

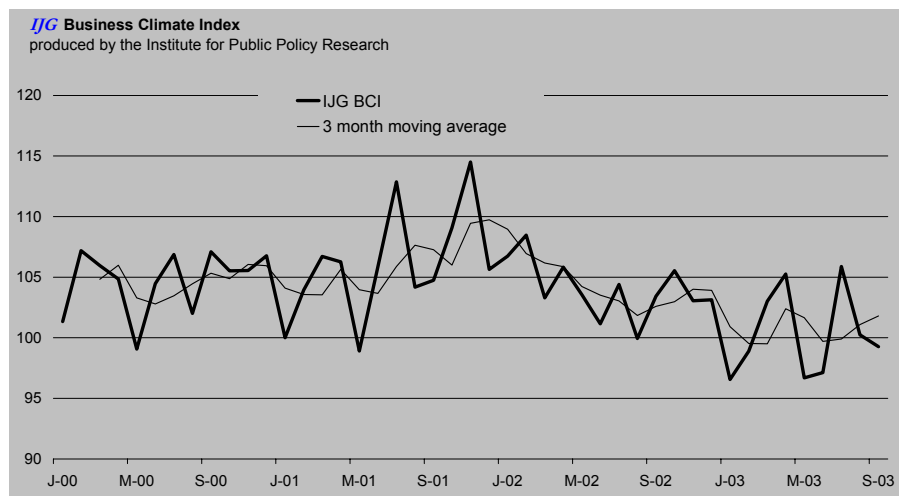


The *IJG* Business Climate Monitor for September 2003

produced by the Institute for Public Policy Research

- The *IJG* Business Climate Index fell slightly to 99.3 in September from 100.2 in August and from 103.4 in September 2002.
- The *IJG* Business Climate Survey confirms the improvement in investment expectations brought about by lower interest rates.
- Namibia has been ranked 41st out of 133 countries in Transparency International's 2003 Corruption Perceptions Index. Last year, in a smaller sample, the country came in 28th. Once again, the average score for Namibia is subject to wide variation suggesting perceptions differ greatly on how corrupt the country is.

The *IJG* Business Climate Index for September 2003



The *IJG Business Climate Index* fell back a little to 99.3 in September from 100.2 in August. The investment and leading indicators also fell suggesting future prospects are not as bright as they were last month. However, the consumption index rose suggesting consumers are already starting to enjoy the benefits of lower interest rates. Apart from the cut in interest rates, the most significant changes in the components of the BCI were the sharp decline in business registrations and the rise in commercial vehicle sales.

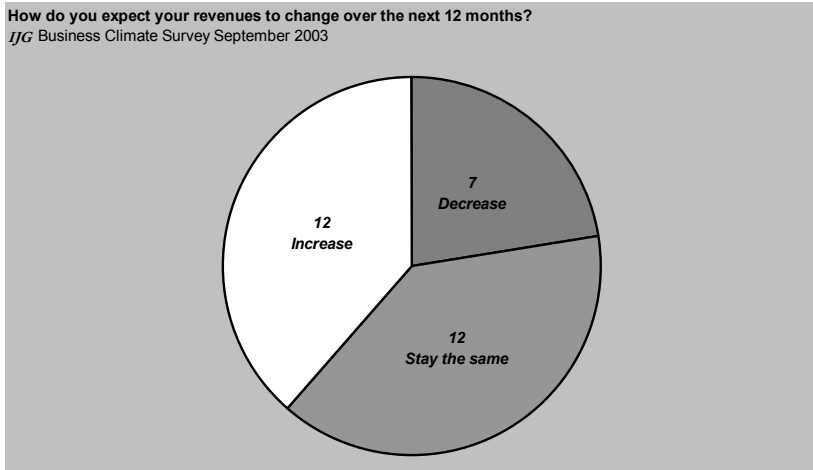
		September	August
Business Climate Index	▼	99.3	100.2
Investment Index	▼	104.8	109.9
Consumption Index	▲	107.4	103.2
Export Index	▲	90.8	90.1
Leading Indicator	▼	112.2	114.3
Coincident Indicator	▲	96.5	93.3

The *IJG* Business Climate Survey for September 2003

The *IJG* Business Climate Survey asks 50 top businesses in Namibia across all major sectors of the economy to reply to four questions on revenues, employment, investment and prevailing business conditions. In addition to this sample, members of the Namibian Manufacturers Association (NMA) are also surveyed. Since September 2002 members of the Namibia Chamber of Commerce and Industry (NCCI) have taken part in the survey. This month we received a total of 31 responses but no responses from the NCCI. This month we report results for the whole sample since so few manufacturers responded.

Q1: How do you expect your revenues to change over the next 12 months?

The vast majority of responding businesses expect revenues to stay the same or increase.

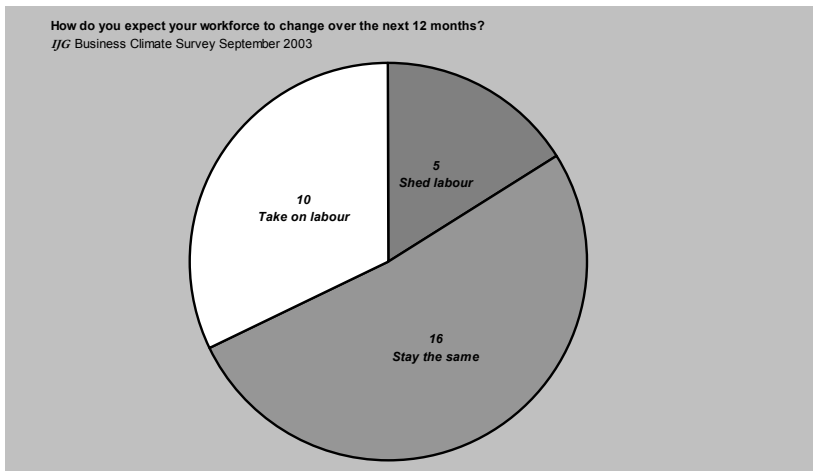


Firms were given a choice of three responses to the question on revenues: revenues could decrease, stay the same or increase.

By far the majority of businesses expect revenues to stay the same or increase.

Q2: How do you expect your workforce to change over the next 12 months?

A majority of businesses expect their workforces to remain the same.



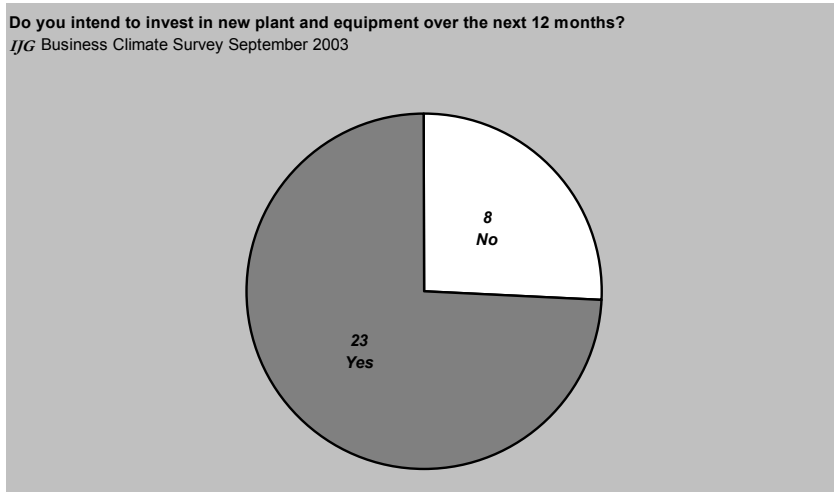
Firms were given a choice of three responses to the question on employment: either they expected to shed labour, or their workforces were expected to remain the same, or they expected to take on labour.

This month's results indicate that more than half of respondents expect their workforces to remain the same with only a small proportion expecting to take on labour.



Q3: Do you intend to invest in new plant and equipment (excluding inventories) over the next 12 months?

Overall nearly three-quarters intend to invest in new plant and equipment.

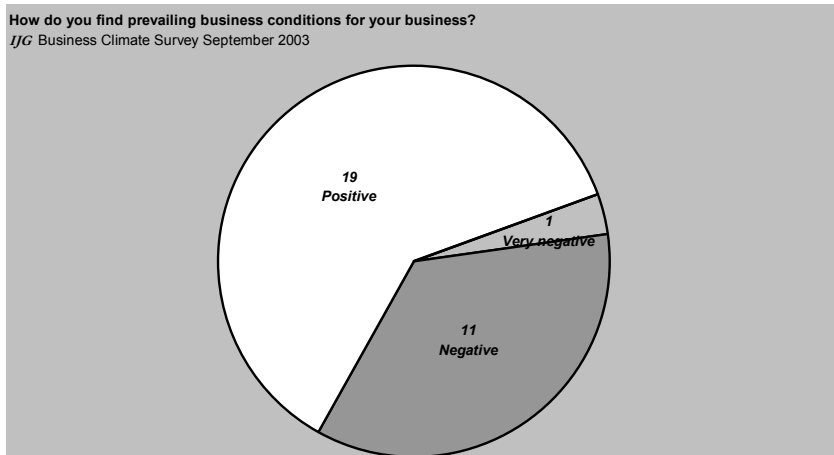


Firms could respond either that they intended to invest in new plant and equipment or that they did not intend to invest.

Nearly three-quarters of respondents now intend to invest in new plant and equipment over the next 12 months.

Q4: How do you find prevailing business conditions for your business?

Most businesses perceive prevailing business conditions as positive although none are very positive.



Firms were given a choice of four responses to the question on prevailing business conditions: very negative, negative, positive or very positive.

Out of 31 responses, 19 perceive prevailing business conditions as positive.

This month's survey suffered from a poor response rate, especially from manufacturers. This was due partly to technical problems at the IPPR which moved office at the end of September. This month's survey confirms that the recent cuts in interest rates appear to have improved investment expectations. However, as before, this improvement does not appear to have fed through to employment expectations.



IPPR commentary for September 2003

IPPR commentary presents the views of the IPPR alone and not the sponsor.

Namibia's ranking in Transparency International's (TI) influential **Corruption Perceptions Index** (CPI) has fallen to 41st in 2003 with a score of 4.7 from 28th in 2002 with a score of 5.7 (www.transparency.org). The CPI is a measure of the degree of corruption in a country as seen by business people and risk analysts, and ranges from 10 (highly clean) to 0 (highly corrupt). This year the number of countries included in the CPI rose to 133 from 102. The exact explanation for Namibia's fall in ranking is unclear. The report mentions the delay in establishing an Anti-Corruption Commission and an asset register for parliamentarians. However, some of the fall can be attributed to the inclusion of more relatively incorrupt countries in this year's survey, in particular Oman, Bahrain, Cyprus, Qatar, Kuwait and the United Arab Emirates. Yet again Namibia comes below Botswana (which slipped to 30th) but above South Africa (which slipped to 48th). This year, Namibia's score is based on six instead of five surveys out of a total of 17 used by TI from 13 independent institutions (3 is the minimum requirement). Last year Namibia had the highest standard deviation of all the countries surveyed. This year Namibia's standard deviation was still among the highest – the scores ranged from 3.6 (which would have placed it 64th) to 6.6 (which would have placed it 25th). Clearly, people perceive Namibia very differently.

Business Day (www.bday.co.za) reported that South Africa's chief trade negotiator, Xavier Carim, had stated that the Southern Africa Customs Union (SACU) and the US are ready for "real trade negotiations" that could lead to a **SACU-US free trade agreement** by the end of 2004. It is interesting to note the contrast between these bilateral discussions and the World Trade Organisation (WTO) discussions at Cancún, Mexico, in September which broke up in acrimony, largely because agreement could not be reached between developed and developing countries led by the G21, which includes South Africa. It is almost as if no major party has an interest in making the 148-member WTO succeed despite the fact that developing countries have far more to gain negotiating through the WTO where decisions are reached by consensus, giving poorer and smaller countries more clout.

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