



namBiC

NAMIBIAN BUSINESS AND INVESTMENT CLIMATE SURVEY



The Namibian Business and Investment Climate (**namBiC**) Survey **2013**

Some highlights of the Zambezi and Kavango regions

Presented by
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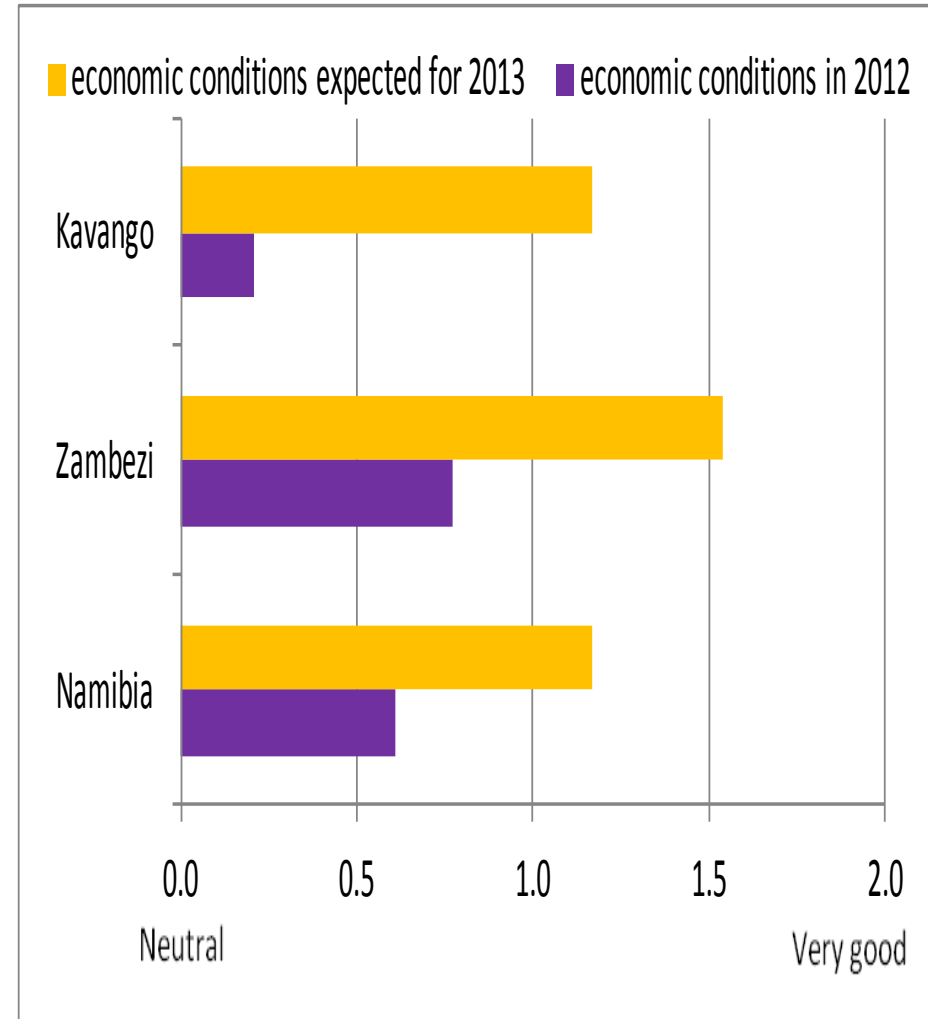


namBiC 2013...

- Fourth consecutive annual survey capturing perceptions of business people in Namibia concerning the business and investment climate.
- Nation-wide survey covering all economic sectors and regions. Substantially higher response rate allowed for regional analysis of most questions.
- Interviews of 200 informal (face-to-face) and 463 formal businesses during October 2012 (telephonically) out of a sample of 800 formal businesses. **Zambezi and Kavango**: 41 responses out of sample of 60 businesses (68%).
- Guided by a Steering Committee consisting of NCCI, NMA, IPPR and GIZ, and funded by GIZ on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ).
- Questionnaire design and data analysis carried out by the Institute for Public Policy Research (IPPR).
- Survey conducted by Business Intelligence Africa.

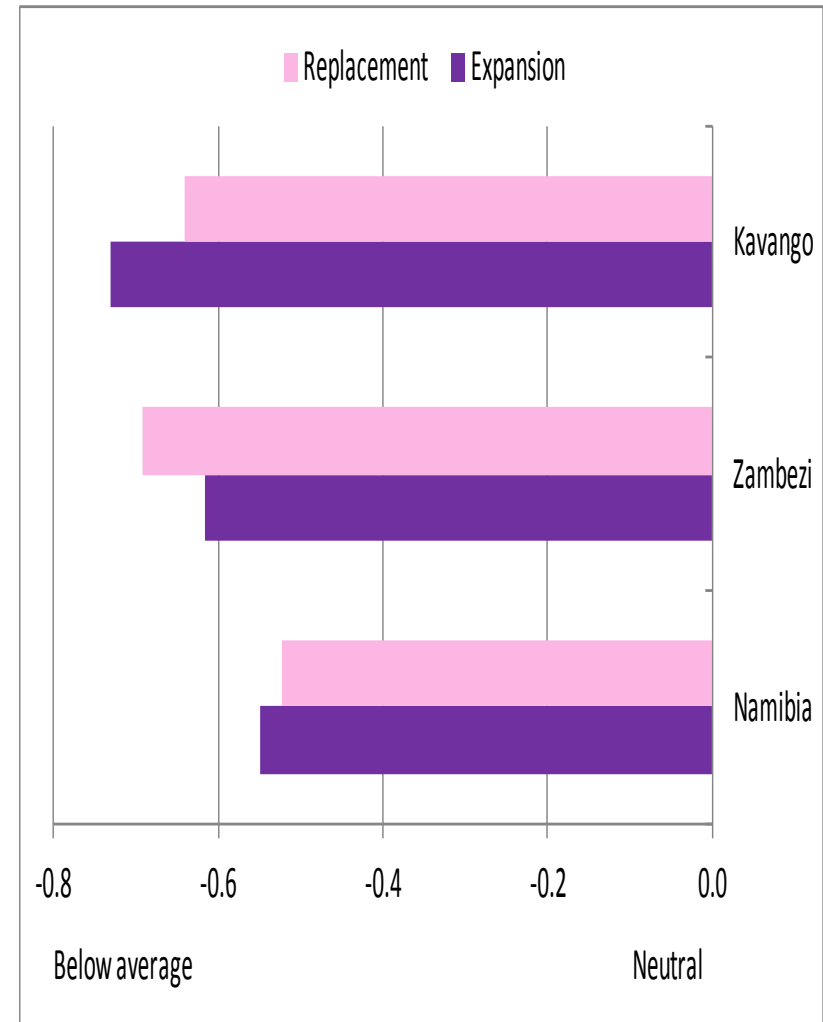
General economic conditions

- Businesses in the **Zambezi and Kavango regions are quite optimistic about 2013**, but business people from Kavango do not share the optimism regarding 2012.
- Contrary to global economic prospects, Namibian businesses in general rated the **business conditions in 2012 more positively** than in 2011 and are even **upbeat about prospects for 2013**.
- **Overall rating** influenced by **size** with **large and medium businesses** more **optimistic** than small and micro enterprises.



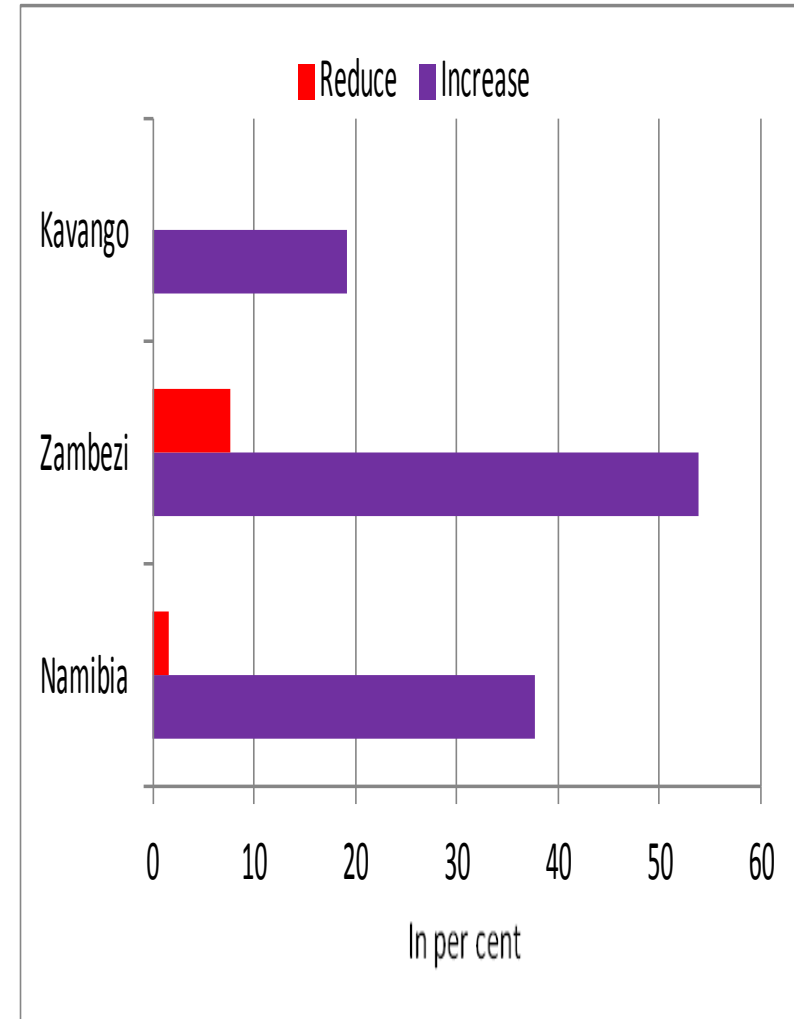
Investment decisions

- **Positive mood not resulting in investment** though: 52% did not invest during 2012 compared to 40% and 42% in the two preceding years. Even fewer companies in Zambezi and Kavango did invest - 59% did not invest.
- Outlook rather bleak since companies in general intend to **invest less than average during 2013**, with businesses in **Kavango and Zambezi being more cautious** than Namibian businesses on average.
- Businesses in the Kavango region slightly more inclined towards **Research & Development**, but in general Namibian companies show **very little appetite** to invest in R & D.



Employment decisions

- Fewer companies in Zambezi and Kavango increased employment opportunities (29%), while 4% reduced the labour force in 2012. In Namibia, 43% of companies increased work force in 2012 compared to 7% that retrenched staff.
- Improvement for labour market expected**
 More firms intend to increase the labour force in Zambezi (54%) compared to 19% in Kavango. Only minority expected to reduce workforce (8% in Zambezi and none in Kavango).
- Labour relations** are rated as being **good** in Namibia (rating of 0.71). Businesspeople in **Kavango** (1.04) rate the relationship much better than their counterparts in **Zambezi** (0.69).



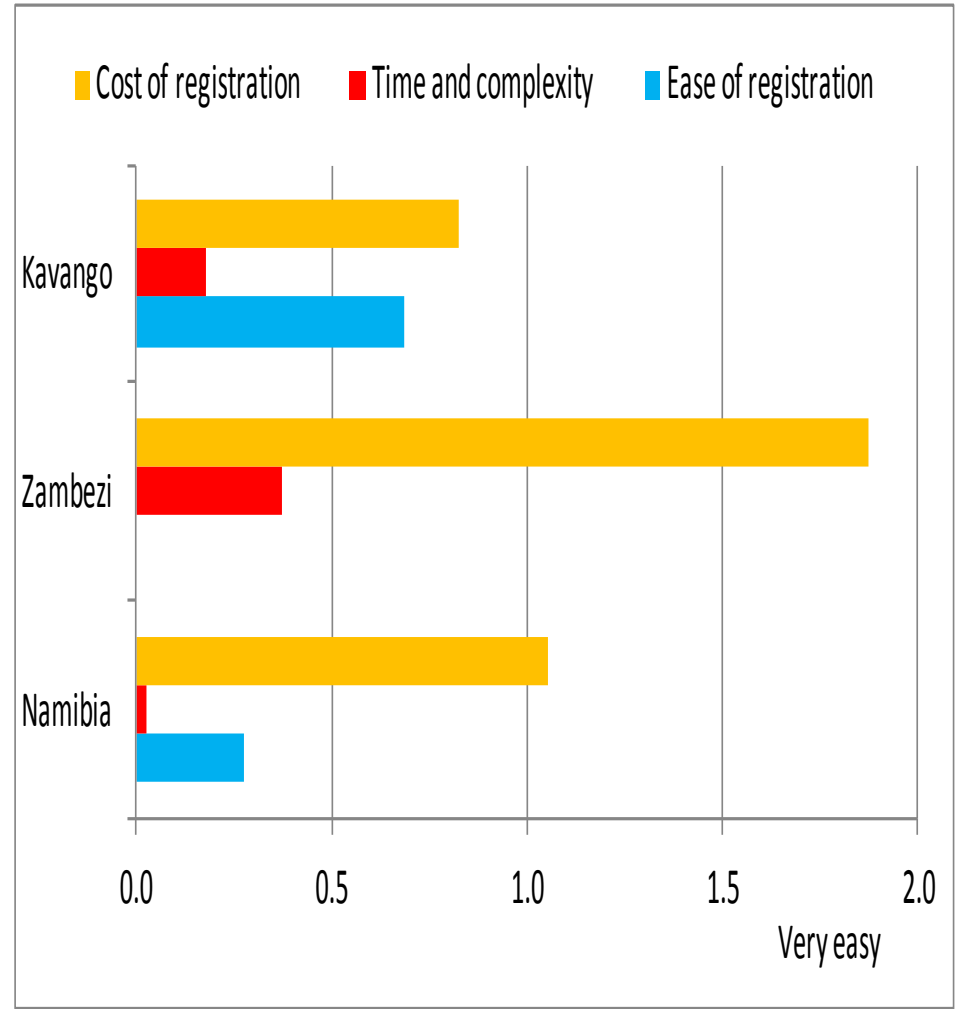
Obstacles to business growth

- Overwhelming agreement amongst business people concerning the most severe obstacles to business development.
- Access to and cost of finance, access to land and cost of utilities** are the top three factors for all types of businesses.
- Demand for products and services and crime and theft** follow on places four and five.
- Access to land matters in the Zambezi and Otjozondjupa regions more than in other regions**, taking first place.
- Quality of service delivery of public servants ranked third in Zambezi, while cost of utilities not really of concern.

| | 1 | 2 | 3 |
|---------|-------------------------------|-------------------------------|--|
| All | Access to and cost of finance | Access to land | Cost of utilities |
| Micro | Access to and cost of finance | Access to land | Cost of utilities |
| Small | Access to and cost of finance | Access to land | Cost of utilities |
| Medium | Access to and cost of finance | Access to land | Cost of utilities |
| Large | Access to and cost of finance | Access to land | Cost of utilities |
| Caprivi | Access to land | Access to and cost of finance | Quality of service delivery of public servants |
| Kavango | Access to and cost of finance | Access to land | Cost of utilities |

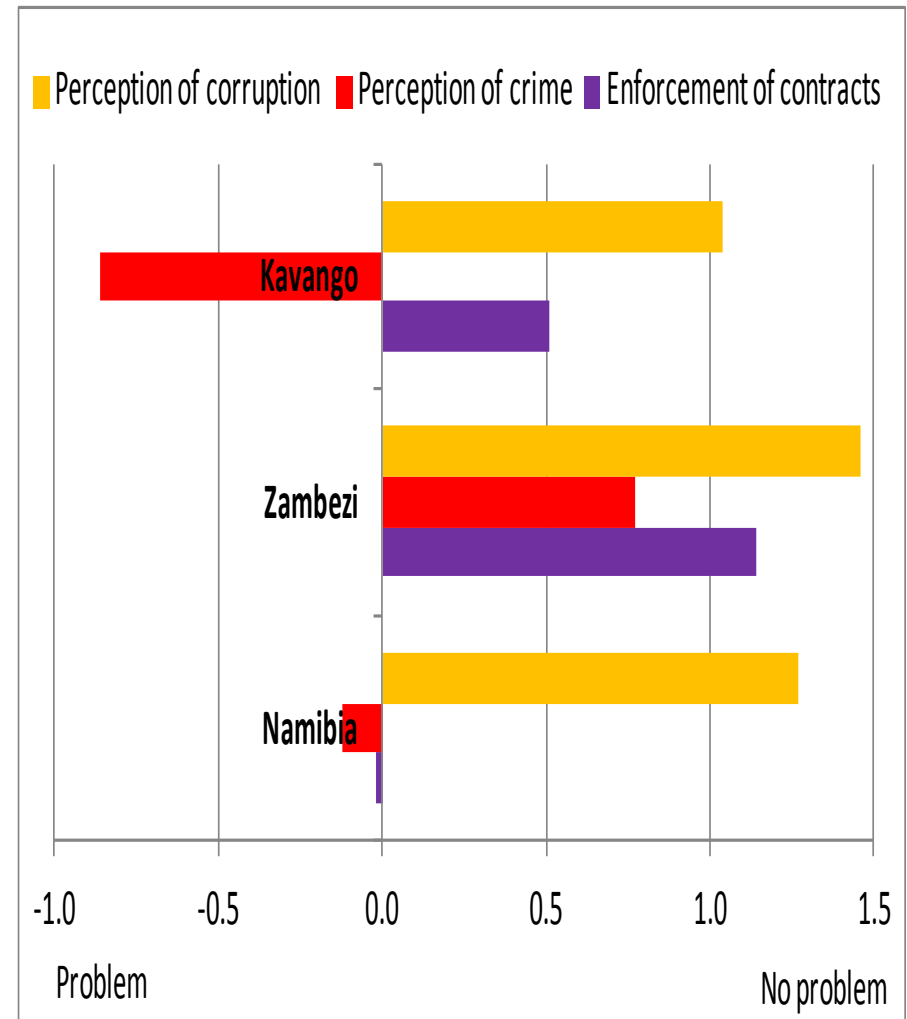
Regulatory business environment

- **Ease of registration** viewed as **more challenging** than in previous years but remains on the positive side. Registration in Zambezi rated neutral while in Kavango and Namibia at large slightly positive.
- **Cost of registration not** regarded as an **obstacle in Namibia in general**, and particularly not in the Zambezi region.
- **Time and complexity of registration** rated **more favourably in Kavango and Zambezi** than in the rest of the country, but still room for improvement.



Corruption, crime, enforcement of contracts & property rights

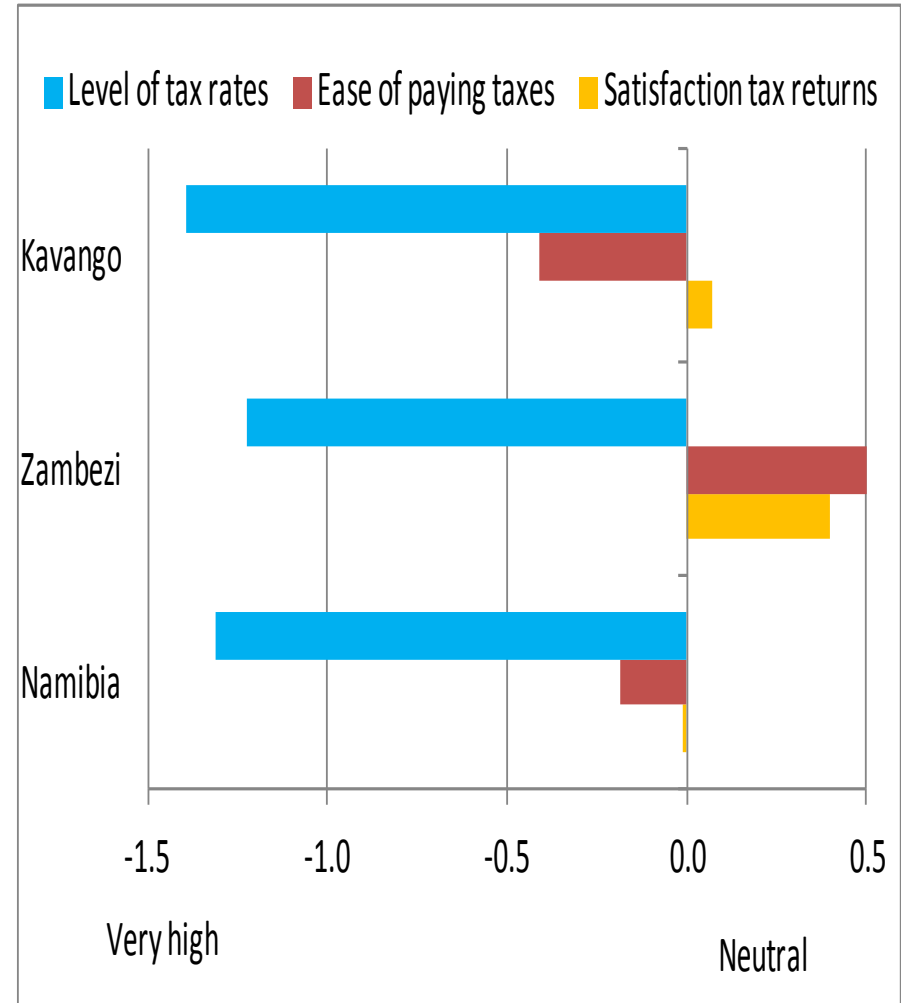
- Companies in **Zambezi** and **Kavango** more **positive** about **enforcement of contracts** than companies in other regions.
- **Corruption not perceived as a problem** in Namibia in general and neither in the south although average rating slightly below last year (1.27 compared to 1.64).
- **Crime** regarded as a **challenge in Kavango** but not in **Zambezi**. Overall, **crime** seen as **slightly more challenging** by respondents in general (rating dropped from +0.13 to -0.12).



Taxes

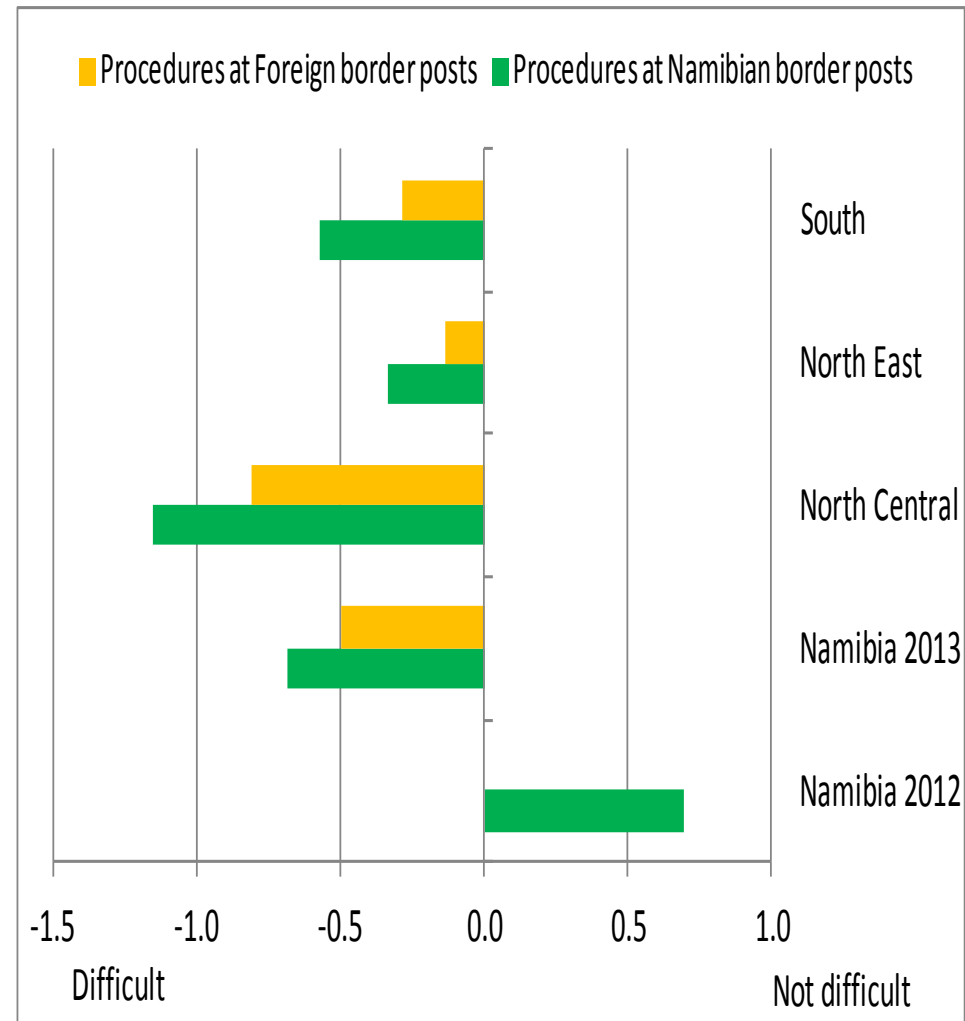
Only 16% of all respondents indicated that they do not pay taxes.

- Business people from **Zambezi more satisfied** with the Receiver of Revenue than in Kavango and Namibia in general.
- **Handling of tax returns** by RoR rated as neutral (neither difficult nor easy) in Kavango and slightly positive in Zambezi.
- **Ease of paying taxes** perceived as more challenging in Kavango than in Namibia at large contrary to Zambezi.
- **Tax rates** are overwhelmingly considered as **being too high** across the country (rating of -1.31).



Cross-border trade

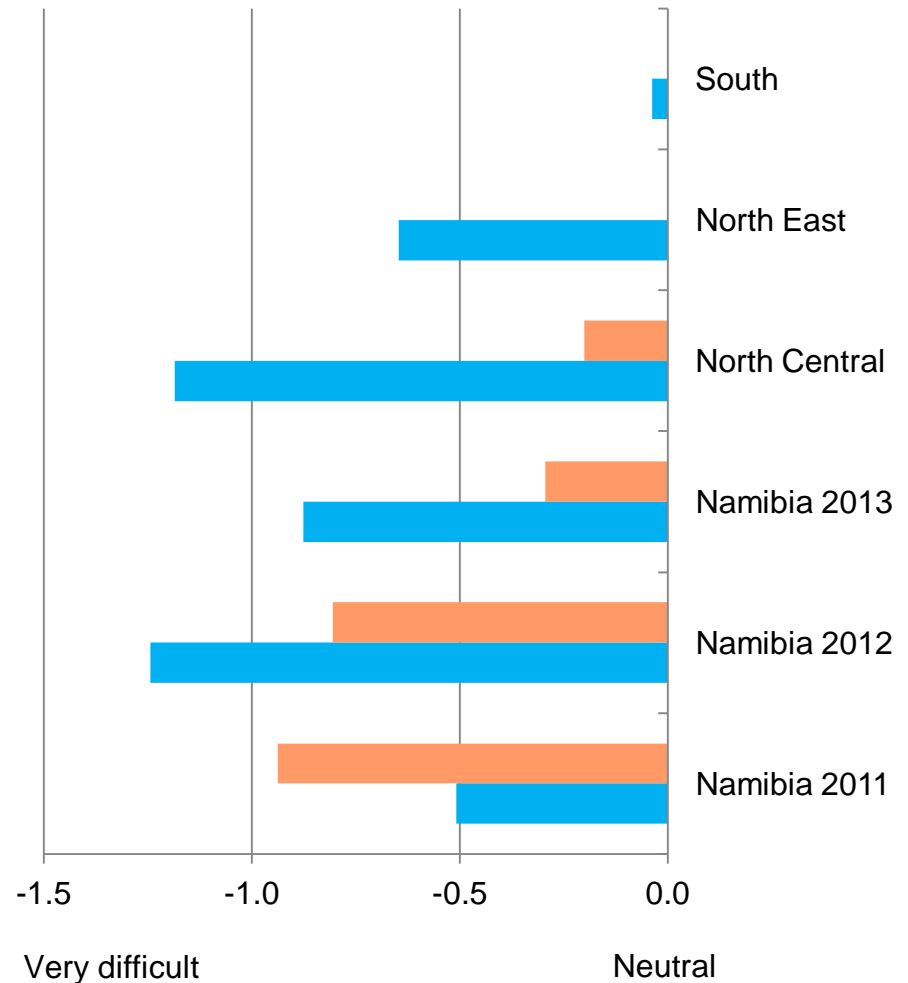
- 26% of all respondents are involved in cross-border trade, but only 15% in Zambezi and Kavango.
- Business people from the **north east** are **least critical** about border procedures (rating of -0.3 and -0.1).
- Rating** by all respondents of procedures on the Namibian side of the border **dropped dramatically** from +0.7 to -0.7.
- All respondents rated on average procedures on **Namibian side worse than the foreign side of the border** (-0.7 vs. -0.5).



Access to Land

- Demand for land dropped from 45% of respondents to 32%. **Serviced land most in demand** (26% of all respondents). 35% of respondents from Kavango and 15% from Zambezi indicated that they are in need of land.
- **Access to serviced land** (-0.9) rated **more challenging** than access to un-serviced land (-0.3), but improved compared to previous year. However, it remains a serious challenge in Kavango (rating of -1.3).
- **Cost of land identified as main obstacle** in Namibia in obtaining land followed by bureaucratic procedures and availability.

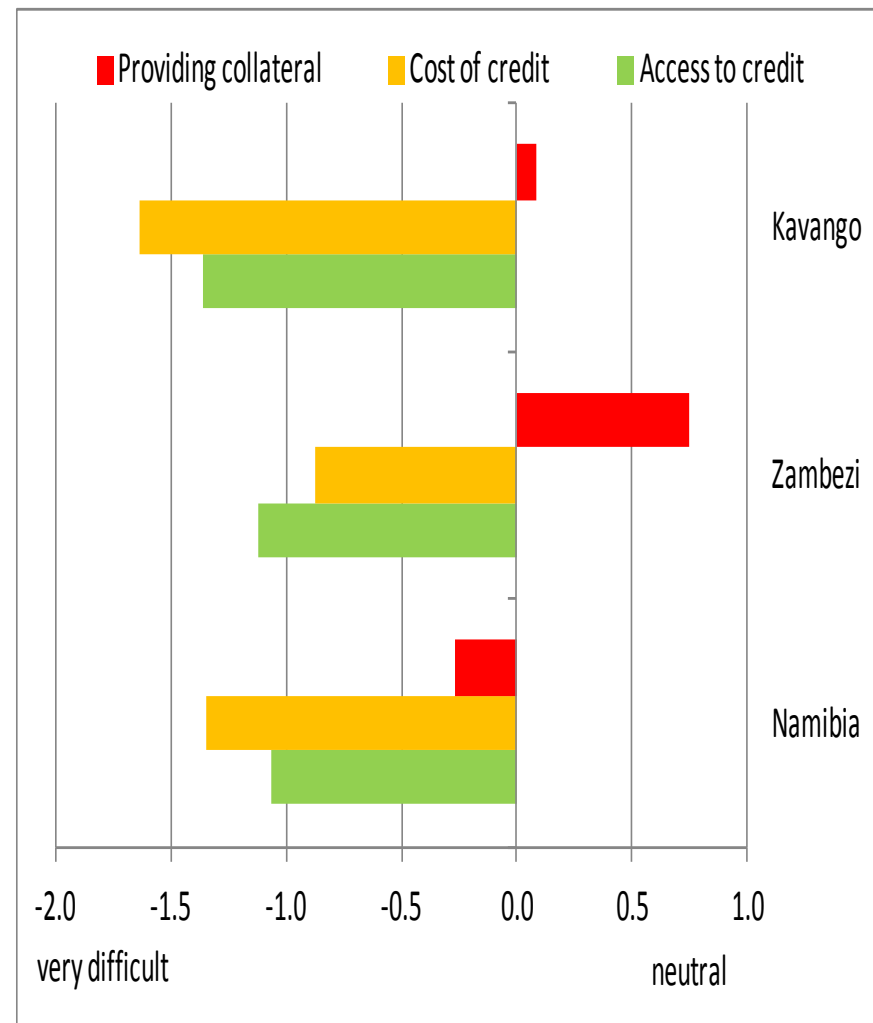
■ Obtain un-serviced land ■ Obtain serviced land



Finance

Access to and cost of finance is of great **concern** to the private sector.

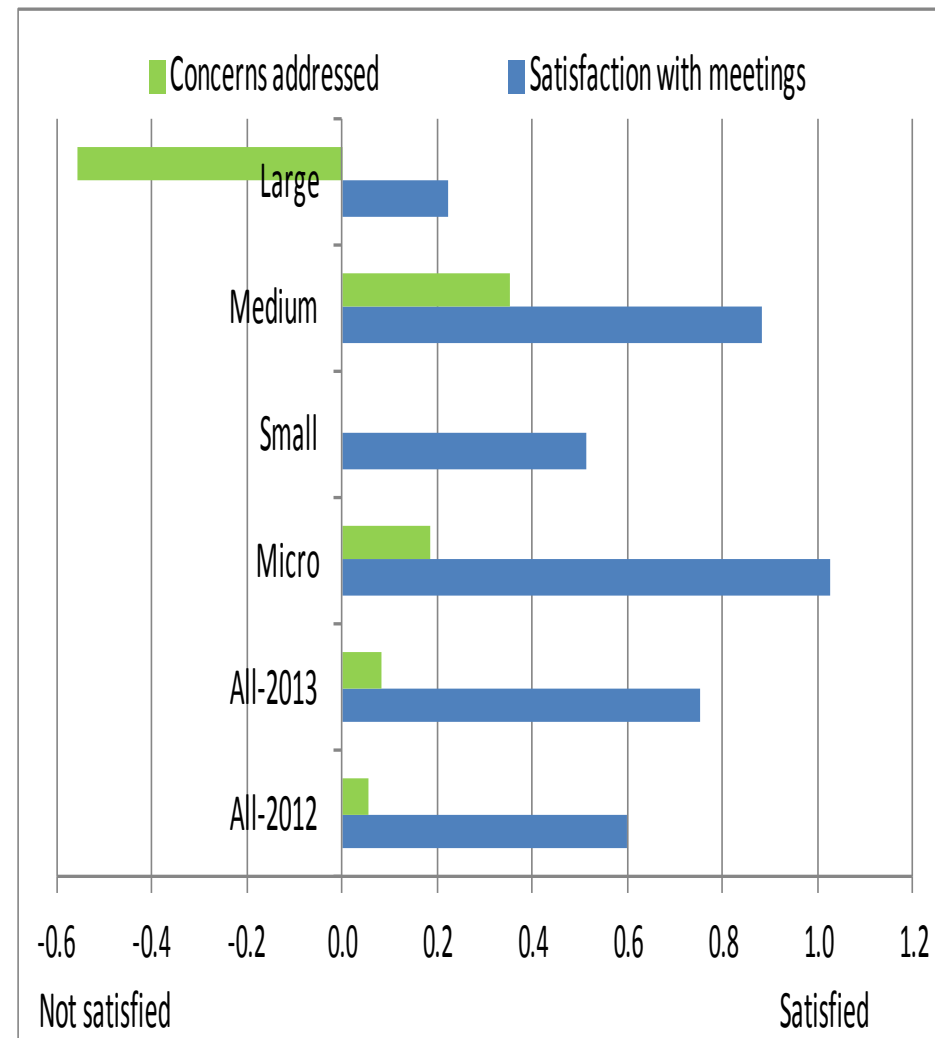
- **Cost of finance** is viewed as **major obstacle in Kavango** and as an **obstacle in Zambezi**. In Namibia at large it is rated more challenging than in previous years.
- **Provision of collateral** not really a critical issue, in particular not in the Zambezi region.
- Respondents from the **Kavango, Ohangwena and Oshana** regions rated **access to and cost of finance worst**.



Public / Private Dialogue

Some public/private meetings were organised by NCCI and LEDA in the south and north of the country.

- Only **minority of respondents** across Namibia **are aware of these meetings** (20% compared to 43% a year earlier).
- However, 75% of those who knew about meetings attended these.
- Slight **improvement in satisfaction** with these meetings (rating up from +0.60 to +0.75).
- Respondents, in particular from large companies, not impressed by the way concerns were addressed after the meetings (rating of -0.56).



- **Regular public-private sector meetings**
 - Increase efforts to attract the targeted audience
 - Increase frequency of meetings
 - Provide proper feedback on plan of action
 - Establish high level Business Council chaired by Prime Minister
- **Identify and address cross-border issues**
 - Conduct in-depth study in order to implement efficient procedures
- **Address availability of serviced land**
- **Provide transparent and simple information of existing financing programmes, requirements and costs (DBN, Fides and SME Bank and commercial banks)**
- **Strengthen linkages between SMEs and large businesses and address supply side issues**

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