

REPUBLIC OF NAMIBIA



PRESENTATION OF ANNUAL REPORT:

NAMIBIA INVESTMENT PROMOTION AND DEVELOPMENT BOARD

BY

HONOURABLE CHRISTINE //HOEBES

MINISTER IN THE PRESIDENCY

APRIL 2024

PARLIAMENT - WINDHOEK

Honourable Speaker

Honourable Members

It gives me great pleasure to present the Annual Report of the Namibia Investment Promotion and Development Board (NIPDB), for the financial year that ended on 31 March 2023, in compliance with Section 22 of the Public Enterprises Governance Act No. 1 of 2019.

The report provides an overview of operational activities undertaken by the NIPDB between 01 April 2022 and 31 March 2023, in line with the strategic objectives reflected in the organisation's Strategic Plan 2021-2023. Furthermore, it is worthy noting that the reporting period coincides with the conclusion of the NIPDB's first, two-year strategic plan, whose results have been consolidated into this report.

Background:

The Namibia Investment Promotion and Development Board is a public entity under the Office of the President. It was established in November 2020, and officially started operations on 01 April 2021, with Ms. Nangula Uaandja as the substantive Chief Executive Officer.

The creation of a public entity with the specific mandate of facilitating and attracting investments in Namibia, was a strategic intervention implemented following recommendations from the High-Level Panel on the Namibian Economy constituted by His Excellency President Hage G. Geingob in 2019.

In 2020, Namibia was ranked as the second most unequal country in the world, despite an earlier classification as an upper-middle-income country by the World Bank. In simple terms, this means that although Namibia generates high income, there are extreme inequalities in income distribution and living standards in the country. In a demonstration of the stark disparity between the classification and reality on the ground, Namibia was grappling with the triple threat of high unemployment, inequality and elevated poverty. These interlocking challenges, stubborn in their persistence, continue to threaten the long-term sustainability of our economy with profound impact on our people.

In line with the government's commitment to build a more resilient economy for the benefit of all citizens, the NIPDB was established to support government efforts in tackling these multifaceted issues, through leveraging investments and meticulous coordination of the Micro, Small, and Medium-Sized Enterprise (MSME) sector.

Specifically, the mandate of the NIPDB is derived from specific objectives that were

outlined in the appointment letter of the CEO, which are as follows:

1. Promote and facilitate investment by foreign and Namibian investors and new ventures that contributes to economic development and job creation;
2. Implement Namibia's Investment Policy and attendant Strategy;
3. Review and propose policy reforms and measures to support trade and investment promotion, conducive labour market policies, and improve the country's Competitiveness and the Ease of Doing Business;
4. Develop and implement branding interventions that promote Namibia as an attractive investment destination;
5. Develop institutional mechanisms and assume the lead coordinating role across all levers for SME development nationally;
6. Implement the National MSME Policy of 2016;
7. Promote regional Special Economic Zones that leverage the geographic comparative advantages of each region; and
8. In collaboration with relevant stakeholders, facilitate collaborative roles between the Government and private sector to stimulate the growth, expansion and development of the Namibian economy.

In the Harambee Prosperity Plan II, President Geingob states, and I quote: "Prosperity for all is a noble endeavour, which we must pursue and one, which should guide all the actions of the Namibian Government" end of quote. As an organ of the State, the NIPDB's strategic objectives are closely aligned with the government's economic development agenda, and thus contributes towards the realisation of economic freedom, employment creation and prosperity for all Namibians.

Organisational Performance: Where are the investments?

Honourable members, it is not lost on me that the persistent question on everyone's minds and lips has been: 'since the establishment of the NIPDB, has Namibia actually attracted and recorded any investments?'. Indeed a valid and pertinent question. I am happy to inform you today that we are starting to see positive results and efforts to market Namibia as an investment destination have started paying dividends.

Conversely, before I expand on this statement, please allow me Honourable Speaker, to start by providing context about the global investment landscape in which Namibia operates.

Namibia, as a small and emerging market, is constantly competing, either directly or indirectly, with close to 200 countries to capture the attention of investors, with each one of these countries aggressively marketing themselves as the best investment destination,

offering lucrative opportunities, incentives and high returns on investment to investors. To stand out in this sea of competitors, it is therefore crucially important for Namibia to consistently and persistently market her value proposition on various platforms and in strategic locations, in order to differentiate the country as a viable investment destination and attract quality investors.

That is just the beginning of the process. The most important piece of the investment promotion puzzle is undoubtedly the investment climate or environment, which dictates the investors' experience when they land in Namibia. If the business environment is found wanting, be it from a policy responsiveness, red tape and bureaucracy, cost of doing business, infrastructure, safety and stability or skills availability perspective, the investor and their capital will flee to find another, more favourable home. This is exactly what Namibia experienced during the period of 2014 to 2020 when FDI inflows into Namibia experienced fluctuations over the period 2014-2020. At the time, FDI surged to N\$11.4 billion in 2015 but declined thereafter, reaching N\$2.76 billion in 2018. The trend worsened with negative FDI flows recorded in 2019 and 2020, amounting to N\$2.58 billion and N\$2.41 billion respectively, signifying that from a foreign direct investment perspective, more money was leaving the country, compared to what was coming in.

Honourable members, the profound impact of the triple threats of high unemployment, inequality and poverty cannot be overemphasised. It is equally imperative for us to appreciate that attracting and securing investments, whether local or foreign, is a long and arduous process that requires our collective efforts to achieve the desired results. However, investments will not derive value for our populace, if not accompanied by the development of local skills and entrepreneurship that will facilitate productive participation of locals in the economy and ensure that we experience a tangible trickle down effect. Accordingly, in addition to attracting investments, the NIPDB is tasked with the coordination of MSME activities across all levers of the economy, and as part of its structure, has a department dedicated to the coordination of skills, talent and productivity to ensure that we develop skills aligned to industry demand.

Key Investment Highlights: Achievements recorded during the reporting period

With that background, allow me now to provide a high level overview of the NIPDB's organisational performance during the reporting period and concurrently over the two-year period covered in the strategic plan that ended on 31 March 2023, as well as the organisation's impact on the attainment of the government's economic agenda.

Over the last two years, there has been a notable economic improvement and recovery, evidenced by the positive trajectory of Foreign Direct Investment (FDI) and GDP growth

in 2021 and 2022, with economic indicators returning to the levels reported before the economic downturn in 2016.

Foreign Direct Investment is essential to advancing growth and sustainable development. However, FDI inflows into Namibia declined from 2016, potentially as a consequence of fading investor confidence in the local market, leading to the repatriation of funds and a downward trend in re-investments. Conversely, the economy rebounded in 2021 and 2022, with the surge in FDI driven by various sectors and most notably mining and oil & gas exploration activities. In 2021, the Net FDI inflow surged to N\$12.5 billion, compared to an outflow of N\$2.4 billion in 2020. This momentum continued into 2022, with a further increase to N\$17.5 billion. Notably, 2023 witnessed a significant leap, with FDI inflow soaring to N\$43.2 billion – an annual all time high for Namibia.

Equally, the same upward trend was observed in private account activities, indicating growth in other investments, as with FDI, with private financial accounts reaching a ten-year high in 2022. Based on reporting by FDI Intelligence, Namibia secured the fifth most substantial share of capital investment FDI within the Middle East and Africa Region (MEA) in 2021, accounting for 7% of the total.

In the following year, 2022, Namibia impressively stood out within her peer group, securing the top position in Africa and ranking 13th globally. This is according to the Greenfield FDI Performance Index which assesses the FDI that countries have attracted in proportion to the size of their economy. Greenfield investments is a form of foreign direct investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

The good news is, this positive trajectory is evidence of increased investor trust and confidence in Namibia's economic prospects, attributed to various interventions including actively engaging in awareness-creation endeavours and collaboration with other Government Offices, Ministries and Agencies (OMAs) to elevate Namibia's profile, spotlight her investment attractiveness and render efficient services that lead to a positive investor experience in the country.

Turning to creating awareness and generating investor interest in Namibia, I am delighted to report that our collective efforts to market Namibia are paying off. During the period under review, close to 50 international business delegations visited Namibia to explore investment opportunities. These potential investors hailed from different countries including Angola, Egypt, Germany, Japan, South Africa, Spain, United Arab Emirates and United States of America, to mention but a few.

Following these exploratory visits, qualifying prospects are recorded in the Investment Pipeline, and I am cognisant that we have been hearing about the pipeline for some time now. The pipeline is essentially a workstream that tracks the potential investments at different stages in the process. It is divided into four segments namely, leads, final investment decision, capital deployed and finally, the operational stage.

In the operational stage, the investment project has essentially broken ground and has started creating economic value and jobs for Namibians. This is also the stage where the majority of the capital is being deployed, particularly relating to the funds spent to establish and manage the investment. To align with the government's economic agenda, the primary focus is to target investments that will create a significant number of jobs for Namibians. I would like to emphasise here that the leads in the pipeline are referred to as potential investments due to an accepted risk that some of these projects may not realise, due to various factors.

During the period under review, the NIPDB recorded a 70% growth in the investment pipeline, amounting to N\$66.3 billion. In the previous financial year, the pipeline was skewed towards energy related investment projects, which accounted for more than 70% of the total pipeline value. This year, the pipeline is presenting a more diversified portfolio of projects, with Renewable Energy now accounting for 39%, Agriculture & Food Processing at 21%, Oil & Gas at 17% and Metals, Mining & Adjacent Industries at 12%, to mention but a few.

Honourable members, returning to the earlier question of 'where are the investments?' I am happy to report that four (4) projects from this pipeline, valued at N\$ 2.8 billion were operationalised during the period under review, and are currently contributing towards economic activity in the country.

Furthermore, at the present moment, the value of potential investments in the pipeline has increased and stands at N\$176 billion. Of this figure, N\$ 25.5 billion relate to projects in respect of which capital has been deployed.

Honourable Speaker, allow me to pause here and express my sincere gratitude to all the stakeholders, both in the public and private that have contributed to this significant achievement for their hard work and unwavering commitment to the economic development of our country.

At this juncture, I would also like to emphasise that retaining current investments and encouraging re-investment by way of business expansions is just as critical as attracting new investments. To ensure that Namibia retains and grows these investments, it is

imperative that tracking and addressing investor pain points is managed effectively and efficiently, and this process is managed through the NIPDB's investor retention and after-care services. The goal is not to simply ignore investors once their projects are up and running, but to remain invested in understanding their needs and perceptions about Namibia, build trust-based collaborative relationships with them and promptly address their legitimate needs by removing constraints that pose potential risks to their business operations.

Honourable members, as part of our investment retention strategy, we are also paying close attention to the investment climate and in particular the ease of doing business in Namibia. In 2019 Namibia was ranked 104th in the world by the World Bank Group's Ease of Doing Business index, a survey that assesses the business and investment climate in different countries, with metrics ranging from the number of days it takes to register a business, obtaining necessary construction permits to the cost of electricity, amongst others. Namibia was trailing behind our neighbours South Africa (84th), Zambia (85th) and Botswana (87th).

According to research conducted during the process of the NIPDB establishment NIPDB, one of the biggest frustrations expressed by investors was the process of starting a business venture in Namibia, with bureaucracy and being sent 'from pillar to post' some of the pain points cited by investors. To streamline some of these processes and improve the investor experience in Namibia, the NIPDB is collaborating with a number of Offices, Ministries and Agencies to facilitate the effectiveness and efficiency of services offered under at the Investor One-Stop-Centre.

The One Stop Centre houses government services that are key to the investment process in a single location, resulting in transparent, quick and efficient services for investors. These services include facilitation of restricted area permits, visa and work permit applications, as well as various forms of business registration – business establishment, income tax and VAT registration and request for investment support, amongst others. Some of the government entities represented in the centre are: Ministry of Mines and Energy, BIPA and the Ministry of Home Affairs, Immigration, Safety and Security.

Additionally and specifically, the NIPDB continues to build on its strong relationship with the Ministry of Home Affairs, Immigration, Safety and Security and the collaborative efforts to facilitate easier entry for investors and specialised skills into Namibia are yielding positive results. As part of this collaboration, a total of 476 work visas and permits were facilitated during the period under review.

The above are but some of the are strategic interventions implemented to bolster investor

confidence which will lead to increased retention levels and a positive ripple effect on the economy with increased economic activity and job opportunities. NIPDB and the Ministry of Home Affairs, Immigration, Safety and Security have also streamlined the process of review and approval of permits to investors. This was done with the aim of ensuring that those applying for permits and claiming to be investors are indeed investors that will add economic value to the economy through contribution to employment creation as well as other national priorities. During the 12-months period, NIPDB performed in excess of 230 Business evaluations in support of files deferred by the Ministry of Home Affairs, Immigration, Safety and Security.

Honourable Members, I would like to take a moment and extend my sincere gratitude to the Ministry of Home Affairs, Immigration, Safety and Security for the excellent services they consistently provided to our investors, availing their time and resources, and going above and beyond to ensure that all investors have a positive service experience in Namibia. That is a commendable demonstration of how government entities can effectively collaborate to improve Namibia's competitiveness as an investment destination.

To further spur economic growth, the NIPDB launched Productivity Task Forces, a concept introduced to Namibia by the Harvard Growth Lab. Productivity Task Forces are sector-specific, public-private, temporary working groups focused on improving sector productivity by identifying and solving constraints. They are also a method of building new growth sectors. Thus far, productivity task forces were launched for high-value fruits, the beef value chain (BVC) as well as the television and film value chain specifically to identify and eliminate constraints hampering productivity and growth in these sectors. After the launch of the BVC task force, the government through the Ministry of Agriculture, Water and Land Reform was able to secure market access for Namibian Beef to the United Arab Emirates and Qatar. What is more exciting about this milestone is that we were able to secure market access for meat from the Northern Communal Areas. Further actions arising from the productivity task forces are in the process of implementation.

Honourable Speaker, it will be a significant omission if I do not mention the following achievement, albeit briefly, that has garnered Namibia international praise and recognition:

Kelp Blue: Kelp Blue is one of our investment success stories that has been making global waves and has already won three international awards, of which the last one was awarded during COP28 in December last year. This is a unique project which plants and harvests giant kelp forests off the coast of Namibia in Lüderitz, to increase marine biodiversity, sequester carbon and create sustainable input materials for multiple

industries.

In addition to Kelp Blue, the NIPDB in collaboration with other public sector entities, has successfully facilitated the following investment projects, that are currently operational in the country, and which has generated employment for Namibians:

Project	Sector	Investment value	Employment Opportunities
Your Kitchen officially launched in September 2023 in Windhoek, Khomas Region	Agriculture and food processing	N\$ 17 million	40 Permanent and 30 temporary jobs
Cleanergy Solutions launched in September 2023 in Walvis Bay, Erongo Region	Renewable Energy	N\$ 150 million	50 permanent and 150 jobs
Namibia Berries, launched in September 202e in Divundu, Kavango East	Agriculture and food processing	N\$ 1.1 bn	500 permanent and 850 seasonal jobs
Northern Grape Project started operations in September 2023 in Etunda, Omusati Region	Agriculture and food processing	N\$ 130 m	700 jobs to be created at full capacity
Hylron Oshivela Project launched in November 2023 close to Arandis, Erongo Region	Renewable energy	N\$ 500 m	40 permanent and 20 seasonal

To further continue on this trajectory, I am delighted to inform this August House that next week, on 2 May 2024, Namibia will be welcoming another investment project, which is again set to put the country on the international map. The Benguela Blue Aqua Farming project will officially break ground at Lüderitz in the //Kharas Region. Benguela Blue Aqua Farming will produce thirty five thousand (35,000) tonnes of premium Atlantic salmon off the Lüderitz coast, making it the biggest salmon producer in Africa, and will cater to the local and international market. The project is envisaged to create 600 direct and an estimated 1,500 indirect jobs.

MSME Development and Acceleration

Honourable members, the NIPDB has a unique mandate pairing of investment promotion and MSME development. We acknowledge that with adequate support, MSMEs can play a vital role in Namibia's economic growth and resilience. This sector can foster entrepreneurship, generate employment opportunities, and reduce poverty at comparatively lower capital costs.

Therefore strengthening the capacity of small businesses remained a priority, with efforts largely geared towards building and sustaining an enabling ecosystem that promotes acceleration and growth of MSMEs, to ensure their full participation in the investment value chain, as service providers to large scale investors.

To this end, several strategic interventions were implemented, ranging from targeted programmes such as the launch of In4MSME App aimed at enhancing access to markets as well as the Know2Grow programme through which MSMEs are equipped with the required skills to scale their businesses. With coordination from the NIPDB and support from private sector stakeholders, a total of 1217MSMEs were empowered through these interventions.

The first annual Know2Grow NextGen Entrepreneurs Showcase, a market access and capacity-building platform designed to support the entrepreneurial visions of youth-owned scalable Namibian businesses was hosted in Tsumeb with a total of 140 MSMEs participating.

Another intervention gaining traction is the High Potential Pool (HPP), a programme developed to facilitate the expansion of scalable MSMEs with potential to export their products. MSMEs who are part of the HPP are offered opportunities to participate in various export-focused capacity-building initiatives while benefiting from technical and financial support and subsidised product development which includes certification, licensing, branding and labelling, amongst others. The programme is supported by the current partners: Bank Windhoek, First National Bank Namibia, Letshego, Nedbank and Standard Bank Namibia.

During the year under review, 60 MSMEs were approved for membership. Some of the few successes among many more include Africa Brandberg, a local MSME which to date, is in the process of getting into partnership with an animation company based in Cairo to share information and audience in efforts to bridge the gap between Egyptian and Namibian consumers. Similarly, another local MSME, Oudano Momve Investment,

managed to get a potential lead to provide services to a customer in Mozambique in April 2024 at the value of N\$250,000.

Further Activities aimed at increasing Economic Activities and Supporting Namibia's Development Agenda

Beyond Investment and MSME focus, the NIPDB is cognizant of its broader role as an agency of the state to effectively contribute to supporting the Government's development agenda, which is anchored in making prosperity a reality for all Namibians, as articulated in Vision 2033, the National Development as well as the Harambee Prosperity Plans, respectively.

Following are some of the activities undertaken by the NIPDB, aligned with the overarching goal of building and maintaining a resilient private sector-led economy in Namibia.

Brand Namibia

As I mentioned earlier, Namibia is constantly in competition with other countries, be it to attract the best talent, quality investors or tourists. Therefore in order to stand out and effectively compete on the global stage, Namibia requires a strong coherent brand supported by innovative marketing strategies to support her investment promotion interventions. To this effect, a Nation Branding Committee was constituted with facilitation from the Ministers of Environment, Forestry and Tourism, and Information and Communication Technology and the CEO of NIPDB, and approved by the Cabinet. The working committee, composed of public and private sector representatives is chaired by the Minister of Information and Communication Technology, Hon. Emma Teofelus, with the NIPDB serving as the Secretariat.

A strong nation brand, fully embraced by all Namibians will enhance Namibia's competitive advantage and commercial viability as an investment destination. In the months to come, we anticipate that a lead consultant will be appointed to facilitate the collaborative process of developing a strategy that will enable Namibia to position herself as a place to live, visit and invest in.

The Namibia Digital Nomad Visa

This visa was launched in October 2022 as a collaborative programme between the Ministry of Home Affairs, Immigration, Safety and Security, and the NIPDB. Namibia is currently the fourth African country to launch this type of Visa, and I am happy to report

that it has been very well received by the target market, and our first digital nomads arrived in Namibia in May 2023.

Green Hydrogen

In the last two years, Namibia has emerged as a key player in the global renewable energy space due to her potential to produce green hydrogen at competitive prices, powered by unparalleled natural resources in the form of wind, solar and land. Namibia has also boldly announced her ambitions to become the sustainable energy capital of Africa, while contributing towards decarbonising the globe.

This sector has the potential to catalyse development in the Southern regions, enable Namibia's energy independence and simultaneously increase the nation's export revenues. The CEO of NIPDB serves as a member of the Green Hydrogen Council, and the institution played a crucial role in supporting the President's GH2 agenda by issuing the Expression Of Interest and as a member of the government negotiation team tasked with negotiating the Hyphen Energy contract.

The NIPDB further supported the efforts to develop the sector and educate Namibians on emerging opportunities through various interventions including hosting the first Namibia Green Hydrogen Conference in collaboration with the Hanns Seidel Foundation and Economic Association of Namibia so that they can prepare themselves to capitalise on the sector's development and growth.

Infrastructure

Honourable members, we can all appreciate that infrastructure is a key driver in economic development and one of Namibia's value propositions to attract investments. In advancing the government's agenda for infrastructure development, in particular the NDP5 strategic objective to make Namibia a regional logistics hub, the NIPDB played a crucial role in supporting the sourcing of a private sector partner for the concession of the New Container Terminal (NCT) at the Port of Walvis Bay.

Specifically, the NIPDB as part of a National Coordinating Committee, assumed the leading role in phase 1 of this process, which entailed supporting NamPort with the Expression of Interest seeking global market leaders as partners in the NCT project, which holds immense potential to contribute toward the country's economic development agenda if effectively leveraged.

Challenges: What would prevent investments from flowing into Namibia faster?

Notwithstanding the aforementioned successes, there are remarkable challenges that if left unaddressed for a prolonged period, will impact the flow of investments and capital into Namibia.

One of these challenges relate to gaps in policy and in some instances the absence of guiding policies. A strong, predictable investment-friendly policy is key to making Namibia attractive to both domestic and foreign investors. Currently, the Foreign Investment Act of 1992 is the overarching investment law in Namibia, however, it does not consider local investment. In 2016, the Namibia Investment Promotion Act was passed in Parliament but was not enacted due to many concerns by the business community. A revised Bill has been reviewed since then and related regulations are currently undergoing stakeholder consultations. Honourable members, this Bill and related regulations are a critical factor from the perspective of providing investors with policy certainty and as a sense of predictability.

Furthermore, Namibia abolished the Export Processing Zone in 2020 with an effective date of 31 December 2025 for companies already enjoying the benefit while nothing has been put in place for new entrants. While a Special Economic Zone policy that precedes the replacement law has been approved by Cabinet in August 2022 with less than 24 months to the expiry of the EPZ benefits, the enabling SEZ law remains outstanding. It is therefore our hope that these pieces of legislation be enacted into law and go through this August house as soon as they are tabled by the responsible Minister, hopefully before the end of this calendar year.

Further to that, as political leaders and policy makers, we have a collective responsibility and duty to preserve the peace, stability and democratic values that have endeared Namibia as a safe investment destination, crafting regulatory frameworks and where gaps exist, executing policy reforms and ensuring their systematic implementation across the entire value chain.

It is therefore my humble plea for us to join hands as partners in the economic development of Namibia, to create a conducive environment for local and foreign investments to flourish through excellent service delivery, anchored efficient systems, processes, institutions. 6

Honourable members, we stand at a pivotal juncture, a pertinent period as we prepare for the national elections later in the year. It is common knowledge that elections, especially in this part of the world, have become known as pressure testers of the integrity

of democratic processes and the integrity of systems and institutions. With the current global geopolitics, there is a clarion call on all of us to execute the critical responsibility of shaping a positive narrative about Namibia, anchored in the message that Namibia is open for business and reiterating the government's commitment to sustain peace, stability and rule of law as key tenets of our investment environment.

Looking ahead

While we recognise that we have a long way to go, it is equally prudent to acknowledge the significant strides that have been made so far in shifting the economy forward.

From this report, we can deduce that:

- Our efforts to market Namibia are paying dividends and we are seeing new investment projects launching in Namibia, with increased economic activity and skills and knowledge transfer.
- There is traction in developing and accelerating growth of MSMEs, with valuable contributions from the private sector.
- Increased collaboration between the private and public sectors to drive attainment of the government's economic development agenda. The private sector plays a crucial role in catalysing economic growth by working with the Government through public private partnerships.

Let these achievements invigorate our collective commitment to creating and sustaining an enabling investment environment in Namibia. Notably, let us commit ourselves to strengthen collaboration between government entities, and most importantly between the public and the private sectors as the bedrock of creating an investor-centric and market responsive business environment.

As we strive toward economic diversification, the Namibian Government remains committed to working closely with stakeholders in the public and private sectors to stimulate growth by increasing productivity in priority sectors, developing key infrastructure necessary for economic growth and promoting the sustainable development of natural resources.

I thank you for your attention and so submit.