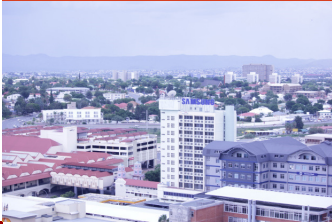


www.pwc.com/na

## Namibia as an investment destination, looking at the positives, negatives and risks?



**pwc**

### Agenda


- World Bank "Ease of Doing Business"
- World Economic Forum "Global Competitive Index" and IPFR Study
- Namibia Business Climate
- PwC CEO Survey -> Regulation and working with Government Investments
- Summary of what Investors are looking for - Location, Location, Location
- PESTEL assessment for Namibia
- Political
- Economic
- Social - Market, Skilled Labour
- Technology
- Environment
- Legislation including taxes - certainty
- Bringing it all together

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"A successful economic development strategy must focus on improving the skills of the area's workforce, reducing the cost of doing business and making available the resources business needs to compete and thrive in today's global economy"

- Rod Blagojevich



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### Location, Location and Location

Establishing new locations is resource intensive, so a wrong decision can sap the energy out of an organization and cause it to lose focus.

The strategic value of a new location depends on three things, Alcácer says:

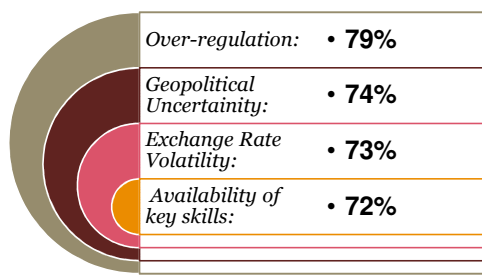
- the strength of available resources, such as nearby supporting industries;
- the company's ability to seek and retrieve knowledge in this setting; and
- its capability to do something better than competitors.

**Harvard University Report**

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### PwC CEO Survey – What CEOs are concerned about



Over-regulation:	• 79%
Geopolitical Uncertainty:	• 74%
Exchange Rate Volatility:	• 73%
Availability of key skills:	• 72%

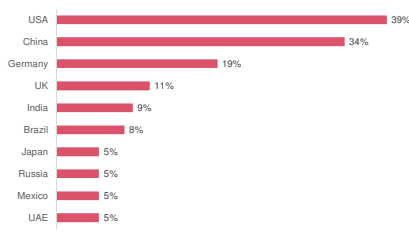
<http://www.pwc.com/gx/en/ceo-survey/2016/landing-page/pwc-19th-annual-global-ceo-survey.pdf>

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### CEOs continue to see investment opportunities across the BRICs

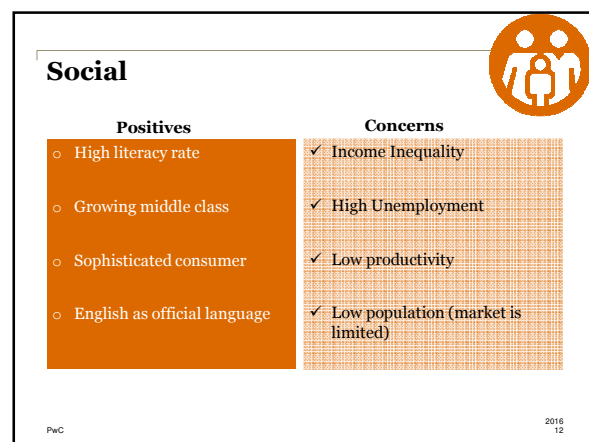
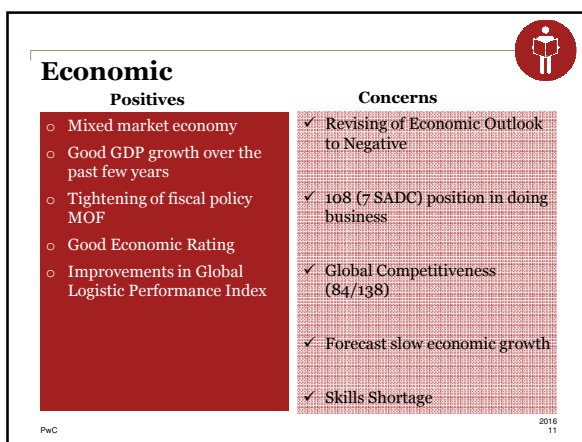
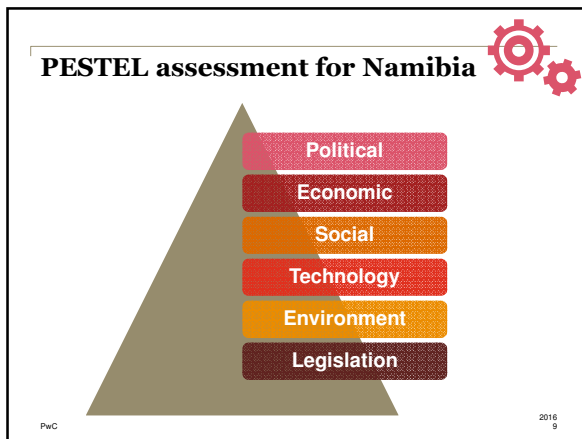
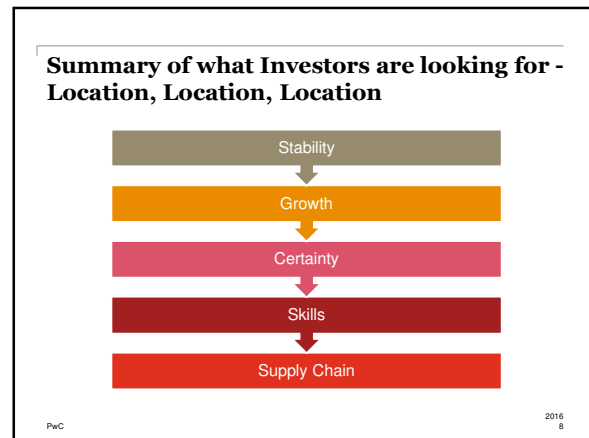
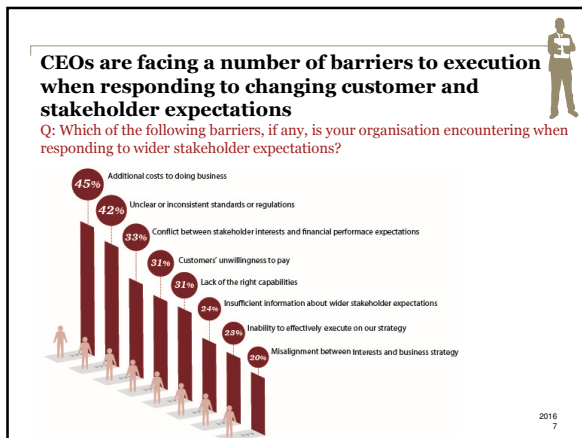
Q: Which three countries, excluding the one in which you are based, do you consider most important for your overall growth prospects over the next 12 months?




USA	39%
China	34%
Germany	19%
UK	11%
India	9%
Brazil	8%
Japan	5%
Russia	5%
Mexico	5%
UAE	5%

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## Technology




Positives	Concerns
<ul style="list-style-type: none"> <li>Good political/legislative rating (31/139)</li> <li>Reasonable business usage (57/138)</li> <li>Good Cellphone coverage</li> </ul>	<ul style="list-style-type: none"> <li>Low business and innovative environment (103/138)</li> <li>Low infrastructure and digital (81/103)</li> <li>Low Affordability for IT (119/138)</li> <li>Low IT skills level (109/138)</li> <li>Individual and Government Usage (98, 92/138)</li> <li>Low economic and social impact (98,100/138)</li> </ul>



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## Environment

Positives	Concerns
<ul style="list-style-type: none"> <li>Low pollution levels</li> <li>Environmental protection laws</li> <li>Best geographic location in SADC (Sea + 5 countries)</li> <li>Rich in natural resources</li> </ul>	<ul style="list-style-type: none"> <li>Water shortage</li> <li>Energy challenges</li> </ul>



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## Legislation



Positives	Concerns
<ul style="list-style-type: none"> <li>Stable rule of law</li> <li>Independent judiciary</li> <li>Response to business push-back</li> </ul>	<ul style="list-style-type: none"> <li>Consultative process can be more pro active</li> <li>Tax legislation less competitive than neighbouring countries</li> <li>Administrative burden to set up and run business</li> </ul>

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"My guiding principle is that prosperity can be shared. We can create wealth together. The global economy is not a zero-sum game."

- Julia Gillard, Prime Minister of Australia

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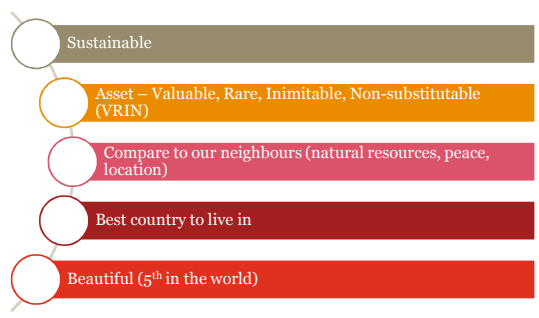
## Bringing it all together

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>Low Political Risk</li> <li>Reasonable business use of IT supported by necessary legislation</li> <li>Great geographic location – can be gateway to SADC</li> <li>Independent judiciary and rule of law</li> <li>Great country to live in</li> </ul>	<ul style="list-style-type: none"> <li>Africa infrastructure challenges</li> <li>Lack of skills combined with strict immigration laws</li> <li>Low population – we lack market and thus can only leverage African 800 million</li> <li>Some Technological challenges</li> <li>Some legislative challenges (administrative burden increase costs of doing business)</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>South Africa challenges</li> <li>Africa still seen as investment destination</li> <li>Land locked countries as neighbouring countries</li> </ul>	<ul style="list-style-type: none"> <li>SADC countries better positioned</li> <li>Slowing Economic Growth and capital flowing back to developed economies that are perceived as safe</li> <li>Focus on BRICS</li> <li>Exchange Rate Volatility</li> <li>Motor Vehicle accidents</li> </ul>



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## Competitive Advantage



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**What to do**

- Focus on Economic Growth
- PPP (Public and Private Sector must hold hands)
- Attract investments other than those exploiting natural resources
- Invest in infrastructure and capitalise on our geographical position
- Government must go digital and reduce legislative burden
- Private Sector to focus on skills development - unemployment

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Recognizing that FDI can contribute to economic development, all governments want to attract it. Indeed, the world market for such investment is highly competitive, and developing countries, in particular, seek such investment to accelerate their development efforts. With liberal policy frameworks becoming commonplace and losing some of their traditional power to attract FDI, governments are paying more attention to measures that actively facilitate it.

Still, the economic determinants remain key. What is likely to be more critical in the future is the distinctive combination of locational advantages and, especially, created assets that a country or region can offer potential investors.

**IMF Report (March 1999)**

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***PwC Namibia building trust in the Namibian society and solving important problems for the Namibian business community.***

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