Protocol on Finance and Investment Baseline Study: Namibia Country Report

August 2011

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A report reflecting the state of progress of implementation of the Protocol on Finance and Investment in SADC

Imprint

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LIST OF ABBREVIATIONS

Agribank	Agricultural Bank of Namibia
BoN	Bank of Namibia
CCBG	Committee of Central Bank Governors
CISNA	Committee on Insurance, Securities and Non-Banking Financial Authorities
CMA	Common Monetary Area
COMESA	Common Market for Eastern and Southern Africa
CoSSE	Committee on SADC Stock Exchanges
COSO	Committee of Sponsoring Organisations of the Treadway Commission
DBN	Development Bank of Namibia
DBSA	Development Bank of Southern Africa
DFI	Development Finance Institution
DFRC	Development Finance Resource Centre
DTAA	Double Taxation Avoidance Agreements
EPZ	Export Processing Zone
ESAAMLG	Eastern and Southern African Anti-Money Laundering Group
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FIM Bill	Financial Institutions and Market Bill
FIP	Finance and Investment Protocol
FSB	Financial Services Board
GDP	Gross Domestic Product
IAIS	International Association of Insurance Supervisors
IDC	Industrial Development Corporation
IMF	International Monetary Fund
IOPS	International Organisation of Pension Supervisors
IOSCO	International Organisation of Securities Commissions
JSE	Johannesburg Stock Exchange
MoF	Ministry of Finance
MoU	Memorandum of Understanding
MTI	Ministry of Trade and Industry

NAD	Namibia dollar
Namfisa	Namibian Financial Institutions Supervisory Authority
NHE	National Housing Enterprise
NIC	Namibia Investment Centre
NSX	Namibian Stock Exchange
PPP	Public Private Partnership
RTGS	Real Time Gross Settlement System
SACU	Southern African Customs Union
SADC	Southern African Development Community
SADCC	Southern Africa Development Co-ordination Conference
ZAR	South African rand

1. CONTEXT

Namibia's involvement with Southern African Development Community (SADC) member countries dates back to pre-independence times when the Southern Africa Development Co-ordination Conference (SADCC) supported Namibia's struggle for independence. Namibia hosted the Summit of Heads of State and Governments on 17 August 1992 in Windhoek, when the Declaration and Treaty for the establishment of SADC was signed that replaced the SADCC. Namibia became a *de-jure* member of the Southern Africa Customs Union (SACU) with independence after being a *de-facto* member due to the South African occupation.

Namibia also hosts the SACU Secretariat: SACU offers duty-free access to the largest market in the region – South Africa – as well as to the other SACU member countries; namely, Botswana, Lesotho and Swaziland. As part of SACU, Namibia has entered into preferential trade agreements with other groupings or individual countries, such as the European Free Trade Association and Mercosur. Namibia used to be a member of the Common Market for Eastern and Southern Africa (COMESA). However, the country had to make a choice since it could not be part of two regional blocks that both envisaged becoming custom unions. Namibia weighed the costs and benefits and decided to leave COMESA and stay within SADC.

Namibia's economy depends on the exports of few goods and services and is therefore vulnerable to economic shocks (as experienced during the recent global economic crisis). The economy is based primarily on export-oriented natural resource extraction. The mining sector can still be regarded as the backbone of the economy in terms of its contribution to the Gross Domestic Product (GDP), the raising of government revenue in the form of company taxes and royalties, and foreign exchange earnings. Mining has contributed 11.2% on average to GDP over the past decade.[1] Diamond mining has dominated the sector until the global economic crisis in 2008. Uranium mining is increasingly important, however, water supply poses a challenge to the further development of uranium mines located in the arid Namib Desert.

No detailed data are available on sources of foreign direct investment. There is, however, no indication that investment from SADC countries, except from South Africa, plays an important role. On the other hand, investment by Namibian companies in other SADC member states is in part limited because of political risk, corruption, and the insufficient legal framework (or insufficient enforcement of the existing legal framework).

Since Namibia has ceded sovereignty over trade policy to SACU and monetary policy to a large extent to the Common Monetary Area (CMA), fiscal policy is the main policy instrument to influence socio-economic development. The country has received between 25% and 39% of total revenue from the SACU Common Revenue Pool between the financial years 2001/02 and 2010/11. Income tax on individuals has been the second most important source of income for government (21.4% on overage over the past decade), followed by value-added tax (19.4%) and income tax on companies (13.5%).

[1] All GDP figures, unless otherwise noted, are based on: Central Bureau of Statistics, National Planning Commission, 2010. National Accounts 2000 – 2009.

2. STATUS OF FIP IMPLENTATION

2.1. STATUS OF FIP RATIFICATION

Namibia has signed and ratified the FIP. Namibia took over from the Democratic Republic of Congo as chair of the sub-committee on co-operation on investment in 2010.

2.2. FIP STRUCTURES

The Namibian Ministry of Trade and Industry (MTI) is the SADC Focal Point, while the Ministry of Finance (MoF) has overall responsibility for the co-ordination of the implementation of the SADC Protocol for Investment and Finance (FIP), specifically, the Directorate of Economic Policy Advisory Services and the Division for Regional and International Studies. The Division consists of a Deputy Director and a Chief Economist. They are responsible for dealings with the African Development Bank, the International Monetary Fund (IMF), SADC, the World Bank and other regional and international organisations. *Due to these various commitments, the capacity for an effective co-ordination of the implementation of the various Annexes to the FIP is limited.* Capacity constraints are further exacerbated by a high staff turnover over the past two years within the Directorate as well as changes at senior management level. In addition, three different persons in the Directorate of Inland Revenue are involved in the implementation of Annex 3 – Co-ordination in taxation and related matters – but apparently without co-ordination. *The conclusion is that national co-ordination of FIP implementation has been lacking.* Furthermore, the responsibilities of the MTI as SADC Focal Point and the MoF as co-ordinator of the FIP implementation are not clearly spelt out and result in communication gaps or duplications of efforts.

The five Annexes of the FIP that deal with central bank issues are led by the Bank of Namibia (BoN). There is a clear reporting structure between these departments within the BoN. The bank's research department is the contact point for the FIP implementation and responsible for the co-ordination.

The private sector – although considered the engine of growth – is barely involved in the discussions and implementation of the FIP. The Namibian Bankers' Association is consulted by the Bank of Namibia on certain issues as well as by the MoF concerning tax matters. However, the implementation of the FIP is not always on the agenda of the SADC Bankers' Association meetings.

2.2.1. ANNEX 1: COOPERATION ON INVESTMENT

Namibia took over the chair of the Investment sub-committee from the Democratic Republic of Congo in 2010.

The Namibia Investment Centre (NIC) is the only investment promotion agency in Namibia. It is part of the MTI. Investors are not compelled to contact the NIC when investing in Namibia. NIC has no comprehensive data on foreign direct investment in the country. This data is collected by the Bank of Namibia, but only on an aggregate level. NIC does not have a web site and the ministry’s web site has for some time been “under construction”. Therefore, there is no investment information available on-line. NIC provides information on investment incentives and opportunities through annually updated CDs, the annual Trade Directory, and various brochures covering, amongst others, the Foreign Investment Act, the registration process for a company, and the NIC. Furthermore, the NIC is actively involved in promoting Namibia as an investment destination through its participation in trade delegations abroad, receiving foreign trade delegations in Namibia, identifying sectors that can benefit from foreign direct investment (FDI) and identifying opportunities for joint ventures.

Investment in Namibia is regulated by the Foreign Investment Act of 1990. A new investment bill is being developed that will cover both foreign and domestic investment. This initiative started before the SADC FIP was ratified but will take the more general recommendations stipulated in Annex 1 into account, since specific guidelines in the form of a SADC Regional Investment Policy Framework are not yet available.

The constitution of Namibia provides for the expropriation of property when it is in the public interest, but only when coupled with payment of just compensation. One would imagine that this provision is a deterrent to foreign investors, despite the guarantee of just compensation, due to the disruption of business activity.[2]

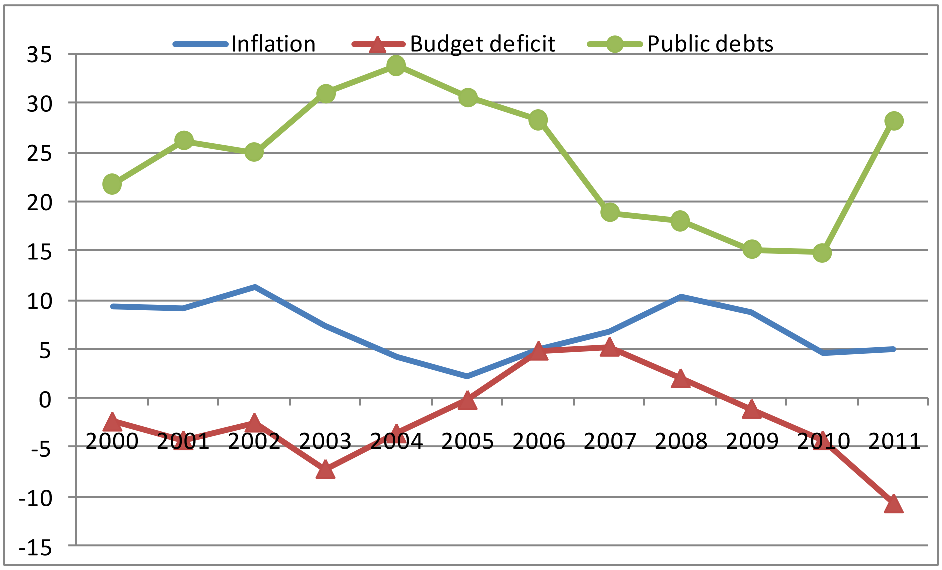
Namibia does provide tax and other incentives to investors. The Export Processing Zone (EPZ) Act of 1995 offers exporting investors on at least 70% of their goods, generous tax incentives such as exemption from corporate income tax, customs duties and Value-Added Tax. Furthermore, manufacturing companies can apply to the MTI and MoF for manufacturing status that entails various tax and other incentives. The government has therefore started a review of all tax incentives to weigh the costs and benefits.

Namibia is a member of the Multilateral Investment Guarantee Agency (MIGA), has signed but not yet ratified the International Centre for Settlement of Investment Disputes (ICSID) but is not party to the New York Convention. Namibia is ranked 74 out of 183 countries and scores 3.57 out of 10 on the World Bank Investor Protection Index.

[2] Perspective of consultant

2.2.2. ANNEX 2: MACROECONOMIC CONVERGENCE

Figure 1 Trends in macro-economic indicators, 2000 to 2010



Sources: Ministry of Finance (budget deficit, public debts), CBS (inflation)

Namibia's macro-economic performance has generally been in line with SADC's convergence criteria. The inflation rate increased to double-digit figures only twice during the past decade, in 2002 and 2008. This was caused by external events; an especially sharp currency depreciation in 2002 and rising food and oil prices in 2008. The Bank of Namibia tightened monetary policy (in line with the South African Reserve Bank) to keep inflation rate within the 3% to 6% band. Inflation rates returned to the target range. Interest rates are at historically low levels because of favourable inflation rates, but are expected to be adjusted upwards during the third and fourth quarter of 2011 because of rising inflationary pressure caused again by rising food and oil prices on the international markets.

Namibia achieved budget surpluses during three consecutive financial years (2006/07 to 2008/09) which has been mainly attributed to higher-than-expected transfers from the SACU Common Revenue Pool and a strengthening of tax collection. Targeted tax audits commenced in one of Namibia's thirteen regions, were then extended to all other regions. This initiative has resulted in increased tax compliance by companies regarding Value Added Tax and Income Tax Payments and additional revenue to government. Consequently, public debt levels have been substantially below international benchmarks and the SADC convergence criteria. This put Namibia in a better position when the financial and economic global crisis hit the country end of 2008. The accumulated surpluses enabled the government to embark on expansionary spending in order to stimulate the economy. Although Namibia suffered only a minor economic contraction in 2009 (-0.7%) and returned to positive growth rates of about 4% anticipated for 2010 and 2011, unemployment remains a serious challenge to the country. The official unemployment rate stood at 51.2% in 2008 (before the economic downturn affected Namibia). The government therefore decided to continue with its expansionary budget for the next three years, in particular to create jobs. The budget deficit is expected to exceed 10% during the 2011/12 fiscal year but drop to some five and six per cent for the next two financial years. The public debt to GDP ratio is expected to more than double from 14.5% in 2010/11 to 34.6% in 2013/14. In order to accommodate the higher deficit and public debts, government has adjusted its fiscal targets upwards twice over the past three years. It increased the deficit target from 3% to 5% in 2009 and to 7% in 2011 and the debt ratio from 25% to 30% and then 35% respectively. The debt ratio continues to stay well within the SADC convergence criteria and international benchmarks. There is no indication that the SADC convergence criteria played any role when government set its fiscal targets, which followed from domestic needs and challenges.

As a member of SACU, Namibia receives a significant chunk of revenue from the SACU Common Revenue Pool – between 25 % and 39 % of total revenue over the past decade. The harmonisation of indirect taxes and tax incentives as well as the establishment of a SADC Customs Union or any other preferential trade agreements will have a severe impact on government revenue and hence on the budget deficit and public debt. It is therefore important to explore other revenue sources and strengthen revenue collection further and / or identify options to reduce expenditure in order to maintain fiscal stability.

The Bank of Namibia and the Ministry of Finance prepare reports on macro-economic developments annually for submission to the Committee on Central Bank Governance (CCBG) and the sub-committee on macro-economic convergence respectively. These committees submit the reports to the Council of Ministers. This duplication of work makes for inefficiency, a point that will be addressed in the *Recommendations* section.

A first meeting of the committees of Senior Treasury Officials and of Central Bank Officials was held end of March 2011 in South Africa to discuss the Peer Review Mechanism.[3] Namibia chaired the meeting. The meeting adopted Proposal 2 for the creation of peer groups (two countries each) and for three sub-peer groups. The three sub-peer groups will report back to the main Peer Review Panel. The first meeting of the Peer Review Panel is scheduled for September 2011 and will be chaired by Namibia.

2.2.3. ANNEX 3: COOPERATION IN TAXATION AND RELATED MATTERS

The government has concluded six Double Taxation Avoidance Agreements (DTAA) with European countries, two DTAAs with Asian countries and three DTAAs with SADC countries (Botswana, Mauritius and South Africa). The agreements were signed before the SADC Model Agreement was adopted and there was no domestic template in place. Therefore, the provisions vary widely. The three DTAAs with SADC countries cover the following tax categories; namely, Income Tax, Petroleum Tax, Secondary Tax on Companies, Capital Gains Tax, and Non-Resident Shareholders Tax. Although negotiations for the conclusion of DTAA's with other SADC countries were approved in general, and negotiations with Lesotho had started already, these initiatives were put on hold since the Ministry of Finance embarked on the design of a national policy and a model agreement that is in line with the SADC Model

[3] SADC, 2011, Meeting of the Committee of Senior Treasury Officials (STOs) and Central Bank Officials (SCBOs), 28 – 29 March 2011, Johannesburg, South Africa, Draft Record.

Agreement. According to the sub-committee representative, negotiations with other countries including SADC countries will commence, once this domestic model agreement is approved. It is expected that the existing agreements have to be reviewed and perhaps re-negotiated based on the model agreement. Information regarding the DTAA is available on the ministry's (http://www.mof.gov.na/inlandrev1.htm) but not yet on the SADC website (http://www.sadc.int/tifi/tax/chapter/1/country/namibia).[4] The Bankers' Association of Namibia has been consulted on DTAAs.

The sub-committee representative confirmed that the MoF received training on the SADC tax database. However, there appears to be a lack of skills and inefficiencies in the updating of the database. Nevertheless, Namibia's tax information on the SADC tax database web site appears to be up to date. The MoF has tasked two persons with the update of the SADC database.

Namibia has incorporated tax incentives as per the Income Tax Act of 1981 with amendments, but also in the Foreign Direct Investment Act and the Export Processing Zone (EPZ) Act. All these incentives are currently under review in order to establish their respective costs and benefits. The Foreign Investment Act is also under review and will cover all kinds of investment irrespective of its source (domestic and foreign). The MoF has updated the SADC tax database and provided information on tax incentives.

Namibia is a member of the SACU. SACU not only pools taxes on international trade, but also on excise duties. According to the sub-committee representative, SACU needs to take a lead in the harmonisation of excise duties. There is not much progress on the harmonisation of indirect taxes. Two workshops were held in 2007 and 2009 respectively. A meeting is scheduled for end June 2011 to discuss SADC's draft Valued Added Tax guidelines.

No training courses were offered covering the topics of tax incentives and indirect taxes, apparently due to the lack of funding.

2.2.4. ANNEX 4: COOPERATION AND COORDINATION OF EXCHANGE CONTROL POLICIES

The Namibia dollar (NAD) is pegged one-to-one to the South African rand (ZAR) which is also of legal tender in Namibia. The NAD can be exchanged without costs with the ZAR in Namibia but not outside the country, except for South Africa. But there is asymmetry in the exchange of the two currencies since exchange bureaus and banks in South Africa charge a fee for the exchange of NAD for ZAR, while the exchange is free in Namibia. The convertibility of the NAD is limited owing to remaining exchange controls on the current and capital account. Currently a limit of NAD1 million is in place for travelling allowances, study allowances, donations etc. and a limit of NAD4 million for investments by individuals per calendar year. There is no limit on outgoing FDI, but the investor has to apply to the Bank of Namibia. The remaining exchange controls do not differentiate between SADC and non-SADC member countries.

[4] Accessed 8 June 2011.

The timelines for the current (2007) and capital account (2009) liberalisation were missed. New timelines were set for high priority areas (December 2009) and medium priority areas (December 2010) in the current account and for the capital account (December 2010). However, the SADC Secretariat has not scheduled a meeting since the June 2010 meeting of the sub-committee on Co-operation on Exchange Control Policies. The planned meeting in November 2010 did not take place. *Hence, there is no progress on the liberalisation of the accounts.*

Namibia is a member of the Common Monetary Area (CMA) together with Lesotho, South Africa and Swaziland. CMA has to agree on exchange control liberalisation. South Africa sets the pace within CMA often with little consultations of the other member countries. Lesotho, Namibia and Swaziland can divert from South Africa's exchange control limits, but cannot offer more generous conditions than South Africa. The CMA has not yet agreed on a road map towards the current and capital account liberalisation since the Ministers of Finance whose prerogative it is to take policy decisions, have not yet dealt with the issue.

After the financial crisis there was a re-think of current and capital account liberalisation. The outcome was that Namibia would take a more cautious approach.

2.2.5. ANNEX 5: HARMONISATION OF LEGAL AND OPERATIONAL FRAMEWORKS

According to the sub-committee representative, Namibia is in the process of localising the Model Central Bank Act and does not foresee major challenges in adjusting the current act. The President of the Republic of Namibia appoints the Governor and Deputy Governor. The constitution does not make provision for more than one Deputy Governor while the Model Central Bank Act does.

Namibia amended the Banking Institutions Act in November 2010. The amendment is not guided by SADC principles, since the SADC Model law is not yet available.

The Namibian Financial Institutions Supervisory Authority (Namfisa) has started merging nine laws regulating various non-banking financial services, amongst others the Stock Exchanges Control Act - into one bill – the Financial Institutions and Market Bill (FIM Bill)[5]. The FIM Bill is informed by international best practices, but not by a SADC Model Law since it is still being drafted.

2.2.6. ANNEX 6: COOPERATION ON PAYMENT, CLEARING AND SETTLEMENT SYSTEMS

Namibia is a member country of the Common Monetary Area (CMA). The CMA has developed a strategy to harmonise payment, clearing and settlement systems. The CMA Central Bank Governors are expected to approve the strategy in their meeting in July 2011. The technical working group will afterwards work out the details. This harmonisation strategy includes linkage of all CMA countries' real time gross settlement systems (RTGS). This harmonisation requires

[5] See Appendix 1 for a list of the laws.

among others the development of a Model Payment Act. This will have legal implications for Namibia's Payment System Management Act which came into force in 2003 and was amended in April 2010. It is expected that the harmonisation within CMA will be concluded by the end of 2012 or early 2013.

The four commercial banks operating in Namibia, the Bankers' Association of Namibia and the Bank of Namibia launched the National Payment Reform project in 2001 that eventually led to the establishment of a domestic clearing house – Namclear. Namclear is owned by the four Namibian commercial banks and operates the Payment Clearing House that came online in 2004 and since 2008, also Namswitch that handles domestic card transactions. Since then, domestic transactions are no longer settled in South Africa. However, this is not seen as undermining the harmonisation of the payment, clearing and settlement systems within the CMA since the Namibian systems are in line with the South African system.

The implementation of the CMA Strategy to harmonise payment, clearing and settlement systems within the CMA will require the establishment of a CMA Clearing House and consequently additional investment in the domestic information and communication technology infrastructure. The Bank of Namibia is going to carry the capital costs of the implementation of regional settlement systems, while the commercial banks and the Bank of Namibia will share the operational costs. According to the interviewees the CMA Clearing House can be housed by any domestic Clearing House, such as Namclear, but a final decision has not been taken.

Since the introduction of the Real Time Gross Settlement system in 2002 in Namibia, the Bank of Namibia monitors the liquidity levels and flows of commercial banks closely. BoN will issue early warnings to commercial banks should they exceed certain limits and could even stop transactions if required. However, this has not happened in recent years.

BoN has lowered the maximum payment by cheque to NAD 500,000 in June 2010 from previously NAD5 million in order to reduce the risk of fraud. According to the BoN there are indications that the South African Reserve bank might follow this step.

2.2.7. ANNEX 8: COOPERATION IN THE AREA OF BANKING REGULATORY AND SUPERVISORY MATTERS

The Bank of Namibia is responsible for the sustainability of the banking sector. It compiles a vulnerability and financial stability report twice yearly. The bank is in the process of building a model for stress testing in order to identify factors that could endanger the financial stability of banks and has started developing capacity in this area. It is expected that the model will be completed by the end of 2012. The Bank of Namibia receives technical support from other Central Banks in this activity, such as the German Bundesbank. SADC is not involved in this exercise and does not provide training in this area.

Since the harmonisation of banking standards on SADC level is slow, the Bank of Namibia went ahead and implemented the Basel II recommendations in 2010, two years after South Africa. Some Namibian by-laws had to be re-written to be Basel II compliant. The Bank conducted a self-assessment of compliance with the core Basel principles in March 2011. It found out that it is 80% compliant and expects to be fully Basel II compliant by the end of 2011.

Namibia also amended the Banking Institutions Act in November 2010 with the aim to, among others, clarify requirements for foreign banks to open branches in Namibia and/or take a controlling stake in Namibian banks, and for appointments of directors at commercial banks.

A mutual evaluation by the Eastern and Southern Africa Anti Money-Laundering Group (ESAAMLG) detected some deficiencies in the Anti-Money laundering framework of the bank in 2008. Since then about 90% of the 49 recommendations of ESAAMLG that are in line with the Financial Action Task Force (FATF) have been implemented. The provisions of the Financial Intelligence Act came into operations in May 2009.

2.2.8. ANNEX 9: COOPERATION IN RESPECT OF DEVELOPMENT FINANCE INSTITUTIONS

Namibia has three Development Finance Institutions: the Agricultural Bank of Namibia (Agribank), the Development Bank of Namibia (DBN), and the National Housing Enterprise (NHE). While Government is the sole shareholder of all three, the DFIs report to different line ministries; namely, the Ministry of Agriculture, Water and Forestry; the Ministry of Finance; and the Ministry of Regional, Local Government, Housing and Rural Development[6]. Sub-committee representatives indicated that there is room to improve the co-ordination of strategies and the co-operation between the Namibian DFIs, since larger development projects such as the development of new industrial sites will also require additional housing for the workers. There is a need for regular meetings among the DFIs to share and co-ordinate their investment plans.

The DFI sub-committee has made substantial progress mainly attributed to its own secretariat – the Development Finance Resource Centre (DFRC) – that is financed by membership fees. The balance sheet of the DFI and the country's Gross Domestic Product is used to establish the institution's membership fee. The DFRC offers capacity development programmes based on the needs assessment of its members. These programmes include staff exchanges amongst DFIs that can last up to a year. DBN staff participates in this programme and are currently placed at the Development Bank of Southern Africa (DBSA) and the Industrial Development Corporation (IDC) in South Africa. The sub-committee representative stated that DFIs benefit from exchanges of best practices and personal relationships that can ease joint funding of projects.

Namibian DFIs do not have a mandate to fund projects outside the country unlike South African DFIs such as the DBSA and the IDC. However, DBN could provide funding to a Namibian company that is involved in a project outside Namibia. This has not yet happened. However, DBN has partnered with DBSA and IDC in funding projects such as the Ohorongo cement factory in Namibia that is supplying the Namibian and SADC market with cement. Joint funding of other projects with a regional impact is in the pipeline, but no decision has been taken on the funding of a project yet. They include the expansion of the Walvis Bay harbour that serves as an alternative route to congested South African ports for SADC countries such as Angola, Botswana, Democratic Republic of Congo, South Africa, Zambia and Zimbabwe. DBN financed other projects of regional relevance such as the Caprivi Interconnector (jointly with European DFIs). Agribank is involved in projects that enhance food security in Namibia

[6] See also: SADC, 2010, Report on the visit to Namibia to introduce the project to support the implementation of the SADC Protocol on Finance and Investment (FIP) on 29 and 30 June.

such as the Green Scheme, Aquaculture and a dairy farm. Some of these projects are co-financed by DBN or IDC/South Africa. DBN has signed an MoU with DBSA while Agribank is in the process of drafting an MoU in order to formalise their relationships. The MoUs cover amongst others joint funding of projects, access to on-lending facilities and staff exchanges.

The DFRC funded an independent credit rating for DBN; a preliminary credit rating was received from Fitch Sovereignty. It is expected that the final credit rating will be completed during 2012. Agribank is working on the relevant internal structures before embarking on an independent credit rating. NHE has not yet embarked on an independent credit rating, since it is borrowing mainly on the domestic market, where its credit worthiness is known.

Namibia does not have an Insurance Guarantee Fund. Loans advanced by DBN and Agribank are usually backed by securities. Most of NHE's customers are public servants. The government guarantees 20% of the loan and subtracts the repayment directly from the salaries. Therefore the default rate of NHE clients is low – about 3.5%. DBN clients take insurance cover for buildings, equipment and stocks.

The sub-committee representative regards the creation of a SADC Development Fund as beneficial since it would provide access to funding from other sources outside the country.

Namibia has started the process of designing a Public-Private Partnership Policy. There is no definition of public private partnerships (PPPs). The Walvis Bay Corridor Group, promoting shipments through the port of Walvis Bay to and from SADC countries, is regarded by some as an example of a PPP, since it is jointly funded by government and the private sector. There are also initiatives in the tourism sector where the state-owned enterprise, Namibia Wildlife Resorts, has partnered with the private sector to build tourism facilities.

2.2.9. ANNEX 10: COOPERATION ON NON-BANKING FINANCIAL INSTITUTIONS AND SERVICES

The Namibian Financial Institutions Supervisory Authority (Namfisa) is established in terms of the Namfisa Act 2001. Its task is to regulate and supervise non-banking financial institutions. It operates under the auspices of the Ministry of Finance, and is fully financed through imposition of levies, registration and penalty fees on financial institutions under its regulation.[7] Of the total staff complement of 60, 30 are involved in the supervision of some 3,680 institutions. In order to avoid regulatory arbitrage the existing laws governing non-banking financial institutions are being merged into the Financial Institutions and Market Bill (FIM Bill).[8] The exercise is guided by best practices in other countries such as Australia, New Zealand and the United Kingdom and is supported by the International Monetary Fund (IMF). It also serves to modernise the regulation and supervision of these institutions and is based on recommendations of international bodies such as the International Association of Insurance Supervisors (IAIS), International Organisation of Pension Supervisors (IOPS) and International Organisation of Security Commissions (IOSCO).

[7] Namfisa web site: http://www.namifisa.com.na

[8] The laws are listed in Appendix 1.

Ideally, the drafting of the FIM Bill should have been informed by a SADC guiding framework, but that is not yet available, and supported by SADC experts of the matter. This framework would still serve a purpose despite adherence to international benchmarks since it would adjust these benchmarks to the regional level of development. However, the Committee on Insurance, Securities and Non-Banking Financial Authorities (CISNA) does not have a full-time secretariat because of a lack of resources. Therefore, the process of drafting guiding SADC principles for the sector is slow according to Namibia regulators.

Public accountants and auditors regulated by the Public Accountants' and Auditors' Act fall currently also under the supervision of Namfisa. This will change with the amendment of the Act and the establishment of a self-regulatory, independent body.

Namibia is a member of IAIS and IOPS and has been granted observer status at IOSCO meetings. According to the sub-committee representative, IOSCO membership requirements are high and Namibia needs to build the capacity to comply with them. Although Namibia has signed MoUs with all SADC countries, Namfisa has benefitted mainly from support by the Financial Services Board (FSB) of South Africa concerning training and consumer awareness campaigns. SADC has not offered training although there is a strong need. The sub-committee representative is of the opinion that besides short-term training courses, formalised capacity development programmes are required that provide for training-on-the-job through counterparts in order to gain experience. Namfisa publishes a quarterly Consumer Education Bulletin and places regularly advertisements in daily newspapers.

Namfisa has hosted delegations from Lesotho, South Africa and Swaziland (as well as Kenya) in order to exchange information and best practices.

2.2.10. ANNEX 11: COOPERATION ON SADC STOCK EXCHANGES

Committee on SADC Stock Exchanges (CoSSE) was established in 1997. However, little progress has been made so far to achieve its objectives of harmonising listing requirements and creating interconnectivity. A draft Strategic Plan for the next five years (2011 – 2016) has been forwarded to CoSSE members for discussion at the next meeting. It lists five priority initiatives of which one refers to the objectives of Annex 10 of the FIP. According to the sub-committee representative, the slow process of harmonisation leads to frustrations among some sub-committee members as expressed in minutes and consultancy reports.[9]

The Namibian Stock Exchange (NSX) is the second largest stock exchange in Africa in terms of market capitalisation. Trade is dominated by shares in the banking sector, life insurance and industrial metals. Besides local shares and dual-listed companies the NSX makes provision for companies that have not yet started operations to be listed on the Development Index. These are mainly Australian and Canadian mining companies exploring uranium deposits in Namibia.

The NSX listing requirements are based on the JSE requirements of 2004. *CoSSE uses the JSE 2004 requirements as a benchmark*. Namibia's Company Act of 2004 is based on the

[9] N.N., 2010, Draft Minutes of the 2nd CoSSE Meeting of 2010 (30 to 31 August 2010): page 2, N.N., 2011, Draft Minutes of the CoSSE Meeting 8 to 9 February 2011.

South African Company Act of 1973. Since the South African Act has been changed over the years and clauses were deleted, the NSX listing requirements are diverting from the JSE listing requirements that are used by CoSSE as a benchmark. This complicates the harmonisation of Stock Exchange regulations within SADC.

The NSX has benefited in a number of areas from its close cooperation with the JSE. The JSE introduced a new electronic settlement for equities that applies also to the dual listed shares on the NSX. Since they account for about 98% of the value of all trades the system reduces the risks that the NSX has to identify and manage significantly.[10] NSX risk management is in accordance with the Committee of Sponsoring Organisations of the Treadway Commission (COSO) II model and King III. Furthermore, the NSX has extensive insurance covering all areas of its business. The standard of the NSX regulations is also reflected in the ranking in the Global Competitiveness Report (ranked 30th in Securities Exchange regulations).

South Africa drafted a new company's act that came into force in May 2011 and has implications for the JSE. The JSE is consequently revising its listing requirements. These changes and adjustments are made without consultations of CoSSE or the SADC Secretariat although the JSE serves as the benchmark for SADC Stock Exchanges and hence any changes at the JSE can have impacts on regulations of other stock exchanges in the region.

According to NSX officials, the potential for trading in the region is regarded as limited owing to the perception of political risk and inconvertibility of currencies. Since currencies are not convertible, shares prices have to be converted into US dollar prices, delaying transactions.

3. CONCLUSIONS AND RECOMMENDATIONS

3.1. CONCLUSIONS

Overall, Namibia has made good progress and is committed to the implementation of the FIP. The country is represented at all sub-committees and representatives attend sub-committee meetings. There is room for improvement in the effective coordination of the FIP implementation at national as well as regional level. Namibia has not yet fully implemented a national implementation co-ordination infrastructure. While the research department in the Bank of Namibia co-ordinates the implementation of the various Annexes concerning the central bank, other sub-committees work rather independently of each other and are not aware of the activities of sub-committees dealing with other Annexes. Persons assigned to deal with the FIP implementation are often overstretched since SADC is just one of many tasks they have to deal with. Therefore, there are no regular national workshops organised to provide an update of the implementation status of the Annexes. Consequently, the private sector is not fully involved in discussions concerning the FIP and its implementation.

Furthermore, a number of sub-committee representatives view the implementation process as beneficial, since networks are built on a regional level that enhance the exchange of information and best practices and contribute to developing capacity within the region. In

[10] Namibian Stock Exchange, Annual Report 2010

particular DFIs and non-banking financial institution supervisory authorities have strengthened their internal capacity through training courses or through exchange programmes with other institutions.

Investment: The Namibian Investment Promotion Agency is part of the Ministry of Trade and Industry and uses various instruments to promote Namibia as an investment destination. However, it does not yet have its own web site and no disaggregated FDI data for instance by source; however, the Bank of Namibia intends to provide disaggregate FDI data in the future. Investors' rights are also protected by various laws including the constitution that deals with expropriation. Namibia is currently reviewing her investment policy and will take the FIP recommendations on repatriation, dispute settlement and others into account.

Macro-economic convergence: Namibia has met most of the convergence criteria over the past years owed to prudent fiscal and monetary policies. However, the global economic crisis and the high rate of unemployment have necessitated expansionary budgets that could result in a budget deficit of about 10% for 2011. The Bank of Namibia and the Ministry of Finance submit two reports annually on the macro-economic performance to the CCBG and the sub-committee on macro-economic convergence respectively. There is need for capacity development in the adaption and application of economic models used to analyse economic impacts of policy changes.

Taxation: Namibia has updated its Model Double-Taxation-Avoidance Agreement in 2009 taking the SADC recommendations into account. The country intends to negotiate agreements with SADC countries and countries outside SADC once the taxation system review is finalised, which is expected during 2012. Tax incentives are covered in various legislations, but are currently under review. Namibia received training in updating the SADC Tax Database and has subsequently updated it. While the harmonisation of tax incentives is welcome, it is also acknowledged that the harmonisation reduces the national policy space to attract investment. Since the SACU Agreement covers excise duties as well, SACU needs to play an active role in the harmonisation of excise duties.

Exchange control: The capital and current accounts are not yet fully liberalised, but the limits are quite generous and not regarded as prohibitive by the private sector.[11] Since Namibia is part of the CMA, the decision on further liberalisation needs to be taken at the CMA level.

Legal and operational framework: Namibia's Central Bank Act is aligned to the SADC Model Act. The country is currently drafting a Financial Institutions and Market Bill that merges nine existing acts regulating non-banking financial institutions into the FIM Bill. The FIM Bill is informed by international best practices, but not by a SADC Model Law since it is still being drafted.

Payment, clearing and settlement systems: The Bank of Namibia implemented the RTGS in 2002 and uses it to monitor liquidity flows and levels of commercial banks closely in order to minimise systemic risks. As a member country of the CMA, Namibia is working on a linked RTGS within CMA that could serve as a stepping stone for a SADC-wide RTGS. With the

[11] Information obtained during interviews with the Namibian private sector

establishment of Namclear, domestic transactions are processed in Namibia and no longer in South Africa. Namibia implemented the Payment System Management Act in 2003 and will review it once the CMA Model Payment System Act is finalised.

Banking regulatory and supervisory matters: Namibia's standards are aligned to the Basel II core principles. Based on a self-assessment in March 2011, the Bank of Namibia is 80% compliant with the core principles. The BoN expects to be fully compliant by the end of 2011. The country has adopted the 49 core principles of FATF and expects full implementation by the end of 2011.

Development finance institutions: The Development Finance Institutions (DFIs) have their own sufficiently funded secretariat, which is a driving factor towards the progress of the Annex implementation. The Namibian DFIs view the closer cooperation between DFIs in the region as an opportunity to access a larger pool of funding and of co-financing projects. They have signed or are preparing MoU with other DFIs in the region, in particular in South Africa. They have a shadow credit rating or are using the credit rating criteria to upgrade their structures before embarking on an official rating.

Non-banking financial institutions: Namibia is drafting a Financial Institutions and Market Bill that merges nine existing legislations regulating the non-banking financial sector. In the absence of SADC guidelines, the draft bill is guided by international best practices. Namfisa signed MoUs with all SADC countries and received assistance from FSB in South Africa in various areas. Namifisa publishes a consumer education bulletin every quarter and places advertisements in newspapers as part of their consumer awareness campaign.

SADC stock exchanges: The Namibian Stock Exchange is a member of CoSSE and works closely with the JSE. It's listing requirements are also in line with the JSE.

3.2. RECOMMENDATIONS

The recommendations focus on two main areas – strengthening the FIP implementation coordination and developing human capacity further.

FIP Implementation

A clear division of responsibility between the Ministry of Trade and Industry as the SADC National Focal Point and the Ministry of Finance as the custodian of the FIP will improve the coordination of the FIP implementation at national level. It is recommended that the Ministry of Finance appoints a National FIP Coordinator who will be in regular contact with all sub-committee members All correspondence from the SADC Secretariat to the various sub-committees dealing with the implementation of the FIP Annexes should at least be copied to the Coordinator, while the various national sub-committees submit their progress reports, minutes of meetings etc. to the Coordinator. The Coordinator submits regular progress reports to the Permanent Secretary of the Ministry of Finance with a copy to the SADC Focal Point in the Ministry of Trade and Industry. Such a structure will strengthen the institutional memory and avoid a loss of information in case of staff turnover.

Furthermore, regular briefing sessions with representatives of all sub-committees and relevant private sector associations could be arranged to exchange progress reports and identify barriers to implementation.

Finally, there is need to prioritise the implementation of activities and focus on those that are less contentious, easy to implement and foremost, have a short term benefit to the member states.

Capacity Development

There is need to establish the capacity development needs in the country and the region and prioritise interventions. There should also be a shift in focus from short-term training courses to staff exchange programmes, secondments and attachments in order to develop capacity continuously on-the-job.

Investment: It is recommended that the Namibia Investment Centre establishes its own web site in order to improve access for potential investors to relevant investment incentives, legislation and other information. It is further recommended that the Bank of Namibia provides disaggregated FDI flow information in order for the NIC to analyse the impact of its activities on investment flows.

Macro-economic convergence: There is need to enhance the capacity for using economic models to analyse the economic impacts policy changes can have. While it is acknowledged that there is no one-size-fits-all economic model, a basic model for the region that can be adjusted to the specific circumstances of each country would support building networks of economic modellers in the region and develop the regional modelling capacity, which would lessen the dependence on technical assistance from outside the region over time. It would furthermore provide a tool for regional rather than domestic economic impact assessments.

Bank of Namibia and the sub-committee on macro-economic convergence both prepare reports on national economic developments for submission to the CCBG and SADC. Since these reports cover almost identical areas, it is recommended that the two reports are merged into one jointly prepared report for submission to the relevant authorities. This would improve the consistency of the information provided in the reports and avoid the duplication of reports submitted to the Council of Ministers.

Taxation: The Receiver of Revenue has identified the need to further develop the capacity in areas such as tax administration and transfer pricing.

Exchange control: There is need to strengthen the legal background of staff in order to better understand and interpret legal agreements, acts, contracts and other legal documents.

Banking regulatory and supervisory matters: There is a need to strengthen capacity in the area of stress testing banks and identifying risk factors for financial stability as well as building appropriate models.

Development finance institutions: Capacity development is needed in the areas of project appraisal, risk assessment and human resource matters. These needs can be taken up by DFRC and/or cooperating partners.

Non-banking financial institutions: Namfisa has identified the need for technical assistance in order to meet the requirements for becoming an IOSCO member since these requirements are high.

Stock exchanges: The national and regional line of communication differs for the NSX. CoSSE reports to the CCBG in SADC while on the national level NSX reports to Namfisa, which in turn reports to the Committee of Insurance, Securities and Non-Banking Financial Authorities of SADC (CISNA). CISNA reports to the SADC Secretariat and not to the CCBG. Thus there is need to re-align reporting structures. Although this has been expressed in other documents and minutes as well, there has been no progress in changing the reporting structure.[12]

[12] CISNA report to the Committee of Senior Treasury Officials, 7 February 2011

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5. APPENDICES

5.1. APPENDIX 1: LIST OF LAWS MERGED INTO THE FINANCIAL INSTITUTION AND MARKET BILL

Pensions Fund Act, 1959

Friendly Societies Act, 1956

Unit Trusts Control Act, 1981

Participation Bonds Act. 1981

Stock Exchanges Control Act, 1985

Medical Aid Funds Act, 1995

Short-term Insurance Act, 1998

Long-term Insurance Act, 1998

Financial Institutions (Investment of Funds) Act, 1984

5.2. APPENDIX 2: LIST OF SELECTED TRAINING COURSES

Supervision of Non-bank Financial Institutions (NBFIs) and Microfinance Institutions (MFIs) (21-25 June 2010) – 4 - Namfisa

Consolidated Supervision (30 Aug – 3 Sep 2010) – 2 - Namfisa

Risk Management Programme (10 – 14 May 2010) - 3 - Agribank

Project Management (5 – 9 July 2010) – 1 - Agribank

Prudential Standards & Guidelines (21 – 25 Feb. 2010) – 2 - Agribank

Appraisal of Public Private Partnerships (28 Feb. – 11 March 2011) – 2 - Agribank

Corporate Governance for Board members – 3 - Agribank

5.3. APPENDIX 3: INTERVIEW LIST

Annex Subcommittee	Institution	Name
Investment	Namibia Investment Centre	Mr Moses Pakote
Investment	Namibia Investment Centre	Mrs Angela Dau-Pretorius
COSSE	Namibia Stock Exchange	Mr John Mandy
Payments Systems	Bank of Namibia	Mr Brian Gei-Khoibeb
Macroeconomic Convergence	Central Bureau of Statistics	Mr Ngaingonekue Uamburu
Tax - Tax Agreements	Ministry of Finance	Ms Nadine Sharida
Tax - Tax Agreements	Ministry of Finance	Mr Ivan Hijarunguru
DFI	Development Bank of Namibia	Mr David Nuyoma
Private Sector	Namibia Manufacturing Association	Mr Hennie Fourie
CCBG Coordinator	Bank of Namibia	Mr Abed Iyambo
Macroeconomic Convergence and Legal and Operational Frameworks	Bank of Namibia	Mr Kennedy Kandume
DFI	Agribank	Ambassador Leonard Iipumbu
DFI	Agribank	Mr Ignatius Hinky Theodore
DFI	Agribank	Ms Erenstine Kalomo
Private Sector	Bankers' Association	Mr Erastus Hoveka
Exchange Control	Bank of Namibia	Ms Sylvia Shikongo
Tax - Tax Incentives	Ministry of Finance	Mr Kavazeua Handura-Matundu
Banking Supervision	Bank of Namibia	Mr Romeo Nel
Banking Supervision	Bank of Namibia	Mr Ismael Naukosho
PPP	Ministry of Trade and Industry	Mr MG Kuyonisa

National FIP Coordinator	Ministry of Finance	Mr Festus Nghifenwa
Macroeconomic Convergence	Ministry of Finance	Mr Bertus van Wyk
Tax - Indirect Tax	Ministry of Finance	Ms Anita Beukes
CISNA	NAMFISA	Mr Phillip Shiimi
DFI	National Housing Enterprise	Mr Vinson Hailulu

Note: Mr Kuyonisa (Ministry of Trade and Industry) and Mrs. Beukes (Ministry of Finance) were interviewed by phone.

5.4. APPENDIX 4: MATRIX OF COMMITMENTS

Colour	Status
Achieved	
Partially achieved	
Not achieved	
Not assessed	
Not applicable	

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
None	None	FIP instrument ratified by all member states.		SADC Secretariat	
None	None	National FIP coordinating structures in place to facilitate better FIP implementation.		SADC Secretariat	

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 1: Cooperation in Investment	5,6,8,9,27	Existence of domestic investment law that: Protects investors, allow repatriation of profits, allows access to courts		IPA/ Responsible ministry	All three present = green
	21	Signatory to international conventions: New York Convention		http://www.uncitral.org/uncitral/en/uncitral_texts/arbitration/NYConvention_status.html	Member = green
	21	Signatory to international conventions: ICSID	Signed but not ratified	http://icsid.worldbank.org/ICSID/Index.jsp	Member = green
	21	Acceded to international conventions: MIGA		http://www.miga.org/about/index_sv.cfm?stid=1695	Member = green
	8	Investment policies, information etc. easily accessible to investors	Publishes brochures and CD. Not available online	Ministry of Trade & Investment	
	23	MS has an active IPA		Ministry of Trade & Investment	
	2	Member ranked above (or equal) to OECD average rating of the Strength of Investor Protection Index	3.57 < 6	World Bank Doing Business, Investor Protection Index	Better than or equal to OECD average = green; worse = red

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 1: Cooperation in Investment	19	MS's national policies and regulations comply with the Regional Investment Policy Framework and/or the minimum principles for investment regimes in the region.	No standard framework yet exists in the region.	Ministry of Trade & Investment	
	19	Regional Investment Policy Framework is drafted and agreed to by MS	No standard framework yet exists in the region.	Investment subcommittee	
	23	Evidence of events and activities run by IPA Forum and attended by MS IPAs	The SADC IPA forum has been established, however the most recent event was poorly attended by CEOs of IPAs operating in MS	Investment subcommittee	
Annex 2: Macroeconomic Convergence	2,3,4	Inflation rate low and stable (< 9%)	4.5% (2010)	Ministry of Finance	Within range = green; out of range = red
	2,3,4	Public and publicly guarantee debt to GDP < 60%	14.8% (2010)	Ministry of Finance	Within range = green; out of range = red
	2,3,4	Budget deficit to GDP ratio at widely accepted prudent levels (< 5%)	-4.3% (2010)	Ministry of Finance	Within range = green; out of range = red
	5,8	Cooperation/Information Sharing: submission of data to SMSD		Ministry of Finance	

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 2: Macroeconomic Convergence	7	Cooperation/Information Sharing: participation in peer review panel	N/A	Ministry of Finance	
	7	The Peer Review Mechanism is approved for establishment and operational	Discussions towards establishment of the mechanism are on-going. Framework and guidelines have not yet been adopted. Generally, MS are supportive of the Peer Review Mechanism, but have specific concerns which need to be addressed at subcommittee level.	Macroeconomic Convergence subcommittee	
Annex 3: Cooperation in Taxation Matters	5.3	Number of DTAs signed with other SADC member states	3	Ministry of Finance , Tax Authority	< = 6 red, 7 - 10 orange, 11 - 14 green
	2	Up to date and publicly available tax database (national)		Ministry of Finance , Tax Authority	
	2	Up to date information submitted to SADC Tax Database (when fully operational)	N/A	Ministry of Finance , Tax Authority	
	6..6	Signatory to the Mutual Agreement for Information Exchange with member states (AATM)	N/A	Ministry of Finance , Tax Authority	
	6	Harmonised to the regional guidelines for the administration of Indirect Taxes	N/A	Ministry of Finance , Tax Authority	

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 3: Cooperation in Taxation Matters	4	Harmonised to the regional tax incentives guidelines	N/A	Ministry of Finance , Tax Authority	
	3	Tax officials participate in capacity building activities		Ministry of Finance, Tax Authority	
	5	Existence of Model Double Taxation Avoidance Agreement	Model DTAA and Commentary approved and adopted by all member states.	Tax subcommittee	
	4	Guidelines for the appropriate treatment of tax incentives drafted and approved for adoption by MS.	Drafting of guideline documents still in progress.	Tax subcommittee	
	4	A Fiscal Model for cost benefit analysis developed and approved by Ministers of Finance. Fiscal Model must comply with items articulated in Art. 4 section 5.	Cost Benefit Analysis model not yet developed.	Tax subcommittee	
	6	SADC Agreement for Assistance in Tax Matters (AATM) approved and signed by all member states (multi-lateral agreement).	Finalised in 2008, waiting for approval by Ministers of Justice/Attorneys General awaiting clearance and signature by Summit.	Tax subcommittee	
	6	Guideline for the administration of indirect tax in the region is approved for adoption by member states.	Still under review by the Indirect Taxation working group.	Tax subcommittee	

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 3: Cooperation in Taxation Matters	7	Mechanism for the Settlement of Tax Disputes developed and approved by Ministers of Finance.	Has not been developed or approved for implementation	Tax subcommittee	
Annex 4: Cooperation on Exchange Control	2a	Liberalised Current Account	No (in line with CMA)	CBN	
	2a	Liberalised Capital (Financial) Account	No (in line with CMA)	CBN	
	2c,3.1.c	Full Currency Convertibility	Indirectly (CMA)	CBN	
	2d, 3d	Collect and publicise data on foreign exchange transactions (e.g. automated cross border reporting system)		CBN	
	2a	Roadmap for exchange control liberalisation in current and capital (and financial) account transactions is drafted and approved	The roadmap has been drafted by the subcommittee. All countries except the DRC have signed and approved the roadmap, and so it has not been implemented as yet.	Exchange Control subcommittee	
Annex 5: Harmonisation of Legal and Operational Frameworks	3b	Autonomy/independence of Central Bank		CBN	

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 5: Harmonisation of Legal and Operational Frameworks	2	Compliant with SADC Central Bank Model Law (when/if made binding)	N/A		
	4.2	Adoption of price stability as mandate	Yes but as a result of CMA monetary policy	CBN	
	3c	Ability of Central Bank to set own budget		CBN	
	2e	Extent to which central bank can lend to government	Yes - must be repaid within 6 months from which date of loan was requested	CBN	
	3	Existence of Model Central Bank Law	The Model Central Bank Law has been drafted and approved by all SADC member states	Legal and Operational Frameworks subcommittee	
	2	Roadmap for the establishment of a Common Central Bank developed and approved.	Legal & Operational Committee has recently been tasked with the development of a roadmap for the establishment of a single Central Bank. No progress yet on this matter.	Legal and Operational Frameworks subcommittee	
Annex 6: Cooperation on Payments Systems	3a	Payments systems in place domestically		Central Bank of Namibia	
	3c, 3e, 4.1.c	Risk mitigation strategy implemented	Yes - but no audits	Central Bank of Namibia	
	4.1.d	Existence of national payments system law		Central Bank of Namibia	

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 6: Cooperation on Payments Systems	2	National payment system law aligned to regional model law	N/A	Central Bank of Namibia	
	2, 3d	MS linked to SADC regional payments systems (when operational)	N/A	Central Bank of Namibia	
	2	Model Payment System Law developed and approved	Law being drafted for approval at regional level	Payments System subcommittee	
	3	Model Payment System Strategy is developed.	This is not in place yet. However, the strategy is being developed for the CMA countries to be piloted in this sub-regional bloc. The intention that this will allow a 'tried and tested' strategy to be rolled out to the rest of the region	Payments System subcommittee	

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 7: Cooperation in the area of ICT	3, 4	Legal framework for data privacy in place	Not Assessed (not measured in 2011)	Each Central Bank & IT Forum	To enable cross border business based on ICT taking in account that all business are supported by ICT platform
	3	Standard regarding ICT systems interpretability in place	Not Assessed (not measured in 2011)	IT Forum	Promote cross border business specifically for Payment Systems
	3.5	IT Governance framework adopted for the region.	Not Assessed (not measured in 2011)	Each Ceneral Bank & IT Forum	
	3	ICT communication Infrastructure to connect member states in place	Not Assessed (not measured in 2011)	IT Forum	
Annex 8: Cooperation in Banking and Regulatory Supervision	2	Compliant with the 25 BASEL core principles		Central Bank of Namibia	Less than 20 = red; 21 to 25 orange; 25 green

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 8: Cooperation in Banking and Regulatory Supervision	2	Self-assessment audit happening on annual basis		Central Bank of Namibia	
	Annex 14	Membership of ESAAMLG & completion of a mutual evaluation		Central Bank of Namibia	
	Annex 13	Compliant with international standards for auditing and accounting - IFRS	90% compliant	Central Bank of Namibia	
	2, 4	Regional agreement on framework for central bank supervision.	Harmonisation of banking supervision and regulatory principles in progress.	Banking Regulation and Supervision subcommittee	
Annex 9: Cooperation on Development Finance Institutions	3, 9	Participate in regional development projects through cooperation in pooling of funds, project identification, project management.		Agribank, DBN, and NHE	
	3f, 7	Attending capacity building activities organised by DFRC (secondment, work placement, training)		Agribank, DBN, and NHE	
	Annex 1	PPP: Establishment of PPP Policy Framework, Legal Framework, Institution Framework	Not Assessed (not measured in 2011)	Ministry of Trade and Industry or relevant ministry	
	2	The DFI network and DFRC are established and active.	Yes.	SADC Secretariat	

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 9: Cooperation on Development Finance Institutions	11	Regional Insurance Guarantee system in place and approved.	The Regional Insurance Guarantee scheme has not been agreed upon or implemented.	DFI Network	
	3	Number of regional development projects in progress (where regional refers to projects with benefits to more than one country, or with more than one country collaborating on a project)	Only evidence of regional projects is DBSA projects, which are not necessarily attributable to the DFI network. No collaboration between DFIs on regional development projects.	DFI Network	
Annex 10: Cooperation on Non-Banking Financial Institutions and Services	7	Membership of IOSCO (harmonising to international standards)		http://www.iosco.org/lists/display_members.cfm?memID=1&orderBy=none	
	7	Membership of IOPS (harmonising to international standards)		http://www.iopsweb.org/document/14/0,3343,en_35030657_35030370_35152654_1_1_1_1,00.html	
	7	Membership of IAIS (harmonising to international standards)		http://www.iaisweb.org/IAIS-members-31	

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 10: Cooperation on Non-Banking Financial Institutions and Services	3, 4, 5	Committed to information sharing (Multi-lateral agreement signed by all CISNA members)		NAMFISA	N.B. except Seychelles who has not yet participated in CISNA
	10	Participating in capacity building activities		NAMFISA	
	9	Alignment to SADC regulatory framework for Non-Banking Financial Institutions (when drafted and approved)	N/A	NAMFISA	
	9	SADC regulatory framework for non-banking financial institutions established and approved for the region	SADC Framework is not yet developed. But progress has been made in that member states' NBFI authorities have been tasked with drafting the various components of the framework.	CISNA	
Annex 11: Cooperation in SADC Stock Exchanges	2	Cooperation: Member of COSSE		Namibia Stock Exchange	
	2	Cooperation: Information Exchange		Namibia Stock Exchange	
	2.3	Participate in capacity building activities (either attend or host)		Namibia Stock Exchange	
		MS harmonised to SADC common principles.	Not Assessed (not measured in 2011)	Namibia Stock Exchange	

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 11: Cooperation in SADC Stock Exchanges	2.5	MS who are completing the minimum standards for surveillance and risk assessment.	Not Assessed (not measured in 2011)	Namibia Stock Exchange	
	2.7	Extent of diversification of the registered market participants on MS stock exchange (% individuals, % trusts, % corporates)	Not Assessed (not measured in 2011)	Namibia Stock Exchange	