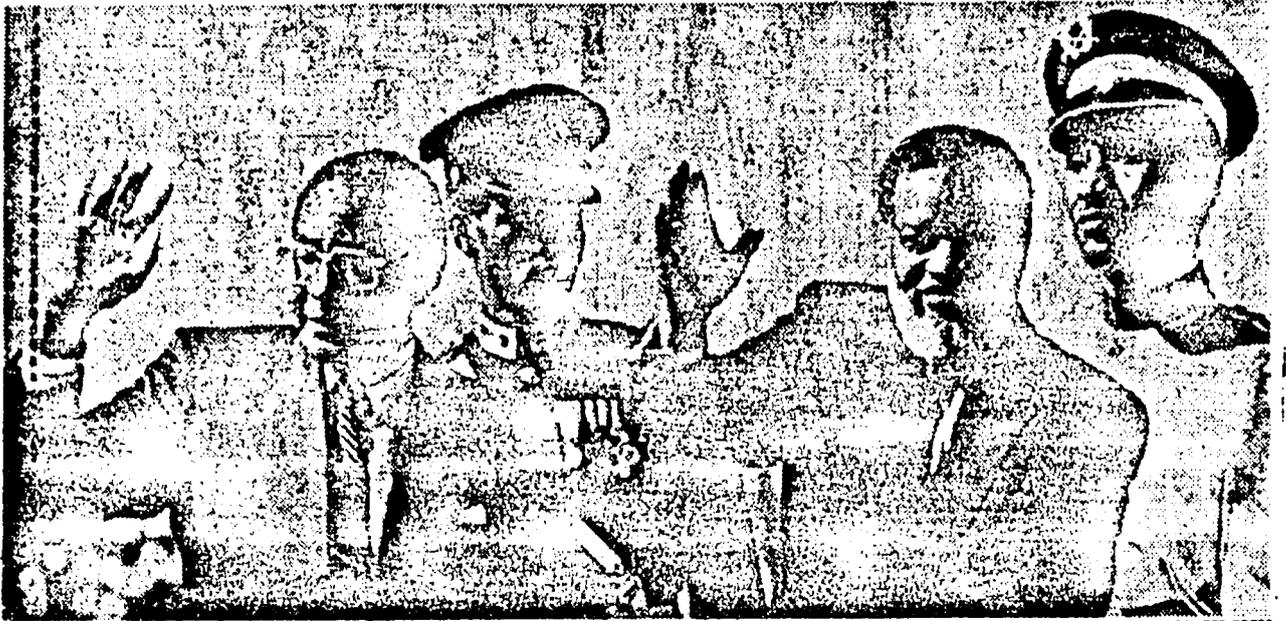
For now, SWAPO must strike a balance where it practices internationally acceptable social and economic policies while at the same time not



antagonising its supporters at home. It will become increasingly difficult to show results to SWAPO's stronghold voters in the poorer northern regions.

"Namibia will sink if the promises of aid are not kept," says Dr David Rush, head of public finance in Namibia. "I can't say that if all the promises are delivered, that Namibia will grow economically, I can only say that it should," he concludes.

Nedbank – A division of NedPerm Bank Limited, 100 Main Street, Johannesburg, S.A. 2001, (011) 630 7252.
Namibian Banking Corporation Limited. – A member of the Nedcor group, Carl List House, Kaiser Street, Windhoek, Namibia 9100, (061) 225946.



ASSOCIATED PRESS

Presidents Robert Mugabe of Zimbabwe, left, and Sam Nujoma of Namibia wave from motorcade in Namibian capital.

Neglected Namibia Marks Anniversary

New Democratic State Feels Largely Forgotten by Outside World

By David B. Ottaway
Washington Post Foreign Service

WINDHOEK, Namibia, March 21—Namibia celebrated its first anniversary of independence and multi-party democracy today, an achievement many Namibians seem to feel has already been forgotten by most of the outside world despite the distinctive origins of this new land as “a child of the United Nations.”

The celebration of an African—and international—success story was modest, in sharp contrast to that of last year when a host of foreign dignitaries, including Secretary of State James A. Baker III, then-Foreign Minister Eduard Shevardnadze of the Soviet Union and South African President Frederik W. de Klerk, came here to mark the occasion.

Zimbabwe's president, Robert Mugabe, was the sole foreign leader at today's observance, and as of this morning only 15 other governments had sent congratulations to Namibian President Sam Nujoma.

One of those who remembered was President Bush, who sent a message of “warm congratulations” to Nujoma and said the United States takes “great satisfaction” in the role it played in securing Namibia's independence. “Namibia remains a model for the people of Africa who are struggling today to establish a democratic form of government such as you enjoy,” Bush's message said.

As it struggled toward independence, Namibia became the focus of international attention as had no emerging African nation in 30 years, as the United Nations—led

by the United States and four other Western powers—worked to pry it loose from 75 years of South African rule.

Namibia is “a child of the United Nations,” said U.S. Ambassador Genta Hawkins Holmes, in which many nations have “a feeling they have a stake.”

For a largely desert country of just 1.7 million people, the international tussle over Namibia seemed out of proportion to its size or economic importance. But like Kuwait, Namibia became a symbol of larger principles to the world community.

In the end, it took nearly eight years of intensive and largely single-handed diplomacy by Chester A. Crocker, the Reagan administration's assistant secretary of state for African affairs, to arrange for U.N.

See NAMIBIA, A22, Col. 1

Namibia Marks First Year of Independence

NAMIBIA, From A18

supervised elections here in 1989 as part of a U.S.-brokered regional peace accord that also called for withdrawal of 50,000 Cuban troops from Angola—a South African condition for giving up its claim to Namibia.

By all local and foreign accounts, Namibia has "taken off" remarkably well as a fledgling Western-style democracy, overcoming a devious decades-long guerrilla war to forge a sense of nationhood out of a multi-ethnic society long torn by South African practices of racial segregation.

"I am terribly impressed by what I've seen here," said J. Brian Atwood, president of the Washington-based National Democratic Institute. He was here leading a three-day workshop for Namibian officials and legislators on how to make a parliament function properly.

When Atwood first came here prior to independence, he found a "very static society full of fear for the future," he said. He returned to monitor elections in November 1989, finding "a highly polarized and emotional campaign." This time, he said, he found that "attitudes had changed tremendously" and that people were "working together" to make a multi-party system work.

Namibian leaders seem exceedingly proud of their achievements. "The hiccups are there," acknowledged parliament Speaker Mose Tjitendero of Namibia's experiment with democracy. "We may make in-flight corrections, but today we are airborne."

Everyone, particularly in South Africa, has been watching to see how Namibia's 75,000 white residents and the sizable opposition in the parliament would fare under the rule of the victorious liberation movement, SWAPO, which holds 41 of the 72 legislative seats.

But according to white politicians, things have gone pretty well. "We don't have any problems. The whites have accepted the changes except in the schools, where we fear standards will drop," said Jan de Wet, chairman of Christian National Action, a white party that holds three parliamentary seats. "Politically, I think we're setting an example for the rest of Africa."

Dirk Mudge, the white deputy leader of the main opposition Democratic Turnhalle Alliance, which has 21 seats in the parliament, concurred. "It's much better than I expected 10 years ago" or "than I thought a year ago."

In fact, very little has changed this year for whites, who had already lived for a decade before independence under a mixed white-black transition government. The German-inspired name of the main street of this 19th-century German colony has been changed from "Kaiser" to "Independence"; there is a new flag and coat of arms and, as of today, a new national anthem. But the South African rand is still the national currency, the telephones are plugged into

the South African system, and Afrikaans is the de facto second official language after English. Even Namibia's main port, Walvis Bay, still belongs to South Africa.

"One of the most important things they did was to go slow, not to rush things," said Ambassador Holmes. "They recognized immediately that running a government is different from running a liberation movement."

SWAPO initially scared many whites with talk of possible nationalization of industries. "Now you don't hear anything about nationalization," said Mudge. "They talk about a mixed economy. But it boils down to free enterprise."

If there is general consensus that Namibia's experiment with multi-party democracy is off to a good start, there is also a foreboding that worsening economic problems weigh heavily on the country.

The new government has had to cope with 40,000 returning exiles and 18,000 unemployed former guerrillas in the midst of what Nujoma today called "a collapsed war economy," declining world prices for Namibia's uranium exports and a troubled fishing industry. While foreign donors pledged about \$220 million in development aid the first year, only \$40 million of that was in financial support for Namibia's roughly \$1 billion budget.



"If that's all we can get on our wedding day, what are we going to get on our first anniversary?" Mud remarked.

Three donor and investor companies have attracted a lot of participants but only one major new investment: The French Citroen car-manufacturing company plans to assemble 6,000 luxury vehicles for export to South Africa.

"We're running into serious economic problems," said de Wet, who criticized the SWAPO government for relying too heavily on foreign aid and investment instead of local entrepreneurs and farmers to generate growth.

"These [SWAPO] people are too optimistic and not reading the economic signs correctly," he said.

Zimbabwean President Mugabe seemed to be issuing a similar warning when he reminded a crowd at the local soccer stadium today: "There is never any free lunch. One has to work for it one way or another."

N A M I B I A

Challenging the Future



THE N A M I B I A
DONORS CONFERENCE

NEW YORK

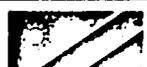
1990

149

Index

Introduction	2
Challenges for the future.....	4
Agriculture.....	6
Fisheries	8
Water.....	10
Health.....	12
Education.....	14
Housing	16
Infrastructure.....	18
Other programmes.....	20
Facing the future	22
The Government	
Map of Namibia.....	inside back cover

250



Introduction

During the past year the international limelight focused on the successful implementation of Resolution 435 and consequent political self-determination for the Namibian people.

Little attention has, however, been paid to the backward and lopsided economy the new Government of the Republic of Namibia inherited and increasing pressure from the impoverished electorate to improve its lot.

Besides facing an estimated budget deficit of R 500 million for 1990/91 and foreign debt amounting to R 726,5 million, urgent attention must be given to the increasing unemployment rate conservatively estimated at 30%, the rocketing inflation rate, urbanisation and squatting, the escalating crime rate, a 3,5% population growth rate, sluggish economic growth rate and an illiteracy rate of 65%.

As indicated by the graph below, Namibia has a well-developed physical infrastructure, while socio-economic indicators rank among those of the least developed countries. But even the physical infra-structure is lopsided. It is well-developed to and from main centres and with links to South Africa. In the rural areas of Ovambo, Bushmanland, Kaokoland and other areas, however, the infra-structure is under-developed.



Links into Africa with its Front Line neighbours have not been developed at all.

It is not the intention of the Namibian government to receive handouts and develop the dependency syndrome characteristic of developing countries, but rather to be given a fair chance to restructure its economy in order to afford even the long denied opportunity to contribute towards a self-sufficient economy and keep alive the flame of Namibia's fragile democracy.

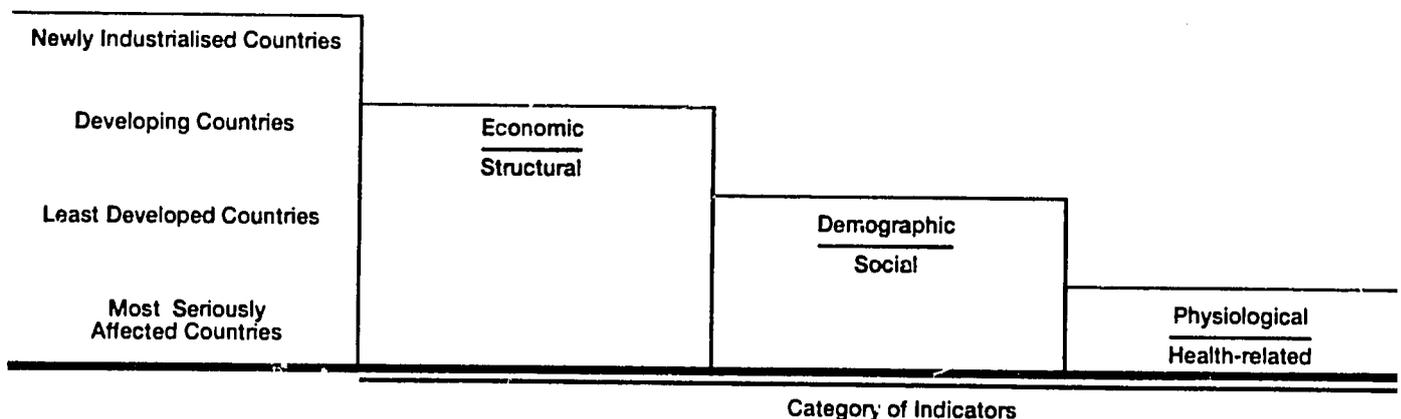
At present Namibians already live in an overtaxed environment, which means that besides the option of perpetual indebtedness, the only potent source of income to finance the restructuring of the economy would be in the form of initial aid from the international community.

Mindful of the lessons of the past that the relationship between growth and development is not automatic but has to be fostered through conscious planning and prompt implementation, the Government of the Republic of Namibia

has compiled a list of priority development areas.

The aim of this publication is to highlight some of these priorities and to explain why these need to exist.

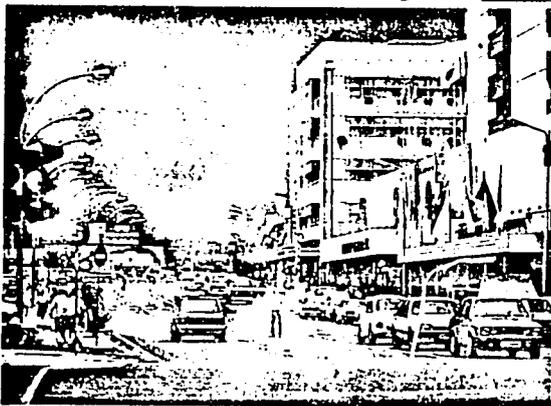
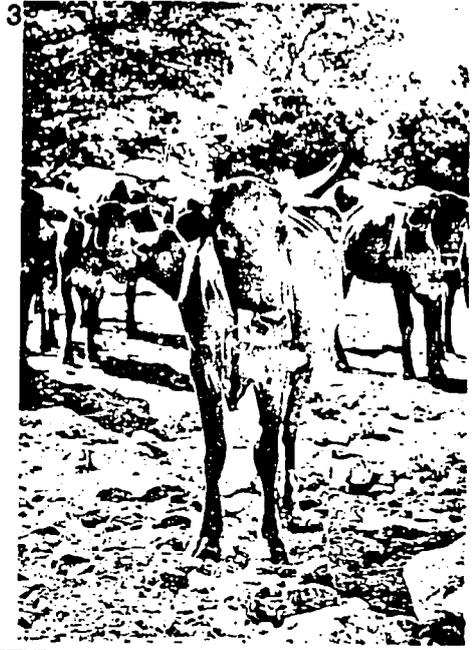
Namibia: Combined Indicators Perspective



Excerpt from a paper by Professor Fanieel Tjingaete, University of Namibia



The youngest member



1. Selling on a street in Katutura, the town established for blacks outside Windhoek in 1952. 2. Opening the gate to a new future? 3. Cattle in Kaokoland. 4. Independence Avenue, formerly Kaiser Street, in Windhoek. 5. Many Namibians make a living by selling handicraft such as baskets.

of the family of nations

Challenges for the future

In spite of the pressures of time, the Government of the Republic of Namibia has undertaken, with the assistance of the United Nations, the necessary measures to establish its own priorities and an investment programme covering the first three years following independence.

Some of our programmes are provisional. However, we believe that by and large, our investment schemes are solid and within the limits of our absorptive capacity.

The general policy statement of the Government contains our fundamental political, social and economic objectives:

To ensure that every citizen has a right to fair and reasonable access to public facilities and services; That consistent planning is undertaken to raise and maintain an acceptable level of nutrition and standard of living of the Namibian people and the improvement of public health; To ensure equal opportunity for women to enable them to participate fully in all spheres of society; That the eco-systems, essential ecological processes and biological diversity of Namibia are maintained and living natural resources are utilized on a sustainable level for the benefit of all Namibians, both present and future.

Public sector investment priorities include: Affordable housing for the disadvantaged; Education and training to give an opportunity to all Namibians to participate fully in the Development process; Agricultural and rural development, on which the livelihood of the majority of the Namibian people depends.

Our Government does not view the public and private sectors as existing in an opposing relationship. The vast majority of Namibians - even the most economically marginal - engage in some form of private sector activity to sustain themselves and their families. The inherited problem that our society must address is that a small section of those seeking to earn their livelihoods within the

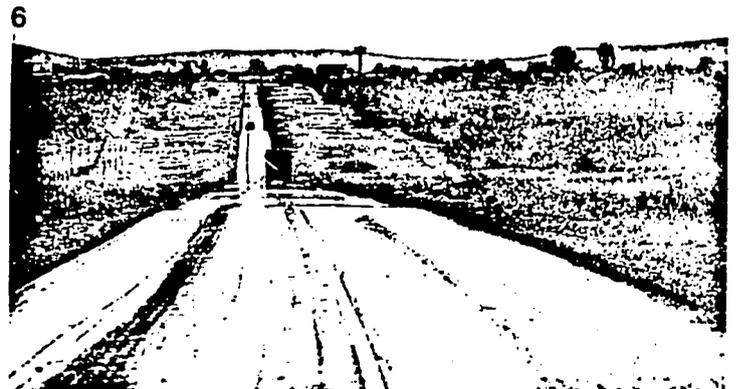
private sector have been the beneficiaries of proportionate amount of public sector assistance. A history of discriminatory legislation and relations affecting every area of the society has created tension and conflict within the private sector between the haves, the have-less, and the have-nots.

Private sector priorities include: The Government will, in the near future, introduce legislation to establish an investment code designed to attract economically viable and productive foreign investment. In addition to providing the guarantees that international investors normally expect, the code will offer incentives to those investment projects which emphasize employment, and training and advancement of Namibians.

Since Namibia's external assistance requirements cannot be presented in a vacuum, the documentation for the conference provides basic information regarding the structure and recent development of the Namibian economy. Potential areas for investment are highlighted. Developments in public finances up until independence will also be discussed, with emphasis on the structure of public administration, the level, composition and performance of revenue and expenditure, and financing of the deficit.

In addition, the estimates and projections available in connexion with the budget for fiscal year 1990/91 are included, as well as an analysis of the Government's public sector investment programme. In light of macroeconomic, balance of payments, and public finance projections are presented. These projections will focus on fiscal years 1990/91 and 1991/92. A list of public sector investment projects including some for essential maintenance, will serve as a vehicle for donor pledges.

(Talking points from an address by the Director General of the National Planning Commission Zedekia Ngavirue, at donors consultations in New York on 24 April 1990.)



1. High hopes for a better future for Namibians. Pres. Sam Nujoma at the opening of Parliament on June 15, 1990. 2. & 3. Namibia has a housing backlog of 45 000. 4. Development of new agriculture projects, including fresh water fishing could create new jobs and supply food. 5. The government is committed to labour intensive development projects to ease the unemployment burden. 6. To stimulate agriculture and development projects in rural area, the physical infrastructure in such areas will have to be upgraded as the present system favours only the main centres.

254

Agriculture

Namibia faces three major challenges: unemployment, dependency on imported basic foodstuffs (cereals) and a budget deficit. A restructuring of its agricultural sector can go a long way in addressing these challenges. This restructuring will, however, entail a capital outlay of millions of dollars.

Agriculture, contributing around 10% to the GDP, is the second-most important sector of Namibia's economy. Although mining is the major contributor to the GDP, the effect of agriculture on the domestic economy is greater in terms of work opportunities, profits kept in Namibia and contribution to regional development.

It is estimated that the livelihood of about 70% of the population is directly or indirectly dependent on agriculture, although only 16% of the total labour force is employed in the commercial farming sector.

The major problems facing agriculture in Namibia include the lack of expertise, infrastructure and markets for surplus products of small farmers.

A priority of the Ministry of Agriculture, Fisheries, Water and Rural Development will be to promote productivity through training, provision of better quality seeds, fertilisers and agricultural equipment. This will have to be preceded by research, taking into account that the production of the staple food in the north, mahango (millet), was found not to be commercially viable.

A private welfare organisation, after experimenting with seeds, managed to double the mahango production. The fact that this type of research has not been done on an organised basis was a serious neglect by the previous regime, especially taking into account the amount of money spent on research and the development of the commercial sector.

A more ambitious project for the Ministry would be the stimulation of new agricultural areas for agronomy and stock-raising. Of the surface area of 82,3 million hectares, 15 % is state-owned (mostly nature parks in inhospitable areas), 44 % is used for

commercial farming and 41 % for communal farming. Only 77 % of the potential stock farm land is utilised. Most of the land not utilised lies in the communal areas. About 34 % of this habitable land is suitable for crop farming (dry land crop as well as irrigation). However, only 1,4 % of potential crop farming land is being utilised as either the commercial or subsistence sector.

By stimulating agronomy, the country's alarmingly high unemployment rate of 30 % could be addressed. The agronomy industry has the ability to accommodate a large number of people as entrepreneurs as well as employees. Job creation at approximately 10 persons per hectare is possible.

Extensive stock farming, on the other hand, creates only one job opportunity per 1 000 hectares.

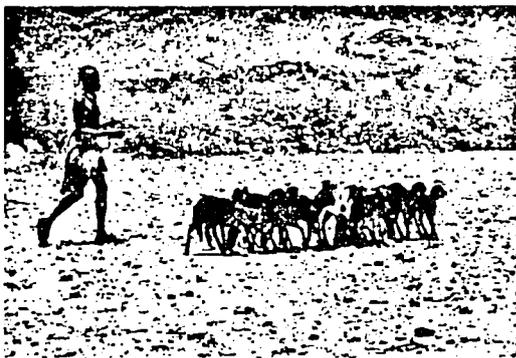
Before new agriculture can be developed the infrastructure in the rural areas has to be developed at a

cost of millions of dollars. A total lack of infrastructure, mostly in the form of permanent water supplies, is the reason for the high proportion of fallow land. Technical expertise and assistance will have to be sought from developed countries to develop the rural areas.

Besides the infrastructure that would have to be developed, supportive services, such as service centres, finance and credit facilities, training facilities and research, will also have to be provided.

Restructuring of the agriculture of the north and communal areas should include the expansion of inland fish production by stocking ponds with fingerlings and by simple culture practices as well as a rich protein source.

Veterinary services will play a key role in agriculture. To promote the optimal production and reproduction of animals, to ensure safe and orderly marketing of animals and animal products, diseases will have to be controlled through research, diagnostic services and meat inspections. For this reason the veterinary services will have to be extended to the rural areas.

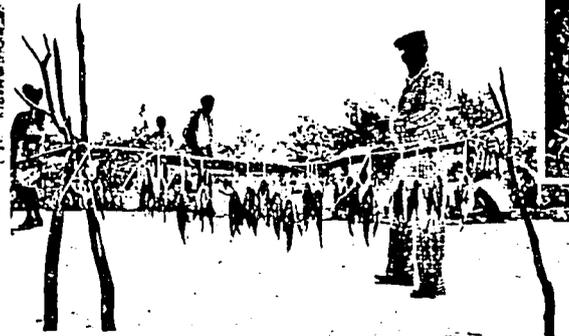




1



2



3



4



5



6



7

1. Agriculture programmes include the improvement of livestock productivity; 2. & 4. Research into and development of crop production, including of mahango (millet), the staple of the northern inhabitants of Namibia; 3. & 6. Expansion of inland fisheries; 5. Namibia is an arid region and subject to droughts; 7. Marketing of surplus produce of small farmers.

236

Fisheries

The fishing grounds off the Namibian coast are considered to be among the richest in the world and a source of possible wealth for the country.

Prior to independence these resources were heavily overexploited by the world's fishing fleets and the stocks seriously depleted. It is estimated that foreign trawlers annually caught fish to the value of R 1,5 billion off the coast of Namibia, without Namibia receiving any income from this.

Following independence, Namibia declared a 200 mile exclusive economic zone (EEZ) to preserve and manage the marine stocks in a responsible manner for the long term.

To prevent the world's fishing fleets from operating in these waters without authorization - especially when the government has restricted permits to allow the sources to recover - Namibia needs a surveillance programme in its EEZ and the capacity to arrest offenders and to bring them to justice.

Namibia will need to launch a programme of scientific analysis and research of its marine sources. Costly equipment will be needed for this programme.

A factor which could inhibit the development of

Namibia's own fishing fleet, is the status of Walvis Bay. Although the Constitution of Namibia declares that Walvis Bay and the off-shore islands are part of Namibia, these are still controlled by South Africa through a colonial pact signed with Britain in the nineteenth century.



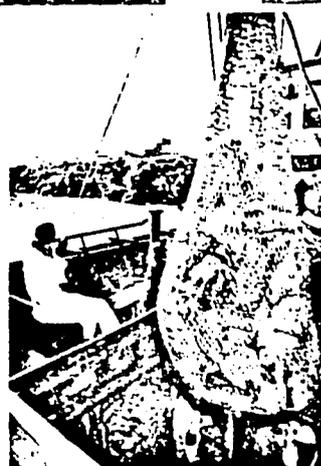
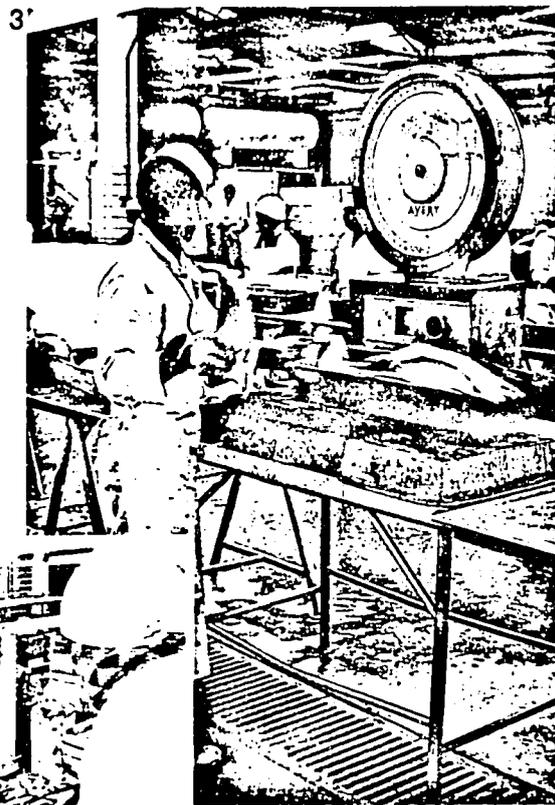
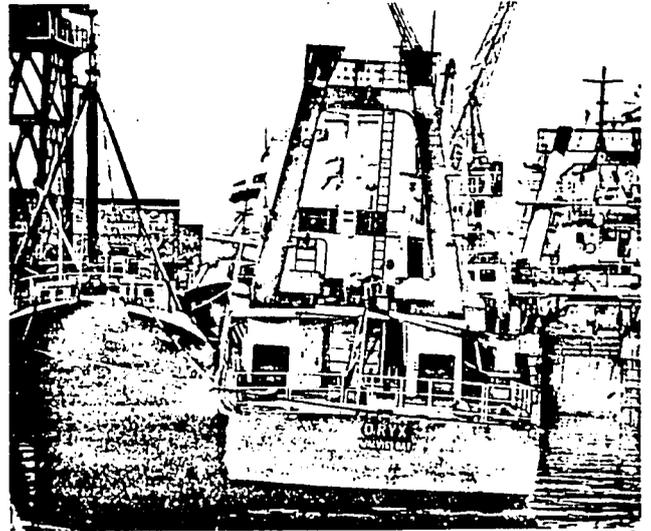
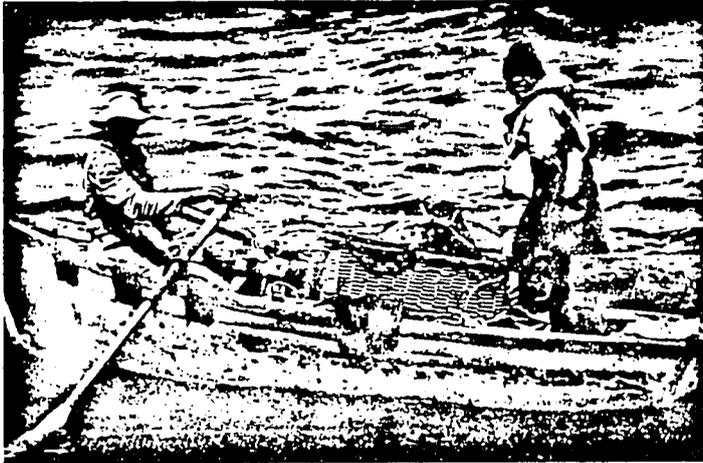
Walvis Bay is the centre of the pelagic industry and a large portion of the deep sea industry. Although this port possesses all the infrastructure required for the expansion of the fishing industry, including processing facilities, it would be preferable not to develop these resources on so-called foreign soil. Namibian inspectors and control officers would have no jurisdiction as far as transshipment and processing is concerned.

The only harbour, Lüderitz, is approximately 1 000 km south of the most important fishing areas. The rock-bottomed harbour would be difficult to expand as it is very shallow.

Fishery programmes which were identified, include:

Surveillance and control of fishing in the Namibian EEZ; Fisheries resource analysis and management; Support for development of fishing industry; Other development plans for fisheries.





1. Namibia will need funds to finance surveillance and control of fishing in its EEZ as well as for analysis of its fisheries resources and management thereof. 2. - 5. The status of Walvis Bay places a burden on independent Namibia. Walvis Bay is the centre of the pelagic fishing industry and has the infrastructure, including fish processing factories, for expansion. 6. Fishing with a fish-trap in Owambo.

Water

Namibia is one of the arid regions of the world due to its low rainfall and the high evaporation rate. It has perennial rivers only on its northern and southern borders. It therefore has to rely to a great extent on its groundwater resources.

The development of new water schemes to sustain the expected growth of the economy requires an annual expenditure of some US \$ 30 million. It is estimated that about two thirds of this amount should be financed by foreign aid.

Over the past 20 years an extensive water supply system was built to provide water to the economic sector and for socio-economic purposes. The total investment in the water supply system is estimated to be \$ 3 billion in 1990 money values. It is imperative that this investment should be protected as it forms the basis for future expansion, integrated with other national development priorities.

To sustain water supply to the economic sector, it is important that certain water schemes - particularly in the Owambo and Western regions - be augmented. This is most critical to the fishing and mining industries on the West Coast. Since the alluvial aquifers are being over-taxed, the enhancement of recharge to these aquifers should be implemented and additional water sources be identified and developed.

The current water supply system does not feed all of the rural areas. To implement its ambitious agricultural development programme, the Government will have to extend the rural water supply system for domestic use and stock watering in Owambo, Kavango, Caprivi and Bushmanland.



Water programme which were identified include:

Groundwater investigation and strategic water planning; Water supply infrastructure and upgrading; Eastern water carrier and related water system; Water supplies for Northern and Western region development; Water supplies for other development.

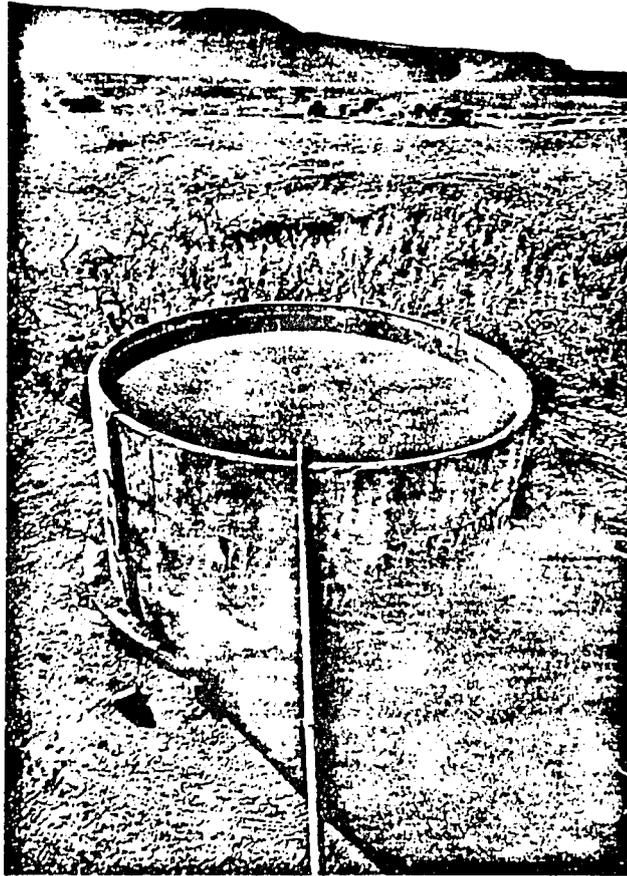
Agricultural programmes which were identified, include:

Integrated rural agricultural support centres; Programme to develop land for agriculture; Programme to improve livestock productivity; Research centres; Programme for agricultural research; Training for agriculture; Agricultural marketing and agro-industries; Financial services for agriculture; Food security programme; Inland fisheries expansion; Other development plans for the agriculture sector; Surveillance and control of fishing in the Namibian EEZ; Fisheries resource analysis and management; Support for development of fishing industry; Other development plans for fisheries; Forestry resource management and research; Forest rehabilitation and woodlot development; Other development plans for forestry.





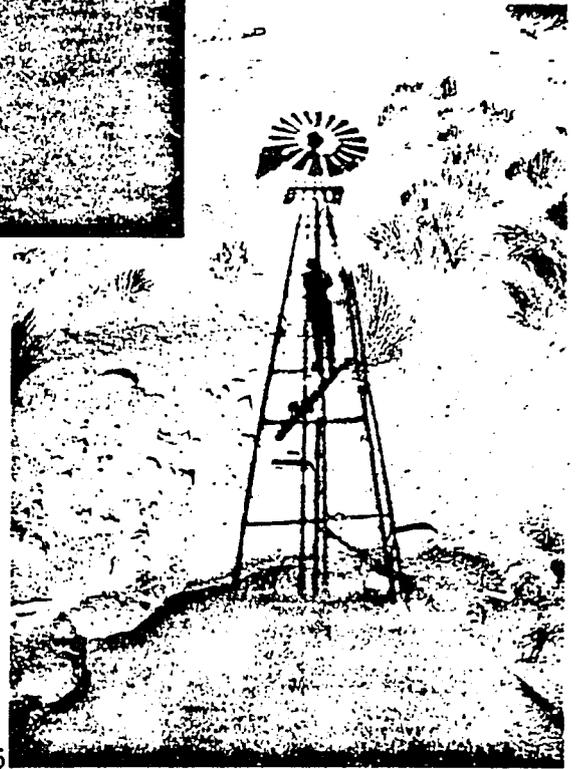
1



3



4



5

6



Without the maintenance and expansion of existing water supply systems, development plans for the world's youngest nation will remain a dream. 1. The Eastern Water carrier. 2 - 5. The lack of reliable water supplies has caused that great parts of Namibia's agriculture land lies fallow. 6. Namibia has perennial rivers only on its southern and northern borders.

of the family of nations.

Health

Independent Namibia started with a highly fragmented health care system based on the classification of Namibians into ethnic groups by the previous regime.

This resulted in the costly duplication of facilities and services, serious neglect of rural, preventative, primary, occupational and community health care and a mostly curative system centred in urban areas. Because of this legacy, health facilities, manpower and equipment are unequally distributed and technology is inappropriate.

Most Namibians live in poor and overcrowded homes. Water supplies are inadequate and unsafe and sanitary conditions are substandard. As a result many suffer from environmentally related and preventable conditions, with mothers and children as the main victims.

Following independence, Namibia is experiencing an exodus of highly qualified manpower and senior nursing staff to South Africa. The World Health Organisation already identified urgent needs in terms of training, fellowships and in some instances the provision of seconded technical experts that will be necessary for the next two years to stabilise skilled manpower resources.

Although training is needed on all levels, there is a particular need for training nurses, who are mostly not adequately trained and inadequately qualified but are expected to handle enormous workloads.

Approximately two thirds of the population live in the northern regions, the territory that bore the brunt of the armed conflict prior to independence. Diseases like malaria and tuberculosis, previously under control, assumed epidemic proportions. The security situation made the development of primary health care (PHC) services virtually impossible.

Many clinics in the north were erected many years ago, are small and/or in a dilapidated state and are hopelessly inadequate. A considerable number of patients from southern Angola who stream across the border further compromise these already crowded facilities.

PHC facilities in the north are poorly equipped and understaffed. Essential equipment required for the rendering of services, particularly maternal and child care as well as immunisation services, is either old, defective, out of order or non-existent. Many clinics do not have scales for monitoring growth or nutritional surveillance or have adequate equipment to preserve vaccines.

The desperate need for assistance in health care in the north can be illustrated by the case of the Engela Lutheran Mission Hospital, which serves the densely populated Okwanyan district. It treats in excess of 50 000 patients annually. Constructed in the 1920's from earthen brick walls plastered with cement, and corrugated iron roofs for the main buildings, most of the hospital is now unsuitable for habitation. Pit latrines supported by unhygienic and inadequate ablution facilities are provided in an outside building and essential hospital equipment is either old or altogether lacking.

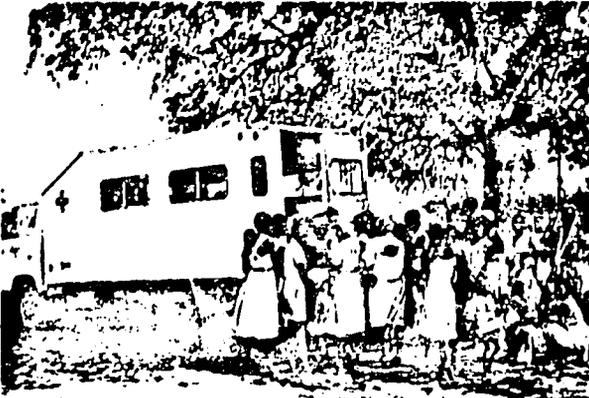
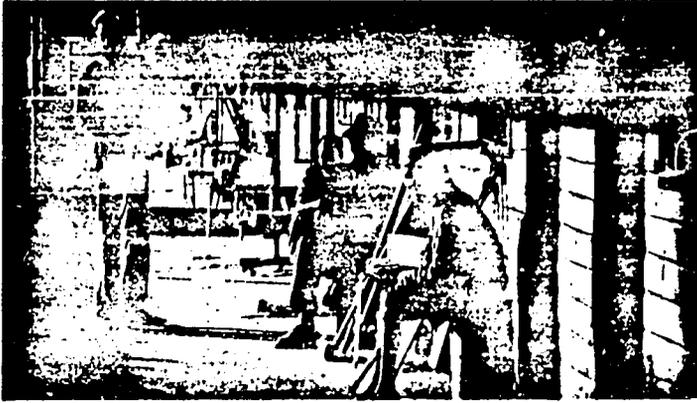
The Engela Hospital is totally understaffed. At present there are no doctors, not even visiting ones and the appointment of nurses has been cut by the previous ethnic administration.

Having embraced WHO's goal of *Health for all in the year 2000*, the Namibian Government is in dire need for assistance to implement its policy of equitable provision of health services, making primary health services the focal point.

Health programmes which were identified, include:

Health policy, administration and planning; Training health professionals and sub-professionals; PHC staff - recurrent costs for enlarged PHC programme; Construction of PHC community health centres; Construction of PHC clinics; Accommodation for PHC staff; Furniture and equipment for expanded PHC programme; Transport equipment to expand PHC programme; Other ambulance and transport equipment; District hospital rehabilitation and maintenance; Referral hospital upgrading and maintenance; Psychiatric health; Social services; Health promotion; Other activities in the health sector.





1. Due to the fragmented health services of the past, Namibian leaders have to work out a new policy for the administration and planning of health and social services. 2. - 4. Primary health care was severely neglected in Namibia. 5. & 6. An independent Namibia will have to upgrade its community and primary health care to successfully tackle problems such as gastroenteritis, malaria and tuberculosis.

Education

"human resources - not capital, nor income, nor material resources - constitute the ultimate basis for the wealth of nations ..."

An estimated 65 % of Namibians cannot read or write. Over 80 % of its teachers are either under qualified or not trained at all. In 1989 the pass rate in the final examination of Std. 8 (10th year of schooling) was 20 %.

This is the grim legacy of the policy of racial segregation, where every ethnic group provided for its education from personal income tax collected among its members and unequal contributions from the central government.

In this way the vicious circle of the already more affluent groups maintaining their monopoly on knowledge was perpetuated, while the poor majority could not afford to offer their children the educational opportunities to find employment nor to redress the situation.

A point in case was the Windhoek Teachers Training College run at 10 % capacity under the now-defunct Administration for Whites, who refused to share these premises for the training of teachers from other ethnic groups.

A general lack of appreciation of the value of investment in education prevails in Namibia. Many companies preferred to recruit skilled and semi-skilled workers against high wages to training the unemployed. Another problem is the highly academic school curriculum, which, without additional tertiary education or practical training, is of no value to employers who need practical workers or to the matriculant who wishes to enter the job market.

Education is therefore a priority for the long term development of Namibia. The Ministry of Education, Culture, Youth and Sport is faced with the task of consolidating several different educational administrations into a national organisation. The fact that only one in eight students can progress from primary to secondary education, due to a lack of facilities, necessitates the expansion of the system. The largely insufficient skills and qualifications of teachers have to be improved.

Changing the primary medium of education from Afrikaans to English means that the curriculum and textbooks have to be revised.

These are some of the major challenges facing the Government in order to achieve a fair and equitable educational system that serves all Namibians.

Schools	1 153
Pupils	374 26
Teachers	12 525

Educational programmes which were identified, include:

Education policy, administration and institutional development; Curriculum development, text books and learning aids; Buildings/facilities for primary education; Support (recurrent costs) for primary education; Buildings/facilities for secondary education; Support (recurrent costs) for higher education; Buildings/facilities for vocational education; Support (recurrent costs) vocational/technical education; Support (recurrent costs) adult and informal education; Teacher training and skills development; Housing for teaching staff; Sports programme for students and youth; Special education programme; Other development plans for the education sector.





1



3



4



5

1. & 3. It is estimated that only one in every eight primary school pupils progress to secondary school due to a lack of facilities. 2. A tent serves as classroom for adult education in Bushmanland. 4. For those blacks parents, who could afford it, a private school, such as St George's College, was the only way to ensure a balanced education for their children. 5. The Namibian government now has to consolidate different ethnic education administrations into a national organisation.

Housing

Namibia's towns and cities are expanding at explosive rates due to the annual population increase of 3,5% and accelerated rural migration. Job opportunities and the higher standard of social services regarding health, education, electricity and water supply as well as sanitation are the main attraction of urban centres.

This resulted in an acute shortage of houses followed by a large number of squatter settlements in many areas throughout the country and severe overcrowding in peri-urban communities. An example of this is the notorious "single quarters" found in Namibian towns.

The present backlog in housing units is estimated at 45 000 which would require a minimum amount of R 900 million to address. It is clear that this amount of money is totally out of reach of the Namibian government. Without external assistance it can never hope to get ahead of the problem.



Aggravating the problem, is the poor condition of many existing houses in both urban and rural areas, with inadequate or non-existent water and electricity supply, roads and sanitary services.

Few Namibians can afford houses because of the high cost of construction relative to the low level of income of the majority of the population. In the past municipalities enforced unreasonably stringent

conditions regarding the servicing of even and construction standards within a third world context thereby effectively discouraging the building of homes. Even for the middle income group it is virtually impossible to purchase a home without subsidy, especially when considering the 5% increase in the interest rate on bonds during the past two years to a staggering 21% at present.

The unreasonably high cost of construction in Namibia is caused by the absence of a local building material manufacturing industry and the consequent dependence on South African imports together with a 30% inflation rate in this sector.

Considering the staggering amounts involved in solving the housing crisis, the prospect of every Namibian having a roof over his head is a bleak one indeed.

Housing programmes which were identified include:

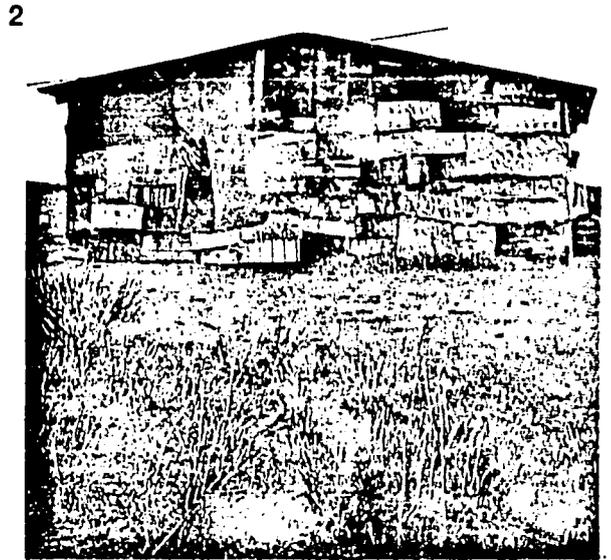
Development of sites for affordable housing; Programme to upgrade existing low-income housing
Financial services to support home ownership
Improved transport for low income communities
Institutional development to support housing
Support for development of housing construction industry; Support for self help and community housing projects; Sewage and water services for housing development.



The ²⁶⁷youngest member



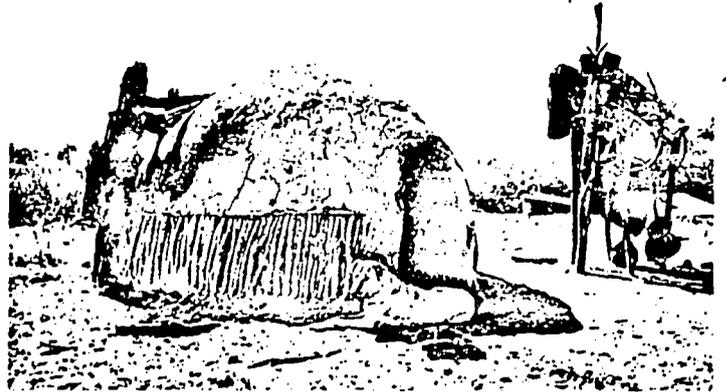
1



2



3



4



5



6

1. Low income housing in Katutura forms the backdrop for an informal soccer game. 2., 5. & 6. In the past too strict municipal regulations put affordable housing out of the reach of many Namibians and squatter settlements grew. 3. Besides the housing backlog that needs urgent attention, the Namibian government also wants to upgrade existing low-income housing. 4. A mixture of dung and mud is smeared onto the traditional Ovahimba hut.

166

Infrastructure

Namibia is relatively well endowed with infrastructure, if the general statistics with regard to its roads, railways, telecommunications and water supply schemes are taken by and large.

A closer look, however, reveals that there are tremendous differences in the standards and distribution of infrastructure between the central and re-latively well-developed areas and the rural areas, especially in the north, where more than 60% of the population lives.

Unless these areas are supported by the development of the infrastructure, social upliftment and utilisation of human and natural resources in these areas will forever remain a dream and many of the potentials and ideals of the independence process will be thwarted.

The development of secondary and trunk roads in the north has been neglected and existing roads have deteriorated due to the war situation of the past years. A national programme must be implemented to improve the secondary and feeder roads. An immediate priority is the road system in Owambo. By using labour intensive methods, there could be economic benefits in the form of employment during the construction period.

Road links to neighbouring countries, other than the Republic of South Africa, would open up trade between Namibia and its neighbours. Envisaged road and rail projects in countries such as Botswana and Zambia should be seen in a regional context and the concurrent development in Namibia supported.

Road and rail links with Zambia, would sustain development in Caprivi. Besides connecting Namibia to the Central Africa rail network, building of a rail link would be a labour intensive project and would thus put money into circulation in this neglected area.

For the maintenance of the rail network, Namibia needs a heavy repair workshop. At present all heavy repair/maintenance work is carried out in South Africa. A workshop in Namibia would reduce maintenance costs considerably whilst improving rail wagon availability and creating job opportunities.

Prior to independence all aspects of maritime affairs were handled by the South African authorities. Namibia faces a unique problem as Walvis Bay under South African control and the only other harbour, at Lüderitz, is not a viable alternative as it is too shallow.

Air transport services also relied heavily on technical support from South Africa, particularly for aircraft maintenance and the training of technical staff. As the flow of air traffic into Namibia has increased after independence, Namibia will have to make the training of technical staff, including air traffic control staff, a priority. Some of the airfields should also be upgraded to serve the integral need more safely. Namibia also needs repair facilities for big aircraft.

In the main centres of Namibia the electric power supply is adequate, yet many peri-urban consumers still do not have access to electricity. To improve housing conditions and to encourage growth of small business and employment, a long term programme to expand the reticulation of electricity will have to be launched.

Namibia's high voltage national electrical transmission system is linked with South Africa and power is, at times, still imported from South Africa. With modifications to the distribution grid and additional power generating capacity, Namibia should be able to export power to neighbouring countries of the SADCC as well as to South Africa.

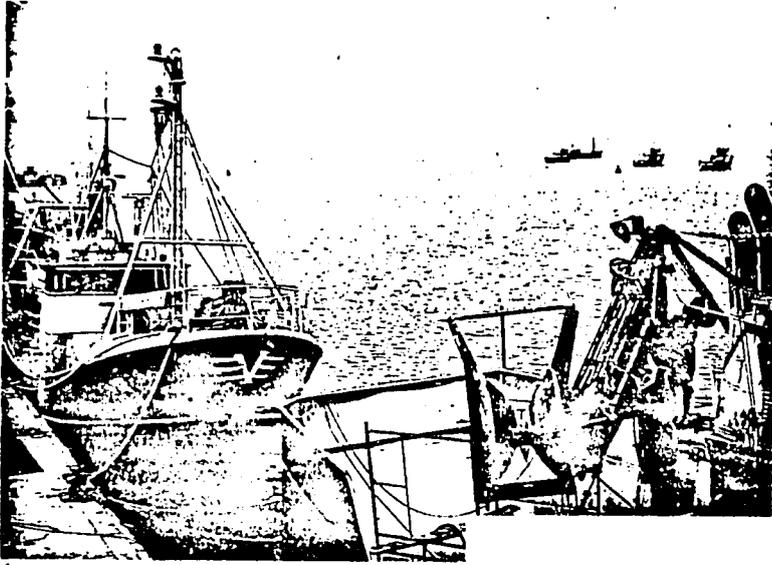
Only by upgrading its infrastructure network to rural areas, will Namibia be able to improve the living conditions of its inhabitants. With all the other ambitious projects of the elected government of the world's youngest nation, this entails a capital outlay for which it can not generate the funds from its own sources.

Infrastructure programmes which were identified, include:

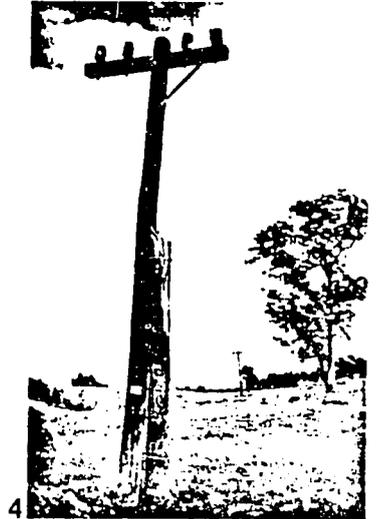
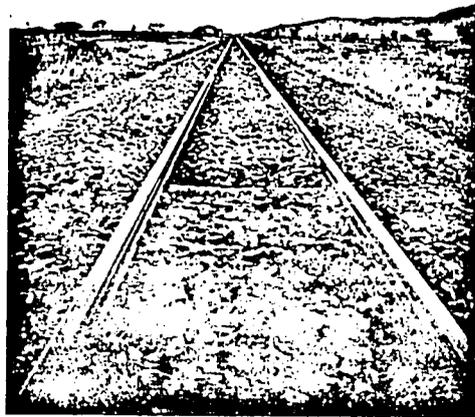
Air transport service support; Broadcasting system modernisation and strengthening; Low voltage consumer distribution and rural electricity;

(continued on page 7)





2



5



7

1. Programmes for development in Namibia, include maritime support; 2. 3. & 6. The establishment of a heavy repair workshop for the rail network and research into establishing rail links with Zambia. 5. Repairing a road in Windhoek. 7. A main "road" in Kaokoland. 4. Other projects include the modernisation and maintenance of the telecommunication system and strengthening of the broadcasting system.

of the family of nations

26/3

Other programmes

"Now that Namibia has won its national sovereignty, the struggle for national reconciliation, economic independence and well-being has begun," said the Prime Minister, Mr Hage Geingob, at donor consultations in New York on 23 April 1990.

Namibia begins its independence with a difficult period of reconstruction, rehabilitation and restructuring of old institutions and policy. This process of restructuring started in the Government Service, with the reorganisation of Ministries and government offices.

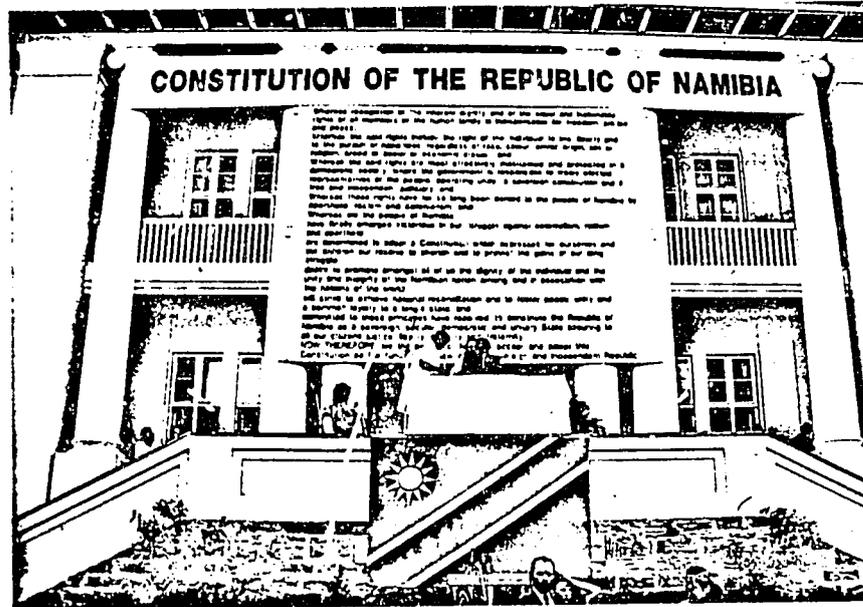
The scale of this process was enlarged and made more costly by the need to eliminate the racially based administrations of the past and to integrate them into a single structure. Many government structures had to be started from scratch.

The maintenance of law and order and acceptable security standards is a high priority in the restructuring of Government. The Government needs support to expand its legal system and security organisations in the best interest of development in Namibia.

Another aspect that will need urgent attention is employment and wages as this is the most important aspect of economic activity. In the long run, private investment will be the driving force for employment, but in the short term the Government must take the initiative to expand employment in both the formal and informal sectors. Public works will be implemented with labour intensive methods.

The Government will have to give priority to community driven development projects. These projects can be supported by a national development finance institution, such as the proposed Namibian Development Bank. International non-government organisations could provide support for such development programmes within the overall development framework of the Government.

Besides the new government structures, some major new institutions need to be established operate independently from structures previously run by South Africa, such as a Central Bank. Others such as the First National Development Corporation and the National Building Corporation will have to be reorientated and restructured to support the Government's development programme. Before this can be successfully done, detailed studies and planning must be done, for which not only financial assistance but also international expertise will be needed.



Other programmes which were identified, include:

Government institution strengthening and reorientation; Institutional framework to support development; Government buildings and facilities; Socio-economic community development programme; Support

for job creation and small business development; Law and order, maintenance of security; Support for Meteorological Department; Support for the tourist industry.

Infrastructure (continued from page 18)

Extension high voltage electric power distribution (GRID); Electric power generating capacity expansion; Railway maintenance and rolling stock upgrading; Support for maritime affairs; Strengthening transport links with SADCC countries; Trunk road upgrading of internal road network; National secondary and feeder road system upgrading; Support to the Department of Transport; Telecommunication system modernisation and maintenance.

264





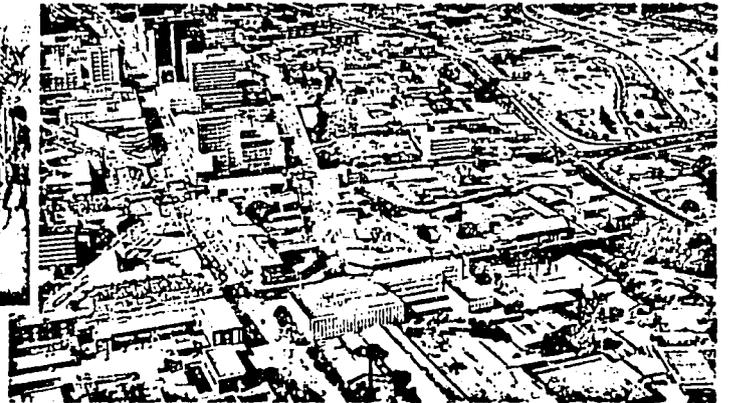
1



2



3



4



5



7

1 - 7. Namibia now faces major obstacles in its struggle for reconciliation, economic independence and well-being. Besides the restructuring of the Government machine, community development and job creation will be priority projects.

Facing the future

The Government of the Republic of Namibia is formed in terms of the Namibian Constitution which was unanimously adopted by the 72-member Constituent Assembly on 9 February 1990. A bill of Fundamental Rights and Freedoms is the basis of the Constitution. The Constitution lays down the division of powers between the executive, the legislature and the independent judiciary,

The executive is headed by the President who is assisted by the Cabinet. The President is elected by direct popular vote for a term of five years. He can be re-elected for a further term of office. However, the first President of independent Namibia was elected by the Constituent Assembly.

The bicameral legislature consists of the 78-member National Assembly, elected for a term of five years, and the National Council consisting of two members of each geographical region as defined by an Act of Parliament (National Assembly). The National Council reviews bills passed by the National Assembly and recommends legislation on matters of regional concern. Members of the National Council are elected for six years from members of the various Regional Councils.

The Judiciary of Namibia is independent and subject

only to the Constitution and the law. A Supreme Court, a High Court and a number of Magistrate and Lower Courts share the judicial power. To guard fundamental rights the Constitution furthermore provides for the appointment, on recommendation of the Judicial Service Commission, of an Ombudsman to report to the executive and the judiciary on a irregularity or violation of a fundamental right by an organ of state or a private institution.

Regional and local authorities, as established by Act of Parliament, consist of freely elected Regional and Local Authority Councils and function as local

units of State Government. For the utilisation and control of communal land the President will be assisted by a Council of Traditional Leaders. Also to be created by an Act of Parliament



The Constitution furthermore empowers Parliament to establish a Namibian police and defence force, the commanders of which are appointed by the President.

A number of statutory policy commissions advise the President on relevant matters of state. These include the Judicial Service Commission, the Public Service Commission, the Security Commission and the National Planning Commission.

271



Office of the President

His Excellency Pres. Sam Nujoma



Deputy Minister for State Security
Mr Peter Tshirumbu

Permanent Secretary
Mr Eddie Amkongo

State House
Leutwein Street
Private Bag 13339
Windhoek
Tel. 220010



Office of the Prime Minister

Prime Minister
Hon. Hage Geingob

Permanent Secretary to the Cabinet
Mr Nangolo Mbumba

Permanent Secretary of the Prime Minister
Mr Petrus Damaseb

Office of the Prime Minister
Private Bag 13338
Windhoek
Tel. 220230
Fax. 226189
Telex 3112



Ministry of Home Affairs

Minister
Hon. Hifikepunye Pohamba

Deputy Minister
Mr Nangolo Ithete

Permanent Secretary
Mr Ndali Kamati

Cohen Building
Casino Street
Private Bag 13200
Windhoek
Tel. 221361
Fax. 223817
Telex 403



Ministry of Finance

Minister
Hon. Dr Otto Herrigel

Permanent Secretary
Mr Godfrey Gaoseb

Fiscus Building
John Meinert Street
Private Bag 13295
Tel. 3099111
Fax. 36454
Telex 3369

The Government



Ministry of Foreign Affairs

Minister
Hon. Theo-Ben Gurirab

Deputy Minister
Ms Netumbo Ndaitwah

Permanent Secretary
Mr Andreas Guibeb

Fourth Floor
Government Offices
Private Bag 13347
Windhoek
Tel. 221361
Fax. 223937
Telex. 655 MINFA



Ministry of Education, Culture, Youth and Sport

Minister
Hon. Nahas Angula

Deputy Minister
Mr Buddy Wentworth

Permanent Secretary
Mr Vitalis Ankama

Educom Building
Kaiser Street
Private Bag 13186
Windhoek
Tel. 221327
Fax. 36326



Ministry of Defence

Minister
Hon. Peter Mueshihange

Deputy Minister
Mr Phillemon Malima

Permanent Secretary
Mr Frans Kapofi

Bastion
Curt von Francois Street
Private Bag 13307
Windhoek
Tel. 2042005
Fax. 2049111



Ministry of Health and Social Services

Minister
Hon. Dr Nicky Iyambo

Permanent Secretary
Dr Solomon Amadhila

Old State Hospital
Nightingale Street
Private Bag 13198
Tel. 32170
Fax. 33419





Ministry of Information and Broadcasting

Minister
Hon. Hidipo Hamutenya

Deputy Minister
Mr Dan Tjongarero

Permanent Secretary
Mr Vezera Kandetu

Second Floor
Government Offices
Private Bag 13344
Windhoek
Tel. 222310 or 220241
Fax. 222343 or 3082180
Telex 2123 MIB



Ministry of Mines and Energy

Minister
Hon. Andimba Toivo ya Toivo

Deputy Minister
Mr Helmut Angula

Permanent Secretary
Dr Leake Hangala

Trust Bank Centre
Kaiser Street
Windhoek
Tel. 226571
Fax. 38643



Ministry of Labour and Manpower Development

Minister
Hon. Rev. Hendrik Witbooi

Deputy Minister
Mr Hadino Hishongwa

Permanent Secretary
Mr Tuli Hiveluah

United House
Bülow Street
PO Box 1117
Windhoek
Tel. 3979111
Fax. 225674
Telex 496



The Government



Ministry of Justice

Minister
Hon. Dr Ngarkutuke Tjirange

Deputy Minister
Mr Reinhard Rukoro

Permanent Secretary
Dr Albert Kawana

Justitia Building
Kaiser Street
Private Bag 13248
Windhoek
Tel. 38110
Fax. 221615
Telex 635



Office of the Attorney- General

Attorney-General
Mr Hartmut Ruppel

Parliament (Tintenpalast)
(temporary)
Private Bag 13345
Windhoek
Tel. 3089111
Fax. 3082048



Ministry of Wildlife, Conservation and Tourism

Minister
Hon. Nico Bessinger

Deputy Minister
Ms Pendukeni Ithana

Permanent Secretary
Mr Hanno Rumpf

Fifth Floor
Government Offices
Private Bag 13346
Windhoek
Tel. 220241
Fax. 221930



Ministry of Local Government and Housing

Minister
Hon. Dr Libertine Amathila

Deputy Minister
Mr Jerry Ekandjo

Permanent Secretary
Mr Nghidimondjila Shoombe

Tintenpalast (temporary)
Private Bag 13289
Windhoek
Tel. 3089111
Fax. 3082048



Ministry of Trade and Industry

Minister
Hon. Ben Amadhila

Deputy Minister
Mr Reggie Diergaardt

Permanent Secretary
Mr Tsudao Gunrab

Nasboukor Building
(temporary)
Omuramba Road
Private Bag 13340
Windhoek
Tel. 3062129



The youngest member



**Ministry of Works,
Transport and
Communication**

Minister
Hon. Richard Kapelwa Kabajani

Deputy Minister
Mr Klaus Dierks

Permanent Secretary
Dr Peingeondjabi Shipoh

Reobother Road
Private Bag 13341
Windhoek
Tel. 31811
Fax. 224060
Telex 709



**Ministry of Agriculture,
Fisheries, Water and
Rural Development**

Minister
Hon. Gerhard Hanekom

Deputy Minister
Dr Kaire Mbuende

Permanent Secretary:
Agriculture and Rural
Development
Mr Vilho Hipondoka

Leutwein Street
Private Bag 13184
Windhoek
Tel. 3029111
Fax. 224566



National Planning Commission

Director-General
Dr Zedekia Ngavirue

Sixth Floor
Government Offices
Private Bag 13289
Tel. 222715 or 220241

Permanent Secretary:
Water and Fisheries
Mr Calle Schlettwein

M & Z Building
Kaiser Street
Private Bag 13193
Windhoek
Tel. 3969111
Fax. 32581
Telex 824



**Ministry of Lands
Resettlement and
Rehabilitation**

Minister
Hon. Marco Hausiku

Deputy Minister
Dr Marcus Shivute

Permanent Secretary
Ms Ulitala Heveluah

Private Bag 13289
Windhoek
Tel. 3069111 x 2155/56/57
Fax. 3082048
Telex 9083213



Office of the Auditor-General

Auditor-General
Mr Jan Jordaán

Landbank Building
Post Street
Private Bag 13299
Windhoek
Tel. 37443
Fax. 224301

This publication was compiled by the Ministry of Information and Broadcasting, Private Bag 13344, Windhoek, 9000, Namibia, Tel. (061) 220241/3082134, in May 1990 with the assistance of Mr T. Peter Burgess of the United Nations Development Programme.

Editorial staff:

Rianne Selle (editor)
Birgitt Coetzee

Photographs:

Databank of the Ministry of Information and Broadcasting

Front page:

Hope and Optimism, John Muafangejo, linocut, 1984,
Copyright 1990: Orde Levinson

Design:

Lintas: Namibia, PO Box 11651, Windhoek, Tel. (061) 225865

Reproduction:

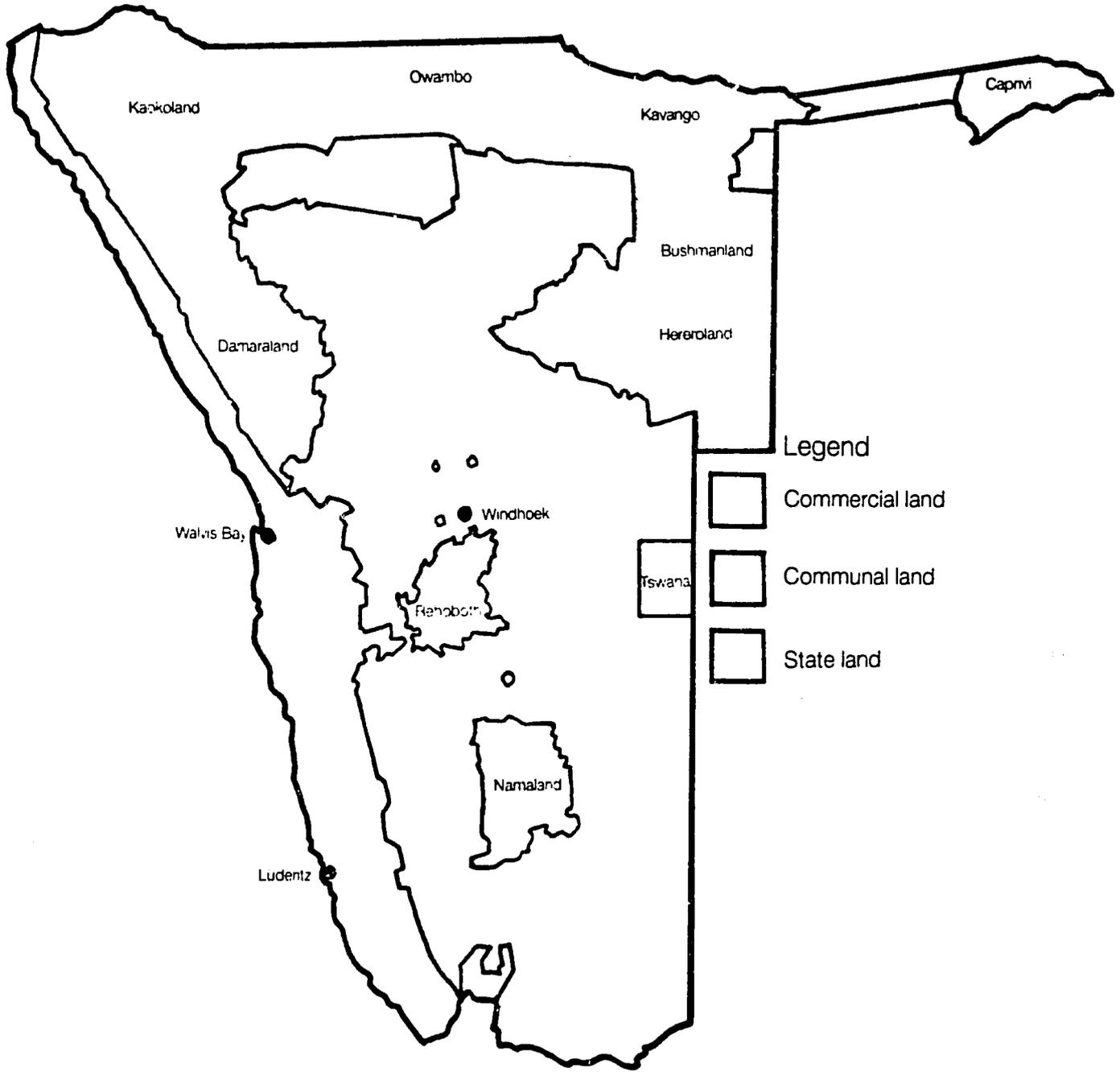
Hirt & Carter (Namibia) (Pty) Ltd.

Printers:

Windhoek Printers & Publishers

The youngest membe

277



of the family of nations

Department of State

PAGE 02 OF 02 WINDHO 01784 00 OF 04 061418Z
LIKEWISE, THE BANK WILL FACILITATE TRANSFERS OF AFTER-TAX PROFITS AND DIVIDENDS, INVESTMENT SALE PROCEEDS, AND CAPITAL REDUCTIONS. DEPENDING ON THE DEAL WITH THE GON, CERTIFICATE HOLDERS MAY ALSO BE ALLOWED TO RETAIN ABROAD FOREIGN CURRENCY PAYMENTS FOR PRODUCTS EXPORTED FROM NAMIBIA. THE BANK IS FOR THE TIME BEING SUBJECT TO GON OBLIGATIONS AS PART OF THE RAND COMMON MONETARY AREA. THE BANK CAN CHOOSE TO SELL FOREIGN CURRENCY TO A CERTIFICATE HOLDER IN INSTALMENTS TO AVOID ADVERSE EFFECTS ON THE BALANCE OF PAYMENTS. NON-STATUS INVESTORS ARE PRESUMABLY SUBJECT TO THE SAME EXCHANGE CONTROLS ON THE SOUTH AFRICAN RAND AS NAMIBIANS.

SHB6698

WINDHO 01784 00 OF 04 061418Z

SHB6698

ANDIMBA TOIVO YA TOIVO RESPONDED TO OPPOSITION WORRIES THAT NAMIBIAN HAD TO DO MORE TO ATTRACT FOREIGN CAPITAL BY CLAIMING THAT THE MINISTRIES ARE "CRAMMED DAILY BY POTENTIAL INVESTORS" WAITING ONLY FOR THE INVESTMENT ACT. THE GENERAL CONSENSUS, HOWEVER, WAS REFLECTED IN THE REPEATED CALLS TO MOVE BEYOND GUARANTEES TO CREATE INCENTIVES, SUCH AS TAX HOLIDAYS, FOR KEY SECTORS, ENTERPRISES IN THE COMMUNAL LANDS, SMALL BUSINESSES, ETC. AMATHILA PROMISED THAT INCENTIVE PACKAGES WOULD BE FORTHCOMING. OPPOSITION MEMBERS ALSO POINTED TO LABOR UNREST AND PROBLEMS FOREIGNERS ARE HAVING GETTING WORK PERMITS AS INVESTMENT CLIMATE ISSUES NOT ADDRESSED

7. (U) TRANSPARENCY: ALTHOUGH THE ACT DOES NOT DEAL WITH THE SUBJECT OF ACCESS TO LAWS, REGULATIONS AND PROCEDURES, THEY ARE REASONABLY TRANSPARENT ONCE ESTABLISHED. THINGS ARE MORE CONFUSED IN THE FORMATIVE STAGE. FOR EXAMPLE, EMBASSIES AND THE ORGANIZERS OF

BY THE BILL. MUDGE'S QUESTIONS ON WHAT NON-STATUS INVESTORS COULD EXPECT AND WHETHER THE GON WOULD CONSIDER AMENDING THE ACT AS A RESULT OF THE PRIVATE SECTOR INVESTMENT CONFERENCE WENT UNANSWERED.

COMMENT

NEXT FEBRUARY'S PRIVATE SECTOR INVESTMENT CONFERENCE WERE NOT ABLE TO GET A COPY OF THE INVESTMENT BILL FROM THE MTI OFFICE DOWN THE HALL UNTIL AFTER IT HAD BEEN INTRODUCED INTO THE NATIONAL ASSEMBLY.

13. CONTROLLED INFORMATION REMOVED.

8. (U) DISPUTE SETTLEMENT: IF A STATUS INVESTOR DESIRES, A CERTIFICATE CAN INCLUDE A PROVISION FOR BINDING INTERNATIONAL ARBITRATION OF COMPANY-STATE DISPUTES ACCORDING TO THE RULES OF THE UNITED NATIONS COMMISSION ON INTERNATIONAL TRADE LAW OR ANOTHER METHOD BY MUTUAL AGREEMENT. THERE IS NO STATE-TO-STATE ARBITRATION PROVISION.

9. (U) EMPLOYMENT: THE ACT HAS NO PROVISION REGARDING EMPLOYMENT FOR TOP MANAGEMENT OF FOREIGN-OWNED FIRMS. THE GON HAS RECENTLY BEEN DENYING WORK PERMIT EXTENSIONS FOR FOREIGN NATIONALS ON A REGULAR BASIS.

10. (U) PERFORMANCE REQUIREMENTS: THE ACT NEITHER PROHIBITS NOR ESTABLISHES PERFORMANCE REQUIREMENTS. AT PRESENT THERE ARE NO LOCAL CONTENT OR EXPORT REQUIREMENTS.

THE NATIONAL ASSEMBLY DEBATE

11. (U) THE FOREIGN INVESTMENTS ACT WAS UNANIMOUSLY ADOPTED ON DECEMBER 4 WITHOUT AMENDMENT AFTER THREE DAYS OF CONSIDERATION. PRESENTING THE BILL AS PART OF THE GON'S MIXED ECONOMY POLICY, MTI MINISTER AMATHILA

SAID IT WOULD ESTABLISH A "LIBERAL FOREIGN INVESTMENT REGIME" BY PROVIDING "CERTAIN BASIC GUARANTEES" WHILE GIVING "SPECIAL RECOGNITION" TO "ECONOMICALLY IMPORTANT INVESTMENTS," ACCORDING TO PRESS REPORTS. OTHER SWAPO ASSEMBLY MEMBERS ENDORSED THE BILL'S AIM OF FACILITATING FOREIGN INVESTMENT, BUT WITH RESERVATIONS ABOUT THE IMPLICATIONS OF INTERNATIONAL ARBITRATION FOR NAMIBIAN SOVEREIGNTY, THE NEED TO SUPPORT WORKERS' RIGHTS, AND THE DANGER OF CORRUPT GOVERNMENT OFFICIALS APPROVING "UNQUALIFIED" INVESTMENTS. AS DEPUTY AGRICULTURE MINISTER KAYRE MBUENDE PUT IT, "WE SHOULD NOT NEGATE OUR PRINCIPLES IN AN EFFORT TO CREATE A FAVORABLE INVESTMENT CLIMATE."

12. (U) DTA OPPOSITION LEADER DIRK MUDGE WELCOMED THE LEGISLATION AS A CHRISTMAS PRESENT, BUT WORRIED THAT IT WAS MORE RESTRICTIVE THAN STIMULATIVE AT A TIME WHEN NAMIBIA CANNOT AFFORD TO BE CLOSING OFF INVESTMENT OPPORTUNITIES THROUGH SCREENING. MINING MINISTER

END COMMENT. HOLMES

280

NAMIBIA'S OWN CURRENCY

The Commercial
Bank of Namibia Ltd.



November 1990

This report has been prepared for the information of clients and staff of the Commercial Bank of Namibia Ltd.

The Bank of Namibia came into being on 1 August 1990. Prior to this date the Windhoek branch of the South African Reserve Bank acted as a note and coin issuance agent for the Reserve Bank. The Bank of Namibia has continued to offer this service as it develops the other functions of a Central Bank.

One of the important functions will be to act as the issuer of currency, to print notes and mint coins and to issue them as legal tender. This is one of the urgent tasks of the Bank of Namibia.

As a financial institution, The Commercial Bank of Namibia is often faced with questions from the public, business and Government on this subject. This report examines the criteria involved in the introduction of a new currency, by answering five of these important questions.

5 Questions

1. What are the pros and cons of introducing our currency as opposed to using the South African Rand?
2. When would the best time be to introduce our own currency?
3. Should the currency be pegged to the Rand or against a basket of currencies?
4. Should a new currency be introduced alongside the Rand, which would remain legal tender, to determine the volume of currency circulating in Namibia?
5. Is the building up of strong reserves a prerequisite for the introduction of a new currency?

Introduction

The B.L.S. group of countries each opted for different methods of introducing their own currency. Botswana opted to remain within the R.M.A. (now C.M.A.) for 10 years, whereafter the Pula was introduced. The Pula has since 1980 been pegged to a basket of currencies. They have maintained an inflation rate below that of its neighbour, South Africa and have experienced high national growth. In so doing, they have been able to build up a valuable quantity of foreign reserves.

Lesotho continues to use their own currency, the Maloti, pegged one for one to the Rand. Lesotho is a landlocked country and relies heavily on South Africa. The Maloti will therefore continue to be pegged to the Rand in the future.

Swaziland withdrew from the R.M.A. agreement in 1986 for several reasons. However, the currency has been pegged to the Rand since 1974, when they became a member of the de jure R.M.A. Agreement. Today the currency remains pegged to Rand. Whether they release the Lilangeni from the Rand or maintain the status quo, remains to be seen. In the meantime however, the Swazi Government has opted to continue its relationship with the Rand, in spite of some of the obvious negative consequences - the weak Rand for example.

Answers to the questions

- 1) In the absence of economic conditions which will result in a strong currency and accumulation of foreign reserves, we would prefer Namibia to continue using the South African Rand as legal tender.

Several advantages of this would be:

- 1) The expertise and services of money and capital market bankers will continue to support the local market.
- 2) Major foreign disinvestments will not affect the state of the Namibian economy as much as if it were functioning off its own money supply.
- 3) Government capital spending will not affect the M3-growth and result in overheating. It will be buffered by the SA money supply.
- 4) Additional investment opportunities will be available to absorb surplus capital and savings.
- 5) Namibia will continue to glean any benefits from South Africa's monetary policies, especially while such expertise is not available here.
- 6) A new currency can be planned and implemented correctly and over time, without causing inconvenience to importers, exporters and the community in general. The high cost of designing and printing a new currency can be spread out to lessen the initial blow.

While we realise that using the Rand as legal tender will delay the implementation of independent policies in Namibia, we believe that this course of action will enhance the long term benefits of our own currency

The disadvantages of not introducing a new independent currency immediately can be summarised as follows:

- 1) Namibia will continue to be affected by South Africa's own Monetary Policies and will have to live with any negative consequences of this. What is good for South Africa is not necessarily good for Namibia.
- 2) Namibia will continue to be subject to strict exchange control measures applied by the S.A.R.B...
- 3) Namibia cannot share in any profits made by the S.A.R.B. through the use of the Rand.

The advantages of Namibia's own currency can be summarised into the following 3 points. These points need not become negative without our own currency and can be accommodated and developed through alternative means until a new currency is established.

- 1) The development of an independent local money and capital market.
 - 2) Accurate trade statistics, money supply and balance of payment calculations.
 - 3) Independent monetary policies and the control of money supply. The Bank of Namibia can function as a Central Bank should.
- 2) Taking the Pros and Cons described above into account, it would be nigh impossible to determine an exact date for the introduction of our own currency. Instead, a sequence of stages should be planned and when each stage is complete, then the next stage will begin. When the time is right, then the date for implementation can be set.
- 3) There are benefits of pegging a currency to another currency or basket of currencies as opposed to a free floating rate. For example, if the Namibian currency were to be pegged to the Deutsche Mark, it would enhance price stability; include favourable changes in the structures of the local economy and stress the importance of economic discipline.

Because more than 90% of imports originate from South Africa and 40% of exports flow to South Africa, Namibia would benefit from a net surplus of foreign currencies against the weak Rand.

However, since it is economically sensible to peg against a currency through which most international trade takes place, the Rand would be the obvious choice to begin. Benefits of pegging against the Rand are as follows:

- 1) Promote trade. No exchange rate risks and a bigger market to absorb surpluses and accommodate shortages, will enhance price stability.
- 2) More complex foreign currency facilities like forward cover, Swaps and offshore financing will continue to function.
- 3) Avoid the duplication of foreign reserves in this region.
- 4) Increase investment opportunities in Namibia. While savings in Namibia will continue to be encouraged, it is important that alternative savings opportunities exist.

Excess savings will result in a downward pressure on interest rates and a flight of capital. Borrowing capital to relieve the shortage, will increase inflation.

- 5) A Namibian currency pegged against the Rand will avoid capital speculators and manipulation of the currency. A new currency may attract currency dealer short term profit motives.

Botswana has enjoyed a stable and strong currency while being pegged to a basket of currencies. This landlocked country however also has a more even spread of trading partners and a strong balance of payments position.

Namibia's situation is different and hence, the currency, should be pegged to Rand until the country is ready to introduce her own currency.

- 4) To introduce a new currency purely to facilitate the calculation of the volume of currency circulating in Namibia, would be shortsighted. Measures should be introduced to calculate the velocity of currency transactions in Namibia, before a new currency is introduced.
- 5) The question of foreign reserves has already been answered. To reiterate, a strong foreign reserve position is important. Because Namibia has an undiversified export sector (only 2 major export commodities), it would be advisable to built up at least 5 - 6 months import cover. The balance of payments position must always balance, although it is not necessarily always in equilibrium. Therefore, it is important to be in a position where deficits or compensatory transactions can be met and corrected.

To conclude, we agree that the implementation of Namibia currency and the method by which it is achieved, is of crucial importance to Namibia. It is also an issue which directly affects the Private Sector.

We look forward to the implementation of a new currency policy, with some broad range of public understanding and acceptability. A characteristic of democracy is that it encourages learning from experiences and we trust that this will be the case in Namibia...

Answers in brief

1. Continue using the Rand until conditions permit the successful introduction of a new currency.
2. Set a sequence of stages, rather than target dates.
3. A new currency should be pegged against the major trading partner's currency, namely the Rand.
4. No, rather than introducing a new currency to calculate the volume of circulation, another method to do this should be used.
5. Foreign Reserves to cover 5 - 6 months imports should be built up.



FINANCIAL RAND

The Exchange Control authorities have currently laid down the following policy in relation to the use of Financial Rand:-

- The existing system, whereby Financial Rand may be held by non-residents with authorised banks on deposit, generating income in Commercial Rand, is retained.
- The automatic authority for investment of Financial Rand in quoted securities, including gilts and semi-gilts, will continue.
- In relation to unquoted shares, Financial Rand may only be utilised for the investment, through a local company, in fixed assets, viz., land, buildings and construction works and the acquisition of machinery and equipment. It also affects donations for schools, hospitals and clinics - as financial rand may only be used for investment in fixed assets.

Where machinery and equipment is to be imported, payment will be permitted with funds created through the Financial Rand system, only after receipt of these items in Namibia, and against the valuation of the plant by a valuator acceptable to the Bank of Namibia. Prepayments will not be permitted from funds created via the Financial Rand system. (It would appear that, under the conditions outlined above, the introduction of Financial Rand for the payment of imported plant and machinery in Commercial Rand will be virtually impossible).

- Financial Rand cannot be used for the creation of working capital.
- Where shares are to be acquired in an existing company (i.e. buy-out) the utilisation of Financial Rand will no longer be permitted.
- Payment for any other assets, including intangibles, may only be made by way of Commercial Rand either as a direct capital introduction or as a foreign loan. The loan will, however, require prior Exchange Control approval. Repayment of the loan will be in Commercial Rand.
- Financial Rand may continue to be utilised for the purchase of industrial and commercial property such as warehouses and office blocks, provided such properties are held in a locally registered company.
- Investments in, and improvements to, farms and residential property will not be permitted.
- No investment of Financial Rands will be permitted if the funds are not readily and immediately available. Accordingly a strict time limit for the introduction of the funds will be applied.
- With the exception of Authorised Banks, no C.M.A. resident or entity in which a C.M.A. resident has an interest may hold or participate in Financial Rand transactions.

N.B. The policy as outlined above can change without prior notice.

Footnote:

C.M.A. stands for Common Monetary Area which includes The Republic of South Africa, Namibia, Swaziland and Lesotho.

The Financial Rand is a policy implemented and controlled by The South African Reserve Bank authorities and applies to all countries who belong to the C.M.A.

FINANCIAL RAND

Investments by Non-Residents in taking-up Shares in Non-Quoted Companies

Exchange Control will entertain requests by non-residents for permission to utilise financial rand for the purpose of taking up shares in new companies and purchasing shares in existing non-quoted companies. More favourable treatment will be given to investments resulting in an increase in economic activity. Such investments are expected to be of a capital nature i.e. establishment of the factory (land, building, machinery etc.), other "bricks and mortar", mining (development), or other various types of investment which could be seen as a stimulation to the economy. Investments via Financial Rand, which comprise of the buy-out of shares in a local company will under the present policy not be considered favourably by the authorities.

Applications for the release of Financial Rand should be accompanied by the following information:

- (i) Full details of the local enterprise (company registration particulars, its object and purpose). Particulars of the holding company and possible subsidiaries/trading companies should be revealed.
- (ii) Domicile/registered address of company.
- (iii) Detailed statement of the existing and proposed capital structure.
- (iv) Particulars of foreign and local participation in local company i.e. ratio of non-resident to resident shareholding which also refers to (iii) above.
- (v) Details on how the envisaged Financial Rand investment will be expended. These particulars should be very detailed and accurate! What will local shareholders (if any) contribute to their equity participation?
- (vi) Where applicable, a copy of the latest available balance sheet. Pro-forma balance sheets of the company reflecting the position prior to and after the proposed transaction should accompany the application.
- (vii) In the event of the non-resident investor being an offshore company, full particulars of the names, domicile and percentage shareholdings of all the shareholders in this company.
- (viii) A feasibility study relating to the project.
- (ix) In the event of a share premium account being created, it should be stated which shares are to be linked and under what circumstances the share premium account will be distributed to these shareholders.
- (x) Any further substantiating information i.e. job creation, economic advantage (import substitution or export possibilities) and potential should be mentioned.

N.B. Financial Rand will not be released for:

- the introduction of loan funds and
- to cover expenses of a current nature.

The above information should be seen as a guideline under the present policy of the Exchange Control authorities. This policy might change from time to time. An application to Bank of Namibia (Central Bank), which formal procedure our Bank will attend to on behalf of a local company, is only as good as the information, which is made available. However, an approval must not be seen as granted, as each application will be decided on merit.

The introduction of loan funds by non-residents from abroad via normal banking channels i.e. Commercial Rand, is also subject to an approval procedure which our Bank will attend to. Particulars in this regard can be discussed with our Exchange Control Department.

BRILUND LTD.
3280 Howell Mill Rd., N.W.
Atlanta, GA 30327
BRILF-o

Statement of Principles signatory: Not applicable (since the principles do not apply to Namibia)

State Dept. signatory: No
(The company is probably exempt because it has fewer than 26 employees in Namibia.)

1988 Namibian sales: NA
Percent of total: NA
Assets in Namibia: NA
Percent of total: NA

Total number of employees in Namibia:

Etosha Petroleum Co. (Pty.) Ltd.
Percent of equity held: More than 50%
Location: Namibia
Product line: Oil, gas and mineral exploration

Number of employees:

African	3
Colored	0
Asian	0
White	2
Total	5

THE INTERPUBLIC GROUP OF COMPANIES INC.

1271 Avenue of the Americas
New York, NY 10020
IPG-n

Sullivan signatory:	Yes
1986 rating:	IIA
1985 rating:	IIIA, IIIB
1984 rating:	IIIB, IIIA
1983 rating:	VI

1986 South African sales: \$9.5 million
Percent of total: 1.1%
Assets in South Africa: \$12.5 million
Percent of total: 1.1%

Total number of employees in South Africa: 344

McCann International (Pty.) Ltd.
1986 Sullivan rating: IIA
Percent of equity held: 100%
Location: Johannesburg
Product line: Advertising agency

Lintas (Pty.) Ltd.
1986 Sullivan rating: IIA
Percent of equity held: 100%
Locations: Sandton (Johannesburg), Windhoek (Namibia)
Product line: Advertising agency

Media Initiatives (Pty.) Ltd.
1986 Sullivan rating: NA
Percent of equity held: 50% or more
Location: NA
Product line: NA

McCann Corporate Services (Pty.) Ltd.
1986 Sullivan rating: IIA
Percent of equity held: NA
Location: NA
Product line: NA

Total number of employees at above subsidiaries:

African	50
Asian/Colored	20
White	274
Total	344

SSC&B: Lintas Worldwide Namibia (Pty.) Ltd.
Percent of equity held: NA
Location: Namibia
Product line: NA
Number of employees: NA

The company told IRRC in August 1987 that it has one inactive South African subsidiary named Adsearch (Pty.) Ltd.