

Boosting Investment without Hurting Savers: Options for the Future

Presentation to Prime Minister's
colloquium

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Options for the Future

- Ownership
- Regulation 28
- CMA
- Institutions
- Productive BEE
- Export Orientation
- Taxation and Subsidies
- Skills and Education
- Ensuring Proper Resource Use

Ownership - Issues

- Is ownership an issue?
- Should ownership change voluntarily or by law?
- Which companies should change ownership – banks, “strategic companies”, parastatals?
- How should ownership be changed – black Namibian private, public-private, foreign private?
- How will that improve investment?

Ownership - Options

- Nationalisation of key businesses
- Set equity targets for key businesses
- Full or partial privatisation of parastatals
- Joint ventures as precondition for rights
- Listing on NSX as precondition for rights

Regulation 28 - Options

- Better define Namibian asset to include assets requiring support
- Reduce or eliminate dual-listed shares from definition of “Namibian asset”
- Introduce requirement to invest in unlisted companies
- Increase limit outside CMA
- Start small and work up

CMA - Options

- Maximise choice available to Namibian savers by increasing offshore limit from 15%

Banks - Options

- Force banks to Namibianise by setting equity targets
- Force banks to list on NSX to open up to Namibian investors
- Encourage greater competition between banks
- Encourage entry by specialised lenders

NSX - Options

- Increase pressure to invest on NSX using R28
- Eliminate dependence on regulation
- Refocus to satisfy real needs of Namibian corporate sector (small and low cost)
- Refocus to create bridge between unlisted and JSE
- Commit to creating critical mass by (partial) privatisations and private listings

Asset Management - Options

- Force AMs to Namibianise by setting equity targets
- Force AMs to develop skills in higher risk lending
- Force AMs to take equity in Development Bank
- Force AMs to outsource higher risk lending

Private Equity/Venture Capital - Options

- Encourage entry of private equity and VC companies

Regulators - Options

- Rationalise regulators by merging Namfisa with Bank of Namibia
- Ensure regulators have critical data and information
- Produce annual “investment update”

Productive BEE - Issues

What can you bring to the party?

- Money
- Skills
- Knowledge
- Employee commitment
- “Contacts” and “networks”
- “Political influence”

Export Orientation - Issues

- Opportunities of export market
- Realities of globalisation

Export Orientation - Options

- Subsidies for exporters
- Implement SADC FTA and trade deals
- Welcome foreign investors
- Sovereign credit rating
- Market Namibia abroad
- Ensure Namibia competitive
- Pay attention to international image

Taxation and Subsidies - Options

- Eliminate government guarantees for private business
- Eliminate subsidised money from government
- Eliminate regulations forcing savers to buy government debt

Taxation and Subsidies - Options

- Tax incentives for listing on NSX
- Tax incentives for individual investors
- Tax incentives for exporters

Skills and Education - Options

- Provide relevant and practical courses on finance with work experience
- Use best available elsewhere if too difficult to establish here
- Develop practical skills in specialised areas such as agriculture, fishing, mining, tourism and telecoms
- Ensure most skilled go into jobs that make a difference

Ensure proper resource use

- Encourage information and transparency
- Encourage press freedom
- Encourage accountability

Package of measures (definite)

- Refocus R28 on “real” investments, start small and work up
- Increase foreign investment limit to 25%
- Partial and full privatisations
- Sovereign credit rating and ranking target
- Ensure Namibians can buy in
- Full disclosure of information
- Refocus higher education and bursaries to key courses (abroad if necessary)

Package of measures (possible)

- Obligation to list in exchange for rights
- Tax incentives for listing
- Tax incentives for investors
- Tax incentives for exporters
- Equity targets for banks and other businesses