

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

PwC 2016 2

"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

PwC 2016 3

Location, Location and Location

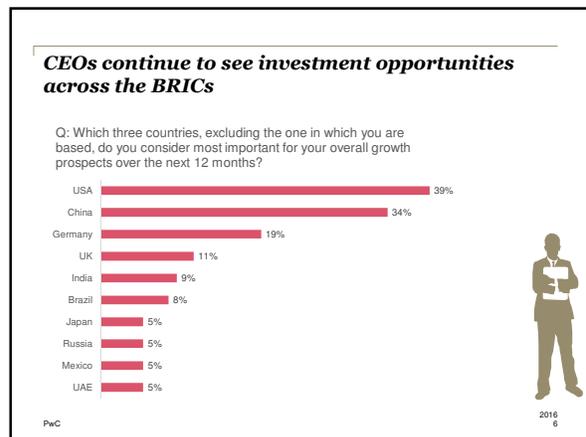
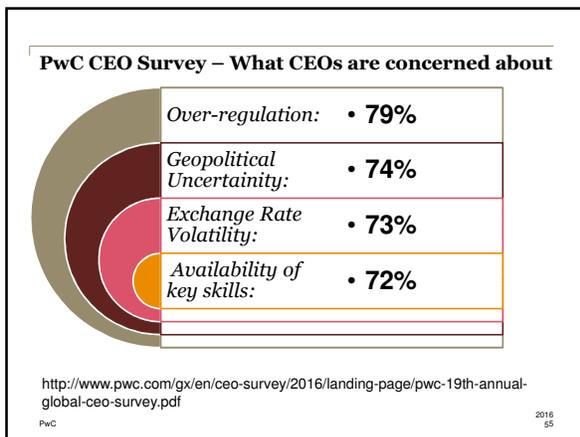
Establishing new locations is resource intensive, so a wrong decision can sap the energy out of an organization and cause it to lose focus.

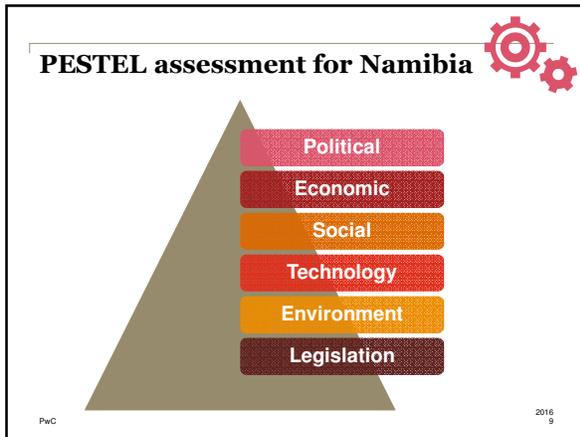
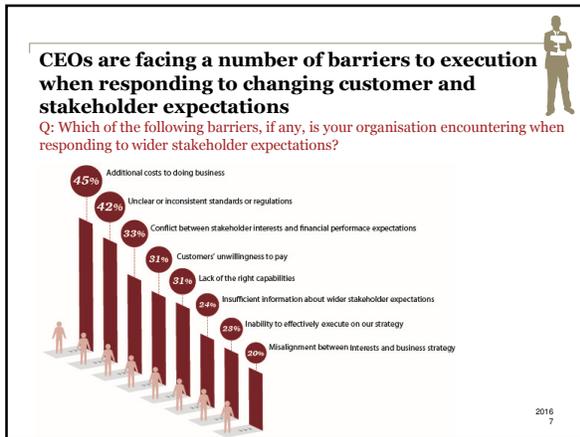
The strategic value of a new location depends on three things, Alcácer says:

- 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

PwC 2016 4





Political

Positives	Concerns
<ul style="list-style-type: none"> o Democracy o Peace and Stability o Accessible Political Leadership o Peace-loving citizens o Corruption Perception Index (45) 	<ul style="list-style-type: none"> ✓ Poverty Levels ✓ Corruption

2016 10

Economic

Positives	Concerns
<ul style="list-style-type: none"> o Mixed market economy o Good GDP growth over the past few years o Tightening of fiscal policy MOF o Good Economic Rating o Improvements in Global Logistic Performance Index 	<ul style="list-style-type: none"> ✓ Revising of Economic Outlook to Negative ✓ 108 (7 SADC) position in doing business ✓ Global Competitiveness (84/138) ✓ Forecast slow economic growth ✓ Skills Shortage

2016 11

Social

Positives	Concerns
<ul style="list-style-type: none"> o High literacy rate o Growing middle class o Sophisticated consumer o English as official language 	<ul style="list-style-type: none"> ✓ Income Inequality ✓ High Unemployment ✓ Low productivity ✓ Low population (market is limited)

2016 12

Technology



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



2016 13

Environment

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



2016 14

Legislation



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

2016 15

"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

2016 16

Bringing it all together

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



2016 17

Competitive Advantage

- Sustainable
- Asset – Valuable, Rare, Inimitable, Non-substitutable (VRIN)
- Compare to our neighbours (natural resources, peace, location)
- Best country to live in
- Beautiful (5th in the world)

2016 18

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

2016
19

PwC

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)

2018
20

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

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PwC, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2016 PricewaterhouseCoopers ("PwC"), the Namibian firm. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers in Namibia, which is a member firm of PricewaterhouseCoopers International Limited (PwCIL), each member firm of which is a separate legal entity and does not act as an agent of PwCIL.