

CPIA Detailed Report

Country: Namibia

Exercise Year: CPIA Exercise 2023

Currency: African Rand (ZAR)

City: Windhoek

Income Group: Upper middle income

Lending Category: IBRD

Final CPIA Score: 4.016

(A) Economic Management

Cluster Score: 4.333

01. Fiscal Policy

Criteria Score: 4.5

1. Fiscal Policy

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

The Government of the Republic of Namibia (GRN) continued to consolidate its fiscal position in 2023, in light of the economic slowdown since 2016 which was exacerbated by the economic impacts of the

COVID-19 pandemic in 2020 and 2021. Namibia's fiscal deficit is expected to decrease further from 8.1% of GDP in 2020/21 to 4.2% in FY2023/24 and further to 3.7% in FY2025/26. The increase in revenue from the SACU Common Revenue Pool; improved revenue collection; easing of pandemic-related spending pressures; contained public wage bill growth and improved performance of state-owned enterprises all contributed to the improved outlook. However, the reduction in the budget deficit is not yet strong enough to result in a declining debt to GDP ratio. Total public debt is expected to rise from 67.2% in FY2021/22 to 70.1% in FY2023/24 and to peak at 70.5% in the following FY before it slightly decreases to 69.0% in FY2025/26.

Revenue is projected to increase by 35% in FY2023/24 compared to FY2021/22 driven mainly by an increase of 65% of revenue from the SACU pool and a rise in income from Value Added Tax by 30%, while taxes on income and profits are expected to grow at a slower pace of 15%. On the other hand, expenditure has been controlled and increased by just 17.5% between the two FYs.

The GRN is currently finalising the Integrated National Financing Strategy (INFS) that is expected to be released before the end of 2023. The INFS identifies additional revenue streams that the Government could exploit as well as areas to streamline expenditure. It is expected that the finalization of the strategy as well as the implementation of the recommended initiatives will improve the fiscal balance further.

Macroeconomic environment

From 3.5% in 2021, real GDP growth strengthened to 4.6% in 2022, buoyant on the continued economic recovery, particularly in diamond processing and export, and increased consumption in wholesale and retail trade and tourism. On the demand side, the improvement in economic growth for 2022 was underpinned by higher consumption expenditure, as well as private and government investment. Private final consumption expenditure and total gross capital formation increased by 19.8% and 13.9%, respectively. Similarly, Government final consumption expenditure increased, but at a lower rate of 4.0% as the Treasury continued to limit growth in public spending. Gross fixed capital formation by the Government rose by 29.6% in 2022, however, reflecting higher investment by the public sector. In 2023, GDP grew by 3.7% in the second quarter, compared to an 8.5% growth in the corresponding quarter of 2022. The domestic economy has remained in positive trajectory for nine consecutive quarters despite showing signs of slowing, with declines in real-value added in Construction (35.9%) and Agriculture and forestry (31.9%) sectors. Inflation averaged 6.1% in 2022, up from 3.6% in 2021, driven by elevated global oil prices and the higher food import prices linked to the pandemic and Russia's invasion of Ukraine. For the eight months of 2023, inflation has averaged 6.0%.

References

Republic of Namibia, Ministry of Finance and Public Enterprises, 2023, Fiscal Strategy for the Medium-Term Expenditure Framework 2023/24 – 2025/26.

Republic of Namibia, Ministry of Finance and Public Enterprises, 2023, Estimates of Revenue, Income & Expenditure 01 April 2023 to 31 March 2026.

<https://inff.org/>

<https://inff.org/country/namibia#:~:text=The%20Government%20of%20Namibia%20is,sector%20investment%20in%20su>

<https://www.bon.com.na/Publications/Annual-Report/PART-B.aspx>

02. Monetary Policy

Criteria Score: 4

2. Monetary Policy

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

The Bank of Namibia (BoN) followed closely steps taken by the South African Reserve Bank (SARB) as well as centrally banks around the globe and tightened monetary policy substantially. The repo rate reached historical lows of 3.75% between August 2020 and December 2021, before BoN started to normalise interest rates in January 2022. The central bank increased the repo rate by 100 basis points until July 2022. Inflation, however, started to exceed the band of 3 to 6% targeted by SARB triggering a much more aggressive monetary policy response. BoN rose the repo rate by 300 basis points from 4.75% in July 2022 to 7.75% in June 2023 not only to rein in inflation but to maintain the one-to-one currency peg with the South African rand. In essence, the monetary and exchange rate policy of Namibia is determined by the monetary policy direction taken by South Africa.

The arrangement under the Common Monetary Area offers some benefits to the Namibian economy, such as lower transaction costs, price stability and greater monetary and fiscal discipline. In addition, the much larger and more diversified South African economy is better positioned to absorb shocks on economic sectors and sub-sectors than the Namibian economy that would be more exposed to shocks to specific export sectors such as precious metals and mineral ores. However, the currency peg comes at a price since Namibia cannot use the exchange rate to influence the economy's regional and global competitiveness. On the other hand, Namibia's exports are mainly supply constrained rather than demand-constrained due to uncompetitive prices.

The next Monetary Policy Committee meeting is scheduled for October 2023. Since inflationary pressure has eased in Namibia from 7.0% in January 2023 to 4.7% in August 2023 and also subsided internationally resulting in some major central banks pausing further increases, such as the Federal Reserve bank in the USA it can be expected that BoN maintains the current level of interest rates. It would

bring some relief to businesses and individuals across all sectors of the economy that experienced a decline in their disposable income due to rising prices and rising costs of servicing their loans.

In its October 02, 2023 press release on the 2023 Article IV Mission to Namibia, the IMF observed that the BoN's keeping of the policy rate aligned with the SARB and maintaining an adequate level of reserves - international reserves fell to 4.8 months of imports (January 2023) from 6.4 months (2021) - will support the currency peg and anchor inflation. Anchoring inflation provides stability in future pricing which eases business planning and creates a conducive business environment for the private sector to thrive.

References

Bank of Namibia, Monetary Policy Statements - <https://www.bon.com.na/Bank/Monetary-Policy/Monetary-Policy-Statements.aspx>

<https://www.imf.org/en/News/Articles/2023/09/30/pr23328-imf-staff-completes-2023-article-iv-mission-to-namibia>

03. Debt Policy

Criteria Score: 4.5

3. Debt Policy

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

The economic downturn since 2016 exacerbated by the economic impact of the Covid-19 pandemic resulted in a sharp increase in the budget deficit and public debt. Public debt and interest payments exceed the domestic targets of 35% of GDP and 10% of revenue respectively and are projected to reach 70.1% and 13.4% respectively in the FY2023/24. While the debt stock is expected to slightly decrease to 69.0% by the end of the FY2025/26, interest payments are expected to absorb 14.2% of total revenue. Domestic debt account for three quarters of total public debt. Domestic public debt was mostly made up of Internal Registered Stock (66% share) at the end of the FY2022/23 . The bulk of the outstanding external debt is composed of the second USD 750 million Eurobond due in 2025. The first USD500 million Eurobond was redeemed in full in 2021. Other principal sources of external debt include facilities provided to Namibia by the AfDB (NAD1,153 million) and KfW (NAD1,553 million) in the FY2023/24, supporting the

ongoing socio-economic recovery process. Assets of non-banking financial institutions amounted to 177.6% of GDP at the end of 2022, with pension funds contributing the largest share (99.8% of GDP). Regulation 28 of the Pension Fund Act requires pension funds to invest a certain percentage of their assets in the domestic capital markets, therefore providing a natural and sustained source of demand for local government debt. As such, although debt levels are set to remain at relatively elevated levels in the short-to-medium term, the public debt load and the government's fiscal position is expected to remain sustainable during that period.

Information regarding the Government's debts are provided in detail in the Quarterly Bulletin published by the Bank of Namibia. This includes debt in the different foreign currencies as well as Treasury Bills and Internal Registered Stock. There is a need, however, to update the Sovereign Debt Management Strategy for 2018 to 2025, since the circumstances have changed substantially since the SDMS was drafted. Targets for the debt ratio or interest payments as share of revenue are exceeded and it is not expected that Namibia will achieve for instance the debt ratio in the near future.

In its October 02, 2023 press release on the 2023 Article IV Mission to Namibia, the IMF observed that going forward, implementing the authorities' fiscal consolidation strategy was pivotal to preserve debt sustainability and protect against the volatility of SACU revenues, which represent a significant contribution to the budget. It was therefore important that the public wage reforms—including introducing early retirement—and the reform of state-owned enterprises be fast-tracked. In this context, the issuance of the public asset ownership policy paper for consultation with stakeholders represents an important milestone.

Sustaining debt at the target of below 70% of GDP and counteracting rollover risk, will hinge on the successful implementation of several fiscal reforms as contained in the Debt Management Strategy 2020-2025. The strategy includes measures such as the use of a sinking fund to accumulate savings to redeem future bond maturities and cross listing bond issues on the Johannesburg Stock Exchange, that will work to smoothen the redemption profile, minimize cost of borrowing, and rebuild fiscal buffers. The NAD 262 million sovereign wealth fund, The Welwitschia Fund, that the Government launched in May 2022, is expected to support debt sustainability through expenditure stabilization.

References:

Bank of Namibia, 2023, Quarterly Bulletin June 2023. <https://www.bon.com.na/Publications/Quarterly-Bulletins/Quarterly-Bulletins-Publication.aspx>

<https://www.imf.org/en/News/Articles/2023/09/30/pr23328-imf-staff-completes-2023-article-iv-mission-to-namibia>

(B) Structural Policy

Cluster Score: 4

04. Policies and Institutions for Economic Cooperation, RI and Trade

Criteria Score: 3.833

4.a. Regional Integration and Economic Cooperation

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Access to regional markets is key to Namibia's prospects for achieving higher, sustainable and inclusive growth as well as to overcome her relatively small population size. Namibia is a member state of the Southern African Customs Union (SACU), the Southern African Development Community (SADC) as well as the African Continental Free-Trade Area (AfCFTA), and therefore enjoys trade within these regional groupings on preferential terms. The country also benefits from the USA African Growth Opportunity Act (AGOA) and developed a strategy to exploit these opportunities. Namibia was the first African country to export meat to the USA and China. The country also exported first consignments of beef from the northern communal areas to Ghana and the Middle East and is exporting charcoal not only to Europe but also the USA. Namibia has thus diversified the export destinations and reduced the export vulnerability.

Between 2020 and 2021, the value of merchandise total trade improved substantially by 14.4%, with imports increasing by 20% and exports by 7.3%. In terms of composition of trade, total imports in 2021 comprised petroleum oils (12.7%), followed by copper ores and concentrates (5.4%), motor vehicles (3.1%), and precious stones/diamonds (2.8%). Pearls and precious stones (diamonds) dominated the export basket in the same year, making up 19.4% of the total followed by uranium (15.2%), fish (14.8%), non-monetary gold (9.5%) and copper blisters (7.9%). In terms of direction of trade, Namibia sourced 49.1% of her products from South Africa followed by China (7%), India (4.7%), Peru (3.7%) and USA (2.6%). Namibia's main export destinations were South Africa (20.1%), China (17.9%), Botswana (12.6%), Zambia (7.3%), and Spain (6.3%). The trend in composition and direction of trade was mirrored in 2020, and hardly changed by September 2022. SACU is the largest market for Namibia under intra-regional trade, with the total trade share standing at 43% in 2021 and at 43.2% in 2020. However, the share has been on a downward trend from 2017, when it accounted for 53%.

Namibia's goods exports continue to be dominated by ores and minerals contributing almost 46.1% in 2022 to total exports of goods and services followed by manufacturing products with 38.4% and the export of tourism services with 6.9%. Metal ores including uranium accounted for more than a quarter of total exports (25.8%), while diamonds contributed another 18.6%. Processed fish (15.0%) and cut and polished diamonds (9.8%) added to the list of valuable exports. However, grapes as well as charcoal exports were important in terms of value as well as employment creation. The main export destinations were other

SACU member states with 34.7%, OECD member states with 27.5% and the EU (21.5%). Non-SACU SADC member states absorbed 15.9% of total goods exports.

Imports were dominated by petroleum products (22.0%) followed by chemicals (12.3%) and medical etc. instruments (8.0%). Other food products as well as transport equipment contributed 7.4% and 7.5% respectively to the overall import bill. SACU member states were the main source markets for Namibia's import with 40.2% followed by OECD contrast with 18.9%. BRIC and EU member states contributed 13.6% and 13.5% respectively to total imports of goods.

Namibia provides critical connectivity in Southern Africa. The sector comprises four subsectors: road (48,900 km), railway (2,687 km), maritime (with Walvis Bay and Lüderitz both on the Atlantic Ocean as the two main commercial ports, with the latter serving mainly South Africa and Namibia, and with a combined handling capacity of 21.2 million tonnes per annum) and aviation (eight airports).

References

Namibia Statistics Agency, 2023, Annual National Accounts Tables 2015 to 2022.

Namibia Statistics Agency, 2023, Trade Statistics Annual Bulletin 2022.

4.b. Trade restrictiveness

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Namibia is a small, open economy. Trade accounted for more than 100% of GDP in 2014. However, this share declined to 81.7% in 2018 before it recovered to 94.0% in 2022 except for an all-time low of 76.9% in 2020. Like monetary policy, Namibia cannot exercise an independent trade policy due to her membership in SACU with the Common External Tariff. Namibia's maximum tariff rates were reduced, and the number of duty-free lines increased. This has helped to lower the simple average applied tariff from 6.8% in 2019 to 4.8% in 2021. The number of bands was reduced from 5 in 2019 to 2 in 2021. Owing to tariff offers within the Tripartite Free Trade Agreement between COMESA, EAC and SADC as well as SACU's tariff offers within the AfCFTA negotiations, the average custom tariff is expected to drop further. However, Namibia used Infant Industry Protection within the SACU agreement to protect new industries such as dairy and pasta industries. The Namibia Agronomic Board is also mandated to close borders for

specific crops and horticultural produce during times of sufficient domestic production. These and other measures have helped to increase Namibia's domestic horticultural supplies from 5% of domestic demand in the early 2000s to close to 50% in 2023.

As of October 2022, when it comes to non-tariff barriers, the government has imposed a number of import and export restrictions, mostly on agricultural products. White maize, wheat, mahangu (pearl millet), and products derived from these three grains are controlled. Controlled grain crops can only be imported or exported with permits issued by the Agronomic Board and the Ministry of Agriculture, Water and Land Reform. For each controlled grain there are specific restrictions, but restrictions do not include price controls.

The government has also instituted an import substitution program for horticultural products requiring importers to source a designated percentage of produce from within Namibia before acquiring horticultural products from foreign markets. Farmers of livestock must demonstrate that they have complied with export restrictions before they are entitled to export. For example, for every live sheep exported, a farmer must have six sheep slaughtered within Namibia.

References:

<https://www.nab.com.na/>

<https://www.trade.gov/country-commercial-guides/namibia-trade-barriers>

4.c. Customs/trade facilitation

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Namibia aims to become a transport and logistics hub in Southern Africa and relies on foreign markets to exploit economies of scale in production. Hence, seamless trade across borders is vital to achieve both objectives. With the assistance of the Trade Law Centre (tralac) in South Africa, the Government conducted trade facilitation training at all border posts at the end of 2022. It brought together all agencies involved in the facilitation of cross border movement including customs & excise officials, security services, veterinary and sanitary and phyto sanitary officials as well as others. Furthermore, Namibia is in negotiations with neighbouring countries in particular Botswana, Zambia, and Angola to establish One-stop Border Posts. Namibia also signed an agreement with Botswana that citizens from both countries can

use Identity Documents rather than passports to cross into the neighbouring country. Opening hours at two border posts (Trans-Kalahari with Botswana, Katima Mulilo with Zambia) were extended to 24 hours. All these measures are expected to have a positive impact on trade across borders as well as on attracting more traffic through Namibia's deep-sea ports of Walvis Bay and Lüderitz.

The Namibia Revenue Authority (NamRA) facilitates and controls the movement of all goods involved in international trade, and ensures a quick and smooth flow of travelers through points of entry. NamRA also assesses business premises to ensure compliance with Customs laws and regulations on prohibitions and restrictions.

The most highlighted corruption case of the maritime industry is the Fishrot scandal that broke in November 2019. The 10 former politicians, businessmen, and lawyers stand accused of bribery and corruption for siphoning off millions of dollars from Namibia's fishing industry. FISHCOR, Namibia's state-owned fishing company, allegedly transferred fishing quotas from private Namibian companies to other local companies in which the politicians involved had interests. These latter companies were affiliated to Iceland's largest fishing corporation Samherji, which allegedly paid about US\$10 million in bribes to SWAPO leaders for preferential access to Namibia's rich fishing waters. The trails are ongoing. The Namibia Anti-Corruption Commission, established in 2003, is in charge of combating and preventing corruption in the country.

References:

<https://thebrief.com.na/index.php/companies/item/3567-namibia-launches-online-tourist-visa-application>

05. Financial Sector Development

Criteria Score: 4.833

5.a. Financial stability

Score Type	Value
Draft Score	5.0
Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

Country Notes:

Namibia's financial sector is relatively large, well developed, and sophisticated.

Banking sector: The banking sector, with an asset value of 60% of GDP, is dominated by four major banks, of which three are owned by South African banks. It remained adequately capitalised and maintained a capital position well above the prudential requirements during 2022. For instance, the Tier 1 risk-weighted capital ratio and the total RWCR stood well above their minimum regulatory requirements of 6.0%, and 10.0%, respectively. The Tier 1 ratio increased to 14.7% in 2022 from 13.9% a year earlier while the total RWCR rose to 17.0% from 15.8%.

During the period under review, asset quality in the banking sector improved, with the Non-Performing Loans (NPLs) ratio dropping below the new trigger threshold of 6.0%. NPLs decreased from 6.4% in 2021 to 5.6% in 2022, which is however still above the ratio of 5.2% recorded during the same period in 2020. The improvement was based on debt-restructuring, repayments and debt write-offs. In particular NPLs in the categories of Other loans and advances and of Mortgage loans improved by 15.4% and 12.7% respectively. In contrast, NPLs for Personal loans and Credit cards deteriorated by 12.2% and 11.2%. The deterioration is a clear indicator for the financial pressure households are facing.

Non-Banking Financial Institutions: The non-banking financial (NBF) industry, dominated by Pension Funds and with total assets amounting to 177.5% of GDP in 2022, remained under pressure in 2022 due to higher inflation rates and global monetary tightening. The assets declined by 1.2% to NAD366.1 billion. The NBFs industry is dominated by pension funds, collective investment funds and long-term insurance companies which held a combined 92% of market share in 2022. With businesses closing down and more workers going into unemployment, pensionable income levels trended downwards by 3.3% to NAD205.8 billion. In contrast, the performance of long-term insurance services improved by 3.1% in 2022 after experiencing high amounts of claims during the Covid-19 period. Nonetheless, the quality of the assets of the main financial intermediaries within the NBF industry remained satisfactory and all capital prudential requirements were met in 2022. In terms of policy response, the Namibia Financial Institutions Supervisory Authority (NAMFISA) was to strengthen supervision mechanisms of NBFs, including by increasing stress-testing capacities, and enhanced monitoring of portfolio quality and credit risks. Finally, the promulgation and swift implementation of the pending regulatory bills for the non-bank financial sector (NAMFISA bill, and Financial Services Adjudicator) will support the shift towards increased risk-based supervision.

References:

Bank of Namibia, Namibia Financial Institutions Supervisory Authority, 2023, Namibia Financial Stability Report 2023.

5.b. Sector's efficiency, depth, and resource mobilization strength

Score Type	Value
Draft Score	5.0

Reviewed Score	5.0
Second Draft Score	5.0
Final Score	5.0

Country Notes:

Profitability of the banking sector improved substantially in 2022. Profitability of banks - as measured by the Return on Equity (RoE) as well as the Return on Assets (RoA) ratios - rose from 14.3% to 19.8% and from 1.8% to 2.4% respectively in 2022 and hence surpassed pre-pandemic levels.

During 2022 the banking sector continued to hold liquid assets well in excess of the statutory minimum liquid assets requirement. The liquid assets increased from NAD 3.2 billion by end 2021 to NAD 25.4 billion 2022, largely on account of diamond sales, Government spending and capital inflows. The banking sector also recorded some improvements in loan repayments from various customers, coupled with a slowdown in the demand for credit from households and businesses. During this same period, the loan-to-deposit (LTD) ratio decreased but remained relatively high. The ratio slowed from 89.9% in 2021 to 83.7% during the period under review. The lower ratio implies that the banks made relatively less use of more expensive sources of funds such as debt and instead made more use of deposits to fund loans and advances. Similarly, the banking sector's loan-to-funding (LTF) ratio decreased to 77.8% in 2022. Furthermore, the high LTD and LTF ratios are evidence that the banks are in a solid position to comply further with Basel III requirements on diversifying funding sources.

The NBFIs industry remained highly liquid during the period of review, due in large part to maturities of investments made on the part of pension funds and long-term insurance companies. These entities remain the largest holders of GRN issued treasury bonds and other long-term financial instruments and provide large resource pools for long-term funding requirements. The tax-deductible contribution to pension funds, provident funds and retirement annuity funds and educational policies was increased from NAD 40,000 to NAD 150,000 per annum at the beginning of 2023. There is a need that the recently created Tax Policy Unit reviews all proposed tax amendments on the impact on revenue and also on Namibia's main development objectives such as increase equality, employment creation and wealth creation for all. The increase in tax-deductible pension fund contributions will benefit the better-off who can afford the contributions, while those who are most in need will not benefit at all.

A major development in the Namibia's capital markets in 2021 was the announcement by GRN that it was selling 49% of its shares in the country's largest telecommunications company, MTC, and that these shares would be made available to the general public in the form of a primary listing on the main board of the Namibian Stock Exchange (NSX). This is the largest proposed listing by a Namibian company since the establishment of the NSX in 1904 (the bourse was reopened in 1992 after independence). The primary listing took place at the end of November 2021 and with this listing the MTC was the first SoE to be listed on the NSX. Further listings of SoEs can be expected in the medium term, as the GRN announced in the National Budget Statement 2021/22 that it would be actively exploring opportunities for divestitures of public enterprises. This would contribute to deepening of the country's capital markets through increased funding modalities and substantial injection of liquidity throughout the financial system.

5.c. Access to financial services

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

According to the World Bank's latest indicators, the account ownership at a financial institution or with a mobile money service provider (% of population ages 15+) in Namibia fell to 71.35% in 2021 from 80.63% in 2017. Mobile money users and related transactions increased substantially amidst the COVID-19 pandemic and subsequent national lockdown periods. However, access to credit in Namibia remains a major challenge for businesses. According to the Private Sector Development Survey 2021/22, access to and cost of finance was ranked as the second most important challenge. Interestingly, large enterprises saw it as their main challenge, while micro and small businesses ranked it second and medium-sized enterprises third.

Enhancing financial inclusion remained high on the GRN's agenda in 2023. In the National Budget FY 2023/24 the GRN made commitments and provisions to increase access to finance for small businesses and more vulnerable segments of the population. GRN funding was to continue to be channelled through local development financial intermediaries. For instance, the Development Bank of Namibia (DBN) will receive NAD49.7 million in support of the implementation of the SME Financing Strategy and youth entrepreneurship financing activities.

References: Ministry of Industrialisation and Trade, 2022, Private Sector Development Survey 2021/22 Report.

06. Business Regulatory Environment

Criteria Score: 3.333

6.a. Regulations affecting entry, exit, and competition

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5

Final Score	3.5
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Country Notes:

Several initiatives implemented over the past years aim at improving Namibia’s competitiveness. These include partly online registrations at the Business and Intellectual Property Authority (BIPA) online registration and online tax return filing at the Namibia Revenue Authority (NamRA) as well as e-visa applications. The Government is also in the final stage of reviewing and publishing the Namibia Investment Promotion and Facilitation Act (NIPF), while the National Equitable Economic Empowerment Framework is not yet finalised. Hence, uncertainties remain among private sector companies and potential investors. The Namibia Investment Promotion and Development Board has set up a one-stop centre for its clients, but it has not yet been rolled out across all institutions dealing with investors, neither has a single window online platform for investors and business registration been created. Consequently, the IMF concludes at the end of their Article IV consultation beginning of October 2023 that the economy ‘is slightly over regulated’, that there is ‘too much of an administrative burden’, and that ‘the cost of doing business is elevated’.

Namibia was ranked 165 in World Bank’s DB 2020 on the ease of starting a business. The total number of procedures to register a firm is 10 procedures and takes 54 days to register the firm. The institution in charge of business registration is the Business and Intellectual Property Authority. The DB report of the World Bank ranked Namibia as No.84 on the ease of getting a permit. It takes between 106 days and 12 procedures to obtain permits. The requirements for obtaining permits are easily accessible online free of charge. According to the DB report of the World Bank, resolving insolvency framework in Namibia provides that a creditor or debtor has the right to object to decisions accepting or rejecting creditors’ claims. The insolvency framework provides for the possibility of the debtor obtaining credit after the commencement of insolvency proceedings. According to the US Department of State, as the “one-stop-shop” for investors, the Namibia Investment Promotion and Development Board (NIPDB) is the body that first learns of an investment dispute between a foreign investor and a domestic enterprise. Investment disputes can be handled by the courts. There is no domestic arbitration body in Namibia.

References:

The Namibian, 03 October 2023, IMF red flags Namibia’s red tape, p. 1. <https://www.namibian.com.na/imf-red-flags-namibias-red-tape/>

6.b. Regulations of ongoing business operations

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The GRN is currently reviewing all regulated business activities with a view to streamlining and simplifying business licensing processes in order to eliminate bottlenecks and to implement process-based licensing systems and therefore facilitate existing business processes. During the period under review, the GRN put in place a number of business development programs to assist entrepreneurs to grow their businesses in order to eliminate bottlenecks and to implement process based licensing systems. The Authorities generally don't discriminate between local and foreign investment, but the new NIPF Act might reserve certain sectors for domestic investors. Businesses can be conducted locally in several forms: under a self-employed activity as a partnership with Namibian nationals, or a 100 percent foreign-owned company under the Companies Act. Also, the application processes for residence permits and work permits for foreign investors, entrepreneurs, and professionals have been streamlined, therefore reducing the burden on businesses. The Companies Act is currently being reviewed and it remains to be seen whether the registration as a Close Corporation will continue or be terminated.

The country also offers an excellent example of how corporate governance can play an important role in enhancing ongoing business operations and processes and thus contributing to a stronger economy. The country's Code of Corporate Governance - which aims to uphold and improve ethical conduct of directors and senior officers of both public and private companies - was under review in 2021, with final findings to be shared with the GRN and other national stakeholders by end of year for implementation in 2022.

According to the US Department of State, the investment climate in Namibia is generally positive. there are no restrictions on the establishment of private businesses, size of investment, sources of funds, marketing of products, source of technology, or training in Namibia. Investors are entitled to preferential access to foreign currency in order to repatriate proceeds from the sale of an enterprise to a Namibian resident. The majority of remittances are processed through commercial banks. There have been no plans to change investment remittance policies in recent times.

Namibia's second phase of its Governance and Economic Recovery Support Program (GERSP) with the Bank - Board-approved in September 2022 - will further increase the capacity of the Government to effectively engage in Public-Private Partnerships (PPP) by developing the appropriate legal environment, such as a framework to monitor PPP contingent liabilities for proper debt management; and guidelines for evaluation of unsolicited PPP proposals to encourage value for money and competition in PPP procurement. A PPP project preparation facility will fund project preparation.

References:

<https://www.afdb.org/en/news-and-events/press-releases/namibia-african-development-bank-board-approves-1349-million-loan-post-covid-19-economic-recovery-support-program-phase-ii-55157>

6.c. Regulations of factor markets (labor and land)

Score Type	Value
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Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The GRN continues to play a major role in influencing the dynamics of the labour market. Minimum wages are in place for certain sectors, such as domestic workers, farm workers and the construction industry. For example, the Namibia Agricultural Forum announced a 10% increase on the minimum wage (to N\$1,820 per month) in the Agricultural sector effective October 2023. In line with the 2021 Collective Agreement and as per the Government Gazette No.7675, the minimum wage payable in the construction sector was increased by 2.6% (from N\$17.38 to N\$17.84) effective November 2022.

For other sectors wages are determined by market dynamics and are usually agreed upon through negotiations between the employer and trade unions. Although most of the small establishments are covered by national labour legislation prescribing minimum terms and conditions of employment, there still exist certain segments of the labour market within the informal sector where the application of the existing legislations proves to be difficult.

Namibia is making good progress in improving the regulation of land development. Land of agricultural production is scarce in Namibia and therefore efficient land use is a major concern due to limited available land size. The GRN has been implementing the central E-Monitoring system at the Ministry to track all applications for Building and Land Use Permits, whether relating to municipalities or district councils since 2020. All relevant bodies are now connected to the e- Government portal and applications for Building and Land Use Permits are available online to allow movement of data and the issuance of permits electronically. Permits are now delivered within 30 days of application. Moreover, the relevant legislation has been amended to require the relevant Authorities' clearances within one week of receipt of the online submission. These latest developments should result in Namibia improving its competitiveness in the area of land resources management.

According to the US Department of State, a World Bank report in early 2022 noted that 70 percent of Morocco's labor market operates in the informal economy. There is a shortage of specialized skilled labor in Namibia. Employers often cite labor productivity and the shortage of skilled labor as the biggest obstacles to business growth. The 2020 Global Competitiveness Report ranked Namibia 94th out of 141 economies. An inadequately-educated workforce, access to financing, and low innovation capability are listed in the report as the most problematic factors for doing business. According to the DB report of the World Bank, there are 8 procedures and a 44-day process involved in registering property in Namibia. The type of land registration system in the economy is the Deed Registration System. Deeds Registry - The Ministry of Land Reform is the institution in charge. There is no electronic database for recording boundaries, checking plans, and providing cadastral information (geographic information system). Magistrate's Court and the High Court is the Court of First Instance in charge of a case involving a standard land dispute between two local businesses over tenure rights located in the largest business city.

References:

<https://allafrica.com/stories/202309040358.html>

<https://economist.com.na/74655/general-news/construction-minimum-wages-increase-by-2-6-from-november-2022>

(C) Policies for Social Inclusion/Equity

Cluster Score: 3.773

07. Gender Equality

Criteria Score: 4.167

7.a. Promotion of equal access for men and women to human capital development opportunities

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

The Namibian Constitution provides a strong backdrop for sexual equality. It is one of the few constitutions in the world that uses gender-neutral language throughout, and it explicitly forbids discrimination on the basis of sex. Laws and policies in Namibia that encourage equal access for men and women to human capital development opportunities include: the 50:50 gender policy adopted by SWAPO, Namibia's ruling political party. The country adopted gender equality as one of the principles of its national Vision 2030. The new National Gender Policy (2022-2032), and the Women Economic Empowerment Framework are to be finalized by 2023 and are part of the Bank's policy-based operation (PBO) reforms. The Agricultural Bank of Namibia has relaxed some required criteria for collateral for women. The Ministry of Gender houses a Gender Fund that finances small women businesses, facilitating their access to finance. As part of nationwide efforts to enhance and promote equal access to human capital development opportunities, the GRN, private sector and other stakeholders have been collaborating on developing solutions to address the low level of participation of women in business development, science and other emerging high

paying fields. This is critical for Namibia as it aspires to structural transformation and transition towards HIC status. The Gender-Parity Index increased slightly from 1.004 (2016/17) to 1.007 in 2020/21 implying equal access to education . This is further corroborated by the Global Gender Gap Report 2023 that ranks Namibia first globally for educational attainment. Female participation in the informal segment of the economy remains disproportionately high compared with men, thus increasing women's vulnerability to economic and social shocks as vividly demonstrated during the course of the COVID-19 pandemic in the country. Namibia needs to address these anomalies to achieve its overall inclusive and sustainable growth objectives.

Antenatal/Family planning services: Couples and individuals maintain the right to decide the number, spacing, and timing of their children; manage their reproductive health; and have access to the information and means to do so, free from discrimination, coercion, or violence. Supply chain challenges limit access to contraceptives through the public sector. Although one in two women between the ages of 15 and 49 uses a method of contraception, the country still does not meet the needs of many women. The unmet need is generally the greatest among women in the poorest 20% of households. Without access to contraception, poor women, particularly those who are less educated and live in rural areas, are at heightened risk of unintended pregnancy. The emergence of the Covid-19 pandemic has brought further challenges, as the latest figures surrounding teenage pregnancies across the country doubled for the 2020 academic year, recording about 3,627 cases. This is a sign that more needs to be done. The United Nations Population Fund (UNFPA), said ensuring access to affordable, quality contraceptives and sexual reproductive health services is a smart economic investment.

References

UNICEF, 2023, Education Budget Brief for Namibia FY2022/23

7.b. Promotion of equal access for men and women to productive and economic resources

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

The Constitution requires the promulgation of laws that give women equal opportunities and provide for equal pay for men and women, as well as for maternity leave and other benefits for women. The Namibian Constitution thus explicitly affirms the equality of women and men in social, legal and economic life. Namibia's Vision 2030 recognizes "gender equity" as being one of five broad "driving forces" for realising the Vision. In the 2023 Global Gender Gap Report, Namibia ranked 8th with a score of 0.802 out of 146

countries up from 12th with score of 0.784 out of 153 countries in 2020 which already showed a significant improvement from 40th out of 142 countries in 2015. Furthermore, Namibia is well on track to achieve SDGs Goal 5 on Gender equality and women empowerment. According to the 2023 Global Gender Gap Report, the Labour Force Participation Rate for women stood at 55.4 compared to 62.7 for men placing Namibia on rank 18 globally. Additionally, 43.6% of senior officials and managers are women (Rank 20) and 44.2% of parliamentarians are women (Rank 15).. In terms of governance, currently 31.6% of ministers are women. Thus, women in Namibia are increasingly contributing to the socio-economic development of the country, as well as empowering local communities.

However, gender disparity continues to exist in areas such as access to finance, business development and land ownership. However, there is only a minor difference in the poverty rate for women compared to men – 17.6% to 17.1% in 2015/16.

7.c. Men and women equal status and protection under the law

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Recent national surveys have shown that more than 40% of women in Namibia have experienced physical violence at some point in their lives. The situation has deteriorated particularly within the context of the pandemic. There has been evidence of an increase in the incidence of sexual and Gender-Based Violence (GBV) in Namibia, mainly towards women and girls, due to the confinement measures. As the general population was forced to stay at home, women and girls experienced heightened risk of domestic violence, intimate partner violence, child abuse and other forms of sexual violence. To respond to this the government of Namibia has continued to implement measures set out in the National Plan of Action on Gender Based Violence 2019-2023. More needs to be done to strengthen the support to GRN requisite funding for relevant programs designed to advance gender equality and mainstreaming in Namibia. Support the expansion of crisis support services and family friendly policies aimed at helping women, children and adolescents who witness and/or are victims of violence, abuse and exploitation. Strategies include GBV hotlines, the establishment of safe spaces and shelters, integrated sexual and reproductive health services, GBV services, as well as police and justice mechanisms in line with the UN Essential Services Package (UN Women, WHO, UNFPA, UNODC and UNDP, 2015). In this regard, UN Women and the UNFPA have provided already support to the GRN in the development and printing of GBV referral pathways for all 14 regions of the country. These were launched in 2021 and are expected to be implemented from 2022 onwards.

08. Equity of Public Resource Use

Criteria Score: 3.833

8.a. Poverty Measurement

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Namibia has made steady progress in attaining inclusive growth and social development goals over the years. Poverty levels dropped from 37.0% in 2003/04 by more than half to 17.4% in 2015/16 of all individuals based on Namibia's Upper-Bound Poverty Line. Applying the corresponding poverty rate at the 2011 purchasing power parity \$3.20 per person per day in 2018 the poverty rate was however 33.7%, which is relatively high for an upper middle-income country. The gains in poverty reduction are largely attributable to social safety nets and other pro-poor programmes. According to Namibia's SDGs National Voluntary Review report of 2018, the country has made good progress in several of the SDGs indicators. In addition, the report found that the country is delivering on its commitments to fully integrate and implement the SDGs into national development strategies and policy frameworks. Measures for the eradication of poverty and reducing income inequality are being implemented based on the Blueprint on Wealth Distribution and Poverty Eradication. In addition, the NDP 5 (2017-2025) targets a reduction in poverty and extreme poverty prevalence rates, from the actual 17.4% and 10.7% in 2015/16, to 10% and 5%, respectively, by 2022. However, the severe impact of the COVID-19 pandemic on the economy and society risks reversing most of these gains. For instance, the severe contraction of GDP in 2020 is projected to push more than 105,000 Namibians below the poverty line by end 2021. The unemployment level which was already high, at 33.4% in 2018, is expected to have worsened and remains a key driver of inequality and vulnerability as the country shifts from labour-intensive sectors to emerging capital-intensive sectors requiring higher skill levels. The incidence of poverty is highest amongst youth and rural areas. Subsequently, inequality remains relatively high in Namibia and the Gini index currently stands at 0.57, with the country ranked as the second most unequal country.

The Namibia Statistics Agency published in 2021 the Multi-dimensional Poverty Index Report 2021 to broaden the focus on poverty away from the mere focus on income poverty. According to the report 43.3% of the population is regarded multi-dimensional poor.

8.b. Public Expenditures: Priorities and strategies

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

The GRN continued to demonstrate strong commitment to pro-poor spending and poverty alleviation during the period under review. The launch of the HPPII in March 2021 carried an evident approach and strategy to addressing inequality and increasing incidence of poverty in the country. Increased expenditure on poverty alleviation programs contributed to an increase in coverage of the lowest quintile of the population to 64%, which is close to the levels experienced in peer upper MICs in Africa. The adverse impact of the COVID-19 pandemic and headwinds on the GRN's fiscal position, re-emphasized the urgency with which reforms and improvement in social transfers programs were to be executed. In spite of the surge in social protection and poverty alleviation related expenditure, which amount to 3.0% of GDP in FY 2023/24, there is still need for more efficient targeting of these programs to improve overall human development outcomes. Furthermore, the GRN is cognizant that additional expenditure on upgrading of data bases and technological infrastructure in the country is essential in order to extend outreach to the most remote communities in the countries, as well as monitoring and evaluating outcomes of the country's numerous grants programs.

The Government has embarked on the review of the Blueprint on Wealth Redistribution and Poverty Eradication of 2016. The review is expected to come up with recommendations on policies to achieve further progress on the objective of wealth for all and equality.

8.c. Regressive Tax

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The Government employs a progressive income tax system with a tax threshold of currently NAD50,000 per annum and increasing marginal tax rates thereafter starting from 18% up to 37% for those earning more than NAD1.5 million per annum. The Government announced in the tax threshold to NAD100,000 per annum from FY2024/25 onwards. While this is good news for low-income earners, higher income earners will be the main beneficiaries since the tax threshold applies to all taxpayers and hence exempts them from paying taxes for an additional NAD50,000. Moreover, higher-income earners benefit from tax-deductible allowances, such as pension fund contributions, housing allowances, etc., and hence benefit from higher tax savings due to higher marginal tax rates than low-income earners. The Government has also zero-rated a number of items including recently sanitary pads for Value-Added Tax. While the measure aims at benefiting the poor, it is questionable whether they do benefit since they often do not have access to the items and or can still not afford them. A thorough review of the tax system is required to ensure it benefits the target groups in society.

09. Building Human Resources

Criteria Score: 3.167

9.a. Health and nutrition services

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The quality of healthcare infrastructure and services remains a major policy and investment priority for Namibia even after the unprecedented impact of the COVID-19 pandemic. Access to health services has improved, resulting in declining rates of communicable diseases, such as HIV-AIDS. Maternal mortality deaths were at 195 per 100,000 live births in 2021, unchanged from 2020. The country is determined to reduce overall inequality, particularly in the area of social services delivery, and aspires to the provision of Universal Health Coverage for its population as set out in the SDGs (Goal 3). The improvement in efficiency, equity and quality of medical services also forms a key component of the Social Progression pillar of the Harambee Prosperity Plan II (2021-2025). Furthermore, the National eHealth Strategy 2021-2025 captures the digital health lessons emerging from the COVID-19 experience and allows for remote patient management, interoperability of systems, through accelerated digital transformation of the health sector.

Planned expenditure on public healthcare was allocated about 11.7% of the National Budget for FY 2023/24 (second highest allocation after basic education), whilst overall healthcare expenditure amounted to just over 11% of GDP, rising in relation to previous years. 49.3% (NAD4.8 billion) of the allocation is

budgeted for personnel expenditure and 41.4% (NAD4.0 billion) for goods and other services. Development expenditure (capital expenditure) amount to just 3.1% or NAD0.3 billion. Although per capita health expenditure of USD 500 is relatively high compared with its African peers, the proportion of Namibia's population covered by medical insurance is low at only a fifth of total population. The vast majority of the population is reliant on either the public health system for access to health services or must pay out of pocket for private health care, which have come under severe pressure due to the pandemic. The GRN looked to relieve some of the pressure on low-income households by expanding the country's Essential Medicines List in 2021, through which most low-income patients meet their pharmaceutical demands in this manner where possible, as retail medicines are often too expensive. Furthermore, access to medicines continued to be secured as the country reinforced supply chains of pharmaceutical products with neighbouring South Africa and other key source markets such as China, India, Germany, and the UK.

From a nutrition perspective, the NDP5 targets that "By 2022, the proportion of food insecure households has dropped from 25% to 12% and food production has increased by 30%". Namibia continues to face several challenges, which have been further exposed by the COVID-19 pandemic. Firstly, agricultural productivity remains low, and Namibia relies largely on food imports to meet domestic demand and reduce the risk of food insecurity. Under normal circumstances the country produces approximately 60% of its cereal requirements and the remaining 40% is imported through commercial millers in the country. Namibia faces an impending food security concern, and requires significant investments to increase productivity, competitiveness and revenue generation. Child malnutrition levels remain relatively high compared with fellow upper MICs, with the incidence of stunted growth amongst children remaining high. Furthermore, persistent droughts in recent years and increasingly unreliable rainfall patterns have vastly reduced agricultural output and the subsequent rise in food prices has undermined the population's purchasing power. The Build Back Better programme, which was initiated by the UNDP in collaboration with Food and Agricultural Organization and the Japan International Cooperation Agency, aims to achieve food security targeting a total of four hundred (400) women, youth aged between 19 and 29 years, and persons with disabilities, who operate in the informal sector as food vendors and small-scale or individual producers in four pre-selected municipalities in four regions of the country by 2022. The program is currently being coordinated by the GRN under the Harambee Comprehensively Coordinated and Integrated Agricultural Development Programme, which is based on the HPPII. The objective is to empower informal food vendors to become more resilient in order to attain food security and pursue sustainable livelihoods, to transform the urban and peri-urban landscapes into centres of excellence in food production, and to improve food supply chains to become more locally sustainable, resilient and disaster responsive.

Other GRN policy measures and initiatives, with support from development partners, are being undertaken to address the critical issue of malnutrition in the country. The UN is providing financial and technical assistance to ongoing GRN programs focusing on enhancing maternal, infant and young child nutrition, specifically on the first 1,000 days after childbirth. Maternal nutrition will be prioritized to ensure that pregnant women have access to high quality antenatal care, including iron and folate supplementation and PMTCT services. In addition, education and counselling support for appropriate nutrition during and after pregnancy and appropriate feeding of infants and young children will be provided at facility and community levels through CHWs. As such, an important part of this intervention will be to strengthen the capacity of CHWs to provide quality support and care. Since improving nutrition proves unsustainable when most of the food is imported from other countries, efforts could be made to connect the nutrition-specific interventions in the health sector to small-scale farmer-producers around the region.

The Government revised and released the National Food and Nutrition Security Policy, the implementation plan and the coordination structure in 2021. The policy aims to address food insecurity and malnutrition through the promotion of sustainable food systems and access to nutritious food.

References:

Republic of Namibia, Ministry of Finance and Public Enterprises, 2023, Estimates of Revenue, Income & Expenditure 01 April 2023 to 31 March 2026.

<https://wch.gov.na/documents/1044310/1328281/eHealth+Strategy+Namibia+2021.pdf/3db12d02-633d-87d1-906b-f73fecf47a17?t=1669237711579>

9.b. Education, ECD, training and literacy programs

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

Over the years Namibia has made strides in terms of human capital development. The country managed to achieve universal primary education and gender parity at all levels of school in terms of enrolment. Despite the progress, challenges remain, including the low quality of education outputs and outcomes, inefficiencies in the education system and relatively low access rates of tertiary and vocational training and education.

The challenges the education sector faces were vividly exposed during the Covid-19 pandemic: The scarcity of affordable and available technology and internet connectivity to facilitate continued learning for low-income households, rural dwellers and children with disabilities: the relatively low level of digitalization in general of governmental and educational services, as well as lack of electrification of in particular rural schools and rural households. Furthermore, there is a lack of access to Early Childhood Development (ECD) centres in particular in informal settlements and rural areas.

There are however ongoing programs supported by the private sector, CSOs and International Cooperation Partners in the country focused on supporting continuity of ECD services, especially in vulnerable communities, through improved hygiene facilities, adaptive learning and supplementary feeding.

The priority the Government attaches to the education sector is clearly reflected in its share of the National Budget. Education, Arts & Culture (basic education) always received the largest share of the budget amounting to NAD16.8 billion or 20.3% in FY2023/24. In addition, the Ministry of Higher Education, Technology and Innovation receives 4.6% of the budget resulting in the whole education receiving one out

of four dollar of the budget.

References:

Republic of Namibia, Ministry of Finance and Public Enterprises, 2023, Estimates of Revenue, Income & Expenditure 01 April 2023 to 31 March 2026.

9.c. Prevention and treatment of HIV/AIDS, tuberculosis, and malaria

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

According to the latest figures published by the Global Fund to Fight HIV/AIDS, Tuberculosis (TB) and Malaria and the Center for Disease Control, Namibia continues to experience relatively high rates of HIV infections, as well as TB. The HIV prevalence rate (15-49 years) stood at 11.0% at the end of 2022, with an estimated 3,100 related deaths. However, Namibia has exceeded the 90-90-90 target and aims at achieving the 97-97-97 target by 2028 . The incidence of TB increased in 2022 by 30%. Estimates of the incidence rate range from 344 to 442 per 100,000 inhabitants.

In terms of combatting malaria, Namibia achieved the 2020 milestones of reducing malaria incidence and deaths by 40% compared to 2015. However, the country did not meet its target of eliminating malaria by 2022 and has postponed the elimination to 2027. The number of cases was reduced to less than 5 per 1,000. The outbreak of Malaria is influenced by rainfall patterns and hence breeding places, the insecticide resistance of the mosquito, and the availability of insecticides.

References

The Namibian, 3 Sep. 2023, Namibia and Lesotho surpass targets for controlling HIV.
<https://www.namibian.com.na/namibia-and-lesotho-surpass-targets-for-controlling-hiv/#:~:text=Namibia%20and%20Lesotho%20were%20recently,global%20health%20supply%20chain%20programme.>

10. Social Protection and Labor

Criteria Score: 3.7

10.a. Social safety net programs

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

Namibia's spending on social protection is relatively high compared with peer African economies. 7.6% of the national budget for FY2023/24 is allocated to social grants such as the old age and disability grant, various child grants, veterans' subvention and the newly introduced conditional basic income grant that replaced the food parcels provided to vulnerable households under the foodbank programme in 2021. In addition, about 400,000 learners benefit from the school feeding programme. While the old-age and disability grant was regularly increased since 2000 resulting in a real improvement, the child grant was only for the second time increased in the FY2023/24 budget by NAD100 to NAD 350 per month compared to NAD1,400 per month for the old-age grant and disability grant and NAD600 per month for the conditional basic income grant. The real purchasing power of the child grant is therefore below its purchasing power in 2000. However, the number of beneficiaries has increased exponentially from some 4,000 in 2000 to 360,000 in FY2023/24. Despite the social safety net, Namibia remains the second most unequal country in the world, with an income inequality index of 0.57, according to the UNDP's HDI Report of 2019. The COVID-19 pandemic is expected to have further exacerbated the situation, which highlights the need to build a robust social protection system that is shock-responsive, has a larger coverage of the total population, and is better suited to respond to crises.

In addition to the non-contributory social grants, employees in the formal sector benefit from contributions by the employer and employee to the Social Security Commission that cover maternity leave, sick leave, work-related death and workmanship compensation. Although the contributions are compulsory, not all employers abide by the law. Furthermore, formal sector employees benefit from pension fund contributions and medical aid schemes. Again, the coverage is not universal and significantly higher for pension fund contributions than for medical aid schemes.

10.b. Protection of basic labour standards

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0

Final Score	4.0
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Country Notes:

The country continues to introduce and implement policy measures to enhance protection of labour standards, in accordance with national frameworks governing labour rights and the International Labour Organization (ILO) Decent Work Country Program (2018-2023). Namibia has upheld its commitments towards regional and global agreements on prohibition of child labour, protection of workers in the informal economy and exploitation of migrant workers. There has been even more scrutiny of employers respecting and abiding by national labour laws even amidst the COVID-19 pandemic. Formal sector employees continue to enjoy a comprehensive social insurance in the form of pension funds, health insurance (public and private) and cover against work-related accidents and illnesses through mandatory contributions to the Social Security Commission (SSC). However, there are gaps for private-sector workers in the absence of a statutory pension arrangement and medical aid scheme (health insurance). In 2022, almost 97,000 employees were registered with a Medical Aid Fund in addition to some 100,000 public service sector employees benefiting from PSEMAS. This amounts to about 27% of all employees that are covered by a medical aid scheme. The social security bill does not provide for permanent unemployment insurance to address the problems associated with loss of income for both formal and informal sector workers. Plans for the introduction of a national pension fund under the SSC are at an advanced stage.

Namibia remains without a universal minimum and living wage. However, sectoral minimum wages exist for some sectors such as domestic workers, farmworkers, or the construction sector.

10.c. Labour market regulations

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The labour market dynamics in Namibia have been relatively inflexible and productivity has been low in recent years. The incidence of unemployment remains high at 33.4% of the country's labour force in 2018 – being particularly elevated amongst the youth (46.1%) – and a principal driver of income inequality in the country. Namibia's unemployment challenges are primarily structural, reflecting a mismatch between existing labour supply and demand at prevailing market wages. The unemployment rate fluctuated between 27.5% in 2012 and 34.0% in 2016. On the supply side, low levels of tertiary education and entrepreneurship tend to reduce the employability of job seekers, while high commuting costs raise reservation wages. Some grants might also raise reservation wages, albeit indirectly and to a lesser

extent. On the demand side, labour market institutions—such as wage-bargaining arrangements—further raise wages above levels that would be needed to clear the labour market.

In line with the HPP II, the Government scaled up substantially access to vocational training and education in an attempt to align qualifications of school and tertiary education leavers to the demand of the labour market as well as to promote self-employment and entrepreneurship.

10.d. Community driven initiatives

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The policy measures implemented to reduce the spread of COVID-19 put a strain on societal relations and deeply affected vulnerable segments of the population. While social distancing has had an impact on children and adolescents in terms of mental health and psycho-social support systems, efforts to deepen engagement with the youth and reduce forms of gender inequality risk being reversed as the country attempts to overcome the pandemic. Thus, the GRN has been proactive and proposed immediate action to strengthen inclusive dialogue and advocacy within vulnerable segments of the population, to improve institutional quality and build a more cohesive society. To this effect, the GRN has reached out to Civil Society Organizations (CSOs) to include the organizations in design and implementation of COVID-19 relief and stimulus programs. Evidence of such collaboration was demonstrated during implementation of relief programs and project facilities provided by development partners such as the AfDB, IMF, GIZ, and the UN agencies throughout 2021. The GRN is cognizant of the importance of strengthening the capacity of CSOs in disaster preparedness and response to ensure their engagement as partners in time of disaster/other crisis/health crisis such as COVID-19. To ensure the 'Leave No One Behind' guiding principle, these initiatives include organizations that represent key interests of vulnerable groups of the population, including women and youth organizations, organizations for persons with disabilities, federations of slum dwellers national human rights institutions, religious organizations and indigenous community organizations. The National Planning Commission established a CSO Help Desk but its mandate is rather limited. The Government could consider broaden the mandate to become a Single Window for CSOs as well as for Social Impact Investors seeking assistance in identifying potential local cooperation partners. Furthermore, there is a need to design a new CSO Policy and implement it to support the CSO sector.

10.e. Pension and old age savings programs

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

The total number of pension fund members declined by 13.7 percent to 374,949 as of 31 December 2022. This equals about 46% of all employed persons. The drop can be attributed to the aftermath of the economic impacts of the Covid-19 pandemic and the slow recovery of the economy which resulted in retrenchments and business closures. While pensions fund assets for active members increased slightly from NAD112 billion to NAD114 billion in 2022, overall assets decreased from NAD206 billion to NAD201 billion in 2022 owing to a decline in the reserve account. The tax-deductible contributions to pension funds were increased from NAD40,000 to NAD150,000 per annum at the beginning of 2023. However, this measure will benefit only high income-earners, while those most in need of support will neither be able to exploit the amount nor to reap the tax benefits since they either do not pay taxes or are subject to a much lower marginal income tax rate. In support of pensioners relying on the old-age grant, the Government increased the grant by NAD100 to NAD1,400 per month for the FY2023/24.

11. Environmental Policies and Regulations

Criteria Score: 4

11. Environmental Policies and Regulations

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Namibia's Vision 2030 emphasizes the sustainable use of natural resources in the country by promoting the creation of a diversified, open market economy with a resource-based industrial sector and commercial agriculture. The country's second National Biodiversity Strategy and Action Plan (NBSAP2, 2013-2022), seeks to maximize on existing areas of comparative advantage in natural resource management, nature-based tourism and environmental protection by mainstreaming biodiversity in all sectors other than the environmental sector.

Namibia's fifth NDP (NDP5, 2017/18-2021/2022) outlines four main goals, one of which is ensuring a sustainable environment and enhancing resilience. The goal focuses on: (i) conservation and sustainable use of natural resources, and (ii) environment management, and climate change. NDP5 is complemented by the Harambee Prosperity Plan II 2021-2025 which allows Namibia to respond to domestic challenges and global opportunities during and after the pandemic. HPP II proposes various measures to safeguard the country's unique ecosystems and enhance natural resources management. These policy measures and commitments are further emphasized in Namibia's Second Updated Nationally Determined Contribution (NDC) for 2021, in which the country commits reducing green house gas (GHG) emissions by 91% by 2030.

The Government has demonstrated its political commitment to tackling climate change. The climate change unit within the Ministry of Environment, Forestry and Tourism (MET) is responsible for tracking the NDC implementation progress. The MET also serves as the approver/focal point to the United Nations Framework Convention on Climate Change (UNFCCC), and as the National Designated Authority to the Green Climate Fund (GCF). One major achievement has been the creation of the Environmental Investment Fund of Namibia (EIF) which is playing a pivotal role in the mobilization of funds from the GCF. The EIF has partnered with the United Nations Development Program to support the acquisition of complementary grant funding. During the FY 2023/24 the Environmental Investment Fund will provide NAD120 billion to community-based organisations for climate change adaptation, resilience and capacity development.

The Global Green Growth Institute's Green Growth Index (GGI), linked with the sustainable development goals, measures Namibia's progress towards achieving green growth. The country's Global Competitive Index (GCI) score was around 55-56 over 2010-21, above Africa's mean score of 48-50. The country's score was mainly driven by its high performance on gender balance (90.0), culture and social values (79.4), environmental quality (76.8), social equity (76.3), waste and material use efficiency (73.5) and social protection (67.4). Namibia however underperformed in green trade (5.6), green innovation (25.3) and efficient and sustainable water use (43.7).

In the energy sector, Namibia's National Renewable Energy Policy looks to introduce new emission-reducing technologies and encourage healthier practices that are more energy efficient. For instance, there is a strong drive to promote climate-friendly and energy-efficient refrigeration and air conditioning in households across the country. Substantial progress has been made regarding the development of a Green Hydrogen industry in Namibia. The Green Hydrogen Strategy was launched at the end of 2022 at the COP27 and five pilot projects have commenced. These include the production of GH2 to be used in vessels and locomotives, to produce electricity as a baseload, or to produce Green Ammonia as a fertilizer for agriculture. A large investment of up to USD10 billion is in the pipeline and off-take agreements have been signed with potential customers across the globe.

There are other notable policy measures around climate change adaptation that are currently under implementation in the agriculture and forestry sector. These include Climate-Smart Agriculture, bush-thinning and the sustainable utilization of bush biomass, improved water management, improved monitoring and early warning systems, the development of knowledge and decision-support systems, and

the development of new crop varieties and technologies to boost agricultural output. Furthermore, there are ongoing policy driven and community led initiatives to strengthen policy and regulatory frameworks to safeguard the country's wildlife whilst also promoting eco-tourism. The tourism sector is amongst the fastest growing sectors of the Namibian economy and relies heavily on wildlife. Policies are being implemented to improve the quality of wildlife viewing and ensure adequate wildlife numbers and vegetation in order to attract more tourists to the country.

From a private sector perspective, the country started implementing the New Green Economy 2030 (NGE2030) Program during the period under review, with the overarching objective to propel the country on to a more inclusive and green economic growth trajectory. The NGE2030 program aims to generate renewable energy products such as green fuels, green electricity and green gas along with other green co-products such as green animal feed and green polymers for local use and export purposes while creating green development zones. The NGE2030 Program also places strong emphasis on promoting green entrepreneurship, particularly amongst SMEs which are the backbone of the economy. According to recent national estimates, SMEs contribute more than 20% to the national GDP, while creating approximately 80% of new jobs in the country. Thus, green entrepreneurship can form an integral part in alleviating youth unemployment due to the low entry-level requirements for young people in many sub-sectors of the green economy and their generally strong interest in innovative business solutions and sustainability considerations. In addition, the creation of new firms allows equal access in terms of gender and is not limited to urban areas where larger employment opportunities exist. Green entrepreneurship is already providing new employment opportunities to workers who were recently retrenched due the adverse impact of the COVID-19 pandemic and have them contribute significantly towards a greener economic model in Namibia.

Although a number of sectoral policies related to the environment and natural resources have been developed, they have mainly a sectoral focus and are rarely known outside the specific ministry and therefore a challenge to implement in an integrate and coordinated manner. For instance, climate change adaptation measures, focusing on land degradation, desertification, and vulnerability to extreme events, are partly integrated into national development policies, although under different headings. Other challenges include non-coherence of objectives between different sector policies and legislation. There is a disjointed approach across a multitude of ministries in relation to enforcing compliance with respect to environmental management pollution, permitting and reporting. For example, responsibility for monitoring water management around mining operations lies with Ministry of Agriculture, Water and Land Reform and Ministry of Mines and Energy; however, overlapping mandates and limited resources often result in either a duplication of effort or neither ministry adequately ensuring compliance. In addition, the mining sector, like many others in Namibia, produces hazardous waste, and the disposal of this waste is problematic, as the country does not have a registered hazardous waste site that is compliant with international standards. This poses a problem for international companies operating in Namibia, as they have internal standards that require the disposal of hazardous waste at registered facilities. The Chamber of Mines' environmental subcommittee recognizes the need for a hazardous waste site, and the sector is working with key stakeholders to develop a strategic waste site through a PPP. Other challenges to implementation of environmental management policies across the board is lack of adequate funding, limited availability of up-to-date data and models, as well as insufficient access/deployment of latest environmentally friendly technologies.

References

<https://www.afdb.org/en/documents/publications/african-economic-outlook-2023/country-focus-report-2023>

(D) Public Sector Management and Institutions

Cluster Score: 4.1

12. Property Rights and Rule-based Governance

Criteria Score: 4.25

12.a. Legal basis for secure property and contract rights

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

Private property rights are guaranteed in law and largely respected in practice in Namibia. The constitution prohibits expropriation without compensation. There are no legal barriers to women's access to land. However, customs regarding inheritance procedures and property rights remain unfavourable towards women. Land rights remain a contentious and unresolved issue. The Commission of Inquiry into Ancestral Land Rights and Restitution, an outcome of the Second National Land Conference which took place in October 2018, drafted the Ancestral Land Rights and Restitution Bill to support the restitution of land rights to persons or communities that lost their land rights as a result of past discriminatory laws or practices. The Bill proposes several remedies, including financial compensation where resettlement is not appropriate, and the acquisition of State land not currently held under title deed. The proposed Bill would complement Namibia's existing land reform legislative framework which does not deal with ancestral land rights and restitution issues.

The International Property Rights Index -- which measures the degree to which a country's laws protect private property rights and the degree to which its government enforces those laws -- shows that between 2021 (57) and 2023 (64), Namibia experienced gains in terms of securing property rights. Out of the 53 African countries assessed, Namibia ranked in the top 10. The score of 64/100 indicates that there is a good degree of legal protection of property and fairly decent degree of judiciary independence. In comparison to the regional average, Namibia performed significantly better on all relevant measures -- cost of contract enforcement, processing time of contract enforcement and quality of judicial processes.

In addition, Namibia has a comprehensive framework in place to protect both real and intellectual property rights. The constitution enshrines the right of individuals to acquire, own, and dispose of property, with checks in place against expropriation without just compensation. The presence of a structured real estate

and financial market further streamlines the property acquisition process. Regarding intellectual property, Namibia's participation in global conventions like WIPO, Berne, and Paris, and its association with the Madrid Protocol and PCT, indicate a commitment to maintaining international standards. The division of responsibility across three ministries ensures specialised focus on various intellectual property components. Active copyright organisations like NASCAM and NAMRRO not only oversee rights protection but also drive anti-piracy campaigns, showing an active and participative role in rights protection. Although the ongoing process of finalising its intellectual property legislation may hint at potential delays or bureaucratic hurdles, the proactive steps towards establishing robust IPR frameworks are commendable. The absence from the USTR Special 301 Report or the Notorious Markets List further bolsters Namibia's positive position in this context.

References:

http://www.lac.org.na/news/probono/ProBono_61-ANCESTRAL_LAND_RIGHTS_AND_RESTITUTION_BILL.pdf

[https://www.theglobaleconomy.com/Namibia/herit_property_rights/#:~:text=Property%20rights%20index%20\(0%2D100\)8](https://www.theglobaleconomy.com/Namibia/herit_property_rights/#:~:text=Property%20rights%20index%20(0%2D100)8)

12.b. Predictability, transparency, and impartiality of laws affecting economic activity

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Namibia has built and consolidated its position as an investor “friendly” environment thanks in large part to the predictability, transparency and impartiality of laws affecting businesses and individuals. The judiciary continues to be independent and the legal system is generally non-discriminatory and transparent. Any changes in the law or any decisions made by the judiciary are communicated openly to the public via the media and on government websites. The country performed well on the 2020 GCI sub-category on “Efficiency of legal framework”. Moreover, in terms of “Burden of Government regulation”, the country improved its ranking over the years. It should be noted though the country’s positive reputation for transparency and accountability has come under increasing scrutiny following several high-profile scandals in 2019 including the so-called Fishrot scandal.

The 2022 edition of the Mo Ibrahim Index of African Governance scored Namibia highly on the overall indicator of Security and Rule of Law, where the country is ranked 5th out of 54 countries. Namibia was ranked 5th in the sub-component of Accountability and Transparency, 7th in Rule and Law of Justice and

8th in Anti-Corruption. The country is equally highly regarded in terms of Participation, Rights & Inclusion (Rank 7) in particular regarding Rights (Rank 4) and Participation (Rank 4).

According to the 2023 Investment Climate Statements for the country, Namibia's legal, regulatory, and accounting practices align with international standards, which promotes an atmosphere of reliability and predictability. The absence of ESG disclosure requirements might indicate a potential gap in addressing evolving global investment standards. While the process for reviewing draft bills and legislation is inclusive, the lack of a requirement for public commentary or for making these comments publicly available may hinder complete transparency. The digitalisation of the Government Gazette ensures easy access to approved legislations and regulations. The transparency in public finances, coupled with active efforts by institutions like the Ministry of Finance and the Bank of Namibia, is commendable. The independence of the judiciary is a strong asset, but the slow speed of justice due to backlogged cases is a clear impediment to timely resolution of legal matters. Potential legislative changes, like introducing plea bargains, may streamline the judicial process, but their uncertain status may create ambiguity about their potential effectiveness. Overall, while there are robust systems in place, certain areas need optimisation for increased transparency and efficiency.

References:

<https://mo.ibrahim.foundation/sites/default/files/2023-01/2022-index-report.pdf>

12.c. Difficulty in obtaining business licenses

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Foreign and domestic investors may conduct business in the form of a public or private company, subsidiary of a foreign company, closed corporation, partnership, joint venture, or sole trader. Companies are regulated under the 2004 Companies Act, which covers both domestic companies and those incorporated outside Namibia but traded through local subsidiaries. The Companies Act is currently under review among others to align it to requirements by the Financial Intelligence Act. In order to obtain business licenses in Namibia, businesses must also register with the relevant local authorities, the Workmen's Compensation Commission, and the Social Security Commission. Most investors find it helpful to have a local presence or a local partner in order to do business in Namibia, although this is not currently

a legal requirement, except in sectors that require a joint venture partner. The World Bank's Doing Business 2020 report notes that it takes ten steps and an average of 37 days to start a business in Namibia. All these are higher than the regional average. It is therefore not surprising that in terms of ease of satisfying administrative requirements, Namibia is ranked in the bottom 15 of 141 countries. However, cost of starting business is lower than the regional average. An entrepreneur in Namibia is also not required to deposit in a bank or with a notary before registration and up to 3 months following incorporation. But in the sub-region, the entrepreneur needs to deposit in a bank or with a notary before registration and up to 3 months following incorporation. Averagely, this is recorded as 9.3% of the economy's income per capita. Based on Namibia's own Private Sector Development Survey 2021/22, businesses have rated the ease of registration with the Business and Intellectual Property Rights Authority as relatively easy – a rating of 0.7 on a scale ranging from minus 2 (very difficult) to plus 2 (not at all difficult). Likewise, the time to register and the cost of registration were not regarded as a challenge.

According to the 2023 Investment Climate Statements for the country, Namibia offers a flexible business environment where foreign and domestic investors have multiple options to operate. The 2004 Companies Act ensures a clear regulatory framework for businesses, enhancing the ease of starting and running businesses in the country. The absence of a mandatory requirement for a local partner in most sectors indicates an open investment climate, although having a local presence can be beneficial. The presence of professional firms providing business registration services further simplifies the process for investors. The establishment of BIPA as a one-stop-centre for business and IPR registrations indicates a streamlined approach towards business formalities and provides a centralised platform for investors. BIPA's additional role in offering advisory services and information further supports businesses. Overall, Namibia presents a favourable environment for investors, marked by clear regulations and supportive institutions.

References

Ministry of Industrialisation and Trade, 2022, Private Sector Development Survey 2021/22 report.

12.d. Crime and violence as an impediment to economic activity

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

Namibia is a stable multiparty and multiracial democracy, longstanding since 1990, which provides a robust foundation of stability and governance. The protection of human rights is enshrined in the Namibian Constitution, and the government generally respects those rights, which in turn further emphasises the country's commitment to democratic ideals. Political violence is rare as reflected in Namibia's ranking as

number one in Africa in terms of Absence of Armed Conflict and damage to commercial projects and/or installations as a result of political violence is unlikely. Although reliability of police services to enforce law and order declined between 2018 and 2019 - mainly because of the increase in homicide rates - the extent to which organized crime imposes costs on businesses has declined over the period. However, Namibia is ranked only 34 in terms of Absence of Crime with a deteriorating score over time indicating that there is need to improve internal security. The budget allocation for the Ministry of Home Affairs, Immigration, Safety and Security rose by 16.9% between the FY2021/22 and FY2023/24 compared to an overall increase in expenditure by 17.5%. Based on regular reports in the media about the lack of timely responses by the police due to lack of transport etc., it appears that the allocation is not sufficient to raise the level of internal safety and security.

References

Mo Ibrahim Foundation, 2022 IIAG Scores, Ranks & Trends – Namibia.

13. Quality of Budgetary and Financial Management

Criteria Score: 4.25

13.a. Comprehensive and credible budget

Score Type	Value
Draft Score	5.5
Reviewed Score	5.5
Second Draft Score	5.5
Final Score	5.5

Country Notes:

The Ministry of Finance and Public Enterprises (MFPE) budget execution is conducted in compliance with the State Finance Act No. 31 of 1991 and at the direction of the Executive Director at the MFPE based on the Act. According to the law MFPE draw up a budget that is regulated by the Treasury Instructions procedures as stipulated by the Act.

According to the Bank's 2022 Country Fiduciary Risk Assessment (CFRA), budget credibility is considered high in Namibia, where the deviations between projections and outturns are minimal, at the aggregate level. Significant variations do sometimes however occur at individual vote level, due to over- or underspending. Supplementary budgets are provided for in the State Finance Act (1991) with a well-defined procedure for invoking these, but supplementary budgets have hardly ever been used.

The Budget document – Estimates of Revenue, Income and Expenditure – provides clear definitions of expenditure and revenue headings. It links the international Classification of Functions of Government (COFOG) codes (Government Financial Statistics Manual 2014) to the main divisions used in Government. Ongoing revisions to the chart of accounts is being done in tandem with the Budget Department, to ensure that existing alignments between the two remain. The budget is set against the Medium-Term Expenditure Framework (MTEF), and budget documentation is generally comprehensive. There are no explicit/transparent rules governing horizontal allocations, with budget allocations to regions and sub national levels determined on a needs basis at each point in time. Only some ministries have decentralised functions, such as the Ministry of Education, Arts and Culture that allocates funds to their regional offices for onward allocation to schools. The Government is fairly transparent in terms of making accessible its financial and general government operations reports that are available on the Internet in a timely fashion after submission to the Parliament.

Both the Ministry of Finance and Public Enterprises and the National Planning Commission issue comprehensive and clear budget circulars for the year's recurrent and development budgets respectively, generally guided by the MTEF, but subject to adjustments as may be required and approved by Cabinet in the setting of each year's ceilings. A budget calendar exists for ministries, which allows ministries and agencies sufficient time to generate their estimates, but it does not include the dates for the tabling of the budget and other important milestones in the budget cycle. The calendar is also generally adhered to in all material respects. Although both the Constitution and the State Finance Act do not clearly indicate the timeline (deadline) by which the National Assembly shall pass the Appropriations Act, the State Finance Act makes provision for a third of the total approved expenditure budget of the preceding year to be allocated and spent during the current year for a period not exceeding four months, provided the current year's Appropriations Act is not passed before the start of the financial year, which has never happened. The Government could consider bringing the whole budget process forward and table the budget before Parliament earlier in order to provide more certainty regarding the availability of funds for the new FY and hence ensures a timeous process of budget implementation.

The preparation and presentation of the FY 2023/24 National Budget was guided by the Harambee Prosperity Plan II that covers the period of the current Government until 20 March 2025 as well as the Fifth National Development Plan the period of which was recently extended to cover the same period as the HPP II. Both policy documents like the previous National Development Plans since Independence in 1990 continue to focus on three main development objectives, namely poverty reduction, reducing income inequality in the country and creating employment. The Social Sector took up 52.9% of the planned FY2023/24 fiscal expenditure, with the proposed increase in social grants; a strong indicator of the link between the budget and the Government's priorities. The trend in allocations are always reflected in the Citizens guide to the National Budget, which are published alongside the annual Budget Statements. With its summarised information and pictures, the Guides easily contribute to the population's quick understanding of what the budget is, its focus areas, sources of funding, size, and distribution. The Guides are very inclusive as they are presented in eight languages (English, Afrikaans, Damara>Nama, Otjiherero, Oshiwambo, Setswana, Silozi, Rukwangali).

The above noted, the 2021 Open Budget Survey (OBS) released on May 31 2022 scored Namibia 42% on Transparency (global average = 45%); 0% on Public Participation (global average = 14%); and 48% on Budget Oversight (Legislative = 36% and Audit = 72%).

References:

<https://mfpe.gov.na/budget>

<https://dsbb.imf.org/sdds/dqaf-base/country/NAM/category/CGD00>

<https://ippr.org.na/publication/open-budget-survey-namibia-report/>

13.b. Effective financial management systems

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

Financial accounting and reporting continues to run on an Integrated Financial Management Information System (IFMIS) using Oracle. The system provides an adequate audit trail, with sufficient passwords control to regulate unauthorized access. This should ordinarily guarantee financial data integrity, however, because only central bank reconciliations for Treasury managed accounts are regular, with the reconciliation of commercial bank accounts lagging behind, the quality and integrity of financial information is negatively impacted. Reconciliation and clearance of suspense and advance accounts is also sometimes not timely, further impacting the reliability of financial data in the system.

The Government Treasury Single Account (TSA) is fully functional and operating satisfactorily. The overwhelming majority of government accounts are managed by treasury and consolidated daily. Only the few Offices, Ministries, and Agencies (OMA) accounts which must of current necessity remain in commercial banks, as well as donor project accounts, remain outside the cash consolidation process within the central government banking framework. Daily cash consolidations enable efficient and effective cash management. Few offices, Ministries, and Agencies (OMA) bank accounts and the accounts of donor financed projects still remain outside the treasury consolidation process, which increases not only the resources to audit the financial statements but could result in leakages.

From a budget execution perspective, Namibia continues to perform relatively well. In FY 2022/2023, the execution rate of the overall expenditure amounted to 81.5% at the end of January 2023, hence after ten months of the FY. As regards the different headings, the execution rate of Operational Expenditure stood at 82.2%, with the execution rate of Development Expenditure at 72.9%.

Namibia has several key PFM reform achievements, such as the introduction of the Medium-Term Expenditure Framework, the use of program budgeting and integrated financial management systems, and improved cash management. However, the pace of PFM reforms remains very slow in several areas. The Bank's 2022 Country Fiduciary Risk Assessment assessed the overall fiduciary risk as moderate but pointed to outdated core PFM legislation from the delayed enactment of the PFM and Audit Bills. There are human resource capacity challenges in internal audit and anti-corruption. The PFM Bill – replacing the State Finance Act of 1991 – is under preparation and contains tighter financial controls and is compliant with international financial reporting standards. A new Audit Bill has been drafted that is aligned with the international standards of auditing, in areas such as General Principles, Risk Assessment and Response, and Audit Evidence. The adoption of the 2018-2025 Sovereign Debt Management Strategy is enhancing public debt management through benchmarking Central Government's borrowing activities against various risk criteria. In a bid to strengthen efficiency in revenue administration, the Namibia Revenue Authority (NamRA) was operationalized in 2021. The establishment of a PFM Reform Coordinating Secretariat in the Finance Ministry will give impetus to the reforms and ensure better coordination of Development Partner PFM support. The limited compliance to the 2015 Procurement Act by Procurement entities across ministries is compounded by staffing constraints and the lack of an independent procurement oversight body. The Act is being amended to address these gaps.

Republic of Namibia, Ministry of Finance and Public Enterprises, 2023, Budget Statement for the 2023/24 Financial Year.

Annex 11 in <https://www.afdb.org/en/documents/namibia-country-strategy-paper-2020-2024-mid-term-review-and-2022-country-portfolio-performance-review>

13.c. Timely and accurate fiscal reporting

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Namibia was ranked positively by the last Public Expenditure and Financial Accountability (PEFA) of 2019, on the accuracy and timeliness of fiscal reporting. PEFA highlighted that budget documents (budget speech, budget estimates and macroeconomic forecasts) are published every year on the website of the Ministry of Finance and Public Enterprises. The Post PEFA 2019 Action Plan, prepared by the Government in collaboration with the IMF and World Bank, includes measures that aim to enhance accuracy and timeliness of budget reporting. In accordance with best international practice and as part of the recently enacted public financial management reforms all Ministries and Departments, local councils and Statutory Bodies are to publish annual reports detailing performance of their respective entities for

that given year. These reports are then reviewed by the Ministry of Finance and Public Enterprises and subsequently submitted to Parliament. In addition, the 2020/21 implementation of the e-budgeting system has further modernized and strengthened reporting systems.

Section N0. 13 of the State Finance Act directs the accounting Officer (Executive Director) in the Ministry of Finance and Public Enterprises to, no later than four months after the end of the fiscal year, make an annual accounting of the central government operations and within five months provide these accounts to the Office of the Auditor General for his review. These certified accounts are to be submitted to the parliament within 12 months of the end of the fiscal year for its approval and, soon as available, are included in the Budget statement which is submitted in conjunction with the Minister of Finance's budget presentation to Parliament. Annual external audit reports are published every year and submitted to the Legislature in timely manner.

The Minister of Finance and Public Enterprises presents usually in October –six months into the FY – the Mid-term Budget Review and reports on execution rates and progress made. Furthermore, The Government publishes an Accountability Report detailing the allocated funds and actual expenditure as well as the programme achievements.

A three-tier Statistics Committee has been established between the Ministry of Finance and Public Enterprises, Bank of Namibia and Namibia Statistics Agency for data sharing, coordination and decision-making regards to statistics. All the committees meet quarterly to discuss all related statistical issues for the country.

Thus, in terms of budgetary accountability and reporting processes, Namibia continues to perform relatively well. The Namibian public officials continue to benefit from capacity-building initiatives provided by development partners such as the AfDB, IMF and World Bank in areas such as planning, policy formulation, budget and expenditure analysis, budget and performance reporting, monitoring, evaluation of public policies and statistical analysis.

However, the Auditor General has no authority to take any further action against public officials in case of non-adherence to public account rules and regulations (over- and underspending, not approved virements) or to recommendations made in previous auditing reports. The Parliamentary Standing Committee on Public Accounts conducts public hearings of public officials, but actions have rarely been taken against them.

<https://dsbb.imf.org/sdds/dqaf-base/country/NAM/category/CGD00>

13.d. Clear and balanced assignment of expenditures and revenues to each level of government

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0

Final Score	3.0
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Country Notes:

According to the IMF's Dissemination Standards Bulletin Board (DSBB), Namibia's General Government is comprised of the Budgetary Central Government, Extra-budgetary Units; Local Governments; State governments and Social Security fund. While total expenditure is largely comprehensive, the lack of data sources for delegated functions and Extrabudgetary units means that estimates are currently being used for the economic breakdown of expenditure related to intra-government grants for delegated functions and to Extrabudgetary units. Also, currently missing are own revenues of Extrabudgetary units and their related expenditure. Work is ongoing to secure data to resolve these issues. General Government data coverage compilation and dissemination currently does not include extra-budgetary units as a separate sub-sector due to the need to identify all such units and establish data collection for these units. Plans to include such units by end-2023 exist.

That noted, in terms of expenditure, regional and local entities have maintained their submissions of their recurrent budgets to the parent ministry for approval. These undergo several iterations before the final budget is approved. there is significant overlap in the provision of services between regions/localities and various ministries. In terms of revenues, property taxes remain the main source for regions and local entities but, at about 10%, this revenue is not sufficient. Additionally, several councils continue to run revenue arrears, partly due to weak administrative and enforcement capacity. The rising spending pressures related to COVID-19 and Russia's invasion of Ukraine response measures impacted on the ability of regional and local councils to deliver the basic services in 2021 and 2022.

References:

<https://dsbb.imf.org/sdds/dqaf-base/country/NAM/category/GGO00>

14. Efficiency of Revenue Mobilization

Criteria Score: 4.5

14.a. Tax policy

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

During the period under review, Namibia performed well in terms of revenue collection. The total estimated revenue collected for the FY 2022/23 year as at January 2023 amounted to NAD 56.2 billion representing a collection rate of 87.8% over ten months. A strong performance of Value Added Tax is reflected in a collection rate of 103%. VAT is the third most important revenue source contributing about 20% to total revenue in FY2022/23 behind personal income tax with 22% and SACU transfers with 33%. SACU revenue's share of overall government revenue increased by some six percentage points compared to FY2021/22 (27%).

The Ministry of Finance and Public Enterprises has left tax rates unchanged for FY2023/24 with the exception of excise duties on alcohol and tobacco that are increased annually for all SACU member states. However, amendments to the income tax act as well as the VAT act were proposed and gazetted. For instance, sanitary pads are now zero-rated for VAT, while the tax-deductible allowances for pension fund contributions were increased from NAD40,000 to NAD150,000 per annum. Furthermore, the Minister announced an increase of the tax threshold from NAD50,000 to NAD100,000 in the FY 2024/25 and a reduction in the corporate tax rate for non-mining companies from 32% to 31% (FY2024/25) and further to 30% (FY2025/26).

The Ministry of Finance and Public Enterprises has established the Directory of Tax Policy Advisory Services of two separate divisions for tax policy and customs & excise policies during the FY2022/23. It can be expected that the new directory will improve tax policy designs and ensure that any proposed amendments are aligned to Namibia's main development objectives such as wealth creation for all, equality and employment creation.

References:

Republic of Namibia, Ministry of Finance and Public Enterprises, 2023, Estimates of Revenue, Income & Expenditure 01 April 2023 to 31 March 2026.

Republic of Namibia, Ministry of Finance and Public Enterprises, 2023, Budget Statement for the 2023/24 Financial Year.

14.b. Tax administration

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

The operationalisation of the autonomous Namibia Revenue Agency (NamRA) took place on 1 April 2021 and has yielded already successes such as increased revenue collection. The establishment of the NamRA involved merger of the Inland Revenue Department and the Customs Office, thereby streamlining several of the previously outdated tax payment practices and a revamp of the country's revenue collection structure.

NamRA has continued with the Electronic Filing Tax Relief Program that provides relief to taxpayers with outstanding balances. The programme has been extended up to 30 October 2024 and entails the write-off of interests and penalties if the capital amount is settled in full by then. NamRA expects to recover tax arrears amounting to well above NAD10 billion, while promoting the use of the electronic tax filing system. NamRA has started enforcing tax compliance and has taken entities and individuals to court that are deemed non-compliant. NamRA also unearthed what it sees as tax scams amounting to almost NAD1 billion and involving close to 1,200 individual taxpayers. It is expected that these measures will result in increased tax compliance and subsequently higher revenue collection.

Tax Assessments and Appeal Process:

If a taxpayer disagrees with an assessment on taxable income, an objection to the assessment must be lodged in writing within a period of 90 days from the date of issue of the notice of assessment. If a taxpayer is still not satisfied with the revised assessment notice received, the taxpayer may make an appeal to the Special Court for hearing income tax appeals. Should a taxpayer still not be satisfied with the judgment issued by the Special Court, he or she can appeal to the Supreme Court of Namibia. This has to be done within 21 days after the notice issued by the Special Court. Depending on the scenario, before the matter reaches the supreme court, it might have to be heard by the tax tribunal first. Should the taxpayer still disagree with the outcome of the tax tribunal, he or she will need to refer the matter back to the Special court for further consideration. This must be done within 30 days after the outcome was given by the tax tribunal.

In the 2022 Corruption Perceptions Index, Namibia was ranked 59/180, with a score of 49% unchanged from 2021 when the country ranked 58/180, a two-place drop since 2020.

In its October 02, 2023 press release on the 2023 Article IV Mission to Namibia, the IMF observed that going forward, efforts to ensure tax compliance should continue. The IMF anticipates that the improvement in the licensing and the taxation of natural resource extraction, including fishing, will enhance revenue mobilization.

References:

Republic of Namibia, Ministry of Finance and Public Enterprises, 2023, Budget Statement for the 2023/24 Financial Year.

See for instance: Windhoek Observer, NamRA declares war on tax evasion - <https://www.observer24.com.na/namra-declares-war-on-tax-evasion/>

<https://www.pwc.com/na/en/assets/pdf/tax-first-newsletter-may-2020.pdf>

<https://www.imf.org/en/News/Articles/2023/09/30/pr23328-imf-staff-completes-2023-article-iv-mission-to-namibia>

15. Quality of Public Administration

Criteria Score: 3.333

15.a. Policy coordination and responsiveness

Score Type	Value
Draft Score	3.0
Reviewed Score	3.0
Second Draft Score	3.0
Final Score	3.0

Country Notes:

The Government of the Republic of Namibia (GRN) introduced some measures to improve policy responsiveness and reduce public administration during the period under review, such as increasing the availability of e-services and streamlining of business licenses application processes. In real economic sectors, such as water and sanitation, the GRN announced plans to invest heavily in this sector to address water and sanitation challenges in the country. However, the lack of clear and decisive policy direction in the water sector and the required reforms in that sector are of concern. Similarly, much needed reforms in trimming of the bureaucracy in the energy sector is still required if the government is going to successfully attract private operators into this space although the implementation of the Modified Single Buyer (MSB) model has attracted more private investment through Independent Power Producers. The MSB allows IPP to sell electricity directly to large consumers of up to 30% of their demand rather than selling only to NamPower. Despite Namibia's relatively favourable ranking of 13/54 countries in the 2022 edition of the Mo Ibrahim Index of African Governance regarding Public Administration (a component of the Foundations for Economic Opportunity category), there are indications that improvements in this area is strongly required. The huge cost over-runs and poor quality delivered under the current road investment programme but also other construction programmes are also a result of weak public administration in the Ministry of Works and Transport that need to be overcome if the country is going to attract opportunities for public private partnership initiatives (PPPs). PPPs or disposals of Government-run businesses, can help not only to contain public debt but also manage cost overruns as well as improve efficiency in public administration.

Bertelsmann Transformation Index (BTI 2022), which analyses and compares transformation processes towards democracy and inclusive market economies globally across Democracy; Economy; and

Governance, ranked Namibia 32/137 countries overall, and 52/137 on Governance Performance. Namibia's score declined to 5.77 in 2022 (fair performance) from 6.87 (sound performance) in 2021 with a declining performance in the steering capability, resource efficiency, international cooperation, and consensus building criteria.

References:

<https://www.get-transform.eu/power-trading-boost-in-namibia-new-guide-helps-to-unlock-access-to-msb-and-sapp-markets/>

<https://mo.ibrahim.foundation/sites/default/files/2023-01/2022-index-report.pdf>

https://atlas.bti-project.org/1*2022*CV:CTC:SELNAM*CAT*NAM*REG:TAB

15.b. Service delivery and operational efficiency

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

In its Harambee Prosperity Plan II (2021-2025), the Government echoes concerns about its ability to deliver high-quality services as a prerequisite for rapid growth, job creation and poverty eradication. In its FY 2023/24 budget statement, the GRN announced that the integration of the public enterprises function into the Ministry of Finance & Public Enterprises was completed in December 2022. Accordingly, the two functions have been merged into one Vote starting in FY2023/24. The Government anticipates that the consolidation of the management of government assets and liabilities in one ministry will assist to bring about efficiency gains. For example, transfers to commercial public enterprises were reduced significantly over the Medium-Term Expenditure Framework (MTEF), constituting only N\$425.4 million in FY2023/24. These allocations have been reduced significantly from over N\$2.0 billion per annum in past years.

For efficient use of public resources and better service delivery, the Government is focused on reforming State-Owned/Public Enterprises. For instance, the Government developed the State Ownership Policy and the Transformation Strategy for Public Enterprise sound management although they have not been finally approved. A draft Public Enterprise Transformation Strategy presents options for commercial Public Enterprises to fulfil their public policy objectives. Restructuring and divestiture options are also considered. The Public Enterprise Governance Scorecard, to monitor compliance with the Public Enterprise

Governance Act, and the SOE Financial Performance Management System, a platform for SOEs to share audited financial statements, were launched in October 2021. The Integrated Electronic Performance Monitoring, Evaluation and Reporting System is anticipated to be fully rolled out by end-2023.

References:

<https://mfpe.gov.na/budget>

15.c. Merit and ethics

Score Type	Value
Draft Score	3.5
Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Namibia was globally ranked the 59th least corrupt out of 180 countries in Transparency International's 2022 Corruption Perception Index, two places down from 57th in 2020, and its score declined to 49%, from 2020's 51%. The country has several laws that fight against corruption, such as the Witness Protection Act and the Whistleblower Protection Act, but they are yet to be fully implemented. The Bank's 2021 Country Fragility and Resilience Assessment recommended the continued strengthening of accountability mechanisms in Namibia, after rating the risk under the Ethics & Anti-corruption sub-pillar as substantial. Press freedom is entrenched in Namibia. The country emerged 18th out of 180 countries under the 2022 World Press Freedom Index, representing a six-step improvement from 2021.

Most Namibians remain of the view that the recruitment of executives and directors in the public sector in Namibia is based on business, political and family affiliations. There is also a high level of perceived favoritism within policymaking circles as evidenced by Namibia's low ranking in the favoritism in decisions of government officials sub-category of the 2020 GCR.

For Namibia to fulfil its socio-economic development aspirations there is need for robust public sector reforms and thus changes in the appointment practice of public officials is an essential component. The GRN announced in various policy frameworks and development plans that meritocracy is a major priority as it aims to improve transparency and governance in the public sector. It calls for public officials to be selected for their capabilities and commitment to effective governance. The GRN continues to formulate and push through reforms that will bring about a competency-based approach to strategic appointments within the public sector and subsequently set high standards for corporate government practices generally in Namibia. However, critics point to the slowness of implementing concrete initiatives to enhance meritocracy and ethics within the public sector. The Government took one step in this regard and

conducted public interviews with applicants for the position of the Ombudsperson. However, this approach was not applied to other positions, such as in the judiciary.

In its FY 2023/24 budget statement, the GRN allocated the Anti-Corruption Commission (ACC) N\$81.7 million in FY2023/24, a 10.4% increase from the allocation in the previous financial year. Over the MTEF period, the Vote will utilise a total of N\$271.1 million. Allocations for this important sector are kept steady over the MTEF to avoid compromising delivery on its activities.

References:

<https://mfpe.gov.na/budget>

15.d. Pay adequacy and management of the wage bill

No score data available for this subcriteria.

16. Transparency, Accountability, and Corruption in the Public Sector

Criteria Score: 4.167

16.a. Accountability of the executive to oversight institutions

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

All ministers are accountable individually for the administration of their own ministries and collectively for the work of the cabinet, both to the President and to the National Assembly (Article 41 of the Constitution). The government's accountability to the National Assembly is brought into play by questions put to ministers by Parliamentarians, and through Parliamentary Standing Committees. The government's accountability to the National Assembly can be brought into play by the National Assembly receiving reports on the activities of the executive (Article 63, paragraph f of the Constitution). The President and cabinet each year attend sessions of the National Assembly, during the consideration of the official budget. During such sessions, the President addresses the National Assembly on the state of the nation and on the future policies of the government, reports on the policies of the previous year and is available

to respond to questions. The Office of the Auditor General is in charge of mainly Regulatory Audits, Internal Audit and Risk Management in the public sector. Namibia also has technical Audit Boards, composed of specialised teams that include professional engineers, quantity surveyors and experts capable of forensic analysis supported by verifiable and transparent data.

Namibia continues to be one of the countries with the best governance track record in Africa. The country scored 64.1/100 with a rank of 8th out of 54 countries in the 2022 Ibrahim Index of African Governance (IIAG), which represents an improvement of 1.0 points in the 2012-2021 trend. The score and ranking represent a slight decline compared to 2020 when Namibia was ranked 7th with a score of 65.1. The country was ranked the 59th least corrupt country out of 180 countries in Transparency International's 2022 Corruption Perception Index with a score of 49. Despite this, the issue of corruption is of growing concern in Namibia as exemplified by the so-called Fishrot scandal that involved among others two ministers who are currently in custody awaiting trial. The Government introduced the Whistleblower Protection Act of 2017 which among others includes the establishment of a Whistleblower Office. The establishment of the Office depends on the availability of funds. The costs for the implementation of the Act are estimated at about NAD160 million.

In January 2017, Namibia unconditionally acceded to the African Peer Review Mechanism (APRM), which provides for self- and peer-assessment of governance policies and practices on the continent. This is a clear demonstration of Namibia's commitment to good governance. Namibia has put in place strong accountability systems in line with the Constitution and the State Finance Act of 1991 (amended 1995). The Minister of Finance and Public Enterprises tables the Government's accountability report together with other budget documents in the National Assembly every year, that details allocations versus actual expenditure as well as the programme achievements of each vote. The reports are available on the ministry's website. The modernization of the public procurement system is being pursued through the new Public Procurement Act 2015, which became effective on 1st April 2017, following issuance of Regulations. Since then, the Procurement Policy Unit, Central Procurement Board and Review Panel have been established.

Furthermore, the Government is reviewing the State Finance Act and a new Public Financial Management Bill is expected to be finalized soon. It will further strengthen both Namibia's government accountability mechanisms and public financial management system.

Furthermore, the Government is reviewing the State Finance Act and a new Public Financial Management Bill is expected to be finalized soon. It will further strengthen both Namibia's government accountability mechanisms and public financial management system.

16.b. Access of civil society to information on public affairs

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5

Final Score	4.5
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Country Notes:

Civil Society Organizations (CSOs) generally operate without interference and have relatively good access to information on public affairs in Namibia. The country has about 220 active CSOs that play an active role in strengthening development cooperation and influencing policy and legislation at a community level. Despite CSO service provision weakening due to COVID-19 pandemic by reduced organizational and financial capacity, CSO advocacy improved with their active involvement in social justice and policy issues. In 2020, the Legal Assistance Center and Ministry of Justice worked on the new Child Care Protection Act and its regulations. Additionally, the Namibia Development Trust together with Ministry of Environment and Tourism formulated the forestry-related issues policy. CSO representatives were appointed to the National Governing Council for the African Peer Review Mechanism which assesses Namibia's governance standards. The 2020 FHI 360 Civil Society Sustainability Index for Namibia's CSO sector was unchanged from 2019, with a score of 4.3.

The Parliament passed the Access to Information Act in December 2022 and it was subsequently gazetted on 28 December 2022. This legal development justifies a score increase. The Act provides anyone with an enforceable right to public information if a reason is provided. The Act requires public entities to keep and manage public information in a manner that facilitates the right of access to information. There has been increasing use of social media platforms for CSOs to express their views on government policy measures and regulations around the COVID-19 pandemic. CSOs have also been actively engaged and informed on support facilities provided by development partners and other entities to Namibia, with strong emphasis on accountability and transparency on the utilization of these resources. On the other hand, there have been reports lately of government leaders sometimes using these same public platforms to allegedly undermine CSOs. According to the 2023 World Press Freedom Index, Namibia is ranked 22nd out of 180 countries globally which represents a drop by four places compared to 2022. The report points out that freedom of the press is firmly anchored in Namibia.

It is also worth noting that, according to the 2022 Ibrahim Index of African Governance (IIAG), Namibia scored 46.6/100 and was ranked 8th out of 54 countries for the sub-criteria of "Accessibility of Public Records." According to the 2021 Open Budget Survey, Namibia's score regarding budget transparency was 42 and slightly lower than in 2019.

Freedom of Assembly is guaranteed in law and is usually observed in practice. Namibia was ranked 5th in the 2022 IIAG in terms of Freedom of Association and Assembly with a score of 75 which is however 25 points lower than the trend between 2012 and 2021.

16.c. State captured by narrow vested interests

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0

Final Score	4.0
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Country Notes:

While Namibia has a sound legal anti-corruption framework, concerns remain that anti-corruption laws are inconsistently enforced, and difficulties in accessing government-held information present barriers to gathering evidence. Light sentences on high-profile cases and low prosecution and conviction rates undermine the work of the Anti-Corruption Commission (ACC). The ACC is also underfunded. During the period under review, the Director General of the ACC warned that the agency would stop work on 17 high-profile cases due to resources related shortfalls. In October 2020, the GRN used a contingency fund to direct resources to the ACC. A Proposed Draft National Anti-Corruption Plan 2021-2025 document has been finalised and is being implemented but at a slow rate. Any planned reforms are being hindered by the lack of funds. is to be finalized by end 2021 and implemented from 2022 onwards. Despite the lack of funding, The ACC is active in investigating corruption cases and prosecutions have taken place. They have a secure hotline for reporting, which is well advertised. However, the Commission is focused not only on investigation but also on prevention and have, for example been conducting public awareness campaigns.

Despite these challenges, high-profile anti-corruption activity continued during the period under review. Eight people, including former ministers and other officials from the Ministries of Justice and of Fisheries, as well as the State Fishing Company, FISHCOR, were accused of corruption in 2019 for allegedly colluding with Icelandic fishing company Samherji, which sought preferential access to Namibian fishing quotas. The court case is expected to commence towards the end of 2023. The charges against the suspects are laid out in a 144-page indictment and include racketeering, bribery, money laundering and tax evasion. The defendants are further accused of manipulating a bilateral cooperation agreement with Angola to divert more quotas to Samherji at very low prices.

In terms of the use of witness protection programs to combat corruption, the Witness Protection Act and the Whistleblower Protection Act, which were signed in 2017, will be implemented once sufficient funding is available. The Ministry of Justice recently reported that the GRN would need to spend NAD 160 million (\$9.2 million) annually to implement the Witness Protection Act.

Namibia's constitution guarantees free speech and protects journalists, but the lack of a freedom of information law continues to obstruct their work. The country ranked 22nd/180 countries globally in the 2023 World Press Freedom Index, down 4 places from 2022. Despite the decline in ranking, Namibia is the number one African country in the index.

(E) Infrastructure and Regional Integration

Cluster Score: 3.959

17. Infrastructure Development

17.a. Sector strategy/policy

Score Type	Value
Draft Score	4.5
Reviewed Score	4.5
Second Draft Score	4.5
Final Score	4.5

Country Notes:

Namibia's infrastructure is usually of high quality relative to its peer African economies. The country improved its ranking to 13th in the African Infrastructure Development Index of 2020, from 15th position recorded in previous edition of that index. The country's roads are rated as being the best in Africa, while the port infrastructure is being improved substantially through the expansion of the Walvis Bay port and the construction of the Walvis Bay North port. Additional port infrastructure is planned to accommodate additional demand that will arise once the promising fossil fuel and GH2 projects take off. The railway infrastructure is being upgraded through a loan from the African Development Bank, while additional rolling stock is being purchased using credit lines from the Development Bank of Namibia and the Development Bank of South Africa. The water and sanitation infrastructure needs further improvement. The ICT infrastructure covers the whole country and fibre-optic cables are being rolled out in major cities. However, not all areas benefit yet from 4G services and not all health and education facilities are being connected. The GRN's strategic plans and priorities in terms of infrastructure development are clearly set out in the long-term Vision 2030, Harambee Prosperity Plan II (2021-2025) and the National Development Plan 5 (NDP5). There continues to be strong emphasis on two areas: (i) development and rehabilitation of energy, transport and water and sanitation infrastructure; and (ii) improving enabling environment for private sector development.

Energy infrastructure: Installed generation capacity was 624 MW in 2020 of which 347 MW can be generated at the hydropower plant on the Kunene river when it is in full flow during the rainy season. Peak demand stood at 673 MW in 2020 but is expected to rise to 931 MW by 2025 .. Rising urbanization and rapid growth in mining have exacerbated the electricity supply gap. The shortfall in domestic supply is met through imports from South Africa and the Southern African Power Pool (SAPP) which amounts to about 60 to 70% of domestic demand. Namibia is well endowed with renewable energy resources, that have seen substantial investment in particular into solar voltaic plants recently. Several projects are under construction or planned by NamPower and Independent Power Producers including a 100 MW solar voltaic plant near Windhoek, 20MW solar voltaic plant at the Khan river, 40MW biomass plant at Tsumeb and wind power plants in the south near Lüderitz, while many businesses and households have installed roof-top solar panels to generate electricity and feed into the grid.

The Government developed a Green Hydrogen strategy in 2022 and launched the strategy at COP27. The cornerstone of Africa's first Green Hydrogen plant at Walvis Bay was laid end of September 2023 and production is expected to start towards the middle of 2024. A large GH2 plant is planned in the south-west

of Namibia. Currently, feasibility studies are carried out and construction is expected around 2026 with first production anticipated towards the end of the 2020s. In addition, potentially major oil deposits were discovered offshore Namibia that could furthermore change the energy landscape of Namibia. Finally, it is expected that the Kudu Gas Field also offshore Namibia will be exploited to generate electricity. These projects can turn Namibia easily into a net exporter of electricity in the near future.

In its October 02, 2023 press release on the 2023 Article IV Mission to Namibia, the IMF observed that the new mineral discoveries and the investment in green energy provide an opportunity to boost growth, employment, and foster diversification. Strengthening the public-private partnership framework and addressing constraints hampering entrepreneurship, including the regulatory burden, skill mismatches, input costs, especially energy and water, and governance challenges would help the Namibian economy benefit from the investments in these emerging sectors.

Transport infrastructure: Namibia's ambition to become a logistics hub for southern Africa requires among others investment into the transport infrastructure. The Government has invested heavily in the expansion and modernization of the port of Walvis Bay as well as airports, while roads are upgraded to dual-lane freeways. The railway infrastructure is also being upgraded to meet SADC standards, while an extension of the railway line from Grootfontein to Katima Mulilo is planned to connect to Zambia. The current investment has already resulted in increased traffic from neighbouring countries, in particular from Zambia and the DRC to the port of Walvis Bay, where Botswana, Zambia and Zimbabwe have established free ports.

Water and sanitation infrastructure: Namibia being the driest country in sub-Saharan Africa has made remarkable gains in the provision of water supply. In order to mitigate against recurring droughts, the country plans to build a second desalination plant that will serve mainly the coastal region and the mines there. The water supply could be extended further to the central parts of Namibia, Windhoek, and even further to Botswana. Increased efforts are also underway to improve sanitation infrastructure and reduce open defecation. Some blocks in informal settlements in Windhoek and other towns have already been declared 'open defecation free' but increased efforts will be required to address the existing backlog in sanitation in informal settlements and rural areas.

Information and Communication Technology (ICT): In the 2023 edition of the Digital Quality of Life Index (DQL) Namibia was ranked 110th among 121 countries representing a drop by 10 ranks compared to 2021 although only 110 countries were included at that time. The country is ranked 17th out of 25 countries in Africa. In particular the internet quality was rated much poorer (115th compared to 62nd) and the electronic infrastructure (110th compared to 96th). The country improved only regarding electronic security from 102nd to 98th. This highlights the need for the country to make further progress in the ICT space to build a foundation for a knowledge-based economy. GRN has developed strategies to further expand access to ICT infrastructure and services, including broadband and e-government services. However, in order to fully harness ICT to build a knowledge-based economy and prepare for the Fourth Industrial Revolution, Namibia's youth need to be equipped and empowered through digital literacy training and relevant skills development.

References:

Republic of Namibia, 2020, Harambee Prosperity Plan II

17.b. Legal and regulatory frameworks for infrastructure

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Namibia's public procurement is governed by the Public Procurement Act of 2015 and the Public Procurement Regulations of March 2017. This act regulates the purchase or rental of goods, works and services on behalf of public entities. The Procurement Policy Unit within the Ministry of Finance and Public Enterprises (MFPE) has oversight of the regulation of public procurement. With regard to funding and procurement modalities, Public Private Partnerships (PPPs): PPPs are framed by the Namibia Public Private Partnership (PPP) Policy of 2009 and by the Public Private Partnership Act of June 2017. In addition, a PPP unit has been set up within the MFPE in order to support the projects. However, the unit has experienced substantial staff turnover which influenced its efficiency. The main challenge now is lack of funding for PPP project preparation. They are now trying to set up a PPP Fund. Development Partners, such as the AfDB and GIZ are supporting this initiative by funding a technical assistance in the form of a Resident PPP Advisor who started advising the GRN in October 2021.

In the Energy sector, through its draft National Electrification Policy, the Government seeks to expand access in rural and peri-urban areas. The National Electrification Funding Portfolio outlines financing of the necessary infrastructure and its utilization to maximize value-addition. The Government approved the New Market Framework for electricity supply partially opening up the electricity supply market to 30% generation by Independent Power Producers who can sell directly to off-takers especially in mining.

In the Transport sector, the ongoing railway sub-sector institutional setup review aims to align with the new Transport Policy to make railways a viable option for bulk cargo.

In the agriculture sector, through various infrastructure initiatives such as Green Scheme irrigation projects and the Feed Africa Initiative, the Government is investing in the sector's productivity. The planned update of the National Drought Policy, the National Agriculture Investment Plan, the new Smart Agriculture-Climate Adaptation Practices Strategy, and the Dry Land Crop Production Program will increase Namibia's food security and resilience against drought.

When it comes to the water sector, the provision of basic water and sanitation services has improved over time but disparities remain between rural and urban dwellers. Access to improved water supply increased from 64% in 1990 to 93% in 2021. However, water scarcity and aging bulk water supply infrastructure are prevalent. Policies like the Windhoek Integrated Water Supply and Sanitation Master Plan, and the project preparation to access Green Climate Funds worth USD 53 Million, will support Government's efforts to achieve the goal of 100% access to clean water and adequate sanitation for the population.

17.c. Public resource management and accountability in the infrastructure sector

Score Type	Value
Draft Score	4.0
Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

According to the US Department of State, a World Bank report in early 2022 noted that 70 percent of Morocco's labor market operates in the informal economy. There is a shortage of specialized skilled labor in Namibia. Employers often cite labor productivity and the shortage of skilled labor as the biggest obstacles to business growth. The 2020 Global Competitiveness Report ranked Namibia 94th out of 141 economies. An inadequately-educated workforce, access to financing, and low innovation capability are listed in the report as the most problematic factors for doing business. According to the DB report of the World Bank, there are 8 procedures and a 44-day process involved in registering property in Namibia. The type of land registration system in the economy is the Deed Registration System. Deeds Registry - The Ministry of Land Reform is the institution in charge. There is no electronic database for recording boundaries, checking plans, and providing cadastral information (geographic information system). Magistrate's Court and the High Court is the Court of First Instance in charge of a case involving a standard land dispute between two local businesses over tenure rights located in the largest business city.

Procurement in Namibia is governed by the Public Procurement Act of 2015 and the associated regulations of March 2017. To implement and safeguard the effectiveness and efficient use of public finances in the area of infrastructure development, a Procurement Policy Unit was established within the Ministry of Finance and Public Enterprises mandated to monitor the compliance of procurement in line with this Act and its related Guidelines by public entities; review procurement system and propose mechanism to improve on it; assess the impact of procurement system on socio-economic policy objectives; promoting fundamental principles of procurement; and reviewing, monitoring and assessing methods of disposal of assets, building capacity of public entities etc. Furthermore, this Act established the Central Procurement Board of Namibia, which has authority to process and adjudicate on all tendering on behalf of all public entities for the award of contracts which exceeds the thresholds as set-out in Annexure 1 of Public Procurement Act, 2015 (Act No. of 2015), and in line with the 3 categorization of all public entities.

Category 1 has 14 public entities; category 2 has 26 public entities; and category 3 has the highest number of 49 entities.

The procurement legislation states that open competition is an applicable method of procurement. However, it is not explicitly stated that it is a default method of procurement. The Act specifies that to apply other procurement methods, there are conditions to be met when open competition is not used. The Act allows for Public Entities (PE) to apply for exemption from the use of prescribed tender procedures. The Tender documents reviewed do not state specifically the criteria for evaluation of tenders. The client determines the criteria during the preparation of the specifications. These shortcomings reflect procurement procedures that can be applied in a discretionary manner, thus eroding the gains of transparency and subjecting the system to the inherent risk of compromise.

There is good access to procurement information. The Act, the Regulations and Guidelines are published on the PPU web page under the MFPE website. All tenders are advertised in newspapers of wide circulation. Tenders and contract awards are published in the "Tender Bulletin" (an acclaimed private sector publication) that is published weekly and is readily available to the public, including business community. There is no information published in the newspapers or on the website regarding procurement complaints. However, it is to be noted that the newspapers are very active in publishing stories on the conduct of public procurement.

Examples of successful public-private participation on projects/programs in Namibia are limited, but include energy projects, mining, mobile telecommunications. Some of the development partners have been active in supporting PPPs initiatives, such as the German International Development Agency (GIZ) that has funded more than NAD3 million on public-private partnerships in Namibia with three current private partners – NamPost Savings Bank and BFS Nampro Fund Manager. There is still a degree of hesitancy and resistance, on the part of the GRN to promote private sector involvement in public services, with concerns over the impact on employment and how local content and gender empowerment can be incorporated into such projects/programs. Of late though, there has been some notable progress when it comes to injection of private financing into telecoms, energy and port infrastructure, while large investments in mining, smelting and refining infrastructure have mostly been funded by multinationals.

Public procurement market in Namibia is not well organized and strong, this is influenced by history of heavy reliance on the South African market. Where there are associations, the structure of the associations is not very clear and not governed by any official policy. This creates a challenge in understanding the full extent of the available capacity and information on procurement in various disciplines and sectors.

18. Regional Integration

Criteria Score: 3.75

18.a. Movement of persons and labor and right of establishment

Score Type	Value
Draft Score	4.0

Reviewed Score	4.0
Second Draft Score	4.0
Final Score	4.0

Country Notes:

Access to skilled and highly qualified labour is an issue regularly raised by the private sector in Namibia. The lack thereof prevents economic growth and an increase in productivity. Furthermore, tourism is an important economic sector in Namibia. The Government has therefore introduced measures to ease entry into the country. Visa on arrival is available at the international airport in Windhoek and could be extended to other land border posts. The Government also introduced just recently the e-visa to further ease access to the country for tourists and businesspeople and launched the Nomad visa for highly skilled professionals. The Digital Nomad Visa grants permission to stay in the country for up to six months. The Namibia Investment Promotion and Development Board under the Office of the President facilitates applications for work visa to speed up the process. As mentioned above, Namibian citizens can now cross into Botswana using an ID instead of a passport at the Trans-Kalahari Border Post. This service is expected to be extended to other border posts with Botswana as well as to other neighbouring countries such as Angola and Zambia. In signing this agreement, the two countries (Botswana and Namibia) are following the objectives of the SADC Protocol on Facilitation of Movement Persons Treaty which both countries ratified in the past, which encourages the free movement of people within the region. The treaty is yet to fully implemented across the region.

On the other hand, Namibia's long and often porous borders in particular in the north with Angola and Zambia aid illegal exits and entries as well as the smuggling of goods across borders. Cooperation with neighbouring security agencies as well as clearing of border areas are some of the measures to reduce illegal trade and illegal border crossings.

Namibia offers two Long-Term work Visas or Permits for foreign nationals seeking employment within its borders: the Namibian Long-Term Work Permit and the Investor/Self-Employed Work Permit. A Long-Term work permit in Namibia is valid for one to two years.

References:

<https://nipdb.com/nomadvisa/>

18.b. Regional financial integration

Score Type	Value
Draft Score	3.5

Reviewed Score	3.5
Second Draft Score	3.5
Final Score	3.5

Country Notes:

Namibia's financial sector is relatively large, well developed, and sophisticated. Benefiting from close trade and financial links with South Africa, most financial institutions are private, with strong ownership links to South African financial institutions. The banking sector, with an asset value of about 82% of GDP in 2022, is dominated by four major banks, of which three are owned by South African banks. The non-banking financial industry is even larger, with total assets of around 205% of GDP, dominated by pension funds. The Banking sector is regulated by BoN, while the non-bank financial institutions are regulated by the Namibia Financial Institutions Supervisory Authority.

Namibia remains closely integrated with the South African financial market due to her membership of the Common Monetary Area as well as the presence of three large South African commercial banks and other financial institutions in Namibia. However, besides South African financial institutions, one institution each from Angola and from Botswana are conducting business in Namibia, while a Namibian commercial bank owns a commercial bank in Botswana and a Namibian financial service provider a company in Mozambique.

The Namibia Stock Exchange (NSX), the second largest bourse in the southern Africa region behind South Africa by market capitalization, with which it shares a trading system for equities, launched an on-screen bond trading mechanism in June 2021 as a step towards de-materialization of settlement. The over-the-counter trading area is coming to an end with the gazetting of the Central Securities Depository (CSD) in June 2022. The approval by Namfisa and the Bank of Namibia – as the regulators - is expected before the end of 2023. Thereafter training will commence, and it is expected that the CSD will go live before the end of 2024. NSX reached a milestone when it was admitted as a full member of the World Federation of Exchanges in May 2023. Both initiatives will open the NSX to foreign investors and can increase trading activities on the stock exchange. The NSX is actively engaged with stock exchanges over the world and the Chartered Financial Analyst (“CFA”) Society South Africa. It continues to contribute to expanding capital markets in the region through its participation in the Committee of SADC Stock Exchanges (“CoSSE”) and the African Securities Exchange Association (“ASEA”).

Due to domestic asset requirements for financial institutions, in particular pension funds, trading on the stock exchange is relatively limited and both the Government and the NSX need to find ways to attract more listings to make the NSX a more attractive place for Namibian and foreign investors.

Namibia's National Payments Systems Vision and Strategy 2021 - 2025 has strategic provisions for cross-border collaboration, key among which are Influence and contribution to the agenda of the SADC regional and international streams; Participation in regional and international projects; Alignment of the NPS interoperability to regional and international payment standards; and having affordable and efficient regional payment systems.

Financial services is one of the five priority sectors under Trade in Services of the African Continental Free Trade Area, to which Namibia is a member. As an AfCFTA member, Namibia will have access to the Pan-

African Payment and Settlement System (PAPSS) developed by the African Export Import Bank (Afreximbank) in collaboration with the African Union and AfCFTA Secretariat as a cross-border, financial market infrastructure for enabling payment transactions across Africa. PAPSS allows for payment and settlements using local currencies.

References:

<https://www.nsx.com.na/images/reports/DCyMmY.pdf>